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FOR IMMEDIATE RELEASE

**ALERUS ANNOUNCES ACQUISITION OF
ALLIANCE BENEFIT GROUP NORTH CENTRAL STATES, INC.
ACQUISITION WILL EXPAND ALERUS SERVICE OFFERINGS**

GRAND FORKS, N.D. (October 22, 2015) – Alerus Financial, N.A. (“Alerus”) (OTCQX: ALRS), announced today that it has entered into a definitive agreement to acquire Alliance Benefit Group North Central States, Inc. (“ABGNCS”). With locations in Albert Lea and Eden Prairie, Minn., ABGNCS provides recordkeeping and administration for 900 retirement plans, 75,000 participants, and \$6 billion in plan assets. ABGNCS also brings new employee recordkeeping and benefit services to Alerus including payroll, health savings accounts, flexible spending accounts, health reimbursement arrangements, and COBRA services. Those services will complement the range of retirement planning and recordkeeping services currently offered by Alerus.

The acquisition will increase Alerus’ assets under administration to \$23 billion. As of September 30, 2015, Alerus’ retirement division, operating as Alerus Retirement Solutions, had approximately \$17 billion in assets under administration. The transaction is expected to be completed in the first quarter of 2016 and further supports Alerus’ national presence in the retirement plan industry.

“The acquisition of ABGNCS is a strategic investment that strengthens our diversified business model and continues to position us for long-term growth,” said Alerus President and CEO Randy Newman. “This is the largest retirement transaction we’ve entered into – not only will it enhance our national presence in the retirement plan industry, but the purchase also allows us to add new benefit and payroll services which we can soon offer to our existing clients.”

“Both Alerus and ABGNCS share complementary business models and similar core values, which creates a substantial foundation to support continued growth into the future,” said Brian Overby, President of Alerus Retirement Solutions. “We look forward to being part of the community of Albert Lea and working with ABGNCS clients, who will benefit from our more robust recordkeeping platform and enhanced cybersecurity and disaster recovery systems.”

ABGNCS generates over \$12 million in annual revenue. Under the terms of the acquisition, Alerus will pay an aggregate purchase price of approximately \$17.5 million at closing and the sellers will have an opportunity to receive additional consideration during an earn-out period. The transaction will be immediately accretive on a cash basis and will become accretive on a GAAP basis during the first year. Consistent with prior retirement services acquisitions, a substantial portion of the premium paid will be allocated to a customer account intangible and amortized over up to ten years, contributing to a cash-GAAP earnings difference while restoring the tangible equity utilized to complete the acquisition.

The acquisition of Alliance Benefit Group North Central States, Inc. (“ABGNCS”) does not include Alliance Benefit Group Financial Services, Corp. (“ABGFS”) or Alliance Benefit Group of Kansas City, Inc. (“ABGKC”). Both consulting companies, ABGFS and ABGKC, will continue to be owned and operated by

Brad and Grant Arends. ABGFS and ABGKC are separate and distinct companies from ABGNCS, and will continue to operate in their existing capacities by providing employee benefit consulting and investment advisory services to clients.

Steve Pulley, President of ABGNCS, will join Alerus to lead and grow the new complementary employee recordkeeping and benefit services underneath the Alerus umbrella, including:

- Health Savings Account (HSA) Recordkeeping and Administration
- Health Reimbursement Arrangement (HRA) Recordkeeping and Administration
- VEBA Recordkeeping and Administration
- Flexible Spending Account (FSA) Recordkeeping and Administration
- COBRA Administration
- Payroll Processing
- Human Resource Information Services

“We are excited about the opportunity this transaction will provide ABGNCS’ existing clients and the large majority of our staff,” said President of ABGNCS, Steve Pulley. “By combining the knowledge and expertise of our existing talent along with the health and payroll services not currently offered by Alerus, we will create an even stronger company positioned to be a premier provider of employee benefit solutions.”

Alerus anticipates having positions for a substantial number of employees of ABGNCS, and plans to utilize ABGNCS’s existing location in Albert Lea, Minn., which will become an additional operations center for Alerus Retirement Solutions.

About Alerus Retirement Solutions

Alerus Retirement Solutions is an independent, open-architecture retirement plan provider offering customized recordkeeping, consulting, and compliance solutions to clients and sponsors of qualified and non-qualified plans. Alerus Retirement Solutions provides retirement plan administration and recordkeeping services to clients in 49 states from offices in Arden Hills and Bloomington, Minn., Grand Forks and Fargo, N.D., East Lansing and Troy, Mich., and Manchester, N.H. It ranks in the top 40 nationally based on assets under administration, number of retirement plans, and number of participants.

About Alerus Financial Corporation

Alerus Financial Corporation, through its subsidiaries Alerus Financial, N.A., Alerus Securities Corporation, and Alerus Investment Advisors Corporation, offers business and consumer banking products and services, residential mortgage financing, employer-sponsored retirement plan administration, and wealth management including trust, brokerage, insurance, and asset management. Alerus Financial banking and wealth management offices are located in Grand Forks and Fargo, N.D., the Minneapolis-St. Paul, Minn. metropolitan area, and Scottsdale, Ariz. Alerus Retirement Solutions plan administration offices are located in St. Paul, Minn., East Lansing and Troy, Mich., and Manchester, N.H.

Forward-Looking Statements

This press release contains forward-looking statements about Alerus Financial Corporation. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date made. These forward-looking statements may cover, among other things, anticipated future revenue and expenses and the future plans and prospects of Alerus Financial Corporation. Forward-looking statements involve inherent risks and uncertainties, and important factors

could cause actual results to differ materially from those anticipated. Global and domestic economies could fail to recover from the recent economic downturn or could experience another severe contraction, which could adversely affect Alerus Financial Corporation's revenues and the values of its assets and liabilities. Global financial markets could experience a recurrence of significant turbulence, which could reduce the availability of funding to certain financial institutions and lead to a tightening of credit, a reduction of business activity, and increased market volatility. Stress in the commercial real estate markets, as well as a delay or failure of recovery in the residential real estate markets, could cause additional credit losses and deterioration in asset values. In addition, Alerus Financial Corporation's business and financial performance is likely to be negatively impacted by effects of recently enacted and future legislation and regulation. Alerus Financial Corporation's results could also be adversely affected by continued deterioration in general business and economic conditions; changes in interest rates; deterioration in the credit quality of its loan portfolios or in the value of the collateral securing those loans; deterioration in the value of securities held in its investment securities portfolio; legal and regulatory developments; increased competition from both banks and non-banks; cyber-attacks; changes in customer behavior and preferences; effects of mergers and acquisitions and related integration; effects of critical accounting policies and judgments; and management's ability to effectively manage credit risk, residual value risk, market risk, operational risk, interest rate risk, liquidity risk, and cybersecurity. Forward-looking statements speak only as of the date they are made, and Alerus Financial Corporation undertakes no obligation to update them in light of new information or future events.

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