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
- $28.2 billion assets under administration
- $867 million year-to-date mortgage originations

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

DIVERSIFIED REVENUE STREAM

FULL YEAR 2017
- Non-interest income: $103.5 million
- Net interest income: $67.7 million

FULL YEAR 2016
- Non-interest income: $104.2 million
- Net interest income: $62.9 million

Data as of 12/31/2017.
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

- 45,802 individual customers
- 11,425 businesses
- 6,526 employer-sponsored retirement plans
- 354,243 employer-sponsored retirement plan participants

Data as of 12/31/2017.
**MARKET DISTRIBUTION**

**BANKING :: MORTGAGE :: RETIREMENT :: WEALTH MANAGEMENT**

_(IN MILLIONS)_

**LOANS* ($1,574)**

- Twin Cities, MN, 46.0%
- Grand Forks, ND, 20.8%
- Scottsdale, AZ, 9.4%
- Fargo, ND, 19.8%
- Duluth, MN, 3.3%
- Other, 0.6%

**DEPOSITS ($1,835)**

- Twin Cities, MN, 32.7%
- Grand Forks, ND, 26.5%
- Fargo, ND, 17.9%
- Scottsdale, AZ, 4.0%
- Duluth, MN, 1.5%
- Other, 0.6%
- National, 17.4%

**MORTGAGE ($867)**

- Twin Cities, MN, 89.1%
- Fargo, ND, 29.7%
- Grand Forks, ND, 26.3%
- Scottsdale, AZ, 1.4%
- Other, 0.3%

**ASSETS UNDER MGMT. ($3,848)**

- Twin Cities, MN, 7.3%
- Grand Forks, ND, 26.3%
- National, 34.2%
- Other, 2.5%

**ASSETS UNDER ADMIN. ($28,220)**

- Twin Cities, MN, 14.1%
- Grand Forks, ND, 4.7%
- Fargo, ND, 3.8%
- National, 76.9%
- Other, 0.6%

* Excludes loans held for sale. Data as of 12/31/2017.
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.
2017 STRATEGIC HIGHLIGHTS

CUSTOMER ENHANCEMENTS

- Partnered with a leading financial technology company to develop online account portal.
- Selected the premier customer relationship management software provider.
- Launched mobile wallet capability making Alerus debit and credit cards usable with Apple Pay® and Samsung Pay®.
- Introduced CardValet® fraud mitigation and management tool to enhance debit card security.
- Introduced simplified online account access for retirement and health and welfare account holders.
- Added online lending statement capability for business banking customers.

COMPANY DEVELOPMENTS

- Reorganized senior executive management, adding Ann McConn (Chief Business Officer) and Katie Lorenson (Chief Financial Officer) to the C*Suite.
- Created the Alerus Leadership Council a highly collaborative and cross-functional team of talent.
- Added $94.9 million of Health Savings Accounts (H.S.A. deposits) in the fourth quarter of 2017.
- Consolidated and remodeled multiple office locations to better utilize space and support additional staff expansion.
STOCKHOLDER RETURNS
WE’RE HERE FOR THE LONG TERM

DIVIDENDS (SINCE 1980)

- Dividend Payout Ratio: 30.6%
- Dividend Increase per Year: 9.02%

TOTAL RETURN

- 2017 Return: 20.08%
- 5-Year Return (2013–2017): 122.25%
- 10-Year Return (2008–2017): 151.67%

HISTORY OF CONTINUOUS DIVIDENDS

Data as of 12/31/2017. Source: Alerus Financial Corporation and SNL Financial.
HISTORICAL STOCK PERFORMANCE

2017 TOTAL RETURN

Total Return: ALRS = 20% | S&P 500 = 21% | S&P 500 Div. Banks = 22%

5-YEAR TOTAL RETURN

Total Return: ALRS = 122% | S&P 500 = 108% | S&P 500 Div. Banks = 140%

10-YEAR TOTAL RETURN

Total Return: ALRS = 152% | S&P 500 = 126% | SNL US Bank = 54%

TOTAL RETURN SINCE 2000

Total Return: ALRS = 662% | S&P 500 = 159% | SNL US Bank = 135%

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>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$2,137,058</td>
<td>$2,050,579</td>
<td>$1,744,863</td>
<td>$1,487,732</td>
<td>$1,381,727</td>
</tr>
<tr>
<td>Total Gross Loans</td>
<td>$1,592,412</td>
<td>$1,402,015</td>
<td>$1,175,563</td>
<td>$1,130,500</td>
<td>$944,818</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$1,834,962</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>$180,571</td>
<td>$168,785</td>
<td>$182,821</td>
<td>$171,086</td>
<td>$153,311</td>
</tr>
<tr>
<td>Total Revenue*</td>
<td>$171,129</td>
<td>$167,129</td>
<td>$146,125</td>
<td>$129,484</td>
<td>$126,067</td>
</tr>
<tr>
<td>Net Income</td>
<td>$15,444</td>
<td>$14,031</td>
<td>$17,108</td>
<td>$20,770</td>
<td>$20,537</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>3.76%</td>
<td>3.62%</td>
<td>3.81%</td>
<td>3.97%</td>
<td>3.94%</td>
</tr>
<tr>
<td>Assets under Management</td>
<td>$3,848,000</td>
<td>$3,380,000</td>
<td>$2,735,000</td>
<td>$2,583,000</td>
<td>$2,424,000</td>
</tr>
<tr>
<td>Assets under Administration</td>
<td>$28,220,000</td>
<td>$25,028,000</td>
<td>$17,500,000</td>
<td>$15,500,000</td>
<td>$12,900,000</td>
</tr>
<tr>
<td>Mortgage Originations</td>
<td>$867,253</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.
2017 FINANCIAL HIGHLIGHTS

RECORD PRE-TAX EARNINGS
- Record level Pre-Tax Earnings of $32.9 million a $11.8 million or 55% increase from 2016

STRONG GROWTH
- Total assets increased to $2.1 billion, up $86.5 million or 2.4% from 2016
- Total loans increased to $1.57 billion or 15.2% from 2016.
- Deposits grew $49.8 million or 2.8% in 2017 to $1.83 billion
- Assets under administration increased $3.2 billion in 2017 ending the year at $28.2 billion
- Assets under management increased $468 million in 2017 to $3.8 billion

SOLID CREDIT QUALITY
- Non-Performing Assets of $6.4 million, decreased $3.2 million or 33.7% from 2016
- Allowance for loan losses to non-performing loans was 282% at December 31, 2017, compared to 204% at December 31, 2016

GROWING CAPITAL RATIOS
- Tier 1 capital was 8.29 percent at December 31, 2017, up from 8.23 percent at December 31, 2016
- Total risk based capital was 12.17 percent at December 31, 2017, down from 12.29 percent at December 31, 2016
- The tangible common equity to tangible assets ratio was 6.06 percent at December 31, 2017 compared with 5.46 percent at December 31, 2016
**ALERUS PERFORMANCE SUMMARY**

**SENSIBLE AND STRATEGIC GROWTH**

**ASSET GROWTH ($B)**
- Banking Assets
- Assets Under Management
- Assets Under Administration

<table>
<thead>
<tr>
<th>Year</th>
<th>Banking Assets</th>
<th>Assets Under Management</th>
<th>Assets Under Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$12.9</td>
<td>$2.4</td>
<td>$1.4</td>
</tr>
<tr>
<td>2014</td>
<td>$15.5</td>
<td>$2.6</td>
<td>$1.5</td>
</tr>
<tr>
<td>2015</td>
<td>$17.5</td>
<td>$2.7</td>
<td>$1.7</td>
</tr>
<tr>
<td>2016</td>
<td>$25.0</td>
<td>$3.4</td>
<td>$2.1</td>
</tr>
<tr>
<td>2017</td>
<td>$28.2</td>
<td>$3.8</td>
<td>$2.1</td>
</tr>
</tbody>
</table>

**NET INCOME ($MM)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$126.1</td>
</tr>
<tr>
<td>2014</td>
<td>$129.5</td>
</tr>
<tr>
<td>2015</td>
<td>$146.1</td>
</tr>
<tr>
<td>2016</td>
<td>$167.1</td>
</tr>
<tr>
<td>2017</td>
<td>$171.1</td>
</tr>
<tr>
<td>2017*</td>
<td>$20.5</td>
</tr>
</tbody>
</table>

**TOTAL COMPANY REVENUE ($MM)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$126.1</td>
</tr>
<tr>
<td>2014</td>
<td>$129.5</td>
</tr>
<tr>
<td>2015</td>
<td>$146.1</td>
</tr>
<tr>
<td>2016</td>
<td>$167.1</td>
</tr>
<tr>
<td>2017</td>
<td>$171.1</td>
</tr>
</tbody>
</table>

*Net Income excluding the impact of $4.6 million charge to deferred tax asset due to tax reform.*
Revenue excludes holding company interest expense associated with subordinated and trust preferred debt.
PROFITABILITY

ROAA

Return on Average Assets

2013 2014 2015 2016 2017

1.57% 1.45% 1.12% 0.73% 0.77%

ROACE AND ROATCE

Return on Average Common Equity
Return on Average Tangible Common Equity

2013 2014 2015 2016 2017

18.23% 17.11% 13.41% 14.88% 14.30%
15.60% 14.26% 10.51% 8.29% 8.74%

EARNINGS & CASH EARNINGS PER SHARE

Return on Average Assets

2013 2014 2015 2016 2017

$1.48 $1.48 $1.21 $1.00 $1.10 $1.43

NET INTEREST MARGIN

2013 2014 2015 2016 2017

3.94% 3.97% 3.81% 3.62% 3.76%

* Net Income excluding the impact of $4.6 million charge to deferred tax asset due to tax reform.

1 Fully diluted common shares. Cash Earnings Per Share are non-GAAP measures. See appendix for non-GAAP reconciliation schedules.
GOODWILL AND INTANGIBLES
($ IN THOUSANDS)

INTANGIBLE AMORTIZATION EXPENSE

<table>
<thead>
<tr>
<th>Year</th>
<th>ABG</th>
<th>Beacon</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4,369</td>
<td>$695</td>
<td>$1,642</td>
</tr>
<tr>
<td>2016</td>
<td>$4,674</td>
<td>$759</td>
<td>$1,811</td>
</tr>
<tr>
<td>2017</td>
<td>$3,054</td>
<td>$2,069</td>
<td>$1,811</td>
</tr>
<tr>
<td>2018</td>
<td>$2,069</td>
<td>$1,512</td>
<td>$1,811</td>
</tr>
<tr>
<td>2019</td>
<td>$1,512</td>
<td>$1,392</td>
<td>$1,811</td>
</tr>
<tr>
<td>2020</td>
<td>$1,392</td>
<td>$1,811</td>
<td></td>
</tr>
</tbody>
</table>

GOODWILL AND INTANGIBLE BALANCES

<table>
<thead>
<tr>
<th>Year</th>
<th>ABG</th>
<th>Beacon</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$21,289</td>
<td>$21,071</td>
<td>$21,289</td>
</tr>
<tr>
<td>2016</td>
<td>$17,019</td>
<td>$21,968</td>
<td>$17,019</td>
</tr>
<tr>
<td>2017</td>
<td>$13,970</td>
<td>$21,209</td>
<td>$13,970</td>
</tr>
<tr>
<td>2018</td>
<td>$11,901</td>
<td>$20,450</td>
<td>$11,901</td>
</tr>
<tr>
<td>2019</td>
<td>$10,389</td>
<td>$19,692</td>
<td>$10,389</td>
</tr>
<tr>
<td>2020</td>
<td>$8,997</td>
<td>$18,933</td>
<td>$8,997</td>
</tr>
</tbody>
</table>

Note: Current intangible balances will be fully amortized at the end of 2025.
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
LOAN PORTFOLIO, ASSET QUALITY, AND DEPOSITS
ASSET DIVERSIFICATION

LOAN PORTFOLIO ($1,592MM)

- Secured by 1-4 Family Residential Properties: 34.4%
- Secured by Non-Farm Non-Residential Properties: 22.7%
- Secured by Multifamily: 4.6%
- Secured by Farmland: 0.6%
- Construction and Land Devel.: 2.3%
- Loans to Finance Agriculture: 2.6%
- Commercial and Industrial Loans: 27.6%
- Consumer Loans: 5.2%
- Loans to Finance Hospitality & Food Service: 4.5%
- Hospitality & Food Service: 4.5%
- Agriculture: 4.9%
- Construction: 8.6%
- Finance & Insurance: 7.3%
- Health Care: 5.5%
- Manufacturing: 6.9%
- Professional Services: 4.2%
- Oil & Gas, Mining: 0.3%
- Retail Trade: 11.9%
- Real Estate and Rental: 28.1%
- Other: 6.8%
- Wholesale Trade: 9.0%
- Transportation: 2.8%
- Wholesale Trade: 9.0%
- Retail Trade: 11.9%
- Real Estate and Rental: 28.1%
- Other: 6.8%
- Wholesale Trade: 9.0%
- Retail Trade: 11.9%
- Real Estate and Rental: 28.1%
- Other: 6.8%

Data as of 12/31/2017.
ASSET QUALITY

NPA / TOTAL ASSETS

RESERVES / NPA

RESERVES / GROSS LOANS

NET CHARGE OFFS / AVG LOANS
Q4 FUNDING ($1,874MM)

LOW COST OF FUNDS

Data as of 12/31/2017.
AVERAGE EARNING ASSETS ($MM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$1,739</td>
<td>$1,760</td>
<td>$1,770</td>
<td>$1,818</td>
<td>$1,842</td>
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</table>

AVERAGE DEPOSITS ($MM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$1,705</td>
<td>$1,699</td>
<td>$1,666</td>
<td>$1,599</td>
<td>$1,693</td>
</tr>
</tbody>
</table>

BANKING REVENUE ($000’s)*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$18,303</td>
<td>$17,887</td>
<td>$19,090</td>
<td>$20,229</td>
<td>$20,350</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$10,647</td>
<td>$9,034</td>
<td>$9,371</td>
<td>$9,567</td>
<td>$10,309</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 ORIGINATION ($MM)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Refi</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>Q4-2017</td>
<td>$58.3</td>
<td>$138.1</td>
</tr>
</tbody>
</table>

**MORTGAGE BANKING REVENUE ($000’s)***

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Refi</th>
<th>Purchase</th>
</tr>
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<tbody>
<tr>
<td>Q4-2016</td>
<td>$7,762</td>
<td>$3,864</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$6,884</td>
<td>$6,424</td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$6,884</td>
<td>$4,971</td>
</tr>
<tr>
<td>Q3-2017</td>
<td>$4,971</td>
<td></td>
</tr>
<tr>
<td>Q4-2017</td>
<td>$4,971</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>Q4-2016</td>
<td>$1,622</td>
<td></td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$1,274</td>
<td></td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$584</td>
<td></td>
</tr>
<tr>
<td>Q3-2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4-2017</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 Management & Administration ($MM)

<table>
<thead>
<tr>
<th></th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>$1,158</td>
<td>$1,179</td>
<td>$1,300</td>
<td>$1,275</td>
<td>$1,238</td>
</tr>
<tr>
<td>AUA</td>
<td>$24,951</td>
<td>$25,816</td>
<td>$26,423</td>
<td>$27,226</td>
<td>$28,128</td>
</tr>
</tbody>
</table>

## Retirement and Benefits Revenue ($000’s)

<table>
<thead>
<tr>
<th></th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$15,733</td>
<td>$15,559</td>
<td>$15,555</td>
<td>$15,244</td>
<td>$16,033</td>
</tr>
</tbody>
</table>

## Net Income ($000’s)

<table>
<thead>
<tr>
<th></th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before Tax and Indirect Allocations</td>
<td>$4,287</td>
<td>$5,080</td>
<td>$5,455</td>
<td>$4,284</td>
<td>$5,595</td>
</tr>
</tbody>
</table>
WEALTH MANAGEMENT

ASSETS UNDER MANAGEMENT & ADMINISTRATION ($MM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Internal</th>
<th>AUA</th>
<th>AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-2016</td>
<td>$2,221</td>
<td>$514</td>
<td>$3,649</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$2,442</td>
<td>$520</td>
<td>$3,562</td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$2,478</td>
<td>$548</td>
<td>$3,613</td>
</tr>
<tr>
<td>Q3-2017</td>
<td>$2,570</td>
<td>$543</td>
<td>$3,547</td>
</tr>
<tr>
<td>Q4-2017</td>
<td>$2,610</td>
<td>$530</td>
<td>$3,995</td>
</tr>
</tbody>
</table>

WEALTH MANAGEMENT REVENUE ($000’s)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-2016</td>
<td>$3,649</td>
<td>$3,562</td>
<td>$3,613</td>
<td>$3,547</td>
<td>$3,995</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$3,562</td>
<td>$3,613</td>
<td>$3,547</td>
<td>$3,995</td>
<td></td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$3,613</td>
<td>$3,547</td>
<td>$3,995</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3-2017</td>
<td>$3,547</td>
<td>$3,995</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4-2017</td>
<td>$3,995</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4-2016</th>
<th>Q1-2017</th>
<th>Q2-2017</th>
<th>Q3-2017</th>
<th>Q4-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4-2016</td>
<td>$1,735</td>
<td>$1,380</td>
<td>$1,642</td>
<td>$1,628</td>
<td>$1,891</td>
</tr>
<tr>
<td>Q1-2017</td>
<td>$1,380</td>
<td>$1,642</td>
<td>$1,628</td>
<td>$1,891</td>
<td></td>
</tr>
<tr>
<td>Q2-2017</td>
<td>$1,642</td>
<td>$1,628</td>
<td>$1,891</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3-2017</td>
<td>$1,628</td>
<td>$1,891</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4-2017</td>
<td>$1,891</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

BANKING

RELATIONSHIP MANAGER
ONE POINT OF CONTACT

STRONG INTEGRATION OF TEAMS SUPPORTED BY STRUCTURE AND COLLABORATION

Payroll, Heath, and welfare Benefits

Commercial Lending

Commercial Deposit Services

Residential Mortgage Lending

Consumer Banking

Retirement Plan Administration

Trust and Fiduciary Services

FUTURE OPPORTUNITIES

RELATIONSHIP MANAGER

BUSINESS OWNER
KEY ATTRIBUTES OF SUCCESS
MOVING BOLDLY AHEAD

- **Professional, High-Performing and Engaged Employees**
  - Employee Ownership
  - Professional Culture
  - Strong Collaboration across all business lines
  - Training and development of staff to meet changing customer needs and expectations
  - Employer of Choice

- **Strong Leadership**
  - Board and Formation of Leadership Council
  - Management succession to assure promotion from within
  - High personal responsibility and accountability for results
  - Leadership and Management training

- **Core Strengths**
  - Strong Balance Sheet
  - Diversified and Strong Core Earnings
  - Relationship-oriented business model driven by advisor focus
  - Highly skilled professional service employee base
  - Commitment to business expansion opportunities
  - Significant Investments in Technology and Business Process Innovations ($3MM Planned for 2018)
STRATEGIC OBJECTIVES

EXCELLENCE IN EXECUTION

- 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.
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 history of disciplined acquisitions with 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

Katie Lorenson
Chief Financial Officer
952.417.3725 :: katie.lorenson@alerus.com

Dan Cheever
Chief Development 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></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Common Equity</td>
<td>$176,778</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>(25,699)</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>(17,869)</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>$131,580</td>
<td>$122,392</td>
<td>$145,635</td>
<td>$135,244</td>
<td>$122,839</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income available to common shareholders</td>
<td>$15,444</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>3,374</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>$18,818</td>
<td>$18,209</td>
<td>$19,526</td>
<td>$23,088</td>
<td>$22,330</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash ROTCE</td>
<td>14.30%</td>
<td>14.88%</td>
<td>13.41%</td>
<td>17.07%</td>
<td>18.18%</td>
</tr>
<tr>
<td>Average Common Shares (000s)</td>
<td>14,007</td>
<td>14,000</td>
<td>13,947</td>
<td>13,887</td>
<td>13,762</td>
</tr>
<tr>
<td>Cash Earnings Per Share</td>
<td>$1.34</td>
<td>$1.30</td>
<td>$1.40</td>
<td>$1.66</td>
<td>$1.62</td>
</tr>
</tbody>
</table>
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
37 years with Alerus

KATIE LORENSON
Executive Vice President and Chief Financial Officer
Joined Alerus in 2017

KIRIS COMPTON
Executive Vice President and Chief Strategy Officer
43 years with Alerus

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

DAN CHEEVER
Executive Vice President and Chief Development Officer
3 years with Alerus

ALERUS LEADERSHIP COUNCIL

Karl Bollingberg
Director of Lending

Lori Day
Director of Mortgage

Jon Hendry
Chief Information Officer

Travis Ingebrigtsen
Manager of Financial Planning and Analysis

Missy Keney
Director of Marketing and Customer Experience

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