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FOR IMMEDIATE RELEASE

ALERUS FINANCIAL CORPORATION ANNOUNCES AGREEMENT TO SELL DEPOSITS AND ASSETS IN DULUTH, MINN. TO FRANSDEN BANK & TRUST

GRAND FORKS, N.D. (January 15, 2019) – Alerus Financial Corporation (“Alerus”) (OTCQX: ALRS) announced today that its subsidiary, Alerus Financial, N.A., has entered into an agreement for the sale of its deposits and assets in Duluth, Minn. to Frandsen Bank & Trust (“FB&T”). As part of the transaction, FB&T will assume Alerus’ existing downtown Duluth branch, located at 331 W. Superior St. Additionally, Alerus will close its Duluth Miller Hill branch, located at 1405 Miller Trunk Hwy. The transaction is subject to regulatory approval and the satisfaction of customary closing conditions and is expected to be completed in late April. The terms of the transaction were not disclosed.

Alerus is exiting the Duluth, Minn. market so it can dedicate all resources to its core markets, including the Minneapolis-St. Paul, Minn. metropolitan area, Phoenix, Ariz. metropolitan area, Grand Forks, N.D., Fargo, N.D., and growing national market – where Alerus serves clients in all fifty states, primarily through its Retirement and Benefits division.

“The decision to exit a market is never made lightly,” stated Randy Newman, Alerus Chairman, President, and Chief Executive Officer. “As we dedicate our resources to growth in other existing markets, it was important to us to find a buyer committed to the long-term success of Duluth and our existing team. We firmly believe we have found this in Frandsen Bank & Trust.”

Alerus and FB&T will work closely together to ensure a smooth transition for clients. Existing Alerus clients should continue to contact their Alerus team and will receive further information regarding this transaction.

About Alerus Financial Corporation

Alerus Financial Corporation, through its subsidiary Alerus Financial, N.A., offers business and consumer banking products and services, residential mortgage financing, wealth management services including trust, brokerage, executive insurance, and asset management, and employer-sponsored retirement plan administration and employer sponsored services including payroll, health savings accounts, flexible spending accounts, health reimbursement arrangements, and COBRA administration. Alerus banking and wealth management offices are located in Grand Forks and Fargo, N.D., the Minneapolis-St. Paul, Minn. metropolitan area, and Scottsdale and Mesa, Ariz. Alerus Retirement and Benefits administration offices are located in St. Paul, Minn., Albert Lea, Minn., East Lansing and Troy, Mich., and Bedford, 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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