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FOR IMMEDIATE RELEASE

ALERUS ANNOUNCES ACQUISITION OF TWIN CITIES-BASED BEACON BANK

GRAND FORKS, N.D. (September 22, 2015) – Alerus Financial, N.A. (“Alerus”) (OTCQX: ALRS), announced today that it has entered into a definitive agreement to acquire Twin Cities-based Beacon Bank – a community-focused bank with three locations in the Twin Cities and two locations in Duluth, Minn. – through a merger of Beacon Bank into Alerus Financial, N.A. Alerus will pay an aggregate purchase price of \$56 million, \$10 million of which will be allocated to the assumption of trust preferred securities, and the balance of which will be payable in cash. The acquisition, consisting of approximately \$352 million in banking assets, will increase Alerus’ Minnesota banking assets to approximately \$771 million, and will grow Alerus’ total banking assets to almost \$2 billion. As of June 30, 2015, Alerus had total banking assets of approximately \$1.6 billion, assets under management of approximately \$2.7 billion, and assets under administration of approximately \$17.8 billion. The definitive agreement contains customary representations and warranties from both Alerus and Beacon Bank, and their respective holding companies, and each party has agreed to customary covenants and closing conditions, including the receipt of required regulatory and corporate approvals. The transaction is expected to be completed in the first quarter of 2016 and further strengthens Alerus’ presence in the Twin Cities market and represents its entrance into the Duluth market.

“For over ten years, we’ve focused on growing our presence in the Twin Cities market,” said Alerus President and CEO Randy Newman. “This is the largest bank transaction we’ve ever entered into and will allow us not only to expand our Twin Cities footprint, but also to enter into a new market in Duluth. Culturally, we are extremely pleased with the match of our two organizations. Alerus and Beacon Bank both share a customer advocate philosophy where long-term, personal partnerships are established between the customer and their trusted advisor.”

“We picked them as much as they picked us,” said Beacon Bank President and CEO Bob Weiss. “Our customers will benefit from the expanded array of mortgage, retirement, and wealth management products and services enabling us to meet even their most complex financial needs, while continuing to work with the same local employees.”

Beacon Bank’s three Twin Cities offices, located in Shorewood, Excelsior and Eden Prairie, Minn., as well as its two Duluth, Minn., offices will remain open and operate as usual. Branch locations will continue to serve customers under the Beacon Bank name until the acquisition is final in early 2016, after which they will transition to the Alerus name. Expanded products and services will be added to the new locations early next year. “We look forward to working with our new customers and are committed to making the transition to Alerus as seamless as possible,” said Alerus Twin Cities Market President, David “Chip” Norris.

Norris currently leads the Alerus Twin Cities banking team as Market President and will assume leadership of all Beacon Bank offices. Beacon Bank leadership will remain onboard throughout the acquisition process to assist with customer, employee, and operational transitions.

Grand Forks-based Alerus first entered Minnesota in 2003 with the purchase of a retirement plan administration company in St. Paul, and has since completed 10 other acquisitions in the Twin Cities market.

Alerus currently employs almost 300 employees out of their 665 total employees in the Twin Cities market at four banking locations in downtown Minneapolis, Minnetonka, Oakdale, and Maplewood, Minn.; a retirement advisory services company operating as Alerus Retirement Solutions in Arden Hills and Bloomington, Minn.; a mortgage company operating as Alerus Mortgage in Minnetonka, Edina, and Arden Hills, Minn.; and an asset management and retirement plan consulting company operating as Alerus Investment Advisors in Minnetonka, Minn.

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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