

Alerus



INVESTOR PRESENTATION
JULY 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: 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; 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 other 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; interest rate risks associated with our business, including the effects of anticipated rate increases by the Federal Reserve; fluctuations in the values of the securities held in our securities portfolio; governmental monetary, trade and fiscal policies; 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 London Interbank Offered Rate, as well as other alternative rates; changes to U.S. or state tax laws, regulations and guidance, including recent proposals to increase the federal corporate tax rate; 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

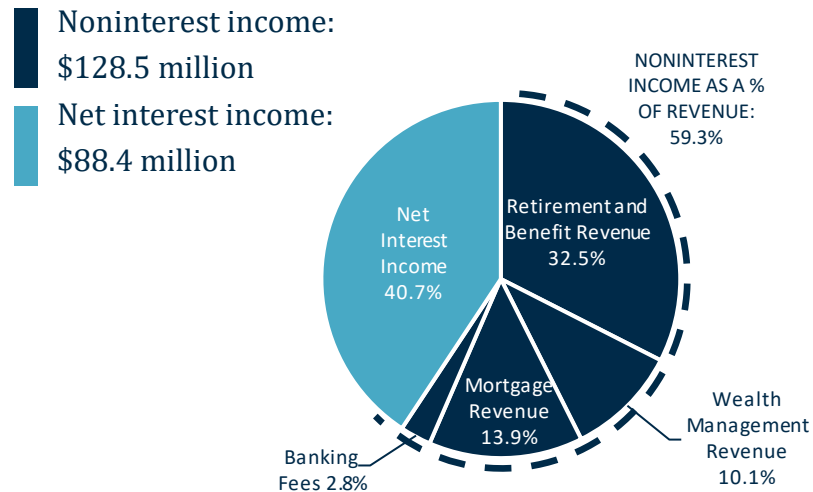
- To positively impact our clients' financial potential-through holistic guidance, unparalleled service, and engaging technology.

ALERUS BUSINESS LINES

- Banking
- Retirement and Benefits
- Wealth Management
- Mortgage

DIVERSIFIED REVENUE STREAM

FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

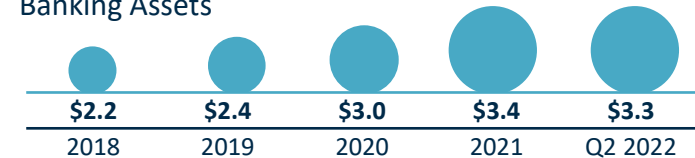


DIVERSIFIED FINANCIAL SERVICES COMPANY

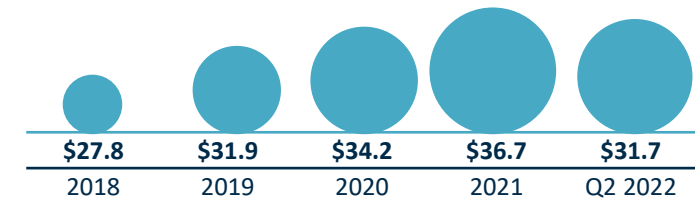
- \$3.3 billion Banking assets
- \$31.7 billion Retirement and Benefits AUA/AUM
- \$4.1 billion Wealth Management AUA/AUM
- \$269.4 million in Mortgage Originations YTD

ASSET GROWTH (IN BILLIONS)

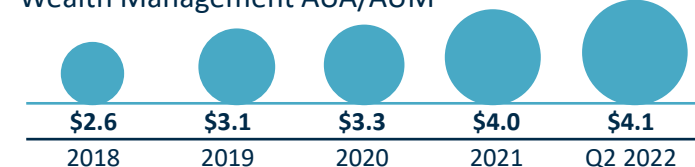
Banking Assets



Retirement and Benefits AUA/AUM



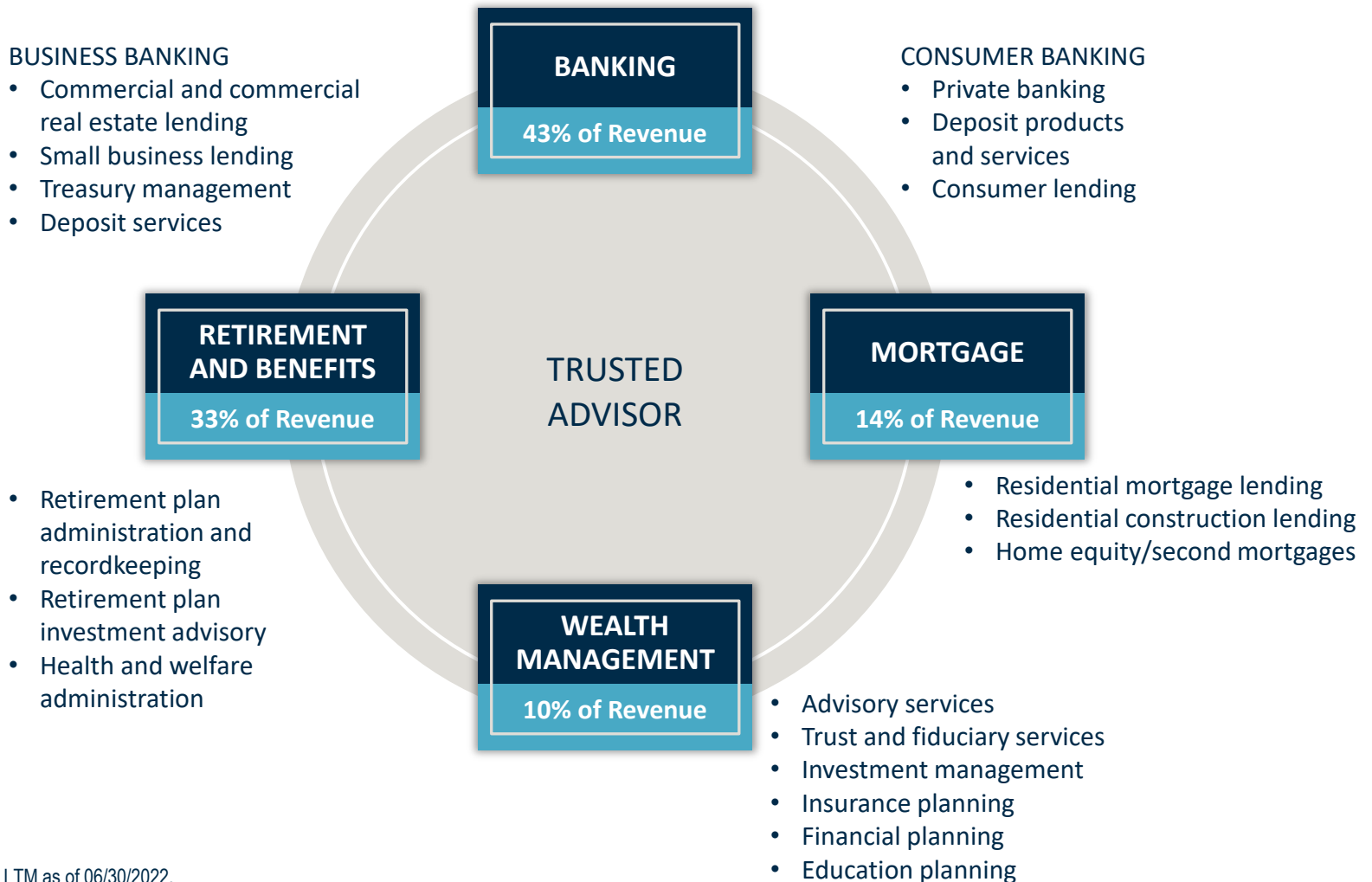
Wealth Management AUA/AUM



Data as of 6/30/2022.

OUR DIVERSE BUSINESS LINES

A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION



Revenue data LTM as of 06/30/2022.

FRANCHISE FOOTPRINT

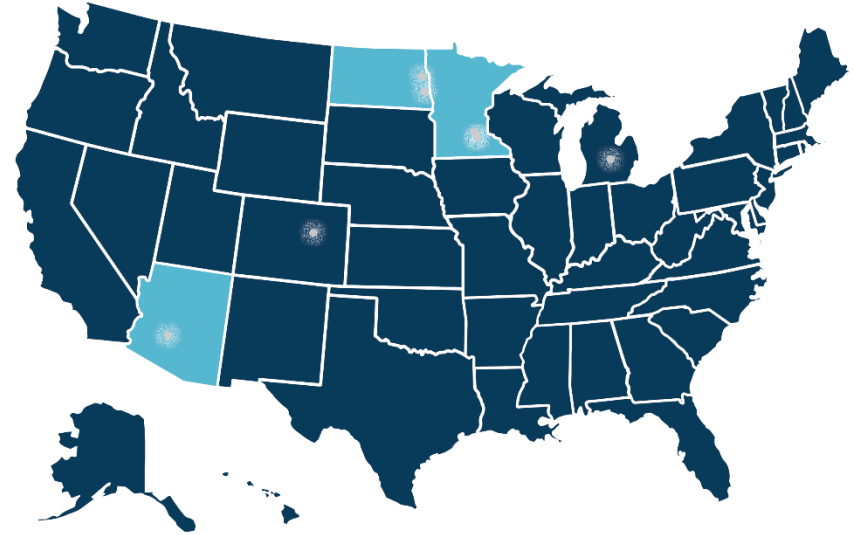
FULL-SERVICE BANKING OFFICES

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

- 38,600 consumer clients
- 15,200 commercial clients
- 8,000 employer-sponsored retirement plans
- 381,200 employer-sponsored retirement plan participants
- 68,600 health savings account participants
- 59,300 flexible spending account/health reimbursement arrangement participants

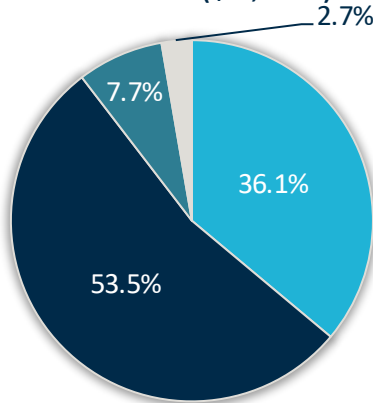
Data as of 06/30/2022.

MARKET DISTRIBUTION

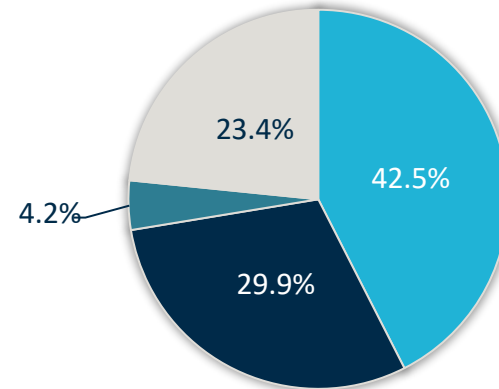
STRONG GROWTH MARKETS AND STABLE CORE FUNDING

(\$ IN MILLIONS)

LOANS (\$1,890)⁽¹⁾



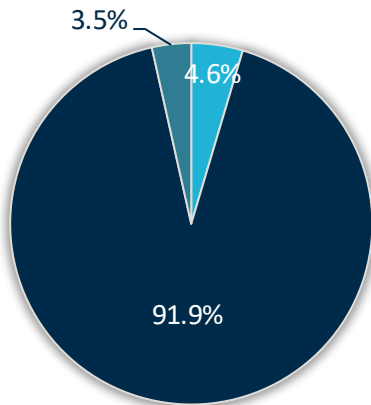
DEPOSITS (\$2,620)



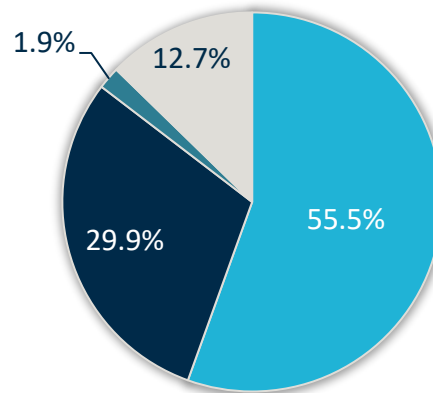
LEGEND

- North Dakota
- Minnesota
- Arizona
- National

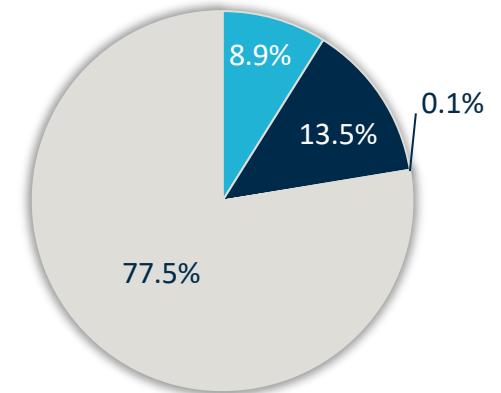
MORTGAGE ORIGINATIONS (\$269)



WM ASSETS UNDER ADMIN/MGMT. (\$4,148)



ARB ASSETS UNDER ADMIN/MGMT. (\$31,749)



Data as of 06/30/2022.

¹-Loans in our national market are participant 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

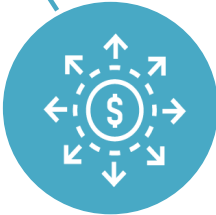


SYNERGISTIC GROWTH

Deposits sourced from our retirement and benefits division totaled \$586.8 million as of June 30, 2022

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

1-4 Family 1st Liens totaled \$534.7 million in the second 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 Tegrit 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 **38,600** consumer clients, **15,200** commercial clients and over **381,200** 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

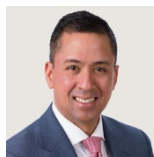
- Provide **secure and reliable** technology that meets evolving client expectations
- Integrate our full product and service offerings through our **fast-follower** strategy

OFFICERS AND DIRECTORS

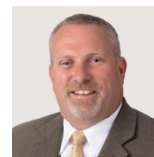
SENIOR EXECUTIVE TEAM



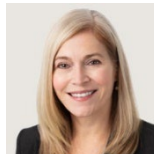
KATIE LORENSON
Director, President and
Chief Executive Officer
5 years with Alerus



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 KENEV
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



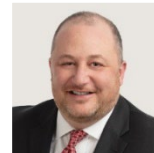
RANDY NEWMAN
Since 1987
Former President and CEO, Alerus



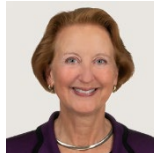
KEVIN LEMKE
Since 1994
President
Virtual Systems, Inc.



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



MICHAEL MATHEWS
Since 2019
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



JILL SCHURTZ
Since 2021
CEO and CIO, St. Paul Teacher's
Retirement Fund Association
Former CEO and COO, Robeco-Sage Mgmt.



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.

SECOND QUARTER HIGHLIGHTS



Q2 2022 SUMMARY

SUCCESS IS NEVER FINAL

- Reported net income of \$9.3 million in the second quarter of 2022, or \$0.52 per diluted common share.
- Net interest income increased \$1.1 million primarily driven by an increase in net interest margin, due to an increase in earning asset yields and a change in balance sheet mix.
- Net interest margin increased 15 bps due to an increase in earnings asset yield of 19 bps, primarily the result of a 28 bps increase in investment securities yield and 4% loan growth in average loans.
- Loans HFI, excluding PPP, increased \$78.4 million from the prior quarter end due to organic loan growth and increased 1-4 family 1st liens.
- Maintained exceptional credit quality. No additional provision expense recorded for the quarter. Allowance for loan losses to non-performing loans was 718%.
- Wealth management increased \$222 thousand primarily due to seasonal increases in insurance related income.
- Named Star Tribune's 2022 Top Workplace.
- Announced Jim Collins, a banking industry veteran with over 30 years of leadership experience in the Twin Cities banking market, as Chief Banking and Revenue Officer effective May 31, 2022.

Q2 2022 FINANCIAL HIGHLIGHTS

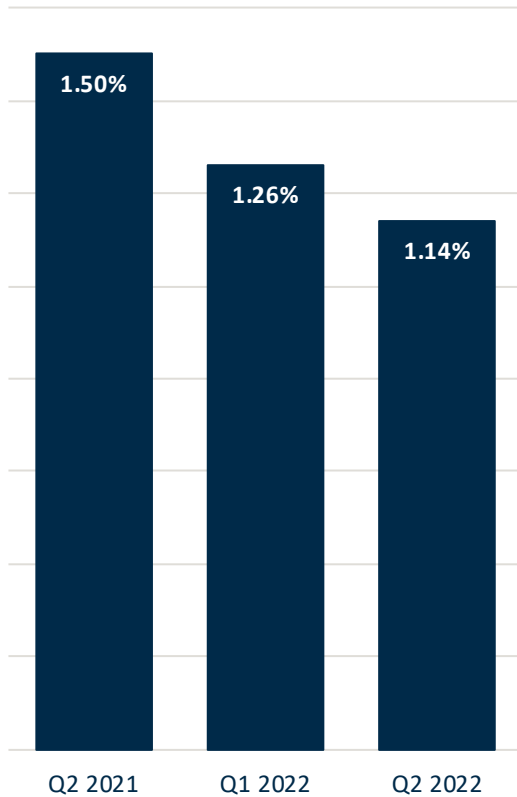
INCOME STATEMENT

	Three months ended			Year ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<i>(dollars and shares in thousands, except per share data)</i>					
Net Interest Income	\$ 22,776	\$ 21,673	\$ 21,140	\$ 44,449	\$ 43,178
Provision for Loan Losses	—	—	—	—	—
Net Interest Income After Provision for Loan Losses	22,776	21,673	21,140	44,449	43,178
Noninterest Income	29,226	29,470	36,748	58,696	77,629
Noninterest Expense	39,984	38,071	42,550	78,055	85,592
Income Before Income Taxes	12,018	13,072	15,338	25,090	35,215
Income Tax Expense	2,725	2,888	3,644	5,613	8,306
Net Income	\$ 9,293	\$ 10,184	\$ 11,694	\$ 19,477	\$ 26,909
Per Common Share Data					
Earnings Per Common Share - Diluted	\$ 0.52	\$ 0.57	\$ 0.66	\$ 1.10	\$ 1.52
Diluted Average Common Shares Outstanding	17,532	17,500	17,497	17,517	17,482
Performance Ratios					
Return on Average Total Assets	1.14 %	1.26 %	1.50 %	1.20 %	1.76 %
Return on Average Tangible Common Equity ⁽¹⁾	15.25 %	14.72 %	17.36 %	14.97 %	20.15 %
Noninterest Income as a % of Revenue	56.20 %	57.62 %	63.48 %	56.91 %	64.26 %
Net Interest Margin (Tax-Equivalent)	2.98 %	2.83 %	2.88 %	2.91 %	3.00 %
Efficiency Ratio ⁽¹⁾	74.72 %	72.25 %	71.46 %	73.50 %	68.84 %

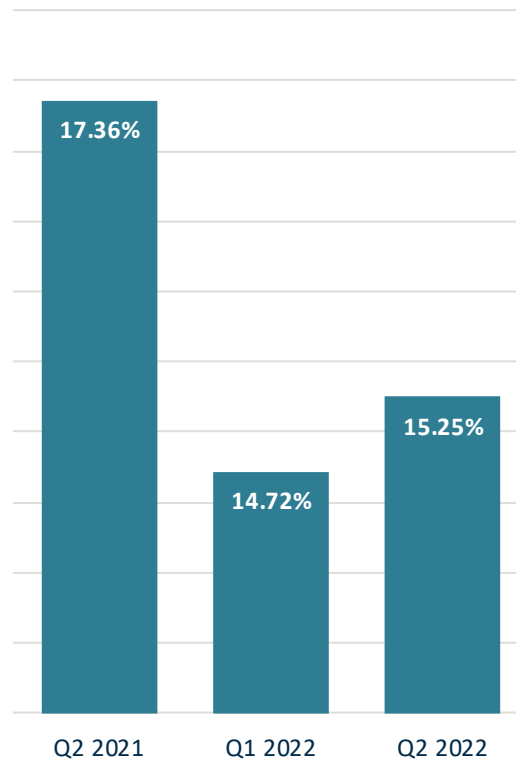
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

PERFORMANCE RATIOS

Return on Average Assets⁽²⁾



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



Tangible Book Value per Share⁽¹⁾



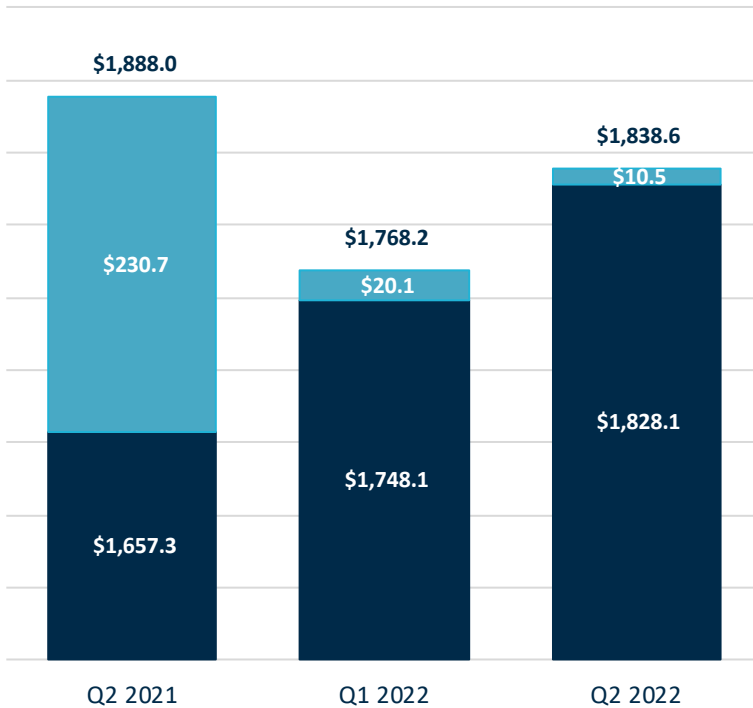
1 – Represents a non-GAAP Financial measure. See “Non-GAAP Disclosure Reconciliation.”

2 – Rates have been annualized.

KEY BALANCE SHEET ITEMS

DOLLARS IN MILLIONS

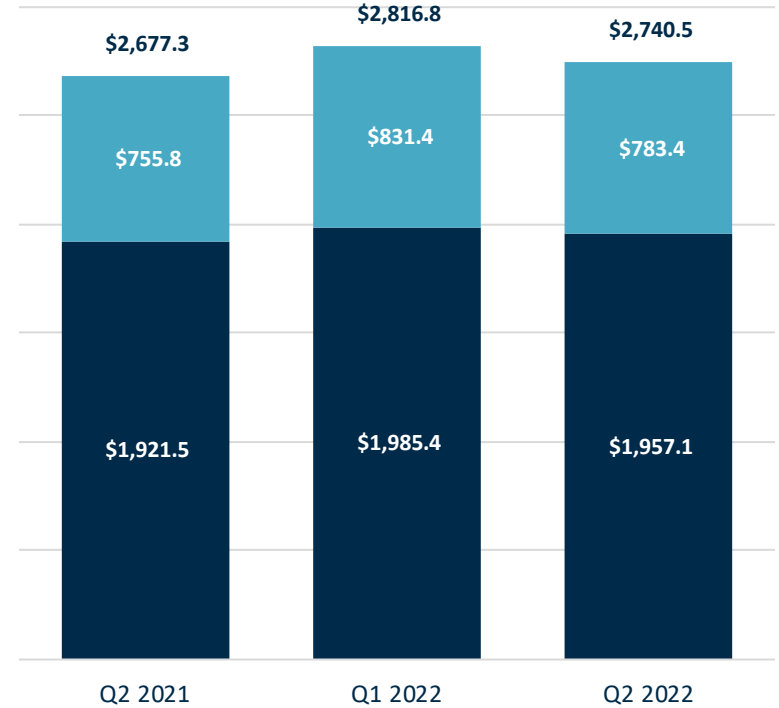
Average Loans



■ Core Loans ■ PPP Loans

Core Loans 4.6% Linked Quarter
10.3% Year-over-year

Average Deposits



■ Interest-Bearing Deposits ■ Non-Interest Bearing Deposits

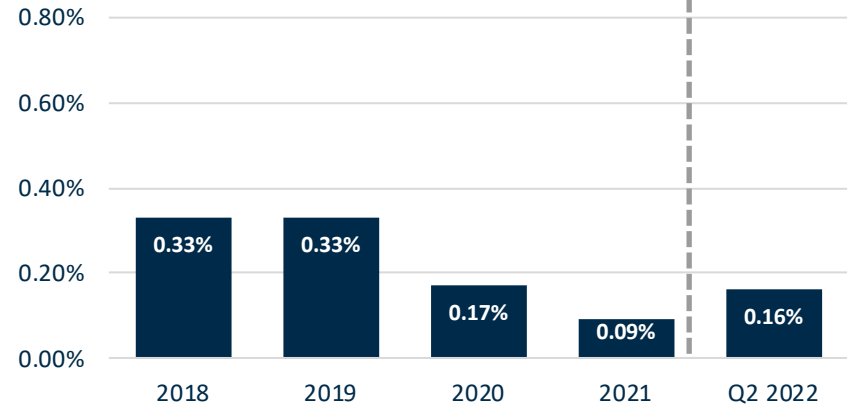
Average Deposits (2.7)% Linked Quarter
2.4% Year-over-year

ASSET QUALITY AND RESERVE LEVELS

OVERVIEW

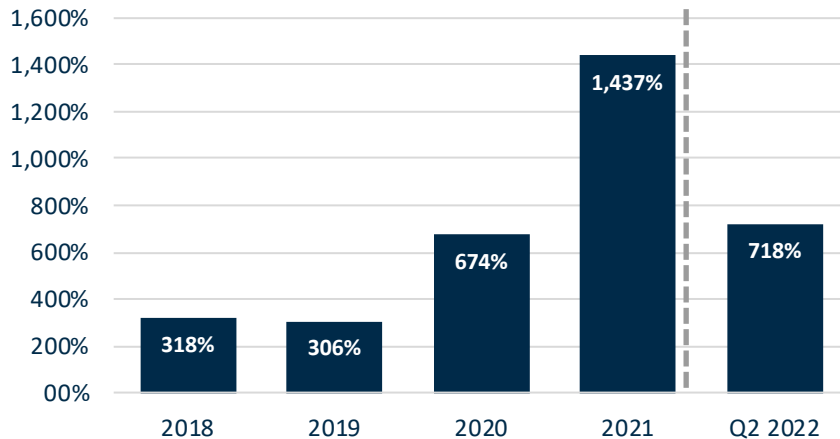
- Solid asset quality based on low levels of nonperforming assets.
- Strong reserve levels with a recent trend of declines in criticized loans.
- Currently a non-CECL institution with strong credit quality as evidenced ten-year average net charge-offs of 9 bps.

NPAS / ASSETS (%)

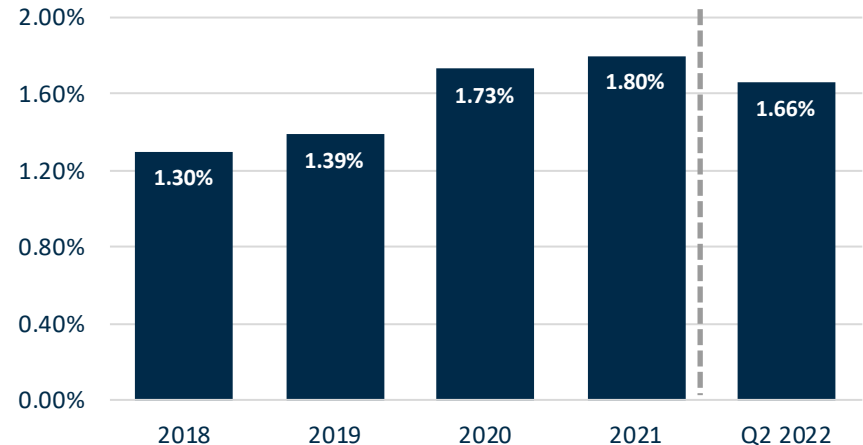


NCO/ Avg Loans	2018	2019	2020	2021	Q2 2022
	0.18%	0.33%	0.03%	(0.04)%	0.02%

RESERVES / NPLS (%)



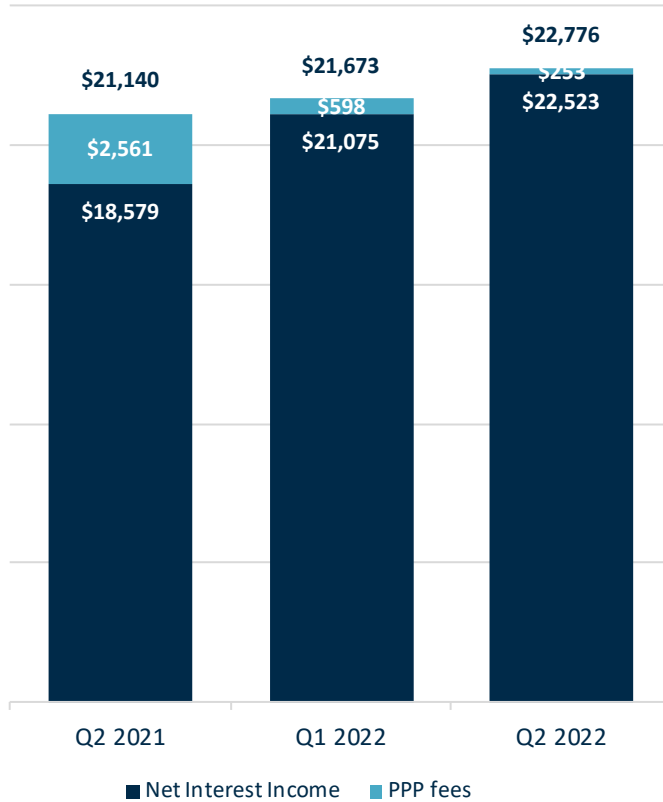
RESERVES / LOANS (%)



KEY REVENUE ITEMS

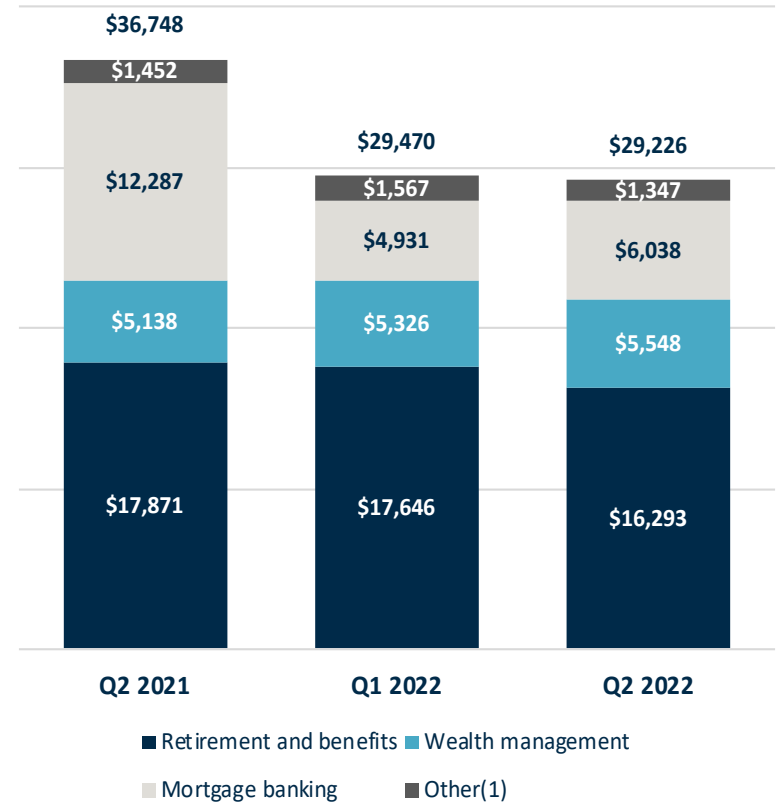
DOLLARS IN THOUSANDS

Net Interest Income



Net Interest Income 5.1% Linked Quarter
7.7% Year-over-year

Noninterest Income

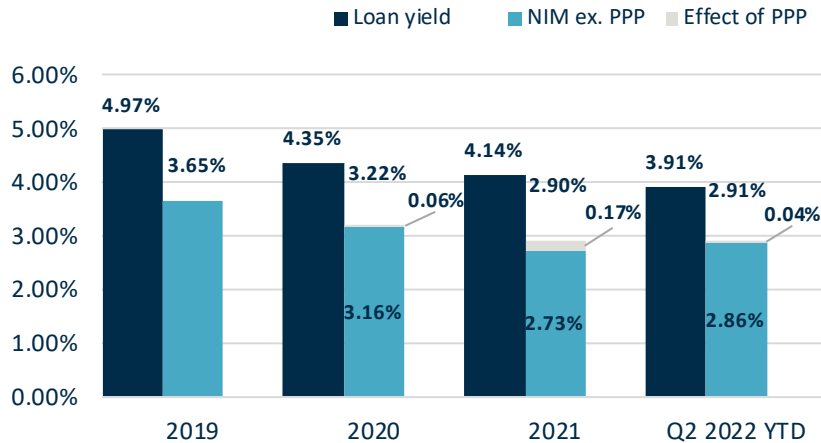


Noninterest Income (0.8)% Linked Quarter
(20.5)% Year-over-year

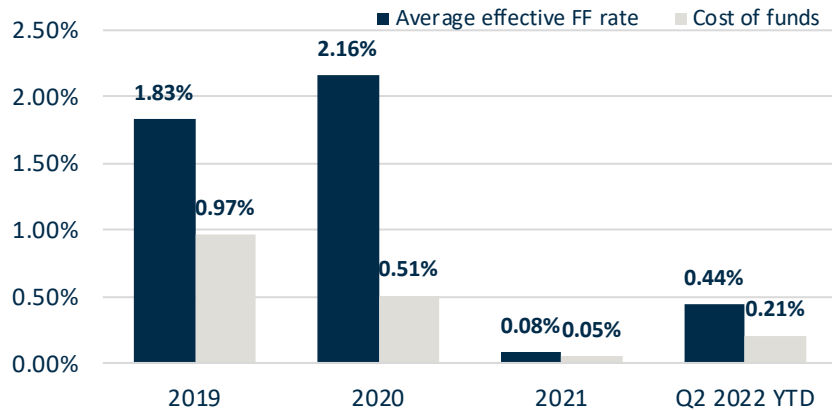
1 – Other noninterest income consists of service charges on deposit accounts, net gains (losses) on investment securities, and other noninterest income.

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 decreased as a result of a \$1.3 million decrease in interest income received from loans compared to Q2 2021. Excluding PPP loan income, interest income received from loans would have increased \$972 thousand.
- Excluding PPP loans, average loans HFI would have increased \$170.8 million compared to Q2 2021.
- Net interest margin increased 15 basis points from the Q1 2022 total of 2.83%.
- Average effective federal funds rate increased due to a rising interest rate environment.
- Average interest-bearing deposits decreased \$28.3 million, the largest decrease being commercial transaction accounts.
- Average noninterest bearing deposits decreased \$48.1 million, the largest decrease being commercial transaction accounts. Interest-bearing synergistic deposits increased \$12.3 million.

NII AND LOAN FLOORS

VARIABLE RATE FLOORS BY INDEX

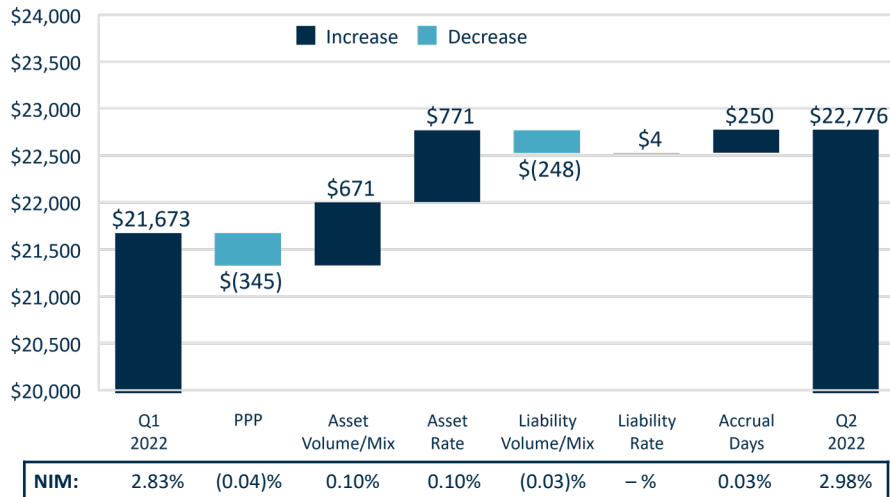
<i>\$ in Millions</i> Index	Above the Floor	At the Floor	No Floor	Total	Total %
Prime	\$ 194	\$ 82	\$ 45	\$ 321	45.4%
1 Month LIBOR	–	–	143	143	20.2%
12 Month LIBOR	94	2	63	159	22.5%
FHLB 5 Year	13	18	13	44	6.2%
Other	16	20	4	40	5.7%
Total	\$ 317	\$ 122	\$ 268	\$ 707	100.0%

Percent of Total 44.8% 17.3% 37.9% 100.0%

VARIABLE RATE FLOORS

<i>\$ in Millions</i>	Balance	% of Total Balance	Cumulative % of Total Balance
No Floors	\$ 268	37.9%	37.9%
Floors Reached	122	17.3%	55.2%
0-50 bps to reach floor	76	10.7%	65.9%
>50bps to reach floor	241	34.1%	100.0%
Total	\$ 707	100.0%	

NET INTEREST INCOME



QUARTER OVER QUARTER HIGHLIGHTS

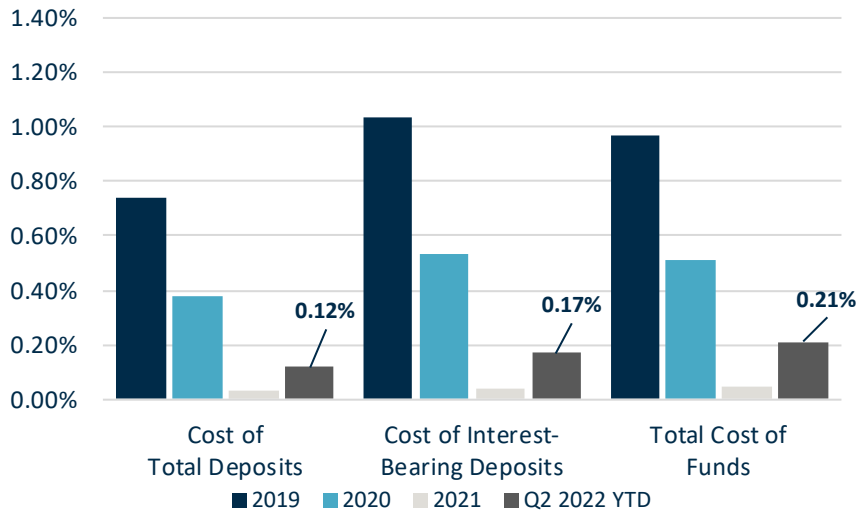
- Earning asset yields up 19 bps with average loan balances increasing \$70.4 million. Largest rate increase was LHFS (58 bps) and Federal Reserve/FHLB stock (52 bps), a result of the increased short-term borrowings.
- Borrowing rates were up 118 bps for fed funds purchased due to the overall decrease in deposits. Average balances increased as well due to the borrowed position.
- Deposit yields remain flat in the rising interest rate environment.

STRONG CORE FUNDING MIX

OVERVIEW AS OF JUNE 30, 2022

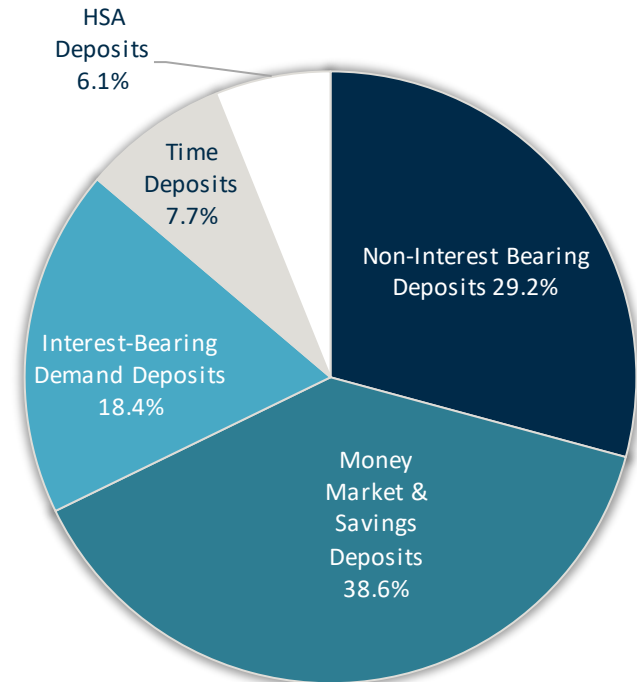
- Commercial transaction accounts totaled \$1.1 billion and decreased 11.1% YoY. Consumer transaction accounts totaled \$729.1 million and increased 1.3% YoY.
- Synergistic deposits, including HSA deposits and those sourced through retirement plans and participants, totaled \$586.8 million, with a YTD cost of 0.04%.
- CD portfolio is primarily 6-month flex CD with over 50% held by clients for 10+ years
- Stable deposit relationships with 22-year average tenure on 10 largest depositors.

LOW COST OF FUNDS



JUNE 30, 2022 DEPOSIT FUNDING (\$2,892MM)

As of June 30, 2022, core deposits totaled \$2.6 billion or 97.6% of our total deposits



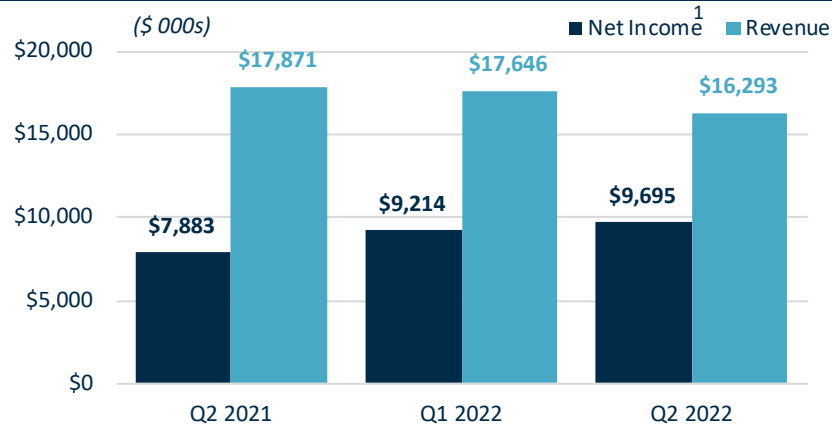
Data YTD as of 06/30/2022.

RETIREMENT AND BENEFITS

OVERVIEW – 8,000 PLANS - NATIONAL FOOTPRINT

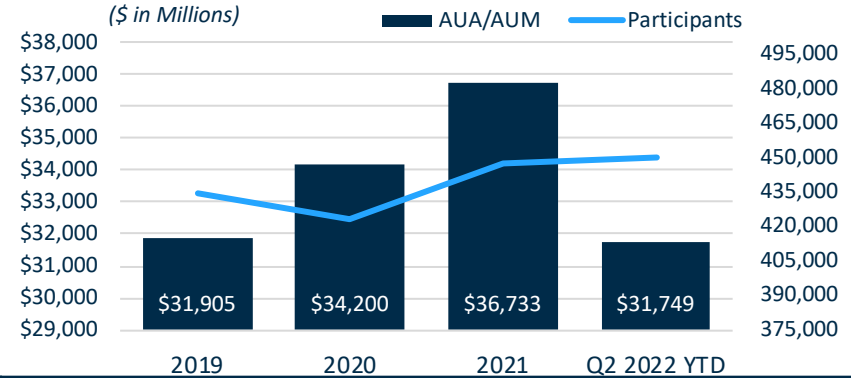
- **RETIREMENT (59%)** - Provide recordkeeping and administration services to qualified retirement plans
- **TRUST CUSTODY & ADVISORY SERVICES (10%)** - Provide investment fiduciary services to retirement plans
- **HEALTH AND WELFARE (11%)** - Provide HSA, FSA, COBRA recordkeeping and administration services to employers
- **ONE ALERUS SYNERGIES**
 - IRA rollovers \$70.9 million YTD 06/30/2022
 - Deposits \$587 million - HSA deposits, 401(k) Money Market Funds, Emergency Savings, Terminated Participants
 - Managed accounts
 - Commercial Banking client expansion

QUARTERLY RESULTS



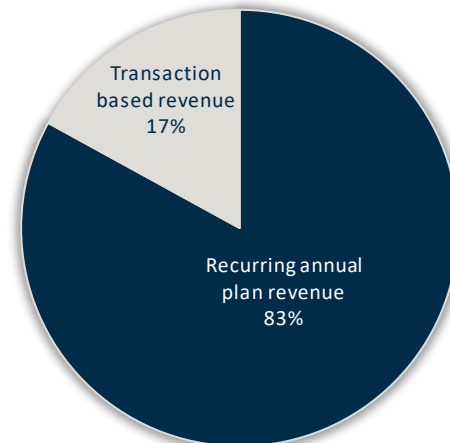
Profit Margin:	44.1%	52.2%	59.5%
	Q2 2021	Q1 2022	Q2 2022

ASSETS UNDER ADMINISTRATION/MANAGEMENT



	2019	2020	2021	Q2 2022 YTD
Net Income:	\$28,404	\$25,720	\$31,545	\$18,909
Revenue:	\$63,811	\$60,956	\$71,709	\$33,939
Profit Margin:	44.5%	42.2%	44.0%	55.7%

REVENUE MIX



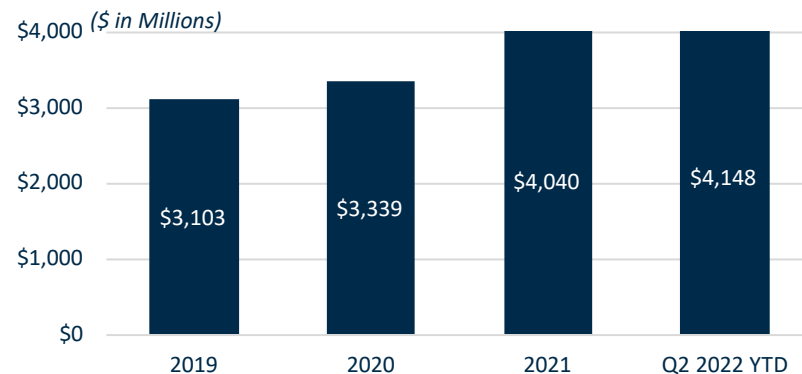
¹ – Net income before tax and indirect allocations.

WEALTH MANAGEMENT SERVICES

OVERVIEW OF SERVICES

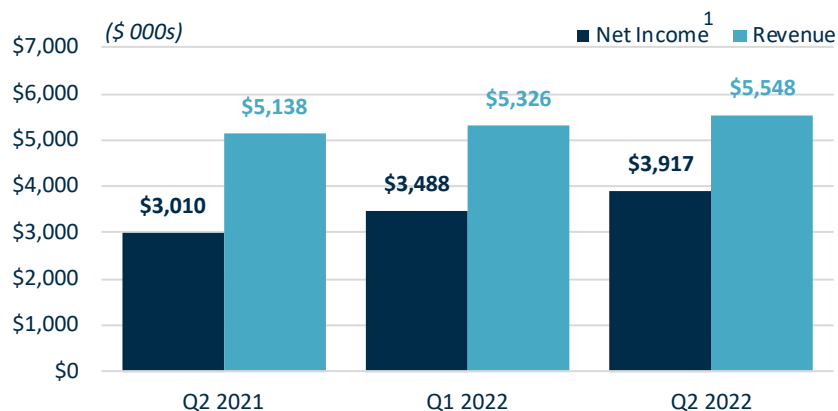
- **ADVISORY AND PLANNING SERVICES**
 - Retirement Planning, Tax Planning, Insurance Planning, Wealth Transfer Planning and Business Transition Planning
- **ASSET MANAGEMENT**
 - Personalized SMA strategies, Tax Management and Global Perspective
- **FIDUCIARY SERVICES**
 - IRA, Agency and Personal Trust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

ASSETS UNDER ADMINISTRATION/MANAGEMENT



	2019	2020	2021	Q2 2022 YTD
Net Income:	\$8,314	\$9,162	\$12,183	\$7,406
Revenue:	\$15,502	\$17,451	\$21,052	\$10,874
Profit Margin:	53.6%	52.2%	57.9%	68.1%

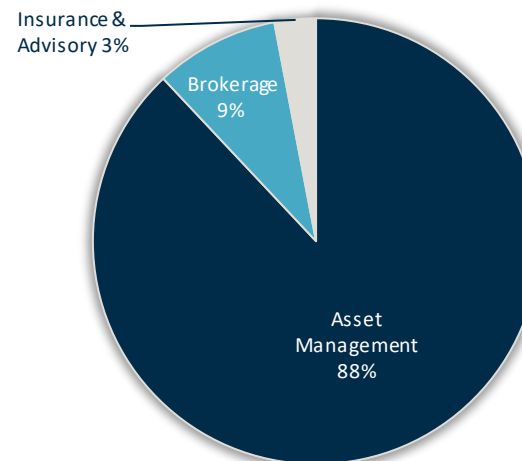
QUARTERLY RESULTS



Profit Margin:	58.6%	65.5%	70.6%
	Q2 2021	Q1 2022	Q2 2022

1 – Net income before tax and indirect allocations.

REVENUE MIX



MORTGAGE BANKING

OVERVIEW OF SERVICES

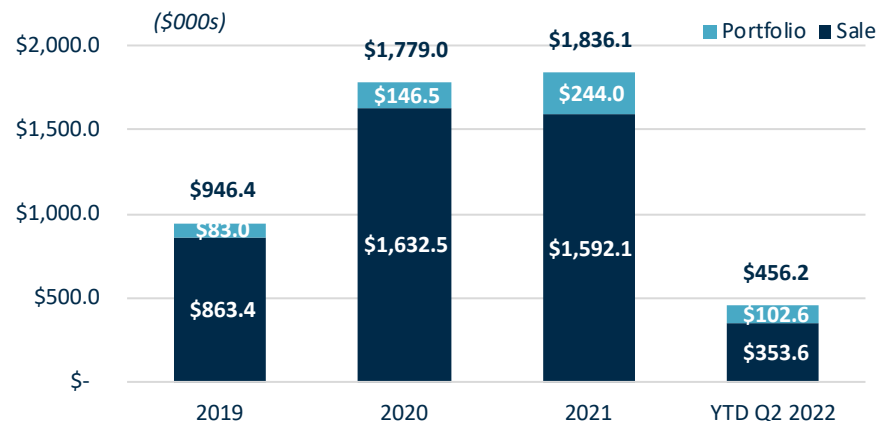
- 1st and 2nd mortgage product offerings through centralized mortgage operations in Minneapolis, Minnesota
- Our Twin Cities originators averaged \$58+ million in annual volume over the last three years
- YTD 1,187 loans closed, approximately 84% purchase originations, with approximately 92% sourced from the Twin Cities MSA
- Q2 2022 96% 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 June 30, 2022, residential real estate first mortgages excluding construction mortgages totaled \$535 million

QUARTERLY RESULTS

(\$000s)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Origination and Sale	\$ 17,803	\$ 12,925	\$ 9,812	\$ 4,935	\$ 5,821
Fair Value Changes	(5,515)	(1,810)	(1,846)	(4)	217
Total	\$ 12,288	\$ 11,115	\$ 7,966	\$ 4,931	\$ 6,038
Net income ⁽¹⁾	\$ 2,116	\$ 3,151	\$ 1,329	\$ 620	\$ 1,387
Profit Margin	17.2%	28.3%	16.7%	12.6%	23.0%
Gain on Sale Margin	3.7%	3.6%	3.2%	2.8%	3.4%

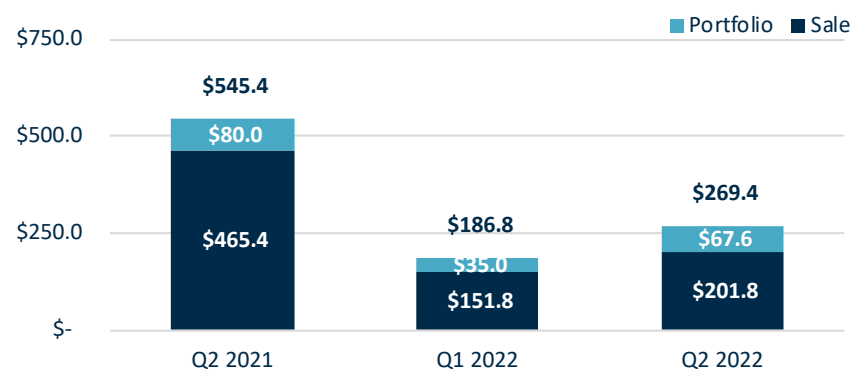
1 – Net income before tax and indirect allocations.

YEARLY MORTGAGE ORIGINATIONS



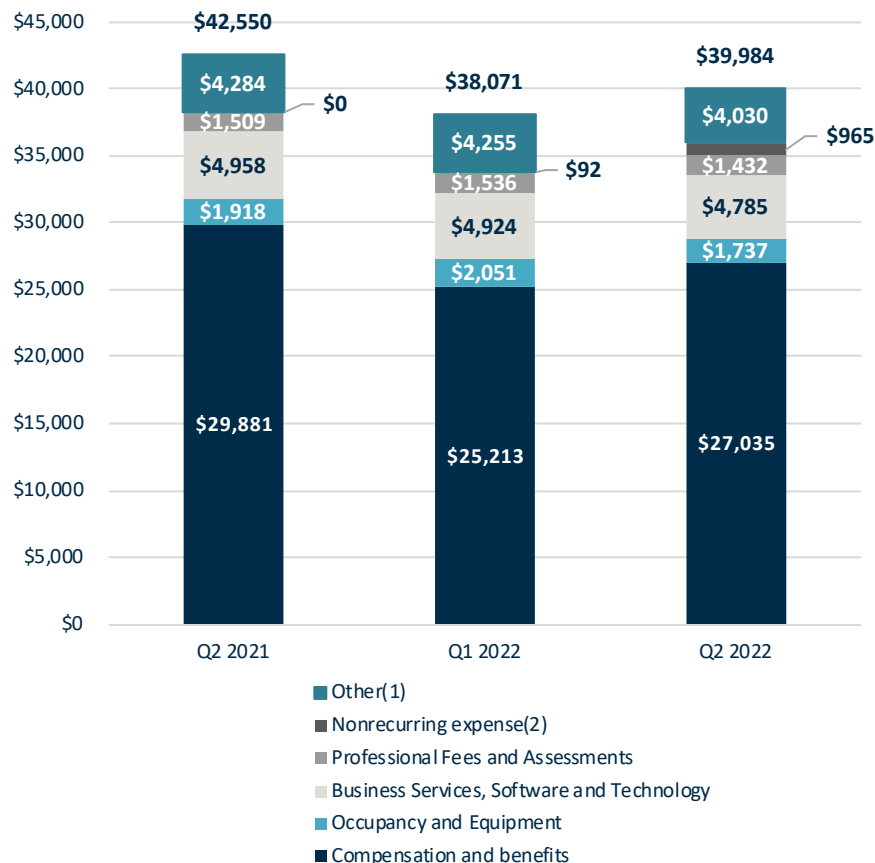
	2019	2020	2021	YTD Q2 2022
Purchase:	71.2%	45.2%	51.2%	84.4%
Refinance:	28.8%	54.8%	48.8%	15.6%

QUARTERLY ORIGINATIONS



	Q2 2021	Q1 2022	Q2 2022
Purchase:	52.5%	70.3%	94.2%
Refinance:	47.5%	29.7%	5.8%

NONINTEREST EXPENSE



Noninterest Expense 5.0% Linked quarter
 (6.0)% Year-over-year

QUARTERLY HIGHLIGHTS

- Compensation expense increased as mortgage related incentive compensation expense increased due to the increases in mortgage originations.
- Employee benefits expense decreased, driven by seasonally lower payroll taxes and benefits.
- Professional fees and assessments increased due to an increase in M&A expenses recorded in Q2.
- Occupancy and equipment decreased primarily as a result of FF&E depreciation runoff.

YEAR OVER YEAR HIGHLIGHTS

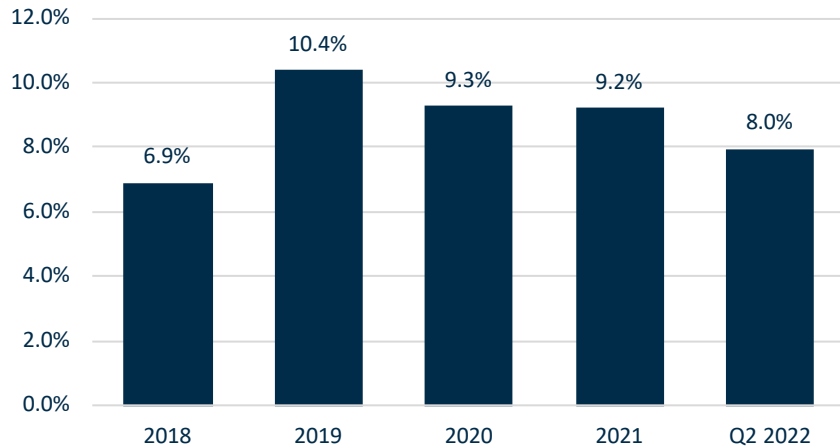
- Compensation and benefits decreased as mortgage related incentive compensation declined due to the decrease in mortgage originations.
- Other expenses decreased due to a decline in mortgage and lending expenses from a decrease in mortgage originations.
- Professional fees and assessments increased due to an increase in M&A expenses recorded in 2022.

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.

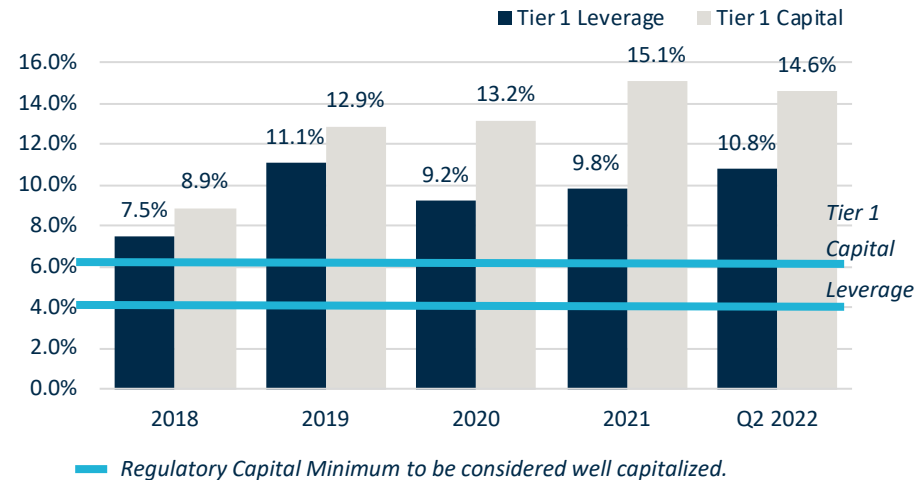
STRONG CAPITAL AND SOURCES OF LIQUIDITY

TANGIBLE COMMON EQUITY/TANGIBLE ASSETS¹

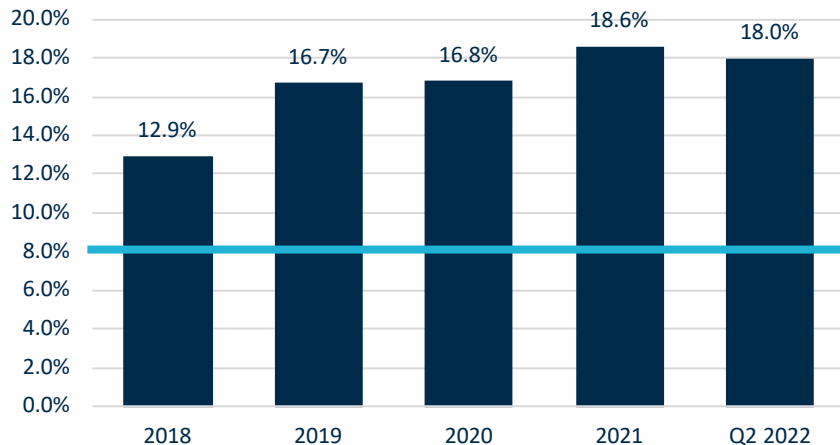


1- Represents a non-GAAP financial measure. See "Non-GAAP Disclosure Reconciliation."

TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



PRIMARY AND SECONDARY SOURCES OF LIQUIDITY

(dollars in thousands)

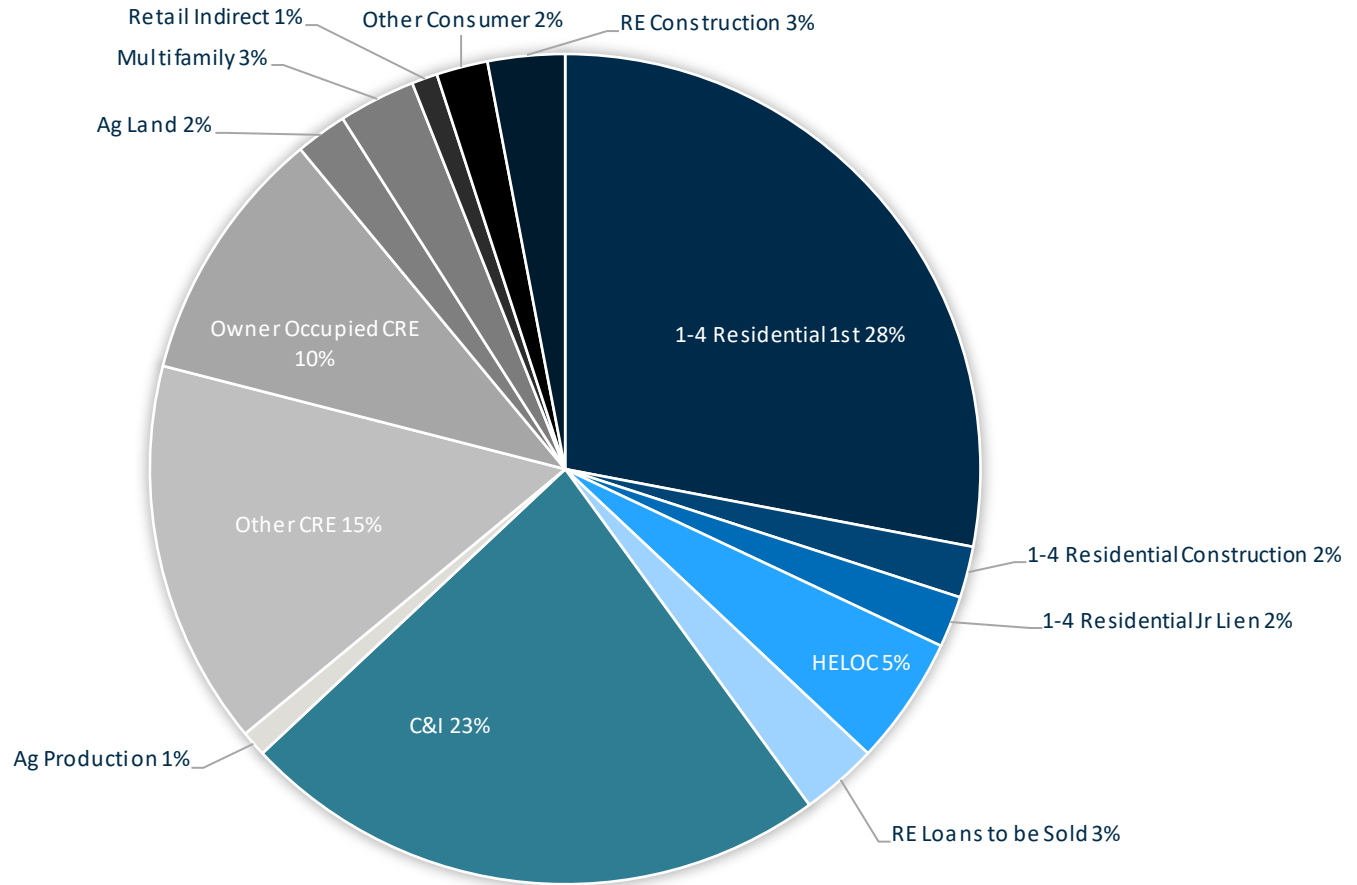
Cash and cash equivalents	\$37,043
Unencumbered securities – AFS	795,549
FHLB borrowing availability	538,650
Brokered CD capacity	659,013
Fed funds lines	102,000
Total as of 6/30/2022	\$2,132,255

APPENDIX



WELL DIVERSIFIED LOAN PORTFOLIO

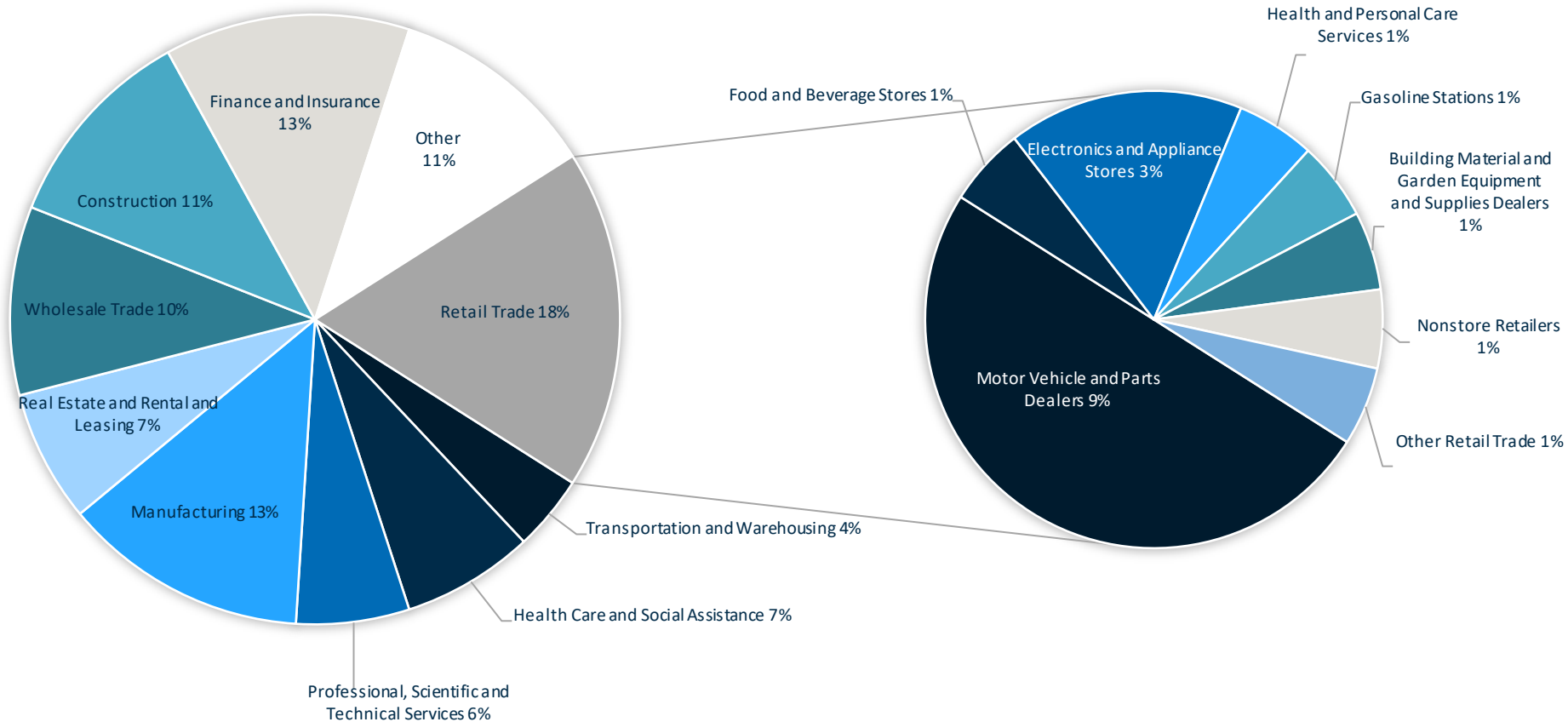
BY OUTSTANDING BALANCES



As of 06/30/2022

SUMMARY BY INDUSTRY TYPE

TOTAL COMMITMENT COMMERCIAL & INDUSTRIAL¹



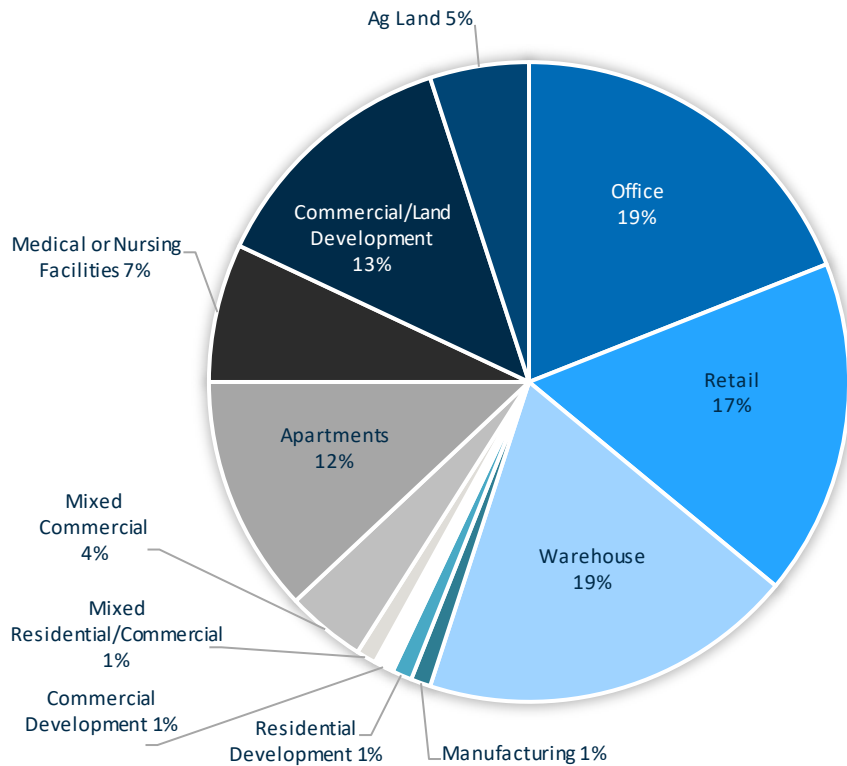
¹ – Commercial and industrial loans includes C & I, loans to public entities, and other loans. It excludes PPP and ag production loans.

"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.

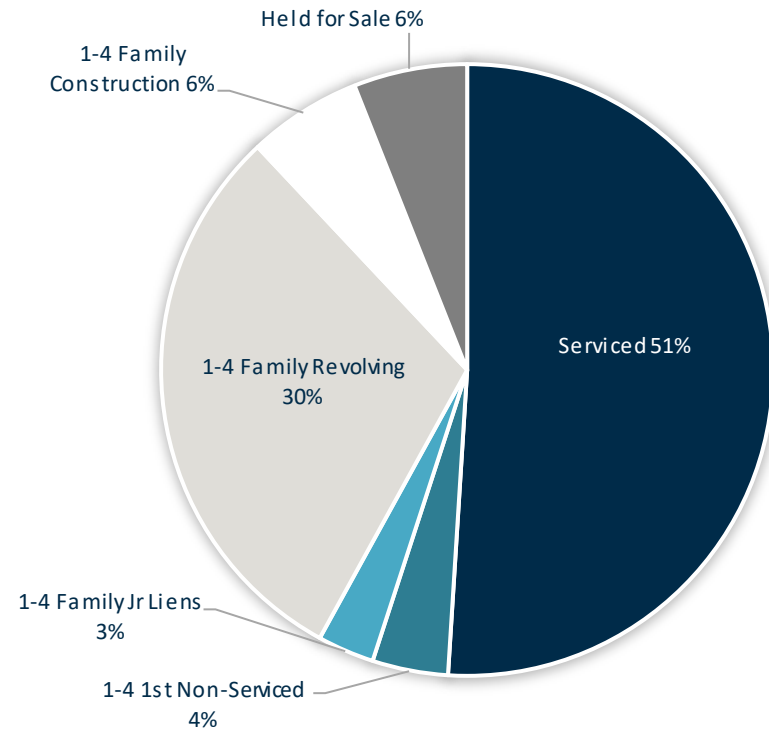
"Other Retail Trade" includes the following sub-industries within Retail Trade: (1) Miscellaneous Store Retailers, (2) Furniture and Home Furnishings Stores, (3) Sporting Goods, Hobby, Musical Instrument, and Book Stores, (4) Clothing and Clothing Accessories Stores, and (5) General Merchandise Stores.

LOANS SECURED BY REAL ESTATE

TOTAL COMMITMENT COMMERCIAL REAL ESTATE¹



TOTAL COMMITMENT RESIDENTIAL REAL ESTATE

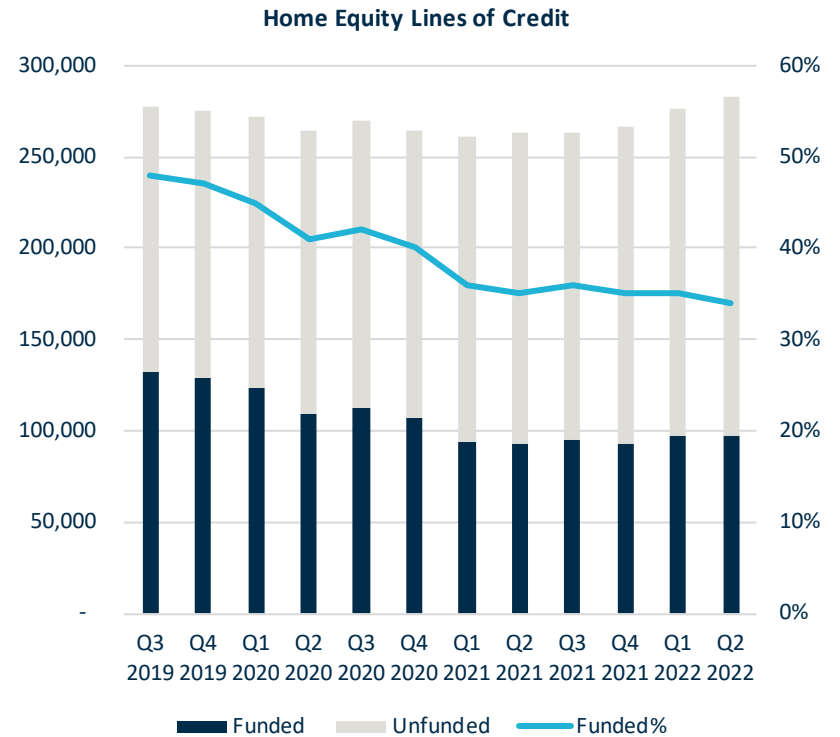
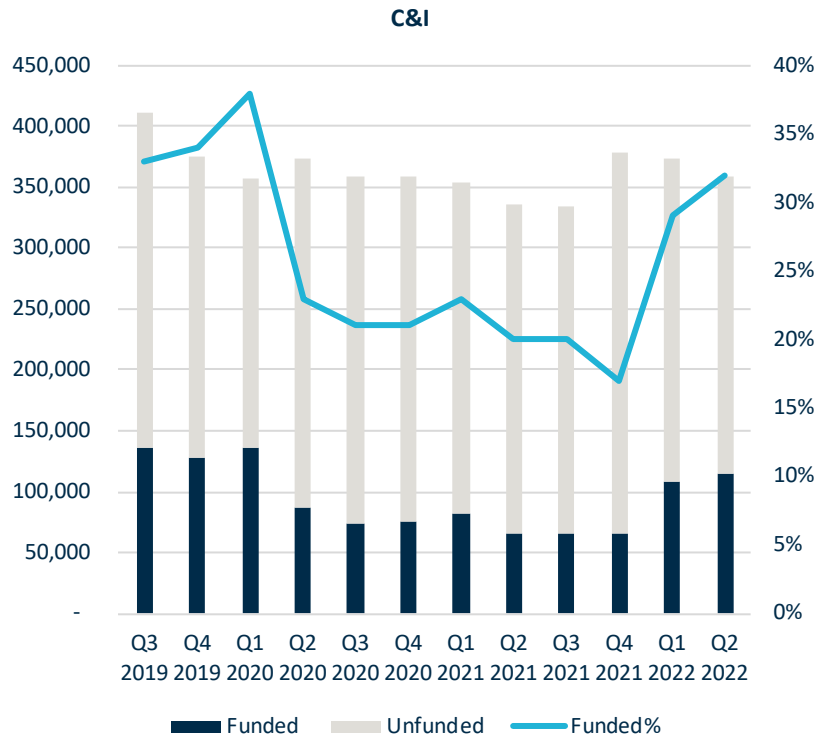


Portfolio	Avg FICO	Avg LTV
Serviced	762	65%
Non-Serviced	779	25%
Junior	756	78%
HELOC	796	64%

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

	Six months ended June 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	\$ 1,856	\$ (664)	\$ 216	\$ 10,333
Real estate construction	783	95	—	—	878
Commercial real estate	12,376	(1,564)	—	22	10,834
Total commercial	22,084	387	(664)	238	22,045
Consumer					
Residential real estate first mortgage	6,532	(357)	—	—	6,175
Residential real estate junior lien	1,295	(42)	—	214	1,467
Other revolving and installment	481	140	(55)	68	634
Total consumer	8,308	(259)	(55)	282	8,276
Unallocated	1,180	(128)	—	—	1,052
Total	\$ 31,572	\$ —	\$ (719)	\$ 520	\$ 31,373

ALLOWANCE FOR LOAN LOSSES

ALLOCATION BY PORTFOLIO SEGMENT

	June 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	\$ 10,333	25.6%	\$ 8,925	24.8%
Real estate construction	878	2.6%	783	2.3%
Commercial real estate	10,834	31.7%	12,376	34.1%
Residential real estate first mortgage	6,175	30.1%	6,532	29.1%
Residential real estate junior lien	1,467	7.2%	1,295	7.1%
Other revolving and installment	634	2.8%	481	2.6%
Unallocated	1,052	—	1,180	—
Total loans	\$ 31,373	100.0%	\$ 31,572	100.0%

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	\$ 1,871,490	\$ 1,845,312	\$ 28,425	1.5%	1.5%
Special Mention	5,956	5,956	252	4.2%	4.2%
Substandard	8,084	7,397	785	10.6%	9.7%
Total Loans Evaluated Collectively	1,885,530	1,858,665	29,462	1.6%	1.6%
Total Loans Evaluated Individually	4,713	4,713	859	18.2%	18.2%
Unallocated	—	—	1,052	—	—
Total	1,890,243	1,863,378	31,373	1.7%	1.7%

As of 6/30/2022.

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					Six months ended	
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	June 30, 2022	June 30, 2021
Total Assets	\$ 3,157,229	\$ 3,175,169	\$ 3,392,691	\$ 3,336,199	\$ 3,295,065	\$ 3,295,065	\$ 3,157,229
Total Loans	1,835,312	1,800,386	1,758,020	1,818,042	1,890,243	1,890,243	1,835,312
Total Deposits	2,710,940	2,713,088	2,920,551	2,892,266	2,619,550	2,619,550	2,710,939
Tangible Common Equity ¹	290,510	300,401	307,663	277,818	258,310	258,310	290,510
Net Income	\$ 11,694	\$ 13,067	\$ 12,705	\$ 10,184	\$ 9,293	\$ 19,477	\$ 26,909
ROAA (%)	1.50	1.62	1.50	1.26	1.14	1.20	1.76
ROATCE(%) ¹	17.36	18.13	17.36	14.72	15.25	14.97	20.15
Net Interest Margin (FTE) (%)	2.88	2.78	2.84	2.83	2.98	2.91	3.00
Efficiency Ratio (FTE) (%) ¹	71.46	71.49	71.06	72.25	74.72	73.50	68.84
Non-Int. Income/Op. Rev. (%)	63.48	63.04	59.67	57.62	56.20	56.91	64.26
Earnings per common share - diluted	\$ 0.66	\$ 0.74	\$ 0.72	\$ 0.57	\$ 0.52	\$ 1.10	\$ 1.52
Total Equity/Total Assets (%)	10.91	11.12	10.59	9.85	9.32	9.32	10.91
Tang. Cmn. Equity/Tang. Assets (%) ¹	9.36	9.62	9.21	8.46	7.96	7.96	9.36
Loans/Deposits (%)	67.70	66.36	60.19	62.86	72.16	72.16	67.70
NPLs/Loans (%)	0.38	0.35	0.12	0.23	0.23	0.23	0.38
NPAs/Assets (%)	0.25	0.22	0.09	0.15	0.16	0.16	0.25
Allowance/NPLs (%)	485.11	514.79	1,437.05	752.38	717.92	717.92	485.11
Allowance/Loans (%)	1.84	1.78	1.80	1.74	1.66	1.66	1.84
NCOs/Average Loans (%)	—	(0.06)	(0.22)	(0.03)	0.07	0.02	0.05

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					Six months ended	
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	June 30, 2022	June 30, 2021
Tangible common equity to tangible assets							
Total common stockholders' equity	\$ 344,391	\$ 353,195	\$ 359,403	\$ 328,505	\$ 307,158	\$ 307,158	\$ 344,391
Less: Goodwill	30,201	30,201	31,490	31,490	31,337	31,337	30,201
Less: Other intangible assets	23,680	22,593	20,250	19,197	17,511	17,511	23,680
Tangible common equity (a)	290,510	300,401	307,663	277,818	258,310	258,310	290,510
Total assets	3,157,229	3,175,169	3,392,691	3,336,199	3,295,065	3,295,065	3,157,229
Less: Goodwill	30,201	30,201	31,490	31,490	31,337	31,337	30,201
Less: Other intangible assets	23,680	22,593	20,250	19,197	17,511	17,511	23,680
Tangible assets (b)	3,103,348	3,122,375	3,340,951	3,285,512	3,246,217	3,246,217	3,103,348
Tangible common equity to tangible assets (a)/(b)	9.36%	9.62%	9.21%	8.46%	7.96%	7.96%	9.36%
Tangible common equity per common share							
Total stockholders' equity	\$ 344,391	\$ 353,195	\$ 359,403	\$ 328,505	\$ 307,158	\$ 307,158	\$ 344,391
Less: Goodwill	30,201	30,201	31,490	31,490	31,337	31,337	30,201
Less: Other intangible assets	23,680	22,593	20,250	19,197	17,511	17,511	23,680
Tangible common equity (c)	290,510	300,401	307,663	277,818	258,310	258,310	290,510
Common shares outstanding (d)	17,198	17,208	17,213	17,289	17,306	17,306	17,198
Tangible common equity per common share (c)/(d)	\$ 16.89	\$ 17.46	\$ 17.87	\$ 16.07	\$ 14.93	\$ 14.93	\$ 16.89
Return on average tangible common equity							
Net income	\$ 11,694	\$ 13,067	\$ 12,705	\$ 10,184	\$ 9,293	\$ 19,477	\$ 26,909
Add: Intangible amortization expense (net of tax)	860	860	832	832	832	1,664	1,769
Net income, excluding intangible amortization (e)	12,554	13,927	13,537	11,016	10,125	21,141	28,678
Average total equity	339,439	353,196	357,084	350,545	312,515	331,425	336,830
Less: Average goodwill	30,201	30,201	30,930	31,490	31,488	31,489	30,201
Less: Average other intangible assets (net of tax)	19,123	18,272	16,843	15,569	14,737	15,151	19,556
Average tangible common equity (f)	290,115	304,723	309,311	303,486	266,290	284,785	287,073
Return on average tangible common equity (e)/(f)	17.36%	18.13%	17.36%	14.72%	15.25%	14.97%	20.15%
Efficiency Ratio							
Noninterest expense	\$ 42,550	\$ 42,041	\$ 41,276	\$ 38,071	\$ 39,984	\$ 78,055	\$ 85,592
Less: Intangible amortization expense	1,088	1,088	1,053	1,053	1,053	2,106	2,239
Adjusted noninterest expense (i)	41,462	40,953	40,223	37,018	38,931	75,949	83,353
Net interest income	21,140	21,132	22,789	21,673	22,776	44,449	43,178
Noninterest income	36,748	36,040	33,718	29,470	29,226	58,696	77,629
Tax-equivalent adjustment	135	115	99	94	100	194	278
Total tax-equivalent revenue(j)	58,023	57,287	56,606	51,237	52,102	103,339	121,085
Efficiency ratio (i)/(j)	71.46%	71.49%	71.06%	72.25%	74.72%	73.50%	68.84%

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)	<u>125,154</u>	<u>147,152</u>	<u>240,008</u>	<u>274,043</u>	<u>307,663</u>
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)	<u>2,081,641</u>	<u>2,129,268</u>	<u>2,311,158</u>	<u>2,957,651</u>	<u>3,340,951</u>
Tangible common equity to tangible assets (a)/(b)	<u>6.01%</u>	<u>6.91%</u>	<u>10.38%</u>	<u>9.27%</u>	<u>9.21%</u>
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)	<u>125,154</u>	<u>147,152</u>	<u>240,008</u>	<u>274,043</u>	<u>307,663</u>
Common shares outstanding (d)	<u>13,699</u>	<u>13,775</u>	<u>17,050</u>	<u>17,125</u>	<u>17,213</u>
Tangible common equity per common share (c)/(d)	<u>\$ 9.14</u>	<u>\$ 10.68</u>	<u>\$ 14.08</u>	<u>\$ 16.00</u>	<u>\$ 17.87</u>
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)	<u>23,474</u>	<u>29,530</u>	<u>32,764</u>	<u>47,804</u>	<u>56,141</u>
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)	<u>130,092</u>	<u>140,490</u>	<u>187,654</u>	<u>269,460</u>	<u>297,126</u>
Return on average tangible common equity (e)/(f)	<u>18.04%</u>	<u>21.02%</u>	<u>17.46%</u>	<u>17.74%</u>	<u>18.89%</u>
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)	<u>129,297</u>	<u>131,687</u>	<u>138,456</u>	<u>159,838</u>	<u>164,529</u>
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)	<u>171,580</u>	<u>178,435</u>	<u>189,092</u>	<u>233,672</u>	<u>234,978</u>
Efficiency ratio (g)/(h)	<u>75.36%</u>	<u>73.80%</u>	<u>73.22%</u>	<u>68.40%</u>	<u>70.02%</u>