

FRANDSEN BANK & TRUST



Real people. Real results.

Member FDIC

March 1, 2019

Dear Valued Customer:

We are pleased to announce effective April 27, 2019, the Duluth branch location of Alerus Bank will be acquired by Frandsen Bank & Trust, pending final regulatory approval. We look forward to welcoming you into the Frandsen Bank & Trust family. Frandsen Bank & Trust will continue to serve you at 331 West Superior Street, Duluth. Our number one goal is providing you with the same outstanding service you have grown accustomed to. Frandsen Bank & Trust is a community bank that has the best interests of our clients and communities at heart.

Please review the following details, as they will answer many questions you may have about the acquisition and transition from Alerus to Frandsen Bank & Trust. **These changes will be effective April 27, 2019.**

Conversion Statement: Alerus will be generating statements for all checking and savings accounts after the close of business on Friday, April 26, 2019. If applicable, service charges will be applied and interest will be accrued and paid through April 28, 2019.

Future Statements: Following the April 26, 2019, statement cycle, future personal checking account statements will generate on the 22nd of each month.

Conversion of Accounts: Personal checking and savings accounts will be updated with the merger according to the conversion table below. Interest will accrue and pay monthly on interest-bearing checking and money market accounts and quarterly on savings accounts. **Please refer to the enclosed Real Banking Solutions brochure for further account details.** If you prefer to be converted to a different account than indicated in the table below, please contact our customer service representatives to discuss your options.

Personal Checking Accounts

If you currently have:	Alerus Checking or Free Checking	Alerus Interest Checking	Alerus Interest Checking when primary account holder is age 55 or older	New Product Available	Alerus Personal Money Market
Your account will become:	My Checking	My Checking Plus	Gold Star Checking	Ultimate Checking	Money Market

Personal Savings Accounts

If you currently have:	Regular Savings when primary account holder is age 0–14	Regular Savings when primary account holder is age 15–23	Regular Savings when primary account holder is age 24 or older
Your account will become:	Penny’s Savings Club	Young Adult Savings Club	My Savings

NOW Account Classification: All interest-bearing checking accounts will be changed from a “NOW Account” classification to an “Interest-Bearing Demand Deposit” classification. This will eliminate Frandsen Bank & Trust’s right to require seven days advance notice in writing before any withdrawal.

EZShield ID Restoration: All personal checking accounts include ID Restoration Services at no cost. If you become a victim of identity theft because of a lost or stolen wallet, data breach, or fraud, we will connect you with an EZShield certified Resolution Specialist to assist you in restoring your identity. Personal checking account customers will be automatically enrolled.

Additional Terms and Conditions of your account:

- **Payment Order of Items:** When processing items drawn on your account, our general policy is to pay electronic items (such as ACH, ATM, or debit card transactions) first followed by items (such as checks or drafts) in numerical sequence, with the lower item numbers paid first. On your account statement we do not necessarily report debits and credits in the order that we posted them to your account.
- **Multiple Signature Accounts:** We are amending account agreements for accounts that require multiple signatures for withdrawal. We do not monitor for multiple signatures on items drawn on accounts. The monitoring provision will be solely for your internal control purposes. By continuing to maintain your account, you agree to indemnify and hold us harmless for losses we experience due to paying any item bearing at least one authorized signature.

Funds Availability: Our policy applies to transaction accounts only. We will make funds from your check deposits and mobile check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits and cash deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written. In the event the **available balance** in your account is not sufficient to cover an item, we will either authorize and pay the item and overdraw your account (overdraft item), or we will decline and return the item unpaid (NSF item). All transactions received after the bank closes will be credited the next business day. Every day is considered a business day except Saturdays, Sundays, and federal holidays.

Accrual of Interest: Interest will begin to accrue on the first business day after the banking day you deposit noncash items (for example, checks) into your account.

Checks, Deposit Tickets, Direct Deposit and Electronic Payments: Your account number will not change unless you have been notified directly. Frandsen Bank & Trust's routing number is **091901202**. Originators of direct deposits and/or electronic payments will receive an electronic notification of this change. However, you may contact your originator directly to expedite the change. You may be contacted by the originator for verification. For a period of 180 days following the merger, we will continue to process any direct deposits or electronic payments received with your old routing numbers (091300159 and 091908700).

Customers who regularly write checks will receive a complimentary box of Frandsen Bank & Trust checks prior to the merger. It is important that you begin using your new checks starting April 27, 2019. Alerus checks will be honored by Frandsen Bank & Trust for a period of 90 days following the merger. After 90 days, any Alerus checks presented for payment will be returned to the payee unpaid. Your unused Alerus checks should be properly destroyed.

When you set up new direct deposits and/or electronic payments, please use Frandsen Bank & Trust's routing number **091901202**.

Fee Schedule: Please refer to the enclosed Consumer Banking Fee Schedule for a listing of current services and fees.

Debit Cards: Frandsen Bank & Trust will be issuing and delivering debit cards to all existing Alerus debit cardholders. You may activate and establish your PIN when you receive your card. You may begin using your new Frandsen Bank & Trust card on April 26, 2019, at 5:00 p.m., at which time your Alerus debit card will be closed. Any automatic payments set up with your Alerus debit card will need to be changed to your Frandsen Bank & Trust debit card. Your daily limit will be controlled by the lesser of your available balance or the maximum limit assigned to your card.

- Frandsen Bank & Trust partners with the **MoneyPass Network**, providing access to over 32,000 surcharge-free ATMs in the United States. Download the MoneyPass app to easily find ATMs near you.
- Frandsen Bank & Trust does not authorize and pay overdrafts for everyday debit card and ATM transactions unless you ask us. You can opt in online at frandsenbank.com/personal/credit-cards-and-check-cards or find out more by contacting a customer service representative.
- Our **CardValet** mobile app lets you protect your debit card against fraud and theft by receiving real-time alerts to ensure your card is used by you. Download the CardValet app today and register your new Frandsen Bank &

Trust debit card. If you were an Alerus CardValet user, you will need to create a new login when registering your new debit card.

Website: Our website address is frandsenbank.com.

Online Banking, Bill Pay & eStatements: Access to the Alerus online banking system will be discontinued at 5:00 p.m. on April 26, 2019. You may enroll in Frandsen Bank & Trust's online banking system beginning April 29, 2019, at frandsenbank.com. **If you are currently receiving an eStatement or use Bill Pay services, you will need to re-enroll in order to continue to receive these services without interruption.**

**PLEASE SEE THE BACK OF THIS PAGE FOR DETAILED INSTRUCTIONS ON THE ENROLLMENT PROCESS
FOR ALL OF OUR CONVENIENT EBANKING SERVICES**

Convenience Line: You will be able to obtain balances, transfer money between accounts, track cleared transactions, and make loan payments through our 24-Hour Convenience Line. The toll-free number is **1.877.689.1469**. Your Personal Identification Number (PIN) will initially be the last four digits of your Social Security number.

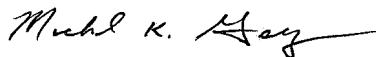
Certificates of Deposit: Frandsen Bank & Trust will honor existing terms of your Certificates of Deposit.

Loans: Frandsen Bank & Trust will honor existing terms on all Alerus loans until maturity of your current term. Loan-related questions can be directed to the Duluth office at 218.673.5050. **The mailing address for loan payments will be Frandsen Bank & Trust, 331 West Superior Street, Duluth, MN 55802.** If you currently use a coupon book to make your loan payments, you may continue to use these coupons, as your loan number will remain the same. Automatic payments and transfers will continue as currently set up. Alerus will be generating Consumer and Home Equity Line of Credit statements after the close of business on Friday, April 26, 2019 to provide transaction history since your prior statement.

Notice Regarding All Checking Accounts: We are making a regulatory and internal accounting change to all checking accounts. This will have **NO EFFECT** on the current features of your account, including your account number, the use of your account, the amount of interest (if any) paid on your account, the fees for your account (if any), your monthly statement, or FDIC insurance coverage. This change will result in the creation of two sub-accounts—a checking sub-account and a savings sub-account. Frandsen Bank & Trust may periodically transfer funds between these two sub-accounts. On the sixth transfer during a calendar month, any funds in the savings sub-account will be transferred back to the checking sub-account. This reallocation will occur solely on our books, will be transparent to you, and have **NO EFFECT** on the daily use of your account.

We appreciate your patience and understanding as we make this transition. If you need assistance, please contact our customer service department.

Sincerely,



Michael Gay
Executive Vice President, Regional Manager
Frandsen Bank & Trust



Brian Shelton
President—Duluth Market
Frandsen Bank & Trust

Enclosures:

Real Banking Solutions
Consumer Banking Fees
FDIC Insurance Letter
Privacy Notice

PLEASE RETAIN THESE EBANKING INSTRUCTIONS FOR FUTURE REFERENCE

ONLINE BANKING INSTRUCTIONS

Beginning Monday, April 29, 2019, you may enroll in Online Banking at frandsenbank.com.

- Click ONLINE LOG IN and then select PERSONAL ONLINE BANKING from the drop-down menu.
- This will take you to the LOG IN screen. Next to Not Yet Enrolled, click Enroll Now.
- Enter the information requested. Your temporary PIN is the last four digits of your own Social Security number. If you established a PIN while setting up access to our 24-hour Convenience Line, this will become your enrollment PIN in Online Banking.
- Review the Terms & Conditions. Click I Agree.
- You will then be directed to set up a username and password. The username must be between 6 and 17 characters long and can be alpha, numeric, or both. Do not use any special characters in the username. The password you choose must be between 8 and 17 characters long and have at least one number, one uppercase letter, one lowercase letter, and one special character. Both the username and password are case sensitive.
- Set up Challenge Questions.
- You will now be able to view your accounts.

ONLINE BILL PAY AND eSTATEMENT INSTRUCTIONS

Once you have enrolled in Online Banking you may also enroll in eStatements and Online Bill Pay.

- **eStatements** are the fastest, safest, and most convenient way to receive your monthly bank statement. With a few simple clicks you will be able to retrieve your statements in an electronic format. To enroll:
 - Log in to your Online Banking session from frandsenbank.com.
 - Select PROFILE from the top menu bar.
 - Scroll to the ELECTRONIC STATEMENTS banner and click EDIT.
 - Follow the prompts to set up your accounts.
 - ***Recommendation:*** If you are currently receiving an eStatement, we recommend saving or printing your previous eStatements for retention prior to April 26, as they will not be available after that date.
- **Online Bill Pay** allows you to pay bills electronically through your Online Banking session. With Online Bill Pay you create your own payee menu, which allows you to pay your bills electronically and streamline your personal finances. To enroll:
 - Log in to your Online Banking session from frandsenbank.com.
 - Select BILL PAYMENT from the menu bar and follow the prompts to apply.
 - Once enrolled in Online Bill Pay, you may use Popmoney® to make person-to-person transfers.
 - ***Recommendation:*** If you are currently using Bill Pay, we recommend printing out any history you would like to retain and a list of payees prior to April 26, so you may easily add these payees into our new system.

MOBILE BANKING INSTRUCTIONS

Once you have enrolled in Online Banking you may also enroll in mobile banking by downloading the Frandsen Mobiliti® app from the Apple Store, Amazon, or Google Play. Mobiliti is the easiest and most secure way to manage your finances from your smart phone or tablet.

- Instantly check account balances with Instant Balance
- Make deposits
- Check cleared transactions
- Transfer money between your accounts
- Pay bills
- Make person-to-person payments using Popmoney
- Apply for a loan
- Enroll in eStatements

FRANSEN BANK & TRUST



Member FDIC

Real people. Real results.

CONSUMER BANKING FEES

Check and Card Fees

Replace ATM/Debit Card.....	\$10.00
Non-MoneyPass Withdrawal Fee, per ATM withdrawal	\$2.00
Counter Checks, per check (re-order must be placed).....	\$.25
Cashier's Checks, per check	\$5.00 ³
Money Orders, per money order.....	\$3.00 ^{2,3}
¹ Certified Checks	\$10.00
Gift Cards, per Card	\$3.00
¹ Travel Cards, per Card.....	\$6.00
¹ Travel Card Reload Fee	\$3.00

Account Fees

Returned Deposit Item or Cashed Check Fee, per item.....	\$4.00
Stop Payments, per item	\$32.00
Account Closure Fee (<i>if account is closed within 6 months of opening</i>)	\$25.00
IRA Plan and HSA Plan Termination Fee	\$25.00
NSF Return Fee, per item	\$32.00 ⁴
Overdraft Fee, per item \$5.00 or less.....	\$0.00
Overdraft Fee, per item over \$5.00	\$32.00 ⁴
Extended Overdraft Fee <i>Imposed on the 15th day of a continuously overdrawn balance</i>	\$30.00
Daily Overdraft and NSF Fee Maximum.....	6 Items
Balance Reserve Transfer Fee.....	\$5.00 ³

Paperless Banking

Online Banking	No Charge
eStatements	No Charge
Loan eStatements	No Charge
Mobile Banking	No Charge
Mobile Deposit.....	No Charge
Online Bill Payment	

Online Bill Payment is available for no monthly charge as long as it is used once every 30 days. If not used during a 30 day period an Online Bill Payment Billing Fee of \$4.95 will be imposed. The bill pay processor may assess additional fees for photocopy requests, returned items and stop payments

Wires

Wire Transfer, incoming	\$10.00
Wire Transfer, outgoing	\$20.00
Wire Transfer, foreign incoming	\$30.00
Wire Transfer, foreign outgoing	\$50.00

Legal

Garnishment/Levy processing.....	\$75.00
Collections, incoming and outgoing.....	\$20.00
¹ Signature Guarantee-Medallion.....	\$10.00

Other Services

Account Research, per hour (1 hour minimum)	\$25.00
Account Research, per copy	\$1.00
Checkbook Reconciling, per hour (1 hour minimum)	\$25.00
Copy of Check/Deposit, per item	\$1.00
Past Statement Copy	\$3.00
Account Activity Printout	\$3.00
Foreign Currency, Purchase	\$20.00
Foreign Currency, Exchange	\$15.00
Canadian Currency	Current Exchange Rate
Rolled Coin, per roll	\$0.08
Strapped Currency, per \$1,000	\$0.75
Photocopy Service, per page	\$0.25
Fax Machine, incoming and outgoing	
First Page	\$5.00
Each additional page	\$1.00
Bond Coupons	\$15.00
External Transfer Setup Fee	\$5.00

Night Deposit

Zipper Bag	\$5.00
Lock Bag	\$20.00

¹Services may not be available in all offices

²No charge to Gold Star account holders

³No charge to Ultimate account holders

⁴Fee pertains to checking and savings accounts and applies to each item created by check, in-person withdrawal, ATM withdrawal or other electronic means. In the event the available balance in your account is not sufficient to cover an item, we will either authorize and pay the item and overdraw your account (Overdraft item), or we will decline and return the item unpaid (NSF item) per our Funds Availability Policy

FRANDSEN BANK & TRUST



116 Central Street West
Lonsdale, MN 55046

To Depositors and Creditors of the Duluth, MN office of Alerus Financial, N.A.:

This is to advise you that on April 26, 2018, Frandsen Bank & Trust, Lonsdale, MN will acquire the 331 W. Superior Street, Duluth, MN office of Alerus Financial, N.A., Grand Forks, ND.

Bank Name

In this transaction, Frandsen Bank & Trust will operate under the name Frandsen Bank & Trust and will establish a detached facility at the acquired site, 331 W. Superior Street, Duluth, MN 55802.

As a result of this transaction, your account(s) at Alerus Financial, N.A. will automatically become an account(s) at Frandsen Bank & Trust.

FDIC Insurance

As you may be aware, FDIC insurance generally covers a depositor's account in any bank up to \$250,000. Therefore, if, as a result of the transaction, you will have funds on deposit at Frandsen Bank & Trust in excess of \$250,000, you should pay particular attention to this paragraph. In accordance with Section 8(q) of the Federal Deposit Insurance Act, in a transaction such as this, where the deposits of one financial institution are transferred to another financial institution, separate insurance on the transferred deposits will continue for six months after the date of transfer or, in the case of time deposits, the earliest maturity date after the expiration of the six month period. In other words, if the transfer of deposits from the Alerus Financial, N.A. to Frandsen Bank & Trust causes your deposits at Frandsen Bank & Trust to exceed \$250,000, your excess deposits will be insured by the FDIC for six months from the date the transaction takes effect, or, in the case of time deposits, the earliest maturity date after the six month period. Please contact one of our officers if your deposits at Frandsen Bank & Trust will exceed \$250,000 as a result of the transaction or if you have any questions.

Bank Hours and Locations

We will continue the same hours and availability of bank services in the Lobby as we have in the past. You may conduct transactions at any of the other Frandsen Bank & Trust offices located in Minnesota (Duluth, Cloquet, East Grand Forks, Ada, Oslo, Warren, Lonsdale, Montgomery, Forest Lake, Foley, New Ulm, Dundas, Nisswa, Baxter, Crosslake, Fairfax, Jordan, Mankato, North Mankato, Hector, Waterville, Braham, Pine City, Virginia, Ely, Tower, Bird Island, Clinton, Lakeville, and Apple Valley), North Dakota (Grand Forks), and Wisconsin (Luck).

Sincerely,

Karen Brekke, Chairman
Frandsen Bank & Trust

Randy Newman, Chairman
Alerus Financial, N.A.

FACTS

WHAT DOES FRANDSEN BANK & TRUST DO WITH YOUR PERSONAL INFORMATION?

FRANDSEN BANK & TRUST

Real people. Real results.

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and transaction history
- account transactions and overdraft history
- credit history and payment history

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share customers' personal information; the reasons Frandsen Bank & Trust chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Frandsen Bank & Trust share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Questions?

Call us toll-free at 1-800-552-2657 or go to www.frandsenbank.com.

What we do	
How does Frandsen Bank & Trust protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings
How does Frandsen Bank & Trust collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ open an account or apply for a loan ■ show your government-issued ID or give us your income information ■ make deposits or withdrawals from your account <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Our affiliate is Frandsen Financial Corporation</i>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ <i>Frandsen Bank & Trust does not share with non-affiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>Our joint marketing partners may include other banks, insurance companies, and investment and securities companies.</i>