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BREMER REPORTS THIRD QUARTER 2007 EARNINGS

St. Paul, Minn. (October 23, 2007) — Bremer Financial Corporation reported net income of \$11.8 million for the three months ended September 30, 2007, a decrease of 31.6% from the \$17.3 million earned for the three months ended September 30, 2006. On a year-to-date basis through September 30, 2007, net income was \$47.5 million compared to \$51.7 million earned in 2006, a decrease of 8.0%. Return on average equity for the third quarter of 2007 was 7.7% compared to 12.1% for the third quarter of 2006, while return on average assets decreased to 0.66% in the third quarter of 2007 from 1.04% in the third quarter of 2006. The decline in earnings was primarily due to an increased level of delinquencies and losses associated with home equity lending. Because of the higher level of expected losses, the company incurred a \$10.2 million impairment charge to write down the value of residual interests in a securitized home equity portfolio and also increased loan loss provisions.

Net interest income for the third quarter of 2007 was \$60.1 million, an increase of \$2.8 million or 4.8% from the \$57.3 million reported for the same period a year ago. Our net interest margin was 3.74% for the quarter ended September 30, 2007 compared to 3.81% for the quarter ended September 30, 2006. On a year-to-date basis, our net interest income increased \$4.5 million or 2.7% to \$174.1 million in 2007 from \$169.6 million in 2006, while our net interest margin was 3.75% for the nine-month period ended September 30, 2007 and 3.86% for the nine-month period ended September 30, 2006. Our net interest margin has declined over the past year due primarily to very competitive conditions in lending markets.

“The changing market conditions are making it difficult for all banks, including Bremer, to deliver planned levels of earnings,” said **Stan Dardis, CEO**. “While this is disappointing, I think it’s important to recognize that our employees have turned in tremendous performances this year -- focusing on sales, service and

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expense control. I ask that employees remain focused on these important areas as we enter the final quarter of 2007, as this will have an impact on final results for our company.”

Noninterest income decreased 44.2% to \$11.8 million in the third quarter of 2007 from \$21.2 million for the third quarter of 2006. On a year-to-date basis, noninterest income decreased 9.7% to \$57.0 million in 2007 from \$63.1 million in 2006. Exclusive of the one-time impairment charge of \$10.2 million, which was recorded as an adjustment to gain on sale of loans, total noninterest income increased \$879 thousand or 4.2% when comparing the third quarter of 2007 to the third quarter of 2006.

Noninterest expense decreased \$1.8 million or 3.6% to \$47.9 million in the third quarter of 2007 from \$49.7 million in the third quarter of 2006. On a year-to-date basis, noninterest expense increased 0.6% to \$147.4 million in 2007 from \$146.5 million in 2006.

Nonperforming assets were \$35.0 million at September 30, 2007 compared to \$25.7 million at December 31, 2006 and \$21.5 million at September 30, 2006. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 0.66% at September 30, 2007 from 0.52% at December 31, 2006 and 0.44% at September 30, 2006.

Net charge-offs in the third quarter of 2007 were \$2.7 million compared to \$2.4 million in the third quarter of 2006. We recorded a provision for loan losses of \$7.4 million in the third quarter of 2007 compared to \$2.6 million in the third quarter of 2006. Our ratio of reserve for loan losses to total loans and leases was 1.23% at September 30, 2007, 1.17% at December 31, 2006 and 1.22% at September 30, 2006.

Bremer Financial Corporation is a privately-held, \$7.2 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 September 30,			Nine months ended September 30,		
	2007	2006	Change	2007	2006	Change
Operating Results:						
Total interest income	\$ 119,226	\$ 110,454	7.9 %	\$ 344,866	\$ 314,437	9.7 %
Total interest expense	59,107	53,113	11.3	170,744	144,815	17.9
Net interest income	60,119	57,341	4.8	174,122	169,622	2.7
Provision for loan losses	7,356	2,613	181.5	13,084	7,682	70.3
Net interest income after provision for loan losses	52,763	54,728	(3.6)	161,038	161,940	(0.6)
Noninterest income	11,846	21,212	(44.2)	56,994	63,106	(9.7)
Noninterest expense	47,912	49,704	(3.6)	147,373	146,531	0.6
Income before income tax expense	16,697	26,236	(36.4)	70,659	78,515	(10.0)
Income tax expense	4,862	8,924	(45.5)	23,135	26,833	(13.8)
Net income	\$ 11,835	\$ 17,312	(31.6) %	\$ 47,524	\$ 51,682	(8.0) %
Net income per share - basic and diluted	\$ 0.99	\$ 1.44	(31.6) %	\$ 3.96	\$ 4.31	(8.0) %
Dividends paid per share	0.62	0.58	6.9	1.86	1.74	6.9
Tax equivalent net interest income	\$ 63,199	\$ 61,033	3.5 %	\$ 183,122	\$ 177,696	3.1 %
Net charge-offs	2,708	2,412	12.3	5,814	3,405	70.7
Selected Financial Ratios:						
Return on average assets	0.66 %	1.04 %	(0.38)	0.92	1.06	(0.14)
Return on average equity (1)	7.7	12.1	(4.4)	10.6	12.3	(1.7)
Average equity to average assets (1)	8.59	8.58	0.01	8.69	8.64	0.05
Net interest margin (2)	3.74	3.81	(0.07)	3.75	3.86	(0.11)
Operating efficiency ratio (3)	63.8	61.1	2.7	61.4	60.9	0.5
Net charge-offs to average loans and leases	0.21	0.20	0.01	0.15	0.10	0.05
	September 30,	September 30,		December 31,		Change
	2007	2006		2006		
Balance Sheet Data:						
Total assets	\$ 7,200,111	\$ 6,694,398	7.6 %	\$ 6,751,806		6.6 %
Securities (4)	1,480,869	1,372,640	7.9	1,369,037		8.2
Loans and leases (5)	5,299,207	4,894,745	8.3	4,922,728		7.6
Total deposits	5,143,143	4,838,434	6.3	5,053,763		1.8
Short-term borrowings	911,945	920,788	(1.0)	706,675		29.0
Long-term debt	455,495	283,777	60.5	334,556		36.1
Redeemable class A common stock	49,098	46,394	5.8	47,022		4.4
Shareholders' equity	564,625	533,527	5.8	540,755		4.4
Per share book value of common stock	51.14	48.33	5.8	48.98		4.4
Asset Quality:						
Reserve for loan losses	\$ 65,000	\$ 59,905	8.5 %	\$ 57,730		12.6 %
Nonperforming assets	34,967	21,531	62.4	25,684		36.1
Nonperforming assets to total loans, leases and OREO	0.66 %	0.44 %	0.22	0.52 %		0.14
Reserve for loan losses to total loans and leases	1.23	1.22	0.01	1.17		0.06

- (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 September 30,				Nine months ended September 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)	\$5,195,004	7.83 %	\$ 4,827,792	7.81 %	\$5,062,855	7.82 %	\$4,737,872	7.62 %
Total securities (3)	1,460,900	5.24	1,387,881	5.00	1,430,598	5.25	1,379,389	4.89
Total other earning assets	49,928	4.27	40,813	6.75	40,661	5.14	39,493	6.61
Total interest earning assets (4)	<u>\$6,705,832</u>	7.24 %	<u>\$ 6,256,486</u>	7.18 %	<u>\$6,534,114</u>	7.24 %	<u>\$6,156,754</u>	7.00 %
Total noninterest earning assets	366,161		369,954		366,331		362,467	
Total assets	<u>\$7,071,993</u>		<u>\$ 6,626,440</u>		<u>\$6,900,445</u>		<u>\$6,519,221</u>	
Noninterest bearing deposits	\$ 750,141		\$ 773,983		\$ 740,832		\$ 770,691	
Interest bearing deposits	4,272,734	3.94 %	4,005,053	3.73 %	4,228,897	3.94 %	3,979,726	3.46 %
Short-term borrowings	887,045	4.57	893,184	4.86	824,078	4.67	810,436	4.49
Long-term debt	469,416	5.47	297,518	5.96	422,192	5.50	317,268	6.20
Total interest bearing liabilities	<u>\$5,629,195</u>	4.17 %	<u>\$ 5,195,755</u>	4.06 %	<u>\$5,475,167</u>	4.17 %	<u>\$5,107,430</u>	3.79 %
Other noninterest bearing liabilities	84,930		87,810		84,459		77,673	
Minority interest	-		148		-		150	
Redeemable class A common stock	48,618		45,500		47,999		45,062	
Shareholders' equity	559,109		523,244		551,988		518,215	
Total liabilities and equity	<u>\$7,071,993</u>		<u>\$ 6,626,440</u>		<u>\$6,900,445</u>		<u>\$6,519,221</u>	
Summary Income Statement:								
	2007	2006	\$ Change	% Change	2007	2006	\$ Change	% Change
Total interest income	\$ 119,226	\$110,454	\$ 8,772	7.9 %	\$ 344,866	\$ 314,437	\$ 30,429	9.7 %
Total interest expense	59,107	53,113	5,994	11.3	170,744	144,815	25,929	17.9
Net interest income	<u>60,119</u>	<u>57,341</u>	<u>2,778</u>	4.8	<u>174,122</u>	<u>169,622</u>	<u>4,500</u>	2.7
Provision for loan losses	7,356	2,613	4,743	181.5	13,084	7,682	5,402	70.3
Net interest income after provision for loan losses	52,763	54,728	(1,965)	(3.6)	161,038	161,940	(902)	(0.6)
Service charges	9,545	8,722	823	9.4	27,041	24,754	2,287	9.2
Insurance	2,659	2,541	118	4.6	8,836	7,986	850	10.6
Investment management and trust fees	3,301	3,164	137	4.3	9,721	9,180	541	5.9
Brokerage	1,740	1,435	305	21.3	5,370	4,832	538	11.1
(Loss) gain on sale of loans (5)	(7,438)	3,144	(10,582)	NM	(706)	10,073	(10,779)	NM
Gain (loss) on sale of securities	54	-	54	NM	54	(505)	559	NM
Other	1,985	2,206	(221)	(10.0)	6,678	6,786	(108)	(1.6)
Total noninterest income	11,846	21,212	(9,366)	(44.2)	56,994	63,106	(6,112)	(9.7)
Salaries and wages	23,671	22,159	1,512	6.8	72,369	68,023	4,346	6.4
Employee benefits	6,624	7,133	(509)	(7.1)	20,763	21,050	(287)	(1.4)
Occupancy	3,156	3,070	86	2.8	9,878	9,605	273	2.8
Furniture and equipment	2,999	2,805	194	6.9	9,120	8,805	315	3.6
Data processing fees	2,657	2,956	(299)	(10.1)	8,273	8,659	(386)	(4.5)
FDIC premiums and examination fees	536	499	37	7.4	1,581	1,496	85	5.7
Amortization of intangibles	578	613	(35)	(5.7)	1,732	1,839	(107)	(5.8)
Other	7,691	10,469	(2,778)	(26.5)	23,657	27,054	(3,397)	(12.6)
Total noninterest expense	47,912	49,704	(1,792)	(3.6)	147,373	146,531	842	0.6
Income before income tax expense	16,697	26,236	(9,539)	(36.4)	70,659	78,515	(7,856)	(10.0)
Income tax expense	4,862	8,924	(4,062)	(45.5)	23,135	26,833	(3,698)	(13.8)
Net income	<u>\$ 11,835</u>	<u>\$ 17,312</u>	<u>\$ (5,477)</u>	(31.6) %	<u>\$ 47,524</u>	<u>\$ 51,682</u>	<u>\$ (4,158)</u>	(8.0) %

- (1) Calculation is based on interest income including \$3,080 and \$2,804 for the three months ended September 30, 2007 and September 30, 2006 and \$9,000 and \$8,075 for the nine months ended September 30, 2007 and September 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.
- (5) Includes impairment charges to adjust value of residual interest in securitized assets.