

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **October 9, 2024**

Alerus Financial Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-39036
(Commission File Number)

45-0375407
(IRS Employer Identification No.)

401 Demers Avenue
Grand Forks, North Dakota 58201
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(701) 795-3200**

N/A
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1.00 par value per share	ALRS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of acquisition or disposition of assets.

On October 9, 2024, Alerus Financial Corporation, a Delaware corporation (the “Company”), completed its previously announced acquisition (the “Merger”) of HMN Financial, Inc. (“HMNF”), pursuant to the Agreement and Plan of Merger, dated May 14, 2024 (the “Merger Agreement”). At the effective time of the Merger on October 9, 2024 (the “Effective Time”), HMNF merged with and into the Company, with the Company surviving the Merger. Immediately following the Merger, Home Federal Savings Bank, a federal savings bank headquartered in Rochester, Minnesota, and a wholly-owned subsidiary of HMNF, merged with and into Alerus Financial, National Association (the “Bank”), a national banking association headquartered in Grand Forks, North Dakota, and a wholly-owned subsidiary of the Company, with the Bank continuing as the surviving bank.

Pursuant to the terms of the Merger Agreement, as of the Effective Time, each outstanding share of HMNF common stock was automatically converted as a result of the Merger into the right to receive 1.25 shares (the “Exchange Ratio”) of the Company’s common stock, with cash to be paid in lieu of fractional shares. Each outstanding share of the Company’s common stock remains outstanding and was unaffected by the Merger.

Following the closing of the Merger, the shares of HMNF common stock, which were previously listed on the Nasdaq Capital Market under the symbol “HMNF,” will no longer be listed on the Nasdaq Capital Market.

The foregoing description of the transactions contemplated by the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, attached as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on May 15, 2024, and incorporated herein by reference.

Item 5.02. Departure of directors or certain officers; election of directors; appointment of certain officers; compensatory arrangements of certain officers.

In connection with the Merger and pursuant to the terms of the Merger Agreement, on October 9, 2024, the Company increased the size of its board of directors (the “Board”), contingent and effective immediately upon the Effective Time, from eight to nine members, and appointed one former HMNF director, Jeffrey Bolton, to the Board to serve until the next annual meeting of the Company’s stockholders, subject to his prior death, resignation or removal from office as provided by law. Mr. Bolton qualifies as an independent director of the Company, and was not appointed to serve on any committees of the Board at this time.

Mr. Bolton will participate in the Company’s standard non-employee director compensation arrangements, as described under “Director Compensation” in the Company’s definitive proxy statement filed with the SEC on March 25, 2024, which description is incorporated herein by reference, as such arrangements may be amended from time to time.

The information relating to Mr. Bolton under the heading “The Merger – Interests of certain persons in the merger,” included in the Company’s Registration Statement on Form S-4 (333-280815) filed in connection with the proposed Merger, including under the subheading “—Board Representation,” included thereunder, is hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On October 9, 2024, the Company issued a press release announcing the completion of the Merger and the appointment of Mr. Bolton to the Board. A copy of the press release is attached to this report as Exhibit 99.1, which is incorporated herein by reference.

The information furnished pursuant to this Item and the related exhibit are being “furnished” and will not, except to the extent required by applicable law or regulation, be deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as may be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The financial statements required by this Item 9.01(a) will be filed by an amendment to this Current Report on Form 8-K no later than 71 days after the date on which this Current Report on Form 8-K is required to be filed.

(b) Pro forma financial information.

The unaudited pro forma financial statements required by this Item 9.01(b) will be filed by an amendment to this Current Report on Form 8-K no later than 71 days after the date on which this Current Report on Form 8-K is required to be filed.

(d) Exhibits

Exhibit

No.	Description
10.1	Agreement and Plan of Merger, by and between Alerus Financial Corporation and HMN Financial, Inc., dated May 14, 2024* (incorporated herein by reference to Exhibit 2.1 on Form 8-K filed on May 15, 2024).
99.1	Press Release of Alerus Financial Corporation, dated October 9, 2024.
104	Cover Page Interactive Data File (embedded within the inline XBRL document).

* The Company has omitted schedules and similar attachments to the subject agreement pursuant to Item 601(b) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 9, 2024

Alerus Financial Corporation

By: /s/ Katie A. Lorenson

Name: Katie A. Lorenson

Title: President and Chief Executive Officer



Media contacts:

Kris Bevill
701.280.5076 (Office) :: 701.306.8561 (Cell)
kris.bevill@alerus.com

Missy Keney
701.280.5120 (Office) :: 218.791.6818 (Cell)
missy.keney@alerus.com

FOR IMMEDIATE RELEASE

**ALERUS FINANCIAL CORPORATION COMPLETES ACQUISITION OF HMN FINANCIAL, INC.
TRANSACTION EXPANDS ALERUS FOOTPRINT INTO ROCHESTER, MN MSA JEFFREY BOLTON JOINS
BOARD OF DIRECTORS**

GRAND FORKS, N.D. (October 9, 2024) – Alerus Financial Corporation (Nasdaq: ALRS) and its wholly owned subsidiary, Alerus Financial, National Association, (together, “Alerus”) announced today they have completed the previously announced acquisition of HMN Financial, Inc. (Nasdaq: HMNF) and its wholly owned subsidiary, Home Federal Savings Bank (together, “Home Federal”). Under the terms of the transaction, HMN Financial, Inc. merged with and into Alerus Financial Corporation, and Home Federal Savings Bank merged with and into Alerus Financial, National Association. The all-stock transaction is valued at approximately \$128.8 million as of closing.

Founded in 1934, Home Federal includes 12 branches in Minnesota and one branch in each of Iowa and Wisconsin. As of June 30, 2024, HMNF had, on a consolidated basis, \$1.1 billion in total assets, which included approximately \$876.6 million in loans and \$983.2 million in total deposits.

The transaction expands the Alerus franchise into Rochester, Minnesota and represents the largest bank acquisition in Alerus’ history. Alerus has now completed twenty-six acquisitions since 2000 as part of its long-term plan to continually expand its business segments, including banking, wealth services, and retirement and benefits plans and services. With the addition of Home Federal, Alerus now has approximately \$5.5 billion in total assets, \$3.8 billion in total loans, \$4.3 billion in total deposits, and assets under administration and management of approximately \$43.6 billion, with 29 locations across the Midwest, as well as Arizona.

“We are pleased to welcome Home Federal’s clients and employees to Alerus and look forward to providing enhanced products and services with greater capacity to clients in the Rochester, Minnesota, market and throughout our expanded footprint,” said Alerus President and Chief Executive Officer Katie Lorenson. “Alerus has a long history of successful acquisitions and is one of the most diversified financial services companies in the country. Combining our capabilities and shared focus on client service will provide positive results for our clients, our team members, and our stockholders.”

Alerus expects to transition Home Federal client accounts to Alerus systems in the fourth quarter of 2024. Until this transition occurs, Home Federal clients will continue to be served through Home Federal's website, mobile app, and branches. Additional information will be provided to clients in advance of conversion to ensure a seamless transition to Alerus systems.

In addition, Alerus is pleased to announce HMN Financial, Inc. board member Jeffrey Bolton has joined Alerus Financial Corporation's board of directors in connection with closing.

Mr. Bolton brings extensive expertise in healthcare administration, business, and finance to the board of directors. He is the former chief administrative officer at Mayo Clinic, a position he held from 2013 until his retirement in 2021. Prior to his role as chief administrative officer, he served as Mayo Clinic's chief financial officer from 2002 until 2013. He was also a member of Mayo Clinic's board of trustees from 2011 until his retirement. Prior to his time at Mayo Clinic, Mr. Bolton served in various business and finance-related positions at Carnegie Mellon University, including chief financial officer and vice president for business and planning.

Raymond James & Associates, Inc. served as financial advisor and Barack Ferrazzano Kirschbaum & Nagelberg LLP served as legal counsel to Alerus on the transaction. D.A. Davidson & Co. served as financial advisor and Ballard Spahr LLP served as legal counsel to HMN Financial, Inc.

About Alerus Financial Corporation

Alerus Financial Corporation (Nasdaq: ALRS) is a commercial wealth bank and national retirement services provider with corporate offices in Grand Forks, North Dakota, and the Minneapolis-St. Paul, Minnesota metropolitan area. Through its subsidiary, Alerus Financial, National Association, Alerus provides diversified and comprehensive financial solutions to businesses and consumer clients, including banking, wealth services, and retirement and benefits plans and services. Alerus provides clients with a primary point of contact to help fully understand the unique needs and delivery channel preferences of each client. Clients are provided with competitive products, valuable insight, and sound advice supported by digital solutions designed to meet the clients' needs.

Alerus operates 29 banking and wealth offices, with locations in Grand Forks and Fargo, North Dakota; the Minneapolis-St. Paul, Minnesota metropolitan area; Rochester, Minnesota; southern Minnesota, Marshalltown, Iowa; Pewaukee, Wisconsin, and Phoenix and Scottsdale, Arizona. Alerus also operates a commercial wealth office in La Crosse, Wisconsin. Alerus Retirement and Benefits serves advisors, brokers, employers, and plan participants across the United States.

Special Note Concerning Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements concerning plans, estimates, calculations, forecasts and projections with respect to the anticipated future performance of Alerus Financial Corporation ("AFC") and HMN Financial, Inc. ("HMNF") and certain plans, expectations, goals, projections and benefits relating to the merger of HMNF with and into AFC (the "Merger"), all of which are subject to numerous assumptions, risks and uncertainties. These statements are often, but not always, identified by words such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would," "annualized," "target" and "outlook," or the negative version of those words or other comparable words of a future or forward-looking nature. Examples of forward-looking statements include, among others, statements AFC makes regarding the potential effects of the Merger on AFC.

Forward-looking statements are not historical facts but instead express only management's beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management's control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. In addition to factors disclosed in reports filed by AFC and HMNF with the SEC, risks and uncertainties for AFC as the combined company following the Merger that may cause actual results or outcomes to differ materially from those anticipated include, but are not limited to: (1) the possibility that any of the anticipated benefits of the proposed Merger will not be realized or will not be realized within the expected time period; (2) the risk that integration of HMNF's operations with those of AFC will be materially delayed or will be more costly or difficult than expected; (3) AFC's inability to meet expectations regarding the timing of the Merger; (4) changes to tax legislation and their potential effects on the accounting for the Merger; (5) diversion of managements' attention from ongoing business operations and opportunities due to the Merger; (6) the challenges of integrating and retaining key employees; (7) the effect of the announcement of the Merger on AFC's customer and employee relationships and operating results; (8) the possibility that the Merger may be more expensive to complete and integrate than anticipated, including as a result of unexpected factors or events; (9) the dilution caused by AFC's issuance of additional shares of AFC's common stock in connection with the Merger; and (10) changes in the global economy and financial market conditions and the business, results of operations and financial condition of AFC. Please refer to AFC's Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 8, 2024, and the parties' joint proxy statement/prospectus included in AFC's Registration Statement on Form S-4 (Registration Statement No. 333-280815), filed with the SEC on July 15, 2024, as amended on July 29, 2024, and declared effective on July 31, 2024, as well as both parties' other filings with the SEC, for a more detailed discussion of risks, uncertainties and factors that could cause actual results to differ from those discussed in the forward-looking statements.

Any forward-looking statement included in this report is based only on information currently available to management and speaks only as of the date on which it is made. AFC does not undertake any obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.