Office of the
Comptroller of the Currency
Washington, DC 20219

LARGE BANK

PUBLIC DISCLOSURE

July 14, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alerus Financial, National Association
Charter Number: 13790

401 Demers Avenue
Grand Forks, North Dakota 58201

Office of the Comptroller of the Currency

Two22 South 9th Street, Suite 800 Minneapolis, MN 55402

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Alerus Financial, National Association** (Alerus) with respect to the Lending, Investment, and Service Tests:

	Alerus Performance Tests		
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors supporting this rating include:

- The Lending Test rating is based on a combination of the State of Minnesota, Grand Forks multi-state Metropolitan Statistical Area (MMSA), Fargo North Dakota (ND) - Minnesota MN MMSA, and State of Arizona rating areas. The State of Minnesota is weighted most heavily as this represents the bank's primary area with a majority of deposits, branch locations, and loan volume during the evaluation period. Refer to the "Ratings" section for additional details.
- The Investment Test rating is based on a combination of all the bank's rating areas and is weighted in the same manner as the Lending Test.
- The Service Test rating is based on a combination of all the bank's rating areas and is weighted in the same manner as the Lending Test.

In addition to the activities at the state and MMSA level, we considered the following activities on a bank-wide level:

- Alerus offers a variety of small business and small farm lending products to meet the communities' credit needs. This includes Bank of North Dakota loan programs, the Property Assessed Clean Energy (PACE) loan program, and Business and Industry loan guarantees through the United States Department of Agriculture (USDA).
- Alerus is a Small Business Administration (SBA) lender, participating in the SBA 504 program which provides growing businesses long-term, fixed-rate financing for major fixed assets. Alerus also participates in the SBA 7(a) loan program which provides funds to existing or beginning businesses for business purposes.
- Alerus offers a variety of mortgage lending products, such as down payment assistance, government mortgage programs, and first-time home buyer programs and bond programs. This includes programs from the Federal Housing Administration (FHA), Veterans Affairs (VA), North Dakota Housing Finance Agency (NDHFA) first-time homebuyer programs, Minnesota Housing Finance Agency first-time and repeat homebuyer programs, and Dakota County

Community Development Agency programs including downpayment assistance and first-time homebuyer loans. Alerus also maintains partnerships with community land trusts in Grand Forks, ND and Minneapolis, MN.

- Alerus did not have any innovative lending practices during the evaluation; however, utilized several flexible lending practices and products, as noted above. Alerus offers a full line of deposits such as checking accounts, savings accounts, and certificates of deposit. Alerus also offers alternative delivery systems available to all individuals and geographies, including ATMs, telephone banking, mobile banking and online banking.
- Alerus made various community development (CD) loans benefiting the broader statewide or regional area (BSRA). The bank funded one $1.5 million CD loan in MN and one $5 million dollar CD loan in Arizona (AZ). BSRA CD activities were considered at the bank level, rather than the AA level.

Lending in Assessment Area

A high percentage of the bank's loans are in in its AAs.

The bank originated and purchased 79.0 percent of total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Table 1: Lending Inside and Outside of the Assessment Area **2022 - 2024**

Loan Category	Number of Loans				Total #	Dollar Amount of Loans $(000s)				Total $(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		$	%	$	%	
Home Mortgage	5,198	77.9	1,473	22.0	6,671	1,790,202	79.4	464,579	20.6	2,254,782
Small Business	1,363	86.1	220	13.9	1,583	448,795	83.6	87,781	16.3	536,576
Small Farm	142	62.2	86	37.7	228	35,171	66.8	17,461	33.1	52,632
Total	**6,703**	**79.0**	**1,779**	**20.9**	**8,482**	**2,274,168**	**79.9**	**569,821**	**20.0**	**2,843,990**

Source: 1/1/2022 - 12/31/2024 Bank Data.
Due to rounding, totals may not equal 100.0%

Description of Institution

Alerus is a multi-state national bank wholly owned by Alerus Financial Corporation. The holding company became publicly traded in 2019. Alerus and it's holding company are headquartered in Grand Forks, ND. Alerus reported total banking assets of $5.3 billion, $4.5 billion wealth assets under administration and management, and $41.2 billion in retirement and benefit assets under administration and management as of December 31, 2024.

During the evaluation period, Alerus had four rating areas and four AAs. Rating areas include the State of Minnesota, Grand Forks MMSA, Fargo MMSA, and State of Arizona. AAs include the Minneapolis Metropolitan Statistical Area (MSA), Grand Forks MMSA, Fargo MMSA, and Phoenix MSA. The AAs meet the requirements of the regulation and do not arbitrarily exclude low- and moderate-income (LMI) census tracts (CT). As of December 31, 2024, the bank had 15 full-service banking offices and 8 deposit-taking automated teller machines (ATMs) in these AAs. Alerus acquired two banks over the evaluation period, Metro Phoenix Bank as of July 1, 2022, and Home Federal Bank as of October 9, 2024. The Home Federal acquisition resulted in new branches in Minnesota, Iowa, and Wisconsin. The acquisition of Home Federal will not be included in the scope of this evaluation due to having less than

six months of activity during the evaluation period which would not provide a meaningful analysis. The bank maintained the same AAs in North Dakota, Minnesota and Arizona during the evaluation period.

Alerus is a full-service commercial bank offering a variety of loan and deposit products. Banking services include business and consumer services such as commercial and small business offerings, private banking, and mortgage services. Wealth Advisory services included financial planning (retirement, estate planning), investment management and Trust and Fiduciary services. The branches within the Minneapolis MSA, Grand Forks MMSA, and Fargo MMSA focus on residential lending with a secondary product of small business loans. The bank also has a small portfolio of small farm loans within the Fargo and Grand Forks MMSAs. The Phoenix MSA focuses on commercial lending to larger commercial businesses. As of December 31, 2024, Alerus reported total loans and leases of $4 billion, representing 76.3 percent of total assets. Loan portfolio composition includes 57.4 percent business loans, 38.4 percent residential real estate loans including construction, home equity products and multifamily loans; 3.1 percent farm and agricultural loans, and 1.1 percent consumer loans. Deposits totaled $4.2 billion and tier 1 capital totaled $449.5 million.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AAs during the evaluation period. Alerus received a Satisfactory rating during the previous CRA evaluation dated August 22, 2022.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated the bank's CRA performance under the Large Institution Lending, Investment, and Service Tests. The evaluation period is January 1, 2022, to December 31, 2024. We reviewed home mortgage loan products reported under the Home Mortgage Disclosure Act (HMDA); small loans to businesses and small loans to farms reported under CRA; Community Development (CD) loans; qualified investments, donations; and CD and retail services. Examiners did not consider consumer loans in this evaluation as consumer lending did not constitute a substantial majority of the bank's loan portfolio and management did not request such consideration.

The bank's primary lending products are home mortgage and small business loans. Farm lending is not a primary product of the bank, and in two of the bank's AAs the volume of farm lending during the evaluation period was insufficient to conduct a meaningful analysis.

The Investment Test considers the bank's qualified CD investments, as well as grants and donations made during the evaluation period. Prior period investments that remain outstanding and continue to benefit the bank's AAs were also considered at the year-end 2024 book value. The level of qualified investments in comparison to allocated tier 1 capital, based on the pro rata share of AA deposits, received the most weight in determining the rating. For full-scope areas, we also considered the complexity or innovativeness of the investments, the responsiveness of the investments to community development needs, and the bank's demonstrated leadership.

Service Test performance considers both retail services and CD services. For retail services, the geographic distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies along with the impact of branch openings and closings were given the most weight. In full-scope AAs, consideration was given to middle- and upper-income branches located near low- and

moderate-income (LMI) areas. It also considers the availability and effectiveness of alternative delivery systems (ADS) for delivering retail banking services including ATMs, online banking, and mobile banking. The distribution of ATMs among low-, moderate-, middle-, and upper-income geographies was evaluated similar to the branch distributions. Finally, the level and responsiveness of CD services was evaluated in full-scope areas.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA), if applicable are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings. The State of Minnesota carried the greatest weight in the overall conclusions as it accounted for 77.5 percent of the bank's HMDA- and CRA-reportable loans, 52.3 percent of the bank's total deposits, and a majority of the bank's branch locations. The Grand Forks MMSA received the second highest weight and accounted for approximately 25 percent of deposits and branches and 10 percent of loans. The Fargo MMSA followed by the State of Arizona carried the least weight because they had the smallest deposit, lending, and branch footprints, and accounted for approximately 15 and 10 percent of the bank's deposits, respectively.

The MMSA and state ratings in rating areas with a single AA are based on performance in that AA. The MMSA and state ratings in rating areas with multiple AAs are based on the combination of conclusions in those AAs. Refer to the "Scope" section under each MMSA and State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next

performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Multistate Metropolitan Statistical Area Rating

Grand Forks MMSA

CRA rating for the Grand Forks MMSA[1]**:** Outstanding
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors supporting this rating include:

- The institution was a leader in providing CD investments and services.
- The bank exhibited an excellent geographic distribution of loans.
- The bank made a relatively high level of CD loans.
- The bank exhibited good distribution of loans among individuals of different income levels and business and farms of different sizes.
- The institution exhibited good responsiveness to credit and community development needs.
- Service delivery systems were readily accessible geographies and individuals of different income levels.
- Lending levels reflected adequate responsiveness to AA credit needs.

Description of Institution's Operations in Grand Forks MMSA

The Grand Forks MMSA consists of Grand Forks County, ND and Polk County, MN. The Grand Forks MSA contains 32 CTs including one low-, seven moderate-, 17 middle-, six upper-, and one unknown-income CT(s). Since the last CRA evaluation, the Grand Forks MMSA was expanded to include CTs 208, 209, and 210 in Polk County. Alerus operates four branches and three deposit-taking ATMs in the AA.

Competition in the Grand Forks MMSA is manageable. According to the June 30, 2024, FDIC Deposit Market Share report, Alerus held $813.5 million in deposits in the Grand Forks MMSA, or 20.7 percent deposit market share. Alerus ranked first of 20 institutions in the AA. The other five largest competitors include Bremer Bank N.A., U.S. Bank N.A., Gate City Bank, Frandsen Bank & Trust, and Choice Financial Group. Top five competitor deposits total $1.8 billion representing 45.3 percent of the Grand Forks MMSA deposit market share.

Economic and employment strengths highlighted in the October 2024 Moody's Analytics report include the stability of the University of North Dakota and Grand Forks Air Force Base as sources of employment, relatively low-cost of living, and location on I-29 which acts as a key trade corridor between the United States and Canada. The top three largest employers are the University of North Dakota, Altura Health Systems, and Grand Forks Air Force Base, which when combined, comprise approximately 21.9 percent of total employment. Weaknesses for the MMSA include a lack of high-growth industries, weaknesses in migration trends, exposure to agriculture weaknesses, and manufacturing weighted toward low-wage nondurable goods. Net migration from 2020 through 2023 was negative with migration flows documenting that the Grand Forks MMSA is losing its population to other surrounding cities, primarily Fargo ND, Minneapolis MN, and Bismarck ND. Grand Forks ranked 206th, or in the third quintile, for employment growth rate during 2023 through 2025.

[1] MMSA ratings reflect performance within the multistate metropolitan statistical area. Statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

According to the BLS, the Grand Forks MMSA unemployment rate has ranged from a low of 1.5 percent in September and October of 2022 to a high of 3.1 percent in July 2024. The average unemployment rate over the evaluation period was 2.2 percent. The Grand Forks unemployment rate has been in line with the North Dakota average unemployment rate of 2.4 percent.

Assessment Area - Grand Forks MMSA						
						2022 - 2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	32	3.13	21.88	53.13	18.75	3.13
Population by Geography	104,362	2.30	18.29	53.14	23.99	2.29
Housing Units by Geography	48,287	1.53	18.96	56.38	20.25	2.87
Owner-Occupied Housing by Geography	23,975	0.03	11.22	58.58	27.78	2.39
Occupied Rental Units by Geography	19,423	2.93	30.11	48.76	14.23	3.96
Vacant Units by Geography	4,889	3.33	12.60	75.88	7.24	0.94
Businesses by Geography	3,682	0.22	21.78	57.41	19.72	0.87
Farms by Geography	497	0.00	3.82	82.70	13.48	0.00
Family Distribution by Income Level	23,352	22.11	15.70	22.88	39.31	0.00
Household Distribution by Income Level	43,398	25.03	15.03	16.91	43.03	0.00
Unemployment rate (%)	3.57	4.60	4.08	4.15	1.33	7.51
Households Below Poverty Level (%)	14.98	60.73	15.99	16.78	7.21	11.85
Median Family Income (24220 - Grand Forks, ND-MN MSA)		$82,257			Median Housing Value	$171,700
Median Family Income (24220 - Grand Forks, ND-MN MSA) for 2024		$104,300			Median Gross Rent	$730
					Families Below Poverty Level	7.46

FFIEC File - 2020 Census
FFIEC File - 2024 Census
2024 Dun & Bradstreet SBSF Demographics
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification

We reviewed a recently completed community contact to assess needs and opportunities within the AA. The community contact highlighted affordable childcare, housing challenges, and high-speed internet availability as a few needs of the local community. The individual also noted demographic changes as a potential concern for local businesses as migration to the AA and its local communities has decreased resulting in a tighter labor market.

Scope of Evaluation in Grand Forks MMSA

We completed a full-scope review of the Grand Forks MMSA. Home mortgage loans received the most weight, followed by small business and small farm loans. Weighting is based on loan volume within the AA.

When concluding upon geographical distribution of loans, examiners considered the fact there was only one low-income CT in the AA. Therefore, more weight was placed on the bank's performance in moderate-income CTs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN GRAND FORKS MMSA

LENDING TEST

The bank's performance under the Lending Test in the Grand Forks MMSA is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Grand Forks MMSA was good.

Lending Activity

Lending levels reflected adequate responsiveness to AA credit needs.

Table 3: Lending Activity							2022 - 2024
Number of Loans							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**
Grand Forks MMSA	419	211	81	5	0	715	100.00
Total	**419**	**211**	**81**	**5**	**0**	**715**	**100.00**
Dollar Volume of Loans ($000s)							
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**
Grand Forks MMSA	92,010	70,079	20,779	24,960	0	207,828	100.00
Total	**92,010**	**70,079**	**20,779**	**24,960**	**0**	**207,828**	**100.00**
Source: 1/1/2022 - 12/31/2024 Bank Data. *Due to rounding, totals may not equal 100.0%*							

According to the FDIC's Deposit Market Share report as of June 30th, 2024, the bank had $813.5 million in deposits in the Grand Forks MMSA. Alerus ranked first of 20 depository institutions in the AA with a 20.7 percent deposit market share.

The bank's home mortgage lending activity was adequate. Aggregate home mortgage data for 2024 was not yet available at the time of this evaluation. Therefore, we relied on aggregate home mortgage data for 2023. Aggregate home mortgage data for 2023 indicates the bank's market share of HMDA loan originations was 8.8 percent and the bank ranked second out of 129 HMDA-reportable lenders in the AA. The bank's home mortgage market share was below its deposit market share.

The bank's small business lending activity was very poor. Aggregate small business data for 2023 indicates the bank's market share of small loans to business was 3.1 percent and the bank ranked 11 out of 41 small business lenders in the AA. The bank's lending market share was significantly below its deposit market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited excellent geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table 7 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in CTs of different income levels was excellent. The bank did not make any home mortgage loans in low-income CTs throughout the evaluation period. However, the bank's percentage of home mortgage loans in moderate-income CTs exceeded both the percentage of owner-occupied housing in the AA and the aggregate lending activity in these geographies. Only 0.03 percent of owner-occupied housing was located in low-income CTs, and a lack of aggregate lending activity demonstrates minimal lending opportunities in these geographies. Therefore, we placed significantly more weight on the bank's performance in moderate-income CTs.

Small Loans to Businesses

Refer to Table 9 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses in CTs of different income levels was excellent. The bank did not make any small loans to businesses in low-income CTs. However, the bank's percentage of small loans to businesses in moderate-income CTs exceeded both the percentage of businesses in the AA and aggregate lending activity in these geographies. Only 0.2 percent of businesses were located in low-income CTs, which makes lending in those geographies challenging. Therefore, we placed significantly more weight on the bank's performance in moderate-income CTs.

Small Loans to Farms

Refer to Table 11 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms in CTs of different income levels was excellent. The bank did not make any small loans to farms in the low-income CTs. However, the bank's percentage of small loans to farms in moderate-income CTs exceeded both the percentage of farms in the AA and the aggregate lending activity in these geographies. There were no farms located in low-income geographies during the evaluation period. Therefore, we placed all the weight on the bank's performance in the moderate-income CTs.

Lending Gap Analysis

We did not identify any unexplained or conspicuous gaps in the bank's lending activity.

Distribution of Loans by Income Level of the Borrower

The bank exhibited good distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table 8 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income levels was good. The bank's proportion of home mortgage loans to low-income borrowers was well below the percentage of low-income families in the AA and below the aggregate lending activity to these borrowers. The proportion of bank loans to moderate-income families exceeded the percentage of families in the AA but was below the aggregate lending activity to these borrowers.

Small Loans to Businesses

Refer to Table 10 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was adequate. The bank's percentage of loans to businesses with revenues less than $1.0 million (small businesses) was somewhat lower than the aggregate lending activity to these borrowers, and significantly below the percentage of businesses in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small businesses need or qualify for loans.

Small Loans to Farms

Refer to Table 12 in the Grand Forks MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was excellent. The bank's portion of small loans to farms exceeded the aggregate lending activity to small farms in the AA, but was well below the percentage of small farms in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small farms need or qualify for loans.

Community Development Lending

The institution made a relatively high level of CD loans.

Refer to Table 3 in the Lending Activity section for the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The bank's CD lending had a positive impact on the Grand Forks MMSA. Alerus made five CD loans totaling $24.9 million, which is equivalent to 23.0 percent of the bank's allocated tier 1 capital. The bank demonstrated good responsiveness to economic development and affordable housing loan needs in the AA. Some of the bank's CD loans demonstrated complexity.

The following are examples of CD loans the bank originated or purchased in the MMSA:

- Alerus provided $9.7 million in loans to an organization for purchasing real estate and constructing a Low-Income Housing Tax Credit (LIHTC) eligible apartment complex. The apartment complex is targeted to LMI seniors. Of the 40 units, 38 are income restricted to less than 60.0 percent of the area median income with 20 units reserved for extremely low income earning less than 30.0 percent of the area median income.
- Alerus provided $11.6 million in loans to fund the construction of a new car dealership within the bank's AA. Of the $11.6 million, $4.8 million is classified as a bridge loan to cover the SBA 504 portion until the funds are dispersed. The dealership provides economic development to the Grand Forks MMSA by creating an estimated 12-15 jobs for LMI individuals.

INVESTMENT TEST

The institution's performance under the Investment Test in the Grand Forks MMSA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Grand Forks MMSA was excellent.

Number and Amount of Qualified Investments

Table 4: Qualified Investments										
	Prior Period		Current Period		Total				Unfunded Commitments	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Grand Forks MMSA	1	7,585	65	520	66	100.0	8,106	100.0	0	0
Total	**1**	**7,585**	**65**	**520**	**66**	**100.0**	**8,106**	**100.0**	**0**	**0**

The institution had an excellent level of qualified investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period the bank made 65 grants totaling $520 thousand to 25 organizations. Additionally, the bank had one prior-period investment totaling $7.6 million to support affordable housing. The dollar volume of current- and prior- period investments totaled $8.1 million, or 7.5 percent of the bank's allocated tier 1 capital.

The institution exhibited good responsiveness to credit and community development needs. Investments were responsive to economic development, affordable housing, and community service needs within the AA. The institution makes significant use of innovative and/or complex investments to support CD initiatives. By dollar volume, 93.6 percent of investments were comprised of LIHTC investments which are considered complex due to its detailed regulatory framework, strict compliance requirement, and a highly competitive application process.

The following are examples of qualified investments in the MMSA:

- The bank invested nearly $7.6 million in a LIHTC project which supports affordable housing development in the bank's AA. The LIHTC project provides income restricted rental units to LMI seniors with 38 of the 40 units restricted to less than 60.0 percent of the area median income.
- The bank donated $300 thousand to a local healthcare provider who provides community services to LMI individuals within the Grand Forks MMSA. Funding supports affordable health care and food insecurity programs.
- The bank donated $75 thousand to a local non-profit who provides community services to LMI individuals within the Grand Forks MMSA. Funding supports food pantry, backpack, and emergency shelter programs.

SERVICE TEST

The institution's performance under the Service Test in Grand Forks MMSA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Grand Forks MMSA was excellent.

Retail Banking Services

Service delivery systems were readily accessible to geographies and individuals of different income levels in the institution's AA.

Table 5: Distribution of Branch Delivery Systems														2024
	Deposits	Branches							Population					
Assessment Area	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)					% of Population within Each Geography					
				Low	Mod	Mid	Upp	NA	Low	Mod	Mid	Upp	NA	
Grand Forks MMSA	100.0	4	100.0	0	75.0	25.0	0	0	2.30	18.29	53.14	23.99	2.29	
Total	**100.0**	**4**	**100.0**	**0**	**75.0**	**25.0**	**0**	**0**	**2.30**	**18.29**	**53.14**	**23.99**	**2.29**	

Source: FFIEC File – 2020 U.S. Census
1/1/2022 -12/312024 Bank Data
Due to rounding, totals may not equal 100.0%

The bank's retail branch distribution was excellent. There were no branches in low-income geographies. However, the bank's proportion of retail bank branches in moderate-income CTs exceeded the percentage of the population. Additionally, the bank has three deposit-taking ATMs located in moderate-income CTs.

The bank did not open or close any branches in this AA throughout the evaluation period.

Services, including where appropriate, business hours, did not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Branch and Drive-Up hours varied only slightly between each four branches. Only one branch offers Saturday drive-up hours with the branch being located in a moderate CT.

Community Development Services

The bank was a leader in providing CD services.

During the evaluation period, twelve employees provided qualified CD services to 13 organizations logging 439 qualified hours within the AA, which equates to 3.4 hours per full-time employee. Six employees acted in a leadership capacity, providing 423 hours or 96 percent of the bank's CD service hours. Leadership is evident with bank staff sitting on the boards and committees of various local organizations operating within the Grand Forks MMSA and providing financial and technical expertise. Of the 439 hours logged in the bank's AA, nearly 302 hours were qualified under community services targeted to LMI individuals and 137 hours were qualified under economic development. All organizations are located in the Grand Forks MMSA with the majority including an express statement of serving the local community. Within the AA the bank has four branches and 130 employees.

Specific examples of CD services provided over the evaluation period within the AA:

- One employee provided 127 leadership hours to a local 501(C)(3) non-profit organization located within a moderate-income tract that provides community services to LMI individuals.
- One employee provided 127 leadership hours to two local development organizations and provided financial training, expertise, and technical assistance. Both organizations are located within in moderate-income census tracks.
- One employee provided 90 leadership hours to a 501(C)(3) non-profit organization located within a moderate-income tract that provides community services to LMI individuals. The employee provided bank related technical skills and expertise to the organization in a leadership role.

Fargo, ND-MN MMSA

CRA rating for the Fargo MMSA[2]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: Outstanding

The major factors supporting this rating include:

- The institution made a relatively high level of CD loans.
- The bank exhibited good geographic distribution of loans in the AA.
- The bank exhibited good distribution of loans to borrowers of different income levels and businesses and farms of different sizes.
- Lending levels reflected adequate responsiveness to credit needs in the AA.
- The volume of qualified CD investments and grants was adequate.
- Service delivery systems were readily accessible to geographies and individuals of different income levels.
- The bank was a leader in providing CD services.

Description of Institution's Operations in Fargo MMSA

The Fargo MMSA consists of Cass County, ND and Clay County, MN. Alerus operates three branches and one deposit-taking ATM. The Fargo MMSA includes 60 census tracts (CTs). This includes five low-, 12 moderate-, 28 middle-, and 15 upper-income CTs.

Competition in the AA is significant. According to the June 30, 2024, FDIC Deposit Market Share report, the bank had $466 million in deposits in the Fargo MMSA. This equates to approximately 3.6 percent market share of deposits in the AA. The bank ranked seventh of 33 deposit taking institutions in the AA. The top five institutions are Bell Bank, First International Bank & Trust, Gate City Bank, U.S. Bank NA, and Wells Fargo Bank NA. Combined, these five institutions have 69.3 percent of deposits in the AA.

Economic and employment strengths highlighted in the February 2025 Moody's Analytics report include favorable demographic trends, workforce education levels, and the relatively low cost of living within the Fargo MMSA. Educational attainment continues to be well above state and national averages with 43.0 percent of the population having a bachelor's degree or greater compared to North Dakota at 33.0 percent and U.S. at 36.0 percent. Housing and rental affordability within the MMSA continues to be more affordable than national averages. The top three largest employers are the Sanford Health, Axis Communications, and North Dakota State University which when combined, comprise approximately 9.3 percent of total employment. We concluded information from the February 2025 report is reflective of the AA's conditions during the evaluation period.

Over the evaluation period, according to the Bureau of Labor Statistics (BLS), the Fargo MMSA unemployment rate has ranged from a low of 1.3 percent in October 2022 to a high of 2.8 percent in February 2024. The average unemployment rate over the evaluation period was 2.0 percent. The Fargo

[2] MMSA ratings reflect performance within the multistate metropolitan statistical area. Statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

MMSA unemployment rate has been in line with the North Dakota average unemployment rate of 2.4 percent.

Assessment Area - Fargo MMSA						
						2022 - 2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	60	8.33	20.00	46.67	25.00	0.00
Population by Geography	249,843	6.97	18.31	48.69	26.04	0.00
Housing Units by Geography	110,404	8.56	22.70	48.71	20.03	0.00
Owner-Occupied Housing by Geography	56,879	2.17	14.53	55.22	28.08	0.00
Occupied Rental Units by Geography	44,843	14.78	32.00	41.36	11.86	0.00
Vacant Units by Geography	8,682	18.27	28.14	44.08	9.51	0.00
Businesses by Geography	9,369	9.62	25.06	43.96	21.36	0.00
Farms by Geography	579	2.07	10.02	72.37	15.54	0.00
Family Distribution by Income Level	58,291	18.78	18.38	23.45	39.38	0.00
Household Distribution by Income Level	101,722	23.62	15.90	18.89	41.59	0.00
Unemployment rate (%)	3.09	6.11	3.76	3.01	1.84	0.00
Households Below Poverty Level (%)	11.81	33.31	15.22	9.59	5.48	0.00
Median Family Income (22020 - Fargo, ND-MN MSA)		$90,450			Median Housing Value	$217,650
Median Family Income (22020 - Fargo, ND-MN MSA) for 2024		$105,900			Median Gross Rent	$812
					Families Below Poverty Level	6.25

FFIEC File - 2020 Census
FFIEC File - 2024 Census
2024 Dun & Bradstreet SBSF Demographics
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification

We reviewed one recently completed community contact in the Fargo MMSA as part of this evaluation. The contact is located in Fargo and serves the Fargo, ND and Moorhead, MN areas. The contact stated that Fargo's diverse economy is a strength. Area population, employment, and number of jobs are growing. Additionally, the area continues to expand its traditional and emerging high-tech industries. Despite growth in most sectors, rental vacancies are increasing. The contact identified home mortgage loans as a primary credit need. Both contacts stated that lending opportunities are available in all sectors and these needs are largely met by local, competitive financial institutions.

Scope of Evaluation in Fargo MMSA

We completed a full-scope review of the Fargo MMSA. Home mortgage loans received the most weight, followed by small business and small farm loans. Weighting is based on loan volume within the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FARGO MMSA

LENDING TEST

The bank's performance under the Lending Test in the Fargo MMSA is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Fargo MMSA was good.

Lending Activity

Lending levels reflected adequate responsiveness to AA credit needs.

Table 3: Lending Activity								2022 - 2024
Number of Loans								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Fargo MMSA	452	300	61	5	0	818	100.00	100.00
Total	**452**	**300**	**61**	**5**	**0**	**818**	**100.00**	**100.00**
Dollar Volume of Loans ($000s)								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Fargo MMSA	89,504	72,868	14,392	28,814	0	205,578	100.00	100.00
Total	**89,504**	**72,868**	**14,392**	**28,814**	**0**	**205,578**	**100.00**	**100.00**
Source: 1/1/2022 - 12/31/2024 Bank Data.								
Due to rounding, totals may not equal 100.0%								

According to the FDIC's Deposit Market Share report as of June 30, 2024, Alerus had approximately $466.2 million in deposits in the Fargo MMSA. The bank ranked seventh of 33 insured depository institutions in the AA with a 3.6 percent deposit market share.

The bank's home mortgage lending activity was adequate. Aggregate home mortgage data for 2023 indicates the bank's market share of HMDA loan originations was 2.53 percent and the bank ranked 11 out of 177 HMDA-reportable lenders in the AA. The bank's home mortgage loan market share was below its deposit market share.

The bank's small business lending activity was poor. Aggregate small business data for 2023 indicates the bank's market share of small loans to businesses ranked 13 out of 52 small business lenders in the AA. The bank's lending market share was 1.7 percent which was below its deposit market share.

The bank's small farm lending activity was adequate. Aggregate small farm data for 2023 indicates the bank's market share of small loans to farms ranted seventh of 21 small farm lenders in the AA. The bank's small farm loan market share was 3.0 percent which was near to its deposit market share.

Distribution of Loans by Income Level of the Geography

The bank exhibited good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table 7 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in CTs of different income levels was adequate. The bank's percentage of home mortgage loans in low-income geographies exceeded the percentage of owner-occupied housing units in these geographies and was near to the aggregate lending activity. The bank's percentage of home mortgage loans in moderate-income geographies was lower than the percentage of owner-occupied housing units in those geographies and somewhat lower than the aggregate lending activity. Consideration was given to the bank's branch locations, which are in low-, middle-, and upper-income CTs with no locations in moderate-income CTs. Therefore, we placed more weight on the bank's performance in low-income CTs.

Small Loans to Businesses

Refer to Table 9 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small business loans to borrowers in CTs of different income levels was excellent. The bank's percentage of small loans to businesses in LMI geographies exceeded both the percentage of businesses located in these geographies and the aggregate lending activity.

Small Loans to Farms

Refer to Table 11 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of loans to small farms in CTs of different income levels was adequate**.** The bank's percentage of small loans to farms in low-income geographies exceeded the aggregate lending activity in these geographies but was below the percentage of farms located in these geographies. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small farms need to qualify for loans. The bank did not originate any loans in moderate income census tracts. However, consideration was given to the bank's branch locations, which are in low-, middle-, and upper-income CTs with no locations in moderate-income CTs. Therefore, we place more weight on the bank's performance in low-income CTs.

Lending Gap Analysis

We did not identify any unexplained or conspicuous gaps in the bank's lending activity.

Distribution of Loans by Income Level of the Borrower

The bank exhibited good distribution of loans to individuals of different income levels, and business and farms of different sizes.

Home Mortgage Loans

Refer to Table 8 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income levels was good. The bank's percentage of loans to low-income borrowers was near to the aggregate lending activity to these borrowers, but well below the percentage of low-income families in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities in the AA. The bank's percentage of loans to moderate-income borrowers exceeded both the percentage of moderate-income families in the AA and the aggregate lending activity to these borrowers.

Small Loans to Businesses

Refer to Table 10 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes was adequate. The bank's percentage of loans to small businesses was lower than aggregate lending activity to small businesses and significantly lower

than the percentage of small businesses in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small businesses need or qualify for loans.

Small Loans to Farms

Refer to Table 12 in the Fargo MMSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to farms.

The distribution of loans to farms of different sizes was excellent. The bank's percentage of small loans to small farms exceeded aggregate lending activity but was lower than the percentage of small farms in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small farms need or qualify for loans.

Community Development Lending

The institution made a relatively high level of CD loans.

Refer to Table 3 in the Lending Activity section for the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The bank's CD lending had a positive impact on the Fargo MMSA. The bank made five CD loans totaling $28.8 million, which is equivalent to 46.3 percent of the bank's allocated tier 1 capital. The bank's loans were responsive to economic development needs in the AA. Some of the bank's CD loans demonstrated complexity.

The following are examples of CD loans the bank originated or purchased in the MMSA:

- The bank provided two loans totaling $24.9 million to an organization supporting economic development. The organization utilized the funds to construct industrial facilities located within a moderate-income CT. The operations qualify for the New Market Tax Credit and are expected to create 35 LMI jobs within the AA.
- The bank provided two loans totaling $3.3 million to an organization supporting economic development. Of the $3.3 million, $1.4 million is classified as a bridge loan to cover the SBA 504 portion until the funds are dispersed. The organization utilized the funds to construct a recreational facility within the bank's AA and creating permanent jobs.

INVESTMENT TEST

The institution's performance under the Investment Test in Fargo MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution's performance in the Fargo MMSA was adequate.

Number and Amount of Qualified Investments

Table 4: Qualified Investments										
	Prior Period		Current Period		Total				Unfunded Commitments	
Assessment Area	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Fargo MMSA	0	0	68	1,228	68	100.0	1,228	100.0	0	0
Total	**0**	**0**	**68**	**1,228**	**68**	**100.0**	**1,228**	**100.0**	**0**	**0**

The institution had an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. By dollar volume, current-period qualifying investments and grants totals $1.2 million, which is equivalent to 2.0 percent of the bank's allocated tier 1 capital. Throughout the evaluation period, the bank made one qualifying investment totaling $1.0 million and 67 grants totaling $186 thousand to 31 organizations.

The institution exhibited adequate responsiveness to credit and community development needs. Investments were responsive to economic development, affordable housing, and community service needs within the AA. Qualified investments were entirely comprised of mortgage-backed securities. By dollar volume, 85.4 percent of investments supported affordable housing, 9.7 percent funded community services, and 4.9 percent supported economic development. The institution rarely used innovative and/or complex investments to support CD initiatives.

The following are examples of qualified investments in the MMSA:

- The bank invested $1.0 million into mortgage-backed securities supporting LMI CTs and families within the Fargo MMSA.
- The bank donated nearly $95 thousand to a local non-profit providing community services to LMI individuals. Services provided by the organization include efforts to address homelessness, prevent hunger, and prepare children for success.

SERVICE TEST

Performance under the Service Test is rated Outstanding.

Based on a full-scope review, the institution's performance in the Fargo MMSA was excellent.

Retail Banking Services

Service delivery systems were readily accessible to geographies and individuals of different income levels in the AA.

Table 5: Distribution of Branch Delivery Systems														2024
Assessment Area	Deposits	Branches							Population					
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)					% of Population within Each Geography					
				Low	Mod	Mid	Upp	NA	Low	Mod	Mid	Upp	NA	
Fargo MMSA	100.0	3	100.0	33.3	0.0	33.3	33.3	0.0	6.97	18.31	48.69	26.04	0.00	
Total	**100.0**	**3**	**100.0**	**33.3**	**0.0**	**33.3**	**33.3**	**0.0**	**6.97**	**18.31**	**48.69**	**26.04**	**0.00**	
Source: FFIEC File – 2020 U.S. Census *1/1/2022 to 12/31/2024 Bank Data* *Due to rounding, totals may not equal 100.0%*														

The proportion of retail bank branches in low-income CTs exceeded the percentage of the population. The bank does not have any retail branches in moderate-income geographies. Consideration was given to the branches located in middle- and upper-income CTs which border and regularly serve LMI CTs. Additionally, the bank had one deposit-taking ATM located in a low-income CT.

The bank did not open or close branches in the AA during the evaluation period.

Services, including where appropriate, business hours, did not vary in a way that inconvenienced the various portions of its AA, particularly LMI geographies and/or individuals. Branch hours were consistent between the three branches. Drive-up hours did vary slightly with the middle- and upper-income CT branches offering limited Saturday hours.

Community Development Services

The bank was a leader in providing CD services.

During the evaluation period, eight employees provided qualified CD services to nine organizations totaling 373 service hours, which equates to 4.7 hours per full-time employee. Five employees acted in a leadership capacity for 264 service hours. Leadership is evident with bank staff holding board and committee positions providing local organizations with financial expertise and technical skills needed when serving the community. Of the 373 service hours logged in the bank's AA, nearly 139 hours were qualified under community services targeted to LMI individuals and 234 hours were qualified under economic development. Within the AA the bank has three branches and 79 employees.

Specific examples of CD services provided over the evaluation period within the AA:

- One employee provided 19 hours to an organization providing economic development by supporting small businesses within the AA. The employee acted in a leadership role and provided needed technical and financial expertise to support the retention of a small-town business.
- One employee provided 199 hours to an organization focused on economic development through small business lending and other resources. The employee acted in a leadership role, sitting on various committees and provided needed financial expertise.

State Rating

State of Minnesota

CRA rating for the State of Minnesota[3]: Satisfactory
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Low Satisfactory
The Service Test is rated: High Satisfactory

The major factors supporting this rating include:

- The institution is a leader in providing CD loans.
- Lending levels reflected excellent responsiveness to AA credit needs.
- The bank exhibited good geographic distribution of loans.
- The bank exhibited adequate borrower distribution among individuals of different income levels and businesses of different sizes.
- The institution had an adequate level of qualified investments and grants.
- The institution was a leader in providing CD services.
- Service delivery systems were reasonably accessible to geographies and individuals of different income levels.

Description of Institution's Operations in Minnesota

The bank has one AA in Minnesota, the Minneapolis MSA. The bank's AA includes only the portion of the Minneapolis MSA in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. The AA consists of 784 CTs, including 49 low-, 172 moderate-, 323 middle-, 229 upper-, and 11 unknown-income CTs. Alerus had six branch locations and three deposit-taking ATMs in the AA.

According to the June 30, 2024, FDIC Deposit Market Share report, Alerus had $1.8 billion in deposits in the AA. Competition was significant with a total of 106 FDIC-insured depository institutions with 619 offices within the Minneapolis MSA. The bank ranked 13 of 106 institutions with 0.7 percent deposit market share. The top three competitors had 73.7 percent of the market and included U.S Bank, N.A. with 75 branches and 46.5 percent market share; Wells Fargo Bank, N.A. with 80 branches and 17.2 percent market share; and Ameriprise Bank, F.S.B. with two branches and 9.0 percent market share.

Economic and employment highlights from the November 2024 Moody's Analytics report indicate the Minneapolis AAs economy is underperforming. Payroll employment has resumed growth but is still down year over year. The softer labor market held wages flat since midyear. Single-family house price appreciation is below national averages. Despite positive population trends, Minneapolis migration

[3] For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

trends are beginning to weaken. The top three employers were Fairview Health System, Target Corporation, and Allina Health System. The top three industries are education and health services, professional and business services, and government.

According to the BLS, the 2024 annual unemployment rate in the Minneapolis MSA was 2.9 percent, compared to 2.6 percent in 2023 and 2.3 percent in 2022. The unemployment rate has remained low over the past two years and decreased from pre-pandemic and pandemic levels. Minneapolis MSA 2020 unemployment rate was 6.4 percent.

Assessment Area - Minneapolis MSA						
						2022 - 2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	784	6.25	21.94	41.20	29.21	1.40
Population by Geography	3,163,104	5.76	20.74	41.87	30.73	0.89
Housing Units by Geography	1,252,503	5.43	21.06	42.69	30.13	0.68
Owner-Occupied Housing by Geography	825,889	2.58	16.96	45.57	34.80	0.09
Occupied Rental Units by Geography	374,867	11.29	29.95	37.00	19.82	1.93
Vacant Units by Geography	51,747	8.37	22.16	38.03	30.31	1.13
Businesses by Geography	146,294	4.48	19.17	41.14	34.27	0.94
Farms by Geography	3,996	2.30	14.51	47.85	35.14	0.20
Family Distribution by Income Level	754,097	19.62	17.70	22.30	40.39	0.00
Household Distribution by Income Level	1,200,756	23.18	16.73	18.79	41.30	0.00
Unemployment rate (%)	3.81	7.33	5.34	3.42	2.69	6.21
Households Below Poverty Level (%)	8.32	28.64	12.20	6.18	4.49	34.48
Median Family Income (33460 - Minneapolis-St. Paul-Bloomington, MN-WI MSA)		$103,977			Median Housing Value	$266,050
Median Family Income (33460 - Minneapolis-St. Paul-Bloomington, MN-WI MSA) for 2024		$123,700			Median Gross Rent	$1,171
					Families Below Poverty Level	5.30

FFIEC File - 2020 Census
FFIEC File - 2024 Census
2024 Dun & Bradstreet SBSF Demographics
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification

We reviewed two recently completed community contacts to better understand the needs of the Minneapolis MSA and opportunities for financial institutions. The two contacts represented the Metropolitan Economic Development Association and the Metropolitan Council. Information from community contact interviews identified the need for small business loans and affordable housing within the Minneapolis MSA. The contacts noted local institutions are appropriately meeting the community's credit needs.

Scope of Evaluation in Minnesota

We completed a full-scope review of the Minneapolis MSA. Home mortgage loans received the most weight, followed by small business loans. Weighting is based on loan volume within the AA. We did not evaluate small loans to farms as the bank did not originate enough loans in the AA to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

LENDING TEST

The bank's performance under the Lending Test in Minnesota is rated High Satisfactory.

Based on a full scope review, the bank's performance in the Minneapolis MSA was good.

Lending Activity

Lending levels reflected excellent responsiveness to AA credit needs.

Table 3: Lending Activity								2022 - 2024
Number of Loans								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Minneapolis MSA	4,135	571	0	12	0	4,718	99.9	100.00
Minnesota Statewide	0	0	0	1	0	1	0.1	0.00
Total	**4,135**	**571**	**0**	**13**	**0**	**4,719**	**100.00**	**100.00**
Dollar Volume of Loans ($000s)								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Minneapolis MSA	1,529,606	204,847	0	120,715	0	1,855,168	99.9	100.00
Minnesota Statewide	0	0	0	1,500	0	1,500	0.1	0.00
Total	**1,529,606**	**204,847**	**0**	**122,215**	**0**	**1,856,668**	**100.00**	**100.00**
Source: 1/1/2022 - 12/31/2024 Bank Data. *Due to rounding, totals may not equal 100.0%*								

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

According to the FDIC's Deposit Market Share report as of June 30, 2024, the bank had $1.8 billion in deposits in the AA. The bank's deposit market share ranked 13 out of 106 deposit taking institutions in the AA with 0.7 percent deposit market share.

The bank's home mortgage lending activity was excellent. Aggregate home mortgage data for 2023 indicates the bank's market share of HMDA loans ranked 19 of 630 home mortgage lenders in the AA. The bank's home mortgage market share was 1.5 percent which was stronger than its deposit market share ranking.

The bank's small business lending activity was very poor. Aggregate small business data for 2023 indicates the bank's market share of small business loan originations ranked 27 of 142 small business lenders in the AA. The bank's small business market share was 0.3 percent which was significantly below its deposit market share ranking.

Distribution of Loans by Income Level of the Geography

The bank exhibited an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table 7 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in CTs of different income levels was adequate. The bank's percentage of home mortgage loans in low-income geographies was near to both the percentage of owner-occupied housing units in low-income geographies and the aggregate lending activity in these geographies. The bank's percentage of home mortgage loans in moderate-income

geographies was below the percentage of owner-occupied housing units in moderate-income geographies and is well below the aggregate lending activity in these geographies. Consideration was given to the fact that the bank has no branch locations in LMI geographies, but some branches border LMI geographies.

Small Loans to Businesses

Refer to Table 9 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to business in CTs of different income levels was good. The bank's percentage of small business loans in low-income geographies was somewhat lower than both the percentage of small businesses and the aggregate lending activity in these geographies. The percentage of small business loans in moderate-income geographies was near to the aggregate lending activity in these geographies and somewhat lower than the percentage of small businesses in the AA.

Lending Gap Analysis

We did not identify any unexplained or conspicuous gaps in the bank's lending activity.

Distribution of Loans by Income Level of the Borrower

The bank exhibited good distribution of loans among individuals of different income levels and business of different sizes.

Home Mortgage Loans

Refer to Table 8 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of home mortgage loans to borrowers of different income levels was good. The bank's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families and is near to the aggregate lending activity to those families. The bank's percentage of home mortgage loans to low-income borrowers was significantly lower than the percentage of low-income families and was lower than the aggregate lending activity to those families in the AA. However, consideration was given to the demographic characteristics of the AA. Eight percent of households are below the poverty level. Additionally, low-income families earned less than $62 thousand annually and moderate-income families earned between $62 and $99 thousand annually. With a median housing value of $266 thousand, LMI individuals would likely struggle to afford monthly payments on a home located in the AA.

Small Loans to Businesses

Refer to Table 10 in the State of Minnesota section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes was adequate. The percentage of loans to small businesses was lower than the aggregate activity to these borrowers and significantly lower than the percentage of small businesses in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small businesses need or qualify for loans.

Community Development Lending

The institution was a leader in providing CD loans.

Refer to Table 3 in the Lending Activity section for the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The bank's CD lending had a significantly positive impact on the Lending Test rating in the State of Minnesota. Alerus made 12 CD loans totaling $120.7 million, equivalent to 51.3 percent of the bank's allocated tier 1 capital. The bank's loans were responsive to economic development, affordable housing, and community service needs in the AA. Some of the bank's CD loans demonstrated complexity.

The following are examples of CD loans the bank originated or purchased in the AA:

- The bank provided $37.0 million in loans to fund the construction and development of an assisted living facility located in the bank's AA. The property is part of the City of St. Paul revitalization plan for the old Ford Motor Company plant site.
- The bank provided $12.0 million in funding to an organization that supports affordable housing within the bank's AA. The organization is building an affordable housing apartment complex with 169 units, the majority being income restricted to 60 percent of the area median income or less. The property is located within a moderate-income CT.
- The bank provided $22.0 million in funding to an organization that supports economic development within the bank's AA. The organization is utilizing the funding to construct a 237-unit multi-family project and qualifies for Tax Increment Financing. The project includes 61 income restricted units and creates employment for LMI individuals.

INVESTMENT TEST

The bank's performance under the Investment Test in Minnesota is rated Low Satisfactory.

Based on a full-scope review, the bank's performance in the Minneapolis MSA was adequate.

Number and Amount of Qualified Investments

Table 4: Qualified Investments*

Assessment Area	Prior Period		Current Period		Total				Unfunded Commitments	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Minneapolis MSA	1	108	129	5,811	130	95.5	5,919	73.8	0	0
Broader Statewide or Regional Area	0	0	6	2,104	6	4.5	2,104	26.2	0	0
Total	**1**	**108**	**135**	**7,915**	**136**	**100.0**	**8,023**	**100.0**	**0**	**0**

* The table presents the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

The institution had an adequate level of qualified investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Throughout the evaluation period the bank made one investment totaling $5.0 million and 128 donations totaling $811 thousand within the AA. Additionally, the bank had one prior period investment still outstanding which totaled $108 thousand. By dollar volume, current- and prior- period investments total $5.9 million, which is equivalent to 2.5 percent of allocated tier 1 capital.

The institution exhibited good responsiveness to credit and community development needs. Investments were responsive to affordable housing, community service, and economic development needs within the state. By dollar volume, 92.6 percent of investments supported affordable housing, 6.6 percent funded community services, and 0.8 percent supported economic development. The bank makes occasional use of innovative and/or complex investments to support CD initiatives. By dollar volume, 84.5 percent of total investments were comprised of LIHTC investments which are considered complex due to its detailed regulatory framework, strict compliance requirement, and a highly competitive application process.

The following are examples of qualified investments in the MMSA:

- The bank invested $5.0 million into LIHTC which helped fund the development of a 143-unit apartment complex targeted to LMI individuals. The complex will be restricted to individuals with incomes less than 60.0 percent of the area median income.
- The bank donated $250 thousand to an organization that supports local affordable housing and financial literacy training for LMI individuals.

SERVICE TEST

The bank's performance under the Service Test in Minnesota is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Minneapolis MSA was good.

Retail Banking Services

Service delivery systems were reasonably accessible to geographies and individuals of different income levels in the AA.

Table 5: Distribution of Branch Delivery Systems													**2024**
Assessment Area	**Deposits**	**Branches**							**Population**				
	% of Rated Area Deposits in AA	**# of Bank Branches**	**% of Rated Area Branches in AA**	**Location of Branches by Income of Geographies (%)**					**% of Population within Each Geography**				
				Low	**Mod**	**Mid**	**Upp**	**NA**	**Low**	**Mod**	**Mid**	**Upp**	**NA**
Minneapolis MSA	100.0	6	100.0	0.0	0.0	33.33	66.67	0.0	5.76	20.74	41.87	30.73	0.89
Total	**100.0**	**6**	**100.0**	**0.0**	**0.0**	**33.33**	**66.67**	**0.0**	**5.76**	**20.74**	**41.87**	**30.73**	**0.89**
Source: FFIEC File – 2020 U.S. Census *1/1/2022-12/31/2024 Bank Data* *Due to rounding, totals may not equal 100.0%*													

* The table presents the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

The bank's distribution of branches in LMI geographies was significantly below the percentage of the population living within these geographies. The bank has six branches, and two deposit-taking ATMs located within middle- and upper-income CTs. Consideration was given to the two branches located in middle- and upper-income CTs which border and regularly serve LMI CTs. Additionally, the bank had one deposit-taking ATM located in a moderate-income CT.

Table 6: Distribution of Branch Openings/Closings								
Branch Openings/Closings								
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Net change in Location of Branches (+ or -)**					
			Low	**Mod**	**Mid**	**Upp**	**NA**	
Minneapolis MSA	2	2	0	0	0	0	0	
Total	**2**	**2**	**0**	**0**	**0**	**0**	**0**	
1/1/2022-12/31/2024 Bank Data.								

* The table presents the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. The bank closed one branch and subsequently opened another branch in an upper-income CT. Similarly, the bank closed one branch and subsequently opened another branch in a middle-income CT. As a result, there is zero net change in the bank's location of branches. The Shorewood branch was closed due to low traffic and its close proximity to other Alerus branches in Excelsior (2.1 miles) and Eden Prairie (7.7 miles). The Shorewood branch was a strictly transactional branch and had no ability to open accounts or originate loans. The lobby was closed during COVID-19 and only reopened for a short period. Alerus also opened a new branch in an upper-income CT in Shoreview in 2024. The Shoreview branch opening is a relocation of an old, non-client facing, operations center in a neighboring community. The opening will allow the bank to service client needs in the area with a full-service physical branch.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. No branch in the Minneapolis AA is open on the weekend.

Community Development Services

The institution was a leader in CD services.

During the evaluation period, twenty-one employees provided qualified CD services to 23 organizations logging 460 service hours within this AA, which equates to 2.4 hours per full-time employee. Ten employees acted in a leadership capacity providing 351 CD service hours or approximately 76.0 percent of the bank's CD service hours. Of the 460 service hours provided in the bank's AA, nearly 222 hours were qualified under community services targeted to LMI individuals, 33 hours were qualified under affordable housing, and 205 hours were qualified under economic development. Within the AA the bank has seven branches with 189 employees.

Specific examples of CD services provided over the evaluation period within the AA:

- One employee provided 140 hours of service in leadership role to an organization that supports economic development. The organization provides key resources businesses that provide affordable childcare to LMI individuals.
- One employee provided 78 hours of service in leadership role to an organization that provides community services to LMI individuals. The employee serves as the 501(c)(3) nonprofit organization's treasurer and utilizes their financial expertise to help fulfill the organization goal of ensuring affordable and sustainable food.

State of Arizona

CRA rating for the State of Arizona: Satisfactory
The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors supporting this rating include:

- The bank had an adequate level of CD lending in the AA.
- Lending levels reflected very poor responsiveness to AA credit needs
- The bank exhibited good geographic distribution of loans in its AA.
- The bank exhibited adequate distribution of loans to individuals of different income levels and businesses of different sizes.
- The institution had an excellent level of qualified investments, including grants.
- Service delivery systems were readily accessible to geographies and individuals of different income levels.
- The bank provided a relatively high level of CD services.

Description of Institution's Operations in Arizona

Alerus operates in one AA in Arizona, the Phoenix MSA. The bank's AA includes only the portion of the MSA located in Maricopa County. The AA has 1,009 CTs including 64 low-, 259 moderate-, 314 middle-, 348 upper-, and 24 unknown-income CTs. Alerus has two branch locations and no deposit-taking ATMs in the AA.

According to the June 30, 2024, FDIC Deposit Market Share report, Alerus had $324.9 million in deposits in the AA. Competition is strong with a total of 60 FDIC-insured depository institutions with 638 offices within the AA. The bank ranked 33 of 60 with 0.2 percent in deposit market share. The top three competitors had 60.2 percent of the market share and included JP Morgan Chase Bank, N.A. with 189 branches and 23.3 percent market share, Western Alliance Bank with nine branches and 18.9 percent market share, and Wells Fargo Bank, N.A with 156 branches and 18.0 percent market share.

Economic and employment strengths in the February 2025 Moody's Analytics report include robust population growth and in-migration with increased expansion of banks, insurance companies and business service firms. Job growth continues to grow with the total employment equaling 2.5 million increasing 2.1 percent from 2023 to 2024. The top employment industries within Phoenix include Education and Health Services, Professional and Business Services, and Government totaling 17.0 percent, 16.2 percent, and 10.5 percent, respectively. The top private employers within the MSA are Banner Health, Wells Fargo Bank N.A. and Avnet. The MSA has a sizeable elderly population with approximately 16.0 percent of the population over 65 years old. Housing affordability in Phoenix compares favorably to the national average and remains consistent with the state of Arizona, however; has decreased significantly since 2019. The decrease in housing affordability was largely driven by the increase in housing prices, housing shortages, and increased population growth. The increased housing prices spurred a 5.7 million increase in single-family permits from 2023 to 2024. Single-family housing permits decreased in 2024 back to historical levels. We concluded the February 2025 report is representative of economic characteristics during the evaluation period.

According to the BLS, the 2024 annual unemployment rate in the Phoenix MSA was 3.2 percent, compared to 3.3 percent in 2022 and 3.2 percent in 2023. The unemployment rate has remained low over the past two years and decreased from pre-pandemic levels. The Phoenix MSA unemployment rate was slightly lower than the 3.6 percent unemployment rate for the state of Arizona in 2024.

Assessment Area - Phoenix MSA						
						2022 - 2024
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,009	6.34	25.67	31.12	34.49	2.38
Population by Geography	4,420,568	5.80	25.58	32.58	35.42	0.62
Housing Units by Geography	1,765,880	5.37	26.46	33.46	34.34	0.37
Owner-Occupied Housing by Geography	1,008,487	2.63	20.65	34.69	41.89	0.15
Occupied Rental Units by Geography	588,297	9.99	35.62	31.64	22.06	0.70
Vacant Units by Geography	169,096	5.61	29.27	32.48	32.02	0.62
Businesses by Geography	368,171	4.03	18.92	28.63	47.89	0.53
Farms by Geography	8,290	4.38	20.49	29.78	44.60	0.75
Family Distribution by Income Level	1,047,899	20.39	17.91	20.00	41.71	0.00
Household Distribution by Income Level	1,596,784	22.29	16.92	18.45	42.33	0.00
Unemployment rate (%)	5.08	7.88	6.47	4.67	4.02	10.88
Households Below Poverty Level (%)	11.17	30.47	17.04	9.02	5.65	29.48
Median Family Income (38060 - Phoenix-Mesa-Chandler, AZ MSA)		$78,930			Median Housing Value	$253,100
Median Family Income (38060 - Phoenix-Mesa-Chandler, AZ MSA) for 2024		$101,300			Median Gross Rent	$1,246
					Families Below Poverty Level	9.09

FFIEC File - 2020 Census
FFIEC File - 2024 Census
2024 Dun & Bradstreet SBSF Demographics
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification

We reviewed one recent community contact to understand the AA needs and opportunities. The contact focused on the demand of commercial and industrial lending to support growth of small businesses. The contact noted that the Phoenix area has a large population of small businesses within the healthcare, transportation, manufacturing, construction, hospitality and professional services sectors. These businesses have resources and access to capital if they are creditworthy borrowers. Accessing capital is a constant challenge to the smallest and less seasoned business owners. The area does also have a collaborative environment for small businesses where many communities share resources.

Scope of Evaluation in Arizona

We completed a full-scope review of the Phoenix MSA. Small business loans received the most weight, followed by home mortgage loans. Weighting is based on loan volume within the AA. We did not evaluate small loans to farms in the AA as there was not origination activity to conduct a meaningful analysis.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

LENDING TEST

The bank’s performance under the Lending Test in Arizona is rated Low Satisfactory.

Based on a full-scope review, the bank’s performance in the Phoenix MSA was adequate.

Lending Activity

Lending levels reflected very poor responsiveness to AA credit needs.

Table 3: Lending Activity								2022 - 2024
Number of Loans								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Phoenix MSA	192	281	0	1	0	474	99.8	100.00
Arizona Statewide	0	0	0	1	0	1	0.2	0.00
Total	**192**	**281**	**0**	**2**	**0**	**475**	**100.00**	**100.00**
Dollar Volume of Loans ($000s)								
Assessment Area	**Home Mortgage**	**Small Business**	**Small Farm**	**Community Development**	**Consumer**	**Total**	**% Rating Area Loans**	**% Rating Area Deposits**
Phoenix MSA	79,082	101,001	0	1,580	0	181,663	97.3	100.00
Arizona Statewide	0	0	0	4,956	0	4,956	2.7	0.00
Total	**79,082**	**101,001**	**0**	**6,536**	**0**	**186,619**	**100.00**	**100.00**
Source: 1/1/2022 - 12/31/2024 Bank Data. *Due to rounding, totals may not equal 100.0%*								

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

According to the FDIC's Deposit Market Share report as of June 30, 2024, Alerus $324.9 million in deposits in the AA. The bank had a 0.2 percent deposit market share in the Phoenix MSA and ranked 33 out of 60 insured depository institutions.

The bank's home mortgage lending activity was very poor. Aggregate home mortgage data for 2023 indicates the bank's market share of HMDA loan originations was 0.04 percent and the bank ranked 212 out of 890 HMDA lenders in the AA. The bank's home mortgage loan market share was significantly below its deposit market share.

The bank's small business lending activity was very poor. Aggregate small business data for 2023 indicates the bank's market share of small loans to businesses was 0.08 percent and ranked 35 out of 193 small business lenders in the AA. The bank's lending market share was significantly below its deposit market share ranking.

Distribution of Loans by Income Level of the Geography

The bank exhibited good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table 7 in the State of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in CTs of different income levels was poor. The bank did not originate any home mortgage loans in low-income geographies during the evaluation period. The percentage of the bank's home mortgage loans in moderate-income geographies was lower than both the percentage of owner-occupied housing units and the aggregate lending activity in these geographies. Consideration was given to the bank's branch locations, with one branch in a moderate-income CT and no branches in low-income CTs. Additionally, aggregate lending activity in low-income CTs is low at 2.2 percent, which indicates minimal lending opportunity in these geographies. Therefore, we placed more weight on the bank's performance in the moderate-income CT.

Small Loans to Businesses

Refer to Table 9 in the State of Arizona section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small business loans to borrowers in CTs of different income levels was excellent. The bank's percentage of small loans to businesses in LMI geographies exceeded both the percentage of businesses located in these geographies and the aggregate lending activity in these geographies.

Lending Gap Analysis

We did not identify any unexplained or conspicuous gaps in the bank's lending activity.

Distribution of Loans by Income Level of the Borrower

The bank exhibited adequate distribution of loans among individuals of different income levels and businesses of different sizes.

Home Mortgage Loans

Refer to Table 8 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The distribution of home mortgages loans to borrowers of different income levels was poor.
The bank's percentage of home mortgage loans to low-income borrowers was significantly lower than the percentage of low-income families and somewhat lower than the aggregate lending activity to these borrowers. The bank's percentage of loans to moderate-income borrowers was significantly lower than both the percentage of moderate-income families in the AA and the aggregate lending activity to these borrowers. Consideration was given to the demographic characteristics of the AA. Eleven percent of households are below the poverty level. Additionally, low-income families earned less than $51 thousand annually and moderate-income families earned between $51 and $81 thousand annually. With a median housing value of $253 thousand, LMI individuals would likely struggle to afford monthly payments on a home located in the AA.

Small Loans to Businesses

Refer to Table 10 in the State of Arizona section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes was adequate**.** The bank's percentage of loans to small businesses was below the aggregate lending activity to these borrowers and well below the percentage of small businesses in the AA. Aggregate lending performance is a better comparator as it is more indicative of lending opportunities within the AA as not all small businesses need or qualify for loans.

Community Development Lending

The bank made a low level of CD loans.

Refer to Table 3 in the Lending Activity section for the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The bank made one CD loan totaling $1.6 million, which is equivalent to 3.6 percent of the bank's allocated tier 1 capital. The loan was adequately responsive to economic development needs within the bank's AA. The loan contained some complexity.

The following is an example of the CD loan the bank originated in the AA:

- The bank provided $1.6 million in funding to an SBA-qualified small business located within its AA. The business promotes economic development through permanent job creation for LMI individuals.

INVESTMENT TEST

The bank's performance under the Investment Test in Arizona is rated Outstanding.

Based on a full-scope review, the bank's performance in the Phoenix MSA was excellent.

Number and Amount of Qualified Investments

Table 4: Qualified Investments*

Assessment Area	Prior Period		Current Period		Total				Unfunded Commitments	
	#	$(000's)	#	$(000's)	#	% of Total #	$(000's)	% of Total $	#	$(000's)
Phoenix MSA	2	453	23	5,343	25	100.0	5,796	100.0	0	0
Total	**2**	**453**	**23**	**5,343**	**25**	**100.0**	**5,796**	**100.0**	**0**	**0**

* The table presents the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

The institution had an excellent level of qualified investments, including grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
During the evaluation period, the bank made one investment totaling approximately $5.0 million and 22 donations totaling $343 thousand to 11 organizations. Additionally, the bank had two investments from the prior period which totaled $453 thousand. By dollar volume, current- and prior- period investments total $5.8 million, which represents 13.4 percent of allocated tier 1 capital.

The institution exhibited good responsiveness to credit and community development needs. Investments were responsive to affordable housing and community service needs within the AA. By dollar volume, 94.1 percent of investments supported affordable housing and 5.9 percent funded community services. The institution made significant use of innovative and/or complex investments to support CD initiatives. By dollar volume, 86.3 percent of investments were comprised of LIHTC which are considered complex due to its detailed regulatory framework, strict compliance requirement, and a highly competitive application process.

The following are examples of qualified investments in the AA:

- The bank purchased two $100 thousand tax credits which funded financial education for LMI individuals and groups within the bank's AA.
- The bank invested $5.0 million into LIHTC which helped fund the development of a 151-unit apartment complex targeted to LMI individuals. The entirety of the complex will be restricted to individuals with incomes less than 60.0 percent of the area median income.

SERVICE TEST

The bank's performance under the Service Test in Arizona is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the Phoenix MSA was good.

Retail Banking Services

Service delivery systems were readily accessible to geographies and individuals of different income levels in the institution's AA.

Table 5: Distribution of Branch Delivery Systems														2024
Assessment Area	Deposits	Branches							Population					
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)					% of Population within Each Geography					
				Low	Mod	Mid	Upp	NA	Low	Mod	Mid	Upp	NA	
Phoenix MSA	100.0	2	100.0	0.0	50.0	50.0	0.0	0.0	5.80	25.58	32.58	35.42	0.62	
Total	**100.0**	**2**	**100.0**	**0.0**	**50.0**	**50.0**	**0.0**	**0.0**	**5.80**	**25.58**	**32.58**	**35.42**	**0.62**	
Source: FFIEC File – 2020 U.S. Census *1/1/2022 – 12/31/2024 Bank Data* *Due to rounding, totals may not equal 100.0%*														

* The table presents the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

The bank's distribution of branches in low-income geographies was well below the population but exceeded the population in moderate-income geographies. The bank's physical footprint size is minor compared its competitors with only two branches in the Phoenix MSA.

Table 6: Distribution of Branch Openings/Closings								
Branch Openings/Closings								
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)					
			Low	Mod	Mid	Upp	NA	
Phoenix MSA	0	1	0	-1	0	0	0	
Total	**0**	**1**	**0**	**-1**	**0**	**0**	**0**	
1/1/2022 - 12/31/2024 Bank Data.								

The institutions opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies or individuals. Alerus closed one branch located in Mesa, Arizona. The bank closed the branch due to low traffic. The branch was only accessible by appointment-only, no cash transactions were accepted, did not have a teller line, and lacked appropriate staff volume.

Branch business hours do not vary in a way that inconveniences its AA, especially LMI geographies or individuals. The branch within the moderate-income tract provides a drive-up service. The bank's drive-up offered extended hours; however, is not open on Saturdays. Alerus made all services available at all branches.

Community Development Services

The institution provided a relatively high level of CD services.

Three bank employees provided qualified CD service activities to three organizations logging approximately 214 qualified hours within this AA, equating to 5.78 hours per full-time employee. CD activities were completed at organizations that focused on community services and affordable housing for LMI individuals. All services were completed in a leadership position. Leadership is evident with bank staff sitting on the boards and committees of various local organization operating within the AA,

providing financial and technical expertise. The bank has thirty-seven employees in the two branches in the AA.

Examples of CD services in the AA include:

- An employee sat on the board, marketing and finance committee and complete other volunteer efforts providing 204 hours throughout the evaluation period. The mission of the organization is to fundraise for foster children who they provide for their essential needs promoting permanency and health.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term "full-scope," and those that received a less comprehensive review, designated by the term "limited-scope".

Time Period Reviewed:	January 1, 2022, to December 31, 2024	
Bank Products Reviewed:	Home mortgage, small business, and small farm loans (CD loans, qualified investments and donation, and CD services	
Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
Not applicable	Not applicable	Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	**Type of Exam**	**Other Information**
MMSA(s)		
Fargo MMSA	Full-scope	Clay (MN) and Cass (ND) Counties
Grand Forks MMSA	Full-scope	Polk (MN) and Grand Forks (ND) Counties
Arizona		
Phoenix MSA	Full-scope	Maricopa County
Minnesota		
Minneapolis	Full-Scope	Anoka, Dakota, Carver, Hennepin, Ramsey, Scott, and Washington Counties

Appendix B: Summary of MMSA and State Ratings

RATINGS				
Overall Bank:	**Lending Test Rating***	**Investment Test Rating**	**Service Test Rating**	**Overall Bank/State/ Multistate Rating**
Alerus Financial, National Association	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
MMSA or State:				
Fargo MMSA	High Satisfactory	Low Satisfactory	Outstanding	Satisfactory
Grand Forks MMSA	High Satisfactory	Outstanding	Outstanding	Outstanding
Arizona	Low Satisfactory	Outstanding	High Satisfactory	Satisfactory
Minnesota	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of $1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2 of this title, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (10) and (13) of this title.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of CD loans and qualified investments, branch distribution, and CD services).

Low-Income: Individual income that is at less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5

million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Multistate Metropolitan Statistical Area (MMSA): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Prior Period Investments: Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multistate metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Unfunded Commitments: Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the "bank" include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) "aggregate" is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table 7. **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table 8. **Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/AA. The table also presents aggregate peer data for the years the data is available.

Table 9. **Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to $1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank's AA.

Table 10. **Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to $1 million) originated and purchased by the bank to businesses with revenues of $1 million or less to: 1) the percentage distribution of businesses with revenues of greater than $1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table 11. Assessment Area Distribution of Loans to Farms by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to $500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.

Table 12. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues - Compares the percentage distribution of the number of small loans (loans less than or equal to $500,000) originated and purchased by the bank to farms with revenues of $1 million or less to: 1) the percentage distribution of farms with revenues of greater than $1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Grand Forks MMSA

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**
Grand Forks MMSA	419	92,010	100.00	4,033	0.03	0.0	--	11.22	15.27	12.82	58.58	36.52	51.18	27.78	47.49	33.99	2.39	0.72	2.01
Total	**419**	**92,010**	**100.00**	**4,033**	**0.03**	**0.0**	**--**	**11.22**	**15.27**	**12.82**	**58.58**	**36.52**	**51.18**	**27.78**	**47.49**	**33.99**	**2.39**	**0.72**	**2.01**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Borrowers**			**Moderate-Income Borrowers**			**Middle-Income Borrowers**			**Upper-Income Borrowers**			**Not Available-Income Borrowers**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**
Grand Forks MMSA	419	92,010	100.00	4,033	22.11	5.97	8.43	15.70	15.99	21.22	22.88	21.24	21.75	39.31	43.68	31.02	--	13.13	17.58
Total	**419**	**92,010**	**100.00**	**4,033**	**22.11**	**5.97**	**8.43**	**15.70**	**15.99**	**21.22**	**22.88**	**21.24**	**21.75**	**39.31**	**43.68**	**31.02**	**--**	**13.13**	**17.58**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**
Grand Forks MMSA	211	70,079	100.00	4,004	0.22	0.0	0.07	21.78	25.59	17.18	57.41	38.39	50.10	19.72	34.60	30.39	0.87	1.42	2.25
Total	**211**	**70,079**	**100.00**	**4,004**	**0.22**	**0.0**	**0.07**	**21.78**	**25.59**	**17.18**	**57.41**	**38.39**	**50.10**	**19.72**	**34.60**	**30.39**	**0.87**	**1.42**	**2.25**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Businesses with Revenues <= 1MM**			**Businesses with Revenues > 1MM**		**Businesses with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Businesses**	**% Bank Loans**
Grand Forks MMSA	211	70,079	100.00	4,004	76.13	35.55	48.93	9.59	64.45	14.29	0.0
Total	**211**	**70,079**	**100.00**	**4,004**	**76.13**	**35.55**	**48.93**	**9.59**	**64.45**	**14.29**	**0.0**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table 11: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Farm**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**
Grand Forks MMSA	81	20,779	100.00	1,208	--	--	--	3.82	4.94	1.32	82.70	56.79	79.64	13.48	38.27	19.04	--	--	--
Total	**81**	**20,779**	**100.00**	**1,208**	**--**	**--**	**--**	**3.82**	**4.94**	**1.32**	**82.70**	**56.79**	**79.64**	**13.48**	**38.27**	**19.04**	**--**	**--**	**--**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 12: Assessment Area Distribution of Loans to Farms by Gross Annual Revenue											2022 - 2024
Assessment Area:	**Total Loans to Farms**				**Farms with Revenues <= 1MM**			**Farms with Revenues > 1MM**		**Farms with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Farms**	**% Bank Loans**
Grand Forks MMSA	81	20,779	100.00	1,208	82.49	54.32	49.17	16.30	45.68	1.21	0.0
Total	**81**	**20,779**	**100.00**	**1,208**	**82.49**	**54.32**	**49.17**	**16.30**	**45.68**	**1.21**	**0.0**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.											
Due to rounding, totals may not equal 100.0%											

Fargo MMSA

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**
Fargo MMSA	452	89,504	100.00	12,905	2.17	2.88	3.36	14.53	9.73	11.72	55.22	49.34	46.76	28.08	38.05	38.16	--	--	--
Total	**452**	**89,504**	**100.00**	**12,905**	**2.17**	**2.88**	**3.36**	**14.53**	**9.73**	**11.72**	**55.22**	**49.34**	**46.76**	**28.08**	**38.05**	**38.16**	**--**	**--**	**--**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data, "--" data not available.																			
Due to rounding, totals may not equal 100.0%																			

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Borrowers**			**Moderate-Income Borrowers**			**Middle-Income Borrowers**			**Upper-Income Borrowers**			**Not Available-Income Borrowers**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**
Fargo MMSA	452	89,504	100.00	12,905	18.78	7.74	8.41	18.38	21.02	20.96	23.45	23.01	22.60	39.38	39.82	29.67	--	8.41	18.36
Total	**452**	**89,504**	**100.00**	**12,905**	**18.78**	**7.74**	**8.41**	**18.38**	**21.02**	**20.96**	**23.45**	**23.01**	**22.60**	**39.38**	**39.82**	**29.67**	**--**	**8.41**	**18.36**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data, "--" data not available.																			
Due to rounding, totals may not equal 100.0%																			

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**
Fargo MMSA	300	72,868	100.00	11,849	9.62	11.00	9.86	25.06	38.33	24.58	43.96	23.33	38.90	21.36	27.33	26.62	--	--	--
Total	**300**	**72,868**	**100.00**	**11,849**	**9.62**	**11.00**	**9.86**	**25.06**	**38.33**	**24.58**	**43.96**	**23.33**	**38.90**	**21.36**	**27.33**	**26.62**	**--**	**--**	**--**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Businesses with Revenues <= 1MM**			**Businesses with Revenues > 1MM**		**Businesses with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Businesses**	**% Bank Loans**
Fargo MMSA	300	72,868	100.00	11,849	80.89	30.67	49.18	8.42	69.00	10.68	0.33
Total	**300**	**72,868**	**100.00**	**11,849**	**80.89**	**30.67**	**49.18**	**8.42**	**69.00**	**10.68**	**0.33**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table 11: Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Farm**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Aggregate**
Fargo MMSA	61	14,392	100.00	1,057	2.07	1.64	0.95	10.02	0.0	2.65	72.37	80.33	84.20	15.54	18.03	12.20	--	--	--
Total	**61**	**14,392**	**100.00**	**1,057**	**2.07**	**1.64**	**0.95**	**10.02**	**.0**	**2.65**	**72.37**	**80.33**	**84.20**	**15.54**	**18.03**	**12.20**	**--**	**--**	**--**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.																			
Due to rounding, totals may not equal 100.0%																			

Table 12: Assessment Area Distribution of Loans to Farms by Gross Annual Revenue											2022 - 2024
Assessment Area:	**Total Loans to Farms**				**Farms with Revenues <= 1MM**			**Farms with Revenues > 1MM**		**Farms with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Farms**	**% Bank Loans**	**% Aggregate**	**% Farms**	**% Bank Loans**	**% Farms**	**% Bank Loans**
Fargo MMSA	61	14,392	100.00	1,057	87.91	67.21	52.98	11.40	32.79	0.69	0.0
Total	**61**	**14,392**	**100.00**	**1,057**	**87.91**	**67.21**	**52.98**	**11.40**	**32.79**	**0.69**	**0.0**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.											
Due to rounding, totals may not equal 100.0%											

State of Minnesota

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**
Minneapolis MSA	4,135	1,529,606	100.00	173,601	2.58	2.18	3.33	16.96	12.12	17.80	45.57	39.06	43.91	34.80	46.29	34.78	0.09	0.36	0.19
Total	**4,135**	**1,529,606**	**100.00**	**173,601**	**2.58**	**2.18**	**3.33**	**16.96**	**12.12**	**17.80**	**45.57**	**39.06**	**43.91**	**34.80**	**46.29**	**34.78**	**0.09**	**0.36**	**0.19**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Borrowers**			**Moderate-Income Borrowers**			**Middle-Income Borrowers**			**Upper-Income Borrowers**			**Not Available-Income Borrowers**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**
Minneapolis MSA	4,135	1,529,606	100.00	173,601	19.62	6.58	11.20	17.70	19.95	24.14	22.30	21.23	21.85	40.39	49.67	28.19	--	2.56	14.62
Total	**4,135**	**1,529,606**	**100.00**	**173,601**	**19.62**	**6.58**	**11.20**	**17.70**	**19.95**	**24.14**	**22.30**	**21.23**	**21.85**	**40.39**	**49.67**	**28.19**	**--**	**2.56**	**14.62**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data, "--" data not available.																			
Due to rounding, totals may not equal 100.0%																			

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**
Minneapolis MSA	571	204,847	100.00	136,235	4.48	2.28	3.67	19.17	15.94	17.24	41.14	33.27	40.81	34.27	48.16	37.57	0.94	0.35	0.71
Total	**571**	**204,847**	**100.00**	**136,235**	**4.48**	**2.28**	**3.67**	**19.17**	**15.94**	**17.24**	**41.14**	**33.27**	**40.81**	**34.27**	**48.16**	**37.57**	**0.94**	**0.35**	**0.71**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Businesses with Revenues <= 1MM**			**Businesses with Revenues > 1MM**		**Businesses with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Businesses**	**% Bank Loans**
Minneapolis MSA	571	204,847	100.00	136,235	82.51	31.87	50.22	9.17	67.95	8.32	0.18
Total	**571**	**204,847**	**100.00**	**136,235**	**82.51**	**31.87**	**50.22**	**9.17**	**67.95**	**8.32**	**0.18**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.											
Due to rounding, totals may not equal 100.0%											

State of Arizona

Table 7: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**	**% of Owner-Occupied Housing Units**	**% Bank Loans**	**% Aggregate**
Phoenix MSA	192	79,082	100.00	294,131	2.63	0.0	2.20	20.65	8.33	17.95	34.69	26.04	36.20	41.89	65.63	43.56	0.15	0.0	0.10
Total	**192**	**79,082**	**100.00**	**294,131**	**2.63**	**0.0**	**2.20**	**20.65**	**8.33**	**17.95**	**34.69**	**26.04**	**36.20**	**41.89**	**65.63**	**43.56**	**0.15**	**0.0**	**0.10**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 8: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022 - 2024
Assessment Area:	**Total Home Mortgage Loans**				**Low-Income Borrowers**			**Moderate-Income Borrowers**			**Middle-Income Borrowers**			**Upper-Income Borrowers**			**Not Available-Income Borrowers**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**	**% Families**	**% Bank Loans**	**% Aggregate**
Phoenix MSA	192	79,082	100.00	294,131	20.39	3.13	6.24	17.91	4.17	15.25	20.00	9.90	21.13	41.71	73.44	40.33	--	9.38	17.05
Total	**192**	**79,082**	**100.00**	**294,131**	**20.39**	**3.13**	**6.24**	**17.91**	**4.17**	**15.25**	**20.00**	**9.90**	**21.13**	**41.71**	**73.44**	**40.33**	**--**	**9.38**	**17.05**

Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0%

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Low-Income Tracts**			**Moderate-Income Tracts**			**Middle-Income Tracts**			**Upper-Income Tracts**			**Not Available-Income Tracts**		
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Aggregate**
Phoenix MSA	281	101,001	100.00	261,917	4.03	7.12	3.54	18.92	27.76	17.76	28.63	20.64	28.55	47.89	42.70	49.48	0.53	1.78	0.67
Total	**281**	**101,001**	**100.00**	**261,917**	**4.03**	**7.12**	**3.54**	**18.92**	**27.76**	**17.76**	**28.63**	**20.64**	**28.55**	**47.89**	**42.70**	**49.48**	**0.53**	**1.78**	**0.67**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.																			
Due to rounding, totals may not equal 100.0%																			

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022 - 2024
Assessment Area:	**Total Loans to Small Businesses**				**Businesses with Revenues <= 1MM**			**Businesses with Revenues > 1MM**		**Businesses with Revenues Not Available**	
	#	**$**	**% of Total Number**	**Overall Market**	**% Businesses**	**% Bank Loans**	**% Aggregate**	**% Businesses**	**% Bank Loans**	**% Businesses**	**% Bank Loans**
Phoenix MSA	281	101,001	100.00	261,917	89.17	34.52	54.85	4.44	65.12	6.38	0.36
Total	**281**	**101,001**	**100.00**	**261,917**	**89.17**	**34.52**	**54.85**	**4.44**	**65.12**	**6.38**	**0.36**
Source: FFIEC File - 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data.											
Due to rounding, totals may not equal 100.0%											