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ALERUS ANNOUNCES COMPLETION OF BEACON BANK ACQUISITION SALE MARKS EXPANDED TWIN CITIES LOCATIONS AND ENTRANCE INTO DULUTH

GRAND FORKS, N.D. (January 15, 2016) – Alerus Financial Corporation (“Alerus”) (OTCQX: ALRS), announced today that it completed its previously announced acquisition of Beacon Bank. As of December 31, 2015, Beacon Bank had banking assets of approximately \$350 million, increasing Alerus’ Minnesota banking assets to approximately \$715 million. All Beacon Bank branches are now branches of Alerus Financial, N.A., expanding Alerus’ Twin Cities footprint into the southwest metro with new locations in Shorewood, Excelsior, and Eden Prairie, Minn., and representing its entrance into the Duluth, Minn. market with two new locations.

Randy Newman, President and Chief Executive Officer of Alerus commented, “Beacon Bank has built a tremendous company and we are excited to welcome their customers and employees to Alerus. Culturally our two organizations are very similar and together, we continue to be focused on taking care of customers. We look forward to delivering an expanded product line in the areas of banking, mortgage, retirement, and wealth management to meet the financial needs of our customers.”

Alerus will transition customer accounts to Alerus systems in the second quarter of 2016. Additional information will be sent to customers in advance of this transition. “Our goal is a seamless transition for everyone. Moving forward, we will work to capture the best of both organizations, while maintaining the long-term personal partnership between the customer and their trusted advisor,” said Alerus Minnesota Market President, David “Chip” Norris.

The acquisition follows Alerus’ recently announced closing of its acquisition of Alliance Benefit Group North Central States, Inc., bringing total company banking assets to \$2.0 billion, assets under management to \$2.7 billion, and assets under administration to \$23 billion. Grand Forks-based Alerus first entered Minn. in 2003 with the purchase of a retirement plan administration company in St. Paul, and today, employs 452 employees out of their total 837 employees in the state of Minn. Since 2002, Alerus has completed 18 strategic, but opportunistic acquisitions.

Under the terms of the agreement, Alerus paid an aggregate purchase price of approximately \$56 million, \$10 million of which was allocated to the assumption of trust preferred securities, and the balance of which was payable in cash.

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 and benefit 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, Duluth, Minn., and Scottsdale, Ariz. Alerus Retirement

Solutions plan administration offices are located in St. Paul, Minn., Albert Lea, Minn., East Lansing and Troy, Mich., and Manchester, N.H.

Forward-Looking Statements

The following information appears in accordance with the Private Securities Litigation Reform Act of 1995: 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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