



INVESTOR PRESENTATION

2Q 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 sustained high interest rates; 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; 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 and the pending acquisition of HMN Financial, Inc.; 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 and the pending acquisition of HMN Financial, Inc.; 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; 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.

DISCLAIMERS *(CONTINUED)*

Additional Information and Where to Find It

Alerus Financial Corporation (the "Company") filed a Registration Statement on Form S-4 (Registration Statement No. 333-280815) with the Securities and Exchange Commission (the "SEC") on July 15, 2024, in connection with a proposed transaction between the Company and HMN Financial, Inc. ("HMNF"). The registration statement includes a joint proxy statement of the Company and HMNF that also constitutes a prospectus of the Company, which will be sent to the stockholders of the Company and HMNF after the SEC declares the registration statement effective.

Before making any voting decision, the stockholders of the Company and HMNF are advised to read the joint proxy statement/prospectus, because it contains important information about the Company, HMNF and the proposed transaction.

This document and other documents relating to the proposed transaction filed by the Company can be obtained free of charge from the SEC's website at www.sec.gov. These documents also can be obtained free of charge by accessing the Company's website at www.alerus.com under the link "Investors Relations" and then under "SEC Filings" and HMNF's website at www.justcallhome.com/HMNFinancial under "SEC Filings." Alternatively, these documents can be obtained free of charge from the Company upon written request to Alerus Financial Corporation, Corporate Secretary, 401 Demers Avenue, Grand Forks, North Dakota 58201 or by calling (701) 795-3200, or from HMNF upon written request to HMN Financial, Inc., Corporate Secretary, 1016 Civic Center Drive NW, Rochester, Minnesota 55901 or by calling (507) 535-1200. The contents of the websites referenced above are not deemed to be incorporated by reference into the registration statement or the joint proxy statement/prospectus.

Participants in the Solicitation

This presentation does not constitute a solicitation of proxy, an offer to purchase or a solicitation of an offer to sell any securities. The Company, HMNF, and certain of their directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the stockholders of the Company and HMNF in connection with the proposed transaction under SEC rules. Information about the directors and executive officers of the Company and HMNF is included in the joint proxy statement/prospectus for the proposed transaction filed with the SEC. This document may be obtained free of charge in the manner described above under "Additional Information and Where to Find It."

COMPANY PROFILE

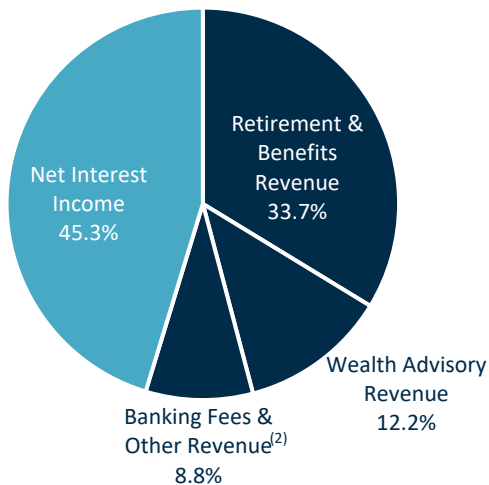
Alerus is a commercial wealth bank and a national retirement plan provider

DIVERSIFIED REVENUE⁽¹⁾

Last Twelve Months Ended June 30, 2024

Net Interest Income:
\$88.2 million
45.3% of revenue

Noninterest Income:
\$106.5 million
54.7% 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



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

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



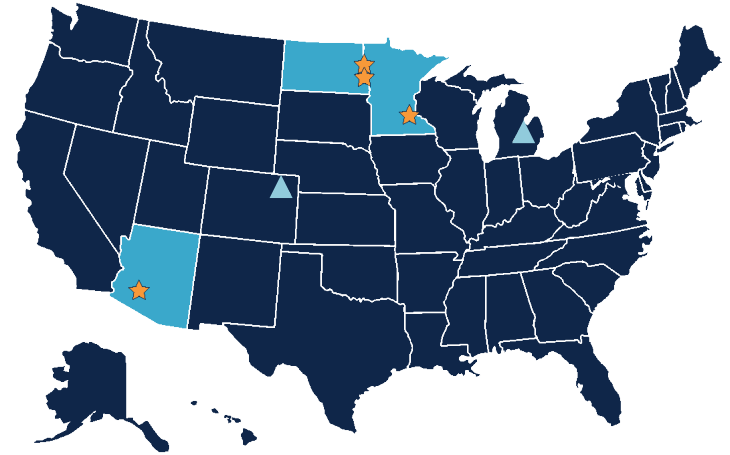
FRANCHISE FOOTPRINT

FULL-SERVICE BANKING

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

RETIREMENT AND BENEFIT SERVICES

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



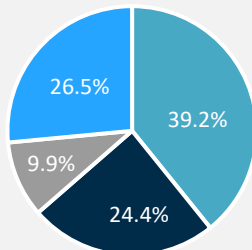
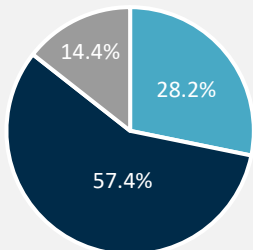
Market Distribution and Client Base

- **37,300** Consumer banking clients
- **16,700** Commercial banking clients
- **8,400** Employer-sponsored retirement plans
 - **10,900** Wealth clients
- **485,000** Employer-sponsored retirement and benefit plan participants and health savings account participants
- **34,100** Flexible spending account and health reimbursement arrangement participants

BANKING

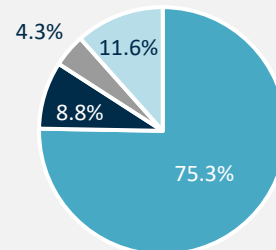
LOANS: \$2,916

DEPOSITS: \$3,299



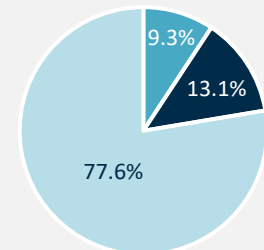
WEALTH ADVISORY

AUA / AUM: \$4,172



RETIREMENT AND BENEFITS

AUA / AUM: \$39,390

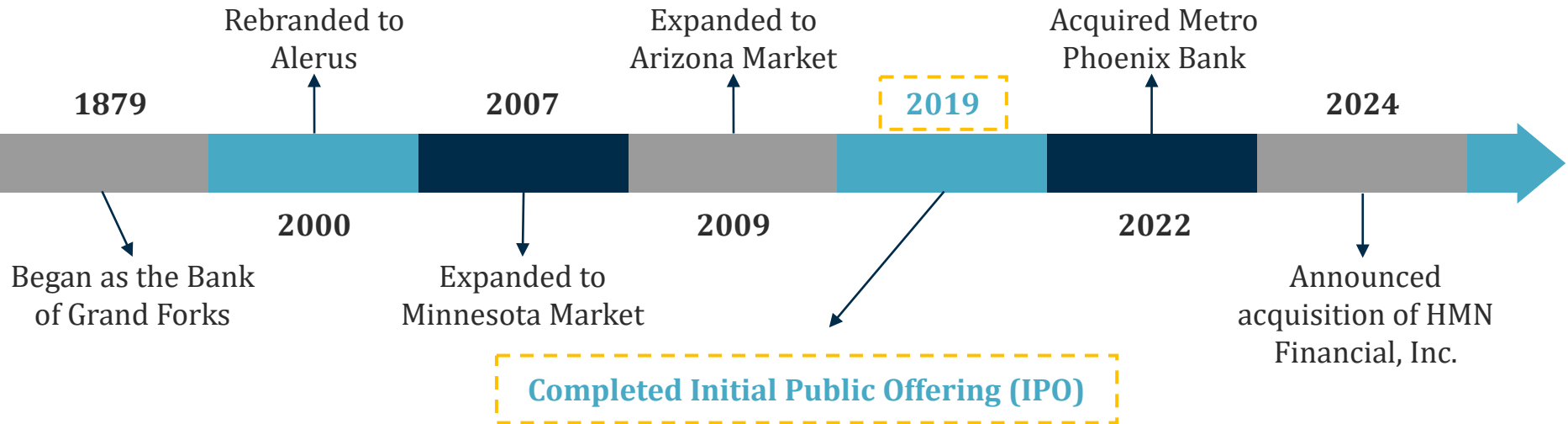


LEGEND: ■ North Dakota ■ Minnesota ■ Arizona ■ National ■ Synergistic | (\$ in millions)

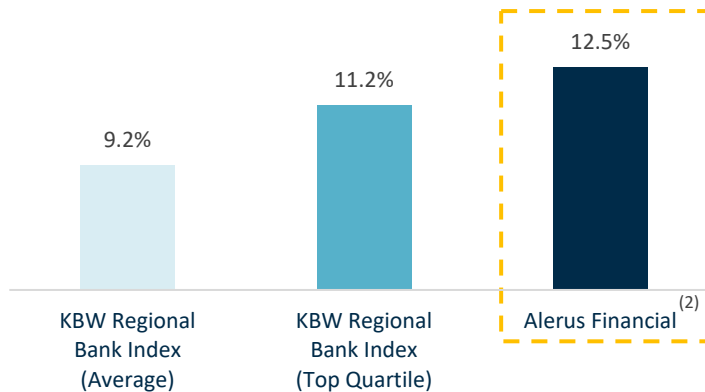


STRATEGIC GROWTH

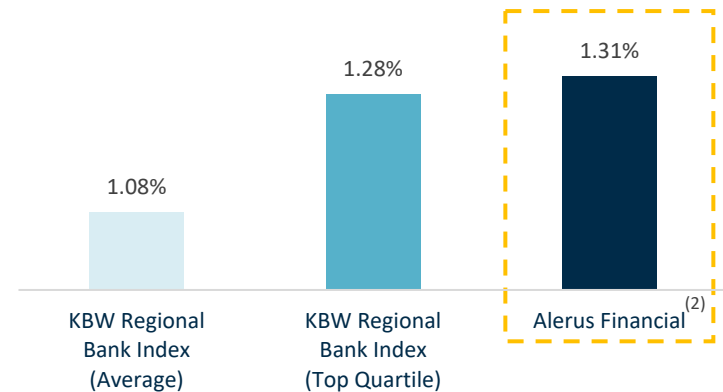
To supplement our organic growth, we have executed 25 acquisitions throughout the history of our company including: 15 in Banking, 10 in Retirement and Benefits. HMN Financial, Inc. will be our 26th acquisition.



ROE⁽¹⁾ (5 Year History: 2019 - 2023)



ROA⁽¹⁾ (5 Year History: 2019 - 2023)



1. Source S&P Capital IQ.

2. Excludes net losses on investment securities (after-tax) of \$19.2 million in 4Q 2023. See "Non-GAAP Disclosure Reconciliation."



HMN FINANCIAL, INC. ACQUISITION HIGHLIGHTS

Natural Expansion of the Alerus Franchise

Strategic Expansion

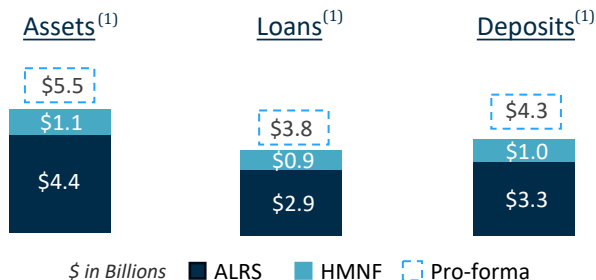
Complementary mission and values with a strong corporate and credit culture



Franchise-enhancing strategic expansion into the vibrant Rochester, Minnesota, MSA



Benefits of additional scale



Financially Attractive⁽²⁾

Deal Value Per Share / TBVPS	107%
TBV Earnback	2.2 years
TBV Earnback (Excl. int. rate markets & AOCI) ⁽³⁾	Accretive
Core Deposit Premium	0.9%
'25 EPS Accretion	45%+
Internal Rate of Return	25%+
'25 ROAA	1.15%+
'25 ROAE	12.5%+
'25 Efficiency Ratio Improvement	615+ bps
Pro Forma Loans / Deposits (MRQ)	85%

Strong pro forma capital ratios; creation of capacity for continued growth

Proven ability to create revenue synergies across Alerus' diverse business lines (not modeled)

Low Risk

High-quality, granular and long tenured loans and core deposit base

Excellent credit discipline and asset quality

Seamless integration of straight-forward business lines

Leverages management's transaction and integration expertise

Extensive operational and credit due diligence

1. Data as of 6/30/2024.

2. Metrics disclosed with deal announcement on 5/15/2024. Metrics based on ALRS closing price of \$20.69 on 5/14/2024.

3. No rate mark scenario assumes no loan interest rate mark, AOCI mark, MSR mark or time deposit mark

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 clients 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
- **Jumpstarting our entrance** into new markets with new talent
- Proactively positioning ourselves as an **acquirer and employer of choice**

STRATEGIC ACQUISITION

- Capitalizing 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

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

OFFICERS AND DIRECTORS

EXECUTIVE MANAGEMENT



KATIE LORENSON
 Director, President and
 Chief Executive Officer
7 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



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



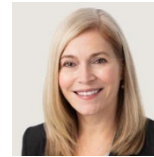
RANDY NEWMAN
Since 1987
 Former President and CEO, Alerus



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.



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



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



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



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



ALERUS

SECOND QUARTER
HIGHLIGHTS

Office in
Excelsior, Minnesota

2Q 2024 HIGHLIGHTS

Success is Never Final

EARNINGS

NII:
\$24.0 million
+8.0% vs. 1Q24

NIM:
2.57% Adjusted⁽¹⁾
+13 bps vs. 1Q24

Fee Income:
\$27.4 million
+8.1% vs. 1Q24
53.3% of revenue in 2Q24

Noninterest Expense:
\$38.8 million
-0.7% vs. 1Q24

BALANCE SHEET

Loans:
\$2.9 billion
+4.2% vs. 1Q24

Deposits:
\$3.3 billion
+0.4% vs. 1Q24

L/D Ratio:
88%
+3.2% vs. 1Q24

AUA / AUM:
\$43.6 billion
+1.9% vs. 1Q24

ASSET & CAPITAL STRENGTH

ACL:
1.31%
Stable vs. 1Q24

CET1:
11.7%
6.5% "well capitalized"
minimum

TBV⁽²⁾:
\$15.77
+\$0.14 vs. 1Q24

TCE / TA:
7.91% Adjusted⁽¹⁾
+3 bps vs. 1Q24

VALUE CREATION

Announced Acquisition of HMN Financial, Inc.
A natural expansion for our premier Midwest franchise

Increased Dividend Per Share 5.3% to \$0.20
\$4.0 million returned to stockholders in dividends

Added Equipment Finance Team
Strategically expands our specialty lending capabilities



2Q 2024 RESULTS

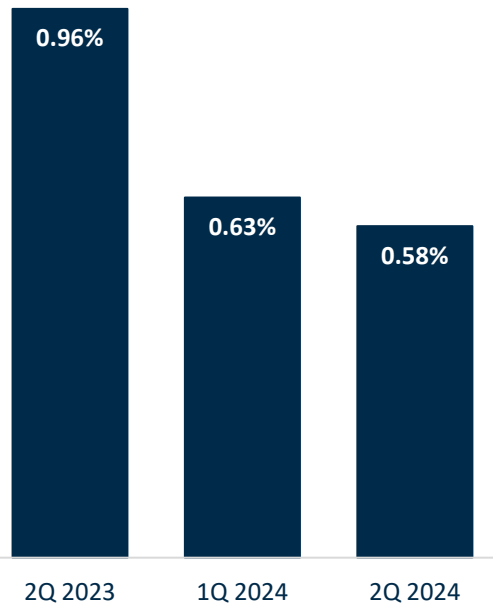
Income Statement

	Three months ended			Six months ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(dollars and shares in thousands, except per share data)</i>					
Net Interest Income	\$ 24,001	\$ 22,219	\$ 22,234	\$ 46,220	\$ 45,892
Provision for Credit Losses	4,489	—	—	4,489	550
Net Interest Income After Provision for Credit Losses	19,512	22,219	22,234	41,731	45,342
Noninterest Income	27,371	25,323	25,778	52,694	51,031
Noninterest Expense	38,752	39,019	36,373	77,771	74,242
Income Before Income Taxes	8,131	8,523	11,639	16,654	22,131
Income Tax Expense	1,923	2,091	2,535	4,014	4,841
Net Income	\$ 6,208	\$ 6,432	\$ 9,104	\$ 12,640	\$ 17,290
Pre-Provision Net Revenue⁽¹⁾	\$ 12,620	\$ 8,523	\$ 11,639	\$ 21,143	\$ 22,681
Per Common Share Data					
Earnings Per Common Share - Diluted	\$ 0.31	\$ 0.32	\$ 0.45	\$ 0.63	\$ 0.85
Diluted Average Common Shares Outstanding	20,050	19,986	20,241	20,018	20,243
Performance Ratios					
Return on Average Total Assets	0.58 %	0.63 %	0.96 %	0.60 %	0.92 %
Return on Average Tangible Common Equity ⁽¹⁾	9.40 %	9.78 %	13.71 %	9.58 %	13.15 %
Noninterest Income as a % of Revenue	53.28 %	53.26 %	53.69 %	53.27 %	52.65 %
Net Interest Margin (Tax-Equivalent)	2.39 %	2.30 %	2.52 %	2.35 %	2.61 %
Efficiency Ratio ⁽¹⁾	72.50 %	78.88 %	72.79 %	75.56 %	73.67 %

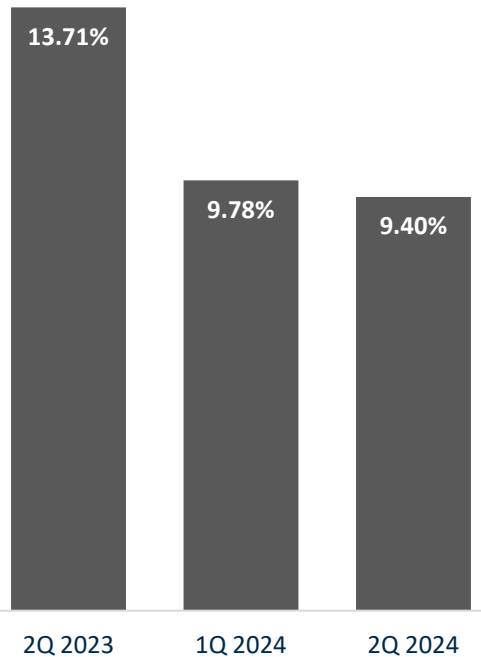


PERFORMANCE RATIOS

Return on Average Assets⁽¹⁾



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



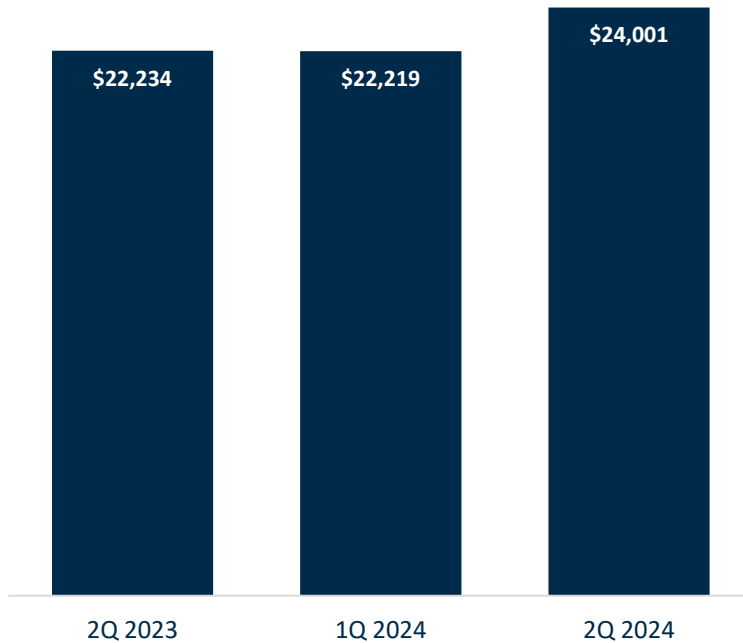
Tangible Book Value per Share⁽¹⁾



KEY REVENUE ITEMS

Net Interest Income

\$ in thousands



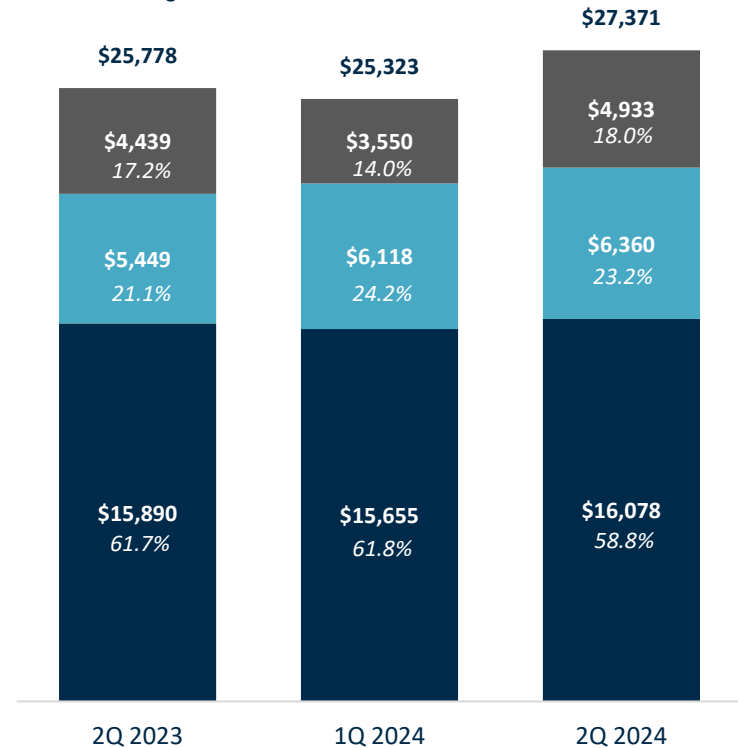
Net Interest Income:

+8.0% Linked Quarter
+7.9% Year-over-year

Noninterest Income

\$ in thousands | % of noninterest income

- Retirement & Benefit Services
- Wealth Advisory Services
- Banking Fees and Other⁽¹⁾



Noninterest Income:

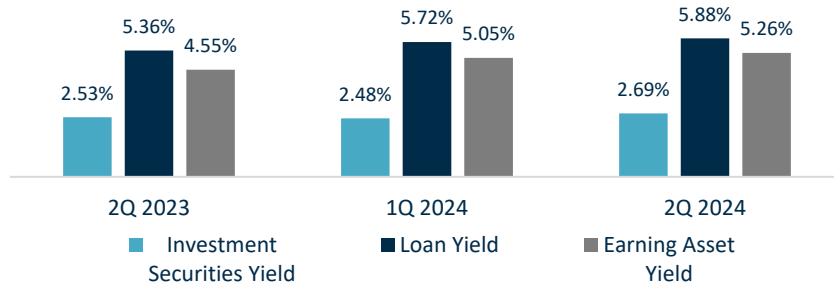
+8.1% Linked Quarter
+6.2% Year-over-year



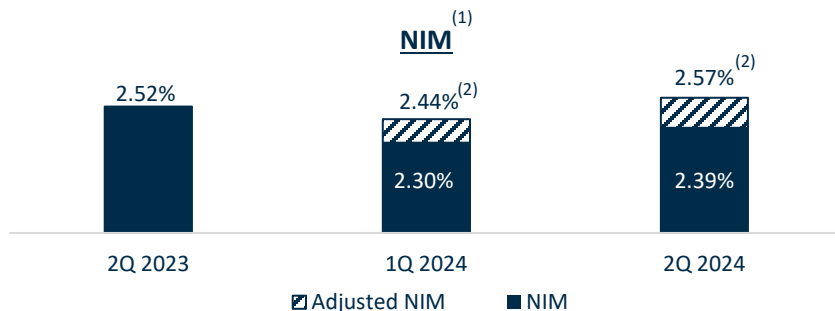
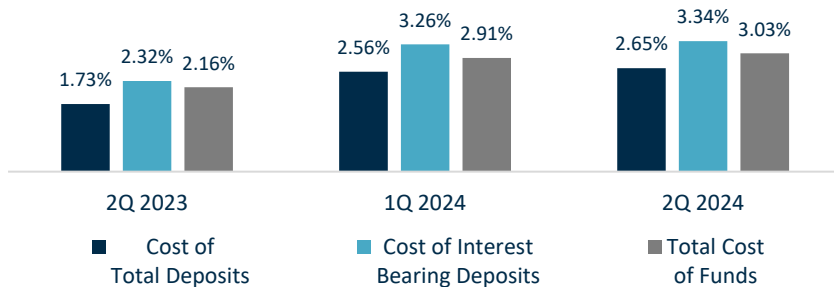
NET INTEREST INCOME

YIELDS AND RATES

Earning Assets

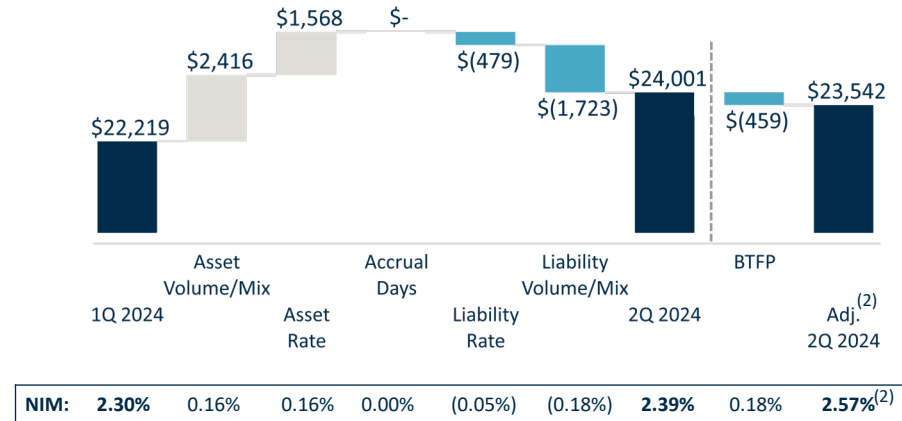


Cost of Funds



NII AND NIM⁽¹⁾ WALK

\$ in Thousands



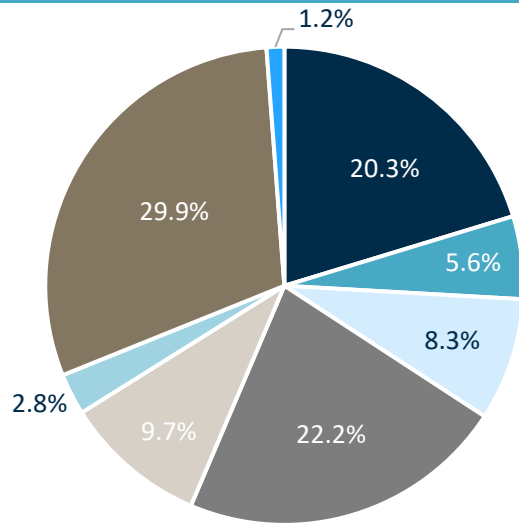
QUARTERLY HIGHLIGHTS

- Net interest income for the second quarter of 2024 increased 8.0% from the first quarter of 2024.
- Larger loan balances, along with higher average cash balances related to the BTFP arbitrage trade, drove net interest income higher. This was partially offset by an increase in interest expense due to higher average deposits and deposit rates, along with higher BTFP borrowing balances.
- Continued to hold cash of \$355.0 million from the BTFP, earning 52 basis points of risk-free return resulting in \$0.5 million in net interest income for the second quarter of 2024.

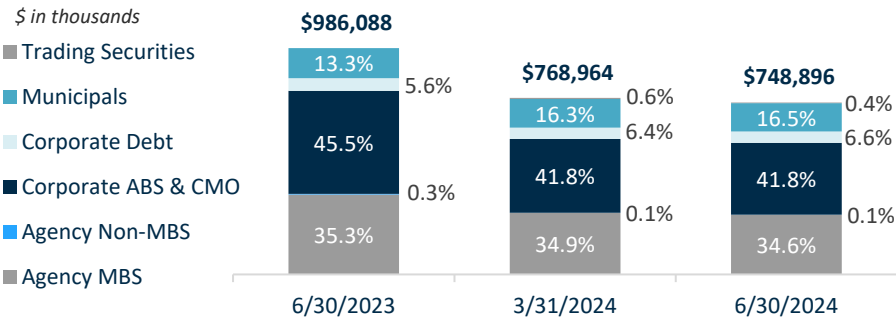


EARNING ASSETS

JUNE 30, 2024 LOAN PORTFOLIO⁽¹⁾



INVESTMENT PORTFOLIO



Held-to-Maturity:	31.3%	38.0%	38.3%
Available-for-Sale:	68.7%	61.4%	61.3%
Trading Securities⁽²⁾:	0.0%	0.6%	0.4%
% of Earning Assets:	27.4%	18.7%	18.2%
AOCI:	\$(100,742)	\$(74,256)	\$(75,029)

LOAN PORTFOLIO⁽¹⁾ CHANGES

\$ in thousands

Chart Legend	Category	As of 6/30/2023	As of 3/31/2024	As of 6/30/2024	Change QoQ	Change YoY
■	Commercial and industrial	\$ 521,427	\$ 575,259	\$ 591,779	2.9%	13.5%
■	CRE - Construction, land and development	78,428	125,966	161,751	28.4%	106.2%
■	CRE - Multifamily	210,902	260,609	242,041	-7.1%	14.8%
■	CRE - Non-owner occupied	500,334	565,979	647,776	14.5%	29.5%
■	CRE - Owner occupied	251,981	285,211	283,356	-0.7%	12.5%
■	Agriculture	71,037	77,585	81,959	5.6%	15.4%
■	Residential real estate	864,861	879,033	871,393	-0.9%	0.8%
■	Other consumer	34,552	29,833	35,737	19.8%	3.4%
Total		\$ 2,533,522	\$ 2,799,475	\$ 2,915,792	4.2%	15.1%

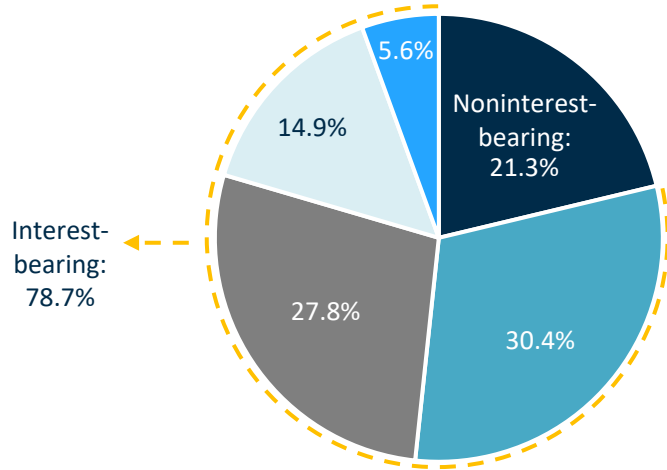
QUARTERLY HIGHLIGHTS

- Total loans grew 4.2% from March 31, 2024.
- Quarter over quarter growth was driven by an increase in total CRE loans, which increased 7.8%, and an increase in C&I loans which grew 2.9%, from the first quarter of 2024.
- Residential real estate loans decreased 0.9% quarter over quarter given focused allocation of portfolio capital.
- Total Non-owner occupied and Multifamily CRE loans, to total Bank risk-based capital⁽³⁾ was 213% as of June 30, 2024.
- The investment portfolio decreased 2.6% from March 31, 2024 as prepayment rates increased.



DEPOSIT CHARACTERISTICS

JUNE 30, 2024 DEPOSIT PORTFOLIO (BY CATEGORY)

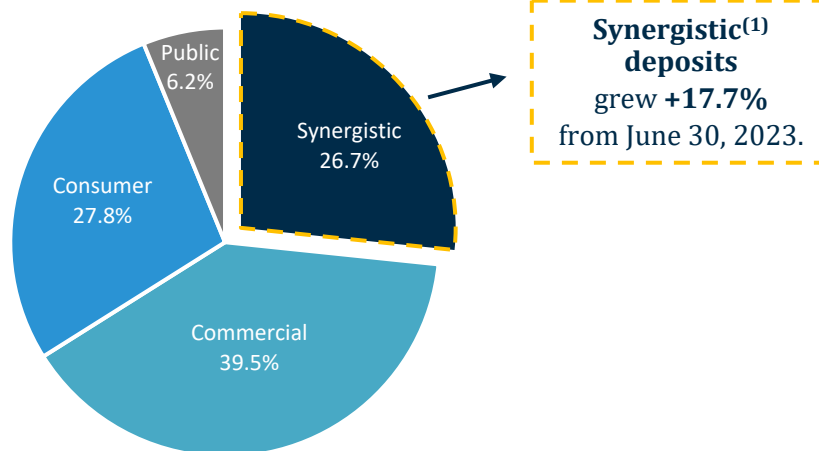


DEPOSIT PORTFOLIO CHANGES

\$ in thousands

Chart Legend	Category	As of 6/30/2023	As of 3/31/2024	As of 6/30/2024	Change QoQ	Change YoY
■	Noninterest-bearing	\$ 715,534	\$ 692,500	\$ 701,428	1.3%	-2.0%
■	Interest-bearing demand	753,194	938,751	1,003,585	6.9%	33.2%
■	Money market and savings	906,461	1,013,983	918,598	-9.4%	1.3%
■	Time deposits	304,167	456,729	491,345	7.6%	61.5%
■	HSA deposits	173,499	183,006	183,619	0.3%	5.8%
Total		\$ 2,852,855	\$ 3,284,969	\$ 3,298,575	0.4%	15.6%
Loan to deposits ratio		88.8%	85.2%	88.4%		

JUNE 30, 2024 DEPOSIT PORTFOLIO (BY CLIENT SEGMENT)



Synergistic⁽¹⁾ deposits
grew **+17.7%**
from June 30, 2023.

QUARTERLY HIGHLIGHTS

- Total deposits increased 0.4% from March 31, 2024.
- Noninterest-bearing deposits increased 1.3% from the prior quarter.
- The increase in total deposits was due to both expanded and new commercial deposit relationships, along with time deposit and synergistic deposit growth. This was partially offset by seasonal outflows of public funds.
- The Company continued to have \$0 of brokered deposits as of June 30, 2024.

BANKING SERVICES

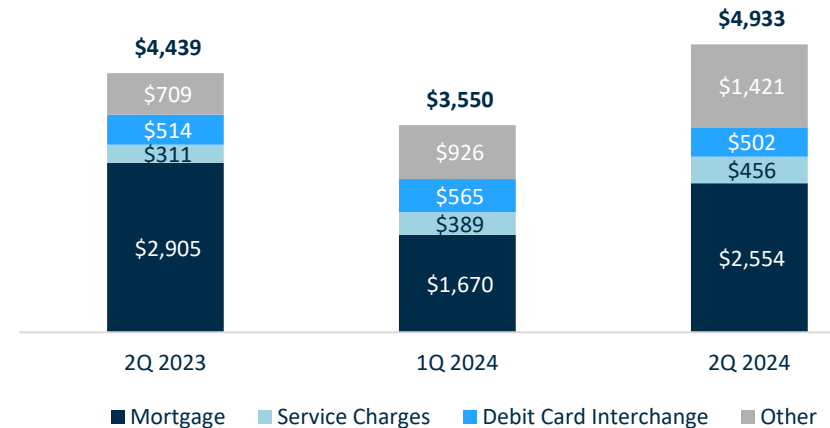
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	2Q 2024	1Q 2024	2Q 2023
Net interest income	\$ 24,001	\$ 22,219	\$ 22,234
Provision for loan losses	4,489	-	-
Noninterest income ⁽²⁾	4,933	3,550	4,439
Total revenue	24,445	25,769	26,673
Noninterest expense	19,165	18,666	19,301
Net income before taxes:	\$ 5,280	\$ 7,103	\$ 7,372

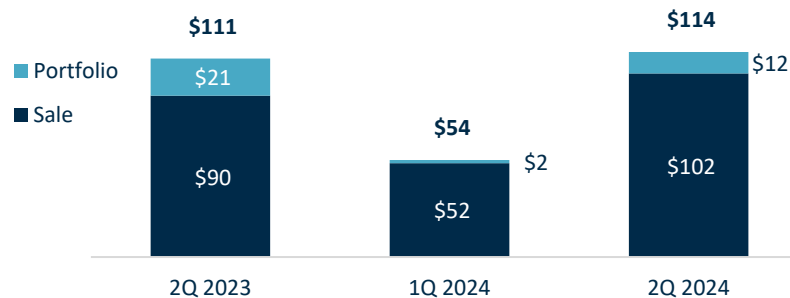
NONINTEREST INCOME BREAKDOWN

\$ in thousands



MORTGAGE HIGHLIGHTS

\$ in millions



Purchase:	98.2%	94.8%	97.2%
Refinance:	1.8%	5.2%	2.8%
Fair Value Change:	\$474	\$306	\$234

\$ in thousands

BANKING SERVICES QUARTERLY HIGHLIGHTS

- Mortgage income increased \$884 thousand quarter over quarter driven by a seasonal increase in mortgage originations.
- Service charges increased \$67 thousand quarter over quarter.
- Other fee income increased \$495 thousand quarter over quarter, driven by client swap fees.

RETIREMENT AND BENEFIT SERVICES

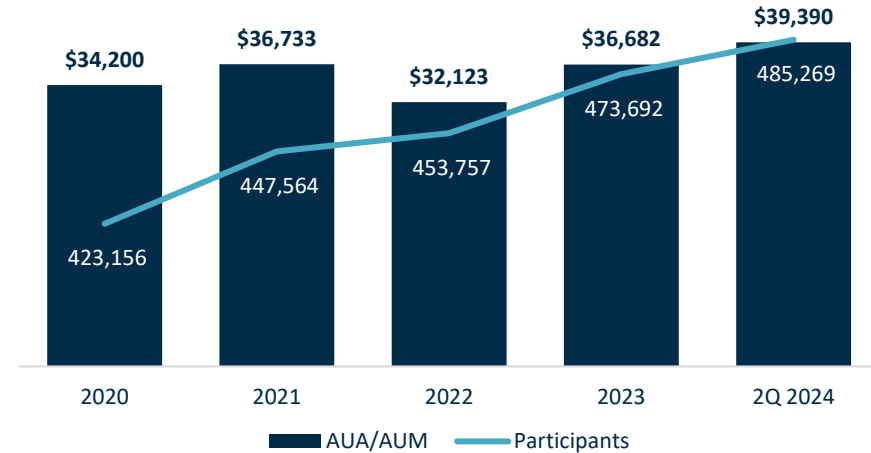
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	2Q 2024	1Q 2024	2Q 2023
Recurring annual income	\$ 12,664	\$ 12,480	\$ 13,111
Transactional income	3,414	3,175	2,779
Total noninterest income	16,078	15,655	15,890
Noninterest expense	13,649	14,189	12,651
Net income before taxes:	\$ 2,429	\$ 1,466	\$ 3,239

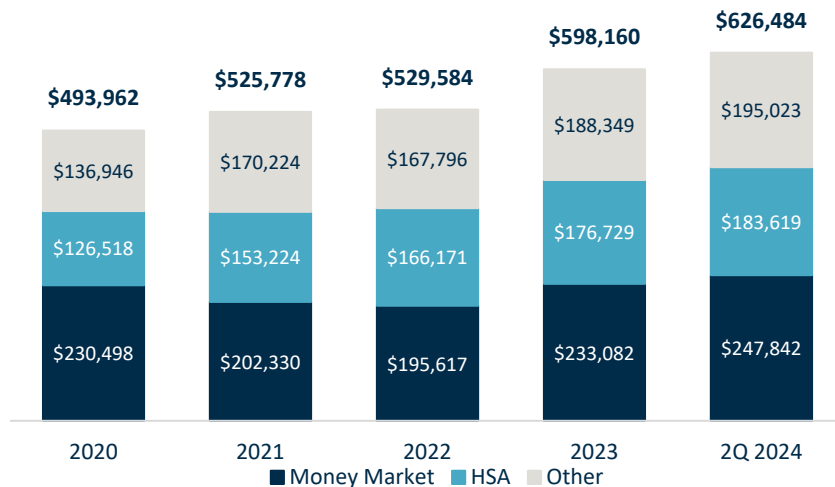
AUA / AUM AND PARTICIPANTS

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands



QUARTERLY HIGHLIGHTS

- Retirement and Benefit Services revenue increased 2.7% compared to the first quarter of 2024.
- AUA / AUM grew 2.3% from March 31, 2024.
- 39% of Retirement and Benefit Services revenue is market sensitive.
- 51.1% of Retirement and Benefit Services synergistic deposits are indexed.



WEALTH ADVISORY SERVICES

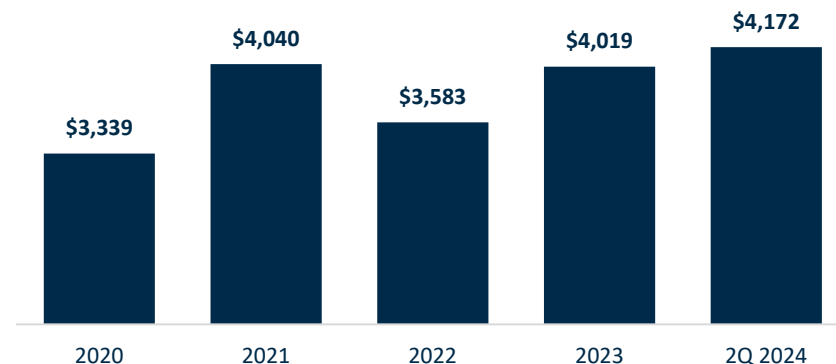
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	2Q 2024	1Q 2024	2Q 2023
Asset management	\$ 5,564	\$ 5,256	\$ 4,781
Brokerage	439	366	389
Insurance and advisory	357	496	279
Total noninterest income	6,360	6,118	5,449
Noninterest expense	3,953	3,750	2,990
Net income before taxes:	\$ 2,407	\$ 2,368	\$ 2,459

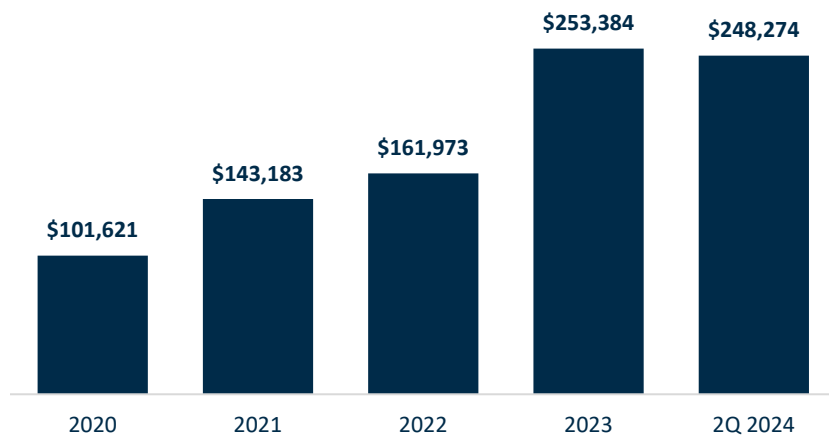
AUA / AUM

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands



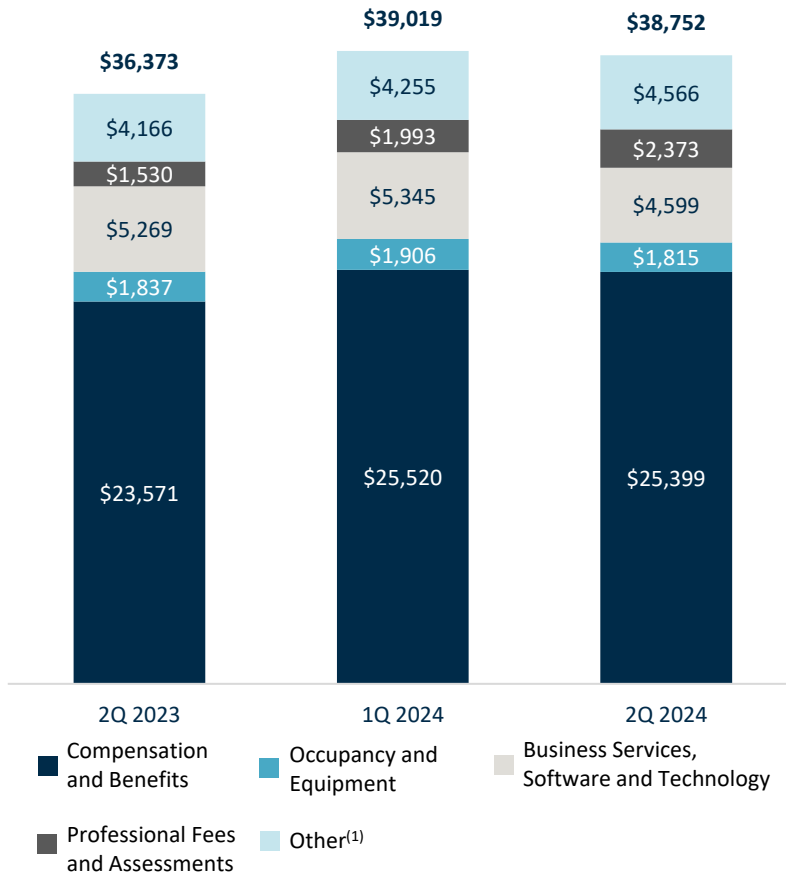
QUARTERLY HIGHLIGHTS

- Wealth advisory services revenue increased 4.0% from the first quarter of 2024.
- Synergistic deposits have grown 18.0% compared to June 30, 2023.
- AUA / AUM has increased 8.2% since June 30, 2023.
- 94.5% of Wealth Advisory Services synergistic deposits are indexed.



NONINTEREST EXPENSE

\$ in Thousands



Noninterest Expense: (0.7%) Linked Quarter
+6.5% Year-over-year

QUARTERLY HIGHLIGHTS

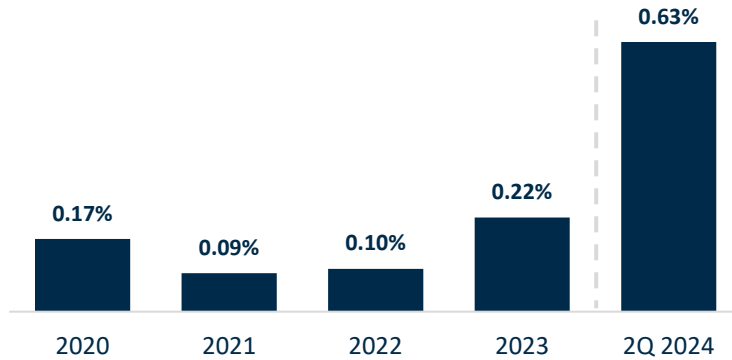
- Noninterest expense decreased \$0.3 million, or 0.7%, compared to the first quarter of 2024.
- The second quarter of 2024 included \$0.6 million of expenses in Professional Fees and Assessments related to the pending acquisition of HMN Financial, Inc. The quarter also included \$0.3 million of expenses related to severance and signing bonuses in Compensation and Benefits.
- Employee taxes and benefits decreased \$1.1 million from the first quarter of 2024, primarily due to seasonality. This was offset by a \$0.9 million increase in compensation primarily due to an increase in mortgage incentives.
- Business services, software and technology expenses decreased \$0.7 million from the prior quarter primarily driven by reduced data and core processing expenses.

YEAR-OVER-YEAR HIGHLIGHTS

- Noninterest expense increased \$2.4 million, or 6.5%, compared to the second quarter of 2023.
- The increase was primarily driven by higher Compensation and Benefits expenses due to increased labor costs, along with higher Professional Fees and Assessments expenses due to an increase in FDIC assessments and expenses related to the pending acquisition of HMN Financial, Inc.

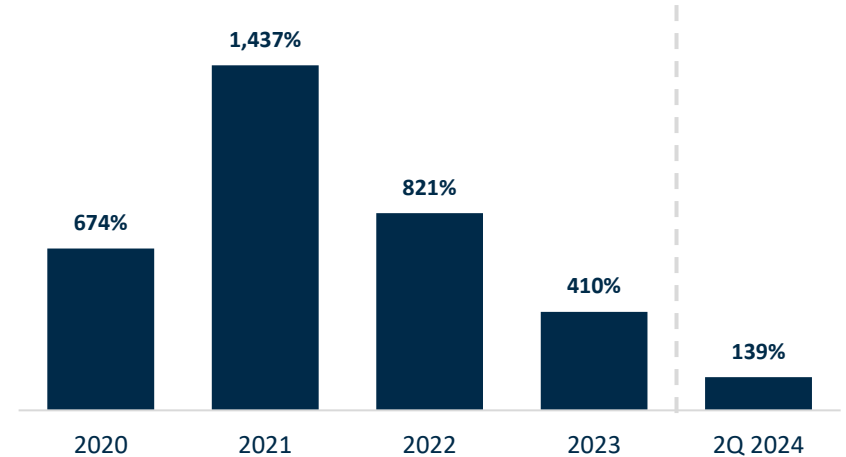
ASSET QUALITY AND RESERVE LEVELS

NPA / ASSETS %

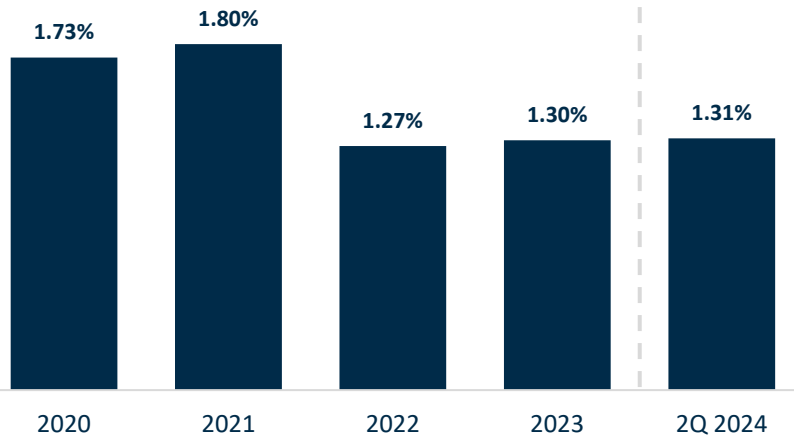


NCO/ Avg Loans	2020	2021	2022	2023	2Q 2024
	0.03%	(0.04%)	0.02%	(0.04%)	0.36%

RESERVES OVER NPL %



RESERVES / LOANS %

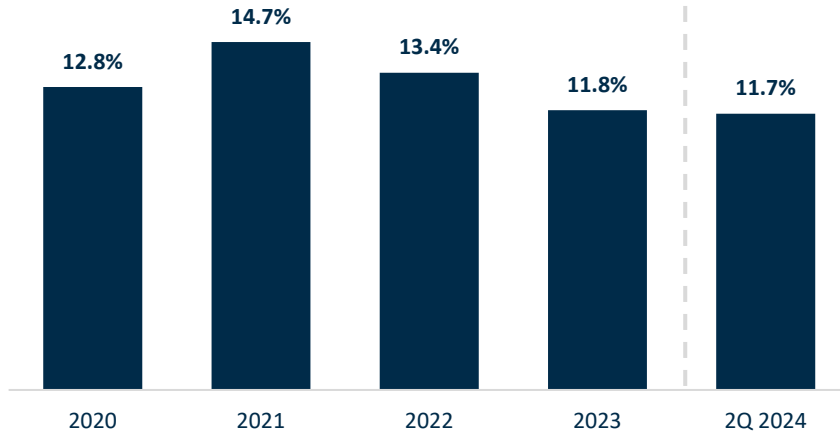


HIGHLIGHTS

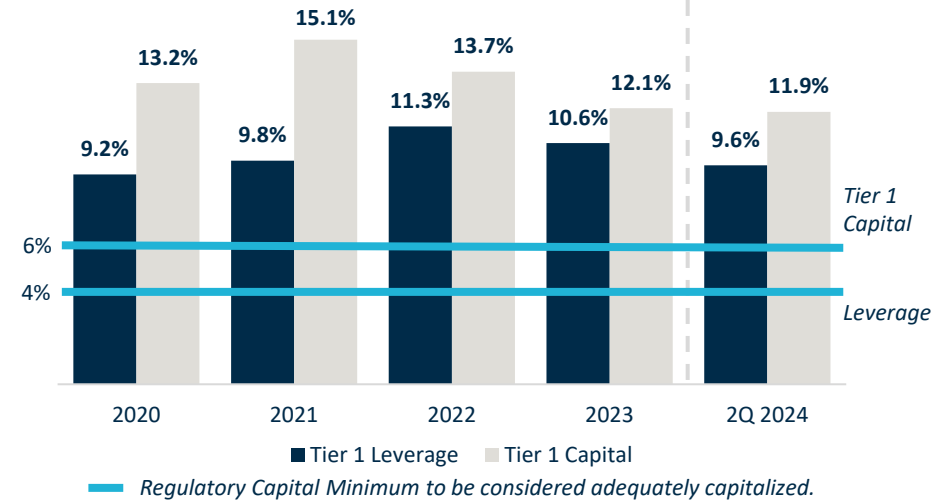
- Reserves to total loans remained stable at 1.31% as of both June 30, 2024, and March 31, 2024.
- Nonperforming assets increased \$20.3 million compared to March 31, 2024. The increase was driven by a previously identified construction, land and development loan of \$21.5 million moving to nonaccrual status.
- The increase in net charge-offs to average loans was driven by a \$2.6 million charge-off of one commercial and industrial loan that had an individual reserve of \$2.3 million in the first quarter of 2024.

CAPITAL AND SOURCES OF LIQUIDITY

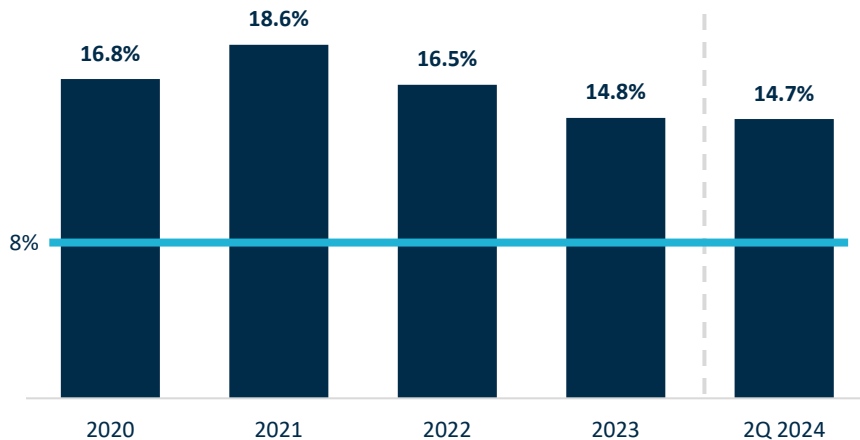
COMMON EQUITY TIER 1



TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



LIQUIDITY

\$ in Thousands

Total Assets	\$ 4,358,623
Cash and cash equivalents	438,141
Unencumbered Securities (at Market Value)	212,085
Total On Balance Sheet Liquidity	650,226
FHLB Borrowing Capacity	878,282
Fed Funds Lines	107,000
Brokered CD Capacity	871,725
Total Off Balance Sheet Liquidity	1,857,007
Total Liquidity as of 6/30/2024	\$ 2,507,233
Total Liquidity (Ex-brokered CD Capacity)	\$ 1,635,508

KEY TAKEAWAYS

Our diversified business model fostered a robust second quarter

EARNINGS

Robust spread and fee income drove revenue growth in the quarter

- Net interest income and noninterest income growth of +8% compared to 1Q 2024
- Adjusted⁽¹⁾ NIM expansion of 13 bps compared to the prior quarter
- 53.3% of noninterest income to total revenue

BALANCE SHEET

Our strong talent acquisition and retention is continuing to payoff

- 4.2% growth in loans compared to March 31, 2024
- 0.4% increase in deposits compared to March 31, 2024
- 88.4% loan to deposit ratio

ASSET & CAPITAL STRENGTH

Healthy credit and capital reserves keep us well positioned

- Total reserves to loans of 1.31%
- 11.7% CET1 (5.2% over “well capitalized” 6.5% minimum)
- 7.91% adjusted⁽¹⁾ tangible common equity to tangible assets

VALUE CREATION

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

- Announced acquisition of HMN Financial, Inc. and Equipment Finance team lift out
- Increased dividend 5.3%, returning \$4.0 million to stockholders through dividends
- Continued progress in returning the company to top tier performance

A photograph of a modern glass skyscraper with a grid-like facade. The building is curved and features large glass windows reflecting the sky and surrounding buildings. Two signs with the word 'ALERUS' are mounted on the facade. The scene is set in an urban environment with a street and a few pedestrians visible at the bottom. A dark blue banner is overlaid at the top right and bottom of the image.

*Office in Downtown
Minneapolis, Minnesota*

APPENDIX

DIVISIONAL INCOME STATEMENT

(\$ dollars in thousands)

Quarter ended June 30, 2024

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 24,684	\$ -	\$ -	\$ (683)	\$ 24,001
Provision for loan losses	4,489	-	-	-	4,489
Noninterest income ⁽¹⁾	4,999	16,078	6,360	(66)	27,371
Noninterest expense	19,165	13,649	3,953	1,985	38,752
Net income before taxes	\$ 6,029	\$ 2,429	\$ 2,407	\$ (2,734)	\$ 8,131

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)/(2)}	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	\$ (3,032)	\$ 8,523

Quarter ended June 30, 2023

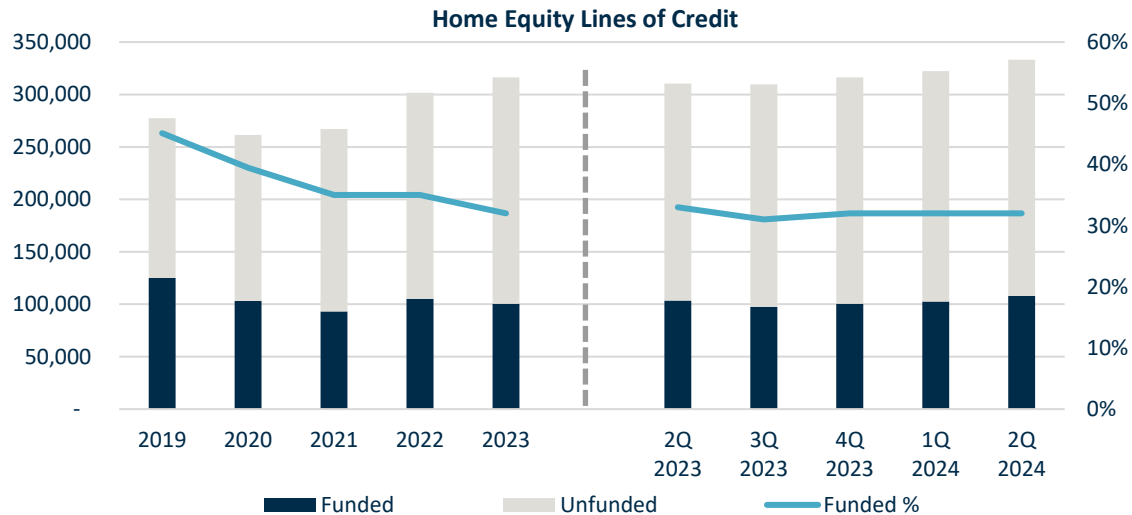
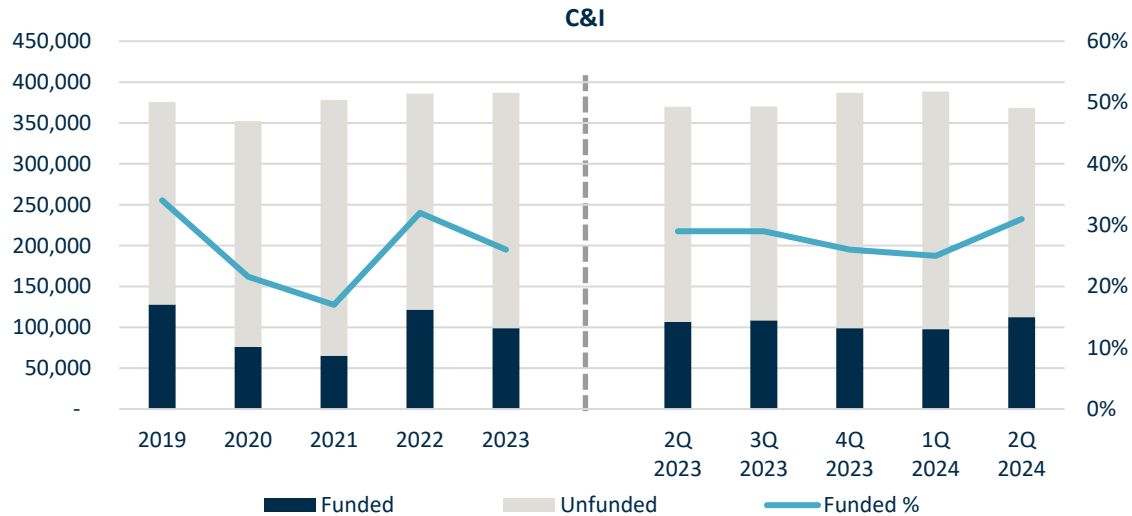
	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 22,899	\$ -	\$ -	\$ (665)	\$ 22,234
Provision for loan losses	-	-	-	-	-
Noninterest income ⁽¹⁾	4,242	15,890	5,449	197	25,778
Noninterest expense	19,301	12,651	2,990	1,431	36,373
Net income before taxes	\$ 7,840	\$ 3,239	\$ 2,459	\$ (1,899)	\$ 11,639



LOAN PORTFOLIO BREAKDOWN

	June 30, 2024		December 31, 2023	
<i>(\$ in thousands)</i>	Balance	Percent of Portfolio	Balance	Percent of Portfolio
Commercial and industrial:				
General business	\$ 288,752	10.0%	\$ 258,008	9.3%
Services	140,562	4.8%	146,318	5.3%
Retail trade	91,173	3.1%	91,216	3.3%
Manufacturing	71,292	2.4%	66,638	2.4%
Total commercial and industrial	591,779	20.3%	562,180	20.3%
Commercial real estate:				
Construction, land and development	161,751	5.5%	124,034	4.5%
Multifamily	242,041	8.3%	245,103	8.9%
<i>Non-owner occupied</i>				
Office	108,082	3.7%	124,684	4.5%
Industrial	111,603	3.8%	104,241	3.8%
Retail	112,626	3.9%	96,578	3.5%
Hotel	112,081	3.8%	80,576	2.9%
Medical Office	110,736	3.8%	63,788	2.3%
Medical or nursing facility	46,215	1.6%	47,625	1.7%
Other commercial real estate	46,433	1.7%	51,862	1.9%
Total non-owner occupied	647,776	22.3%	569,354	20.6%
Owner Occupied	283,356	9.7%	271,623	9.8%
Total commercial real estate	1,334,924	45.8%	1,210,114	43.8%
Agricultural:				
Land	41,410	1.4%	40,832	1.5%
Production	40,549	1.4%	36,141	1.3%
Total agricultural	81,959	2.8%	76,973	2.8%
Consumer				
Residential real estate first lien	686,286	23.6%	697,900	25.3%
Residential real estate construction	22,573	0.8%	28,979	1.1%
Residential real estate HELOC	126,211	4.3%	118,315	4.3%
Residential real estate junior lien	36,323	1.2%	35,819	1.3%
Other Consumer	35,737	1.2%	29,303	1.1%
Total consumer	907,130	31.1%	910,316	33.1%
Total loans	\$ 2,915,792	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 June 30, 2024				
	Beginning Balance	Provision for Credit Losses ⁽¹⁾	Loan Charge-offs	Loan Recoveries	Ending Balance
<i>(\$ in thousands)</i>					
Commercial:					
Commercial and industrial	\$ 9,508	\$ (663)	\$ (2,730)	\$ 119	\$ 6,234
<i>Commercial real estate</i>					
Construction, land and development	5,922	4,898	—	—	10,820
Multifamily	2,148	282	—	—	2,430
Non-owner occupied	8,104	668	—	—	8,772
Owner occupied	2,461	(190)	—	9	2,280
Total commercial real estate	18,635	5,658	—	9	24,302
<i>Agricultural</i>					
Land	248	11	—	—	259
Production	219	(34)	—	—	185
Total Agriculture	467	(23)	—	—	444
Total commercial	28,610	4,972	(2,730)	128	30,980
Consumer:					
<i>Residential real estate</i>					
First lien	6,152	(786)	—	—	5,366
Construction	489	(31)	—	—	458
HELOC	864	22	—	—	886
Junior lien	284	(41)	(3)	74	314
Total residential real estate	7,789	(836)	(3)	74	7,024
Other consumer	185	134	(1)	10	328
Total Consumer	7,974	(702)	(4)	84	7,352
Total	\$ 36,584	\$ 4,270	\$ (2,734)	\$ 212	\$ 38,332

ALLOWANCE FOR CREDIT LOSSES ON LOANS

Allocation by Loan Portfolio Segment

	June 30, 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	\$ 6,234	1.05%	\$ 9,705	1.73%
CRE - Construction, land and development	10,820	6.69%	6,135	4.95%
CRE - Multifamily	2,430	1.00%	1,776	0.72%
CRE - Non-owner occupied	8,772	1.35%	7,726	1.36%
CRE - Owner occupied	2,280	0.80%	2,449	0.90%
Agricultural - Land	259	0.63%	96	0.24%
Agricultural - Production	185	0.46%	84	0.23%
Residential real estate first lien	5,366	0.78%	6,087	0.87%
Residential real estate construction	458	2.03%	485	1.67%
Residential real estate HELOC	886	0.70%	835	0.71%
Residential real estate junior lien	314	0.86%	264	0.74%
Other Consumer	328	0.92%	201	0.69%
Total loans	\$ 38,332	1.31%	\$ 35,843	1.30%

FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Quarterly					Six months ended	
	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	June 30, 2024	June 30, 2023
Total Assets	\$ 3,832,978	\$ 3,869,138	\$ 3,907,713	\$ 4,338,093	\$ 4,358,623	\$ 4,358,623	\$ 3,832,978
Total Loans	2,533,522	2,606,430	2,759,583	2,799,475	2,915,792	2,915,792	2,533,522
Total Deposits	2,852,855	2,872,184	3,095,611	3,284,969	3,298,575	3,298,575	2,852,855
Tangible Common Equity ¹	290,792	284,137	305,186	309,018	311,933	311,933	290,792
Net Income	\$ 9,104	\$ 9,161	\$ (14,754)	\$ 6,432	\$ 6,208	\$ 12,640	\$ 17,290
ROAA (%)	0.96	0.95	(1.51)	0.62	0.58	0.60	0.92
ROATCE(%) ¹	13.71	13.51	(18.85)	9.78	9.40	9.58	13.15
Net Interest Margin (FTE) (%)	2.52	2.27	2.37	2.30	2.39	2.35	2.61
Efficiency Ratio (FTE) (%) ¹	72.79	73.37	165.40	78.88	72.50	75.56	73.67
Non-Int. Income/Op. Rev. (%)	53.69	58.21	3.54	53.26	53.28	53.27	52.65
Earnings per common share - diluted	\$ 0.45	\$ 0.45	\$ (0.73)	\$ 0.32	\$ 0.31	\$ 0.63	\$ 0.85
Total Equity/Total Assets (%)	9.33	9.03	9.45	8.57	8.56	8.56	9.33
Tang. Cmn. Equity/Tang. Assets (%) ¹	7.72	7.47	7.94	7.23	7.26	7.26	7.72
Loans/Deposits (%)	88.81	90.75	89.15	85.22	88.40	88.40	88.81
NPLs/Loans (%)	0.10	0.35	0.32	0.26	0.95	0.95	0.10
NPAs/Assets (%)	0.07	0.23	0.22	0.17	0.63	0.63	0.07
Allowance/NPLs (%)	1,383.57	402.91	410.34	498.08	138.79	138.79	1,383.57
Allowance/Loans (%)	1.41	1.39	1.30	1.31	1.31	1.31	1.41
NCOs/Average Loans (%)	(0.07)	(0.09)	(0.04)	0.01	0.36	0.19	(0.02)



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					Six months ended	
	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	June 30, 2024	June 30, 2023
Tangible common equity to tangible assets							
Total common stockholders' equity	\$ 357,685	\$ 349,402	\$ 369,127	\$ 371,635	\$ 373,226	\$ 373,226	\$ 357,685
Less: Goodwill	47,087	46,783	46,783	46,783	46,783	46,783	47,087
Less: Other intangible assets	19,806	18,482	17,158	15,834	14,510	14,510	19,806
Tangible common equity (a)	290,792	284,137	305,186	309,018	311,933	311,933	290,792
Total assets	3,832,978	3,869,138	3,907,713	4,338,093	4,358,623	4,358,623	3,832,978
Less: Goodwill	47,087	46,783	46,783	46,783	46,783	46,783	47,087
Less: Other intangible assets	19,806	18,482	17,158	15,834	14,510	14,510	19,806
Tangible assets (b)	3,766,085	3,803,873	3,843,772	4,275,476	4,297,330	4,297,330	3,766,085
Tangible common equity to tangible assets (a)/(b)	7.72%	7.47%	7.94%	7.23%	7.26%	7.26%	7.72%
Adjusted Tangible common equity to tangible assets							
Tangible assets (b)	3,766,085	3,803,873	3,843,772	4,275,476	4,297,330	4,297,330	3,766,085
Less: Cash proceeds from BTFFP	—	—	—	355,000	355,000	355,000	—
Adjusted tangible assets (c)	3,766,085	3,803,873	3,843,772	3,920,476	3,942,330	3,942,330	3,766,085
Tangible common equity to adjusted tangible assets (a)/(c)	7.72%	7.47%	7.94%	7.88%	7.91%	7.91%	7.72%
Tangible common equity per common share							
Total stockholders' equity	\$ 357,685	\$ 349,402	\$ 369,127	\$ 371,635	\$ 373,226	\$ 373,226	\$ 357,685
Less: Goodwill	47,087	46,783	46,783	46,783	46,783	46,783	47,087
Less: Other intangible assets	19,806	18,482	17,158	15,834	14,510	14,510	19,806
Tangible common equity (d)	290,792	284,137	305,186	309,018	311,933	311,933	290,792
Common shares outstanding (e)	19,915	19,848	19,734	19,777	19,778	19,778	19,915
Tangible common equity per common share (d)/(e)	\$ 14.60	\$ 14.32	\$ 15.46	\$ 15.63	\$ 15.77	\$ 15.77	\$ 14.60
Return on average tangible common equity							
Net income	\$ 9,104	\$ 9,161	\$ (14,754)	\$ 6,432	\$ 6,208	\$ 12,640	\$ 17,290
Add: Intangible amortization expense (net of tax)	1,046	1,046	1,046	1,046	1,046	2,092	2,092
Net income, excluding intangible amortization (f)	10,150	10,207	(13,708)	7,478	7,254	14,732	19,382
Average total equity	360,216	361,735	349,382	367,248	369,217	368,499	361,032
Less: Average goodwill	47,087	46,882	46,783	46,783	46,783	46,783	47,087
Less: Average other intangible assets (net of tax)	16,153	15,109	14,067	13,018	11,969	12,494	16,678
Average tangible common equity (g)	296,976	299,744	288,532	307,447	310,465	309,222	297,267
Return on average tangible common equity (f)/(g)	13.71%	13.51%	(18.85%)	9.78%	9.40%	9.58%	13.15%
Efficiency ratio							
Noninterest expense	\$ 36,373	\$ 37,260	\$ 38,654	\$ 39,019	\$ 38,752	\$ 77,771	\$ 74,242
Less: Intangible amortization expense	1,324	1,324	1,324	1,324	1,324	2,648	2,648
Adjusted noninterest expense (j)	35,049	35,936	37,330	37,695	37,428	75,123	71,594
Net interest income	22,234	20,395	21,552	22,219	24,001	46,220	45,892
Noninterest income	25,778	28,407	791	25,323	27,371	52,694	51,031
Tax-equivalent adjustment	141	180	226	247	255	502	264
Total tax-equivalent revenue (k)	48,153	48,982	22,569	47,789	51,627	99,416	97,187
Efficiency ratio (j)/(k)	72.79%	73.37%	165.40%	78.88%	72.50%	75.56%	73.67%

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
	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	June 30, 2024
Noninterest income excluding net Losses on investment securities as a percentage of adjusted revenue						
Noninterest income	\$ 25,778	\$ 28,407	\$ 791	\$ 25,323	\$ 27,371	\$ 81,892
Less: Net gains (losses) on investment securities	—	—	(24,643)	—	—	(24,643)
Noninterest income excluding net losses on investment securities (a)	25,778	28,407	25,434	25,323	27,371	106,535
Net interest income (b)	22,234	20,395	21,552	22,219	24,001	88,167
Adjusted revenue (a) + (b) = (c)	48,012	48,802	46,986	47,542	51,372	194,702
Noninterest income excluding net losses on investment securities as a percentage of adjusted revenue (a) / (c)	53.69%	58.21%	54.13%	53.26%	53.28%	54.72%
Banking revenue excluding net losses on investment securities as a percentage of adjusted revenue						
Banking fees and other income ⁽¹⁾	\$ 4,439	\$4,531	(20,466)	\$3,550	\$ 4,933	(\$7,452)
Less: Net gains (losses) on investment securities	—	—	(24,643)	—	—	(24,643)
Banking fees and other income ⁽¹⁾ excluding net losses on investment securities (d)	4,439	4,531	4,177	3,550	4,933	17,191
Adjusted banking revenue (d) + (b) = (e)	26,673	24,926	25,729	25,769	28,934	105,358
Banking revenue excluding net losses on investment securities as a percentage of adjusted revenue (e) / (c)	55.55%	51.08%	54.76%	54.20%	56.32%	54.11%
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)	9.25%	9.28%	8.89%	7.47%	9.60%	8.83%

(\$ 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			Six months ended	
	2Q 2023	1Q 2024	2Q 2024	June 30, 2024	June 30, 2023
Adjusted net interest margin (tax-equivalent)					
Net interest income	\$ 22,234	\$ 22,219	\$ 24,001	\$ 46,220	\$ 45,892
Less: BTFP Cash interest income	-	3,615	4,766	8,381	-
Add: BTFP interest expense	-	3,266	4,307	7,573	-
Net interest income excluding BTFP impact (h)	22,234	21,870	23,542	45,412	45,892
Add: Tax equivalent adjustment for loans and securities (i)	141	247	255	502	264
Adjusted net interest income (h) + (i) = (j)	22,375	22,117	23,797	45,914	46,156
Average earning assets	3,564,883	3,921,529	4,075,002	3,998,264	3,566,136
Less: Average cash proceeds balance from BTFP	-	269,176	355,000	312,088	-
Adjusted interest earning assets (k)	3,564,883	3,652,353	3,720,002	3,686,176	3,566,136
Adjusted net interest margin (tax-equivalent) (j)/(k)	2.52%	2.44%	2.57%	2.50%	2.61%
Pre-Provision Net Revenue					
Income (loss) before taxes	\$ 11,639	\$ 8,523	\$ 8,131	\$ 16,654	\$ 22,131
Add: Provision for credit losses	-	-	4,489	4,489	550
Pre-provision net revenue	\$ 11,639	\$ 8,523	\$ 12,620	\$ 21,143	\$ 22,681