



NEWS RELEASE

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FOR IMMEDIATE RELEASE

ALERUS FINANCIAL ANNOUNCES ACQUISITION OF TWIN CITIES-BASED RESIDENTIAL MORTGAGE GROUP (RMG)

Grand Forks, ND (December 31, 2009) – Alerus Financial announces the acquisition of Twin Cities-based Residential Mortgage Group (RMG). RMG has 55 total employees including 26 loan originators, and generated approximately \$720 million in first and second mortgages in 2009. Steve Sherwood founded RMG in 1995 and his partner, Sunny Nelson, joined the company in 1996. RMG has developed and maintained a customer network of approximately 34,000 individuals and is known for providing industry leading closing guarantees. While RMG transitions into the Alerus brand over the next few months, the group will be called Residential Mortgage Group, A Division of Alerus Financial.

According to Dave Latta, Alerus Financial, Executive Vice President, “We were impressed by how RMG does business. They never participated in subprime lending and they complement our mortgage business model. We are particularly interested in their large customer base and are excited about how this acquisition will help grow our community bank franchise in the Twin Cities.”

In other recent transactions focused on growing their regional presence, Alerus acquired the Twin Cities-based deposits of BankFirst and the Minnetonka, Oakdale, and Maplewood branches of Prosperan Bank. With the RMG acquisition, Alerus now employs approximately 200 people in the Twin Cities.

RMG founder Sherwood will continue as President of the new Alerus division and Nelson will continue as Executive Vice President. They will maintain their existing offices in Minnetonka and Arden Hills and no staff reductions are expected. Sherwood said, “This acquisition is a win-win—Alerus wants to grow its mortgage business and has money available to lend, and RMG loan officers now have an

even greater array of home mortgage solutions to offer our customers.” Sherwood further stated that RMG and Alerus proudly support a community focused culture.

Alerus’ current mortgage business, Alerus Mortgage Solutions, will continue to be led by President Dan Doeden. This group originated approximately \$130 million in first mortgages in 2009. Doeden commented, “This acquisition will bring significant originator experience, product set diversity, and brand enhancement to the Alerus mortgage business.”

Alerus Financial is an independent, multibillion-dollar financial services company with total bank assets exceeding \$1.1 billion, over \$7 billion in customer assets under management and administration and \$350 million in brokerage assets. It is one of the largest and oldest independent financial services organizations in the upper Midwest celebrating 75 years of service in 2008. For more information, visit alerusfinancial.com.

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