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Contact: Corporate Communications Director
Teresa M. Morrow
651-312-3570
tmmorrow@bremer.com

BREMER REPORTS SECOND QUARTER 2007 EARNINGS

St. Paul, Minn. (July 24, 2007) — Bremer Financial Corporation reported net income of \$18.7 million for the three months ended June 30, 2007, an increase of 3.9% from the \$18.0 million earned for the three months ended June 30, 2006. On a year-to-date basis through June 30, 2007, net income was \$35.7 million compared to \$34.4 million earned in 2006, an increase of 3.8%. Return on average equity for the second quarter of 2007 was 12.5% compared to 13.0% for the second quarter of 2006, while return on average assets decreased slightly to 1.09% in the second quarter of 2007 from 1.11% in the second quarter of 2006.

Net interest income for the second quarter of 2007 was \$58.0 million, an increase of \$1.5 million or 2.7% from the \$56.5 million reported for the same period a year ago. Our net interest margin was 3.76% for the quarter ended June 30, 2007 compared to 3.86% for the quarter ended June 30, 2006. On a year-to-date basis, our net interest income increased \$1.7 million or 1.5% to \$114.0 million in 2007 from \$112.3 million in 2006, while our net interest margin was 3.75% for the six-month period ended June 30, 2007 and 3.88% for the six-month period ended June 30, 2006. Our net interest margin has declined over the past year due primarily to very competitive conditions in lending markets.

“As we reach the half-way mark for 2007, it’s clear we have created some positive momentum,” said CEO Stan Dardis. “We identified 2007 as the year of ‘*execution*’ and in the second quarter we saw that commitment come to life as our focus on sales and enhanced customer service resulted in improved returns. Bremer is unique – the people who deliver the service and who make the sales are also the owners of this company. That ownership creates a commitment to clients and communities that is hard to duplicate.”

- more -

Bremer Reports Second Quarter 2007 Earnings

Page 2

Noninterest income increased 1.9% to \$23.4 million in the second quarter of 2007 from \$22.9 million for the second quarter of 2006. On a year-to-date basis, noninterest income increased 7.8% to \$45.1 million in 2007 from \$41.9 million in 2006. The year-to-date increase was largely due to an increase in service charge income of 9.1% to \$17.5 million in the first six months of 2007 from \$16.0 million in the same period in 2006, and an increase in financial services revenue, including insurance, trust, investment management and brokerage fees, of 9.2% to \$16.2 million in the first six months of 2007 from \$14.9 million in the same period in 2006.

Noninterest expense increased \$743 thousand or 1.5% to \$50.1 million in the second quarter of 2007 from \$49.4 million in the second quarter of 2006. On a year-to-date basis, noninterest expense increased 2.7% to \$99.5 million in 2007 from \$96.8 million in 2006. Increases in personnel costs largely accounted for the increases in noninterest expense when comparing the two quarterly periods as well as the year-to-date periods. Exclusive of personnel costs, total noninterest expense decreased \$786 thousand or 4.1% when comparing the second quarter of 2007 with the second quarter of 2006.

Nonperforming assets were \$30.1 million at June 30, 2007 compared to \$25.7 million at December 31, 2006 and \$19.7 million at June 30, 2006. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 0.59% at June 30, 2007 from 0.52% at December 31, 2006 and 0.41% at June 30, 2006.

Net charge-offs in the second quarter of 2007 were \$1.5 million compared to \$410 thousand in the second quarter of 2006. We recorded a provision for loan losses of \$2.8 million in the second quarter of 2007 compared to \$2.5 million in the second quarter of 2006. Our ratio of reserve for loan losses to total loans and leases was 1.17% at June 30, 2007 and December 31, 2006 and 1.24% at June 30, 2006.

Bremer Financial Corporation is a privately-held, \$7.0 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 Reports Second Quarter 2007 Earnings
Page 3

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

	Three months ended June 30,		Change	Six months ended June 30,		Change
	2007	2006		2007	2006	
Operating Results:						
Total interest income	\$ 114,966	\$ 104,980	9.5 %	\$ 225,640	\$ 203,983	10.6 %
Total interest expense	56,955	48,486	17.5	111,637	91,702	21.7
Net interest income	58,011	56,494	2.7	114,003	112,281	1.5
Provision for loan losses	2,829	2,530	11.8	5,728	5,069	13.0
Net interest income after provision for loan losses	55,182	53,964	2.3	108,275	107,212	1.0
Noninterest income	23,351	22,918	1.9	45,148	41,894	7.8
Noninterest expense	50,128	49,385	1.5	99,461	96,827	2.7
Income before income tax expense	28,405	27,497	3.3	53,962	52,279	3.2
Income tax expense	9,660	9,460	2.1	18,273	17,909	2.0
Net income	\$ 18,745	\$ 18,037	3.9 %	\$ 35,689	\$ 34,370	3.8 %
Net income per share - basic and diluted	\$ 1.56	\$ 1.50	3.9 %	\$ 2.97	\$ 2.86	3.8 %
Dividends paid per share	0.62	0.58	6.9	1.24	1.16	6.9
Tax equivalent net interest income	\$ 61,033	\$ 59,140	3.2 %	\$ 119,923	\$ 117,552	2.0 %
Net charge-offs	1,544	410	NM	3,106	993	212.8
Selected Financial Ratios:						
Return on average assets	1.09 %	1.11 %	(0.02)	1.06	1.07	(0.01)
Return on average equity (1)	12.5	13.0	(0.5)	12.1	12.6	(0.5)
Average equity to average assets (1)	8.72	8.55	0.17	8.72	8.54	0.18
Net interest margin (2)	3.76	3.86	(0.10)	3.75	3.88	(0.13)
Operating efficiency ratio (3)	59.4	60.2	(0.8)	60.3	60.7	(0.4)
Net charge-offs to average loans and leases	0.12	0.03	0.09	0.13	0.04	0.09
	June 30,	June 30,		December 31,	Change	
	2007	2006		2006		
Balance Sheet Data:						
Total assets	\$ 7,040,693	\$ 6,638,952	6.1 %	\$ 6,751,806	4.3 %	
Securities (4)	1,449,985	1,382,101	4.9	1,369,037	5.9	
Loans and leases (5)	5,137,837	4,803,490	7.0	4,922,728	4.4	
Total deposits	4,916,986	4,745,397	3.6	5,053,763	(2.7)	
Short-term borrowings	964,274	878,622	9.7	706,675	36.5	
Long-term debt	488,324	370,642	31.8	334,556	46.0	
Redeemable class A common stock	48,138	44,605	7.9	47,022	2.4	
Shareholders' equity	553,592	512,962	7.9	540,755	2.4	
Per share book value of common stock	50.14	46.46	7.9	48.98	2.4	
Asset Quality:						
Reserve for loan losses	\$ 60,352	\$ 59,704	1.1 %	\$ 57,730	4.5 %	
Nonperforming assets	30,091	19,733	52.5	25,684	17.2	
Nonperforming assets to total loans, leases and OREO	0.59 %	0.41 %	0.18	0.52 %	0.07	
Reserve for loan losses to total loans and leases	1.17	1.24	(0.07)	1.17	-	

- (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.

- more -

Bremer Reports Second Quarter 2007 Earnings
Page 4

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

	Three months ended June 30,				Six months ended June 30,			
	2007		2006		2007		2006	
	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)
Summary Average Balance Sheet:								
Total loans and leases (2)	\$5,057,814	7.83 %	\$4,735,695	7.64 %	\$4,995,686	7.82 %	\$4,692,167	7.52 %
Total securities (3)	1,422,949	5.29	1,372,220	4.89	1,415,196	5.25	1,374,934	4.83
Total other earning assets	37,962	5.60	40,678	6.64	35,949	5.75	38,822	6.54
Total interest earning assets (4)	\$6,518,725	7.26 %	\$6,148,593	7.02 %	\$6,446,831	7.24 %	\$6,105,923	6.91 %
Total noninterest earning assets	360,802		353,487		368,330		359,484	
Total assets	<u>\$6,879,527</u>		<u>\$6,502,080</u>		<u>\$6,815,161</u>		<u>\$6,465,407</u>	
Noninterest bearing deposits	\$ 734,526		\$ 764,666		\$ 736,100		\$ 769,017	
Interest bearing deposits	4,174,451	3.94 %	3,985,563	3.47 %	4,206,615	3.94 %	3,966,852	3.32 %
Short-term borrowings	839,034	4.71	781,688	4.50	794,377	4.72	768,376	4.27
Long-term debt	450,819	5.46	332,541	6.30	398,172	5.60	327,306	6.30
Total interest bearing liabilities	\$5,464,304	4.18 %	\$5,099,792	3.81 %	\$5,399,164	4.16 %	\$5,062,534	3.65 %
Other noninterest bearing liabilities	80,767		81,236		85,906		81,606	
Minority interest	-		150		-		150	
Redeemable class A common stock	47,994		44,499		47,520		44,168	
Shareholders' equity	551,936		511,737		546,471		507,932	
Total liabilities and equity	<u>\$6,879,527</u>		<u>\$6,502,080</u>		<u>\$6,815,161</u>		<u>\$6,465,407</u>	
Summary Income Statement:								
	Three months ended June 30,				Six months ended June 30,			
	2007	2006	\$ Change	% Change	2007	2006	\$ Change	% Change
Total interest income	\$ 114,966	\$104,980	\$ 9,986	9.5 %	\$ 225,640	\$ 203,983	\$ 21,657	10.6 %
Total interest expense	56,955	48,486	8,469	17.5	111,637	91,702	19,935	21.7
Net interest income	58,011	56,494	1,517	2.7	114,003	112,281	1,722	1.5
Provision for loan losses	2,829	2,530	299	11.8	5,728	5,069	659	13.0
Net interest income after provision for loan losses	55,182	53,964	1,218	2.3	108,275	107,212	1,063	1.0
Service charges	9,294	8,414	880	10.5	17,496	16,032	1,464	9.1
Insurance	2,876	2,391	485	20.3	6,177	5,445	732	13.4
Investment management and trust fees	3,260	2,936	324	11.0	6,420	6,016	404	6.7
Brokerage	1,833	1,782	51	2.9	3,630	3,397	233	6.9
Gain on sale of loans	3,546	4,770	(1,224)	(25.7)	6,732	6,929	(197)	(2.8)
Loss on sale of securities	-	-	-	NM	-	(505)	505	NM
Other	2,542	2,625	(83)	(3.2)	4,693	4,580	113	2.5
Total noninterest income	23,351	22,918	433	1.9	45,148	41,894	3,254	7.8
Salaries and wages	25,029	23,325	1,704	7.3	48,698	45,864	2,834	6.2
Employee benefits	6,824	6,999	(175)	(2.5)	14,139	13,917	222	1.6
Occupancy	3,424	3,225	199	6.2	6,722	6,535	187	2.9
Furniture and equipment	2,983	2,947	36	1.2	6,121	6,000	121	2.0
Data processing fees	2,696	2,921	(225)	(7.7)	5,616	5,703	(87)	(1.5)
FDIC premiums and examination fees	538	493	45	9.1	1,045	997	48	4.8
Amortization of intangibles	581	613	(32)	(5.2)	1,154	1,226	(72)	(5.9)
Other	8,053	8,862	(809)	(9.1)	15,966	16,585	(619)	(3.7)
Total noninterest expense	50,128	49,385	743	1.5	99,461	96,827	2,634	2.7
Income before income tax expense	28,405	27,497	908	3.3	53,962	52,279	1,683	3.2
Income tax expense	9,660	9,460	200	2.1	18,273	17,909	364	2.0
Net income	<u>\$ 18,745</u>	<u>\$ 18,037</u>	<u>\$ 708</u>	3.9 %	<u>\$ 35,689</u>	<u>\$ 34,370</u>	<u>\$ 1,319</u>	3.8 %

- (1) Calculation is based on interest income including \$3,022 and \$2,646 for the three months ended June 30, 2007 and June 30, 2006 and \$5,920 and \$5,271 for the six months ended June 30, 2007 and June 30, 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.