



INVESTOR PRESENTATION

3Q 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 changes in 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 the level and impact 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; our ability to raise additional capital to implement our business plan; the overall health of the local and national real estate market; concentrations within our loan portfolio; the concentration of large loans to certain borrowers; our ability to successfully manage credit risk; the level of nonperforming assets on our balance sheet; our ability to implement our organic and acquisition growth strategies, including the integration of HMN Financial, Inc. (“HMNF”) which we acquired in the fourth quarter of 2024; 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, including from non-banks such as credit unions, Fintech companies and 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, including those 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 acquisitions of Metro Phoenix Bank and HMNF; 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 conflict in the Middle East 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.



COMPANY PROFILE

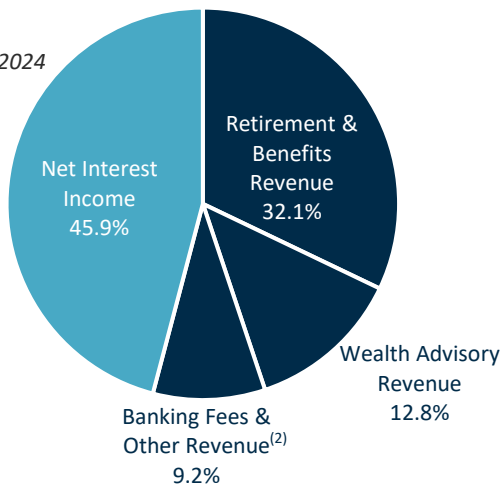
Alerus is a commercial wealth bank and a national retirement plan provider

DIVERSIFIED REVENUE⁽¹⁾

Last Twelve Months Ended September 30, 2024

Net Interest Income:
\$90.3 million
45.9% of revenue

Noninterest Income:
\$106.5 million
54.1% of revenue



RETIREMENT AND BENEFIT SERVICES

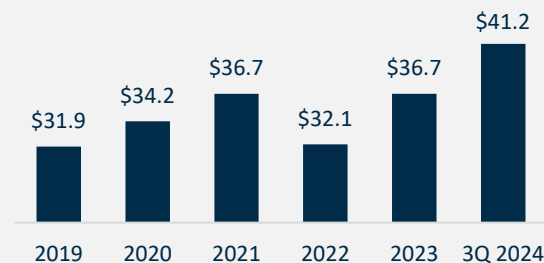
Retirement

- Plan administration
- Trust and custodial offerings
- Record keeping

Benefits

- Health savings accounts
- Flexible spending accounts
- COBRA

AUA / AUM:
\$ in billions



BANKING

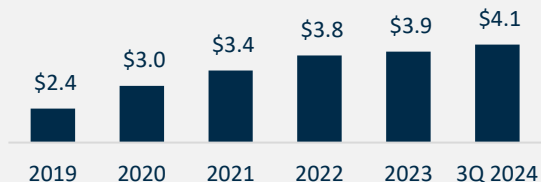
Business Services

- 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.



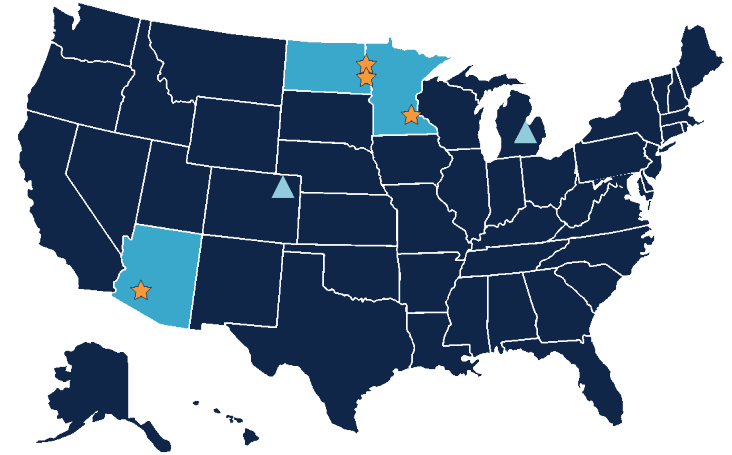
FRANCHISE FOOTPRINT

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** ■



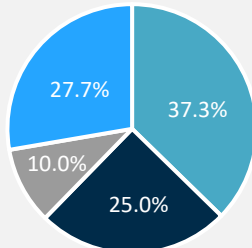
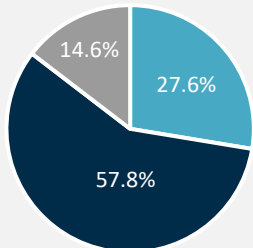
Market Distribution and Client Base

- **36,700** Consumer banking clients
- **16,800** Commercial banking clients
- **8,600** Employer-sponsored retirement plans
 - **10,900** Wealth clients
- **492,500** Employer-sponsored retirement and benefit plan participants and health savings account participants
- **34,000** Flexible spending account and health reimbursement arrangement participants

BANKING

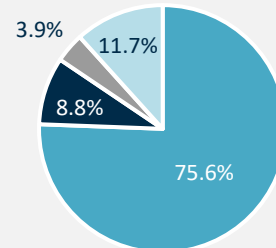
LOANS: \$3,032

DEPOSITS: \$3,324



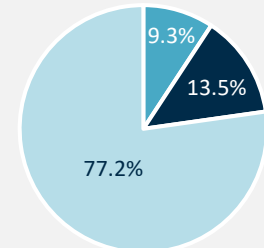
WEALTH ADVISORY

AUA / AUM: \$4,398



RETIREMENT AND BENEFITS

AUA / AUM: \$41,249

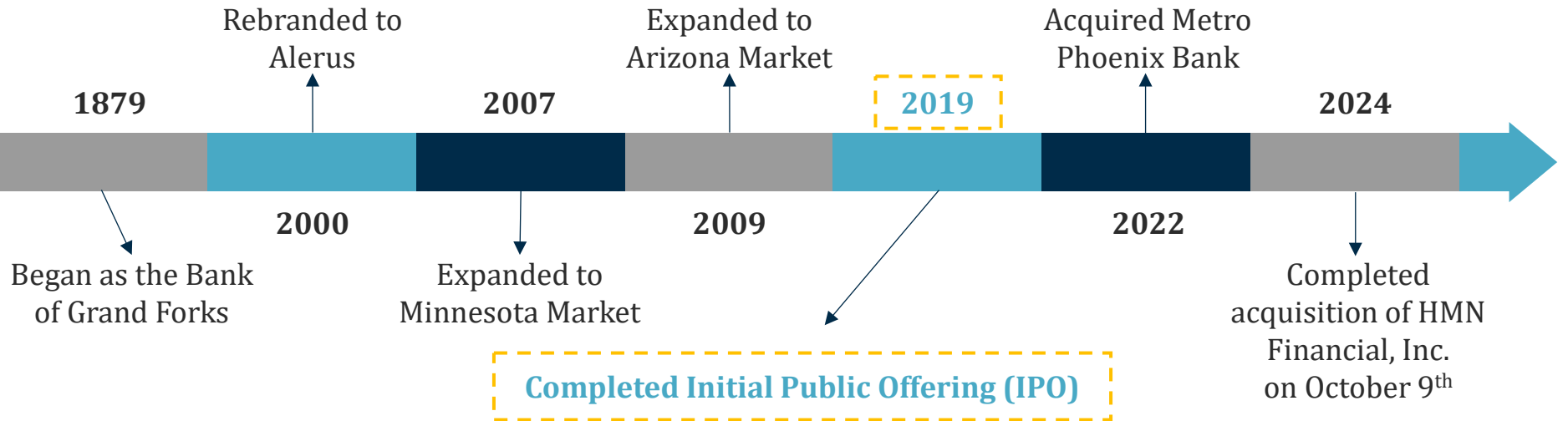


LEGEND: ■ North Dakota ■ Minnesota ■ Arizona ■ National ■ Synergistic | (\$ in millions)

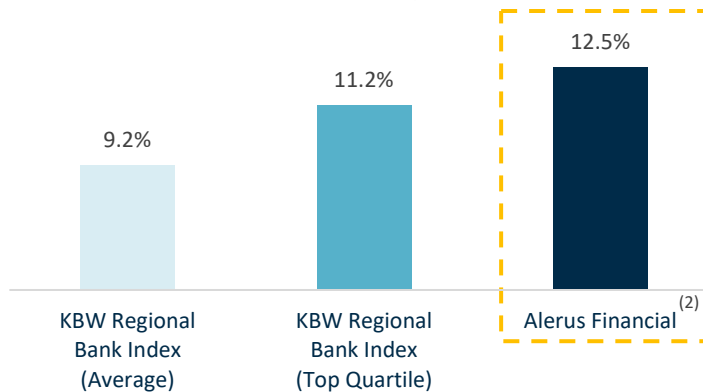


STRATEGIC GROWTH

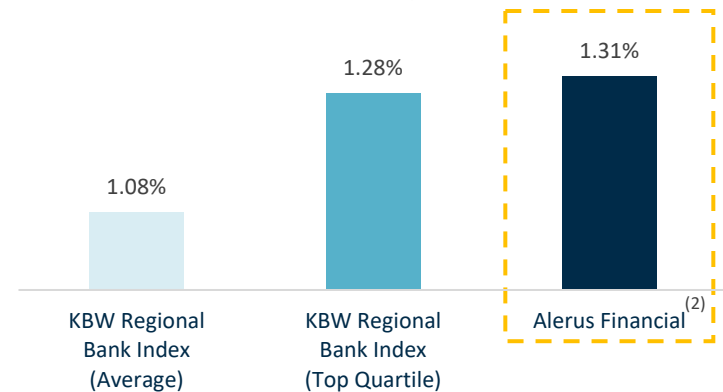
To supplement our organic growth, we have executed 26 acquisitions throughout the history of our company including: 16 in Banking, and 10 in Retirement and Benefits.



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 \$19.5 million in 4Q 2023. See "Non-GAAP Disclosure Reconciliation."



STRATEGIC INITIATIVES

One Alerus = Working Better Together to Grow



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 **growth synergies** unavailable to traditional banking organizations



EMPLOYER OF CHOICE

- Recruiting and retaining **top talent across the organization** with deep expertise and industry experience
- **Accelerating growth** in existing or new mid-market C&I banking markets and specialty niches **with talent and team lift-outs**



STRATEGIC ACQUISITIONS

- Proven history as **acquiror of choice** focused on complementary business models, cultural similarities, and growth opportunities
- Acquisition targets include nationwide **retirement and benefit** service providers, **wealth management** firms, and **banks**



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

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 grow with our industry and our clients

One Alerus

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

OFFICERS AND DIRECTORS

EXECUTIVE MANAGEMENT



KATIE LORENSEN
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



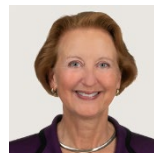
RANDY NEWMAN
Since 1987
Former President and CEO, Alerus



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.



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



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



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



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



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



JEFFREY BOLTON
Since 2024
Former CAO & CFO, Mayo Clinic



ALERUS

THIRD QUARTER HIGHLIGHTS

Office in
Excelsior, Minnesota

3Q 2024 HIGHLIGHTS

Success is Never Final

EARNINGS

NII:
\$22.5 million
2.35% adjusted⁽¹⁾ NIM

Fee Income:
\$28.4 million
+3.6% vs. 2Q24

Diversified Earnings:
Fee Income 55.7%
of revenue in 3Q24

BALANCE SHEET

Loans:
\$3.0 billion
+4.0% vs. 2Q24

Deposits:
\$3.3 billion
+0.8% vs. 2Q24

L/D Ratio:
91%
+2.8% vs. 2Q24

AUA / AUM:
\$45.6 billion
+4.8% vs. 2Q24

ASSET & CAPITAL STRENGTH

ACL:
1.29%
4 bps of net charge-offs to average loans

CET1:
11.1%
6.5% "well capitalized" minimum

TBV⁽²⁾:
\$16.50
+4.6% vs. 2Q24

TCE / TA⁽²⁾:
8.11%
+85 bps vs. 2Q24

VALUE CREATION

Repaid Bank Term Funding Program (BTFFP)
Earned \$1.2 million in risk-free net interest income for the duration of the trade

Sold Shorewood, Minnesota Branch
Recognized a gain on sale of the fixed assets sold

Paid \$0.20 Dividend Per Share
\$4.0 million to shareholders

3Q 2024 RESULTS

Income Statement

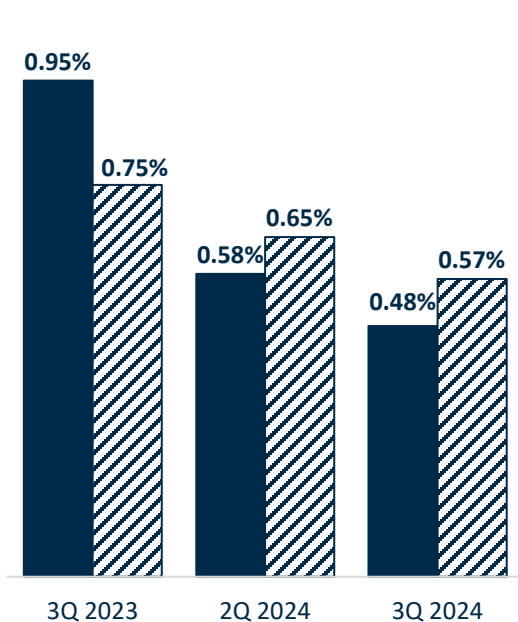
	Three months ended			Nine months ended	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>(dollars and shares in thousands, except per share data)</i>					
Net Interest Income	\$ 22,542	\$ 24,001	\$ 20,395	\$ 68,761	\$ 66,287
Provision for Credit Losses	1,661	4,489	—	6,150	550
Net Interest Income After Provision for Credit Losses	20,881	19,512	20,395	62,611	65,737
Noninterest Income	28,363	27,371	28,407	81,057	79,439
Noninterest Expense	42,447	38,752	37,260	120,218	111,503
Income Before Income Taxes	6,797	8,131	11,542	23,450	33,673
Income Tax Expense	1,590	1,923	2,381	5,604	7,222
Net Income	\$ 5,207	\$ 6,208	\$ 9,161	\$ 17,846	\$ 26,451
Adjusted Net Income⁽¹⁾	6,168	6,902	7,240	19,743	24,228
Pre-Provision Net Revenue⁽¹⁾	\$ 8,458	\$ 12,620	\$ 11,542	\$ 29,600	\$ 34,223
Adjusted Pre-Provision Net Revenue⁽¹⁾	9,674	13,498	9,110	32,001	31,727
Per Common Share Data					
Earnings Per Common Share - Diluted	\$ 0.26	\$ 0.31	\$ 0.45	\$ 0.89	\$ 1.30
<i>Adjusted Earnings Per Common Share - Diluted⁽¹⁾</i>	<i>0.31</i>	<i>0.34</i>	<i>0.36</i>	<i>0.98</i>	<i>1.19</i>
Diluted Average Common Shares Outstanding	20,075	20,050	20,095	20,037	20,193
Performance Ratios					
Return on Average Total Assets	0.48 %	0.58 %	0.95 %	0.56 %	0.93 %
<i>Adjusted Return on Average Total Assets</i>	<i>0.57 %</i>	<i>0.65 %</i>	<i>0.75 %</i>	<i>0.62 %</i>	<i>0.85 %</i>
Return on Average Tangible Common Equity ⁽¹⁾	7.83 %	9.40 %	13.51 %	8.98 %	13.27 %
<i>Adjusted Return on Average Tangible Common Equity⁽¹⁾</i>	<i>9.04 %</i>	<i>10.30 %</i>	<i>10.97 %</i>	<i>9.80 %</i>	<i>12.27 %</i>
Noninterest Income as a % of Revenue	55.72 %	53.28 %	58.21 %	54.10 %	54.51 %
Net Interest Margin (Tax-Equivalent)	2.23 %	2.39 %	2.27 %	2.31 %	2.50 %
<i>Adjusted Net Interest Margin (Tax-Equivalent)⁽¹⁾</i>	<i>2.35 %</i>	<i>2.47 %</i>	<i>2.24 %</i>	<i>2.41 %</i>	<i>2.46 %</i>
Efficiency Ratio ⁽¹⁾	80.29 %	72.50 %	73.37 %	77.17 %	73.57 %
<i>Adjusted Efficiency Ratio⁽¹⁾</i>	<i>77.71 %</i>	<i>70.80 %</i>	<i>77.03 %</i>	<i>75.50 %</i>	<i>74.58 %</i>



PERFORMANCE RATIOS

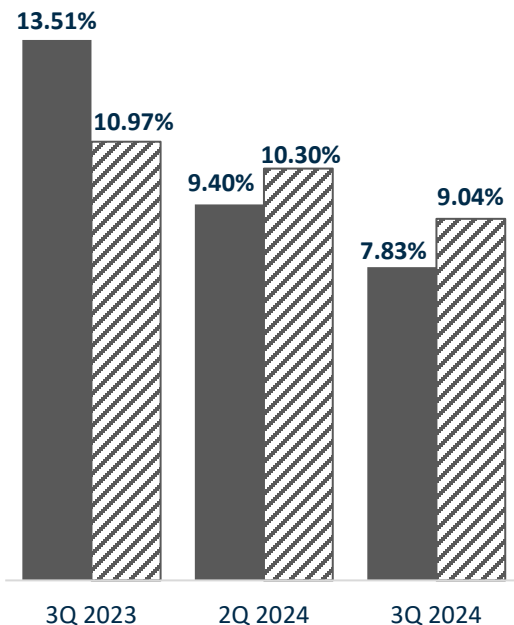
Return on Average Assets⁽¹⁾

■ Reported ▨ Adjusted⁽²⁾

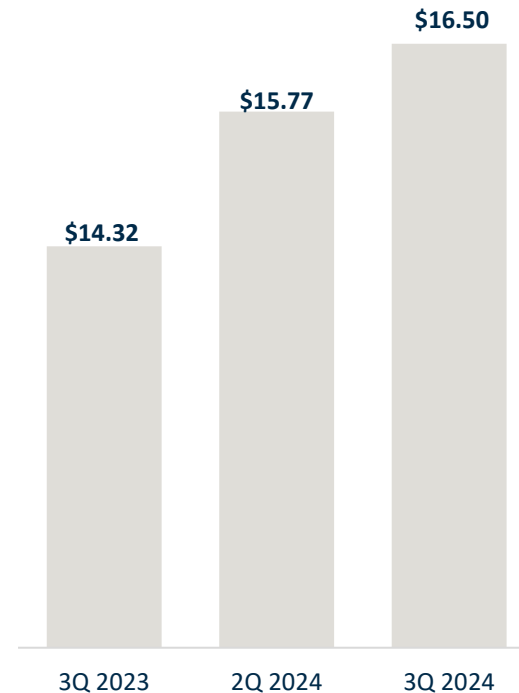


Return on Average Tangible
Common Equity^{(1)/(2)}

■ Reported ▨ Adjusted⁽²⁾



Tangible Book Value per Share⁽²⁾



KEY REVENUE ITEMS

Net Interest Income

\$ in thousands

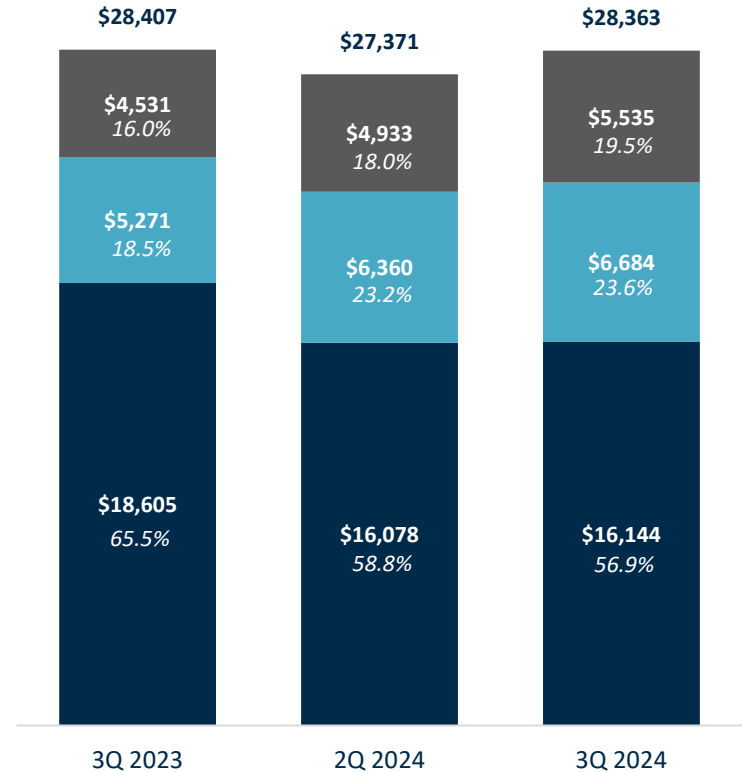


Net Interest Income: (6.1%) Linked Quarter
+10.5% Year-over-year

Noninterest Income

\$ in thousands | % of noninterest income

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



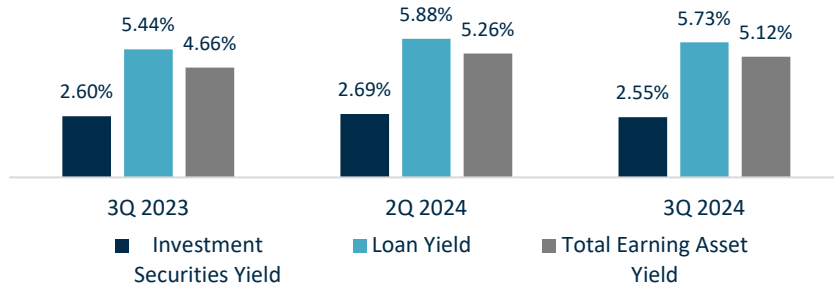
Noninterest Income: +3.6% Linked Quarter
(0.2%) Year-over-year



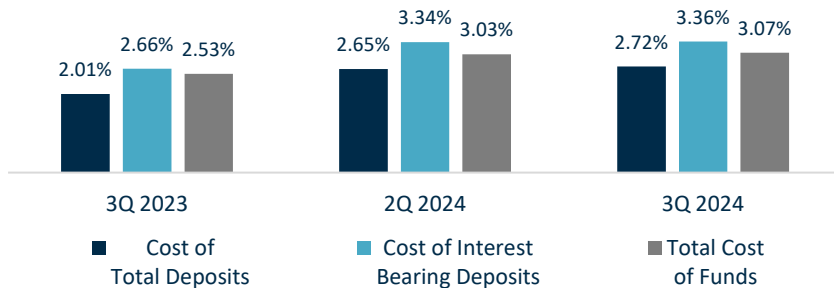
NET INTEREST INCOME

YIELDS AND RATES

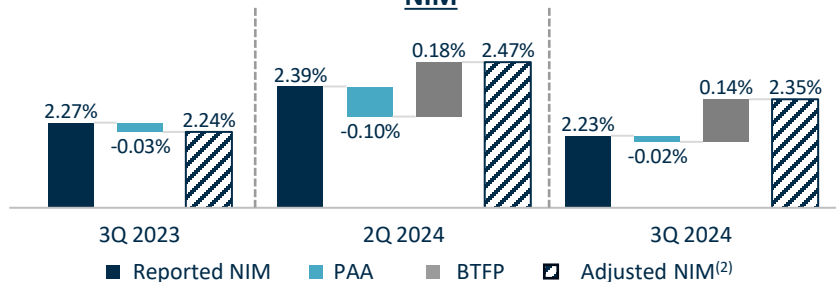
Earning Assets



Cost of Funds

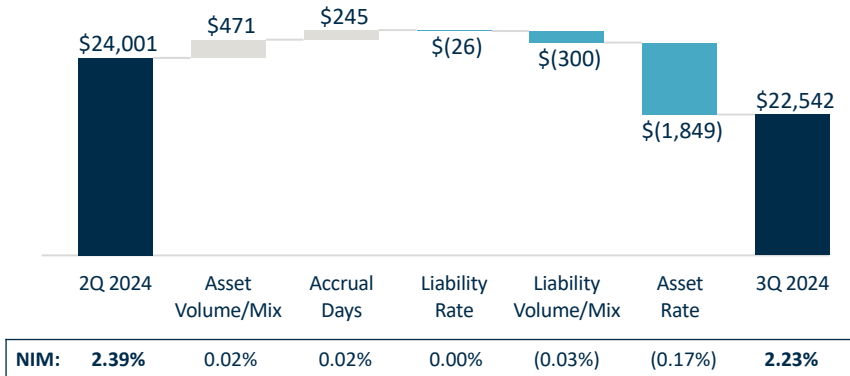


NIM⁽¹⁾



NII AND NIM⁽¹⁾ WALK

\$ in Thousands



QUARTERLY HIGHLIGHTS

- Net interest income for the third quarter of 2024 decreased 6.1% from the second quarter of 2024.
- The decrease was primarily due to a decrease in interest income on lower cash balances as a result of higher loan growth, lower purchase accounting accretion from the Metro Phoenix Bank acquisition, and increased interest expense on higher deposit balances. These pressures were partially offset by an increase in interest income on higher average loan balances.
- Net interest margin (on a tax-equivalent basis) decreased 16 basis points from the second quarter of 2024.
- The decline was mainly attributable to less purchase accounting accretion, the impact of nonaccrual loans, and higher cost of funds from growth in average interest-bearing deposit balances. This was partially offset by strong loan growth.
- Repaid BTFP borrowings resulting in risk-free net interest income of \$1.2 million earned during the duration of the trade.

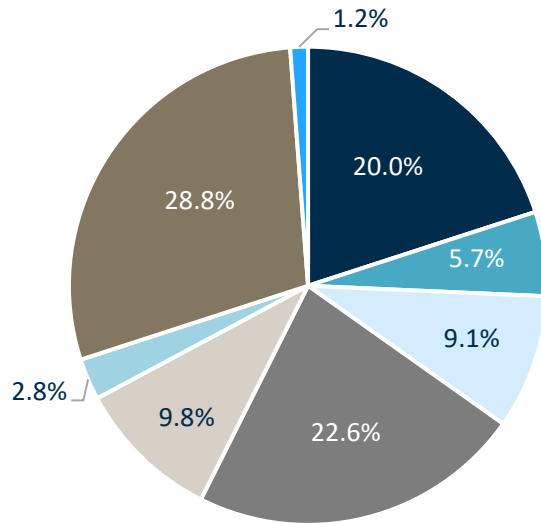
1. Tax-equivalent net interest margin.

12 | 2. Adjusted for BTFP arbitrage trade and purchase accounting accretion (PAA). Represents a non-GAAP Financial measure. See "Non-GAAP Disclosure Reconciliation." Yields and rates have been annualized.



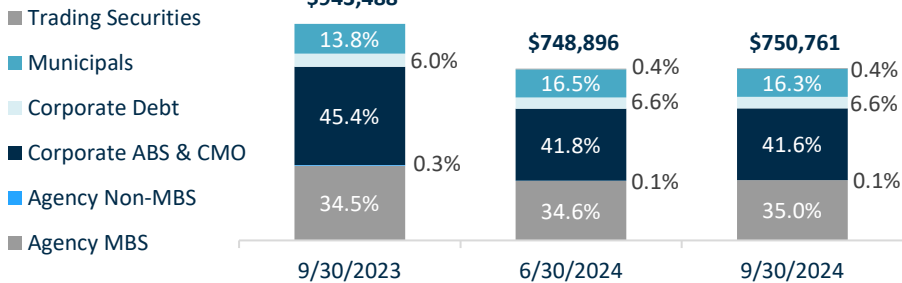
EARNING ASSETS

SEPTEMBER 30, 2024 LOAN PORTFOLIO⁽¹⁾



INVESTMENT PORTFOLIO

\$ in thousands



Held-to-Maturity:	32.2%	38.3%	37.6%
Available-for-Sale:	67.8%	61.3%	62.1%
Trading Securities⁽²⁾:	0.0%	0.4%	0.3%
% of Earning Assets:	26.0%	18.2%	19.6%
AOCI:	\$(113,483)	\$(75,029)	\$(63,424)

LOAN PORTFOLIO⁽¹⁾ CHANGES

\$ in thousands

Chart Legend	Category	As of 9/30/2023	As of 6/30/2024	As of 9/30/2024	Change QoQ	Change YoY
■	Commercial and industrial	\$ 547,644	\$ 591,779	\$ 606,245	2.4%	10.7%
■	CRE - Construction, land and development	97,742	161,751	173,629	7.3%	77.6%
■	CRE - Multifamily	214,148	242,041	275,377	13.8%	28.6%
■	CRE - Non-owner occupied	504,827	647,776	686,071	5.9%	35.9%
■	CRE - Owner occupied	264,458	283,356	296,366	4.6%	12.1%
■	Agriculture	76,324	81,959	85,257	4.0%	11.7%
■	Residential real estate	870,470	871,393	873,005	0.2%	0.3%
■	Other consumer	30,817	35,737	36,393	1.8%	18.1%
Total		\$ 2,606,430	\$ 2,915,792	\$ 3,032,343	4.0%	16.3%

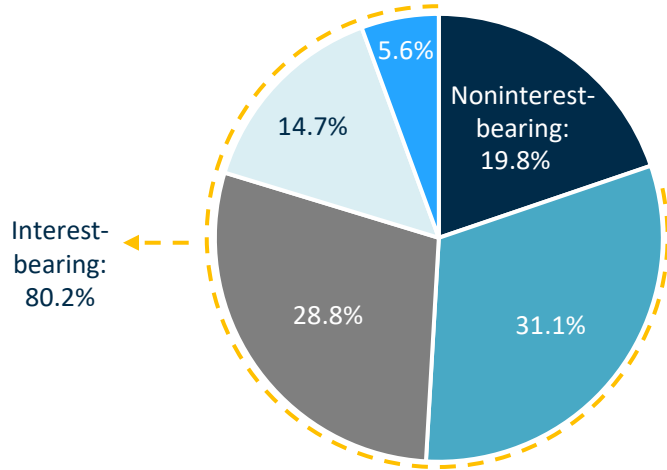
QUARTERLY HIGHLIGHTS

- Total loans grew 4.0% from June 30, 2024.
- Quarter over quarter growth was driven by an increase in total CRE loans, which increased 7.2%, and an increase in C&I loans which grew 2.4%, from the second quarter of 2024.
- Residential real estate loans were stable 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 227% as of September 30, 2024.
- The investment portfolio was stable compared to June 30, 2024, as increased paydowns were offset by available-for-sale market value appreciation.



DEPOSIT CHARACTERISTICS

SEPTEMBER 30, 2024 DEPOSIT PORTFOLIO (BY CATEGORY)

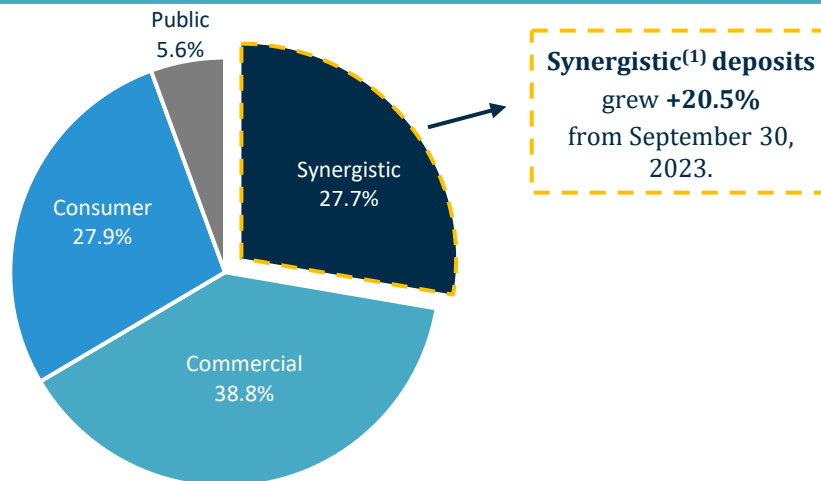


DEPOSIT PORTFOLIO CHANGES

\$ in thousands

Chart Legend	Category	As of 9/30/2023	As of 6/30/2024	As of 9/30/2024	Change QoQ	Change YoY
■	Noninterest-bearing	\$ 717,990	\$ 701,428	\$ 657,547	-6.3%	-8.4%
■	Interest-bearing demand	759,812	1,003,585	1,034,694	3.1%	36.2%
■	Money market and savings	871,720	918,598	956,727	4.2%	9.8%
■	Time deposits	346,935	491,345	488,447	-0.6%	40.8%
■	HSA deposits	175,727	183,619	186,135	1.4%	5.9%
Total		\$ 2,872,184	\$ 3,298,575	\$ 3,323,550	0.8%	15.7%
Loan to deposits ratio		90.7%	88.4%	91.2%		

SEPTEMBER 30, 2024 DEPOSIT PORTFOLIO (BY CLIENT SEGMENT)



QUARTERLY HIGHLIGHTS

- Total deposits increased 0.8% from June 30, 2024.
- The loans to deposits ratio was 91.2% as of September 30, 2024, a 2.8% increase from June 30, 2024.
- The increase in total deposits was due to both expanded and new commercial deposit relationships, along with synergistic deposit growth. This was partially offset by seasonal outflows of public funds.
- The Company continued to have \$0 of brokered deposits as of September 30, 2024.

BANKING SERVICES

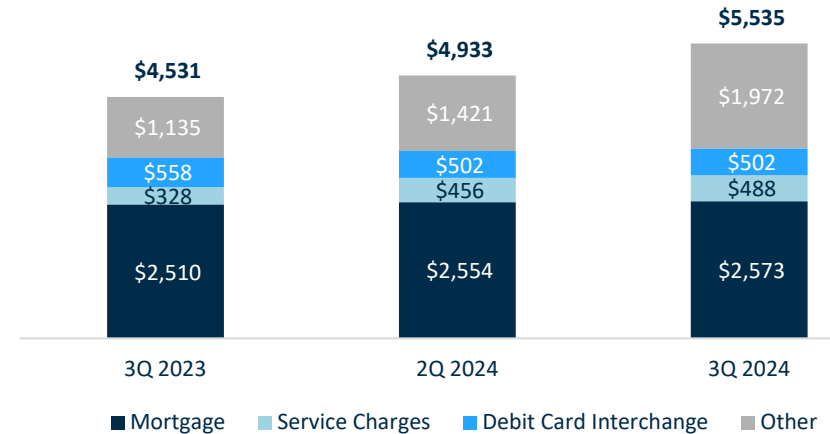
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	3Q 2024	2Q 2024	3Q 2023
Net interest income	\$ 22,542	\$ 24,001	\$ 20,395
Provision for credit losses	1,661	4,489	-
Noninterest income ⁽²⁾	5,536	4,933	4,531
Total revenue	26,417	24,445	24,926
Noninterest expense ⁽³⁾	20,269	18,913	18,881
Net income before taxes:	\$ 6,148	\$ 5,532	\$ 6,045

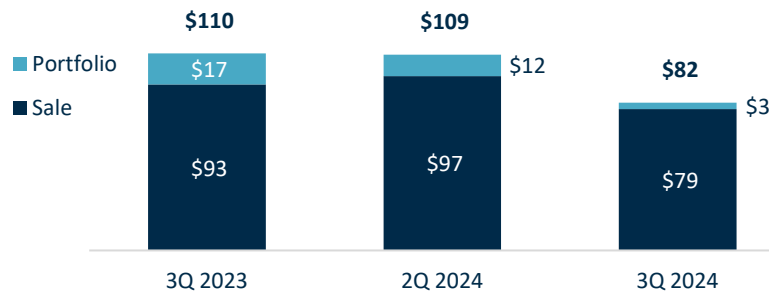
NONINTEREST INCOME BREAKDOWN

\$ in thousands



MORTGAGE HIGHLIGHTS

\$ in millions



Purchase:	97.7%	97.1%	94.6%
Refinance:	2.3%	2.9%	5.4%
Fair Value Change:	\$(407)	\$234	\$(221)

\$ in thousands

BANKING SERVICES QUARTERLY HIGHLIGHTS

- Banking services noninterest income increased 12.2% from the second quarter of 2024.
- The increase was primarily driven by a gain on the sale of fixed assets related to the sale of the Shorewood, Minnesota branch in the western suburbs of the Twin Cities.
- All other noninterest income categories for Banking Services were stable or up slightly compared to the prior quarter.

1. Includes Corporate Administration income.

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

3. Excludes HMN merger related expenses.



RETIREMENT AND BENEFIT SERVICES

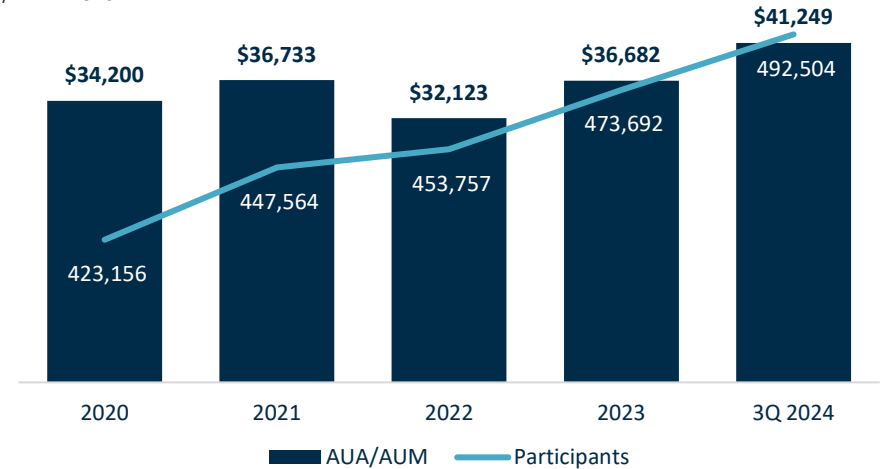
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	3Q 2024	2Q 2024	3Q 2023
Recurring annual income	\$ 12,827	\$ 12,647	\$ 12,959
Transactional income	3,317	3,431	2,871
Gain on sale of ESOP trustee business	-	-	2,775
Total noninterest income	16,144	16,078	18,605
Noninterest expense	14,154	13,424	13,269
Net income before taxes:	\$ 1,990	\$ 2,654	\$ 5,336

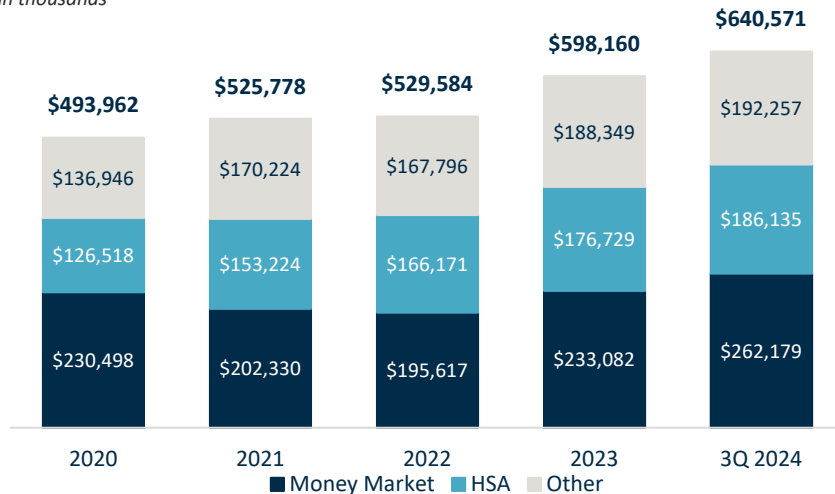
AUA / AUM AND PARTICIPANTS

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands



QUARTERLY HIGHLIGHTS

- Retirement and Benefit Services revenue increased 0.4% compared to the second quarter of 2024.
- AUA / AUM grew 4.7% from June 30, 2024. The increase was primarily due to improved equity and bond markets.
- 40% of Retirement and Benefit Services revenue is market sensitive.
- 52.7% of Retirement and Benefit Services synergistic deposits are indexed.
- HSA synergistic deposits had an average cost of funds of 10 bps for the third quarter of 2024.



WEALTH ADVISORY SERVICES

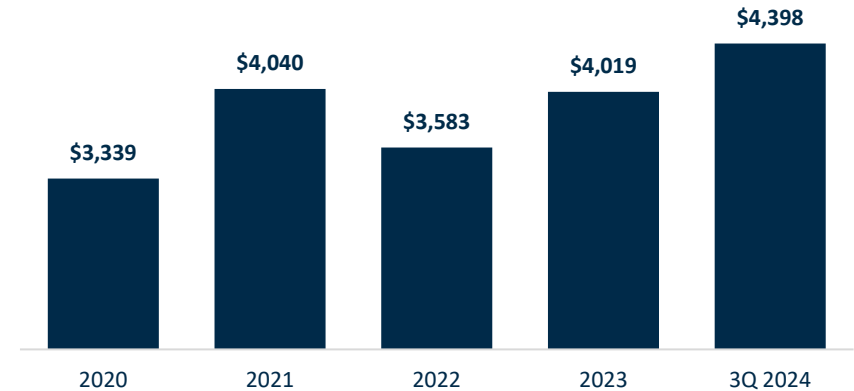
DIVISIONAL⁽¹⁾ INCOME STATEMENT

\$ in thousands

	3Q 2024	2Q 2024	3Q 2023
Asset management	5,972	\$ 5,564	\$ 4,726
Brokerage	365	439	391
Insurance and advisory	347	357	154
Total noninterest income	6,684	6,360	5,271
Noninterest expense	3,838	3,908	3,351
Net income before taxes:	\$ 2,846	\$ 2,452	\$ 1,920

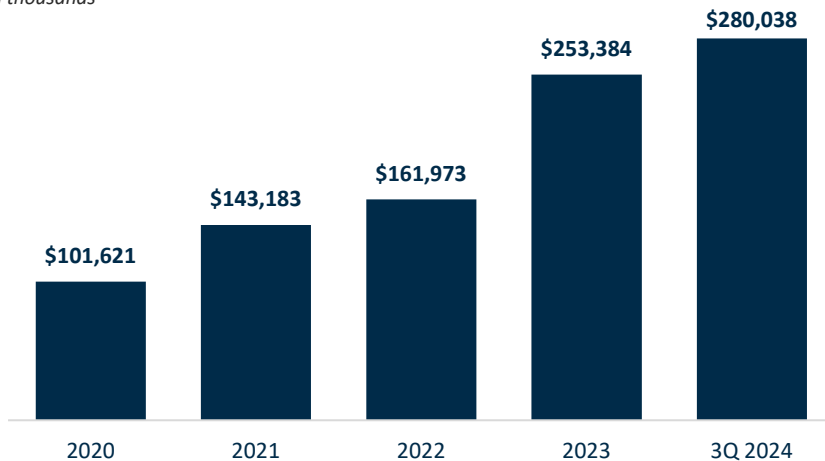
AUA / AUM

\$ in millions



SYNERGISTIC DEPOSITS

\$ in thousands

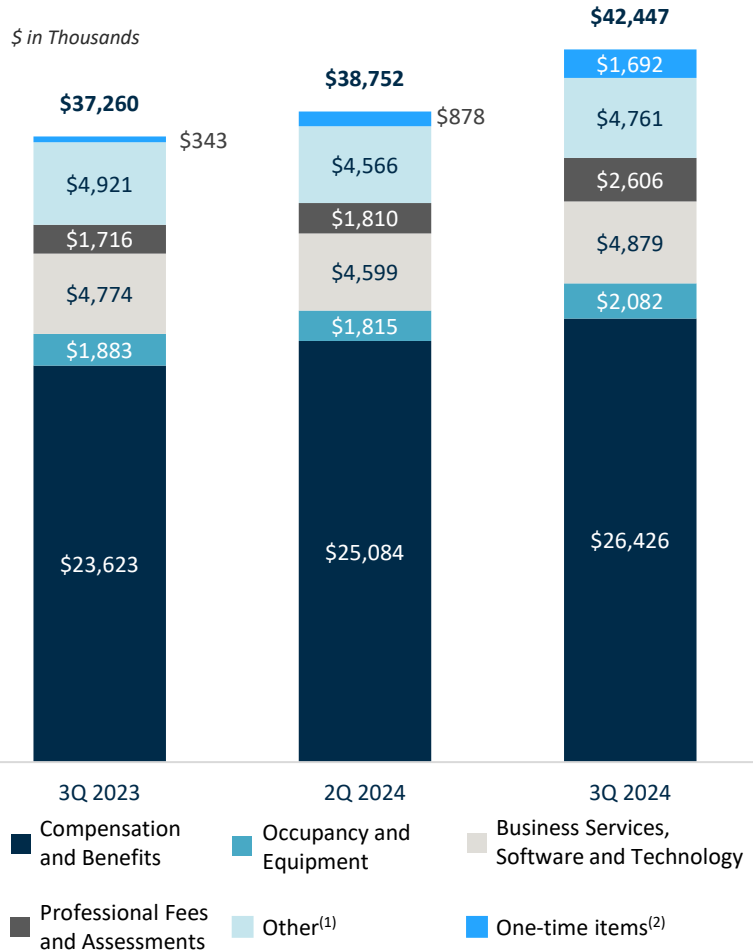


QUARTERLY HIGHLIGHTS

- Wealth advisory services revenue increased 5.1% from the second quarter of 2024.
- Synergistic deposits grew 12.8% in the third quarter compared to June 30, 2024.
- AUA / AUM has increased 5.4% from June 30, 2024. The increase was primarily due to improved equity and bond markets.
- 93.3% of Wealth Advisory Services synergistic deposits are indexed.



NONINTEREST EXPENSE



Noninterest Expense: +9.5% Linked Quarter
+13.9% Year-over-year

QUARTERLY HIGHLIGHTS

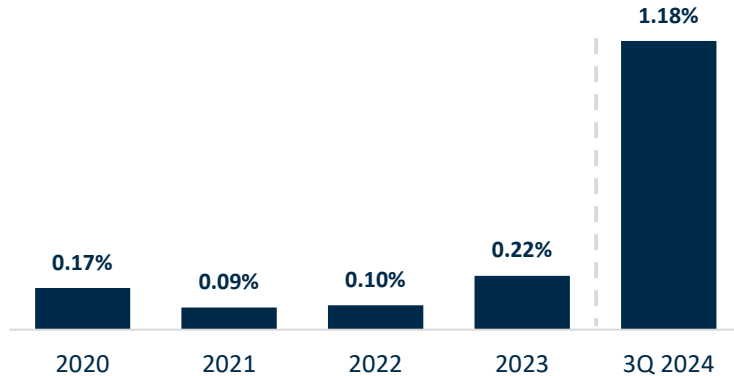
- Noninterest expense increased \$3.7 million, or 9.5%, compared to the second quarter of 2024.
- Professional fees and assessments increased \$0.8 million, or 44.0%, from the second quarter of 2024, primarily driven by increased examination and audit expenses.
- Compensation expense increased \$0.8 million, or 3.9%, from the second quarter of 2024, primarily driven by experienced talent acquisitions in commercial lending and higher labor costs.

YEAR-OVER-YEAR HIGHLIGHTS

- Noninterest expense increased \$5.2 million, or 13.9%, compared to the third quarter of 2023.
- Professional fees and assessments increased primarily due to an increase in FDIC assessments.
- Compensation expense increased \$2.0 million, or 10.4%, in the third quarter of 2024, primarily due to increased labor costs. Employee taxes and benefits expense increased \$0.5 million, or 10.3%, primarily due to increased costs related to group insurance.

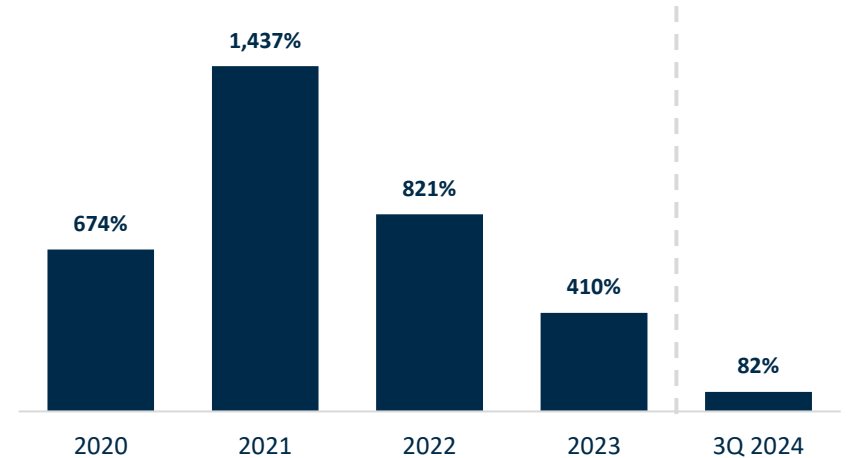
ASSET QUALITY AND RESERVE LEVELS

NPA / ASSETS %

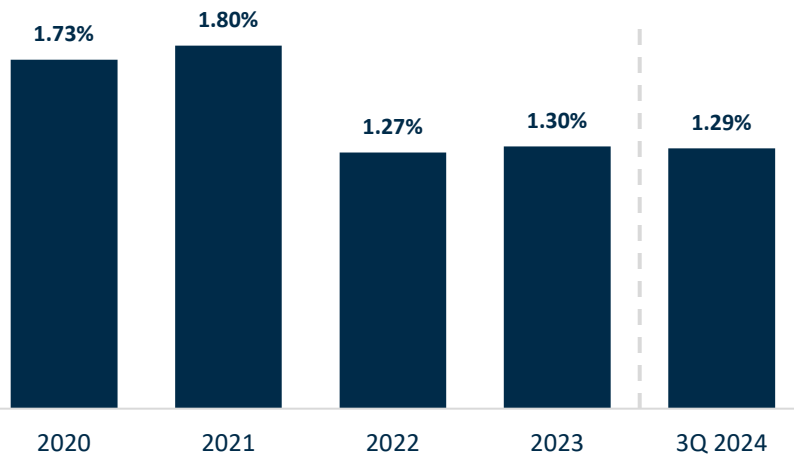


NCO/ Avg Loans	2020	2021	2022	2023	3Q 2024
	0.03%	(0.04%)	0.02%	(0.04%)	0.04%

RESERVES OVER NPL %



RESERVES / LOANS %

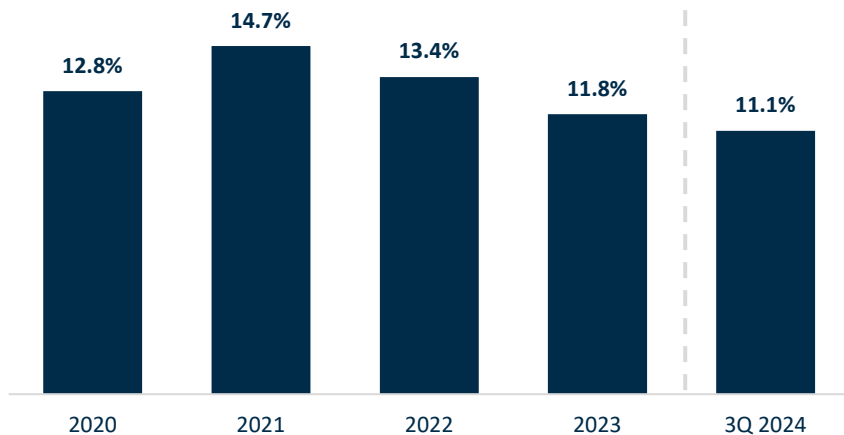


HIGHLIGHTS

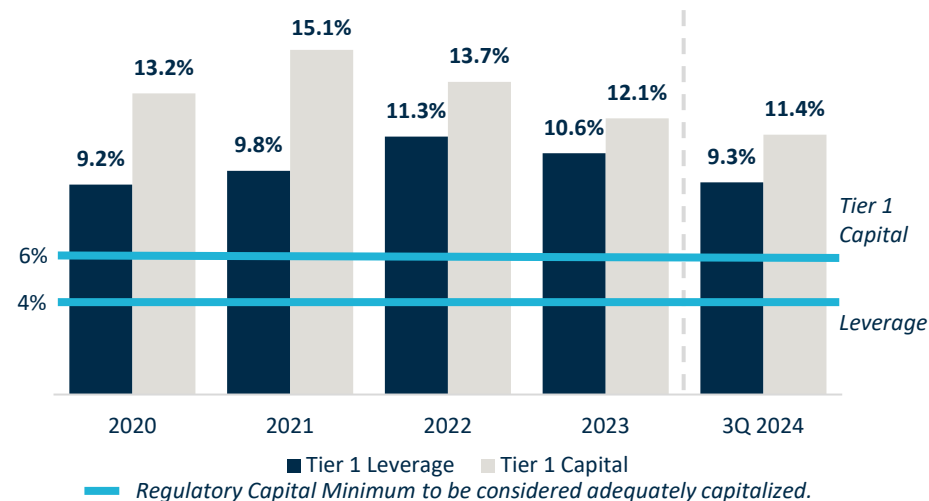
- For the third quarter of 2024, the Company had net charge-offs of \$0.3 million which resulted in net charge-offs to average loans of 4 bps in the quarter.
- Reserves to total loans decreased 2 bps to from June 30, 2024, to 1.29%.
- Total nonperforming assets were \$48.0 million as of September 30, 2024, an increase of \$39.3 million from December 31, 2023. \$25.0 million of the increase was primarily driven by one construction, land and development loan moving to nonaccrual status in the second quarter of 2024. A large residential real estate relationship and one CRE non-owner-occupied loan moving to nonaccrual status also contributed \$13.6 million to the increase in nonaccrual loans during the third quarter of 2024.

CAPITAL AND SOURCES OF LIQUIDITY

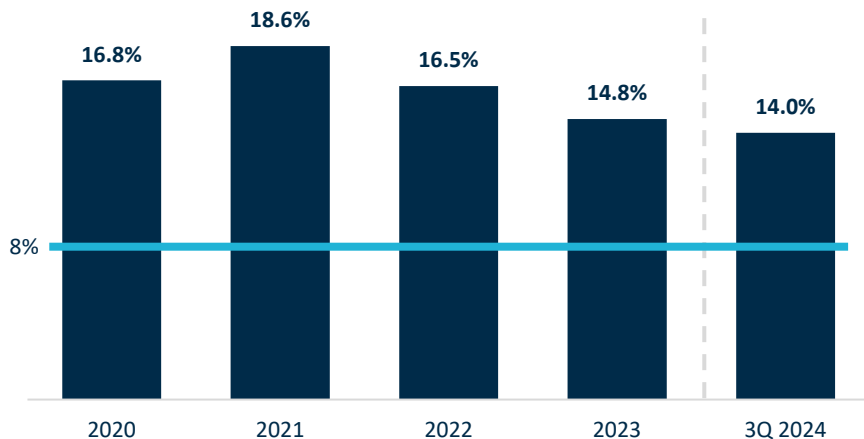
COMMON EQUITY TIER 1



TIER 1 CAPITAL/TIER 1 LEVERAGE RATIOS



TOTAL RISK BASED CAPITAL



LIQUIDITY

\$ in Thousands

Total assets	\$ 4,084,640
Cash and cash equivalents	65,975
Unencumbered securities AFS	355,243
Overcollateralized securities pledging positions - AFS	3,543
Total On Balance Sheet Liquidity⁽¹⁾	424,760
FHLB borrowing capacity	851,372
Fed funds lines	107,000
Brokered CD capacity ⁽²⁾	816,928
Total Off Balance Sheet Liquidity	1,775,300
Total Liquidity as of 9/30/2024	\$ 2,200,061
Total Liquidity (Ex-brokered CD Capacity)	\$ 1,383,133

Regulatory Capital Minimum to be considered adequately capitalized.

20 | 1. Excludes unencumbered HTM securities with a market value of \$50.9 million. On 10/1/2024, \$107.2 million of securities were unpledged from the Federal Reserve Bank of Minneapolis increasing the on balance sheet liquidity accordingly.
2. The Company continued to have \$0 of brokered deposits as of September 30, 2024.



KEY TAKEAWAYS

Alerus remains well positioned to grow following the acquisition of HMN

EARNINGS

A diverse business model bolstered the third quarter

- Noninterest income grew across all categories compared to 2Q 2024
- 55.7% of noninterest income to total revenue
- Net interest income of \$22.5 million for the quarter

BALANCE SHEET

Our strong talent acquisition and retention is driving client and franchise growth

- 4.0% growth in loans compared to June 30, 2024
- 0.8% increase in deposits compared to June 30, 2024
- 91.2% loan to deposit ratio with no brokered deposits

ASSET & CAPITAL STRENGTH


Continued strong reserves and capital metrics

- Total reserves to loans of 1.29%
- Net charge-offs to average loans of 4 basis points in the quarter
- 8.11% tangible common equity to tangible assets⁽¹⁾

VALUE CREATION

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

- Repaid BTFP borrowings resulting in risk-free NII of \$1.2 million during the trade
- Returned \$4.0 million to stockholders through dividends
- Continued momentum in returning the Company to top tier performance

A photograph of a modern glass skyscraper with a grid-like facade of dark glass panels and light-colored metal or concrete frames. The building is curved and reflects the surrounding environment. Two signs with the word 'ALERUS' in white capital letters are mounted on the facade. The scene is set in an urban environment with a street and other buildings visible in the background. 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 September 30, 2024

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 23,220	\$ -	\$ -	\$ (678)	\$ 22,542
Provision for loan losses	1,661	-	-	-	1,661
Noninterest income ⁽¹⁾	4,940	16,144	6,684	595	28,363
Noninterest expense	20,269	14,154	3,838	4,186	42,447
Net income before taxes	\$ 6,230	\$ 1,990	\$ 2,846	\$ (4,269)	\$ 6,797

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)/(2)}	4,999	16,078	6,360	(66)	27,371
Noninterest expense	18,913	13,424	3,908	2,507	38,752
Net income before taxes	\$ 6,281	\$ 2,654	\$ 2,452	\$ (3,256)	\$ 8,131

Quarter ended September 30, 2023

	Banking Services	Retirement and Benefit Services	Wealth Advisory Services	Corporate Administration	Consolidated
Net interest income	\$ 21,073	\$ -	\$ -	\$ (678)	\$ 20,395
Provision for loan losses	-	-	-	-	-
Noninterest income ⁽¹⁾	4,660	18,605	5,271	(129)	28,407
Noninterest expense	18,881	13,269	3,351	1,759	37,260
Net income before taxes	\$ 6,852	\$ 5,336	\$ 1,920	\$ (2,566)	\$ 11,542

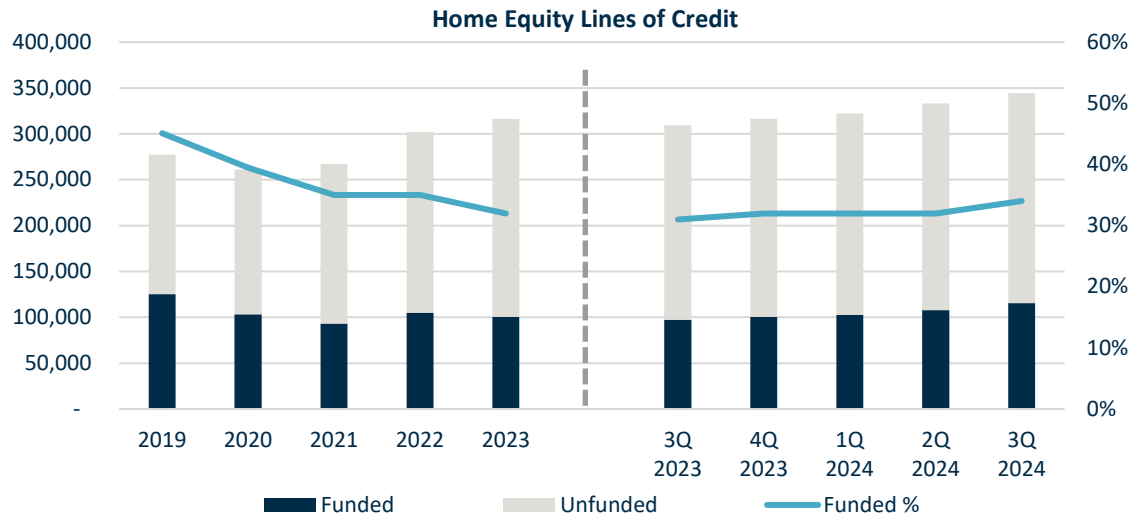
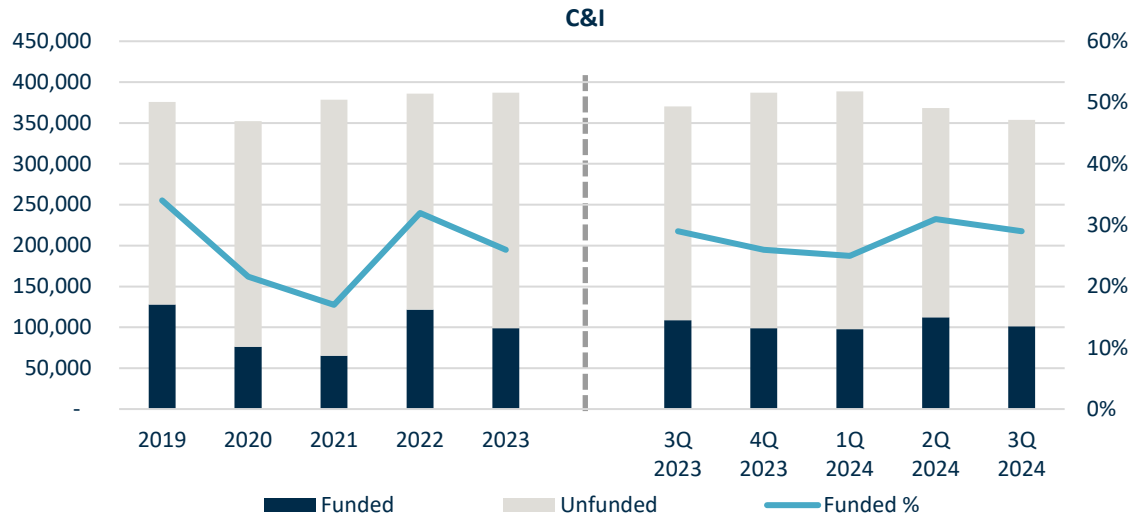


LOAN PORTFOLIO BREAKDOWN

	September 30, 2024		December 31, 2023	
	Balance	Percent of Portfolio	Balance	Percent of Portfolio
<i>(\$ in thousands)</i>				
Commercial and industrial:				
General business	\$ 301,629	9.9%	\$ 258,008	9.3%
Services	152,354	5.0%	146,318	5.3%
Retail trade	93,437	3.1%	91,216	3.3%
Manufacturing	58,825	1.9%	66,638	2.4%
Total commercial and industrial	606,245	20.0%	562,180	20.3%
Commercial real estate:				
Construction, land and development	173,629	5.7%	124,034	4.5%
Multifamily	275,377	9.1%	245,103	8.9%
<i>Non-owner occupied</i>				
Office	103,422	3.4%	124,684	4.5%
Industrial	109,904	3.6%	104,241	3.8%
Retail	117,536	3.9%	96,578	3.5%
Hotel	125,451	4.1%	80,576	2.9%
Medical Office	106,808	3.5%	63,788	2.3%
Medical or nursing facility	72,256	2.4%	47,625	1.7%
Other commercial real estate	50,694	1.8%	51,862	1.9%
Total non-owner occupied	686,071	22.7%	569,354	20.6%
Owner Occupied	296,366	9.8%	271,623	9.8%
Total commercial real estate	1,431,443	47.3%	1,210,114	43.8%
Agricultural:				
Land	45,821	1.5%	40,832	1.5%
Production	39,436	1.3%	36,141	1.3%
Total agricultural	85,257	2.8%	76,973	2.8%
Consumer				
Residential real estate first lien	690,451	22.8%	697,900	25.3%
Residential real estate construction	11,808	0.4%	28,979	1.1%
Residential real estate HELOC	134,301	4.4%	118,315	4.3%
Residential real estate junior lien	36,445	1.2%	35,819	1.3%
Other Consumer	36,393	1.2%	29,303	1.1%
Total consumer	909,398	30.0%	910,316	33.1%
Total loans	\$ 3,032,343	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 September 30, 2024				
	Beginning Balance	Provision for Credit Losses ⁽¹⁾	Loan Charge-offs	Loan Recoveries	Ending Balance
<i>(\$ in thousands)</i>					
Commercial:					
Commercial and industrial	\$ 6,234	\$ 660	\$ (246)	\$ 153	\$ 6,801
<i>Commercial real estate</i>					
Construction, land and development	10,820	(447)	—	—	10,373
Multifamily	2,430	161	—	—	2,591
Non-owner occupied	8,772	(260)	—	—	8,512
Owner occupied	2,280	233	(98)	14	2,429
Total commercial real estate	24,302	(313)	(98)	14	23,905
<i>Agricultural</i>					
Land	259	(2)	—	20	277
Production	185	(3)	—	—	182
Total Agriculture	444	(5)	—	20	459
Total commercial	30,980	342	(344)	187	31,165
Consumer:					
<i>Residential real estate</i>					
First lien	5,366	74	—	—	5,440
Construction	458	(355)	—	—	103
HELOC	886	68	—	—	954
Junior lien	314	807	—	—	1,121
Total residential real estate	7,024	594	—	—	7,618
Other consumer	328	190	(161)	2	359
Total Consumer	7,352	784	(161)	2	7,977
Total	\$ 38,332	\$ 1,126	\$ (505)	\$ 189	\$ 39,142



ALLOWANCE FOR CREDIT LOSSES ON LOANS

Allocation by Loan Portfolio Segment

	September 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	\$ 6,801	1.12%	\$ 9,705	1.73%
CRE - Construction, land and development	10,373	5.97%	6,135	4.95%
CRE - Multifamily	2,591	0.94%	1,776	0.72%
CRE - Non-owner occupied	8,512	1.24%	7,726	1.36%
CRE - Owner occupied	2,429	0.82%	2,449	0.90%
Agricultural - Land	277	0.60%	96	0.24%
Agricultural - Production	182	0.46%	84	0.23%
Residential real estate first lien	5,440	0.79%	6,087	0.87%
Residential real estate construction	103	0.87%	485	1.67%
Residential real estate HELOC	954	0.71%	835	0.71%
Residential real estate junior lien	1,121	3.08%	264	0.74%
Other Consumer	359	0.99%	201	0.69%
Total loans	\$ 39,142	1.29%	\$ 35,843	1.30%

FINANCIAL HIGHLIGHTS

(\$ in thousands, except where otherwise noted)	Quarterly					Nine months ended	
	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	September 30, 2024	September 30, 2023
Total Assets	\$ 3,869,138	\$ 3,907,713	\$ 4,338,093	\$ 4,358,623	\$ 4,084,640	\$ 4,084,640	\$ 3,869,138
Total Loans	2,606,430	2,759,583	2,799,475	2,915,792	3,032,343	3,032,343	2,606,430
Total Deposits	2,872,184	3,095,611	3,284,969	3,298,575	3,323,550	3,323,550	2,872,184
Tangible Common Equity ¹	284,137	305,186	309,018	311,933	326,517	326,517	284,137
Net Income	\$ 9,161	\$ (14,754)	\$ 6,432	\$ 6,208	\$ 5,207	\$ 17,846	\$ 26,451
ROAA (%)	0.95	(1.51)	0.62	0.58	0.48	0.56	0.93
ROATCE(%) ¹	13.51	(18.85)	9.78	9.40	7.83	8.98	13.27
Net Interest Margin (FTE) (%)	2.27	2.37	2.30	2.39	2.23	2.31	2.50
Efficiency Ratio (FTE) (%) ¹	73.38	165.40	78.88	72.50	80.29	77.17	73.57
Non-Int. Income/Op. Rev. (%)	58.21	3.54	53.26	53.28	55.72	54.10	54.51
Earnings per common share - diluted	\$ 0.45	\$ (0.73)	\$ 0.32	\$ 0.31	\$ 0.26	\$ 0.89	\$ 1.30
Total Equity/Total Assets (%)	9.03	9.45	8.57	8.56	9.46	9.46	9.03
Tang. Cmn. Equity/Tang. Assets (%) ¹	7.47	7.94	7.23	7.26	8.11	8.11	7.47
Loans/Deposits (%)	90.75	89.15	85.22	88.40	91.24	91.24	90.75
NPLs/Loans (%)	0.35	0.32	0.26	0.95	1.58	1.58	0.35
NPAs/Assets (%)	0.23	0.22	0.17	0.63	1.18	1.18	0.23
Allowance/NPLs (%)	402.91	410.34	498.08	138.79	81.50	81.50	402.91
Allowance/Loans (%)	1.39	1.30	1.31	1.31	1.29	1.29	1.39
NCOs/Average Loans (%)	(0.09)	(0.04)	0.01	0.36	0.04	0.14	(0.04)



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					Nine months ended	
	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	September 30, 2024	September 30, 2023
Tangible common equity to tangible assets							
Total common stockholders' equity	\$ 349,402	\$ 369,127	\$ 371,635	\$ 373,226	\$ 386,486	\$ 386,486	\$ 349,402
Less: Goodwill	46,783	46,783	46,783	46,783	46,783	46,783	46,783
Less: Other intangible assets	18,482	17,158	15,834	14,510	13,186	13,186	18,482
Tangible common equity (a)	284,137	305,186	309,018	311,933	326,517	326,517	284,137
Total assets	3,869,138	3,907,713	4,338,093	4,358,623	4,084,640	4,084,640	3,869,138
Less: Goodwill	46,783	46,783	46,783	46,783	46,783	46,783	46,783
Less: Other intangible assets	18,482	17,158	15,834	14,510	13,186	13,186	18,482
Tangible assets (b)	3,803,873	3,843,772	4,275,476	4,297,330	4,024,671	4,024,671	3,803,873
Tangible common equity to tangible assets (a)/(b)	7.47%	7.94%	7.23%	7.26%	8.11%	8.11%	7.47%
Tangible common equity per common share							
Total stockholders' equity	\$ 349,402	\$ 369,127	\$ 371,635	\$ 373,226	\$ 386,486	\$ 386,486	\$ 349,402
Less: Goodwill	46,783	46,783	46,783	46,783	46,783	46,783	46,783
Less: Other intangible assets	18,482	17,158	15,834	14,510	13,186	13,186	18,482
Tangible common equity (c)	284,137	305,186	309,018	311,933	326,517	326,517	284,137
Common shares outstanding (d)	19,848	19,734	19,777	19,778	19,790	19,790	19,848
Tangible common equity per common share (c)/(d)	\$ 14.32	\$ 15.46	\$ 15.63	\$ 15.77	\$ 16.50	\$ 16.50	\$ 14.32
Return on average tangible common equity							
Net income	\$ 9,161	\$ (14,754)	\$ 6,432	\$ 6,208	\$ 5,207	\$ 17,846	\$ 26,451
Add: Intangible amortization expense (net of tax)	1,046	1,046	1,046	1,046	1,046	3,138	3,138
Net income, excluding intangible amortization (e)	10,207	(13,708)	7,478	7,254	6,253	20,984	29,589
Average total equity	361,735	349,382	367,248	369,217	375,229	370,758	361,260
Less: Average goodwill	46,882	46,783	46,783	46,783	46,783	46,783	47,018
Less: Average other intangible assets (net of tax)	15,109	14,067	13,018	11,969	10,933	11,969	16,149
Average tangible common equity (f)	299,744	288,532	307,447	310,465	317,513	312,006	298,093
Return on average tangible common equity (e)/(f)	13.51%	(18.85%)	9.78%	9.40%	7.83%	8.98%	13.27%
Efficiency ratio							
Noninterest expense	\$ 37,260	\$ 38,654	\$ 39,019	\$ 38,752	\$ 42,447	\$ 120,218	\$ 111,503
Less: Intangible amortization expense	1,324	1,324	1,324	1,324	1,324	3,972	3,972
Adjusted noninterest expense for efficiency ratio (g)	35,936	37,330	37,695	37,428	41,123	116,246	107,531
Net interest income	20,395	21,552	22,219	24,001	22,542	68,761	66,287
Noninterest income	28,407	791	25,323	27,371	28,363	81,057	79,439
Tax-equivalent adjustment	180	226	247	255	314	816	444
Total tax-equivalent revenue (h)	48,982	22,569	47,789	51,627	51,219	150,634	146,170
Efficiency ratio (g)/(h)	73.37%	165.40%	78.88%	72.50%	80.29%	77.17%	73.57%

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
	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	September 30, 2024
Noninterest income excluding net losses on investment securities as a percentage of adjusted revenue						
Noninterest income	\$ 28,407	\$ 791	\$ 25,323	\$ 27,371	\$ 28,363	\$ 81,848
Less: Net gains (losses) on investment securities	—	(24,643)	—	—	—	(24,643)
Noninterest income excluding net losses on investment securities (a)	28,407	25,434	25,323	27,371	28,363	106,491
Net interest income (b)	20,395	21,552	22,219	24,001	22,542	90,314
Adjusted revenue (a) + (b) = (c)	48,802	46,986	47,542	51,372	50,905	196,805
Noninterest income excluding net losses on investment securities as a percentage of adjusted revenue (a) / (c)	58.21%	54.13%	53.26%	53.28%	55.72%	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⁾	\$ 4,531	(20,466)	3,550	\$4,933	\$ 5,535	(\$6,448)
Less: Net gains (losses) on investment securities	—	(24,643)	—	—	—	(24,643)
Banking fees and other income ⁽¹⁾ excluding net losses on investment securities (d)	4,531	4,177	3,550	4,933	5,535	18,195
Banking fees and other income ⁽¹⁾ excluding net losses on investment securities as a percentage of adjusted revenue (d) / (c)	9.28%	8.89%	7.47%	9.60%	10.87%	9.25%
Adjusted net income						
Net Income	\$ 29,540	\$ 44,675	\$ 52,681	\$ 40,005	\$ 11,696	
Less: Net gains (losses) on investment securities	-	-	-	-	(19,468)	
Adjusted Net Income ⁽²⁾ (e)	29,540	44,675	52,681	40,005	31,164	
Adjusted return on average equity						
Average total equity (f)	231,084	310,208	346,059	346,355	358,268	
Adjusted return on average equity (e)/(f)	12.78%	14.40%	15.22%	11.55%	8.70%	12.53%
Adjusted return on average assets						
Average total assets (g)	2,211,993	2,775,140	3,178,820	3,500,655	3,817,017	
Adjusted return on average assets (e)/(g)	1.34%	1.61%	1.66%	1.14%	0.82%	1.31%



NON-GAAP DISCLOSURE RECONCILIATION

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

	Quarterly			Nine months ended	
	3Q 2023	2Q 2024	3Q 2024	September 30, 2024	September 30, 2023
Pre-provision net revenue					
Add: Net interest income	\$ 20,395	\$ 24,001	\$ 22,542	\$ 68,761	\$ 66,287
Add: Noninterest income	28,407	27,371	28,363	81,057	79,439
Less: Noninterest expense	37,260	38,752	42,447	120,218	111,503
Pre-provision net revenue	11,542	12,620	8,458	29,600	34,223
Adjusted noninterest income					
Noninterest income	\$ 28,407	\$ 27,371	\$ 28,363	\$ 81,057	\$ 79,439
Less: Adjusted noninterest income items					
BOLI mortality proceeds (not taxable)	—	—	—	—	1,196
Gain on sale of ESOP trustee business	2,775	—	—	—	2,775
Net gain on sale of premises and equipment	—	—	476	476	—
Total adjusted noninterest income items (a)	2,775	—	476	476	3,971
Adjusted noninterest income (b)	25,632	27,371	27,887	80,581	75,468
Adjusted noninterest expense					
Noninterest expense	\$ 37,260	\$ 38,752	\$ 42,447	\$ 120,218	\$ 111,503
Less: Adjusted noninterest expense items					
HMN merger related expenses	—	563	1,661	2,251	—
Severance and signing bonus expense	343	315	31	626	1,475
Total adjusted noninterest expense items (c)	343	878	1,692	2,877	1,475
Adjusted noninterest expense (d)	36,917	37,874	40,755	117,341	110,028
Adjusted pre-provision net revenue					
Add: Net interest income	\$ 20,395	\$ 24,001	\$ 22,542	\$ 68,761	\$ 66,287
Add: Adjusted noninterest income (a)	25,632	27,371	27,887	80,581	75,468
Less: Adjusted noninterest expense (c)	36,917	37,874	40,755	117,341	110,028
Adjusted pre-provision net revenue	9,110	13,498	9,674	32,001	31,727
Adjusted Efficiency ratio					
Adjusted noninterest expense (d)	\$ 36,917	\$ 37,874	\$ 40,755	\$ 117,341	\$ 110,028
Less: Intangible amortization expense	1,324	1,324	1,324	3,972	3,972
Adjusted noninterest expense for efficiency ratio (e)	35,593	36,550	39,431	113,369	106,056
Total tax-equivalent revenue					
Add: Net interest income	20,395	24,001	22,542	68,761	66,287
Add: Adjusted noninterest income (a)	25,632	27,371	27,887	80,581	75,468
Add: Tax-equivalent adjustment	180	255	314	816	444
Total tax-equivalent revenue (f)	46,207	51,627	50,743	150,158	142,199
Adjusted efficiency ratio (e)/(f)	77.03%	70.80%	77.71%	75.50%	74.58%

NON-GAAP DISCLOSURE RECONCILIATION

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

Lettered items are continued from the prior slide

	Quarterly			Nine months ended	
	3Q 2023	2Q 2024	3Q 2024	September 30, 2024	September 30, 2023
Adjusted net income					
Net Income	\$ 9,161	\$ 6,208	\$ 5,207	\$ 17,846	\$ 26,451
Less: Adjusted noninterest income (net of tax) ⁽¹⁾ (b)	2,192	-	376	376	3,388
Add: Adjusted noninterest expense items (net of tax) ⁽¹⁾ (d)	271	694	1,337	2,273	1,164
Adjusted net income (g)	7,240	6,902	6,168	19,743	24,228
Adjusted earnings per share					
Adjusted net income (g)	\$ 7,240	\$ 6,902	\$ 6,168	\$ 19,743	\$ 24,228
Less: Dividends and undistributed earnings allocated to participating securities	67	38	24	102	186
Adjusted net income available to common (h)	7,173	6,864	6,144	19,641	24,042
Diluted average common shares outstanding (i)	20,095	20,050	20,075	20,037	20,193
Adjusted earnings per share (h) / (i)	0.36	0.34	0.31	0.98	1.19
Adjusted return on average assets					
Average total assets (j)	3,821,601	4,297,294	4,298,080	4,245,181	3,799,645
Adjusted return on average assets (g)/(j)	0.75%	0.65%	0.57%	0.62%	0.85%
Adjusted return on average tangible common equity					
Adjusted net income (g)	\$ 7,240	\$ 6,902	\$ 6,168	\$ 19,743	\$ 24,228
Add: Intangible amortization expense (net of tax) ⁽¹⁾	1,046	1,046	1,046	3,138	3,138
Adjusted net income, excluding intangible amortization (k)	8,286	7,948	7,214	22,881	27,366
Average total equity	361,735	369,217	375,229	370,758	361,260
Less: Average goodwill	46,882	46,783	46,783	46,783	47,018
Less: Average other intangible assets (net of tax) ⁽¹⁾	15,109	11,969	10,933	11,969	16,149
Average tangible common equity (l)	299,744	310,465	317,513	312,006	298,093
Adjusted return on average tangible common equity (k)/(l)	10.97%	10.30%	9.04%	9.80%	12.27%
Adjusted net interest margin (tax-equivalent)					
Net interest income	\$ 20,395	\$ 24,001	\$ 22,542	\$ 68,761	\$ 66,287
Less: BTFP Cash interest income	-	4,766	4,113	12,494	-
Add: BTFP interest expense	-	4,307	3,717	11,291	-
Less: Purchase accounting accretion	294	985	152	1,429	969
Net interest income excluding BTFP impact (m)	20,101	22,557	21,994	66,129	65,318
Add: Tax equivalent adjustment for loans and securities (n)	180	255	314	816	444
Adjusted net interest income (m) + (n) = (o)	20,281	22,812	22,308	66,945	65,762
Average earning assets	3,591,478	4,075,003	4,077,716	4,024,942	3,574,675
Less: Average cash proceeds balance from BTFP	-	355,000	303,043	309,051	-
Add: Change in unearned purchase accounting discount	294	985	152	1,429	969
Adjusted interest earning assets (p)	3,591,772	3,720,988	3,774,825	3,717,320	3,575,644
Adjusted net interest margin (tax-equivalent) (o)/(p)	2.24%	2.47%	2.35%	2.41%	2.46%

