

Alerus



INVESTOR PRESENTATION JANUARY 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 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 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.

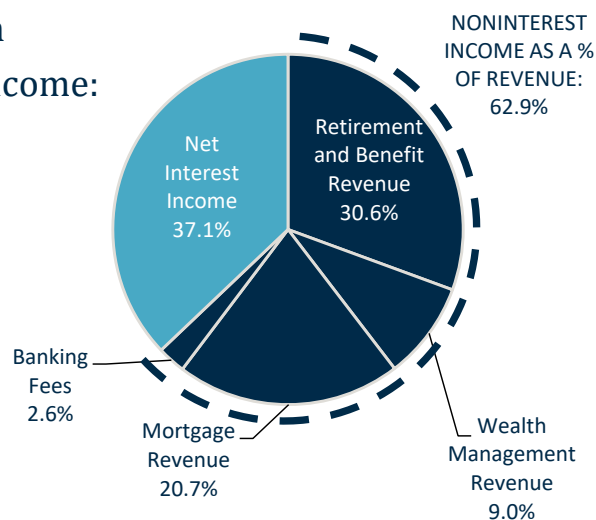
ALERUS BUSINESS LINES

- Banking
- Retirement and Benefits
- Wealth Management
- Mortgage

DIVERSIFIED REVENUE STREAM

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021

- Noninterest income: \$147.4 million
- Net interest income: \$87.1 million



Data as of 12/31/2021.

DIVERSIFIED FINANCIAL SERVICES COMPANY

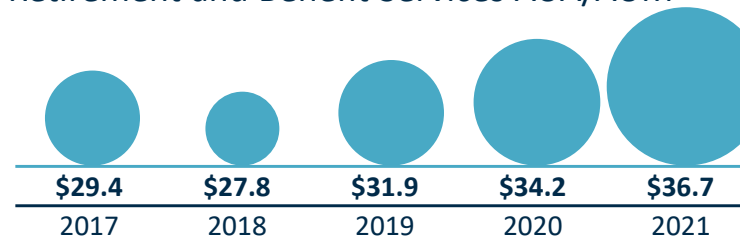
- \$3.4 billion Banking assets
- \$36.7 billion Retirement and Benefits AUA/AUM
- \$4.0 billion Wealth Management AUA/AUM
- \$1.8 billion in Mortgage Originations YTD

ASSET GROWTH (IN BILLIONS)

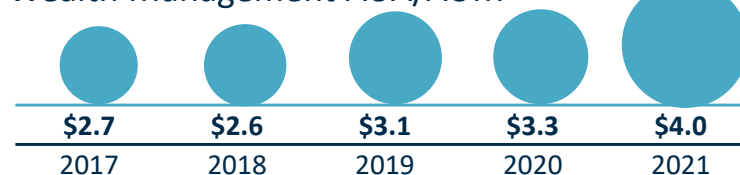
Banking Assets



Retirement and Benefit Services AUA/AUM



Wealth Management AUA/AUM



FRANCHISE FOOTPRINT

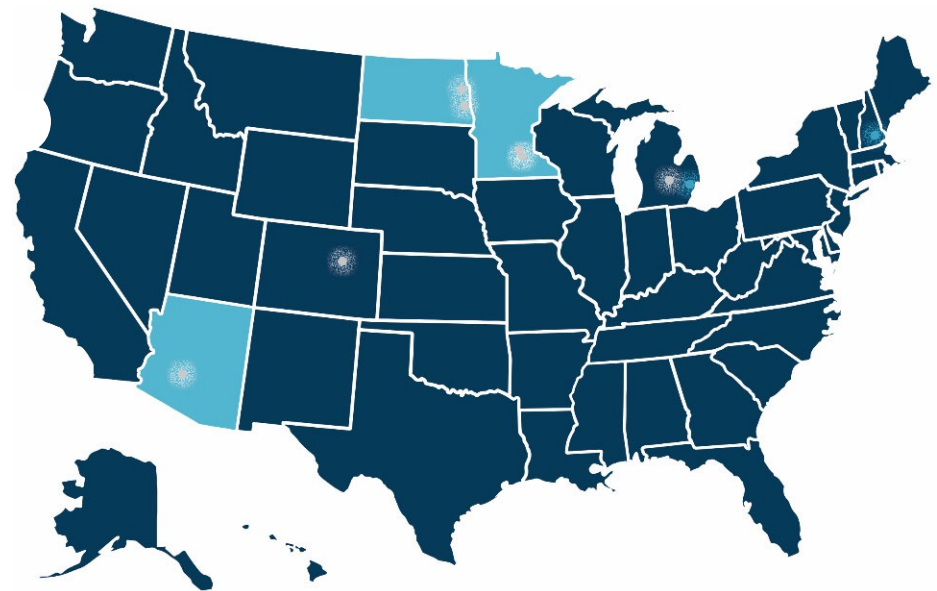
FULL-SERVICE BANKING OFFICES

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:** 2 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

- 45,600 consumers
- 9,800 businesses
- 7,500 employer-sponsored retirement plans
- 376,800 employer-sponsored retirement plan participants
- 65,900 health savings account participants
- 57,200 flexible spending account/health reimbursement arrangement participants

Data as of 12/31/2021.

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

SYNERGISTIC GROWTH

Deposits sourced from our retirement and benefits division totaled \$669.0 million as of December 31, 2021

Cumulative rollovers have added \$1.0 billion of assets under management

1-4 Family 1st Liens totaled \$479.1 million in the fourth quarter

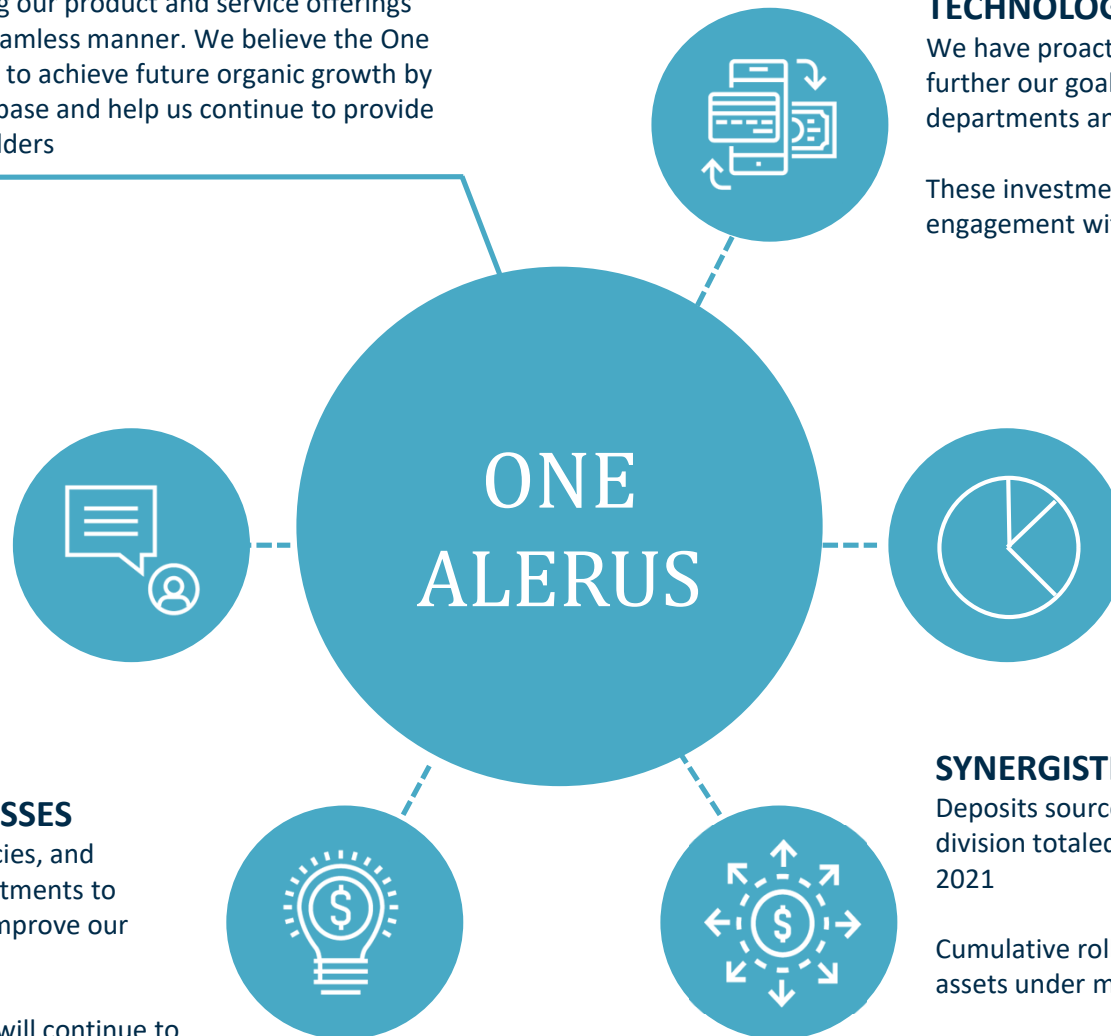
TAILORED ADVICE

We strive to provide each client with a primary point of contact — a trusted advisor — who deals with individual needs and integrates other department's expertise when necessary

REINVENTION OF PROCESSES

We have aligned processes, policies, and procedures throughout all departments to enhance 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 24 acquisitions throughout the history of our company across all business lines:

2000	REBRANDED TO ALERUS	2012	EXPANDED TO MICHIGAN Acquired PensionTrend, Inc. and PensionTrend Investment Advisers, LLC (Okemos, MI)
2002	Acquired a branch from BNC National Bank (Fargo, ND)	2013	Acquired Tegrit Administrators, LLC
2003	Acquired Pension Solutions, Inc. (St. Paul, MN) <i>The catalyst to the Retirement Division</i>	2014	EXPANDED TO NEW HAMPSHIRE Acquired Private Bank Minnesota (Minneapolis, MN) Acquired Retirement Alliance, Inc. (Manchester, NH)
2006	OPENED A TRUST AND INVESTMENT OFFICE (TWIN CITIES) Acquired Stanton Trust Company (Minneapolis, MN)	2015	Acquired Interactive Retirement Systems, Ltd. (Bloomington, 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)	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)
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)	2017	LAUNCHED ONE ALERUS STRATEGIC GROWTH PLAN
2011	Acquired selected loans and deposits (in MN) and a branch (in AZ) from BNC National Bank	2019	LAUNCHED FINANCIAL WELLNESS TECHNOLOGY COMPLETED INITIAL PUBLIC OFFERING (IPO)
		2020	EXPANDED TO COLORADO Acquired Retirement Planning Services, Inc. (Littleton, CO)
		2021	Announced agreement to acquire Metro Phoenix Bank (Phoenix, AZ)

KEY STRATEGIC INITIATIVES

GROWING THE ALERUS FRANCHISE

LEVERAGE OUR EXISTING CLIENT BASE

- Diversified client base consists of **45,600** consumers, **9,800** businesses and over **376,800** 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

- 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

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

OFFICERS AND DIRECTORS

OUR MOTIVATED, DEDICATED, AND ENERGETIC LEADERS KEEP US ON THE RIGHT PATH

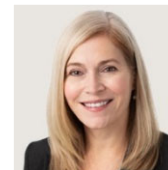
SENIOR EXECUTIVE TEAM



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



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



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



RANDY NEWMAN
Since 1995
Executive Chairman, Alerus
Former President and CEO, Alerus
Fargo, ND



KEVIN LEMKE
Since 1994
President
Virtual Systems, Inc.
Grand Forks, ND



KAREN BOHN
Since 1999
President, Galeo Group, LLC
Former Chief Administrative Officer
Piper Jaffray Co.
Edina, MN



SALLY SMITH
Since 2007
Former President and CEO
Buffalo Wild Wings, Inc.
Minneapolis, MN

BOARD OF DIRECTORS



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



DAN COUGHLIN
Since 2016
Former MD & Co-Head – Fin'l Services Inv.
Banking, Raymond James; Former Chairman
& CEO, Howe Barnes Hoefer & Arnett
Chicago, IL



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



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



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



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.
Minneapolis, MN

2021 HIGHLIGHTS



2021 SUMMARY

SUCCESS IS NEVER FINAL

- Record net income with the highest levels of production in Company history across diverse product offering while being recognized as a top workplace
- Paycheck Protection Program (PPP) – helped current and new clients secure nearly 2,500 loans for approximately \$474 million through PPP, with over 90% forgiven
- Strengthened SBA lending expertise through the successful lift out of talented 5-person SBA team in the Minneapolis-St. Paul, Minnesota market
- 2021 mortgage originations exceeded 2020 record levels, reaching a new milestone at \$1.8 billion
- Maintained exceptional credit quality, include a second consecutive year of net recoveries and top tier levels of allowance to loans and capital
- Announced our largest bank acquisition in company history with the addition of Metro Phoenix Bank, a high performing, high growth commercial bank in the robust Phoenix, Arizona market
- Seamlessly transitioned CEO leadership and recruited three seasoned executives to the Board

2021 FINANCIAL HIGHLIGHTS

INCOME STATEMENT

	Three months ended			Twelve months ended	
	December, 2021	September, 2021	December, 2020	December, 2021	December, 2020
(dollars and shares in thousands, except per share data)					
Net Interest Income	\$ 22,789	\$ 21,132	\$ 23,153	\$ 87,099	\$ 83,846
Provision for Loan Losses	(1,500)	(2,000)	1,400	(3,500)	10,900
Net Interest Income After Provision for Loan Losses	24,289	23,132	21,753	90,599	72,946
Noninterest Income	33,718	36,040	38,696	147,387	149,371
Noninterest Expense	41,276	42,041	47,125	168,909	163,799
Income Before Income Taxes	16,731	17,131	13,324	69,077	58,518
Income Tax Expense	4,026	4,064	3,144	16,396	13,843
Net Income	\$ 12,705	\$ 13,067	\$ 10,180	\$ 52,681	\$ 44,675
Per Common Share Data					
Earnings Per Common Share – Diluted	\$ 0.72	\$ 0.74	\$ 0.57	\$ 2.97	\$ 2.52
Diluted Average Common Shares Outstanding	17,480	17,499	17,450	17,486	17,438
Performance Ratios					
Return on Average Total Assets	1.50%	1.62%	1.34%	1.66%	1.61%
Return on Average Tangible Common Equity ⁽¹⁾	17.36%	18.13%	15.13%	18.89%	17.74%
Noninterest Income as a % of Revenue	59.67%	63.04%	62.57%	62.86%	64.05%
Net Interest Margin (Tax-Equivalent) ⁽¹⁾⁽²⁾	2.84%	2.78%	3.23%	2.90%	3.22%
Efficiency Ratio ⁽¹⁾	71.06%	71.49%	74.44%	70.02%	68.40%

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

2 – Net interest margin (tax-equivalent) excluding PPP loans for the three months and year ended December 31, 2021, was 2.62% and 2.73%, respectively.

ASSET QUALITY AND RESERVE LEVELS

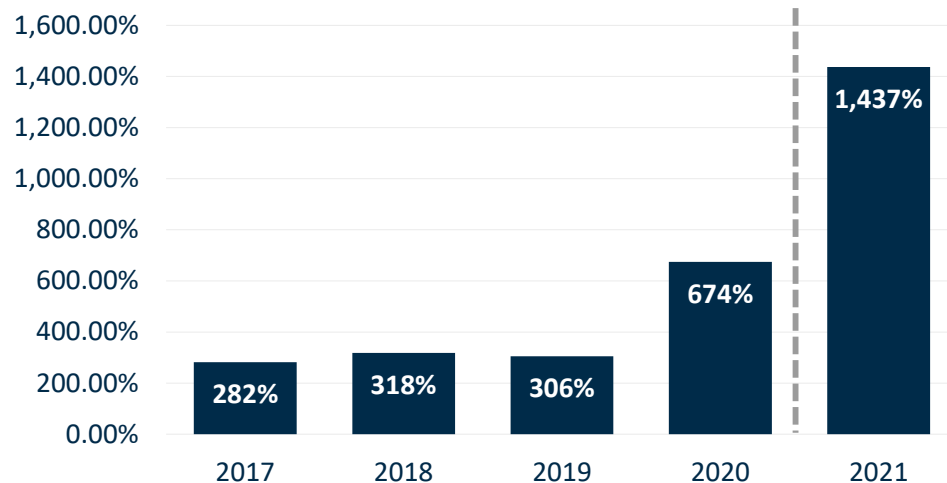
OVERVIEW

- Solid asset quality
- Strong reserve levels
- Proactive approach to classification of assets and management of loan problems

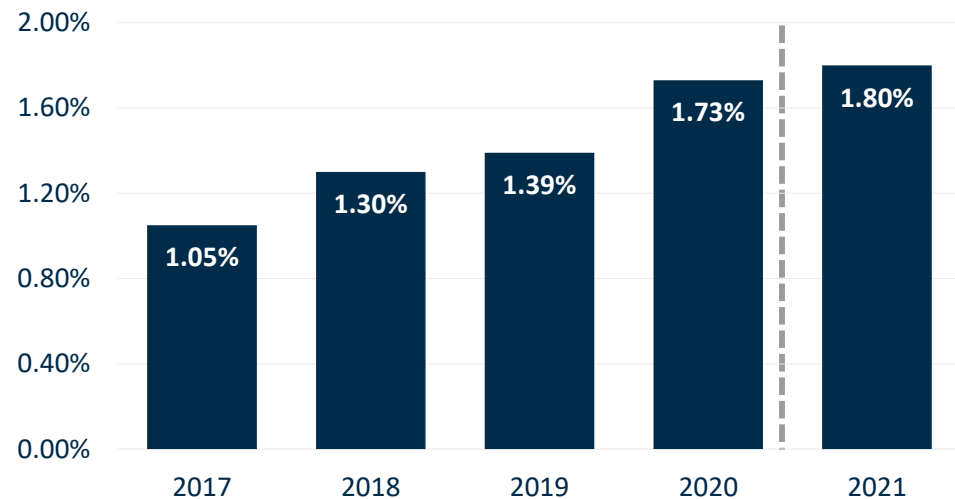
NPAS / ASSETS (%)



RESERVES / NPLS (%)

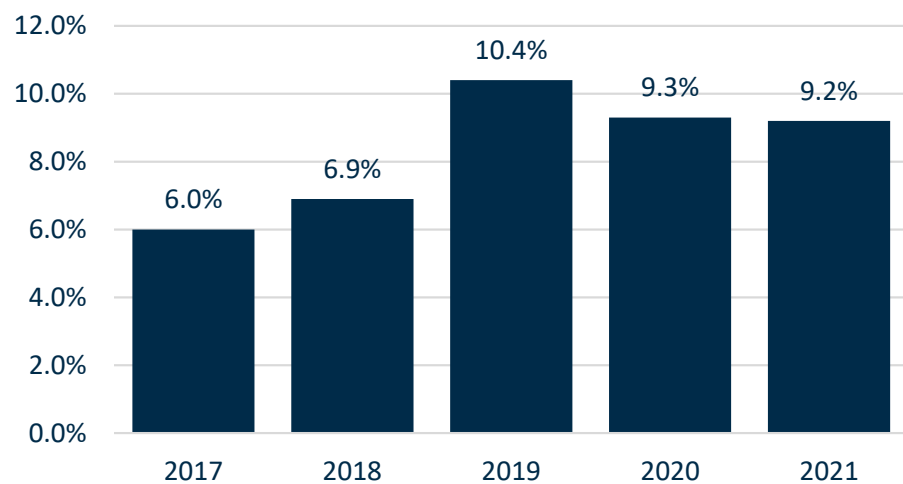


RESERVES / LOANS (%)



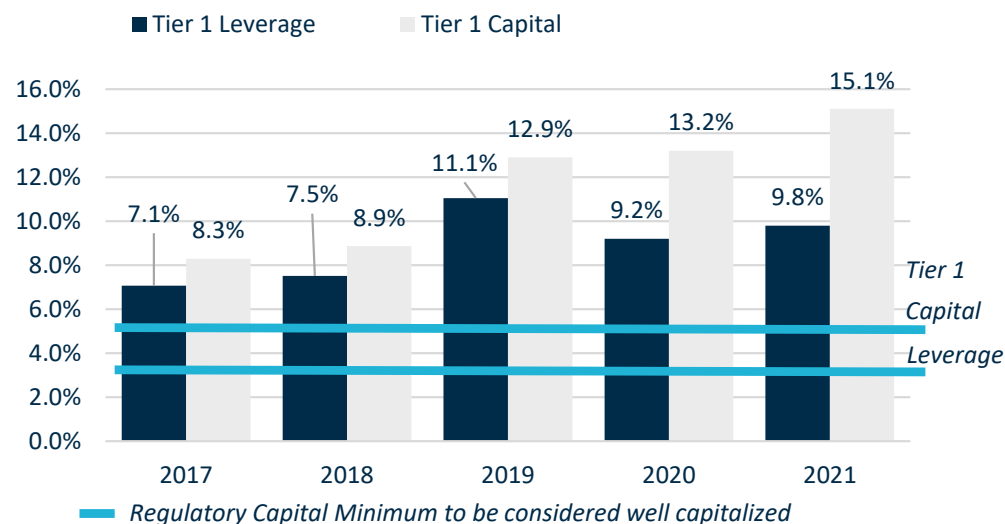
STRONG CAPITAL AND SOURCES OF LIQUIDITY

TANGIBLE COMMON EQUITY/TANGIBLE ASSETS¹

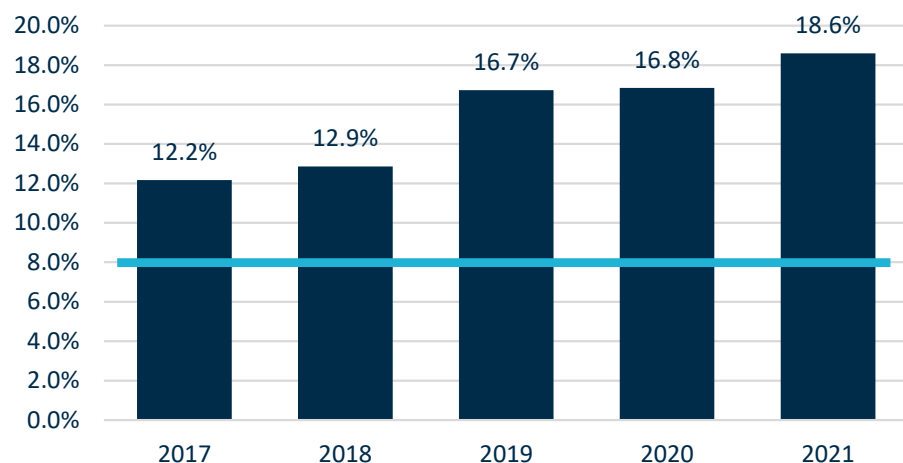


1- Represents a non-GAAP financial measure. See "Non-GAAP Disclosure Reconciliation."

TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



PRIMARY AND SECONDARY SOURCES OF LIQUIDITY

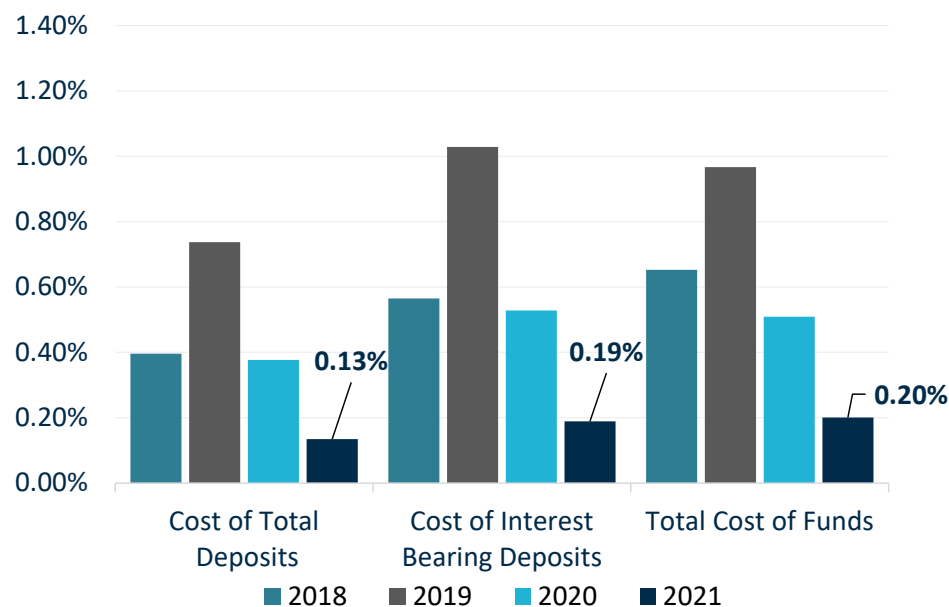
Cash and cash equivalents	\$242,311
Unencumbered securities – AFS	847,900
Over collateralized securities pledging – AFS	—
FHLB borrowing availability	677,418
Brokered CD capacity	678,538
Fed funds lines	102,000
Total as of 12/31/2021	\$2,548,167

STRONG CORE FUNDING MIX

OVERVIEW AS OF DECEMBER 31, 2021

- Commercial transaction accounts totaled \$1.3 billion and increased 14.1% YTD. Consumer transaction accounts totaled \$739.2 million and decreased 14.8% YTD
- Synergistic deposits, including HSA deposits and those sourced through retirement plans and participants, totaled \$669.0 million, with a YTD cost of 0.03%
- 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

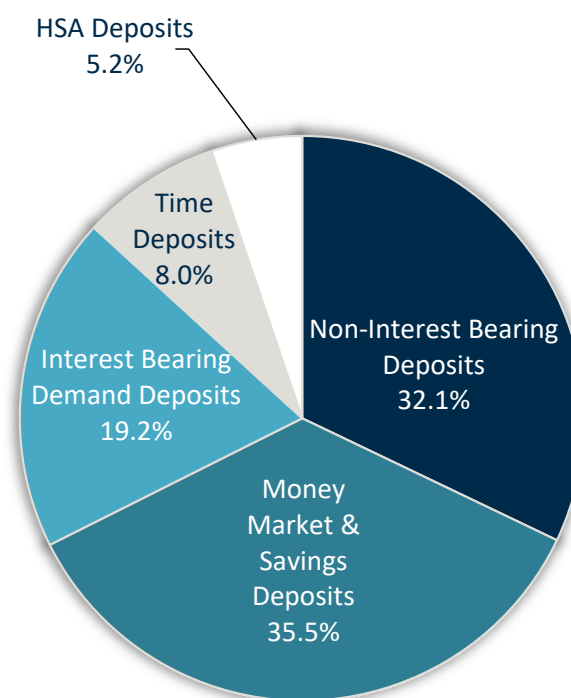
LOW COST OF FUNDS



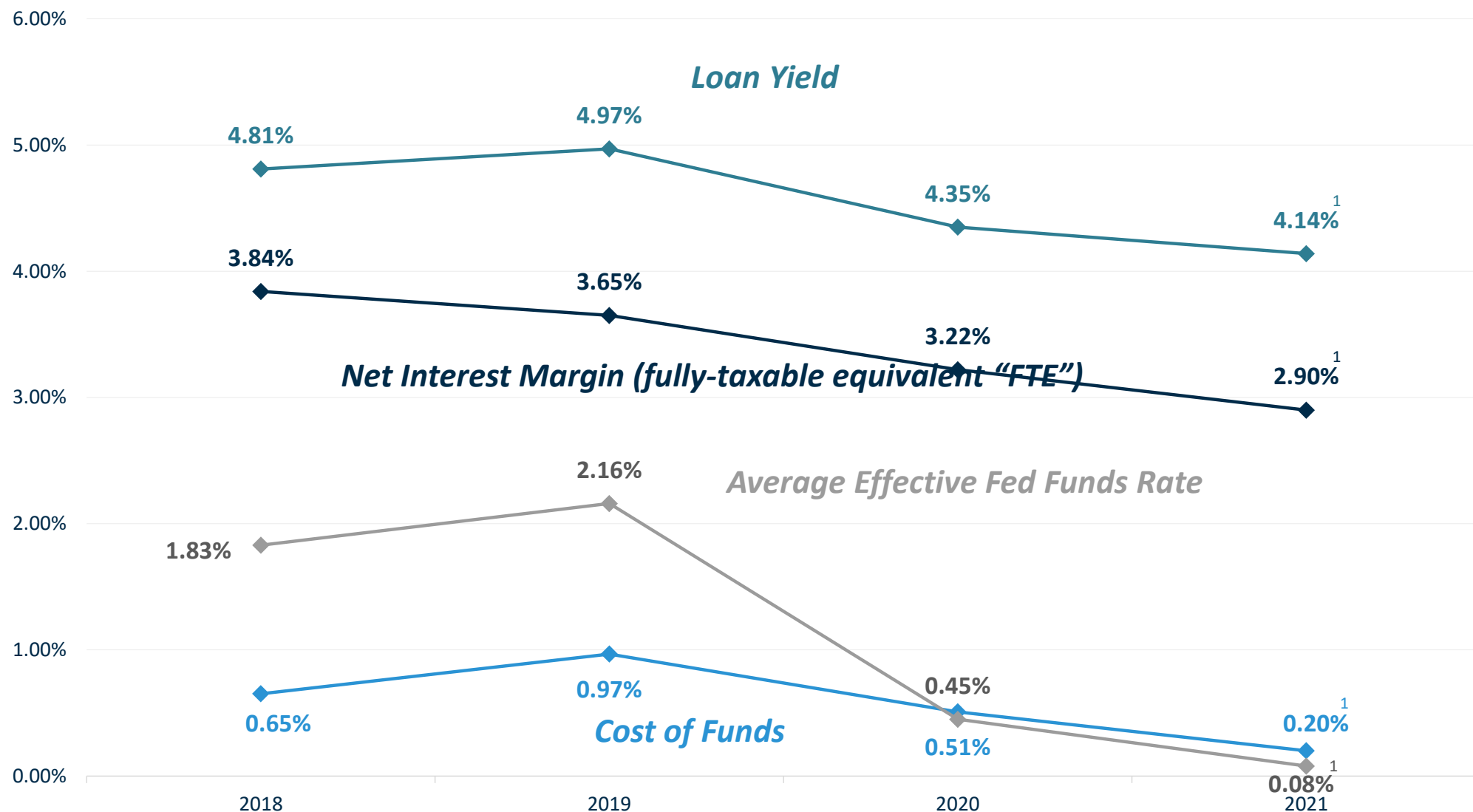
Data YTD as of 12/31/2021.

DECEMBER 31, 2021 DEPOSIT FUNDING (\$2,921MM)

As of December 31, 2021, core deposits totaled \$2.9 billion or 97.0% of our total deposits



NET INTEREST MARGIN (NIM)



1 – Rates have been annualized for interim periods.

Source: Alerus Financial Corporation; Federal Reserve

Note: Net interest margin (FTE) is a non-GAAP financial measure; See "Non-GAAP Disclosure Reconciliation" in the Appendix to this presentation

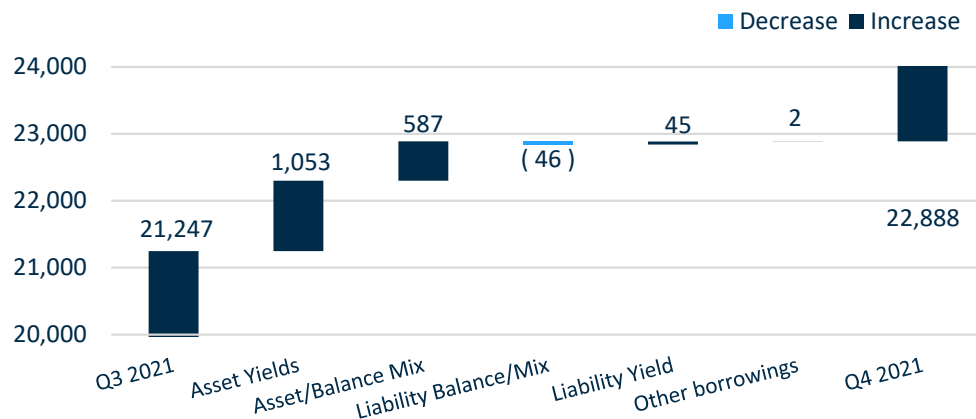
NIM AND LOAN FLOORS

VARIABLE RATE FLOORS BY INDEX

\$ in Millions Index	In the Money	Out of the Money	No Floor	Total	Total %
Prime	\$ 188	\$ 44	\$ 24	\$ 256	40.0%
1 Month LIBOR	8	—	157	165	25.8%
12 Month LIBOR	—	67	75	142	22.2%
FHLB 5 Year	11	21	15	47	7.3%
Other	9	15	6	30	4.7%
Total	\$ 216	\$ 147	\$ 277	\$ 640	100.0%

Percent of Total 33.7% 23.0% 43.3% 100.0%

NET INTEREST INCOME



VARIABLE RATE FLOORS

\$ in Millions	Balance	% of Total Balance	Cumulative % of Total Balance
No Floors	\$ 277	43.2%	43.2%
Floors Reached	215	33.6%	76.8%
0-50 bps to reach floor	136	21.3%	98.1%
>50bps to reach floor	12	1.9%	100.0%
Total	\$ 640	100.0%	

COMMENTS

Quarter over quarter highlights:

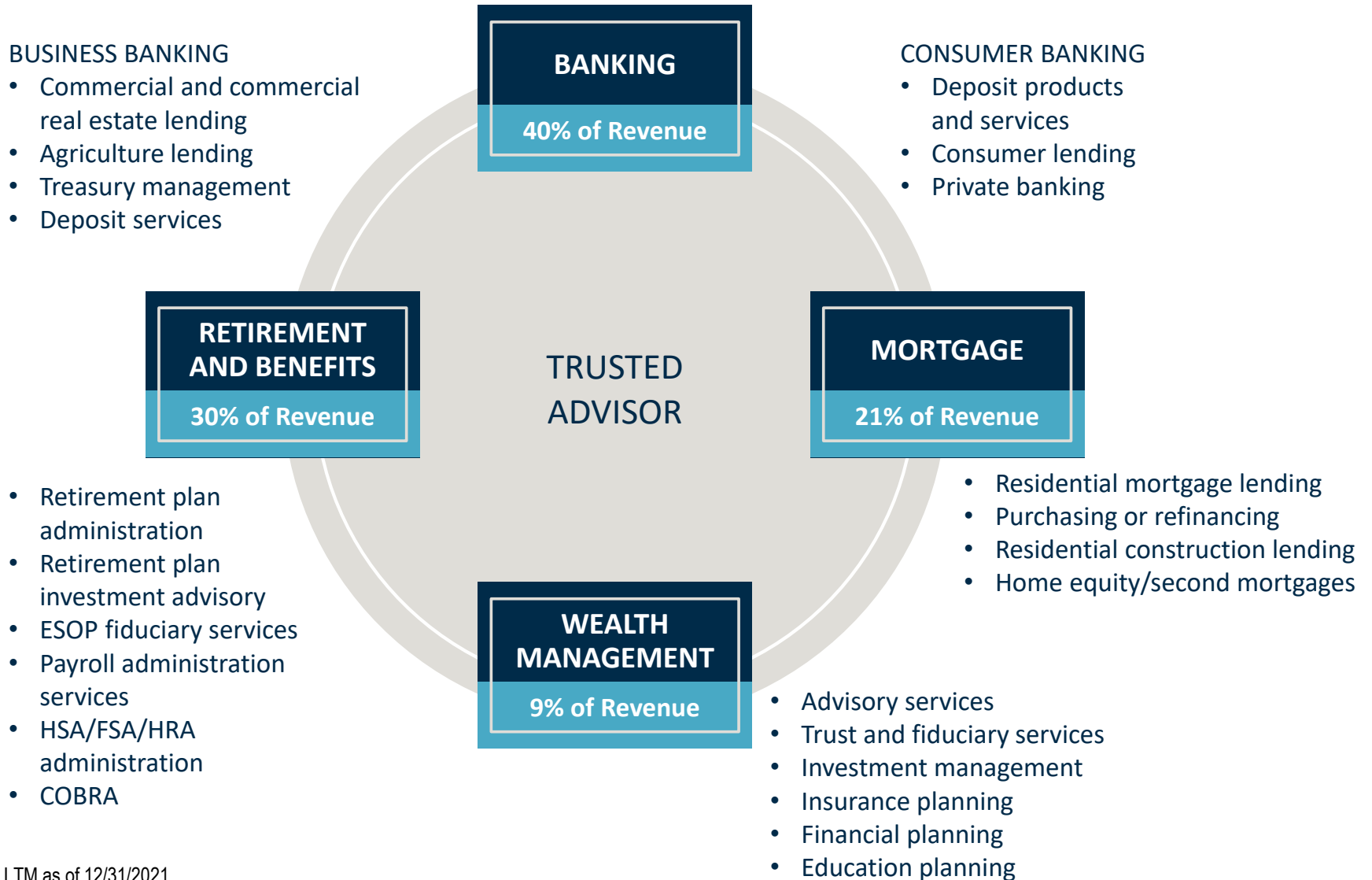
- Loan yield was up 2bps, investment yield was up 2bps and cash was up 4bps offset by increase in cash levels as a % of earning assets
- Other borrowings yield favorable 5pbs
- Deposit yield was down 1bps as deposit avg balance increased \$43 million

DIVERSIFIED



OUR DIVERSE BUSINESS LINES

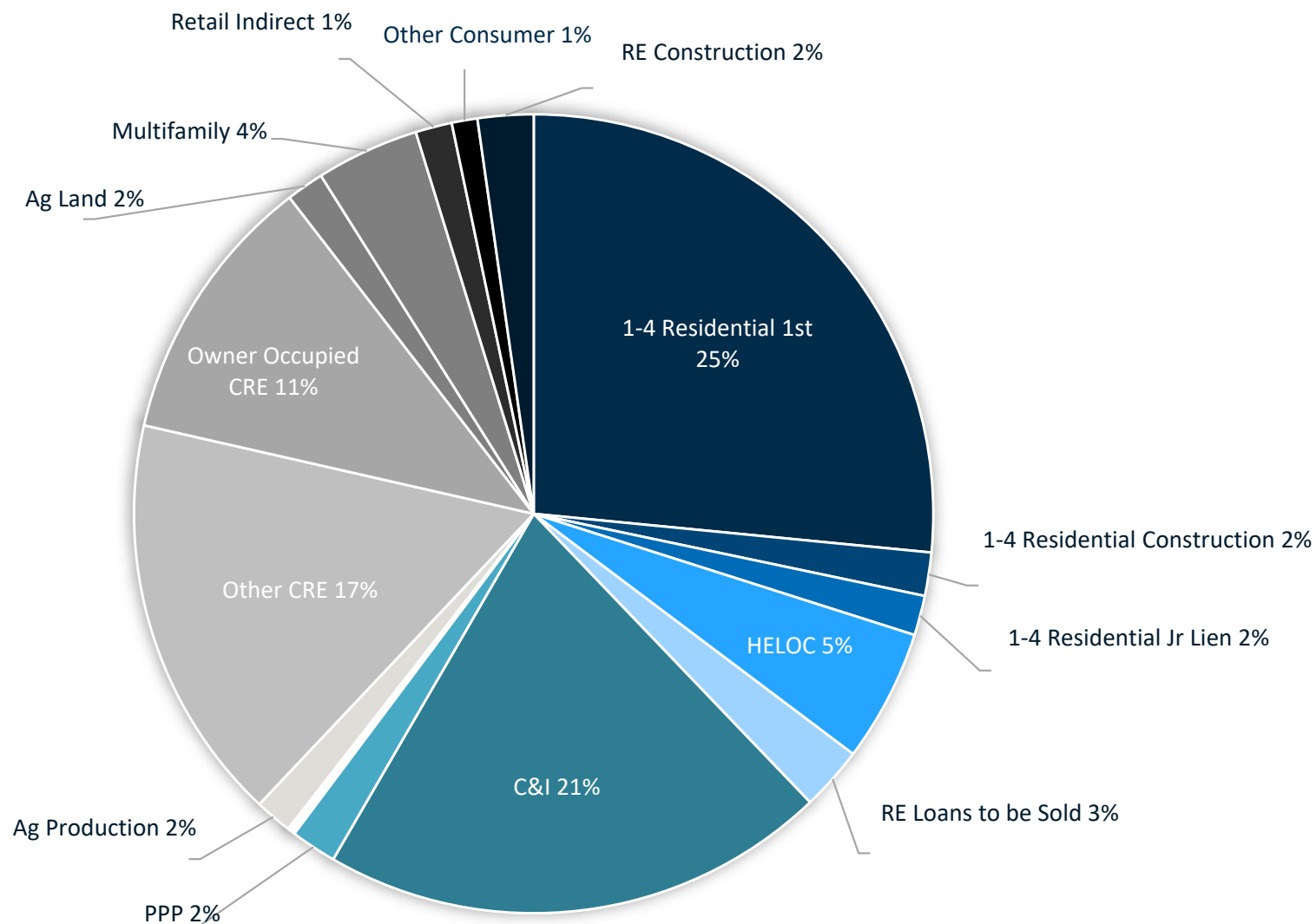
A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION



Revenue data LTM as of 12/31/2021.

WELL DIVERSIFIED LOAN PORTFOLIO

BY OUTSTANDING BALANCES



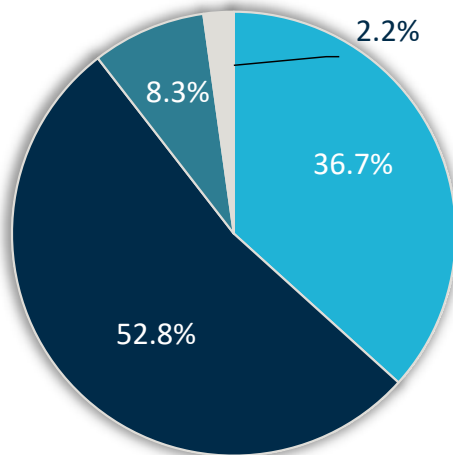
As of 12/31/2021.

MARKET DISTRIBUTION

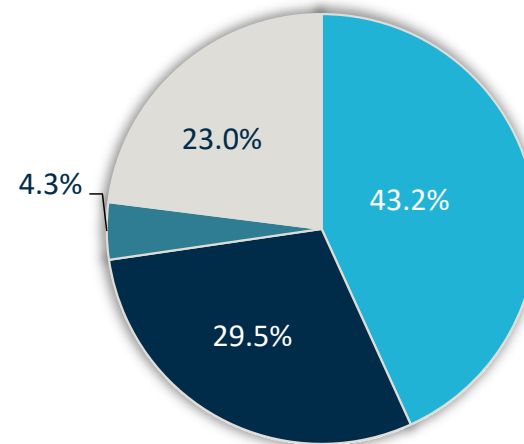
STRONG GROWTH MARKETS AND STABLE CORE FUNDING

(\$ IN MILLIONS)

LOANS (\$1,758)⁽¹⁾



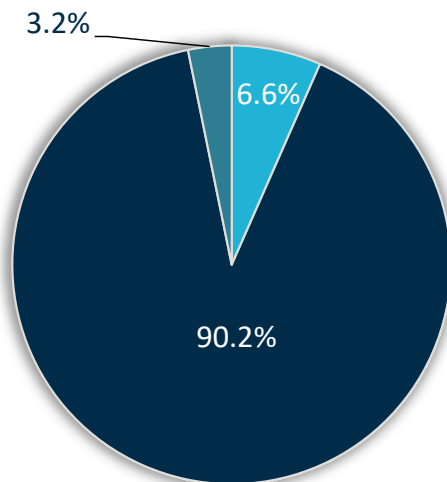
DEPOSITS (\$2,921)



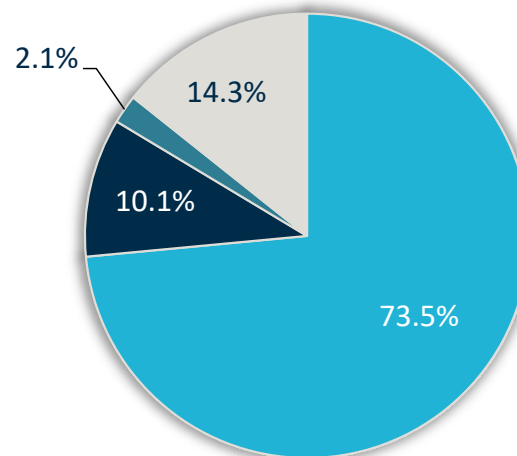
LEGEND



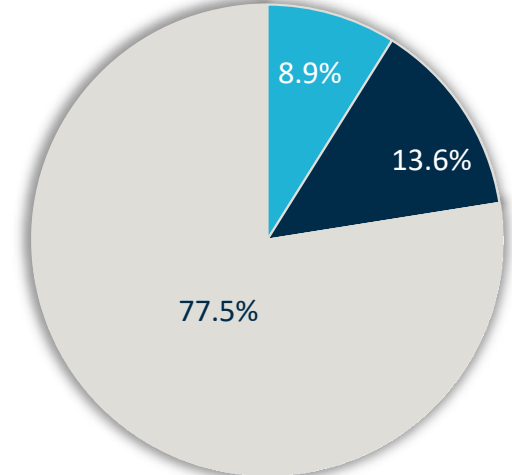
MORTGAGE ORIGINATIONS (\$1,836)



WM ASSETS UNDER
ADMIN/MGMT. (\$4,040)



ARB ASSETS UNDER
ADMIN/MGMT. (\$36,733)



Data as of 12/31/2021.

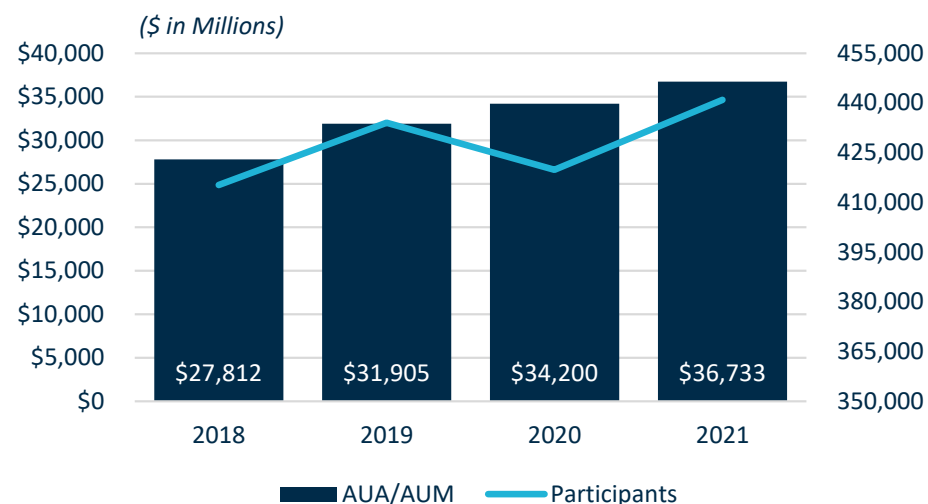
1-Loans in our national market are participant loans not sourced directly through advisors located in one of our geographical markets.

RETIREMENT AND BENEFITS

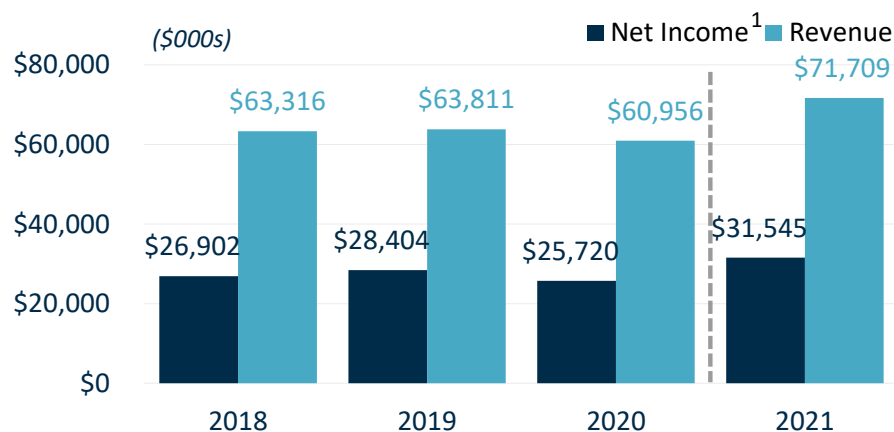
OVERVIEW - 7,500 PLANS - NATIONAL FOOTPRINT

- **RETIREMENT** - Provide recordkeeping and administration services to qualified retirement plans
- **ADVISORY SERVICES** - Provide investment fiduciary services to retirement plans
- **HEALTH AND WELFARE** - Provide HSA, FSA, COBRA recordkeeping and administration services to employers
- **ESOP** - Provide trustee, recordkeeping and administration to employee stock ownership plans
- **PAYROLL** - Provide payroll and HRIS services for employers
- **ONE ALERUS SYNERGIES**
 - IRA rollovers \$167.9 million YTD 12/31/2021
 - Deposits - HSA deposits, 401(k) Money Market Funds, Emergency Savings, Terminated Participants
 - Managed accounts

ASSETS UNDER ADMINISTRATION/MANAGEMENT



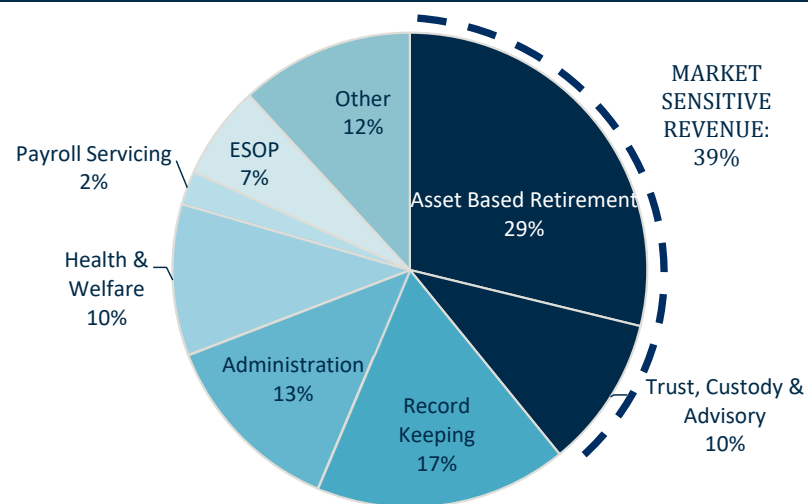
PROFIT MARGIN



Profit Margin:	42.5%	44.5%	42.2%	44.0%
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¹ Net Income before Tax and Indirect Allocations.

REVENUE MIX



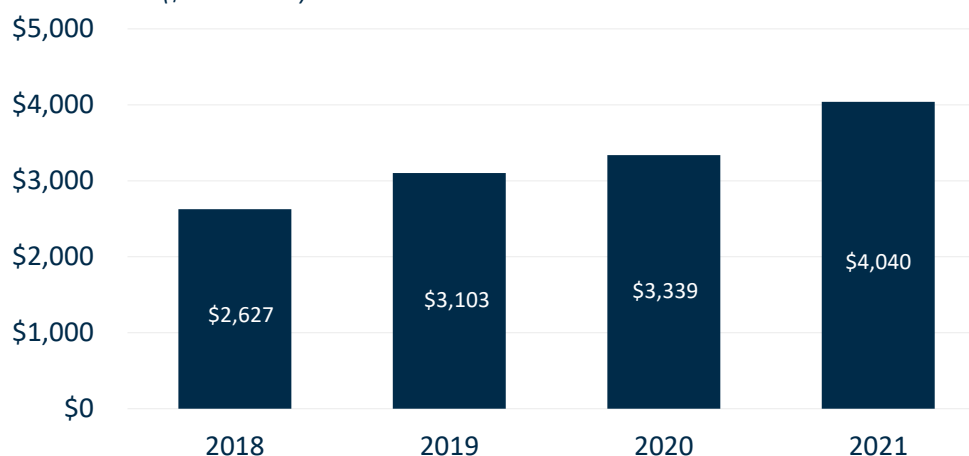
WEALTH MANAGEMENT SERVICES

OVERVIEW OF SERVICES

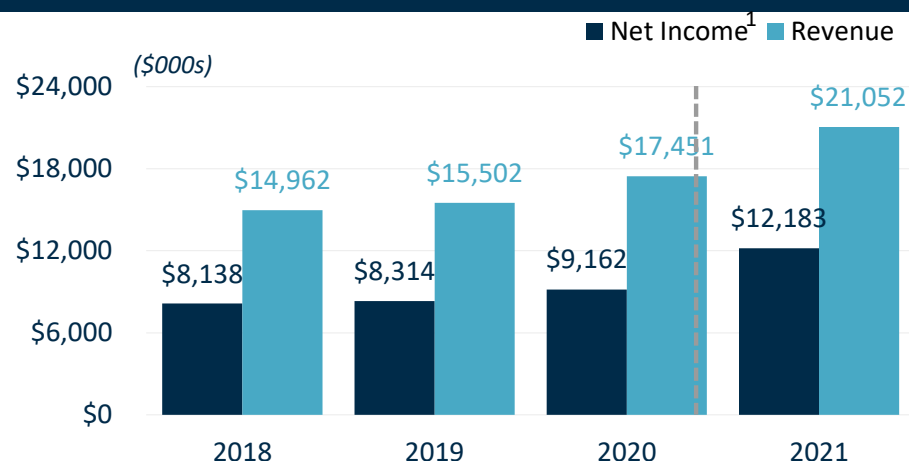
- **ADVISORY AND PLANNING SERVICES**
 - Retirement Planning, Tax Planning, Insurance Planning, Wealth Transfer Planning and Business Transition Planning
- **ASSET MANAGEMENT**
 - Personalized SMA strategies, Tax Management and Global Perspective
- **FIDUCIARY SERVICES**
 - IRA, Agency and Personal Trust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

ASSETS UNDER ADMINISTRATION/MANAGEMENT

(\$ in Millions)



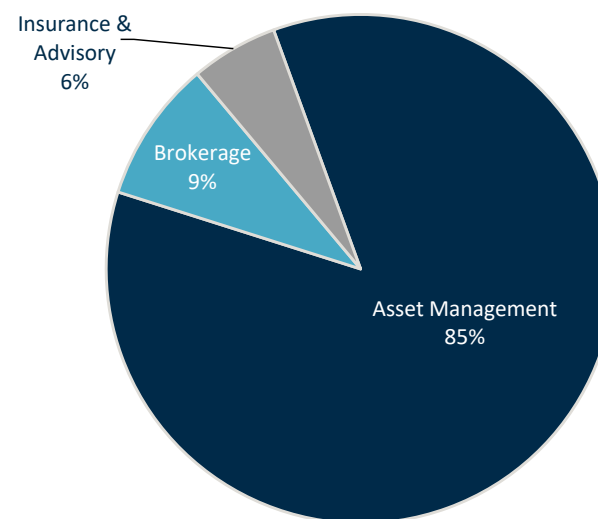
PROFIT MARGIN



Profit Margin: 54.4% 53.6% 52.5% 57.9%

¹ Net Income before Tax and Indirect Allocations.

REVENUE MIX



MORTGAGE BANKING

OVERVIEW OF SERVICES

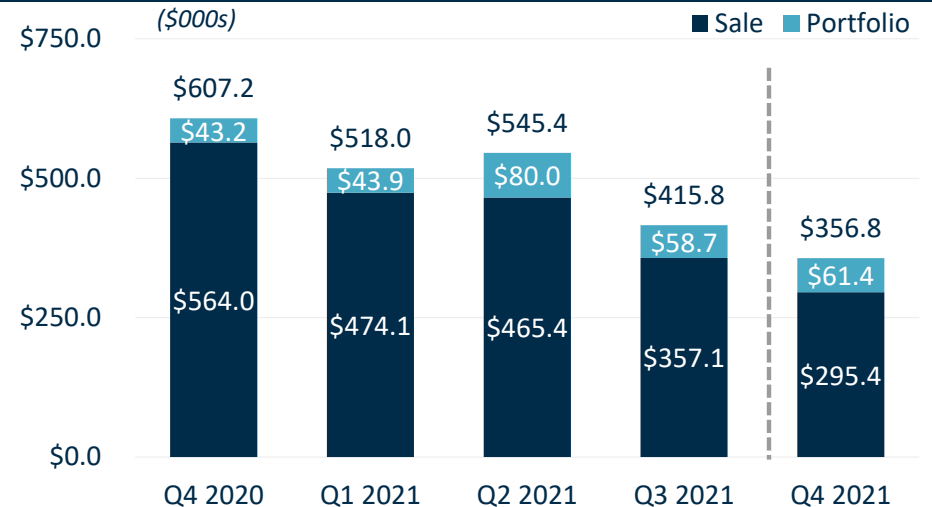
- 1st and 2nd mortgage product offerings through centralized mortgage operations in Minnesota
- Our Twin Cities originators averaged \$58+ million in annual volume over the last three years
- YTD 5,586 loans closed, approximately 51% purchase originations, with approximately 90% sourced from the Twin Cities MSA
- Q4 2021 94.7% 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 December 31, 2021, residential real estate first mortgages excluding construction mortgages totaled \$479 million

REVENUE SUMMARY

(\$000s)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	YTD 2020	YTD 2021
Origination and Sale	\$ 16,421	\$ 17,803	\$ 12,925	\$ 9,812	\$ 52,802	\$ 56,961
Fair Value Changes	711	(5,515)	(1,810)	(1,846)	8,839	(8,459)
Total	\$ 17,132	\$ 12,288	\$ 11,115	\$ 7,967	\$ 61,641	\$ 48,502
Net income ⁽¹⁾	\$ 6,725	\$ 2,116	\$ 3,151	\$ 1,329	\$ 27,410	\$ 13,321
Profit Margin	39.3%	17.2%	28.3%	16.7%	44.5%	27.5%

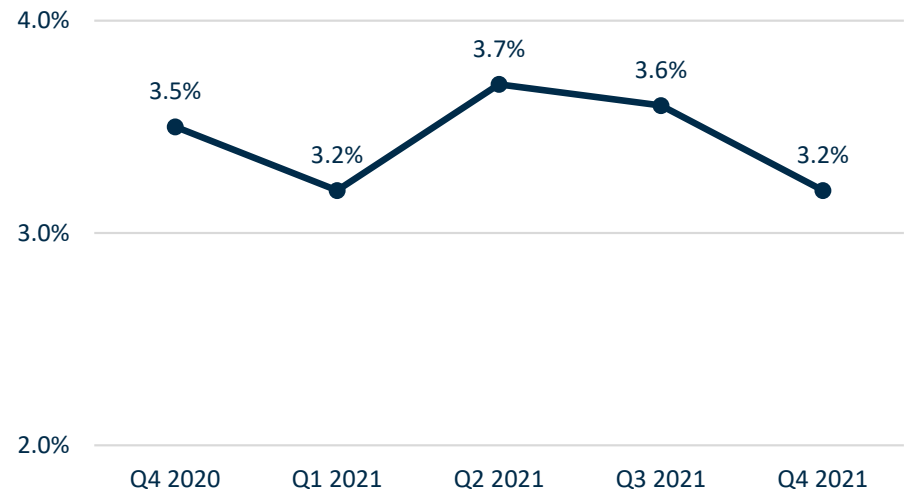
1 Net Income before Tax and Indirect Allocations.

MORTGAGE ORIGINATIONS



Purchase %	42.1%	32.3%	52.5%	67.5%	57.7%
Refinance %	57.9%	67.7%	47.5%	32.5%	42.3%

GAIN ON SALE MARGIN

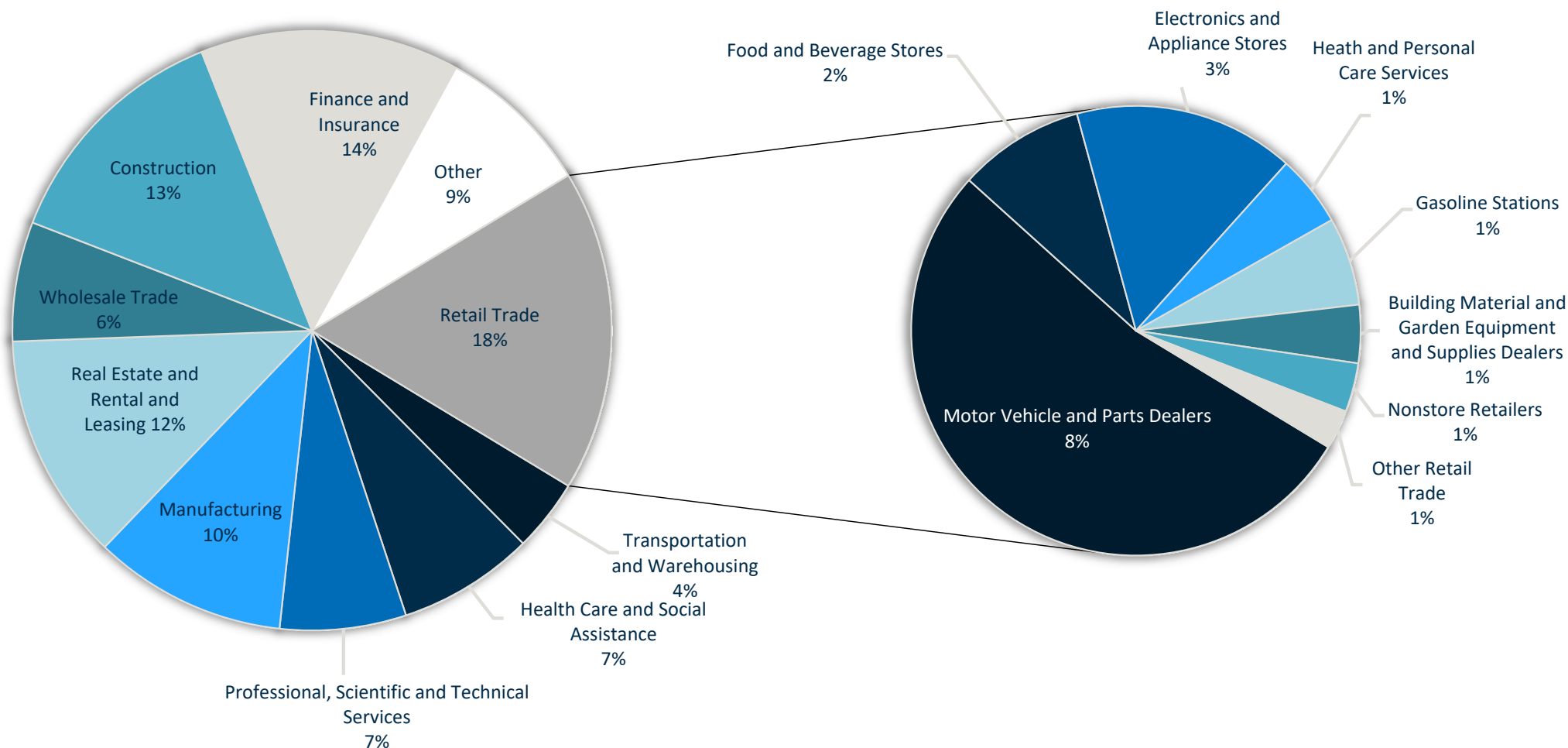


LOAN PORTFOLIO AND CREDIT QUALITY



SUMMARY BY INDUSTRY TYPE

TOTAL COMMITMENT COMMERCIAL & INDUSTRIAL¹



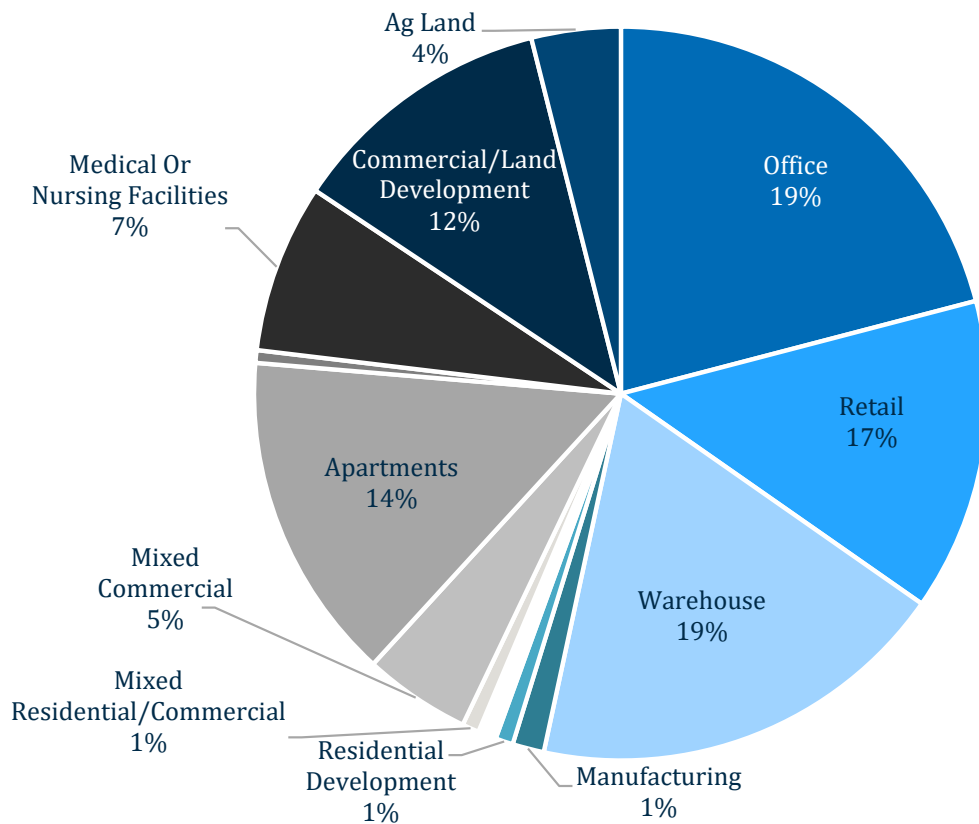
¹ – Commercial and industrial loans includes C & I, Loans to Public Entities, and Other Loans. It Excludes PPP and Ag Production loans

"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

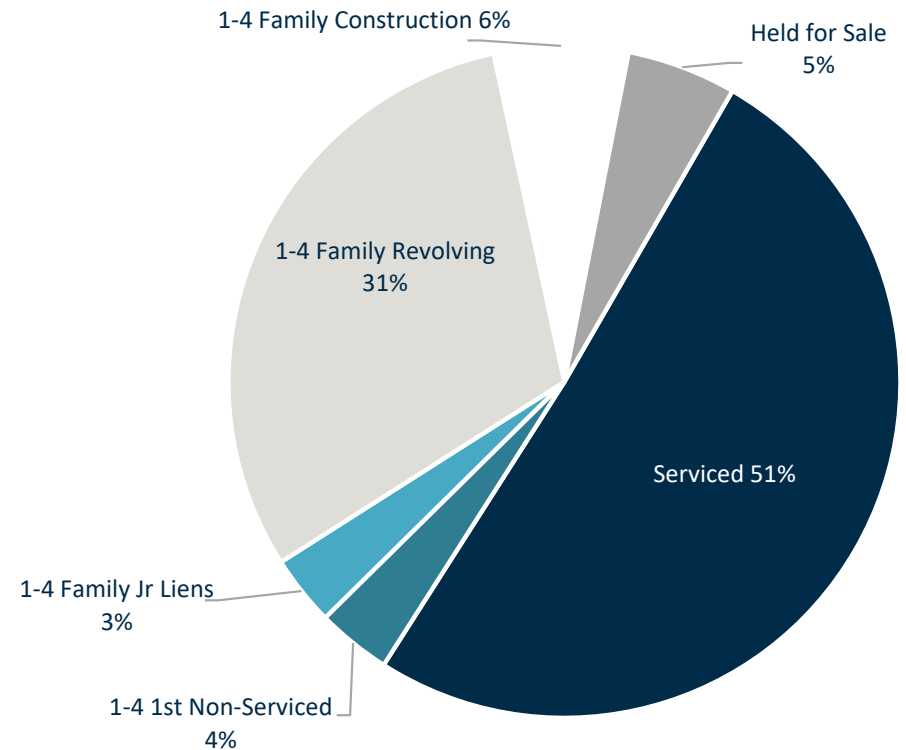
"Other Retail Trade" includes to the following sub-industries within Retail Trade: (1) Miscellaneous Store Retailers, (2) Furniture and Home Furnishings Stores, (3) Sporting Goods, Hobby, Musical Instrument, and Book Stores, (4) Clothing and Clothing Accessories Stores, and (5) General Merchandise Stores

LOANS SECURED BY REAL ESTATE

TOTAL COMMITMENT
COMMERCIAL REAL ESTATE¹



TOTAL COMMITMENT
RESIDENTIAL REAL ESTATE

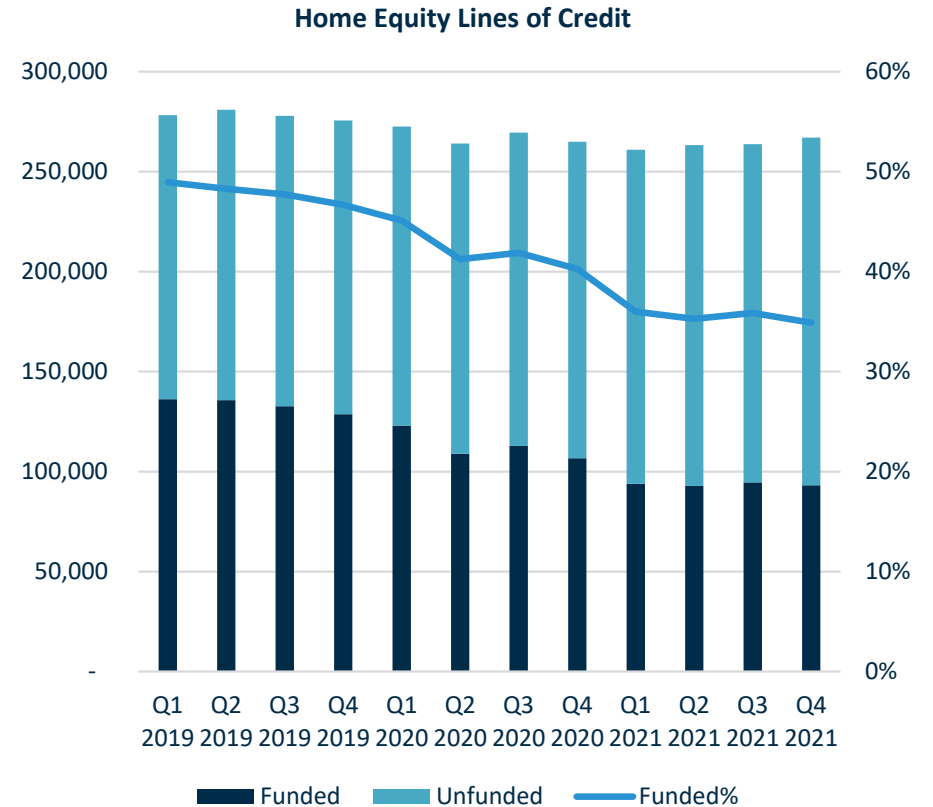
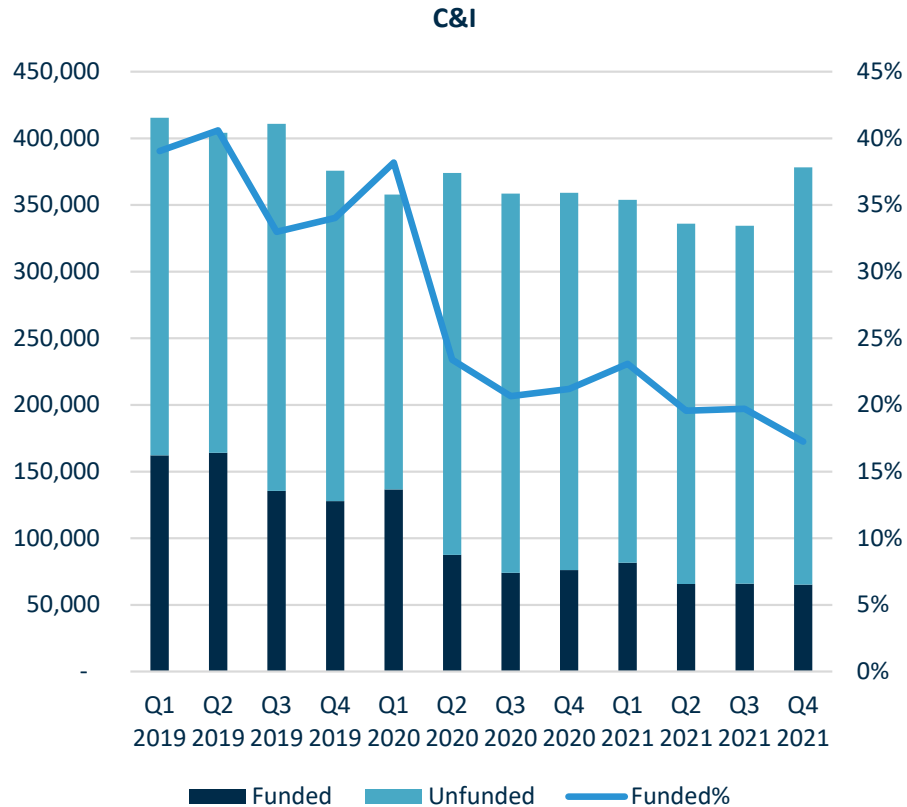


Portfolio	Avg FICO	Avg LTV
Serviced	762	65%
Non-Serviced	779	25%
Junior	756	78%
HELOC	796	64%

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 ALLL BY PORTFOLIO SEGMENT

(dollars in thousands)	Twelve months ended December 31, 2021				
	Beginning Balance	Provision for Loan Losses	Loan Charge-offs	Loan Recoveries	Ending Balance
Commercial					
Commercial and industrial	\$ 10,205	\$ (1,710)	\$ (1,230)	\$ 1,660	\$ 8,925
Real estate construction	658	125	—	—	783
Commercial real estate	14,105	(2,015)	(536)	822	12,376
Total commercial	24,968	(3,600)	(1,766)	2,482	22,084
Consumer					
Residential real estate first mortgage	5,774	758	—	—	6,532
Residential real estate junior lien	1,373	(201)	—	123	1,295
Other revolving and installment	753	(259)	(156)	143	481
Total consumer	7,900	298	(156)	266	8,308
Unallocated	1,378	(198)	—	—	1,180
Total	\$ 34,246	\$ (3,500)	\$ (1,922)	\$ 2,748	\$ 31,572

ALLOWANCE FOR LOAN LOSSES

ALLOCATION BY PORTFOLIO SEGMENT

	December 30, 2021		December 31, 2020	
<i>(dollars in thousands)</i>	Allocated Allowance	Percentage of loans to total loans	Allocated Allowance	Percentage of loans to total loans
Commercial and industrial	\$ 8,925	24.8%	\$ 10,205	35.0%
Real estate construction	783	2.3%	658	2.2%
Commercial real estate	12,376	34.1%	14,105	28.5%
Residential real estate first mortgage	6,532	29.1%	5,774	23.4%
Residential real estate junior lien	1,295	7.1%	1,373	7.2%
Other revolving and installment	481	2.6%	753	3.7%
Unallocated	1,180	—%	1,378	—%
Total loans	<u>\$ 31,572</u>	<u>100.0%</u>	<u>\$ 34,246</u>	<u>100.0%</u>

ALLOWANCE FOR LOAN LOSSES

ALLOCATION BY RISK SEGMENT (\$ IN 000'S)

Risk Level	Total Loans	Unguaranteed Balance ¹	Reserve Amount	Reserve / Unguaranteed Loans	Reserve/Total Loans
Pass	\$ 1,736,289	\$ 1,686,505	\$ 28,067	1.66%	1.62%
Special Mention	480	480	22	4.58%	4.58%
Substandard	18,499	17,752	2,019	11.37%	10.91%
Total Loans Evaluated Collectively	1,755,268	1,704,737	30,108	1.77%	1.72%
Total Loans Evaluated Individually	2,752	2,520	284	11.27%	10.32%
Unallocated	–	–	1,180	–	–
Total	\$ 1,758,020	\$ 1,707,257	\$ 31,572	1.85%	1.80%

As of 12/31/2021.

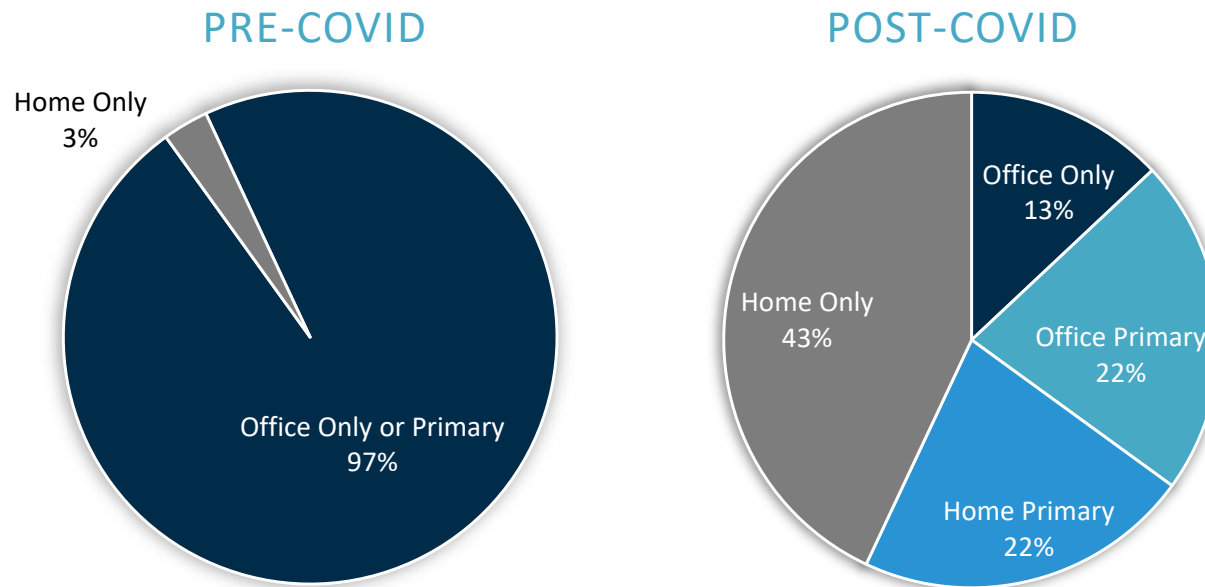
1 - Unguaranteed balances exclude PPP loans as well as loans that are guaranteed by another government agency.

COVID-19 RESPONSE



POST COVID-19 FACILITIES TRANSFORMATION

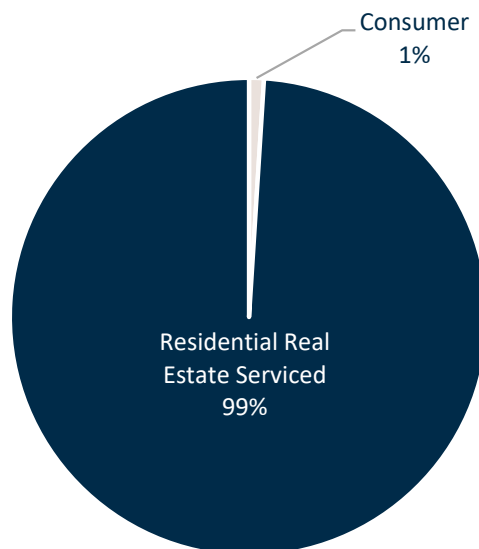
PANDEMIC AGILITY RESULTED IN POSITIVE LASTING IMPACT



- Since 2020, we exited three client offices and six admin offices (primarily housed by administrative and operational staff)
- Experienced minimal client and employee dissatisfaction
- All remaining client offices are now open across the Alerus footprint in ND, MN, and AZ

COVID-19 RELIEF PROGRAMS

PAYMENT DEFERRALS, MATURITY EXTENSIONS, AND PAYMENT MODIFICATIONS



December 31, 2021

Loan Group	Number Of Loans	Granted Deferral (\$ in 000's)	Still on Initial Deferral (\$ in 000's)	Additional Deferral (\$ in 000's)	Returned to Normal (\$ in 000's)
Consumer	182	\$ 2,514	\$ 18	\$ —	\$ 2,496
Residential Real Estate Serviced	63	27,419	54	3,252	24,113
Residential Real Estate Non-serviced	77	10,550	—	—	10,550
Commercial Real Estate	79	80,763	—	—	80,763
Commercial & Industrial	187	33,335	—	—	33,335
Total	588	\$ 154,581	\$ 72	\$ 3,252	\$ 151,257

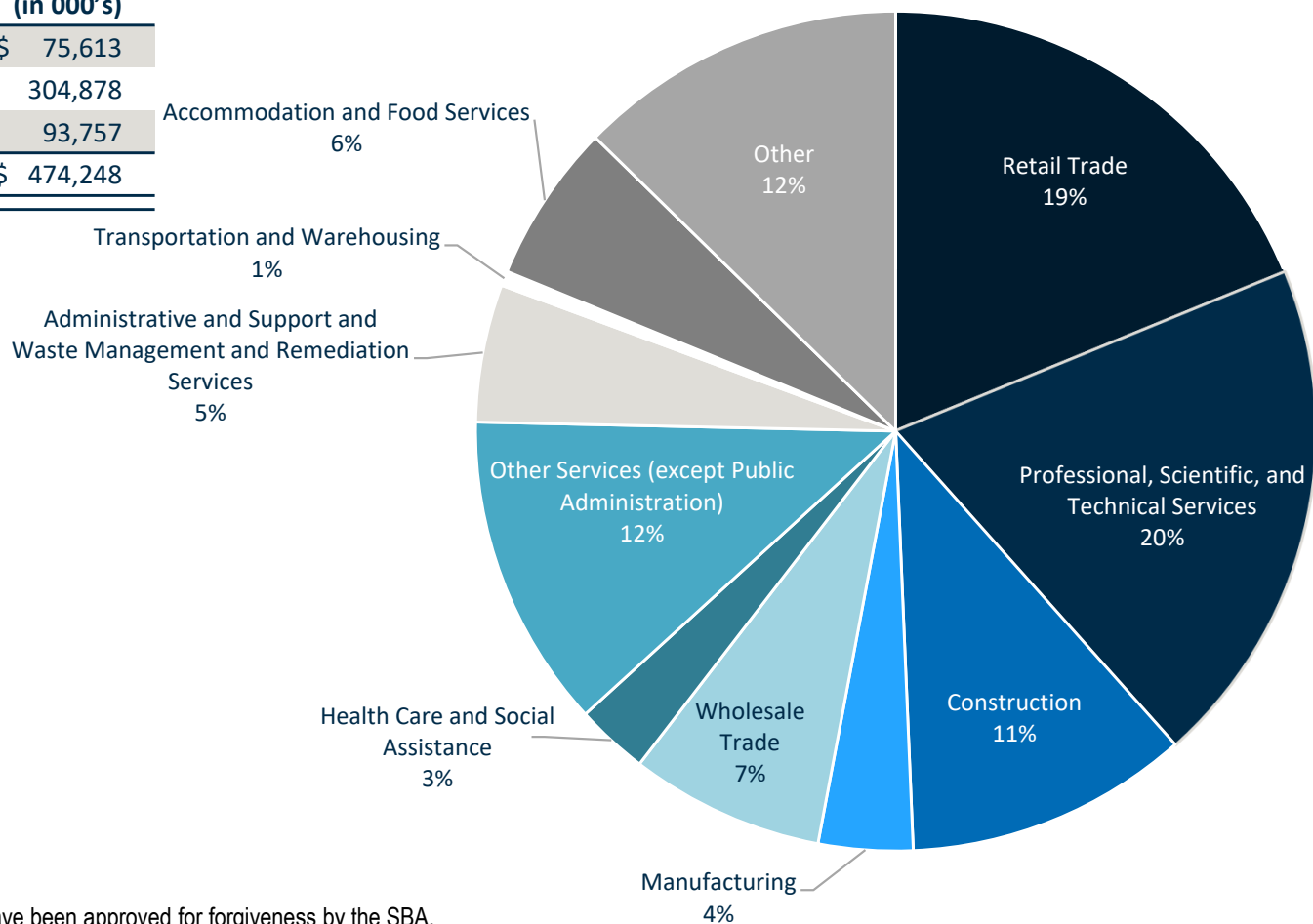
COVID-19 RELIEF PROGRAMS

SBA PAYCHECK PROTECTION PROGRAM (PPP)

INDUSTRY BREAKDOWN OF PPP LOANS MADE TO BORROWERS

THROUGH 12/31/2021 SECURED SBA FINANCING OF 2,454 LOANS FOR APPROXIMATELY \$474MM

Loan Amount Group	# of Loans	\$ Originated (in 000's)
\$150M or less	1,825	\$ 75,613
\$150M to \$2MM	601	304,878
\$2MM+	28	93,757
Total	2,454	\$ 474,248



As of 12/31/2021.

As of December 31, 2021, 2,204 loans totaling \$430.7 million have been approved for forgiveness by the SBA.

APPENDIX



FINANCIAL HIGHLIGHTS

(\$000s, except where otherwise noted)	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) (%) ¹	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" in the Appendix to this presentation.

NON-GAAP DISCLOSURE RECONCILIATION

(\$000s, except where otherwise noted)

	Annual				
	2017	2018	2019	2020	2021
Tangible common equity to tangible assets					
Total common stockholders' equity	\$ 179,594	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible common equity (a)	125,154	147,152	240,008	274,043	307,663
Total assets	2,136,081	2,179,070	2,356,878	3,013,771	3,392,691
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible assets (b)	2,081,641	2,129,268	2,311,158	2,957,651	3,340,951
Tangible common equity to tangible assets (a)/(b)	6.01%	6.91%	10.38%	9.27%	9.21%
Tangible common equity per common share					
Total stockholders' equity	\$ 179,594	\$ 196,954	\$ 285,728	\$ 330,163	\$ 359,403
Less: Goodwill	27,329	27,329	27,329	30,201	31,490
Less: Other intangible assets	27,111	22,473	18,391	25,919	20,250
Tangible common equity (c)	125,154	147,152	240,008	274,043	307,663
Common shares outstanding (d)	13,699	13,775	17,050	17,125	17,213
Tangible common equity per common share (c)/(d)	\$ 9.14	\$ 10.68	\$ 14.08	\$ 16.00	\$ 17.87
Return on average tangible common equity					
Net income	\$ 15,001	\$ 25,866	\$ 29,540	\$ 44,675	\$ 52,681
Add: Intangible amortization expense (net of tax)	3,655	3,664	3,224	3,129	3,460
Remeasurement due to tax reform	4,818	—	—	—	—
Net income, excluding intangible amortization (e)	23,474	29,530	32,764	47,804	56,141
Average total equity	176,779	187,341	231,084	310,208	346,059
Less: Average goodwill	27,329	27,329	27,329	27,439	30,385
Less: Average other intangible assets (net of tax)	19,358	19,522	16,101	13,309	18,548
Average tangible common equity (f)	130,092	140,490	187,654	269,460	297,126
Return on average tangible common equity (e)/(f)	18.04%	21.02%	17.46%	17.74%	18.89%
Net interest margin (tax-equivalent)					
Net interest income	\$ 67,670	\$ 75,224	\$ 74,551	\$ 83,846	\$ 87,099
Tax equivalent adjustment	865	462	347	455	492
Tax equivalent net interest income (g)	68,535	75,686	74,898	84,301	87,591
Average earning assets (h)	1,833,002	1,970,004	2,052,758	2,618,427	3,018,172
Net interest margin (tax equivalent) (g)/(h)	3.74%	3.84%	3.65%	3.22%	2.90%
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 (i)	129,297	131,687	138,456	159,838	164,529
Net interest income	67,670	75,224	74,551	83,846	87,099
Noninterest income	103,045	102,749	114,194	149,371	147,387
Tax equivalent adjustment	865	462	347	455	492
Total tax equivalent revenue (j)	171,580	178,435	189,092	233,672	234,978
Efficiency ratio (i)/(j)	75.36%	73.80%	73.22%	68.40%	70.02%