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BREMER REPORTS FIRST QUARTER 2007 EARNINGS

St. Paul, Minn. (April 24, 2007) — Bremer Financial Corporation reported net income of \$16.9 million for the three months ended March 31, 2007, an increase of 3.7% from the \$16.3 million earned for the three months ended March 31, 2006. Return on average equity for the first quarter of 2007 was 11.6% compared to 12.0% for the first quarter of 2006, while return on average assets decreased slightly to 1.02% in the first quarter of 2007 from 1.03% in the first quarter of 2006.

Net interest income for the first quarter of 2007 was \$56.0 million, an increase of \$205 thousand or 0.4% from the \$55.8 million reported for the same period a year ago. Our net interest margin was 3.75% for the quarter ended March 31, 2007, compared to 3.91% for the quarter ended March 31, 2006. Our net interest margin has declined over the past year due primarily to very competitive conditions in lending markets.

“We have identified 2007 as the year of ‘*execution*’ at Bremer,” said CEO Stan Dardis. “For our stakeholders – employees, clients and communities – to thrive, we must all feel empowered to take action and to drive change. In 2007, we are focused on improving sales, enhancing service, implementing client segmentation and Community Business Banking, improving two-way communication and implementation processes, installing our new internet platform and implementing payment systems initiatives. With our commitment to execution, 2007 is the year we hope to make these seven great ideas a reality. We’re off to a good start after the first quarter and, with the great team we have in place, I’m confident we will make progress on all of these action items.”

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Noninterest income increased \$2.8 million or 14.9% to \$21.8 million in the first quarter of 2007 from \$19.0 million for the first quarter of 2006. The increase was largely due to an increase in gains on sale of loans to \$3.2 million in the first quarter of 2007 from \$2.2 million in the first quarter of 2006, and an increase in service charge income of 7.7% to \$8.2 million in the first quarter of 2007 from \$7.6 million in the first quarter of 2006.

Noninterest expense increased \$1.9 million or 4.0% to \$49.3 million in the first quarter of 2007 from \$47.4 million in the first quarter of 2006. Increases in personnel costs accounted for over 80% of the increase in noninterest expense when comparing the two periods. Exclusive of personnel costs, total noninterest expense increased \$364 thousand or 2.0% when comparing the same two periods.

Nonperforming assets were \$26.9 million at March 31, 2007 compared to \$25.7 million at December 31, 2006 and \$16.2 million at March 31, 2006. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 0.54% at December 31, 2007 from 0.52% at December 31, 2006 and 0.35% at March 31, 2006.

Net charge-offs in the first quarter of 2007 were \$1.6 million compared to \$583 thousand in the first quarter of 2006. We recorded a provision for loan losses of \$2.9 million in the first quarter of 2007 compared to \$2.5 million in the first quarter of 2006. Our ratio of reserve for loan losses to total loans and leases was 1.19% at March 31, 2007, 1.17% at December 31, 2006 and 1.23% at March 31, 2006.

Bremer Financial Corporation is a privately-held, \$6.8 billion regional financial services company jointly owned by its employees and the Otto Bremer Foundation. Founded in 1943 by Otto Bremer, the company is headquartered in St. Paul, Minnesota and provides a comprehensive range of banking, investment, trust and insurance services to over 100 locations in Minnesota, North Dakota and Wisconsin. Company profits are distributed in the form of charitable grants by the Otto Bremer Foundation to communities served by Bremer.

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BREMER FINANCIAL CORPORATION AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(dollars in thousands, except per share amounts)

	Three months ended March 31,		Change		
	2007	2006			
Operating Results:					
Total interest income	\$ 110,674	\$ 99,003	11.8 %		
Total interest expense	54,682	43,216	26.5		
Net interest income	55,992	55,787	0.4		
Provision for loan losses	2,899	2,539	14.2		
Net interest income after provision for loan losses	53,093	53,248	(0.3)		
Noninterest income	21,797	18,976	14.9		
Noninterest expense	49,333	47,442	4.0		
Income before income tax expense	25,557	24,782	3.1		
Income tax expense	8,613	8,449	1.9		
Net income	\$ 16,944	\$ 16,333	3.7 %		
Net income per share - basic and diluted	\$ 1.41	\$ 1.36	3.7 %		
Dividends paid per share	0.62	0.58	6.9		
Tax equivalent net interest income	\$ 58,890	\$ 58,411	0.8 %		
Net charge-offs	1,562	583	167.9		
Selected Financial Ratios:					
Return on average assets	1.02 %	1.03 %	(0.01)		
Return on average equity (1)	11.6	12.0	(0.4)		
Average equity to average assets (1)	8.78	8.56	0.22		
Net interest margin (2)	3.75	3.91	(0.16)		
Operating efficiency ratio (3)	61.1	61.3	(0.2)		
Net charge-offs to average loans and leases	0.13	0.05	0.08		
	March 31,	March 31,		December 31,	Change
	2007	2006		2006	
Balance Sheet Data:					
Total assets	\$ 6,833,306	\$ 6,480,680	5.4 %	\$ 6,751,806	1.2 %
Securities (4)	1,403,001	1,338,232	4.8	1,369,037	2.5
Loans and leases (5)	4,977,652	4,682,656	6.3	4,922,728	1.1
Total deposits	4,974,391	4,751,368	4.7	5,053,763	(1.6)
Short-term borrowings	791,174	784,865	0.8	706,675	12.0
Long-term debt	393,546	322,007	22.2	334,556	17.6
Redeemable class A common stock	47,850	44,393	7.8	47,022	1.8
Shareholders' equity	550,280	510,513	7.8	540,755	1.8
Per share book value of common stock	49.84	46.24	7.8	48.98	1.8
Asset Quality:					
Reserve for loan losses	\$ 59,067	\$ 57,584	2.6 %	\$ 57,730	2.3 %
Nonperforming assets	26,877	16,158	66.3	25,684	4.6
Nonperforming assets to total loans, leases and OREO	0.54 %	0.35 %	0.19	0.52 %	0.02
Reserve for loan losses to total loans and leases	1.19	1.23	(0.04)	1.17	0.02

- (1) Calculation includes shareholders' equity and redeemable class A common stock.
(2) Tax-equivalent basis (TEB).
(3) Noninterest expense as a percentage of tax-equivalent net interest income and noninterest income.
(4) Includes securities held-to-maturity and securities available-for-sale.
(5) Net of unearned discount and includes nonaccrual loans and leases.

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BREMER FINANCIAL CORPORATION AND SUBSIDIARIES
SUMMARY BALANCE SHEET AND INCOME STATEMENT
(dollars in thousands)

	Three months ended March 31,			
	2007		2006	
	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)
Summary Average Balance Sheet:				
Total loans and leases (2)	\$4,932,868	7.81 %	\$ 4,648,155	7.40 %
Total securities (3)	1,407,358	5.21	1,377,956	4.77
Total other earning assets	33,913	5.94	36,947	6.43
Total interest earning assets (4)	<u>\$6,374,139</u>	7.23 %	<u>\$ 6,063,058</u>	6.80 %
Total noninterest earning assets	374,198		367,535	
Total assets	<u>\$6,748,337</u>		<u>\$ 6,430,593</u>	
Noninterest bearing deposits	\$ 737,692		\$ 773,416	
Interest bearing deposits	4,239,135	3.94 %	3,947,935	3.16 %
Short-term borrowings	748,180	4.72	754,917	4.02
Long-term debt	344,940	5.60	322,013	6.30
Total interest bearing liabilities	<u>\$5,332,255</u>	4.16 %	<u>\$ 5,024,865</u>	3.49 %
Other noninterest bearing liabilities	86,200		81,392	
Minority interest	-		150	
Redeemable class A common stock	47,375		44,062	
Shareholders' equity	544,815		506,708	
Total liabilities and equity	<u>\$6,748,337</u>		<u>\$ 6,430,593</u>	

	Three months ended March 31,			
	2007	2006	\$ Change	% Change
Summary Income Statement:				
Total interest income	\$ 110,674	\$ 99,003	\$ 11,671	11.8 %
Total interest expense	54,682	43,216	11,466	26.5
Net interest income	<u>55,992</u>	<u>55,787</u>	205	0.4
Provision for loan losses	2,899	2,539	360	14.2
Net interest income after provision for loan losses	53,093	53,248	(155)	(0.3)
Service charges	8,202	7,618	584	7.7
Insurance	3,301	3,054	247	8.1
Investment management and trust fees	3,160	3,080	80	2.6
Brokerage	1,797	1,615	182	11.3
Gain on sale of loans	3,186	2,159	1,027	47.6
Loss on sale of securities	-	(505)	505	NM
Other	2,151	1,955	196	10.0
Total noninterest income	<u>21,797</u>	<u>18,976</u>	<u>2,821</u>	14.9
Salaries and wages	23,669	22,539	1,130	5.0
Employee benefits	7,315	6,918	397	5.7
Occupancy	3,298	3,310	(12)	(0.4)
Furniture and equipment	3,138	3,053	85	2.8
Data processing fees	2,920	2,782	138	5.0
FDIC premiums and examination fees	507	504	3	0.6
Amortization of intangibles	573	613	(40)	(6.5)
Other	7,913	7,723	190	2.5
Total noninterest expense	<u>49,333</u>	<u>47,442</u>	<u>1,891</u>	4.0
Income before income tax expense	25,557	24,782	775	3.1
Income tax expense	8,613	8,449	164	1.9
Net income	<u>\$ 16,944</u>	<u>\$ 16,333</u>	<u>\$ 611</u>	3.7 %

- (1) Calculation is based on interest income including \$2,898 and \$2,625 for the three months ended March 31, 2007 and March 31, 2006 to adjust to a fully taxable basis using the federal statutory rate of 35%.
- (2) Net of unearned discount and includes nonaccrual loans and leases.
- (3) Excluding net unrealized gain (loss) on securities available-for-sale.
- (4) Before deducting the reserve for loan losses.