



INVESTOR PRESENTATION

1Q 2024

NASDAQ: ALRS

 ALERUS

DISCLAIMERS

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements concerning plans, estimates, calculations, forecasts and projections with respect to the anticipated future performance of Alerus Financial Corporation. These statements are often, but not always, identified by words such as “may”, “might”, “should”, “could”, “predict”, “potential”, “believe”, “expect”, “continue”, “will”, “anticipate”, “seek”, “estimate”, “intend”, “plan”, “projection”, “would”, “annualized”, “target” and “outlook”, or the negative version of those words or other comparable words of a future or forward-looking nature. Examples of forward-looking statements include, among others, statements we make regarding our projected growth, anticipated future financial performance, financial condition, credit quality, management’s long-term performance goals and the future plans and prospects of Alerus Financial Corporation.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in forward-looking statements include, among others, the following: interest rate risk, including the effects of significant rate increases by the Federal Reserve since 2020; our ability to successfully manage credit risk and maintain an adequate level of allowance for credit losses; new or revised accounting standards; business and economic conditions generally and in the financial services industry, nationally and within our market areas, including high rates of inflation and possible recession; the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short-period of time that resulted in recent bank failures of those institutions; the overall health of the local and national real estate market; concentrations within our loan portfolio; the level of nonperforming assets on our balance sheet; our ability to implement our organic and acquisition growth strategies, including the integration of Metro Phoenix Bank which we acquired in 2022; the impact of economic or market conditions on our fee-based services; our ability to continue to grow our retirement and benefit services business; our ability to continue to originate a sufficient volume of residential mortgages; the occurrence of fraudulent activity, breaches or failures of our or our third-party vendors’ information security controls or cybersecurity-related incidents, including as a result of sophisticated attacks using artificial intelligence and similar tools; interruptions involving our information technology and telecommunications systems or third-party servicers; potential losses incurred in connection with mortgage loan repurchases; the composition of our executive management team and our ability to attract and retain key personnel; rapid technological change in the financial services industry; increased competition in the financial services industry from non-banks such as credit unions and Fintech companies, including digital asset service providers; our ability to successfully manage liquidity risk, including our need to access higher cost sources of funds such as fed funds purchased and short-term borrowings; the concentration of large deposits from certain clients, who have balances above current Federal Deposit Insurance Corporation (“FDIC”) insurance limits; the effectiveness of our risk management framework; the commencement and outcome of litigation and other legal proceedings and regulatory actions against us or to which we may become subject; potential impairment to the goodwill we recorded in connection with our past acquisitions, including the acquisition of Metro Phoenix Bank; the extensive regulatory framework that applies to us; the impact of recent and future legislative and regulatory changes, including in response to the recent bank failures; fluctuations in the values of the securities held in our securities portfolio, including as a result of changes in interest rates; governmental monetary, trade and fiscal policies; risks related to climate change and the negative impact it may have on our customers and their businesses; severe weather, natural disasters, widespread disease or pandemics; acts of war or terrorism, including the ongoing Israeli-Palestinian conflict and the Russian invasion of Ukraine, or other adverse external events; any material weaknesses in our internal control over financial reporting; changes to U.S. or state tax laws, regulations and guidance, including the 1.0% excise tax on stock buybacks by publicly traded companies; potential changes in federal policy and at regulatory agencies as a result of the upcoming 2024 presidential election; talent and labor shortages and employee turnover; our success at managing the risks involved in the foregoing items; and any other risks described in the “Risk Factors” sections of the reports filed by Alerus Financial Corporation with the Securities and Exchange Commission.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-GAAP Financial Measures

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

Miscellaneous

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

COMPANY PROFILE

Alerus is a commercial wealth bank and a national retirement plan provider

DIVERSIFIED REVENUE⁽¹⁾

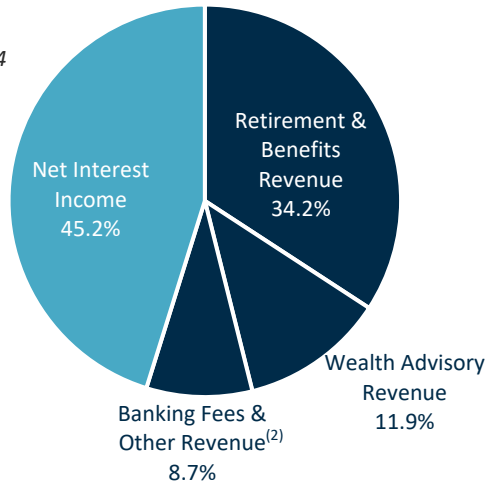
Last Twelve Months Ended March 31, 2024

Net Interest Income:

\$86.4 million
45.2% of revenue

Noninterest Income:

\$104.9 million
54.8% of revenue



RETIREMENT AND BENEFITS

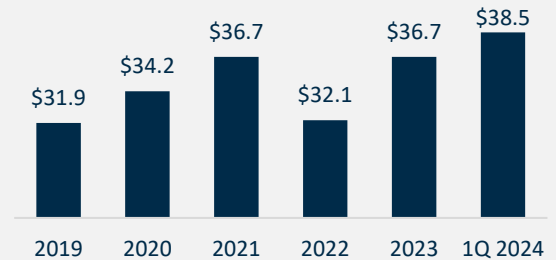
Retirement

- Plan administration
- Trust and custodial offerings
- Record keeping

Benefits

- Health savings accounts
- Flexible spending accounts
- COBRA

AUA / AUM:
\$ in billions



BANKING

Business Services

- Commercial and small business offerings
- Treasury Management services
- SBA & CRE Lending

Consumer Services

- Private banking
- Savings, money markets, CDs
- Mortgage services

Assets:
\$ in billions



WEALTH ADVISORY

- Financial Planning:** Retirement | Tax | Estate planning
- Investment Management:** Managed investments | Brokerage
- Trust and Fiduciary:** Estate Administration | Corporate Trusteeship

AUA / AUM:
\$ in billions



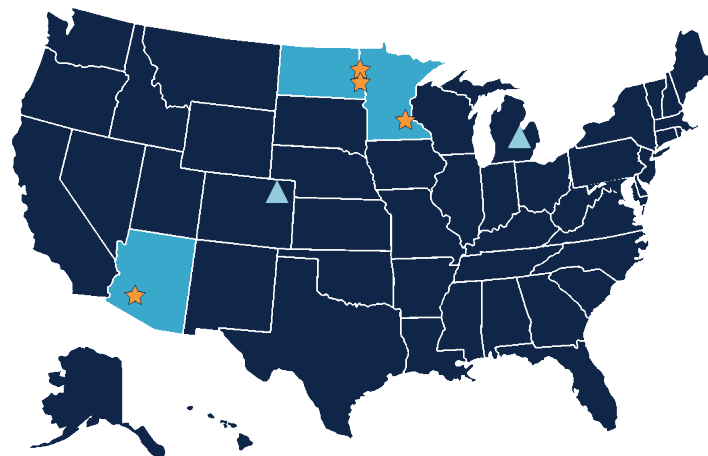
FRANCHISE FOOTPRINT

FULL-SERVICE BANKING ■

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

RETIREMENT AND BENEFITS SERVICES ■

- Offices in **Minnesota, North Dakota, Michigan, and Colorado** ▲
- Retirement plan service clients in all **50 states** ■



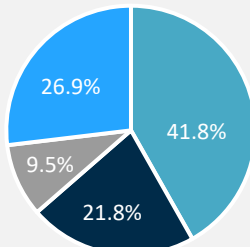
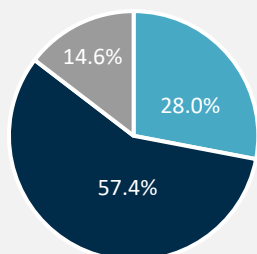
Market Distribution and Client Base

- **37,600** Consumer banking clients
- **16,700** Commercial banking clients
- **8,400** Employer-sponsored retirement plans
 - **10,800** Wealth clients
- **481,000** Employer-sponsored retirement and benefit plan participants and health savings account participants
- **34,600** Flexible spending account and health reimbursement arrangement participants

BANKING

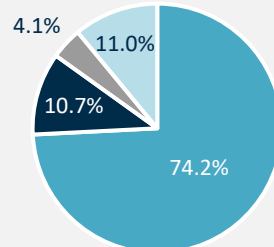
LOANS: \$2,799

DEPOSITS: \$3,285



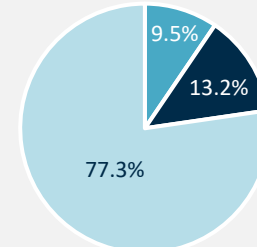
WEALTH ADVISORY

AUA / AUM: \$4,243



RETIREMENT AND BENEFITS

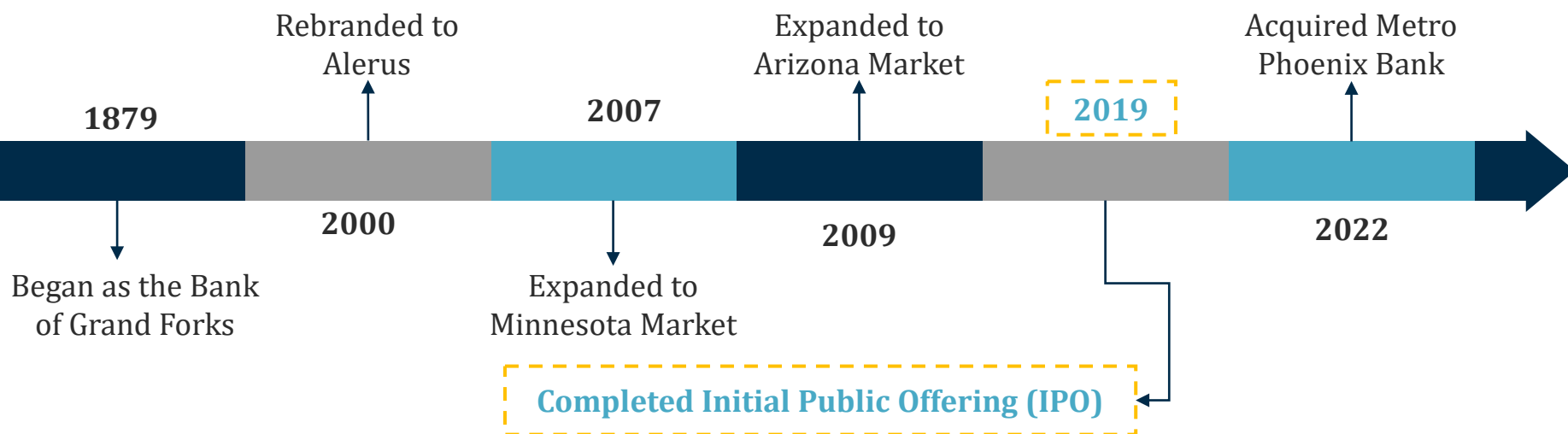
AUA / AUM: \$38,489



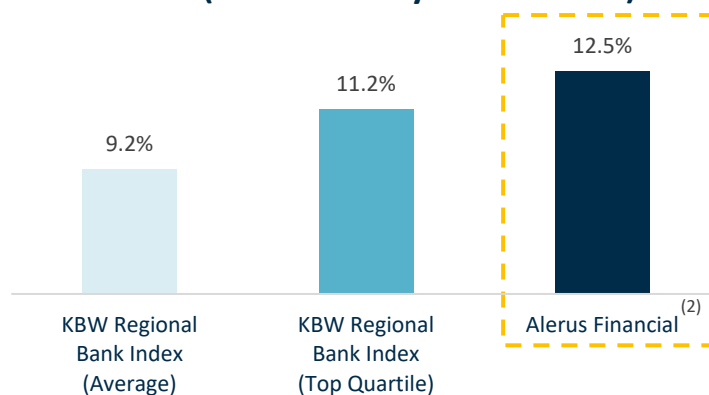
LEGEND: ■ North Dakota ■ Minnesota ■ Arizona ■ National ■ Synergistic | (\$ in millions)

STRATEGIC GROWTH

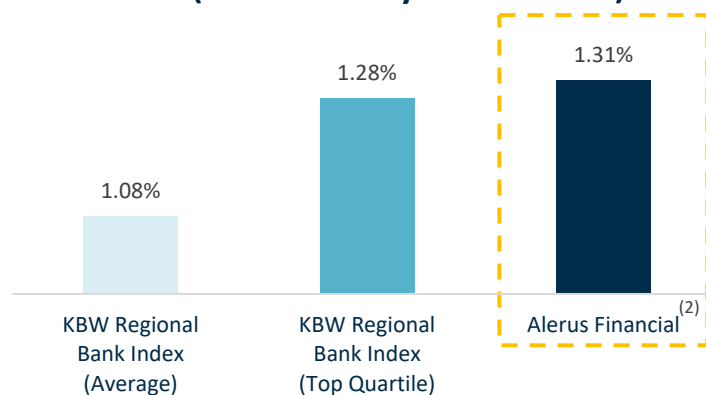
To supplement our organic growth, we have executed 25 acquisitions throughout the history of our company including: 15 in Banking, 10 in Retirement and Benefits



ROE⁽¹⁾ (5 Year History: 2019 - 2023)



ROA⁽¹⁾ (5 Year History: 2019 - 2023)



STRATEGIC INITIATIVES

One Alerus = Working Better Together to Grow



Our Purpose Powers our Culture

Passion for Excellence

Act with accountability and sense of urgency to best serve clients and achieve exceptional results

Do the Right Thing

Lead with integrity and provide valued advice and guidance

Success is Never Final

Embrace opportunities to adapt and growth with our industry and our clients

One Alerus

Work together to provide purpose-driven products and services for our clients



ORGANIC GROWTH

- Collaborative leadership team focused on **new client** acquisition, retention, and **deepening relationships** with existing clients
- **Diversified business model** focused on bringing value to the client through advice and specialty solutions to help clients grow
- Leveraging **product synergies** unavailable to traditional banking organizations



TALENT ACQUISITIONS

- Recruiting top talent in mid-market C&I banking and specialty niches to **accelerate growth** in our existing markets
- **Jumpstart our entrance** into new markets with new talent
- Proactively positioning ourselves as an **acquirer and employer of choice**



STRATEGIC ACQUISITION

- 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, and synergy and growth opportunities



PRODUCTIVITY AND EFFICIENCY

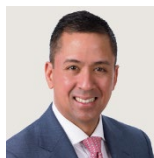
- Provide **secure and reliable** technology that meets evolving client expectations
- Integrate our full product and service offerings through our **fast-follower** technology strategy

OFFICERS AND DIRECTORS

EXECUTIVE MANAGEMENT



KATIE LORENSEN
Director, President and
Chief Executive Officer
7 years with Alerus



AL VILLALON
Executive Vice President and
Chief Financial Officer
2 years with Alerus



JIM COLLINS
Executive Vice President and
Chief Banking and Revenue Officer
2 years with Alerus



FORREST WILSON
Executive Vice President and
Chief Retirement Services Officer
Joined Alerus in 2024



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



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



JON HENDRY
Executive Vice President and
Chief Technology Officer
40 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 Hoefer
& Arnett



RANDY NEWMAN
Since 1987
Former President and CEO, Alerus



KEVIN LEMKE
Since 1994
President
Virtual Systems, Inc.



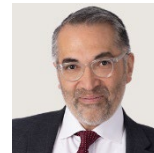
GALEN VETTER
Since 2013
Former Global CFO, Franklin Templeton
Investments; Former Partner-in-Charge,
Upper Midwest Region, RSM



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.



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



JOHN URIBE
Since 2023
Chief Financial Officer
Blue Cross and Blue Shield of Minnesota



NIKKI SORUM
Since 2023
Former Head of Sales and Distribution, Thrivent
Former SVP, Private Client Group,
RBC Wealth Management



FIRST QUARTER HIGHLIGHTS

*Office in
Excelsior, Minnesota*

1Q 2024 HIGHLIGHTS

Success is Never Final

EARNINGS

EPS:
\$0.33 Adjusted⁽¹⁾
\$0.32 Reported

NII:
\$22.2 million
+3.1% vs. 4Q23

NIM:
2.44% Adjusted⁽²⁾
+7 bps vs. 4Q23

Fee Income:
\$25.3 million
53.3% of revenue
in 1Q 2024

BALANCE SHEET

Loans:
\$2.8 billion
+1.4% vs. 4Q23

Deposits:
\$3.3 billion
+6.1% vs. 4Q23

L/D Ratio:
85%
-4 bps vs 4Q23

AUA / AUM:
\$42.8 billion
+5.0% vs. 4Q23

ASSET & CAPITAL STRENGTH

NCO Ratio:
1 bp
\$58k of charge-offs

ALLL:
1.31%
+1 bp vs. 4Q23

TBV⁽³⁾:
\$15.63
+\$0.15 vs. 4Q23

CET1:
11.9%
6.5% "well capitalized"
minimum

VALUE CREATION

Hired Forrest Wilson
Retirement and
Benefits executive

Executed BTFP Trade
Establishing strong risk-
free returns

\$0.19 Dividend Per Share
\$3.8 million to shareholders

1. Adjusted for nonrecurring items. See "Non-GAAP Disclosure Reconciliation."

2. Excludes impact of Bank Term Funding Program (BTFP) trade. See "Non-GAAP Disclosure Reconciliation."

3. Represents a non-GAAP Financial measure. See "Non-GAAP Disclosure Reconciliation."

1Q 2024 RESULTS

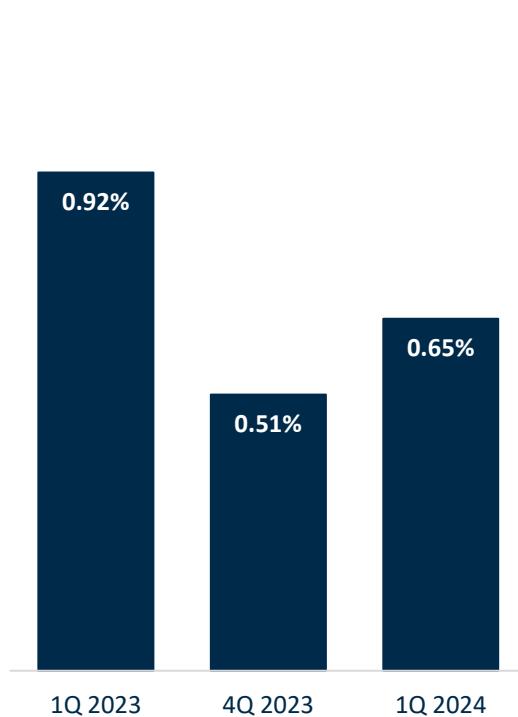
Income Statement

	Three months ended		
	March 31, 2024	December 31, 2023	March 31, 2023
<i>(dollars and shares in thousands, except per share data)</i>			
Net Interest Income	\$ 22,219	\$ 21,552	\$ 23,658
Provision for Credit Losses	—	1,507	550
Net Interest Income After Provision for Credit Losses	22,219	20,045	23,108
Noninterest Income	25,323	791	25,253
Noninterest Expense	39,019	38,654	37,869
Income Before Income Taxes	8,523	(17,818)	10,492
Income Tax Expense	2,091	(3,064)	2,306
Net Income	\$ 6,432	\$ (14,754)	\$ 8,186
Per Common Share Data			
Earnings Per Common Share - Diluted	\$ 0.32	\$ (0.73)	\$ 0.40
Adjusted Earnings Per Common Share - Diluted ⁽¹⁾	0.33	0.26	0.42
Diluted Average Common Shares Outstanding	19,986	19,996	20,246
Performance Ratios			
Return on Average Total Assets	0.63 %	(1.51) %	0.88 %
Return on Average Tangible Common Equity ⁽¹⁾	9.78 %	(18.85) %	12.58 %
Noninterest Income as a % of Revenue	53.26 %	3.54 %	51.63 %
Net Interest Margin (Tax-Equivalent)	2.30 %	2.37 %	2.70 %
Efficiency Ratio ⁽¹⁾	78.88 %	165.40 %	74.53 %

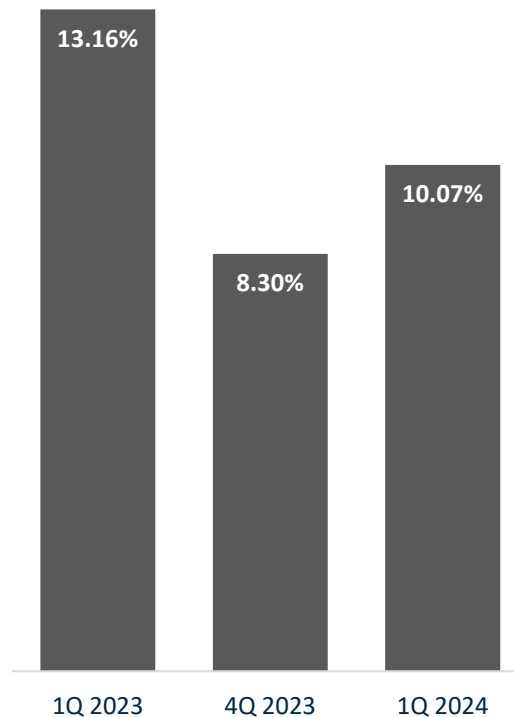


PERFORMANCE RATIOS

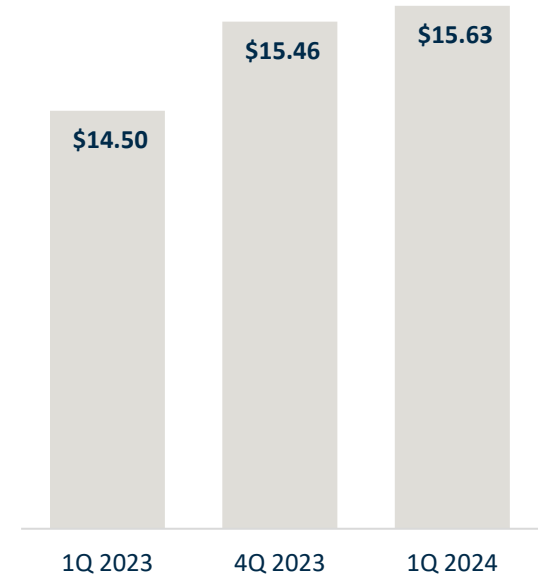
**Adjusted Return on Average
Assets^{(1)/(2)}**



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



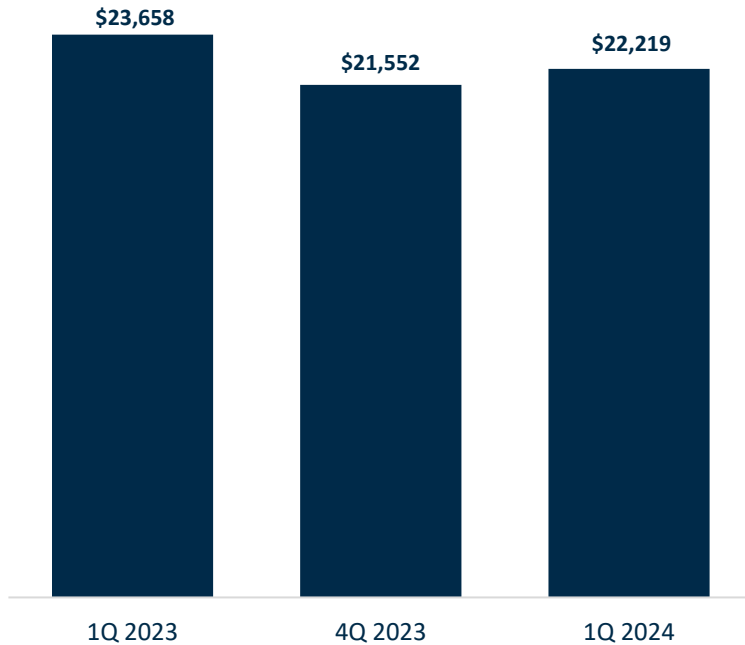
Tangible Book Value per Share⁽¹⁾



KEY REVENUE ITEMS

Net Interest Income

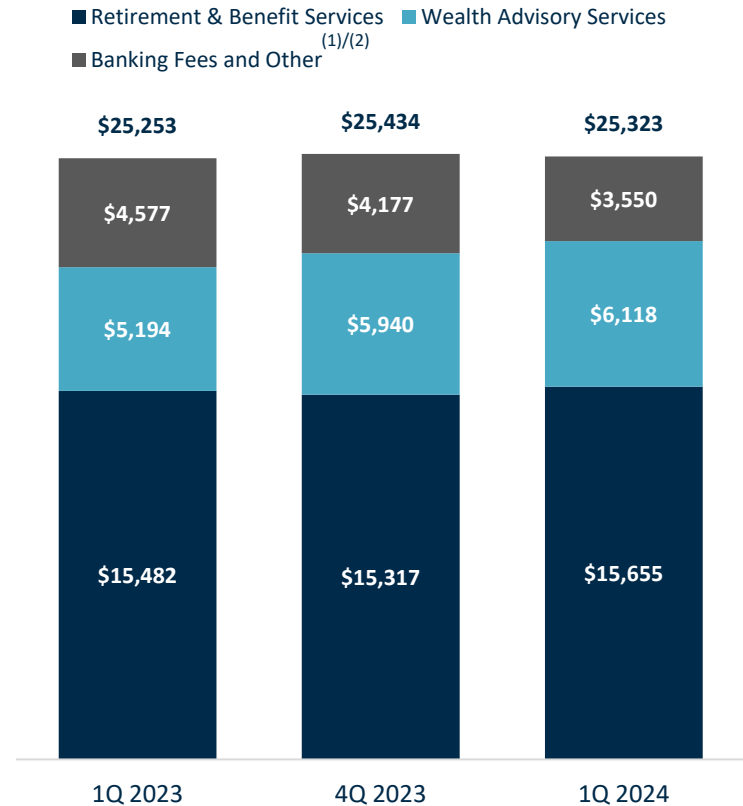
\$ in thousands



Net Interest Income: +3.1% Linked Quarter
(6.1%) Year-over-year

Noninterest Income

\$ in thousands

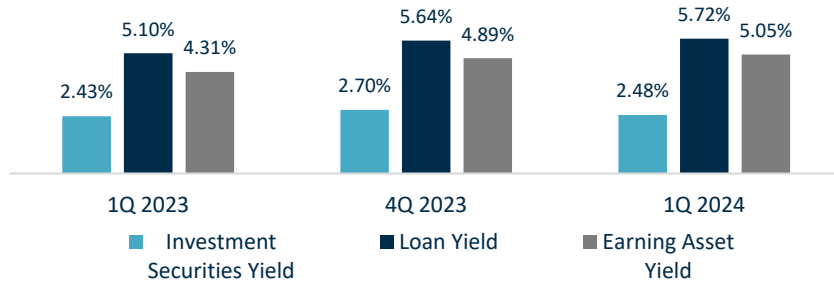


Noninterest Income: (0.4%) Linked Quarter
+0.3% Year-over-year

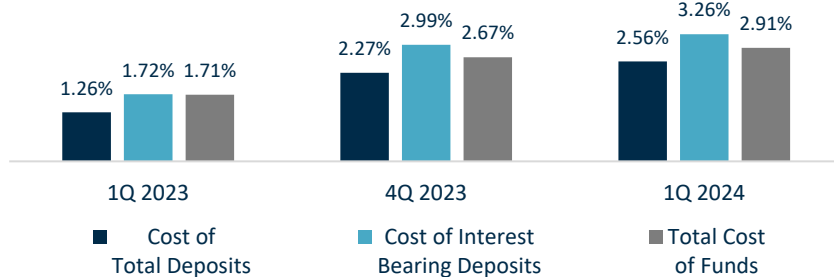
NET INTEREST INCOME

YIELDS AND RATES

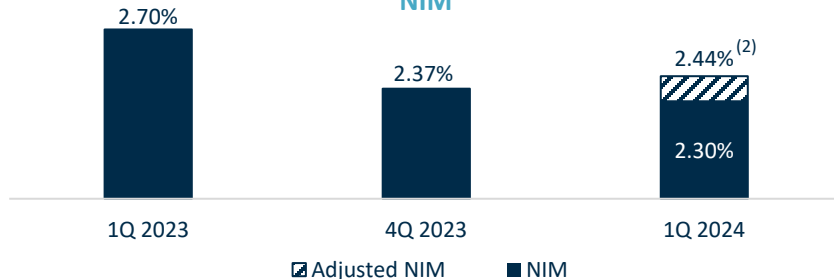
Earning Assets



Cost of Funds

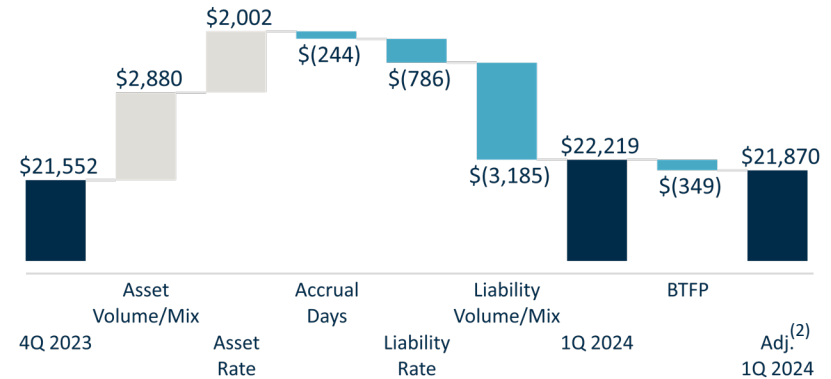


NIM⁽¹⁾



NII AND NIM⁽¹⁾ WALK

\$ in Thousands



NIM:	2.37%	0.15%	0.20%	(0.02%)	(0.08%)	(0.32%)	2.30%	0.14%	2.44%⁽²⁾
-------------	--------------	-------	-------	---------	---------	---------	--------------	-------	----------------------------

QUARTERLY HIGHLIGHTS

- Net interest income for the first quarter of 2024 increased 3.1% from the fourth quarter of 2023.
- Larger cash and loan balances, along with lower borrowing levels, drove net interest income higher. This was partially offset by an increase in interest expense on deposits driven by higher deposit balances.
- Borrowed \$355.0 million from the Bank Term Funding Program (BTFP), earning 52 basis points of risk-free return resulting in \$0.3 million in net interest income for the first quarter of 2024.

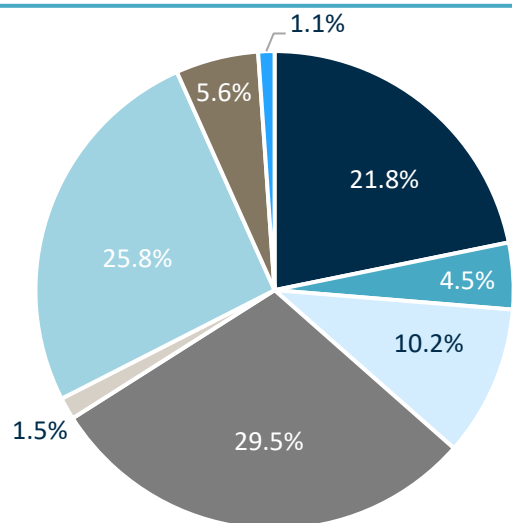
1. Tax-equivalent net interest margin.

12 | 2. Adjusted for BTFP trade. Represents a non-GAAP Financial measure. See "Non-GAAP Disclosure Reconciliation."
Yields and rates have been annualized.

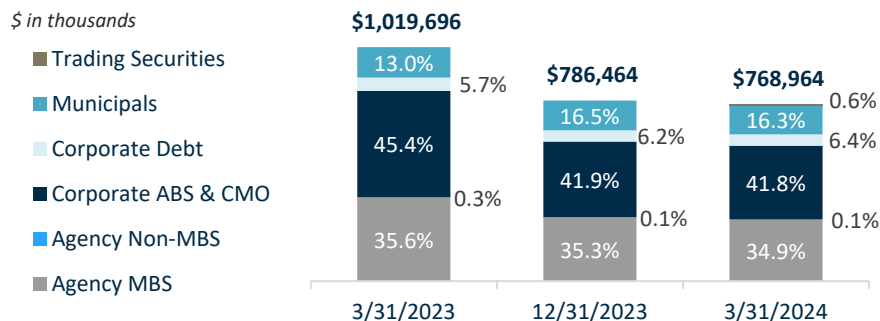


EARNING ASSETS

MARCH 31, 2024 LOAN PORTFOLIO



INVESTMENT PORTFOLIO



Held-to-Maturity:	30.8%	38.1%	38.0%
Available-for-Sale:	69.2%	61.9%	61.4%
Trading Securities ⁽¹⁾ :	0.0%	0.0%	0.6%
% of Earning Assets:	27.8%	21.4%	18.7%
AOCI:	\$(96,307)	\$(73,655)	\$(74,256)

LOAN PORTFOLIO CHANGES

\$ in thousands

Chart Legend	Category	As of 3/31/2023	As of 12/31/2023	As of 3/31/2024	Change QoQ	Change YoY
	Commercial and industrial	\$ 553,578	\$ 598,321	\$ 611,695	2.2%	10.5%
	Real estate construction	108,776	124,034	125,966	1.6%	15.8%
	Commercial real estate (owner occupied)	254,754	271,619	285,149	5.0%	11.9%
	Commercial real estate (non-owner occupied)	641,487	814,461	826,650	1.5%	28.9%
	Agriculture real estate	38,082	40,832	41,149	0.8%	8.1%
	Residential real estate first mortgage	698,002	726,879	722,151	-0.7%	3.5%
	Residential real estate junior lien	152,281	154,134	156,882	1.8%	3.0%
	Other revolving and installment	39,664	29,303	29,833	1.8%	-24.8%
	Total	\$ 2,486,624	\$ 2,759,583	\$ 2,799,475	1.4%	12.6%

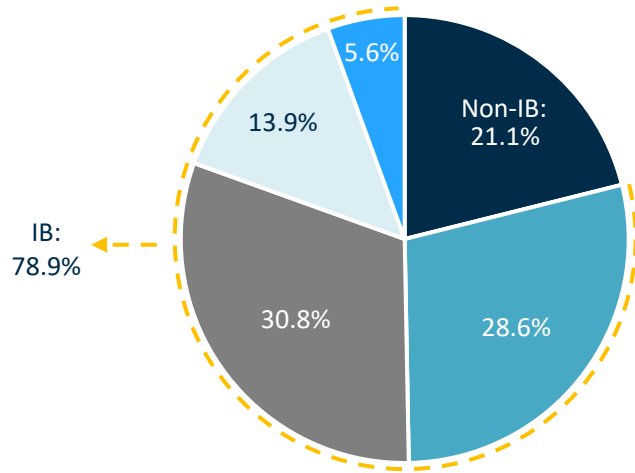
QUARTERLY HIGHLIGHTS

- Total loans grew 1.4% from December 31, 2023.
- Quarter over quarter growth was driven by an increase in total CRE loans, which increased 2.2%, and an increase in C&I loans which grew 2.2%.
- Residential real estate first mortgage loans was the only loan category to decrease quarter over quarter given seasonality and focused allocation of portfolio capital.
- The investment portfolio decreased 2.2% from December 31, 2023 as portfolio runoff was used to support loan growth and to pay down borrowings.



DEPOSIT CHARACTERISTICS

MARCH 31, 2024 DEPOSIT PORTFOLIO (BY CATEGORY)

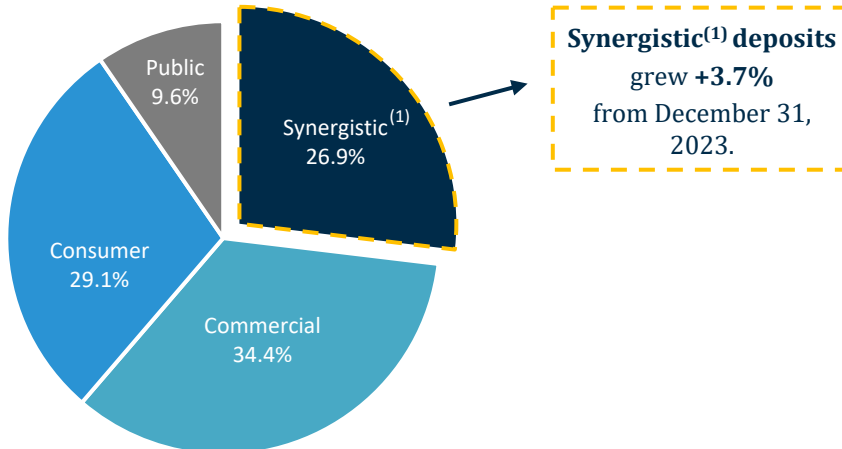


DEPOSIT PORTFOLIO CHANGES

\$ in thousands

Chart Legend	Category	As of 3/31/2023	As of 12/31/2023	As of 3/31/2024	Change QoQ	Change YoY
■	Noninterest-bearing	\$ 792,977	\$ 728,082	\$ 692,500	-4.9%	-12.7%
■	Interest-bearing demand	817,675	840,711	938,751	11.7%	14.8%
■	Money market and savings	1,002,701	938,527	1,013,983	8.0%	1.1%
■	Time deposits	245,418	411,562	456,729	11.0%	86.1%
■	HSA deposits	173,207	176,729	183,006	3.6%	5.7%
Total		\$ 3,031,978	\$ 3,095,611	\$ 3,284,969	6.1%	8.3%
Loan to deposits ratio		82.0%	89.1%	85.2%		

MARCH 31, 2024 DEPOSIT PORTFOLIO (BY CLIENT SEGMENT)



QUARTERLY HIGHLIGHTS

- Total deposits increased 6.1% from December 31, 2023.
- Expanded commercial deposit relationships, along with a seasonal inflow of public funds, helped drive the quarter over quarter growth.
- The Company continued to have \$0 of brokered deposits as of March 31, 2024.

BANKING SERVICES

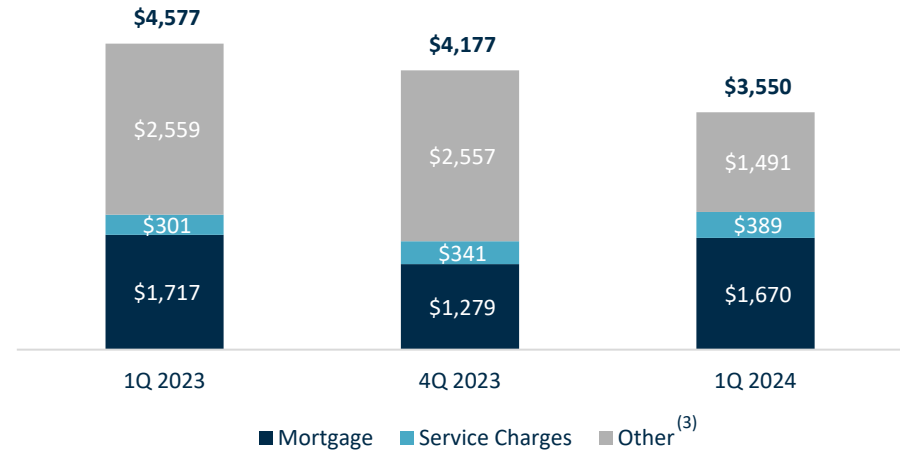
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	1Q 2024	4Q 2023	1Q 2023
Net interest income	\$ 22,219	\$ 21,552	\$ 23,658
Provision for loan losses	-	1,507	550
Noninterest income ^{(2)/(3)}	3,550	4,177	4,577
Total revenue	25,769	24,222	27,685
Noninterest expense	18,666	18,792	18,650
Net income before taxes:	\$ 7,103	\$ 5,430	\$ 9,035

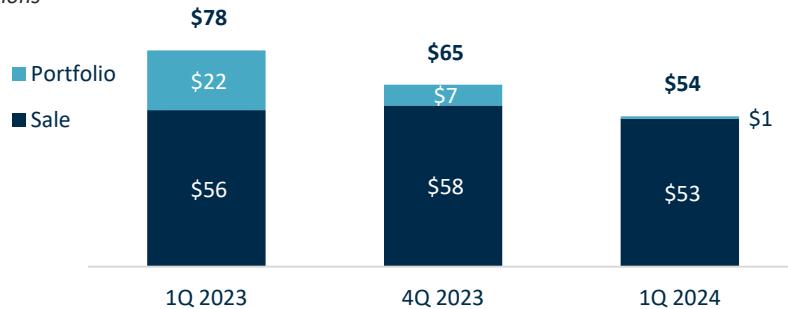
NONINTEREST INCOME BREAKDOWN

\$ in thousands



MORTGAGE HIGHLIGHTS

\$ in millions



Purchase:	94.9%	96.0%	94.8%
Refinance:	5.1%	4.0%	5.2%
Fair Value Change:	\$254	\$(314)	\$306

\$ in thousands

BANKING SERVICES QUARTERLY HIGHLIGHTS

- Mortgage income increased \$391 thousand quarter over quarter, primarily driven by an increase in the marked to market derivative.
- Service charges increased \$48 thousand from 4Q 2023.
- Other fee income decreased \$1.1 million quarter over quarter, driven by large swap fee income in 4Q 2023.

1. Includes Corporate Administration income.

15 | 2. Banking noninterest income consists of service charges on deposit accounts, mortgage income, interchange income and other noninterest income.

3. Excludes net losses on investment securities of \$24.6 million in 4Q 2023. See "Non-GAAP Disclosure Reconciliation."



RETIREMENT AND BENEFIT SERVICES

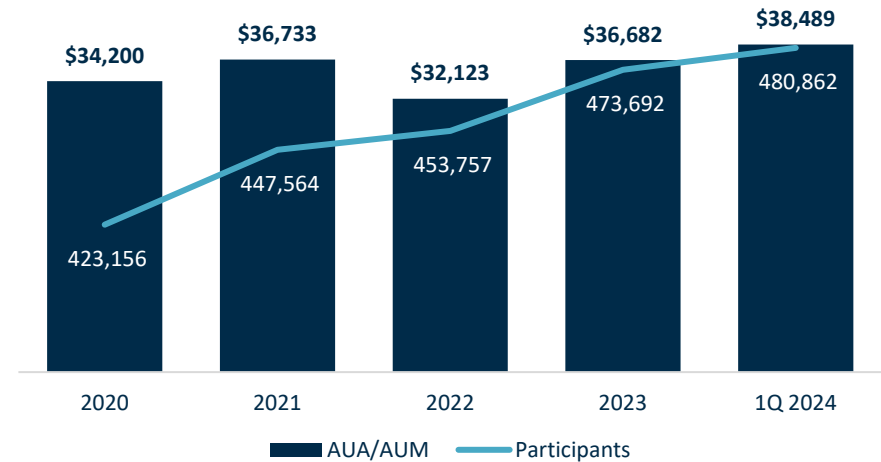
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	1Q 2024	4Q 2023	1Q 2023
Recurring annual income	\$ 12,480	\$ 12,636	\$ 12,739
Transactional income	3,175	2,681	2,743
Total noninterest income	15,655	15,317	15,482
Noninterest expense	14,189	13,792	13,595
Net income before taxes:	\$ 1,466	\$ 1,525	\$ 1,887

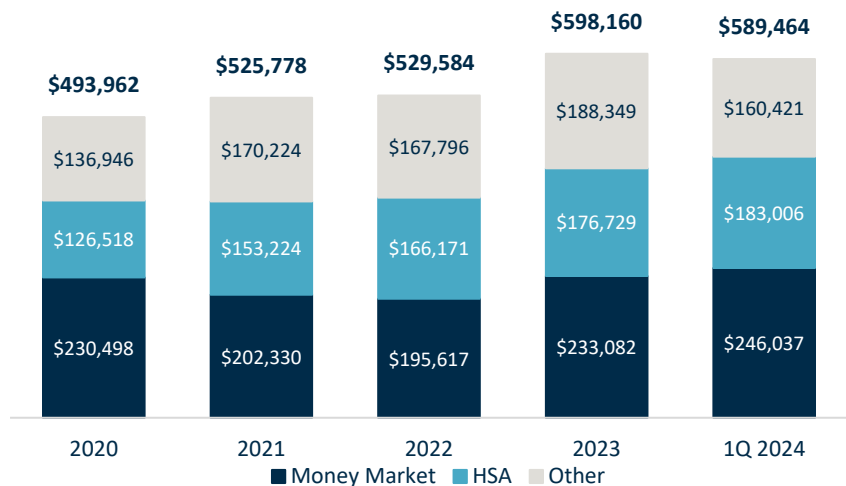
AUA / AUM AND PARTICIPANTS

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands



QUARTERLY HIGHLIGHTS

- Hired Forrest Wilson as Chief Retirement Services Officer.
- AUA / AUM grew 4.9% from December 31, 2023.
- 37% of Retirement and Benefit Services revenue is market sensitive.
- 52.7% of Retirement and Benefit Services synergistic deposits are indexed.



WEALTH ADVISORY SERVICES

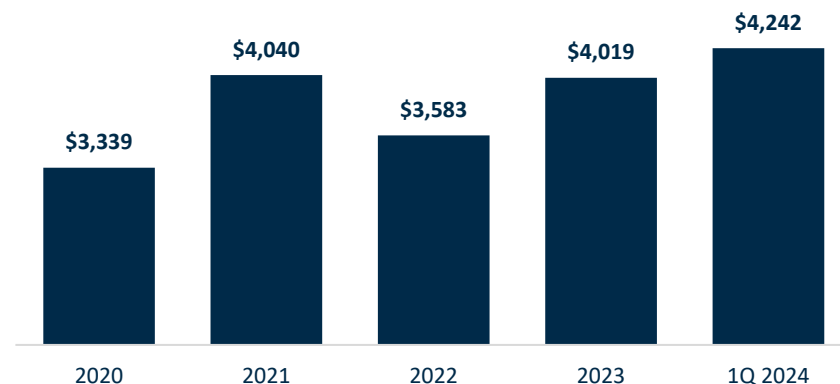
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	1Q 2024	4Q 2023	1Q 2023
Asset management	\$ 5,256	\$ 4,974	\$ 4,455
Brokerage	366	563	409
Insurance and advisory	496	403	330
Total noninterest income	6,118	5,940	5,194
Noninterest expense	3,750	3,773	3,362
Net income before taxes:	\$ 2,368	\$ 2,167	\$ 1,832

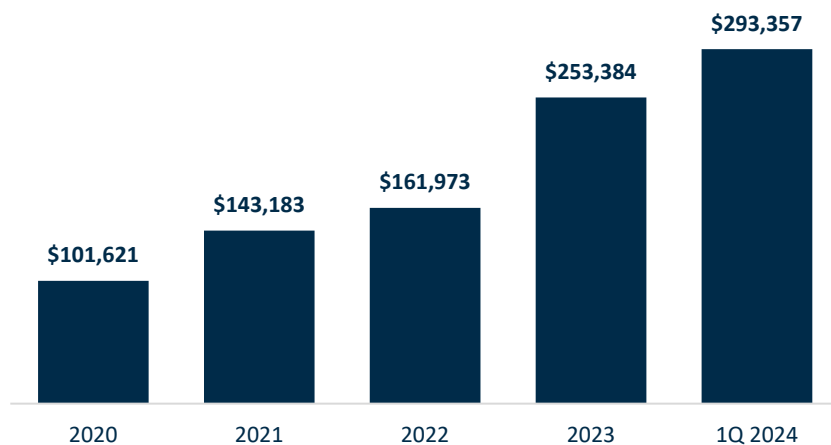
AUA / AUM

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands



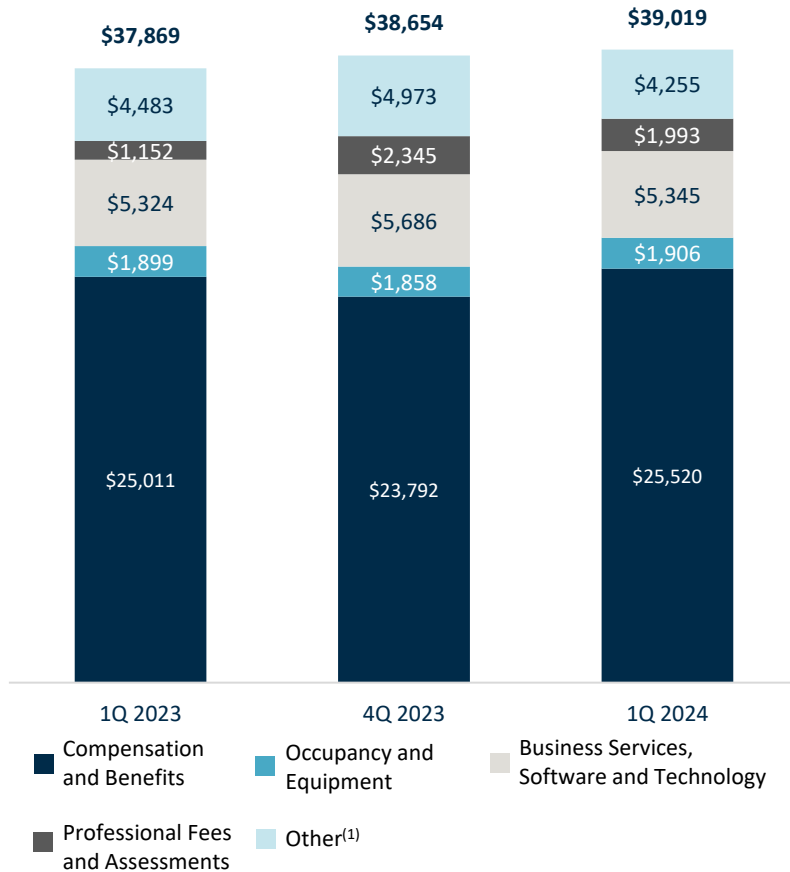
QUARTERLY HIGHLIGHTS

- Wealth advisory services revenue increased 3.0% from the fourth quarter of 2023.
- Synergistic deposits grew 15.8% quarter over quarter.
- AUA / AUM grew 5.5% during the quarter.
- 88.6% of Wealth Advisory Services synergistic deposits are indexed.
- IRA rollovers captured added \$39.0 million of AUM in the first quarter of 2024.



NONINTEREST EXPENSE

\$ in Thousands



Noninterest Expense: +0.9% Linked Quarter
+3.0% Year-over-year

QUARTERLY HIGHLIGHTS

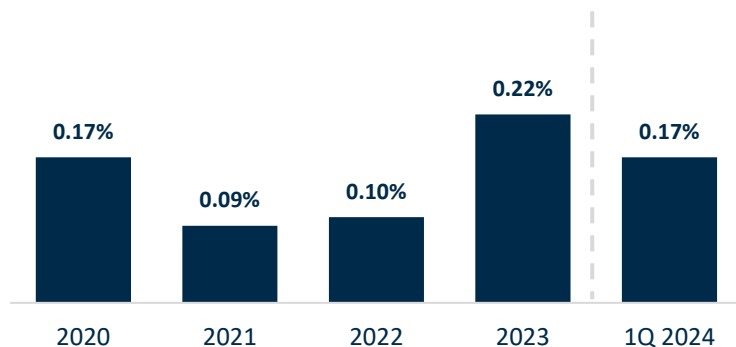
- Noninterest expense increased \$0.4 million, or 0.9%, over the last quarter.
- Compensation and benefits expense increased \$1.7 million from the fourth quarter of 2023 primarily due to seasonality.
- Professional fees and assessments decreased \$0.4 million quarter over quarter driven by an increase in corresponding activities in the prior quarter.
- Other expenses decreased \$0.7 million compared to the fourth quarter of 2023 primarily driven by a one-time donation resulting in tax credits in the fourth quarter.
- Business services, software and technology expense decreased \$0.3 million from the prior quarter on the back of seasonally higher contract renewals and equipment purchases in the fourth quarter.

YEAR-OVER-YEAR HIGHLIGHTS

- Noninterest expense increased \$1.2 million, or 3.0%, compared to the first quarter of 2023.
- The increase was primarily driven by higher professional fees and assessments due to an increase in FDIC assessments and an increase in recruitment expenses driven by talent acquisitions in the first quarter of 2024.

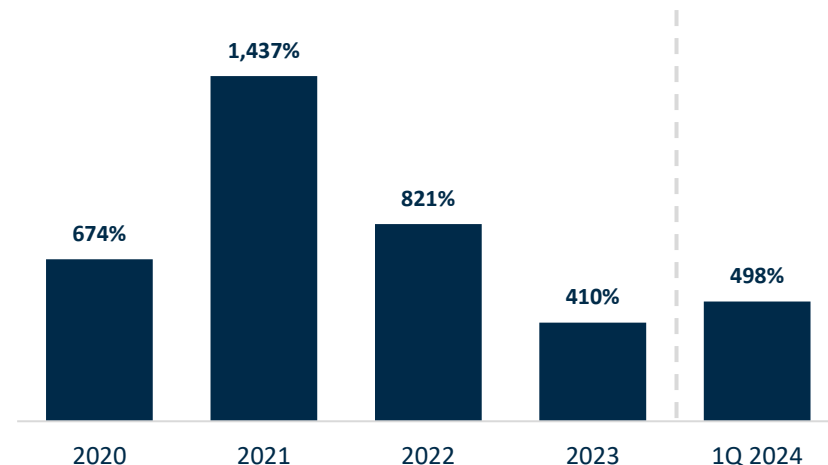
ASSET QUALITY AND RESERVE LEVELS

NPA / ASSETS %

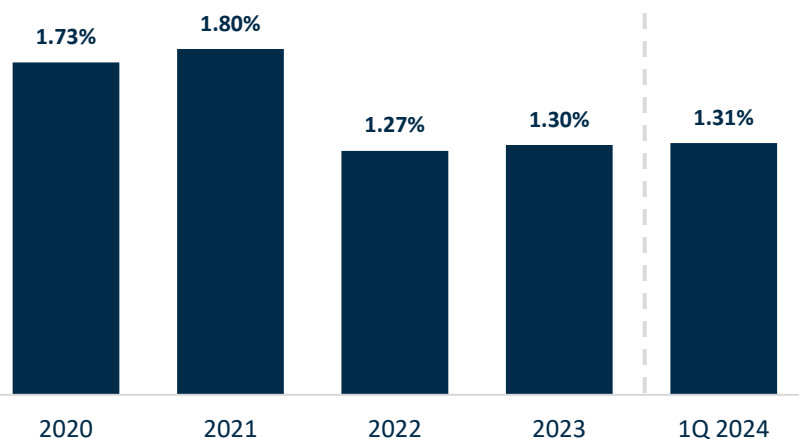


NCO/ Avg Loans	0.03%	(0.04%)	0.02%	(0.04%)	0.01%
-------------------	-------	---------	-------	---------	-------

RESERVES OVER NPL %



RESERVES / LOANS %

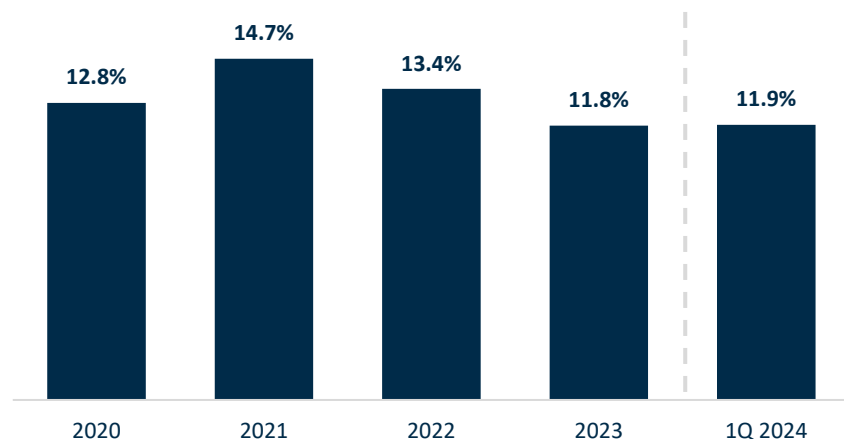


HIGHLIGHTS

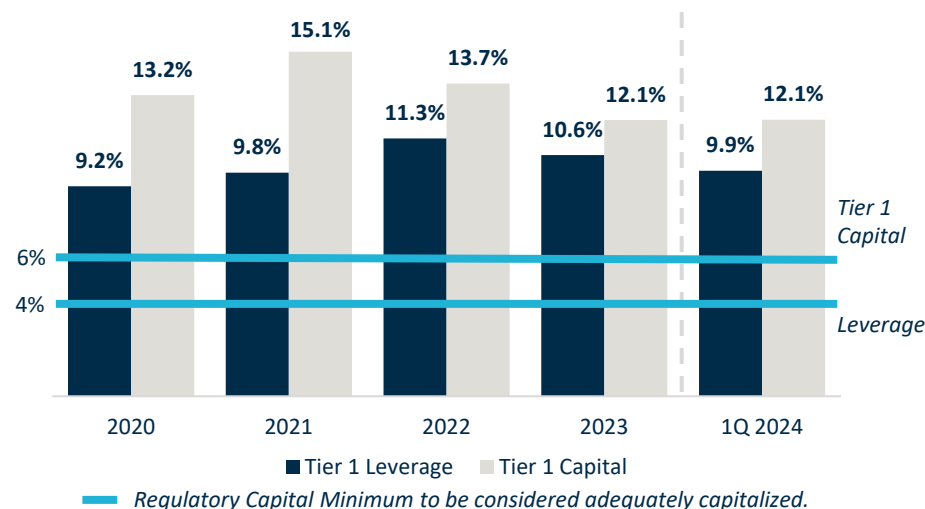
- There was no provision for credit losses in the first quarter of 2024.
- Net charge-offs for the quarter totaled \$58 thousand.
- Nonperforming loans decreased 15.9% from December 31, 2023.
- Strong asset quality continues to be shown by exceptional credit quality metrics.

CAPITAL AND SOURCES OF LIQUIDITY

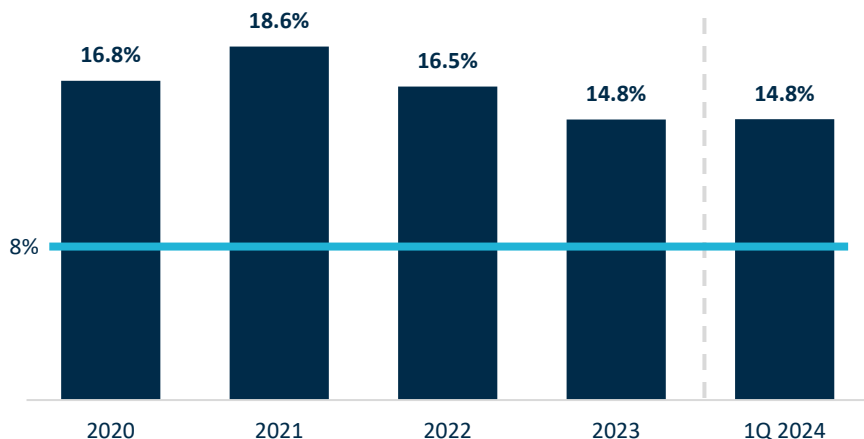
COMMON EQUITY TIER 1



TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



LIQUIDITY

\$ in Thousands

Total Assets	\$ 4,338,093
Cash and cash equivalents	545,772
Unencumbered Securities (at Market Value)	197,227
Total On Balance Sheet Liquidity	742,999
FHLB Borrowing Capacity	897,976
Fed Funds Lines	107,000
Brokered CD Capacity	867,619
Total Off Balance Sheet Liquidity	1,872,595
Total Liquidity as of 3/31/2024	\$ 2,615,594
Total Liquidity (Ex-brokered CD Capacity)	\$ 1,747,975

KEY TAKEAWAYS

The first quarter of the year has put Alerus on a strong path for 2024

EARNINGS

Net interest income continues to be bolstered by our diversified business model

- 3.1% growth in net interest income compared to 4Q 2023
- 53.3% of noninterest income to total revenue
- 26.9% increase in adjusted EPS ⁽¹⁾ compared to 4Q 2023

BALANCE SHEET

Our strong talent acquisition and retention is continuing to payoff

- 6.1% increase in deposits compared to December 31, 2023
- 1.4% growth in loans compared to December 31, 2023
- 85.2% loan to deposit ratio

ASSET & CAPITAL STRENGTH

Strong credit quality continues to be shown by exceptional credit quality metrics

- 1 bp net charge-offs to average loans and total reserves to loans of 1.31%
- 11.9% CET1 (5.4% over “well capitalized” 6.5% minimum)
- 7.88% adjusted⁽¹⁾ tangible common equity to tangible assets

VALUE CREATION

We remain focused on the long-term success of the company

- Continued progress in returning the company to top tier performance
- Executed BTFP trade to establish strong free returns
- \$3.8 million returned to shareholders through dividends



*Office in Downtown
Minneapolis, Minnesota*

APPENDIX

DIVISIONAL INCOME STATEMENT

(\$ dollars in thousands)

Quarter ended March 31, 2024

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 22,897	\$ -	\$ -	\$ (678)	\$ 22,219
Provision for loan losses	-	-	-	-	-
Noninterest income ⁽¹⁾	3,490	15,655	6,118	60	25,323
Noninterest expense	18,666	14,189	3,750	2,414	39,019
Net income before taxes	\$ 7,721	\$ 1,466	\$ 2,368	\$ (3,031)	\$ 8,523

Quarter ended December 31, 2023

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 22,234	\$ -	\$ -	\$ (682)	\$ 21,552
Provision for loan losses	1,507	-	-	-	1,507
Noninterest income ^{(1)/(2)}	4,186	15,317	5,940	(9)	25,434
Noninterest expense	18,792	13,792	3,773	2,297	38,654
Net income before taxes	\$ 6,121	\$ 1,525	\$ 2,167	\$ (2,988)	\$ 6,825

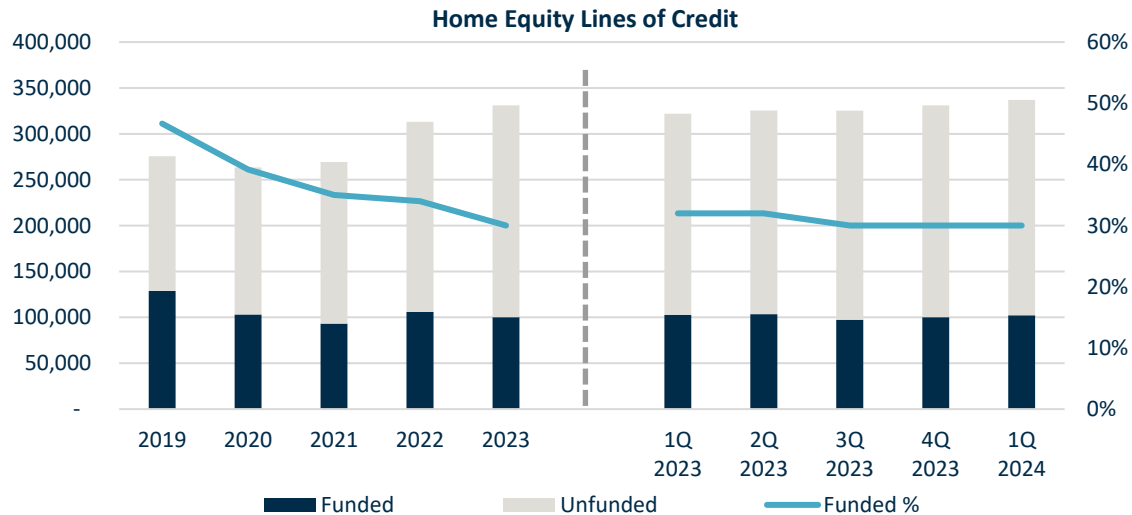
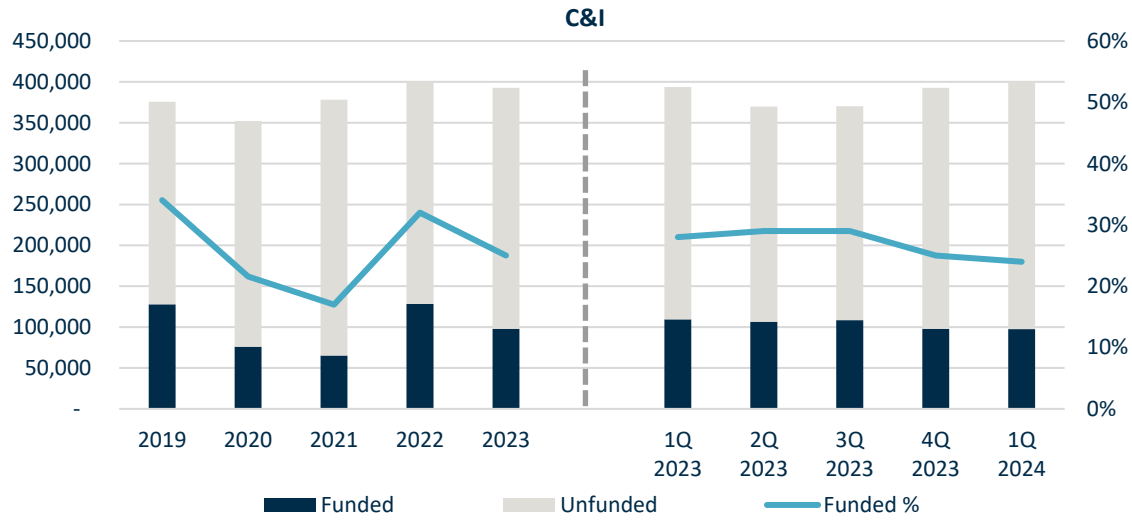
Quarter ended March 31, 2023

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 24,312	\$ -	\$ -	\$ (654)	\$ 23,658
Provision for loan losses	550	-	-	-	550
Noninterest income ⁽¹⁾	4,539	15,482	5,194	38	25,253
Noninterest expense	18,650	13,595	3,362	2,262	37,869
Net income before taxes	\$ 9,651	\$ 1,887	\$ 1,832	\$ (2,878)	\$ 10,492

LOAN PORTFOLIO BREAKDOWN

	March 31, 2024		December 31, 2023	
(\$ in thousands)	Balance	Percent of Portfolio	Balance	Percent of Portfolio
Commercial and industrial:				
General business	\$ 316,298	11.3%	\$ 294,149	10.7%
Services	147,584	5.3%	146,318	5.3%
Retail trade	79,620	2.8%	91,216	3.3%
Manufacturing	68,193	2.4%	66,638	2.4%
Total commercial and industrial	611,695	21.8%	598,321	21.7%
Commercial real estate:				
Owner occupied	285,149	10.2%	271,619	9.8%
<i>Non-owner occupied</i>				
Multifamily	260,609	9.3%	245,103	8.9%
Office	133,284	4.8%	124,684	4.5%
Industrial	103,303	3.7%	104,241	3.8%
Retail	96,023	3.4%	96,578	3.5%
Hotel	67,288	2.4%	80,576	2.9%
Medical Office	63,775	2.3%	63,788	2.3%
Medical or nursing facility	47,302	1.7%	47,625	1.7%
Other commercial real estate	55,066	1.9%	51,866	1.9%
Total non-owner occupied	826,650	29.5%	814,461	29.5%
Construction	125,966	4.5%	124,034	4.5%
Agricultural real estate	41,149	1.5%	40,832	1.5%
Total commercial real estate	1,278,914	45.7%	1,250,946	45.3%
Consumer				
Residential real estate first mortgage	722,151	25.8%	726,879	26.3%
Residential real estate junior lien	156,882	5.6%	154,134	5.6%
Other revolving and installment	29,833	1.1%	29,303	1.1%
Total consumer	908,866	32.5%	910,316	33.0%
Total loans	\$ 2,799,475	100.0%	\$ 2,759,583	100.0%

LINE OF CREDIT UTILIZATION



ALLOWANCE FOR CREDIT LOSSES ON LOANS

Changes in the ACL for Loans by Portfolio Segment

	Three months ended March 31, 2024				
	Beginning Balance	Provision for Credit Losses ⁽¹⁾	Loan Charge-offs	Loan Recoveries	Ending Balance
(\$ in thousands)					
Commercial					
Commercial and industrial	\$ 9,894	\$ 122	\$ (164)	\$ 123	\$ 9,975
Real estate construction	6,111	(189)	—	—	5,922
Commercial real estate	11,897	834	(29)	11	12,713
Total commercial	27,902	767	(193)	134	28,610
Consumer					
Residential real estate first mortgage	6,578	63	—	—	6,641
Residential real estate junior lien	1,151	(3)	—	—	1,148
Other revolving and installment	212	(28)	(12)	13	185
Total consumer	7,941	32	(12)	13	7,974
Total	\$ 35,843	\$ 799	\$ (205)	\$ 147	\$ 36,584

ALLOWANCE FOR CREDIT LOSSES ON LOANS

Allocation by Loan Portfolio Segment

	March 31, 2024		December 31, 2023	
	Allocated Allowance	Percentage of segment allowance to segment loans	Allocated Allowance	Percentage of segment allowance to segment loans
<i>(\$ in thousands)</i>				
Commercial and industrial	\$ 9,975	1.63%	\$ 9,894	1.65%
Real estate construction	5,922	4.70%	6,111	4.93%
Commercial real estate	12,713	1.10%	11,897	1.10%
Residential real estate first mortgage	6,641	0.92%	6,578	0.90%
Residential real estate junior lien	1,148	0.73%	1,151	0.75%
Other revolving and installment	185	0.62%	212	0.72%
Total loans	\$ 36,584	1.31%	\$ 35,843	1.30%

FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Quarterly				
	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Total Assets	\$ 3,886,773	\$ 3,832,978	\$ 3,869,138	\$ 3,907,713	\$ 4,338,093
Total Loans	2,486,625	2,533,522	2,606,430	2,759,583	2,799,475
Total Deposits	3,031,978	2,852,855	2,872,184	3,095,611	3,284,969
Tangible Common Equity ¹	290,900	290,792	284,137	305,186	309,018
Net Income	\$ 8,186	\$ 9,104	\$ 9,161	\$ (14,754)	\$ 6,432
ROAA (%)	0.88	0.96	0.95	(1.51)	0.63
ROATCE(%) ¹	12.58	13.71	13.51	(18.85)	9.78
Net Interest Margin (FTE) (%)	2.70	2.52	2.27	2.37	2.30
Efficiency Ratio (FTE) (%) ¹	74.53	72.79	73.37	165.40	78.88
Non-Int. Income/Op. Rev. (%)	51.63	53.69	58.21	3.54	53.26
Earnings per common share - diluted	\$ 0.40	\$ 0.45	\$ 0.45	\$ (0.73)	\$ 0.32
Total Equity/Total Assets (%)	9.24	9.33	9.03	9.45	8.57
Tang. Cmn. Equity/Tang. Assets (%) ¹	7.62	7.72	7.47	7.94	7.23
Loans/Deposits (%)	82.01	88.81	90.75	89.15	85.22
NPLs/Loans (%)	0.09	0.10	0.35	0.32	0.26
NPAAs/Assets (%)	0.05	0.07	0.23	0.22	0.17
Allowance/NPLs (%)	1,657.32	1,383.57	402.91	410.34	498.08
Allowance/Loans (%)	1.41	1.41	1.39	1.30	1.31
NCOs/Average Loans (%)	0.03	(0.07)	(0.09)	(0.04)	0.01



FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Annual					19-'23
	2019	2020	2021	2022	2023	CAGR
Total Assets	\$ 2,356,878	\$ 3,013,771	\$ 3,392,691	\$ 3,779,637	\$ 3,907,713	13.5%
Total Loans	1,721,279	1,979,375	1,758,020	2,443,994	2,759,583	12.5%
Total Deposits	1,971,316	2,571,993	2,920,551	2,915,484	3,095,611	11.9%
Tangible Common Equity ¹	240,008	274,043	307,663	287,330	305,186	6.2%
Net Income	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005	\$ 11,696	
ROAA (%)	1.34	1.61	1.66	1.14	0.31	
ROATCE(%) ¹	17.46	17.74	18.89	15.09	5.37	
Net Interest Margin (FTE) (%)	3.65	3.22	2.90	3.04	2.46	
Efficiency Ratio (FTE) (%) ¹	73.22	68.40	70.02	72.86	85.85	
Non-Int. Income/Op. Rev. (%)	60.50	64.05	62.86	52.72	47.74	
Earnings per common share - diluted	1.91	2.52	2.97	2.10	0.58	
Total Equity/Total Assets (%)	12.12	10.96	10.59	9.44	9.45	
Tang. Cmn. Equity/Tang. Assets (%) ¹	10.38	9.27	9.21	7.74	7.94	
Loans/Deposits (%)	87.32	76.96	60.19	83.83	89.15	
NPLs/Loans (%)	0.45	0.26	0.12	0.16	0.32	
NPAs/Assets (%)	0.33	0.17	0.09	0.10	0.22	
Allowance/NPLs (%)	305.66	674.13	1,437.05	820.93	410.34	
Allowance/Loans (%)	1.39	1.73	1.80	1.27	1.30	
NCOs/Average Loans (%)	0.33	0.03	(0.04)	0.02	(0.04)	



NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except where otherwise noted)					
	Quarterly				
	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024
Tangible common equity to tangible assets					
Total common stockholders' equity	\$ 359,118	\$ 357,685	\$ 349,402	\$ 369,127	\$ 371,635
Less: Goodwill	47,087	47,087	46,783	46,783	46,783
Less: Other intangible assets	21,131	19,806	18,482	17,158	15,834
Tangible common equity (a)	290,900	290,792	284,137	305,186	309,018
Total assets	3,886,773	3,832,978	3,869,138	3,907,713	4,338,093
Less: Goodwill	47,087	47,087	46,783	46,783	46,783
Less: Other intangible assets	21,131	19,806	18,482	17,158	15,834
Tangible assets (b)	3,818,555	3,766,085	3,803,873	3,843,772	4,275,476
Tangible common equity to tangible assets (a)/(b)	7.62%	7.72%	7.47%	7.94%	7.23%
Adjusted Tangible common equity to tangible assets					
Tangible assets (b)	3,818,555	3,766,085	3,803,873	3,843,772	4,275,476
Less: Cash proceeds from BTFP	—	—	—	—	355,000
Adjusted tangible assets (c)	3,818,555	3,766,085	3,803,873	3,843,772	3,920,476
Tangible common equity to adjusted tangible assets (a)/(c)	7.62%	7.72%	7.47%	7.94%	7.88%
Tangible common equity per common share					
Total stockholders' equity	\$ 359,118	\$ 357,685	\$ 349,402	\$ 369,127	\$ 371,635
Less: Goodwill	47,087	47,087	46,783	46,783	46,783
Less: Other intangible assets	21,131	19,806	18,482	17,158	15,834
Tangible common equity (d)	290,900	290,792	284,137	305,186	309,018
Common shares outstanding (e)	20,067	19,915	19,848	19,734	19,777
Tangible common equity per common share (d)/(e)	\$ 14.50	\$ 14.60	\$ 14.32	\$ 15.46	\$ 15.63
Return on average tangible common equity					
Net income	\$ 8,186	\$ 9,104	\$ 9,161	\$ (14,754)	\$ 6,432
Add: Intangible amortization expense (net of tax)	1,046	1,046	1,046	1,046	1,046
Net income, excluding intangible amortization (f)	9,232	10,150	10,207	(13,708)	7,478
Average total equity	361,857	360,216	361,735	349,382	367,248
Less: Average goodwill	47,087	47,087	46,882	46,783	46,783
Less: Average other intangible assets (net of tax)	17,209	16,153	15,109	14,067	13,018
Average tangible common equity (g)	297,561	296,976	299,744	288,532	307,447
Return on average tangible common equity (f)/(g)	12.58%	13.71%	13.51%	(18.85%)	9.78%
Efficiency ratio					
Noninterest expense	\$ 37,869	\$ 36,373	\$ 37,260	\$ 38,654	\$ 39,019
Less: Intangible amortization expense	1,324	1,324	1,324	1,324	1,324
Adjusted noninterest expense (j)	36,545	35,049	35,936	37,330	37,695
Net interest income	23,658	22,234	20,395	21,552	22,219
Noninterest income	25,253	25,778	28,407	791	25,323
Tax-equivalent adjustment	124	140	180	226	247
Total tax-equivalent revenue (k)	49,035	48,152	48,982	22,569	47,789
Efficiency ratio (j)/(k)	74.53%	72.79%	73.37%	165.40%	78.88%

NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except where otherwise noted)	2019	2020	Annual 2021	2022	2023
Tangible common equity to tangible assets					
Total common stockholders' equity	\$ 285,728	\$ 330,163	\$ 359,403	\$ 356,872	\$ 369,127
Less: Goodwill	27,329	30,201	31,490	47,087	46,783
Less: Other intangible assets	18,391	25,919	20,250	22,455	17,158
Tangible common equity (a)	240,008	274,043	307,663	287,330	305,186
Total assets	2,356,878	3,013,771	3,392,691	3,779,637	3,907,713
Less: Goodwill	27,329	30,201	31,490	47,087	46,783
Less: Other intangible assets	18,391	25,919	20,250	22,455	17,158
Tangible assets (b)	2,311,158	2,957,651	3,340,951	3,710,095	3,843,772
Tangible common equity to tangible assets (a)/(b)	10.38%	9.27%	9.21%	7.74%	7.94%
Tangible common equity per common share					
Total stockholders' equity	\$ 285,728	\$ 330,163	\$ 359,403	\$ 356,872	\$ 369,127
Less: Goodwill	27,329	30,201	31,490	47,087	46,783
Less: Other intangible assets	18,391	25,919	20,250	22,455	17,158
Tangible common equity (c)	240,008	274,043	307,663	287,330	305,186
Common shares outstanding (d)	17,050	17,125	17,213	19,992	19,734
Tangible common equity per common share (c)/(d)	\$ 14.08	\$ 16.00	\$ 17.87	\$ 14.37	\$ 15.46
Return on average tangible common equity					
Net income	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005	\$ 11,696
Add: Intangible amortization expense (net of tax)	3,224	3,129	3,460	3,756	4,184
Net income, excluding intangible amortization (e)	32,764	47,804	56,141	43,761	15,880
Average total equity	231,084	310,208	346,059	346,355	358,268
Less: Average goodwill	27,329	27,439	30,385	39,415	46,959
Less: Average other intangible assets (net of tax)	16,101	13,309	18,548	17,018	15,624
Average tangible common equity (f)	187,654	269,460	297,126	289,922	295,685
Return on average tangible common equity (e)/(f)	17.46%	17.74%	18.89%	15.09%	5.37%
Efficiency Ratio					
Noninterest expense	\$ 142,537	\$ 163,799	\$ 168,909	\$ 158,770	\$ 150,157
Less: Intangible amortization expense	4,081	3,961	4,380	4,754	5,296
Adjusted noninterest expense (i)	138,456	159,838	164,529	154,016	144,861
Net interest income	74,551	83,846	87,099	99,729	87,839
Noninterest income	114,194	149,371	147,387	111,223	80,229
Tax-equivalent adjustment	347	455	492	429	671
Total tax-equivalent revenue(j)	189,092	233,672	234,978	211,381	168,739
Efficiency ratio (i)/(j)	73.22%	68.40%	70.02%	72.86%	85.85%

NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except for where otherwise noted)	Quarterly					Twelve Months Ended
	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	March 31, 2024
Noninterest income excluding net Losses on investment securities as a percentage of adjusted revenue						
Noninterest income	\$ 25,253	\$ 25,778	\$ 28,407	\$ 791	\$ 25,323	\$ 80,299
Less: Net gains (losses) on investment securities	—	—	—	(24,643)	—	(24,643)
Noninterest income excluding net losses on investment securities (a)	25,253	25,778	28,407	25,434	25,323	104,942
Net interest income (b)	23,658	22,234	20,395	21,552	22,219	86,400
Adjusted revenue (a) + (b) = (c)	48,911	48,012	48,802	46,986	47,542	191,342
Noninterest income excluding net losses on investment securities as a percentage of adjusted revenue (a) / (c)	51.63%	53.69%	58.21%	54.13%	53.26%	54.85%
Banking revenue excluding net losses on investment securities as a percentage of adjusted revenue						
Banking fees and other income ⁽¹⁾	\$ 4,577	\$ 4,438	\$ 4,531	(\$20,466)	\$ 3,550	(\$7,947)
Less: Net gains (losses) on investment securities	—	—	—	(24,643)	—	(24,643)
Banking fees and other income ⁽¹⁾ excluding net losses on investment securities (d)	4,577	4,438	4,531	4,177	3,550	16,696
Adjusted banking revenue (d) + (b) = (e)	28,235	26,672	24,926	25,729	25,769	103,096
Banking revenue excluding net losses on investment securities as a percentage of adjusted revenue (e) / (c)	57.73%	55.55%	51.08%	54.76%	54.20%	53.88%
Banking fees and other income⁽¹⁾ excluding net losses on investment securities as a percentage of adjusted revenue						
Banking fees and other income ⁽¹⁾ excluding net losses on investment securities as a percentage of adjusted revenue (d) / (c)	9.36%	9.24%	9.28%	8.89%	7.47%	8.73%
(\$ in thousands, except for per share data and where otherwise noted)						
	Annual					Five Year
	2019	2020	2021	2022	2023	Average
Adjusted net income						
Net Income	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005	\$ 11,696	
Less: Net gains (losses) on investment securities	-	-	-	-	(19,222)	
Adjusted Net Income ⁽²⁾ (f)	29,540	44,675	52,681	40,005	30,918	
Adjusted return on average equity						
Average total equity (g)	231,084	310,208	346,059	346,355	358,268	
Adjusted return on average equity (f)/(g)	12.78%	14.40%	15.22%	11.55%	8.63%	12.52%
Adjusted return on average assets						
Average total assets (h)	2,211,993	2,775,140	3,178,820	3,500,655	3,817,017	
Adjusted return on average assets (f)/(h)	1.34%	1.61%	1.66%	1.14%	0.81%	1.31%

NON-GAAP DISCLOSURE RECONCILIATION

(\$ in thousands, except for per share data and where otherwise noted)

	Quarterly		
	1Q 2023	4Q 2023	1Q 2024
Adjusted net income			
Net Income	\$ 8,186	\$ (14,754)	\$ 6,432
Less: Net gains (losses) on investment securities	—	(19,222)	—
Add: Minnesota Housing donation	—	195	—
Add: Severance and signing bonus expense	427	324	218
Adjusted Net Income ¹ (a)	8,613	4,987	6,650
Adjusted earnings per share			
Adjusted net income (a)	\$ 8,613	\$ 4,987	\$ 6,650
Less: Dividends and undistributed earnings allocated to participating securities	57	(209)	40
Adjusted net income available to common (b)	8,556	5,196	6,610
Diluted average common shares outstanding (c)	20,246	19,996	19,986
Adjusted earnings per share (b) / (c)	0.42	0.26	0.33
Adjusted return on average assets			
Average total assets (d)	3,791,536	3,868,206	4,139,053
Adjusted return on average assets (a)/(d)	0.92%	0.51%	0.65%
Adjusted return on average tangible common equity			
Adjusted net income (a)	\$ 8,613	\$ 4,987	\$ 6,650
Add: Intangible amortization expense (net of tax)	1,046	1,046	1,046
Adjusted net income, excluding intangible amortization (f)	9,659	6,033	7,696
Average total equity	361,857	349,382	367,248
Less: Average goodwill	47,087	46,783	46,783
Less: Average other intangible assets (net of tax)	17,209	14,067	13,018
Average tangible common equity (g)	297,561	288,532	307,447
Adjusted return on average tangible common equity (f)/(g)	13.16%	8.30%	10.07%
Adjusted net interest margin (tax-equivalent)			
Net interest income	\$ 23,658	\$ 21,552	\$ 22,219
Less: BTFP Cash interest income	-	-	3,615
Add: BTFP interest expense	-	-	3,266
Net interest income excluding BTFP impact (h)	23,658	21,552	21,870
Add: Tax equivalent adjustment for loans and securities (i)	124	226	247
Adjusted net interest income (h) + (i) = (j)	23,782	21,778	22,117
Average earning assets	3,567,402	3,645,184	3,921,529
Less: Average cash proceeds balance from BTFP	-	-	269,176
Adjusted interest earning assets (k)	3,567,402	3,645,184	3,652,353
Adjusted net interest margin (tax-equivalent) (j)/(k)	2.70%	2.37%	2.44%