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FOR IMMEDIATE RELEASE

ALERUS ANNOUNCES COMPLETION OF ALLIANCE BENEFIT GROUP NORTH CENTRAL STATES, INC. ACQUISITION

GRAND FORKS, N.D. (January 4, 2016) – Alerus Financial, N.A. (“Alerus”) (OTCQX: ALRS), announced today that on January 1, 2016, it completed its previously announced acquisition of Alliance Benefit Group North Central States, Inc. (“ABGNCS”). ABGNCS provides recordkeeping and administration for 900 retirement plans, 75,000 participants, and \$6 billion in plan assets. The acquisition increases Alerus’ retirement assets under administration to \$23 billion, while serving 6,000 plans and 350,000 participants.

With the acquisition, Alerus also adds employer sponsored services including payroll, health savings accounts, flexible spending accounts, health reimbursement arrangements, and COBRA administration. Alerus Retirement Solutions, a division of Alerus, will change its name to Alerus Retirement and Benefits to reflect the addition of the new employee benefit service offerings.

“This transaction will allow us to move beyond offering only retirement services and now add health and welfare, and payroll services,” said Brian Overby, President of Alerus Retirement and Benefits. “The new, integrated name reflects our full-service offerings and will help us to clearly communicate with new and existing clients.” Alerus Retirement and Benefits will be introduced immediately to former ABGNCS sponsors, participants, and partners; existing Alerus Retirement Solutions sponsors, participants, and partners will transition to the new name later in 2016.

Randy Newman, President and Chief Executive Officer of Alerus commented, “I am very excited to welcome the clients and employees of ABGNCS. This acquisition supports our national presence in the retirement plan industry, including the addition of another operational hub for Alerus in Albert Lea, Minn. We look forward to delivering an expanded line of products and services to meet the retirement and benefit needs of our plan sponsors and their participants, as well as our business customers.”

Last year, ABGNCS generated \$11.6 million in annual revenue. Under the terms of the acquisition, Alerus paid 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 is expected to 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 a period of up to ten years, contributing to a cash-GAAP earnings difference while restoring the tangible equity utilized to complete the acquisition.

The acquisition of 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 are continuing to operate in their existing capacities by providing employee benefit consulting and investment advisory services to clients.

Steve Pulley, President of ABGNCS, has joined Alerus to lead and grow the new complementary employee benefit services under 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 (HRIS)

ABGNCS' existing locations in Albert Lea and Eden Prairie, Minn. will now operate as offices of Alerus Retirement and Benefits.

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, 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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