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NEWS RELEASE

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**HMN Financial, Inc. (507) 252-7169
FOR IMMEDIATE RELEASE**

HMN FINANCIAL, INC. ANNOUNCES ANNUAL MEETING

ROCHESTER, MINNESOTA, January 24, 2012. ... HMN Financial, Inc (HMN or the Company) (NASDAQ:HMNF), today announced that its annual meeting will be held at the Rochester Golf and Country Club, located at 3100 West Country Club Road, Rochester, Minnesota on Tuesday, April 24, 2012, at 10:00 a.m local time.

General Information

HMN Financial, Inc. and Home Federal Savings Bank are headquartered in Rochester, Minnesota. The Bank operates nine full service offices in Minnesota located in Albert Lea, Austin, Eagan, LaCrescent, Rochester (3), Spring Valley and Winona; two full service offices in Iowa located in Marshalltown and Toledo; one loan origination office in Sartell, Minnesota; and two Private Banking offices in Rochester, Minnesota. The Bank has entered into a definitive purchase and assumption agreement with Pinnacle Bank of Marshalltown, Iowa ("Pinnacle") to sell substantially all of the assets associated with the Toledo, Iowa branch of the Bank (the "Toledo Branch") and the assumption by Pinnacle of all deposit liabilities of the Toledo Branch. The transaction is subject to regulatory approval and scheduling of the required Toledo Branch data processing conversion. Subject to the foregoing and other customary terms and conditions, the transaction is anticipated to be consummated in the first quarter of 2012.

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