

COMPLAINT PROCEDURES FOR FINANCIAL, ACCOUNTING AND AUDIT MATTERS

Readopted by the Audit Committee October 28, 2021

Readopted by the Board November 23, 2021

HMN Financial, Inc. (“HMN”) is committed to fair, accurate and transparent accounting of financial matters of HMN and expects all employees, officers, directors and agents to act in accordance with the highest ethical standards in the performance of their responsibilities for HMN. HMN requires full compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices and prohibits violations of applicable securities or other laws relating to fraud against shareholders. HMN relies on all of its employees, officers, directors and agents to conduct themselves in accordance with the requirements and spirit of this policy, HMN’s code of ethics, and HMN’s insider trading policy and to report any suspected violations of this policy or other questionable financial, accounting or audit matters without fear of retaliation.

Reporting Complaints, Concerns or Questionable Financial Practices

Any employee who has complaints or concerns about HMN’s accounting, internal accounting controls or auditing matters, or who becomes aware of questionable accounting or auditing matters, is strongly encouraged to report such matters to HMN’s Audit Committee of the Board of Directors (the “Audit Committee”).

To raise complaints or concerns about or report a questionable accounting or auditing matter to the Audit Committee, employees should provide details in writing to the Audit Committee by sending information to Bernard Nigon, Chairman of the HMN Audit Committee, 1016 Civic Center Drive NW, Rochester, MN 55901, telephone 507-254-9119.

In order to facilitate a complete investigation, employees should be prepared to provide as many details as possible, including a description of the questionable practice or behavior, the names of any persons involved, the names of possible witnesses, dates, times, places, and any other available details. HMN encourages all employees with complaints or concerns to come forward with information and prohibits retaliation against employees raising concerns. Nonetheless, if an employee feels more comfortable doing so, reports may be made confidentially and/or anonymously in the manner described above.

Supervisors and managers who become aware of any questionable accounting or auditing matters, or who receive complaints or concerns from other employees, must immediately report them directly to the Audit Committee in accordance with this policy. Supervisors and managers who receive complaints of questionable accounting or auditing matters must consult with the Audit Committee before undertaking an investigation or other action. The Audit Committee has final responsibility and authority for the investigation and handling of any concerns or complaints relating to accounting and auditing practices.

Investigation and Response

The Audit Committee will oversee the receipt and handling of allegations of questionable accounting or auditing matters, including directing an appropriate investigation and response. Based on its investigation, the Audit Committee will direct officers of HMN to take prompt and appropriate corrective action in response to the complaint or concern if necessary to ensure compliance with legal and ethical requirements relating to financial, accounting and audit matters of HMN. If the Audit Committee determines that a particular complaint or concern is not covered by this policy, it will refer the complaint or concern to the Internal Auditor of HMN for appropriate handling and response.

Confidentiality and Non-retaliation

Reports of questionable accounting or audit practices will be kept confidential to the extent possible consistent with the Audit Committee's obligation to investigate and correct unlawful or unethical accounting or audit practices. In order to ensure confidentiality, an employee may elect to make a complaint anonymously.

HMN will not retaliate or take any form of reprisal against any person who makes a report pursuant to this policy or who participates in an investigation regarding a violation of the applicable securities laws, rules or regulations, or any provision of other laws regarding fraud against shareholders. Any such retaliation or reprisal by a Company employee is forbidden. Any employee who retaliates against another employee or a witness as described above will be subject to discipline, up to and including discharge. Employees who believe they are subject to retaliation because they have made a report or participated in an investigation should report such suspected retaliation to the Audit Committee in the same manner as described above for the reporting of questionable practices.

Questions about this policy should be directed to the Chair of the Audit Committee, Mr. Bernard Nigon.