Alerus

AS OF SEPTEMBER 30, 2017

OTCQX: ALRS
ALERUS.COM
INVESTORS.ALERUS.COM
FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements about Alerus Financial Corporation. Forward-looking statements are neither historical facts nor assurances about future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Forward-looking statements can be identified by words such as: “intend,” “plan,” “believe,” “estimate,” “expect,” “strategy,” “future,” “may,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our projected growth, anticipated future financial performance, financial condition, credit quality and management’s long-term performance goals and the future plans and prospects of Alerus Financial Corporation.

Forward-looking statements involve inherent risks and uncertainties that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: business and economic conditions nationally and in our target markets; our need to maintain sufficient capital to satisfy minimum regulatory requirements and for growth purposes; changes and volatility in interest rates; our ability to execute our business strategy; deterioration in the credit quality of our loan portfolio or in the value of the collateral securing those loans; deterioration in the value of securities held in our investment securities portfolio; effects of recently enacted and future legislation and regulation; competition in the banking, wealth management and mortgage industries; declines in mortgage originations or profitability due to rising interest rates and increased competition and regulation; reductions in the market value of wealth management assets under administration; increasing occurrences of cyber-attacks, hacks and identity theft; failure to keep pace with technological change or difficulties when implementing new technologies; 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.

Non-GAAP Financial Measures
This presentation includes certain ratios and amounts that do not conform to U.S. Generally Accepted Accounting Principles, or GAAP. Management uses certain non-GAAP financial measures to evaluate financial performance and business trends from period to period and believes that disclosure of these non-GAAP financial measures will help investors, rating agencies and analysts evaluate the financial performance and condition of Alerus Financial Corporation. This presentation includes a reconciliation of each non-GAAP financial measure to the most comparable GAAP equivalent.

Business Line Information
Alerus Financial Corporation operates four principal business lines: banking; mortgage; retirement and benefits; and wealth management. This presentation includes separate operating results and other financial information for each business line. The business line information was prepared by management and has not been audited by our independent accounting firm. Accordingly, you should review such information only in conjunction with a review of the audited, consolidated financial statements included in our most recent annual report.
COMPANY OVERVIEW
COMPANY PROFILE

COMPANY PORTFOLIO

OUR MISSION
- To always act in the best interest of our customers by providing innovative and comprehensive financial solutions that are delivered through a relationship-oriented single point of contact and supported by customer-friendly technology.

DIVERSIFIED FINANCIAL SERVICES COMPANY
- $2.1 billion banking assets
- $3.8 billion assets under management
- $27.3 billion assets under administration
- $671 million year-to-date mortgage originations

ALERUS BUSINESS LINES
- Banking
- Mortgage
- Retirement and Benefits
- Wealth Management

DIVERSIFIED REVENUE STREAM

SEPTEMBER 30, 2017 YTD
- Non-interest income: $77.5 million
- Net interest income: $49.9 million

FULL YEAR 2016
- Non-interest income: $105.2 million
- Net interest income: $62.8 million

Data as of 9/30/2017.
FRANCHISE FOOTPRINT

MARKET PRESENCE :: BANK

Grand Forks, ND
- 5 full-service banking and wealth management offices
Fargo, ND
- 3 full-service banking and wealth management offices
Twin Cities, MN
- 6 full-service banking and wealth management offices
- 2 residential mortgage offices
Duluth, MN
- 2 full-service banking and wealth management offices
Scottsdale, AZ
- 1 full-service banking and wealth management office

MARKET PRESENCE :: RETIREMENT SERVICES

- 2 retirement and benefits offices in Minnesota
- 2 retirement and benefits offices in Michigan
- 1 retirement and benefits office in New Hampshire
- Serve customers in all 50 states through retirement plan services

CUSTOMER BASE

- 49,958 individual customers
- 11,385 businesses
- 6,502 employer-sponsored retirement plans
- 355,984 employer-sponsored retirement plan participants

Data as of 9/30/2017.
MARKET DISTRIBUTION
BANKING :: MORTGAGE :: RETIREMENT :: WEALTH MANAGEMENT
(IN MILLIONS)

LOANS* ($1,554)

- Twin Cities, MN, 45.3%
- Scottsdale, AZ, 9.5%
- Fargo, ND, 20.0%
- Grand Forks, ND, 21.3%
- Other, 0.3%

DEPOSITS ($1,600)

- Twin Cities, MN, 38.0%
- Grand Forks, ND, 28.7%
- Fargo, ND, 20.1%
- Scottsdale, AZ, 3.9%
- Duluth, MN, 2.0%
- Other, 7.4%

MORTGAGE ($671)

- Twin Cities, MN, 89.3%
- Scottsdale, AZ, 1.1%
- Fargo, ND, 4.2%
- Grand Forks, ND, 5.0%
- Other, 0.3%

WEALTH MANAGEMENT ($3.8)

- Twin Cities, MN, 5.7%
- Grand Forks, ND, 30.9%
- Fargo, ND, 23.0%
- Other, 23.0%

- National, 39.4%

RETIREMENT ($27,306)

- Twin Cities, MN, 75.7%
- Grand Forks, ND, 4.9%
- Fargo, ND, 3.9%
- Other, 0.6%

* Excludes loans held for sale. Data as of 9/30/2017.
OUR FUNDAMENTAL BELIEFS
THE FOUNDATION OF OUR CULTURE IS OUR CORE PRINCIPLES

**DO THE RIGHT THING.**
People want to do business with people they trust.

**CHERISH PEOPLE.**
Take care of co-workers so everyone can take care of customers.

**EMPOWER WITH KNOWLEDGE.**
Knowledge drives confidence and positive action.

**RESPECT EVERYONE.**
Mutual respect is an important building block of good teamwork.

**SERVE WITH PASSION.**
Foster a culture of service.

**EMBRACE CHANGE.**
Success is never final.
STOCKHOLDER RETURNS
WE’RE HERE FOR THE LONG TERM

DIVIDENDS (SINCE 1980)

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Payout Ratio</td>
<td>29.9%</td>
</tr>
<tr>
<td>Dividend Increase per Year</td>
<td>8.97%</td>
</tr>
</tbody>
</table>

TOTAL RETURN

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD Return through 9/30/17</td>
<td>22.24%</td>
</tr>
<tr>
<td>5-Year Return through 9/30/17</td>
<td>131.87%</td>
</tr>
<tr>
<td>10-Year Return through 9/30/17</td>
<td>149.94%</td>
</tr>
</tbody>
</table>

HISTORY OF CONTINUOUS DIVIDENDS

Data as of 9/30/2017. Source: Alerus Financial Corporation and SNL Financial.
HISTORICAL STOCK PERFORMANCE

YTD TOTAL RETURN THROUGH 9.30.17

Total Return: ALRS = 22% | S&P 500 = 14% | S&P 500 Div. Banks = 12%

10-YEAR TOTAL RETURN

Total Return: ALRS = 130% | S&P 500 = 100% | SNL US Bank = 10%

5-YEAR TOTAL RETURN

Total Return: ALRS = 132% | S&P 500 = 98% | S&P 500 Div. Banks = 113%

TOTAL RETURN SINCE 2000

Total Return: ALRS = 606% | S&P 500 = 131% | SNL US Bank = 108%

Source: SNL Financial. SNL U.S. Bank: Includes all Major Exchange (NYSE, NYSE MKT, NASDAQ) Banks in SNL’s coverage universe.
FINANCIAL OVERVIEW
## CONSOLIDATED FINANCIAL INFORMATION

($ IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$2,065,210</td>
<td>$2,050,579</td>
<td>$1,744,863</td>
<td>$1,487,732</td>
<td>$1,381,727</td>
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<tr>
<td>Total Gross Loans</td>
<td>$1,588,160</td>
<td>$1,402,015</td>
<td>$1,175,563</td>
<td>$1,130,500</td>
<td>$944,818</td>
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<tr>
<td>Total Deposits</td>
<td>$1,599,939</td>
<td>$1,785,209</td>
<td>$1,458,021</td>
<td>$1,262,168</td>
<td>$1,182,603</td>
</tr>
<tr>
<td>Stockholder's Equity</td>
<td>$182,140</td>
<td>$168,785</td>
<td>$182,821</td>
<td>$171,086</td>
<td>$153,311</td>
</tr>
<tr>
<td>Total Revenue*</td>
<td>$127,322</td>
<td>$168,021</td>
<td>$146,125</td>
<td>$129,484</td>
<td>$126,067</td>
</tr>
<tr>
<td>Net Income</td>
<td>$14,466</td>
<td>$14,031</td>
<td>$17,108</td>
<td>$20,770</td>
<td>$20,537</td>
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<tr>
<td>Net Interest Margin</td>
<td>3.73%</td>
<td>3.63%</td>
<td>3.81%</td>
<td>3.97%</td>
<td>3.94%</td>
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<tr>
<td>Assets under Management</td>
<td>$3,845,266</td>
<td>$3,380,000</td>
<td>$2,735,000</td>
<td>$2,583,000</td>
<td>$2,424,000</td>
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<tr>
<td>Assets under Administration</td>
<td>$27,306,874</td>
<td>$25,028,000</td>
<td>$17,500,000</td>
<td>$15,500,000</td>
<td>$12,900,000</td>
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<tr>
<td>Mortgage Originations</td>
<td>$670,811</td>
<td>$1,065,132</td>
<td>$986,979</td>
<td>$729,913</td>
<td>$1,028,208</td>
</tr>
</tbody>
</table>

* Total revenue equals net interest income plus non interest income. Beginning in 2017, certain items have been reclassified to accurately reflect customer pass through expenses.
ALERUS PERFORMANCE SUMMARY
SENSIBLE AND STRATEGIC GROWTH

ASSET GROWTH ($B)

- Banking Assets
- Wealth Management Assets
- Retirement Services Assets

NET INCOME ($MM)

- 2013: $126.1
- 2014: $129.5
- 2015: $146.1
- 2016: $168.0
- 9/30/16 YTD: $122.7
- 9/30/17 YTD: $127.3

TOTAL COMPANY REVENUE ($MM)

- 2013: $20.5
- 2014: $20.8
- 2015: $17.1
- 2016: $14.0
- 9/30/16 YTD: $8.4
- 9/30/17 YTD: $14.5
Wealth Management
Mortgage
Retirement
Banking

Revenue excludes holding company interest expense associated with subordinated and trust preferred debt.
PROFITABILITY

ROAA

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/17 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Average Assets</td>
<td>1.57%</td>
<td>1.45%</td>
<td>1.12%</td>
<td>0.73%</td>
<td>0.97%</td>
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ROACE AND ROATCE

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<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/17 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Average Common Equity</td>
<td>18.23%</td>
<td>17.11%</td>
<td>13.41%</td>
<td>14.88%</td>
<td>17.22%</td>
</tr>
<tr>
<td>Return on Average Tangible Common Equity</td>
<td>15.60%</td>
<td>14.26%</td>
<td>10.51%</td>
<td>8.30%</td>
<td>10.83%</td>
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</table>

EARNINGS PER SHARE

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<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/16 YTD</th>
<th>9/30/17 YTD</th>
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</thead>
<tbody>
<tr>
<td>$0.00</td>
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</table>

CASH EARNINGS PER SHARE*

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/16 YTD</th>
<th>9/30/17 YTD</th>
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<tbody>
<tr>
<td>$0.00</td>
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</table>

*Cash Earnings Per Share are non-GAAP measures. See appendix for non-GAAP reconciliation schedules.
GOODWILL AND INTANGIBLES
($ IN THOUSANDS)

INTANGIBLE AMORTIZATION EXPENSE

GOODWILL AND INTANGIBLE BALANCE
CAPITAL
CAPITAL RATIOS
ALERUS FINANCIAL CORPORATION

Common Equity Tier 1 Capital Ratio
Tier 1 Risk-Based Capital Ratio
Total Risk-Based Capital Ratio
Tier 1 Leverage Ratio
Tangible Common Equity to Tangible Assets
# CAPITAL STRUCTURE

($ IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th>Well Capitalized</th>
<th>Regulatory Minimum</th>
<th>2017-Q3</th>
<th>2017-Q2</th>
<th>2016-Q4</th>
<th>2016-Q3</th>
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</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total Ending Assets</td>
<td>$2,065,210</td>
<td>$2,037,438</td>
<td>$2,050,269</td>
<td>$1,938,514</td>
<td></td>
<td></td>
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<tr>
<td>ALLL</td>
<td>15,367</td>
<td>16,134</td>
<td>15,615</td>
<td>16,347</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Ratios</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Equity Tier One Capital Ratio*</td>
<td>6.50%</td>
<td>5.75%</td>
<td>7.73%</td>
<td>7.55%</td>
<td>7.74%</td>
<td>7.43%</td>
</tr>
<tr>
<td>Tier One Risk-Based Capital Ratio*</td>
<td>8.00%</td>
<td>7.25%</td>
<td>8.18%</td>
<td>8.01%</td>
<td>8.23%</td>
<td>7.90%</td>
</tr>
<tr>
<td>Total Risk-Based Capital Ratio*</td>
<td>10.00%</td>
<td>9.25%</td>
<td>11.95%</td>
<td>11.87%</td>
<td>12.29%</td>
<td>11.97%</td>
</tr>
<tr>
<td>Tier One Leverage Ratio</td>
<td>5.00%</td>
<td>4.00%</td>
<td>7.10%</td>
<td>7.06%</td>
<td>6.85%</td>
<td>6.87%</td>
</tr>
<tr>
<td>Tangible Common Equity/Tangible Common Assets</td>
<td>N/A</td>
<td>N/A</td>
<td>6.30%</td>
<td>6.14%</td>
<td>5.46%</td>
<td>5.83%</td>
</tr>
<tr>
<td><strong>Risk Weighted Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,719,856</td>
<td>1,699,073</td>
<td>1,602,460</td>
<td>1,618,666</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Assets for leverage Ratio</strong></td>
<td>1,981,453</td>
<td>1,929,459</td>
<td>1,924,787</td>
<td>1,863,813</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Equity Capital</strong></td>
<td>$ 182,139</td>
<td>$ 178,564</td>
<td>$ 168,785</td>
<td>$ 169,788</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Unrealized Gains/(Losses)</td>
<td>(143)</td>
<td>(26)</td>
<td>1,870</td>
<td>(2,511)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Disallowed deferred Tax Assets</td>
<td>(359)</td>
<td>(175)</td>
<td>(191)</td>
<td>(297)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Disallowed Intangible Assets</td>
<td>(48,581)</td>
<td>(49,905)</td>
<td>(46,106)</td>
<td>(46,371)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Perpetual Preferred Stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Other Items</td>
<td>(196)</td>
<td>(196)</td>
<td>(264)</td>
<td>(285)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Common Tier 1 Equity</strong></td>
<td>$ 132,860</td>
<td>$ 128,262</td>
<td>$ 124,094</td>
<td>$ 120,324</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADD: Perpetual Preferred Stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADD: Subordinated Debt – Trust Preferred Securities</td>
<td>7,940</td>
<td>7,912</td>
<td>7,856</td>
<td>7,827</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LESS: Other Items</td>
<td>(90)</td>
<td>(44)</td>
<td>(127)</td>
<td>(198)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Tier 1 Capital</strong></td>
<td>$ 140,710</td>
<td>$ 136,310</td>
<td>$ 131,823</td>
<td>$ 127,953</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 2 Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADD: Allowance for Loan and Lease Losses</td>
<td>15,367</td>
<td>16,134</td>
<td>15,615</td>
<td>16,348</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADD: Subordinated Debt – other</td>
<td>49,4884</td>
<td>49,469</td>
<td>49,438</td>
<td>49,422</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Risk Based Capital</strong></td>
<td>$ 205,561</td>
<td>$ 201,733</td>
<td>$ 196,876</td>
<td>$ 193,723</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Regulatory minimum includes buffer of 1.25%.
LOAN PORTFOLIO, ASSET QUALITY, AND DEPOSITS
ASSET DIVERSIFICATION

LOAN PORTFOLIO ($1,588.2MM)

- Secured by 1-4 Family Residential Properties: 32.5%
- Secured by Commercial and Industrial Loans: 28.6%
- Secured by Multifamily: 4.2%
- Secured by Non-Farm Non-Residential Properties: 23.3%
- Secured by Farmland: 0.7%
- Construction and Land Devel.: 2.7%
- Loans to Finance Agriculture: 2.6%
- Loans to Finance Real Estate and Rental: 28.1%
- Loans to Finance Retail Trade: 11.5%
- Loans to Finance Wholesale Trade: 9.5%
- Loans to Finance Other: 6.9%
- Loans to Finance Finance & Insurance: 6.9%
- Loans to Finance Construction: 8.6%
- Loans to Finance Health Care: 5.0%
- Loans to Finance Manufacturing: 6.9%
- Loans to Finance Professional Services: 4.5%
- Loans to Finance Oil & Gas, Mining: 0.4%

CONCENTRATION BY INDUSTRY

- Real Estate and Rental: 28.1%
- Retail Trade: 11.5%
- Wholesale Trade: 9.5%
- Transportation: 2.8%
- Construction: 8.6%
- Finance & Insurance: 6.9%
- Health Care: 5.0%
- Manufacturing: 6.9%
- Professional Services: 4.5%
- Hospitality & Food Service: 4.5%
- Agriculture: 4.7%

Data as of 9/30/2017.
ASSET QUALITY

**ADJUSTED NPA* / TOTAL ASSETS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.60%</td>
<td>0.60%</td>
<td>0.60%</td>
<td>0.60%</td>
<td>0.60%</td>
<td>0.60%</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
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<tr>
<td>2016</td>
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<tr>
<td>9/30/2017</td>
<td></td>
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</tr>
</tbody>
</table>

**RESERVES / ADJUSTED NPA***

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
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<td>2013</td>
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<tr>
<td>2016</td>
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<tr>
<td>9/30/2017</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**(30-89 + 90&ACCR + NACCR) / TOTAL LOANS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.00%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>0.50%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
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<td>2015</td>
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<tr>
<td>2016</td>
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<tr>
<td>9/30/2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NET CHARGE OFFS / AVG LOANS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9/30/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
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<tr>
<td>2013</td>
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<td>2014</td>
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<tr>
<td>2015</td>
<td></td>
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<tr>
<td>2016</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>9/30/2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Adjusted for loss share agreement with the FDIC.
DEPOSIT MIX

DEPOSITS ($1.600B)

- MMDA: 34%
- DDA: 30%
- NOW: 19%
- Savings: 3%
- CD < $250,000: 11%
- CD > $250,000: 2%

LOW COST OF FUNDS

- 2012: 0.42%
- 2013: 0.30%
- 2014: 0.34%
- 2015: 0.34%
- 2016: 0.28%
- 9/30/2017: 0.29%

Data as of 9/30/2017.
## BANKING

### AVERAGE EARNING ASSETS ($MM)

<table>
<thead>
<tr>
<th></th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,680</td>
<td>$1,739</td>
<td>$1,760</td>
<td>$1,770</td>
<td>$1,818</td>
<td></td>
</tr>
</tbody>
</table>

### AVERAGE DEPOSITS ($MM)

<table>
<thead>
<tr>
<th></th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,654</td>
<td>$1,705</td>
<td>$1,699</td>
<td>$1,666</td>
<td>$1,599</td>
<td></td>
</tr>
</tbody>
</table>

### NET INTEREST INCOME ($000’s)*

<table>
<thead>
<tr>
<th></th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$16,462</td>
<td>$16,418</td>
<td>$16,223</td>
<td>$17,273</td>
<td>$18,408</td>
<td></td>
</tr>
</tbody>
</table>

### NET INCOME ($000’s)*

**BEFORE TAX AND INDIRECT ALLOCATIONS**

<table>
<thead>
<tr>
<th></th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,967</td>
<td>$10,647</td>
<td>$9,034</td>
<td>$9,371</td>
<td>$9,567</td>
<td></td>
</tr>
</tbody>
</table>

* For comparative purposes, historical expense and net income figures have been adjusted to reflect intercompany expense from banking to mortgage for loan purchases.
MORTGAGE

MORTGAGE ORIGINATIONS ($MM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Refi</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-2016</td>
<td>$101.1</td>
<td>$208.4</td>
</tr>
<tr>
<td>Q4-2016</td>
<td>$112.5</td>
<td>$164.5</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$39.1</td>
<td>$101.5</td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$35.5</td>
<td>$241.3</td>
</tr>
<tr>
<td>Q3-2017</td>
<td>$42.6</td>
<td>$210.9</td>
</tr>
</tbody>
</table>

MORTGAGE BANKING REVENUE ($000’s)*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Refi</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-2016</td>
<td>$8,265</td>
<td>$3,864</td>
</tr>
<tr>
<td>Q4-2016</td>
<td>$7,762</td>
<td>$6,884</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$6,884</td>
<td>$6,424</td>
</tr>
<tr>
<td>Q2-2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3-2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NET INCOME ($000’s)*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Refi</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3-2016</td>
<td>$1,435</td>
<td>$500</td>
</tr>
<tr>
<td>Q4-2016</td>
<td>$1,622</td>
<td>$0</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$1,127</td>
<td>$584</td>
</tr>
<tr>
<td>Q2-2017</td>
<td></td>
<td>-$10</td>
</tr>
<tr>
<td>Q3-2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* For comparative purposes, historical revenue and net income figures have been adjusted to reflect intercompany revenue from banking for loan purchases.
RETIREMENT AND BENEFITS

ASSETS UNDER ADMINISTRATION ($MM)*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$24,791</td>
<td>$25,026</td>
<td>$25,898</td>
<td>$26,495</td>
<td>$27,306</td>
</tr>
</tbody>
</table>

RETIREMENT AND BENEFITS REVENUE ($000’s)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$12,298</td>
<td>$15,733</td>
<td>$15,559</td>
<td>$15,555</td>
<td>$15,244</td>
</tr>
</tbody>
</table>

NET INCOME ($000’s)
BEFORE TAX AND INDIRECT ALLOCATIONS

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q3-2016</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$999</td>
<td>$4,287</td>
<td>$5,080</td>
<td>$5,455</td>
<td>$4,284</td>
</tr>
</tbody>
</table>

* AUA includes $72MM of assets from Wealth Management
WEALTH MANAGEMENT

ASSETS UNDER MANAGEMENT ($MM)*

Q3-2016: $3,333
Q4-2016: $3,380
Q1-2017: $3,621
Q2-2017: $3,778
Q3-2017: $3,845

WEALTH MANAGEMENT REVENUE ($000’s)

Q3-2016: $3,173
Q4-2016: $3,649
Q1-2017: $3,562
Q2-2017: $3,613
Q3-2017: $3,547

NET INCOME ($000’s)

BEFORE TAX AND INDIRECT ALLOCATIONS

Q3-2016: $1,151
Q4-2016: $1,235
Q1-2017: $1,580
Q2-2017: $1,642
Q3-2017: $1,628

* AUM includes $1.3 billion of assets managed for Alerus Retirement and Benefit Clients.
FUTURE OF ALERUS
OUR CORE BUSINESS LINES
A BIG COMPANY MODEL WITH SMALL COMPANY EXECUTION

BUSINESS BANKING
- Commercial and commercial real estate lending
- Agriculture lending
- Treasury management
- Deposit services

CONSUMER BANKING
- Deposit services
- Consumer lending
- Private banking

RETIREMENT AND BENEFITS
- Retirement plan administration
- Retirement plan investment advisory
- ESOP fiduciary services
- Payroll administration services
- Health and welfare administration
- COBRA

MORTGAGE
- Residential mortgage lending
- Purchase or refinance
- Residential construction lending
- Home equity/second mortgages

WEALTH MANAGEMENT
- Trust and fiduciary services
- Investment management
- Financial planning
- Philanthropic giving
ONE POINT OF CONTACT
STRONG INTEGRATION OF TEAMS SUPPORTED BY STRUCTURE AND COLLABORATION
Organic growth across business lines supplemented by strategic acquisitions – disrupt our competition through the combination of digital capabilities and relationship based service.

Investment in customer friendly technology solutions complemented by Financial Advisors to help individuals and businesses become more financially fit.

Focus on process improvements that begin with the customer experience – using technology solutions to streamline processes.

Training and development of staff to meet changing customer needs and expectations.

Build on our relationship model, serving as one cohesive team across the company to assure an integrated customer experience – ONE ALERUS.

Integrate newly acquired business lines of Payroll and Benefits.
EXPANDING FRANCHISE MODEL
MOVING BOLDLY AHEAD

GROWTH MARKETS
- Business model more suited to MSAs (metropolitan statistical growth areas)

HIGH VALUE, PROFESSIONAL SERVICES BUSINESS MODEL
- Focus on long term relationships

STRONG FINANCIAL FOUNDATION AND DISCIPLINE
- Strong core operating earnings
- Solid risk management (diversification, strong credit culture, and financial controls)
- Strong capital ratios
- Strong commitment to invest in disruptive technology.

PROFESSIONAL, HIGH-PERFORMING AND ENGAGED EMPLOYEES
- Disciplined, accountable, and focused on executing our business strategies
- ESOP ownership

STRONG LEADERSHIP
- Board, formation of Alerus Leadership Council
- Management succession
- High personal responsibility and accountability for results
SUMMARY

- Strong Midwestern financial services franchise located in high growth cities
- Nationwide retirement plan administration providing significant levels of non-interest income
- Experienced executive management team and independent board of directors
- Substantial ownership by employees (ESOP collectively owns 10%), officers, and directors
- Extensive disciplined acquisition and successful integration experience
- Growth through strategic acquisitions in both the Bank and Alerus Retirement and Benefits space
- Organic growth through relationship management and referrals – leverage national customer base
- Strong capital levels maintained through consistent profitability and conservative leverage
  - Accessed the capital markets in 2015 with a $50 million Subordinated Debt Offering and received a BBB rating from Kroll Bond Rating Agency
CONTACT INFORMATION

CORPORATE HEADQUARTERS

Alerus Financial Corporation
401 Demers Avenue
Grand Forks, ND 58201

800.279.3200
ALERUS.COM

CORPORATE CONTACTS

Randy Newman
Chairman, President, & CEO
701.795.3317 :: randy.newman@alerus.com

Dan Cheever
Chief Financial Officer
612.436.3503 :: dan.cheever@alerus.com

Missy Keney
Investor Relations
701.280.5120 :: missy.keney@alerus.com
## NON-GAAP DISCLOSURE RECONCILIATION

<table>
<thead>
<tr>
<th>($000s)</th>
<th>2017 YTD</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Common Equity</td>
<td>$ 178,584</td>
<td>$ 168,742</td>
<td>$ 160,903</td>
<td>$ 144,203</td>
<td>$ 130,300</td>
</tr>
<tr>
<td>Less: Goodwill</td>
<td>(27,329)</td>
<td>(25,669)</td>
<td>(2,365)</td>
<td>(1,090)</td>
<td>(664)</td>
</tr>
<tr>
<td>Less: average other Intangibles, net of tax benefit</td>
<td>(18,291)</td>
<td>(20,651)</td>
<td>(12,903)</td>
<td>(7,869)</td>
<td>(6,797)</td>
</tr>
<tr>
<td>Average Tangible Common Equity</td>
<td>$ 132,964</td>
<td>$ 122,422</td>
<td>$ 145,635</td>
<td>$ 135,244</td>
<td>$ 122,839</td>
</tr>
</tbody>
</table>

The following table presents a reconciliation of net cash flow available to common shareholders to net income allocation to common shareholders for the years presented.

<table>
<thead>
<tr>
<th>($000s)</th>
<th>2017 YTD</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income available to common shareholders</td>
<td>$ 14,466</td>
<td>$ 14,006</td>
<td>$ 16,908</td>
<td>$ 20,570</td>
<td>$ 20,337</td>
</tr>
<tr>
<td>Add: Other intangible, net of tax benefit</td>
<td>2,656</td>
<td>4,203</td>
<td>2,618</td>
<td>2,518</td>
<td>1,993</td>
</tr>
<tr>
<td>Net Cash Available to common shareholders</td>
<td>$ 17,122</td>
<td>$ 18,209</td>
<td>$ 19,526</td>
<td>$ 23,088</td>
<td>$ 22,330</td>
</tr>
</tbody>
</table>

Cash ROTCE 17.22% 14.87% 13.41% 17.07% 18.18%

Average Common Shares (000s) 14,001 14,002 13,947 13,887 13,762

Cash Earnings Per Share $ 1.22 $ 1.30 $ 1.40 $ 1.66 $ 1.62
ALERUS LEADERSHIP

OUR MOTIVATED, DEDICATED, AND ENERGETIC LEADERS KEEP US ON THE RIGHT PATH

SENIOR EXECUTIVE TEAM

RANDY NEWMAN
Chairman, President, and Chief Executive Officer
36 years with Alerus

KIRS COMPTON
Executive Vice President and Chief Strategy Officer
42 years with Alerus

DAN CHEEVER
Executive Vice President and Chief Financial Officer
2 years with Alerus

ANN MCCONN
Executive Vice President and Chief Business Officer
15 years with Alerus

ALERUS LEADERSHIP COUNCIL

Karl Bollingberg
Director of Lending

Jon Hendry
Chief Information Officer

Missy Keney
Director of Customer Experience and Corporate Communications

Karna Loyland
Director of Deposits

Chip Norris
Group President, Director of Sales and Service

Brian Overby
President of Alerus Retirement and Benefits

Brian Schumacher
Director of Wealth Management

Teresa Wasvick
Director of Human Resources
BOARD OF DIRECTORS
ALERUS IS STEERED BY SOME OF THE TOP BUSINESS AND FINANCIAL MINDS IN THE MIDWEST

RANDY NEWMAN
Since 1988
Chairman, President, and CEO
Alerus Financial, N.A.
Alerus Financial Corporation
Grand Forks, ND

HAROLD GERSHMAN
Since 1989
Chairman and President
Gershman Enterprises, LLC and Happy Harry’s Bottle Shops
Grand Forks, ND

KEVIN LEMKE
Since 1994
President
Virtual Systems
Grand Forks, ND

JAMES KARLEY
Since 1997
President
Johnstown Bean, Cavalier Bean Companies, and North Central Commodities
Gilby, ND

KAREN BOHN
Since 1999
President, Galeo Group, LLC
Former Chief Administrative Officer, Piper Jaffray Co.
Former Chief Executive Officer, Piper Trust Company
Edina, MN

LLOYD CASE
Since 2005
Past President and CEO
Forum Communications Co.
Board of Directors, Forum Communications
Fargo, ND

SALLY SMITH
Since 2007
President and CEO
Buffalo Wild Wings, Inc.
Minneapolis, MN

GALEN VETTER
Since 2013
Retired, CFO
Franklin Templeton Investments
Former Partner In-Charge, (Upper Midwest region) RSM
Board of Directors, Land O’ Lakes
Minneapolis, MN

DAN COUGHLIN
Since 2016
Former Managing Director & Co-Head – Financial Services, Raymond James & Assoc.
Former Chairman & CEO, Howe Barnes Hoefer & Arnett
Chicago, IL