



PUBLIC DISCLOSURE

June 6, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alerus Financial, National Association
Charter Number: 13790

401 Demers Avenue
Grand Forks, ND 58201

Office of the Comptroller of the Currency

222 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:

Performance Levels	Alerus Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
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 that support this rating include:

- The Lending Test rating is based on performance across all rating areas. Alerus demonstrates good dispersion of loans throughout geographies of different income levels and distribution of loans to businesses and farms of different sizes. The overall conclusions are a weighted average, based on deposits, of the two multi-state metropolitan statistical areas (MMSA) and two state ratings. Lending performance in the State of Minnesota carried the greatest weight as over half of Alerus deposits are in this area.
- The Investment Test rating is based on performance across all rating areas. Alerus demonstrates good responsiveness to assessment area (AA) needs through qualified investments. Examiners weighted performance in the same manner as the Lending Test.
- The Service Test rating is based on performance across all rating areas. Alerus provided adequate retail services and community development services throughout its AAs. Examiners weighted performance in the same manner as the Lending Test.

Lending in Assessment Area

Most of the bank's loans are in its AAs.

The bank originated and purchased 86.2 percent of its 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.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	18,524	85.9	3,030	14.1	21,554	\$4,989,643	86.0	\$812,741	14.0	\$5,802,384
Small Business	4,647	88.5	603	11.5	5,250	\$932,910	85.5	\$158,054	14.5	\$1,090,964
Small Farm	248	72.3	95	27.7	343	\$49,354	72.5	\$18,765	27.5	\$68,119
Total	23,419	86.2	3,728	13.7	27,147	\$5,971,907	85.8	\$989,560	14.2	\$6,961,467

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Description of Institution

As of December 31, 2021, Alerus is a \$3.4 billion institution headquartered in Grand Forks, North Dakota. Alerus is wholly owned by Alerus Financial Corporation, a one-bank holding company located in Grand Forks. The holding company became publicly traded in 2019. Alerus is a multistate institution with 15 branches located in North Dakota, Minnesota, and Arizona. Alerus' main office and three additional branch locations are in Grand Forks, ND. There are three branches in Fargo, ND, six branches in the Minneapolis, MN metro area, and two branches in Phoenix, AZ. Management opened one branch in Phoenix during the evaluation period and one in Grand Forks. Alerus closed four branches during the evaluation period. Two closed branches were in Grand Forks, and two were in Duluth MN, ending the bank's presence in the Duluth metropolitan statistical area (MSA).

Alerus operates 16 cash dispensing ATMs, seven of which are deposit taking. There are six ATMs in Grand Forks, four in Fargo, five in the Minneapolis metro area, and one in Phoenix. Deposit taking ATMs include four in Grand Forks and three in the Minneapolis metro area.

For CRA purposes, Alerus operates with four rating areas and five AAs. Rating areas include the Grand Forks MMSA, Fargo MMSA, the state of Minnesota, and the state of Arizona. The AAs include the Grand Forks MMSA, Fargo MMSA, Minneapolis-St. Paul-Bloomington, MN-WI MSA (Minneapolis MSA), Duluth, MN-WI MSA (Duluth MSA), and Phoenix-Mesa-Scottsdale, AZ MSA (Phoenix MSA).

Alerus is a full-service commercial bank offering a variety of loan and deposit products. Net loans and leases represent 52.3 percent of total assets. The loan portfolio is comprised of 52.1 percent commercial loans, 42.0 percent residential real estate loans, 3.0 percent agricultural loans, and 2.5 percent consumer loans. Tier one capital is \$297 million or 8.8 percent of total assets. The North Dakota and Minnesota AAs focus on commercial and residential real estate lending. The Phoenix MSA focuses on commercial lending, primarily large commercial businesses. The North Dakota AAs also have an agricultural portfolio with small farm loan originations totaling \$49 million during the evaluation period. Alerus does not generally originate small farm loans in the Phoenix or Minneapolis AAs. The bank also offers a variety of non-traditional banking products and services. Alerus Retirement and Benefits (ARB) offers retirement plan administration and investment advisory services, ESOP fiduciary services, payroll, health savings accounts, and other benefit services to clients nationwide. Alerus Wealth Management offers fiduciary services, investment management, and financial planning services to clients.

There are no known financial, legal, or other factors impeding then bank’s ability to meet the credit needs of its AAs. Alerus received an Outstanding rating at the previous CRA Performance Evaluation dated June 10, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses the bank’s CRA performance under the Large Institution Lending, Investment, and Service Tests. The evaluation period is January 1, 2018, to December 31, 2021.

In evaluating the bank’s lending performance, the OCC 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; and CD and retail services. We also considered qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States during 2020 and 2021. 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 consideration.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, we selected one or more AAs within that state for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same MSA, MMSA, or combined statistical area (CSA) 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 MMSA and state ratings. The state of Minnesota carried the greatest weight in the overall conclusions. The state of Minnesota accounted for 80.9 percent of the bank’s HMDA- and CRA- reportable loans, and 50.8 percent of the bank’s total deposits.

The MMSA and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Other Factors Considered in our Analysis under Performance Tests

Lending Test

Alerus provided several lending related relief programs to customers because of the COVID-19 pandemic. This included loan payment extensions and payment deferrals. Extensions and loan payment deferrals provided 90-day relief from payments, and the related fees were waived for this service. Alerus provided 399 customers relief on 537 loans with an outstanding balance of \$69.5 million. Late

fees for loans were also waived. These actions were particularly responsive and reflected positively on the bank's Lending Test.

Alerus began a grant program in September 2021 to cover closing costs for qualified customers purchasing homes in low- and moderate-income (LMI) census tracts (CTs). During the evaluation period, 43 borrowers in the Minneapolis MSA and one borrower in the Phoenix MSA qualified for this grant. Individual loans made within this program are HMDA reportable and included in home mortgage performance within the lending test.

Alerus participated in the Small Business Administration (SBA) Paycheck Protection Program (PPP). This program allowed small businesses to remain open during the COVID-19 pandemic through loans covering employment costs. These loans were considered at the AA level as small business loans and community development loans, depending on the loan size.

We also considered bank-wide lending programs contributing to lending responsiveness and flexibility in each AA. Bank-wide programs include:

- Flexible mortgage lending programs including Federal Housing Administration (FHA) loans, Veterans Affairs (VA) loans, North Dakota First Time Home Buyer program, USDA Rural housing program, and Minnesota Housing, City Living and Dakota County Bond programs.
- Alerus participates in SBA's loan programs and established an SBA lending team in 2021 to strengthen the program.

Investment Test

Under the Investment Test, we considered the responsiveness of grants and investments made by Alerus to identified CD needs. We also considered outstanding investments made during prior evaluation periods. We considered the book value of prior-period investments at the end of the current evaluation period and current-period investments at their original investment amount. The OCC compared the dollar amount of qualified investments made in the current and prior evaluation periods to the Tier One Capital allocated to the AAs to gain a perspective regarding the volume of investment activity relative to the bank's financial capacity. Tier One Capital was allocated to the ratings areas and AAs based on the percentage of bank deposits maintained in these areas. Qualitative factors, such as responsiveness, complexity, and innovation were considered in full-scope review areas.

Alerus received consideration for any qualified investment activity that benefited a specific AA under the applicable MMSA or state rating area.

Service Test

Alerus offers a variety of alternative delivery systems available to all individuals and geographies including mobile banking, online banking, telephone banking, free automatic teller machine (ATM) usage, and free bill pay. In some AAs, the bank also offers interactive teller machines (ITMs).

In addition to responsiveness for loan products, Alerus provided relief for customers during the COVID-19 pandemic through services. Early withdrawal penalties and fees for pre-paid cards were waived. Alerus also provided check-cashing services to non-customers involving federal stimulus checks.

Other Information

Alerus made one statewide investment in the state of North Dakota involving the North Dakota Housing Finance Agency to fund affordable housing. This investment positively impacted the investment test ratings for both the Fargo MMSA and the Grand Forks MMSA.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
ND Statewide	0	\$0	1	\$1,835	1	100.0	\$1,835	100.0	0	\$0

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's 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 Bureau of Consumer Financial Protection, 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

Fargo MMSA

CRA rating for the Fargo MMSA¹: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Outstanding

The major factors that support this rating include the following:

- Lending levels reflect good responsiveness to credit needs in its AA;
- Excellent geographic distribution of small loans to businesses;
- Good borrower distribution of loans among farms of different sizes and among individuals of different income levels, and an adequate distribution among businesses of different sizes;
- A good level of qualified investments and grants that provided good responsiveness to community needs; and
- CD services are excellent.

Description of Institution's Operations in Fargo MMSA

The AA consists of a portion of the Fargo MMSA. Refer to the table in Appendix A for a list of counties included.

As of year-end 2021, Alerus had three office locations and four ATMs within the AA, of which none were deposit-taking. During the evaluation period, the bank made \$447.5 million or 7.5 percent of its total dollar volume of home mortgage loans, small loans to businesses, and small loans to farms in this AA.

Based on June 30, 2021, FDIC summary of deposit information, Alerus had \$448.4 million in deposits in this AA, which represented 16.1 percent of the bank's total deposits. Competition was significant with 29 total FDIC-insured financial institutions operating 92 offices in the AA. The bank ranked eighth in deposit market share with 3.5 percent. The top three competitors had 55.6 percent of the market share and included Bell Bank with 11 branches and 40.6 percent market share; First International Bank & Trust with five branches and 8.1 percent market share; and Wells Fargo Bank, N.A. with six branches and 7.0 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Fargo MMSA AA.

¹This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Fargo MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	44	0.0	27.3	50.0	20.5	2.3
Population by Geography	213,099	0.0	23.0	41.7	33.9	1.5
Housing Units by Geography	93,443	0.0	24.9	43.3	30.1	1.7
Owner-Occupied Units by Geography	48,457	0.0	15.8	47.5	36.1	0.6
Occupied Rental Units by Geography	39,061	0.0	36.7	37.4	23.3	2.6
Vacant Units by Geography	5,925	0.0	22.7	47.0	25.7	4.5
Businesses by Geography	19,554	0.0	31.1	33.5	34.9	0.5
Farms by Geography	809	0.0	10.0	58.8	30.9	0.2
Family Distribution by Income Level	49,949	19.0	19.1	22.7	39.2	0.0
Household Distribution by Income Level	87,518	23.7	17.5	17.2	41.7	0.0
Median Family Income MSA - 2020 Fargo, ND-MN MSA		\$75,010	Median Housing Value			\$165,856
			Median Gross Rent			\$709
			Families Below Poverty Level			7.0%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on information in the above table, low-income families earned less than \$37,505 and moderate-income families earned less than \$60,008. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of \$938 for low-income borrowers and \$1,500 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be \$890.

According to the October 2021 Moody's analytics report, the Fargo MSA has recovered from the COVID-19 pandemic and had moderate gains, like the rest of the United States through 2021. The labor market in Fargo has historically been tight with unemployment around three percent. After the pandemic, the labor force rebounded stronger than many other parts of the country. The largest industries in the area are education and health services, government, and retail trade. Significant employers are Sanford Health, Essentia Health, and North Dakota State University. According to the Bureau of Labor Statistics (BLS), unemployment rates ranged from a low of 2.2 percent in 2019 and a high of 4.4 percent in 2020. The evaluation period ended with a 2.9 percent unemployment rate in 2021.

Information from three community contact interviews; one from economic development entity, and two from affordable housing organizations, identified the following needs within the Fargo MSA AA:

- Affordable housing;
- Housing supply; and
- community development lending.

Scope of Evaluation in Fargo MMSA

Examiners completed a full-scope review for the Fargo MMSA AA. Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. HMDA loans represented most of the bank's lending in the MMSA. Refer to the table in Appendix A for additional information.

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 is good.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Fargo MMSA	1,266	953	68	16	2,303

Dollar Volume of Loans (\$000s)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Fargo MMSA	\$276,901	\$149,297	\$21,333	\$46,791	\$494,322

Alerus' lending activity in the Fargo MMSA AA reflects good responsiveness to AA credit needs. Alerus ranked eighth out of 29 insured depository institutions (top 28.0 percent) with a deposit market share of 3.5 percent. For home mortgage loans, Alerus' market share of 3.1 percent ranked eighth out of 226 lenders (top 4.0 percent). The top three lenders were Gate City Bank with 15.0 percent market share, Bell Bank with 10.8 percent market share, and U.S. Bank, N.A. with 9.7 percent market share.

For small loans to businesses, Alerus' market share of 5.7 percent ranked fifth out of 83 lenders (top 7.0 percent). The top three lenders were Bell Bank with 26.4 percent market share, First International Bank and Trust with 10.6 percent market share, and Gate City Bank with 9.2 percent market share.

For small loans to farms, Alerus' market share of 4.7 percent ranked fifth out of 19 lenders (top 27.0 percent). The top three lenders were Bell Bank with 34.3 percent market share, Bremer Bank N.A. with 17.5 percent market share, and Choice Financial with 14.2 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA. There are no low-income census tracts in the AA, so all conclusions are based on performance in moderate-income census tracts.

Home Mortgage Loans

Refer to Table O 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 reflects poor distribution.

The percentage of home mortgage loans originated or purchased in moderate-income geographies was well below the percentage of owner-occupied housing units located in those geographies and was below the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table Q 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 loans to businesses reflects excellent distribution.

The percentage of small loans to businesses originated or purchased in moderate-income geographies exceeded the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table S 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 small loans to farms reflects very poor distribution.

The percentage of small loans to farms originated or purchased in moderate-income geographies was significantly below the percentage of farms located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

The OCC analyzed Alerus’ geographic lending patterns of home mortgage, small loans to businesses, and small loans to farms by mapping loan originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

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

Home Mortgage Loans

Refer to Table P 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 among individuals of different income levels is good.

The percentage of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of families in the AA but was near to the aggregate percentage of all reporting lenders. The percentage of home mortgage loans originated or purchased to moderate-income borrowers was near to the percentage of families in the AA and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table R 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 is adequate.

The percentage of loans to small businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table T 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 is good.

The percentage of loans to small farms originated or purchased was below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Alerus is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth 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 level of CD lending is excellent. Alerus made 16 CD loans totaling \$46.8 million, which represents 97.9 percent of allocated tier 1 capital. CD lending had a significantly positive impact on the lending test conclusion. The bank makes use of innovative and/or complex CD loans and involved several complex projects. By dollar volume, 74.3 percent of CD loans funded revitalization and stabilization efforts, 23.5 percent funded affordable housing, and 2.1 percent funded economic development activities.

Examples of CD loans in the AA include:

- Alerus provided a \$12.6 million loan to a mixed-use property in a moderate-income CT in Fargo, ND. This property is part of a redevelopment plan.
- Alerus provided a \$10 million PPP loan to a non-profit in a moderate-income tract.

Product Innovation and Flexibility

The institution makes use of flexible lending practices to serve AA credit needs. The bank was particularly responsive and used flexible lending practices with PPP loan originations. In 2020-2021, the bank originated 441 PPP loans totaling \$63.8 million considered under the lending test for loans to small businesses. An additional four PPP loans totaling \$4.3 million were considered under CD lending.

INVESTMENT TEST

The institution’s performance under the Investment Test in the Fargo MMSA is rated High Satisfactory.

Based on a full-scope review, Alerus’ performance in the Fargo MMSA is good.

Number and Amount of Qualified Investments

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Fargo MMSA	0	\$0	89	\$205	89	100.0	\$205	100.0	0	\$0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank made qualifying grants and donations totaling \$204.7 thousand to nearly 30 organizations. The dollar volume of current- and prior- period investments represent 0.4 percent of allocated tier 1 capital. When considering the investment in the State of North Dakota, the volume of investments represent an additional 1.9 percent of allocated tier 1 capital.

The institution exhibits good responsiveness to credit and community economic development needs. By dollar volume, 88.4 percent of CD investments funded community services to low- and moderate income- individuals, 5.2 percent supported revitalization and stabilization efforts, 4.0 percent supported affordable housing, and 2.4 percent supported economic development. The institution does not use innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA include:

- Alerus donated nearly \$100 thousand to a non-profit focused on LMI families in the MMSA.
- Alerus donated nearly \$11 thousand to a non-profit focused on revitalizing downtown Fargo.

SERVICE TEST

The institution’s performance under the Service Test in Fargo MMSA is rated Outstanding.

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

Retail Banking Services

Distribution of Branch Delivery System													
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	0.0	33.3	66.7	0.0	0.0	0.0	23.0	41.7	33.9	1.5

* Totals may not equal 100.0 percent due to rounding.

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution's AA. Alerus' distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies. In addition, there was one branch near to a moderate-income CT and served that census tract.

Alerus had several alternative delivery systems including ATMs, telephone banking, online banking, and mobile banking options. These systems provided additional delivery availability and access to banking services for both retail and business customers. Alerus had four ATMs in the AA, of which none were deposit-taking.

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
Fargo MMSA	0	0	0	0	0	0	0

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

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly low- and moderate-income geographies and/or individuals. Alerus offered traditional banking products and services at all branch locations in the AA. Branch hours averaged 45 hours per week for moderate-income branches compared to 48 hours for middle- and upper-income branches. Of the three branches in the AA, all three had drive-up facilities, two of which were in or serving moderate-income geographies. All three were open on Saturdays, two of which were in or serving moderate-income geographies. Alerus offered extended hours for drive-through facilities. Alerus made all services available at all branches.

Community Development Services

Alerus provides a significant level of CD services.

Eleven bank employees provided qualified CD service activities to 14 organizations logging nearly 234 qualified hours within this AA during the evaluation period. The 14 organizations focus on economic development and community services for low- and moderate-income individuals. Leadership is evident through Board or committee participation in eleven of these organizations with nine employees providing nearly 225 service hours.

The following are examples of CD services provided in this AA:

- One employee provided 65 hours in a leadership role to an organization focused on helping the homeless in the MMSA.
- One employee provided 55 hours in a leadership role to an organization focused on helping LMI children in the MMSA.

Multistate Metropolitan Statistical Area Rating

Grand Forks MMSA

CRA rating for the Grand Forks MMSA²: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to credit needs in its AA;
- Good geographic distribution of home mortgage loans and an adequate distribution of small loans to businesses;
- Good borrower distribution of loans among farms of different sizes and an adequate borrower distribution among individuals of different income levels and among businesses of different sizes;
- A good level of qualified investments and grants that provided good responsiveness to community needs; and
- CD services are adequate.

Description of Institution's Operations in Grand Forks MMSA

The AA consists of a portion of the Grand Forks MMSA. Refer to the table in Appendix A for a list of counties included.

As of year-end 2021, Alerus had four office locations and six ATMs, of which four were deposit-taking, within the AA. During the evaluation period, the bank made \$343 million or 5.8 percent of its total dollar volume of home mortgage loans, small loans to businesses, and small loans to farms in this AA.

Based on June 30, 2021, FDIC summary of deposit information, Alerus had \$807.5 million in deposits in this AA, which represented 28.9 percent of the bank's total deposits. Competition was significant with 19 total FDIC-insured financial institutions operating 40 offices in the AA. The bank ranked first in deposit market share with 21.3 percent. The top three competitors had 36.3 percent of the market and included Bremer Bank, N.A. with four branches and 20.8 percent market share; U.S. Bank, N.A. with two branches and 8.3 percent market share; and Gate City Bank with three branches and 7.2 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Grand Forks MMSA.

²This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Alerus Financial Grand Forks MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	4.0	16.0	64.0	16.0	0.0
Population by Geography	90,791	6.1	18.4	55.7	19.9	0.0
Housing Units by Geography	39,855	3.3	19.5	59.3	17.9	0.0
Owner-Occupied Units by Geography	20,233	0.4	11.7	61.6	26.3	0.0
Occupied Rental Units by Geography	16,918	6.2	28.7	56.8	8.3	0.0
Vacant Units by Geography	2,704	6.9	19.9	58.0	15.3	0.0
Businesses by Geography	6,644	2.5	13.1	57.0	27.4	0.0
Farms by Geography	564	0.2	2.8	78.2	18.8	0.0
Family Distribution by Income Level	21,381	19.6	18.7	20.8	40.9	0.0
Household Distribution by Income Level	37,151	25.9	13.6	18.1	42.4	0.0
Median Family Income MSA - 24220 Grand Forks, ND-MN MSA		\$70,827	Median Housing Value			\$154,032
			Median Gross Rent			\$748
			Families Below Poverty Level			8.6%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on information in the above table, low-income families earned less than \$35,414 and moderate-income families earned less than \$56,662. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of \$885 for low-income borrowers and \$1,417 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be \$827.

Information from the October 2021 Moody's Analytics Reports indicated that the Grand Forks' recovery is beginning to slow. Employment growth has lagged both the national and state pace. The labor force is sliding, which is the key factor the drop in the unemployment rate. A declining labor force suggests that Grand Forks' worker shortage could worsen in years ahead. Grand Forks ranked 276th, or in the fourth quintile, for employment growth rate during 2020 through 2022. Military presence in Grand Forks helped to keep recovery on a stable recovery trend. The Grand Forks Air Base has grown in recent years as the base added new reconnaissance and drone units. A stronger farm economy also made a positive impact due to higher average crop prices. According to BLS data, the annual unemployment rate was 3.4 percent in 2021, compared to 5.0 percent in 2020 where unemployment rates were high due to the pandemic. In 2018 and 2019, the annual unemployment rate was 2.6 percent.

Information from three community contact interviews; one from an economic development entity, one from an affordable housing organization, and one from a local government agency, identified the following needs within the Grand Forks MSA AA:

- Financial education;
- Home equity loans;
- Affordable housing projects; and
- Lending to local small businesses.

Scope of Evaluation in Grand Forks MMSA

Examiners completed a full-scope review for the Grand Forks MMSA. Examiners placed more emphasis on home mortgage loans versus small loans to businesses and small loans to farms in arriving at the overall conclusion. Weighting is based on loan volume within the AA. Refer to the table in Appendix A for additional information.

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 is good.

Lending Activity

Lending levels reflect adequate responsiveness to AA credit needs.

Number of Loans					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Grand Forks MMSA	1,048	705	76	13	1,842

Dollar Volume of Loans (\$000)					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
Grand Forks MMSA	\$174,124	\$141,162	\$27,988	\$63,695	\$406,969

Alerus' lending activity in the Grand Forks MMSA reflects adequate responsiveness to AA credit needs. Alerus ranked first out of 19 insured depository institutions (top six percent) with a deposit market share of 21.3 percent. For home mortgage loans, Alerus' market share of 7.4 percent ranked third out of 149 lenders (top two percent). The other top lenders were Gate City Bank with 14.1 percent market share and Bremer Bank, N.A. with 8.0 percent market share.

For small loans to businesses, Alerus' market share of 12.5 percent ranked second out of 53 lenders (top four percent). The top three lenders were Bremer Bank, N.A. with 23.5 percent market share, Alerus, and Choice Financial with 9.9 percent market share.

For small loans to farms, Alerus' market share of 4.6 percent ranked fifth out of 18 lenders (top 28th percent). The top three lenders were Bremer Bank, N.A. with 49.5 percent market share, Frandsen Bank

& Trust with 13.4 percent market share, and John Deere Financial, F.S.B. with 13.0 percent market share.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA. Home mortgage loans received the most weight given the volume of loans, followed by small business loans.

Home Mortgage Loans

Refer to Table O 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 reflects good distribution.

The percentage of home mortgage loans originated or purchased in low-income geographies exceeded the percentage of owner-occupied housing units and the aggregate percentage of all reporting lenders located in those geographies. The percentage of home mortgage loans originated or purchased in moderate-income geographies was below the percentage of owner-occupied housing units and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table Q 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 reflects adequate distribution.

The percentage of small loans to businesses originated or purchased in low-income geographies was significantly below the percentage of businesses located in those geographies but equaled the aggregate percentage of all reporting lenders. The percentage of small loans to businesses originated or purchased in moderate-income geographies was well below the percentage of business located in those geographies and the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table S 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 reflects very poor distribution.

There were no small farms located in low-income geographies. The percentage of small loans to farms originated or purchased in moderate-income geographies was significantly below the percentage of farms located in moderate-income geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

The OCC analyzed Alerus' geographic lending patterns of home mortgage, small loans to businesses, and small loans to farms by mapping originations and purchases throughout the AA. Examiners did not identify any unexplained conspicuous lending gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P 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 among individuals of different income levels is adequate.

The percentage of home mortgage loans originated or purchased to low-income borrowers was well below the percentage of those families in the AA and below the percentage of all reporting lenders. The percentage of home mortgage loans originated or purchased in moderate-income geographies was near the percentage of those families in the AA and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table R 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 is adequate.

The percentage of loans to small businesses originated or purchased was well below the percentage of small businesses in the AA but exceeded the aggregate percentage of all reporting lenders.

Small Loans to Farms

Refer to Table T 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 is good.

The percentage of loans to small farms originated or purchased was well below the percentage of small farms in the AA but exceeded the aggregate percentage of all reporting lenders.

Community Development Lending

Alerus is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth 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 level of CD lending is excellent. Alerus made thirteen CD loans totaling \$63.7 million, which represents 74.0 percent of allocated tier 1 capital. CD lending had a significantly positive impact on the lending test conclusion. By dollar volume, 47.1 percent of CD loans funded economic development activities, 40.3 percent funded affordable housing, and 12.6 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- Alerus provided \$30 million in loans to a health-care facility serving a moderate-income area and LMI families.
- Alerus provided a \$10 million PPP loan to a non-profit in a moderate-income tract.

Product Innovation and Flexibility

The institution makes use of flexible lending practices to serve AA credit needs. Alerus was particularly responsive and used flexible lending practices with PPP loan originations. In 2020-2021, the bank originated 343 PPP loans totaling \$60 million considered under the lending test for loans to small businesses. An additional five PPP loans totaling \$6.7 million were considered under CD lending.

INVESTMENT TEST

The institution’s performance under the Investment Test in the Grand Forks MMSA is rated High Satisfactory.

Based on a full-scope review, Alerus’ performance in the Grand Forks MMSA is good.

Number and Amount of Qualified Investments

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Grand Forks MMSA	0	\$0	96	\$1,003	96	100%	\$1,003	100.0	1	\$7,000

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank made one investment totaling \$705.6 thousand during the evaluation period, and 95 qualifying grants and donations totaling \$297.6 thousand to approximately 30 organizations. The dollar volume of current- and prior- period investments represent 1.2 percent of allocated tier 1 capital. When considering the investment in the State of North Dakota, the volume of investments represent an additional 1.0 percent of allocated tier 1 capital.

The institution exhibits good responsiveness to credit and community economic development needs. Investments were particularly responsive to identified community development needs for affordable housing and community services. By dollar volume, 70.5 percent of CD investments supported affordable housing, 27.5 percent funded community services to low- and moderate income- individuals, and 1.9 percent supported economic development. The institution occasionally uses innovative and/or complex investments to support CD initiatives. Alerus made one Low-Income Housing Tax Credit (LIHTC) investment in the current period, which is generally more complex and requires more expertise to execute.

Examples of CD investments in the AA include:

- Alerus invested \$705.6 thousand in a LIHTC project to provide affordable housing to the MMSA, addressing an identified need for affordable rental housing. Alerus also committed an additional \$7.0 million to this same project that is not yet funded.
- Alerus donated \$122 thousand to a local hospital foundation located in a moderate-income tract. Funds supported reducing food insecurity and helping support affordable health care.

SERVICE TEST

The institution’s performance under the Service Test in the Grand Forks MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution’s performance in the Grand Forks MMSA is adequate.

Retail Banking Services

Distribution of Branch Delivery System													
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
Grand Forks MMSA	100.0	4	100.0	0.0	0.0	100.0	0.0	0.0	6.1	18.4	55.7	19.9	0.0

** Totals may not equal 100.0 percent due to rounding.*

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution’s AA. Alerus’ distribution of branches in low- and moderate-income geographies was significantly below the percentage of the population living within those geographies. However, there was one branch near to a moderate-income CT and served that census tract. When considering the one branch serving low- and moderate- income geographies within the AA, the distribution exceeded the percentage of the population within low- and moderate-income geographies.

Alerus had several alternative delivery systems including ATMs, telephone banking, online banking, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. Alerus had six ATMs in the AA, of which four were deposit-taking.

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
Grand Forks MMSA	1	2	0	-1	0	0	0

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 low- and moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank opened one branch in a middle-income geography during the evaluation period. Alerus closed two branches, one of which was in a moderate-income geography and the other in a middle-income geography.

Services, including where appropriate, business hours, are tailored to the convenience and needs of the various portions of its AA, particularly low- and moderate-income geographies and/or individuals. Alerus offered traditional banking products and services at all branch locations in the AA. Branch hours averaged 48 hours per week for the branch near the moderate-income geographies compared to 40 hours for middle-income branches. Of the four branches in the AA, three had drive-up facilities, one of which were in or serving low- or moderate-income geographies, and one was opened on Saturdays. Alerus offered extended hours for drive-through facilities. Alerus made all services available at all branches.

Community Development Services

Alerus provides a significant level of CD services.

Twenty-one bank employees provided qualified CD service activities to 17 organizations logging nearly 268 qualified hours within this AA during the evaluation period. Leadership is evident through Board or committee participation in nine of these organizations with 13 employees providing over 220 service hours.

The following are examples of CD services provided in this AA:

- Three employees provided 79 leadership hours to a non-profit organization in a moderate-income census tract to support community services.
- One employee provided 33 hours in a leadership role to an economic development organization.

State Rating

State of Minnesota

CRA rating for the State of Minnesota³: Satisfactory

The Lending Test is rated: Outstanding

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect good responsiveness to credit needs in its AA;
- Excellent geographic distribution of home mortgage loans;
- Good borrower distribution among individuals of different income levels and an adequate distribution among businesses of different sizes;
- An adequate level of qualified investments and grants that provided good responsiveness to community needs; and
- CD services are adequate.

Description of Institution's Operations in Minnesota

The AAs in the state of Minnesota consist of the Minneapolis MSA and the Duluth MSA. Refer to the table in Appendix A for a list of counties reviewed.

As of year-end 2021, Alerus had six office locations and five ATMs, of which three were deposit-taking, within the Minneapolis MSA AA. Alerus exited the Duluth market in 2019. During the evaluation period, the bank made \$4.8 billion or 80.9 percent of its total dollar volume of home mortgage loans, small loans to businesses, and small loans to farms in these AAs.

Based on June 30, 2021, FDIC summary of deposit information, Alerus had just over \$1.4 billion in deposits in the Minneapolis MSA AA, which represented 50.8 percent of the bank's total deposits. Competition was significant with a total of 108 FDIC-insured depository institutions with 622 offices within the Minneapolis MSA. The bank ranked 12th in deposit market share with 0.7 percent. The top three competitors had 71.0 percent of the market and included U.S Bank, N.A. with 79 branches and 35.4 percent market share; Wells Fargo Bank, N.A. with 85 branches and 31.5 percent market share; and Ameriprise Bank, F.S.B. with two branches and 4.1 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Minneapolis MSA AA.

³ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Minneapolis MN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	704	7.7	22.3	41.3	27.7	1.0
Population by Geography	2,952,114	6.5	19.7	41.9	31.6	0.3
Housing Units by Geography	1,206,738	6.0	20.5	43.1	30.1	0.4
Owner-Occupied Units by Geography	785,412	2.4	15.6	45.2	36.9	0.1
Occupied Rental Units by Geography	364,742	13.3	30.5	38.9	16.5	0.9
Vacant Units by Geography	56,584	10.2	24.0	40.9	24.0	0.9
Businesses by Geography	328,772	5.4	17.5	42.0	34.9	0.3
Farms by Geography	6,962	2.2	12.5	47.8	37.5	0.1
Family Distribution by Income Level	730,755	20.4	17.0	21.7	41.0	0.0
Household Distribution by Income Level	1,150,154	23.9	16.1	18.2	41.8	0.0
Median Family Income MSA - 33460 Minneapolis-St. Paul-Bloomington, MN- WI MSA		\$84,589	Median Housing Value			\$232,413
			Median Gross Rent			\$966
			Families Below Poverty Level			7.1%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Minneapolis MSA AA consisted of seven counties that comprised the partial Minneapolis MMSA: Anoka, Carver, Dakota, Ramsey Scott, and Washington Counties. As of year-end 2021, Alerus operated six branches and five ATMs in the AA.

Based on information in the above table, low-income families earned less than \$42,295 and moderate-income families earned less than \$67,671. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of \$1,057 for low-income borrowers and \$1,692 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be \$1,248. Low-income borrowers would be challenged to afford a mortgage loan in this AA.

According to the November 2021 Moody's analytics reports, the Minneapolis area's recovery is slowing, though continues to be in a recovery. The professional and business services are growing, while there are weaknesses in banking, government, and healthcare jobs. Housing prices have appreciated but lag the national rate of house appreciation. Construction is strong. The top three employers were Fairview Health System, Allina Health System, and Target Corporation. The top three industries are education and health services, professional and business services, and government. According to BLS data, unemployment was at a low of 2.9 percent in 2018 with a high of 6.5 percent in 2020. The evaluation period ended with an unemployment rate of 3.4 percent in 2021. The unemployment rate was like the state of Minnesota's unemployment rate throughout the evaluation period.

Information from seven community contact interviews; three from economic development entities, and four from affordable housing organizations, identified the following needs within the Minneapolis MSA AA:

- Affordable housing;
- Small business loans, including loans for start-ups; and
- Capital financing for small businesses.

Scope of Evaluation in Minnesota

Examiners selected one AA for a full-scope review. Examiners completed a full-scope review for the Minneapolis MSA AA as it the only AA in existence for the entire evaluation period. As a result, this AA was the most heavily weighted when arriving at the overall conclusion. The Duluth MSA AA received a limited scope review with only one full year of lending activity during the evaluation period. Refer to the table in Appendix A for more information. Examiners placed more emphasis on home mortgage loans versus small loans to businesses in arriving at the overall conclusion. HMDA loans represented the majority of Alerus' lending in the AA. Alerus originated too few small loans to farms in Minneapolis MSA and the Duluth MSA to conduct any meaningful analyses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MINNESOTA

LENDING TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

Lending Activity

Lending levels reflects good responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Minneapolis	15,724	2,076	1	13	17,814	99.5	96.5
Duluth	32	54	0	0	86	0.5	3.5
Total	15,756	2,130	1	13	17,900	100.0	100.0

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

Dollar Volume of Loans (\$000) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Minneapolis	\$4,378,187	\$440,319	\$33	\$18,857	\$4,837,396	82.8	96.5
Duluth	\$4,955	\$6,868	\$0	\$0	\$11,823	17.2	3.5
Total	\$4,383,142	\$447,187	\$33	\$18,857	\$4,849,219	100.0	100.0

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

Based on June 30, 2021, FDIC summary of deposit information, Alerus had just over \$1.4 billion in deposits in these AAs, which represented 50.8 percent of the bank's total deposits. The bank ranked 12th in deposit market share with 0.7 percent. For home mortgage loans, Alerus' market share was 2.3 percent and ranked sixth out of 711 lenders (top one percent). The top three lenders were U.S. Bank, N.A. with 8.4 percent market share, Wells Fargo Bank, N.A. with 7.3 percent market share, and Bell Bank with 5.3 percent market share.

For small loans to businesses, Alerus' market share of 1.3 percent ranked 17 of 223 lenders, within the top eight percent. The top three lenders were U.S. Bank, N.A. with 17.5 percent, Wells Fargo Bank, N.A. with 17.2 percent, and American Express National Bank with 13.6 percent.

Alerus originated too few small loans to farms in the Minneapolis AA to conduct any meaningful analysis.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AAs.

Home Mortgage Loans

Refer to Table O 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 reflects excellent distribution.

During 2019 through 2021, the percentage of home mortgage loans originated or purchased in low-income geographies approximated the percentage of owner-occupied housing units and exceeded the aggregate percentage of all reporting lenders in those geographies. The percentage of home mortgage loans in moderate-income geographies was below the percentage of owner-occupied housing units but near to the aggregate percentage of all reporting lenders located in those geographies.

For 2018, the bank's performance was weaker than 2019 through 2021 performance due to weaker performance in moderate-income geographies.

Small Loans to Businesses

Refer to Table Q 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 businesses reflects poor distribution.

For 2019 through 2021, the percentage of small loans to businesses originated or purchased in low-and moderate-income geographies was well below the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

For 2018, the bank's performance was stronger than 2019 through 2021 performance due to stronger performance in the moderate-income geographies.

Lending Gap Analysis

The OCC analyzed Alerus' geographical lending patterns of home mortgage and small loans to businesses. Examiners did not review small loans to farms because Alerus does not provide these loans in the Minneapolis MSA AA. Examiners did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P 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 among individuals of different income levels is good. Examiners considered housing costs in relation to the median family incomes in the AA, which limited the affordability for low-income families.

For 2019 through 2021, the percentage of home mortgage loans originated or purchased to low-income borrowers was well below, while moderate-income borrowers approximated, the percentage of those families in the AA. The percentage of home mortgage loans originated or purchased to low- and moderate-income families was below the aggregate percentage of all reporting lenders.

For 2018, the bank's performance was weaker than 2019 through 2021 performance due to weaker performance in low-income families.

Small Loans to Businesses

Refer to Table R 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 is adequate.

For 2019 through 2021, the percentage of loans to small businesses originated or purchased was well below the percentage of small businesses in the AA but was near to the aggregate percentage of all reporting lenders.

For 2018, the bank's performance was consistent with 2019 through 2021 performance.

Community Development Lending

Alerus made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth 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 level of CD lending is good. Alerus made 13 CD loans totaling over \$18.8 million, which represented 12.5 percent of allocated tier 1 capital. CD lending has a positive impact on the lending test conclusion. By dollar volume, 84.6 percent funded economic development activities, and 15.4 percent funded revitalization and stabilization efforts.

Examples of CD loans in the AA include:

- Alerus provided a \$500 thousand loan to an organization that provides funding to non-profit organizations with an LMI focus in the MSA.
- Alerus provided a \$300 thousand loan to a non-profit organization focused on community development efforts in Minneapolis.

Statewide CD lending provides additional support for our assessment. The bank made one CD loan totaling \$1.5 million with indirect benefit in a broader statewide area, which further demonstrates the bank's responsiveness to CD needs and opportunities in the community.

Product Innovation and Flexibility

The institution makes use of flexible lending practices to serve AA credit needs. The bank was particularly responsive and used flexible lending practices with PPP loan originations. In 2020-2021, the bank originated 911 PPP loans totaling \$173.3 million considered under the lending test for loans to small businesses. An additional nine PPP loans totaling \$17.6 million were considered under CD lending.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Lending Test in the Duluth MSA is weaker than the bank's overall performance under the Lending Test in the full-scope area due to weaker performance in borrower and geographic distributions. Performance in the Duluth MSA did not affect the overall rating in the state of Minnesota.

Refer to Tables O through T in the state of Minnesota section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

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	\$133	124	\$2,339	125	96.9	\$2,472	99.5	0	\$0
Duluth MSA	0	\$0	4	\$12	4	3.1	\$12	0.5	0	\$0
Total	1	\$133	128	\$2,351	129	100.0	\$2,484	100.0	0	\$0

Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

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

Alerus made one investment totaling \$1.6 million during the evaluation period, and 123 qualifying grants and donations totaling \$763.0 thousand to approximately 50 organizations. The dollar volume of current- and prior- period investments represented 1.6 percent of allocated tier 1 capital.

The institution exhibits good responsiveness to credit and community economic development needs. Investments were particularly responsive to identified community development needs for affordable housing and community services. By dollar volume, 68.0 percent of investments supported affordable housing, 31.2 percent funded community services to low- and moderate income- individuals and 0.1 percent supported economic development. The institution rarely uses innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA included:

- Alerus invested \$1.6 million in mortgage-backed securities supporting low- and moderate-income areas and families.
- Alerus invested \$122 thousand to an organization that provides essential needs to low- and moderate-income families.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the Duluth MSA is weaker than the bank's overall performance under the Investment Test in the full-scope area due to fewer investments. Performance in the Duluth MSA did not affect the overall rating in the state of Minnesota.

SERVICE TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

Retail Banking Services

Distribution of Branch Delivery System													
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	50.0	50.0	0.0	6.5	19.7	41.9	31.6	0.3

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

**Totals may not equal 100.0 percent due to rounding.

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA. Alerus' distribution of branches in low- and moderate-income geographies was significantly below the percentage of the population living within those geographies. The bank has two branches near low- and moderate-income tracts that they serve. When considering the two branches serving low- and moderate- income geographies within the AA, the distribution exceeded the percentage of the population within low- and moderate-income geographies.

Alerus had several alternative delivery systems including ATMs, telephone banking, online banking, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. Alerus had five ATMs in the AA, of which three were deposit-taking.

Distribution of Branch Openings/Closings							
Assessment Area	Branch Openings/Closings		Net change in Location of Branches (+ or -)				
	# of Branch Openings	# of Branch Closings					
			Low	Mod	Mid	Upp	NA
Minneapolis MSA	0	0	0	0	0	0	0
Duluth MSA	0	2	0	-1	-1	0	0

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

The bank did not open or close branches during the evaluation period in the Minneapolis MSA. Two branches in the Duluth MSA were closed.

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. Branch hours averaged 45 hours per week branches in all geographies. Of the six branches in the AA, three had drive-up facilities, one of which was in or serving low- or moderate-income geographies. Alerus offered extended hours for drive-through facilities. Alerus made all services available at all branches.

Community Development Services

Alerus provides a relatively high level of CD services.

Sixteen bank employees provided qualified CD service activities to 11 organizations logging nearly 253 qualified hours within this AA during the evaluation period. Leadership is evident through Board or

committee participation in six of these organizations with five employees providing approximately 168 service hours.

The following are examples of CD services provided in this AA:

- One employee provided over 100 hours to an organization focused on helping with the economic impact of the COVID-19 pandemic on the AA.
- Seven employees provided over 33 hours for financial education to local LMI students.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Service Test in the Duluth MSA is stronger than the bank's overall performance under the Service Test in the full-scope area due to stronger accessibility.

State of Arizona

CRA rating for the State of Arizona⁴: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to credit needs in its AA;
- Excellent geographic distribution of small loans to businesses;
- An excellent level of qualified investments and grants that provided good responsiveness to community needs; and
- CD services are adequate.

Description of Institution's Operations in Arizona

Alerus operates in one AA in the state of Arizona. The AA includes the Phoenix MSA AA located in Maricopa County. As of year-end 2021, Alerus has two office locations and one ATM that does not offer deposit taking capabilities. The Mesa AZ location was opened in 2018 and remains by appointment only. During the evaluation period, the bank made \$345.3 million or 5.8 percent of its total dollar volume of home mortgage loans, small loans to businesses, and small loans to farms in these AAs. Refer to the table in Appendix A for a list of counties reviewed.

Based on June 30, 2021, FDIC summary of deposit information, Alerus had \$116.9 million in deposits in the AA, which represented 4.2 percent of the bank's total deposits. Competition is strong with a total of 58 FDIC-insured depository institutions with 693 offices within the bank's AAs. The bank ranked 42nd in deposit market share with 0.1 percent. The top three competitors had 64.7 percent of the market and included JP Morgan Chase Bank, N.A. with 138 branches and 25.7 percent market share; Wells Fargo Bank, N.A. with 112 branches and 21.0 percent market share; and Bank of America, N.A. with 93 branches and 18.0 percent market share.

The following table provides a summary of the demographics, including housing and business information for the Phoenix AZ AA.

⁴ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Phoenix MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	916	11.5	22.5	31.2	33.4	1.4
Population by Geography	4,018,143	11.1	22.9	31.3	34.4	0.3
Housing Units by Geography	1,668,555	9.8	23.4	33.3	33.4	0.1
Owner-Occupied Units by Geography	875,327	4.6	18.8	34.7	41.9	0.0
Occupied Rental Units by Geography	567,191	17.1	29.4	31.2	21.9	0.3
Vacant Units by Geography	226,037	11.8	25.6	33.2	29.3	0.2
Businesses by Geography	630,020	7.2	15.0	29.9	47.3	0.6
Farms by Geography	10,146	7.0	18.5	29.1	45.1	0.3
Family Distribution by Income Level	945,115	21.8	16.9	19.2	42.2	0.0
Household Distribution by Income Level	1,442,518	23.3	16.3	17.7	42.7	0.0
Median Family Income MSA - 38060 Phoenix-Mesa-Chandler, AZ MSA		\$63,686	Median Housing Value			\$203,811
			Median Gross Rent			\$993
			Families Below Poverty Level			12.6%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on information in the above table, low-income families earned less than \$31,843 and moderate-income families earned less than \$50,949. One method used to determine housing affordability assumed a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculated to a maximum monthly mortgage payment of \$796 for low-income borrowers and \$1,274 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for a home at the MSA median housing value would be \$1,094. Low-income borrowers would be challenged to afford a mortgage loan in this AA.

Information from the November 2021 Moody's Analytics Reports indicated the unemployment rate has fallen to 5.3 percent and all jobs lost in the pandemic were recovered. The financial business and technology sector grew due to labor costs being lower than those in California. The top three industries in the AA include professional and business services, education and health services, and government. The largest employers of the AA include Banner Health System, Walmart Inc., Fry's Food Stores, Wells Fargo, and Arizona State University. These employers employ roughly 51 percent of the labor force of the top 20 employers' labor force. The population of the AA is growing faster than expected due to more firms allowing staff work remotely and an increase in the retiree population due to the pandemic. Throughout the evaluation period, the Phoenix unemployment rate was below the state of Arizona's. According to BLS data, Phoenix hit a high unemployment rate of 7.2 percent in 2020 and a low in 2018 of 4.1 percent. The evaluation period ended with an unemployment rate of 5.8 percent in 2021.

Information from six community contact interviews; two from economic development entities, three from affordable housing organizations, and one from a community service provider, identified the following needs within the Phoenix MSA AA:

- Affordable housing;
- Micro-lending;
- Second chance checking accounts;
- Secured credit cards for small businesses;
- Small business loans; and
- Entry-level housing stock.

Scope of Evaluation in Arizona

Examiners completed a full-scope review for the Phoenix AZ MSA AA, as it was the only AA located within the state of Arizona. Examiners placed more emphasis on small business loans versus home mortgage loans and small farm loans in arriving at the overall conclusion. Small business lending accounts for 66.2 percent of total loans in the Arizona AA by number, followed by 33.8 percent home mortgage loans and no small loans to farms. Refer to the table in Appendix A for additional information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

LENDING TEST

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

Conclusions for Phoenix AZ AA Receiving a Full Scope

Based on a full scope review, the bank's performance in the Phoenix AZ AA is good.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Phoenix AZ	462	854	0	6	1,322	100	100

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

Dollar Volume of Loans (\$000)*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Phoenix AZ	\$156,998	\$194,566	0	\$7,230	\$358,794	100	100

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

In 2020, Alerus ranked 42nd out of 58 insured depository institutions with a deposit market share of 0.1 percent. For home mortgage loans, Alerus' market share of 0.04 percent ranked 236 out of 966 lenders, within the top 24 percent. The top three lenders were Quicken Loans with 8.2 percent market share, United Wholesale Mortgage with 6.9 percent market share, and Wells Fargo Bank, N.A. with 4.1 percent market share.

For small loans to businesses, Alerus' market share of 0.4 percent ranked 28th out of 317 lenders, within the top 9 percent. The top three lenders were JP Morgan Chase Bank, N.A. with 16.6 percent market share, American Express National Bank with 12.9 percent market share, and Wells Fargo Bank, N.A. with 11.8 percent market share.

Alerus originated too few small loans to farms in the Phoenix AA to conduct any meaningful analyses.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA. We placed more emphasis on the bank's performance in small business lending income geographies as this is a primary bank product.

Home Mortgage Loans

Refer to Table O 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 reflects poor distribution.

The percentage of home mortgage loans originated or purchased in low- and moderate-income geographies was significantly below the percentage of owner-occupied housing units located in those geographies. The percentage of home mortgage loans originated or purchased in low-income geographies was significantly below, and in moderate-income geographies was well below, the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table Q 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 loans to businesses reflects excellent distribution.

The percentage of small loans to businesses originated or purchased in low- and moderate-income geographies exceeded the percentage of businesses located in those geographies and the aggregate percentage of all reporting lenders.

Lending Gap Analysis

The OCC analyzed Alerus' geographical lending patterns of home mortgage and small loans to businesses. Examiners did not review small loans to farms because Alerus does not provide these loans in the Arizona MSA AA. Examiners did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a poor distribution of loans among individuals of different income levels and business given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Arizona 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 among individuals of different income levels is very poor. Examiners considered housing costs in relation to the median family incomes in the AA, which limited the affordability for low-income families.

The percentage of home mortgage loans originated or purchased to low- and moderate-income borrowers was significantly below the percentage of those families in the AA and the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table R 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 is poor.

The percentage of loans to small businesses originated or purchased was significantly below the percentage of small businesses in the AA and was below the aggregate percentage of all reporting lenders.

Community Development Lending

Alerus is a leader in the making of CD loans.

The Lending Activity Tables, shown above, set forth 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 level of CD lending excellent. Alerus made six CD loans in low- or moderate-income census tracts totaling over \$7 million, representing 120.5 percent of allocated tier 1 capital. CD lending had a significantly positive impact on the lending test conclusion.

Product Innovation and Flexibility

The institution makes use of flexible lending practices to serve AA credit needs. The bank was particularly responsive and used flexible lending practices with PPP loan originations. In 2020-2021, the bank originated 482 PPP loans totaling \$78.6 million considered under the lending test for loans to small businesses. An additional six PPP loans totaling \$7.2 million were considered under CD lending.

INVESTMENT TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

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	1	\$200	4	\$1,898	5	100.0	\$2,098	100.0	0	\$0

Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

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

Alerus made one investment totaling \$1.9 million during the evaluation period, and three qualifying grants and donations totaling \$13.5 thousand to two organizations. The dollar volume of current- and prior- period investments represent 16.8 percent of allocated tier 1 capital.

The institution exhibits excellent responsiveness to credit and community economic development needs. Investments were particularly responsive to identified community development needs for affordable housing. By dollar volume, 99.3 percent of CD investments supported affordable housing and 0.7 percent funded community services to low- and moderate income- individuals. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Examples of CD investments in the AA included:

- Alerus invested \$1.9 million in mortgage-backed securities supporting LMI areas and families.
- Alerus invested \$10 thousand in a non-profit that serves LMI families in the MSA.

SERVICE TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

Retail Banking Services

Distribution of Branch Delivery System														
Assessment Area	Deposits	Branches			Location of Branches by Income of Geographies (%)					Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	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	0.0	50.0	0.0	11.1	22.9	31.3	34.4	0.3	

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

**Totals may not equal 100.0 percent due to rounding.

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA. Alerus' distribution of branches in low-income geographies was significantly below, but in moderate-income geographies exceeded, the percentage of the population living within those geographies.

Alerus had several alternative delivery systems including ATMs, telephone banking, online banking, and mobile banking options. These systems provided additional delivery availability and access to banking services to both retail and business customers. Alerus had one ATM in the AA which was not deposit-taking.

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	1	0	0	+1	0	0	0

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened one branch during the evaluation period in a moderate-income geography. No branches were closed during the evaluation period.

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. Branch hours averaged 45 hours per week for the moderate-income branch compared to 40 hours for the upper-income branch. Of the two branches in the AA, one had drive-up facilities, but it did not serve low-or moderate-income geographies. Alerus offered extended hours for drive-through facilities. Alerus made all services available at all branches.

Community Development Services

Alerus provides a low level of CD services.

One bank employee provided qualified CD service activities to two organizations logging approximately 12 qualified hours within this AA during the evaluation period. Organizations focused on community services for low- and moderate-income individuals. All services were in a leadership position.

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:	01/01/2018 – 12/31/2021	
Bank Products Reviewed:	Home mortgage, small business, small farm, Community development loans, qualified investments, community development services	
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSAs		
Fargo MMSA	Full-Scope	North Dakota: Cass County Minnesota: western portion of Clay County
Grand Forks MMSA	Full-Scope	North Dakota: Grand Forks County Minnesota: western portion of Polk County
Arizona		
Phoenix MSA	Full-Scope	Maricopa County
Minnesota		
Minneapolis MSA	Full-Scope	Anoka, Carver, Dakota, Hennepin Ramsey, Washington Scott (2019-2021)
Duluth MSA	Limited-Scope	Southern portion of St. Louis County

Appendix B: Summary of MMSA and State Ratings

RATINGS: ALERUS FINANCIAL, NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Alerus Financial	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
MMSA or State:				
Fargo MMSA	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Grand Forks MMSA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Arizona	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Minnesota	Outstanding	Low Satisfactory	Low 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 §1003.2 of this title, and that is not an excluded transaction under §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 investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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.

MMSA (state): 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.

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 multi-state 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state 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.

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/assessment area. 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 O. 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 P. 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/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. 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 assessment area.
- Table R. 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 S. 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 assessment area.
- Table T. 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 thousand) 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.
- Table U. Assessment Area Distribution of Consumer 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 households in those geographies.
- Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area.

Fargo MMSA

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	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	1,266	276,901	100.0	14,167	0.0	0.0	0.0	15.8	8.5	10.8	47.5	36.7	34.9	36.1	54.2	54.0	0.6	0.6	0.4
Total	1,266	276,901	100.0	14,167	0.0	0.0	0.0	15.8	8.5	10.8	47.5	36.7	34.9	36.1	54.2	54.0	0.6	0.6	0.4

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Fargo MMSA	1,266	276,901	100.0	14,167	19.0	5.5	5.9	19.1	17.1	18.3	22.7	24.6	20.5	39.2	46.0	30.1	0.0	6.8	25.2
Total	1,266	276,901	100.0	14,167	19.0	5.5	5.9	19.1	17.1	18.3	22.7	24.6	20.5	39.2	46.0	30.1	0.0	6.8	25.2

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018-21**

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	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Fargo MMSA	953	149,297	100.0	7,279	0.0	0.0	0.0	30.2	43.2	32.4	32.6	23.4	29.4	36.7	33.4	37.8	0.5	0.0	0.3
Total	953	149,297	100.0	7,279	0.0	0.0	0.0	30.2	43.2	32.4	32.6	23.4	29.4	36.7	33.4	37.8	0.5	0.0	0.3

Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2018-21**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Fargo MMSA	953	149,297	100.0	7,279	84.4	49.6	34.7	5.3	39.8	10.3	10.6
Total	953	149,297	100.0	7,279	84.4	49.6	34.7	5.3	39.8	10.3	10.6

Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography 2018-21

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Fargo MMSA	68	21,333	100.0	587	0.0	0.0	0.0	10.2	0.0	1.2	57.8	69.0	69.0	31.9	31.0	29.6	0.1	0.0	0.2
Total	68	21,333	100.0	587	0.0	0.0	0.0	10.2	0.0	1.2	57.8	69.0	69.0	31.9	31.0	29.6	0.1	0.0	0.2

Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues 2018-21

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Fargo MMSA	113	21,333	100.0	587	96.3	73.5	55.2	2.9	26.5	0.9	0.0
Total	113	21,333	100.0	587	96.3	73.5	55.2	2.9	26.5	0.9	0.0

Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Grand Forks MMSA

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	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	1,048	174,124	100.0	3,991	0.4	0.6	0.2	11.7	7.6	9.6	61.6	54.1	53.3	26.3	37.7	36.8	0.0	0.0	0.0	
Total	1,048	174,124	100.0	3,991	0.4	0.6	0.2	11.7	7.6	9.6	61.6	54.1	53.3	26.3	37.7	36.8	0.0	0.0	0.0	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-21	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	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	1,048	174,124	100.0	3,991	19.6	5.3	7.7	18.7	17.1	20.2	20.8	22.7	22.2	40.9	42.3	27.8	0.0	12.6	22.2	
Total	1,048	174,124	100.0	3,991	19.6	5.3	7.7	18.7	17.1	20.2	20.8	22.7	22.2	40.9	42.3	27.8	0.0	12.6	22.2	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2018-21	
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	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	705	141,162	100.0	2,326	2.4	0.6	0.6	12.9	6.8	12.7	56.6	56.9	55.0	28.1	35.7	31.6	0.0	0.0	0.0		
Total	705	141,162	100.0	2,326	2.4	0.6	0.6	12.9	6.8	12.7	56.6	56.9	55.0	28.1	35.7	31.6	0.0	0.0	0.0		

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Grand Forks MMSA	705	141,162	100.0	2,326	79.6	45.1	42.7	5.6	42.4	14.8	12.5		
Total	705	141,162	100.0	2,326	79.6	45.1	42.7	5.6	42.4	14.8	12.5		

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																			2018-21		
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	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	76	27,988	100.0	782	0.0	0.0	0.0	2.6	0.0	2.2	76.6	75.9	81.7	20.7	24.1	16.1	0.0	0.0	0.0		
Total	76	27,988	100.0	782	0.0	0.0	0.0	2.6	0.0	2.2	76.6	75.9	81.7	20.7	24.1	16.1	0.0	0.0	0.0		

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues												2018-21	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans		
Grand Forks MMSA	133	27,988	100.0	782	96.1	67.7	58.7	3.3	30.1	0.7	2.3		
Total	133	27,988	100.0	782	96.1	67.7	58.7	3.3	30.1	0.7	2.3		

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

State of Minnesota

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	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
Duluth MSA	32	4,955	1.2	5,304	2.2	0.0	4.1	15.3	3.1	15.4	54.4	40.6	47.2	28.1	56.3	33.3	0.0	0.0	0.0
Minneapolis MSA	2,728	678,467	98.8	114,086	2.7	3.3	3.5	17.1	13.7	18.0	46.4	39.0	46.2	33.8	44.0	32.2	0.1	0.1	0.1
Total	2,760	683,422	100.0	119,390	2.6	3.3	3.6	17.0	13.6	17.8	47.0	39.0	46.2	33.3	44.1	32.3	0.1	0.1	0.1

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	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	12,996	3,699,720	100.0	225,977	2.4	2.3	2.2	15.6	11.6	13.1	45.2	37.4	43.7	36.9	48.6	41.0	0.1	0.1	0.1
Total	12,996	3,699,720	100.0	225,977	2.4	2.3	2.2	15.6	11.6	13.1	45.2	37.4	43.7	36.9	48.6	41.0	0.1	0.1	0.1

Source: 2015 ACS Census; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Duluth MSA	32	4,955	1.2	5,304	19.7	6.3	9.4	17.0	15.6	20.1	23.0	28.1	21.7	40.4	43.8	30.5	0.0	6.3	18.3
Minneapolis MSA	2,728	678,467	98.8	114,086	20.7	6.2	9.2	17.0	17.4	21.6	21.6	23.4	21.7	40.6	52.1	30.3	0.0	1.0	17.3
Total	2,760	683,422	100.0	119,390	20.7	6.2	9.2	17.0	17.4	21.5	21.7	23.4	21.7	40.6	52.0	30.3	0.0	1.1	17.3

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Minneapolis MSA	12,996	3,699,720	100.0	225,977	20.4	5.3	6.5	17.0	16.3	19.6	21.7	22.7	22.3	41.0	53.6	36.2	0.0	2.2	15.4
Total	12,996	3,699,720	100.0	225,977	20.4	5.3	6.5	17.0	16.3	19.6	21.7	22.7	22.3	41.0	53.6	36.2	0.0	2.2	15.4

Source: 2015 ACS Census; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2018
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	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Duluth MSA	54	6,868	13.7	2,699	8.2	7.4	8.3	24.4	29.6	24.0	43.8	42.6	40.7	23.7	20.4	27.0	0.0	0.0	0.0
Minneapolis MSA	341	95,861	86.3	60,380	5.4	2.9	4.7	18.2	12.0	16.9	44.6	43.7	44.7	31.4	41.3	33.6	0.4	0.0	0.2
Total	395	102,729	100.0	63,079	5.6	3.5	4.9	18.6	14.4	17.2	44.6	43.5	44.5	30.9	38.5	33.3	0.3	0.0	0.2

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019-21
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	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Minneapolis MSA	1,735	344,458	100.0	67,604	5.4	3.1	5.0	17.5	9.9	16.5	42.0	39.3	42.0	34.9	47.7	36.2	0.3	0.1	0.2
Total	1,735	344,458	100.0	67,604	5.4	3.1	5.0	17.5	9.9	16.5	42.0	39.3	42.0	34.9	47.7	36.2	0.3	0.1	0.2

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2018	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Duluth MSA	54	6,868	13.7	2,699	78.6	42.6	54.2	6.5	57.4	14.9	0.0	
Minneapolis MSA	341	95,861	86.3	60,380	83.9	52.8	53.1	6.9	46.6	9.2	0.6	
Total	395	102,729	100.0	63,079	83.6	51.4	53.2	6.9	48.1	9.5	0.5	

*Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Minneapolis MSA	1,735	344,458	100.0	67,604	88.1	44.8	45.4	4.4	40.3	7.5	14.9	
Total	1,735	344,458	100.0	67,604	88.1	44.8	45.4	4.4	40.3	7.5	14.9	

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

State of Arizona

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	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	462	156,998	100.0	436,929	4.6	0.5	2.9	18.8	6.9	13.0	34.7	27.5	34.1	41.9	65.1	49.4	0.0	0.0	0.7		
Total	462	156,998	100.0	436,929	4.6	0.5	2.9	18.8	6.9	13.0	34.7	27.5	34.1	41.9	65.1	49.4	0.0	0.0	0.7		

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Phoenix MSA	462	156,998	100.0	436,929	21.9	1.3	4.7	17.3	5.0	16.8	19.5	12.1	20.5	41.3	72.7	38.9	0.0	8.9	19.1		
Total	462	156,998	100.0	436,929	21.9	1.3	4.7	17.3	5.0	16.8	19.5	12.1	20.5	41.3	72.7	38.9	0.0	8.9	19.1		

Source: 2015 ACS Census; 01/01/2018 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2018-21
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	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Phoenix MSA	854	194,566	100.0	119,378	7.0	12.1	6.8	15.2	23.8	16.6	29.5	17.4	26.6	47.8	46.4	49.3	0.5	0.4	0.7	
Total	854	194,566	100.0	119,378	7.0	12.1	6.8	15.2	23.8	16.6	29.5	17.4	26.6	47.8	46.4	49.3	0.5	0.4	0.7	

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-21
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Phoenix MSA	854	194,566	100.0	119,378	92.1	30.7	40.1	1.8	46.8	6.1	22.5	
Total	854	194,566	100.0	119,378	92.1	30.7	40.1	1.8	46.8	6.1	22.5	

*Source: 2021 D&B Data; 01/01/2018 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*