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BREMER REPORTS FOURTH QUARTER 2007 EARNINGS

St. Paul, Minn. (January 29, 2008) — Bremer Financial Corporation reported net income of \$20.6 million for the three months ended December 31, 2007, a slight increase from the \$20.4 million earned for the three months ended December 31, 2006. For the year ended December 31, 2007, net income was \$68.1 million compared to \$72.1 million earned in 2006, a decrease of 5.5%. Return on average equity for the fourth quarter of 2007 was 13.1% compared to 13.9% for the fourth quarter of 2006, while return on average assets decreased to 1.14% in the fourth quarter of 2007 from 1.21% in the fourth quarter of 2006. For the year just ended, return on average equity was 11.2% compared to 12.7% in 2006, while the return on average assets declined to .98% from 1.10% a year earlier. The decline in 2007 earnings compared to 2006 was primarily due to an increased level of delinquencies and losses associated with home equity lending.

Net interest income for the fourth quarter of 2007 was \$61.5 million, an increase of \$4.1 million or 7.2% from the \$57.4 million reported for the same period a year ago. Our net interest margin was 3.79% for the quarter ended December 31, 2007 compared to 3.81% for the quarter ended December 31, 2006. On a year-to-date basis, our net interest income increased \$8.6 million or 3.8% to \$235.7 million in 2007 from \$227.0 million in 2006, while our net interest margin was 3.76% for the year ended December 31, 2007 and 3.85% for the year ended December 31, 2006.

“I’m proud of the on-going focus displayed by our employees in the fourth quarter, which gave us lift entering 2008,” said **Stan Dardis, CEO**. “In an exceptionally difficult environment, our employees have

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continued to provide outstanding service to their clients. That commitment was reflected in the strong performance we saw in our Trust and Insurance business lines, as well as all markets outside the Twin Cities, which was hampered by falling property values and home equity lending challenges. As a direct result of employee efforts, we will provide nearly \$30 million in charitable grants through the Otto Bremer Foundation to communities in our geographic footprint – that contributes significantly towards healthy communities.”

Noninterest income increased 37.6% to \$30.4 million in the fourth quarter of 2007 from \$22.1 million for the fourth quarter of 2006, as a result of \$5.0 million of securities gains and strong insurance-related revenues. On a year-to-date basis, noninterest income increased 2.6% to \$87.4 million in 2007 from \$85.2 million in 2006. Included in noninterest income for the year was a one-time impairment charge of \$10.2 million, which was recorded as an adjustment to gain on sale of loans in the third quarter, to write down the value of residual interests in a securitized home equity portfolio.

Noninterest expense increased \$2.4 million or 4.9% to \$51.8 million in the fourth quarter of 2007 from \$49.3 million in the fourth quarter of 2006. On a year-to-date basis, noninterest expense increased 1.7% to \$199.1 million in 2007 from \$195.9 million in 2006.

Nonperforming assets were \$40.6 million at December 31, 2007 compared to \$25.7 million at December 31, 2006 and \$35.0 million at September 30, 2007. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 0.77% at December 31, 2007 from .66% at September 30, 2007 and 0.52% at December 31, 2006.

Net charge-offs in the fourth quarter of 2007 were \$10.9 million, including \$5.8 million related to home equity loans, compared to \$2.1 million in the fourth quarter of 2006 and \$2.7 million in the third quarter of 2007. We recorded a provision for loan losses of \$9.4 million in the fourth quarter of 2007 compared to \$7.4 million in the prior quarter. Our ratio of reserve for loan losses to total loans and leases was 1.20% at December 31, 2007, 1.23% at September 30, 2007 and 1.17% at December 31, 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

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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 December 31,			Twelve months ended December 31,		
	2007	2006	Change	2007	2006	Change
Operating Results:						
Total interest income	\$ 118,385	\$ 111,645	6.0 %	\$ 463,251	\$ 426,082	8.7 %
Total interest expense	56,840	54,238	4.8	227,584	199,053	14.3
Net interest income	61,545	57,407	7.2	235,667	227,029	3.8
Provision for loan losses	9,402	(38)	NM	22,486	7,644	194.2
Net interest income after provision for loan losses	52,143	57,445	(9.2)	213,181	219,385	(2.8)
Noninterest income	30,376	22,079	37.6	87,370	85,185	2.6
Noninterest expense	51,750	49,320	4.9	199,123	195,851	1.7
Income before income tax expense	30,769	30,204	1.9	101,428	108,719	(6.7)
Income tax expense	10,188	9,816	3.8	33,323	36,649	(9.1)
Net income	\$ 20,581	\$ 20,388	0.9 %	\$ 68,105	\$ 72,070	(5.5) %
Net income per share - basic and diluted	\$ 1.72	\$ 1.70	0.9 %	\$ 5.68	\$ 6.01	(5.5) %
Dividends paid per share	0.62	0.58	6.9	2.48	2.32	6.9
Tax equivalent net interest income	\$ 64,724	\$ 60,334	7.3 %	\$ 247,846	\$ 238,031	4.1 %
Net charge-offs	10,868	2,137	NM	16,682	5,542	201.0
Selected Financial Ratios:						
Return on average assets	1.14 %	1.21 %	(0.07)	0.98	1.10	(0.12)
Return on average equity (1)	13.1	13.9	(0.8)	11.2	12.7	(1.5)
Average equity to average assets (1)	8.69	8.75	(0.06)	8.75	8.65	0.10
Net interest margin (2)	3.79	3.81	(0.02)	3.76	3.85	(0.09)
Operating efficiency ratio (3)	54.4	59.9	(5.5)	59.4	60.6	(1.2)
Net charge-offs to average loans and leases	0.82	0.17	0.65	0.33	0.12	0.21
	December 31,	December 31,				
	2007	2006				
Balance Sheet Data:						
Total assets	\$ 7,249,650	\$ 6,751,806	7.4 %			
Securities (4)	1,478,774	1,369,037	8.0			
Loans and leases (5)	5,290,434	4,922,728	7.5			
Total deposits	5,295,458	5,053,763	4.8			
Short-term borrowings	850,082	706,675	20.3			
Long-term debt	390,484	334,556	16.7			
Redeemable class A common stock	50,678	47,022	7.8			
Shareholders' equity	582,802	540,755	7.8			
Per share book value of common stock	52.79	48.98	7.8			
Asset Quality:						
Reserve for loan losses	\$ 63,534	\$ 57,730	10.1 %			
Nonperforming assets	40,619	25,684	58.1			
Nonperforming assets to total loans, leases and OREO	0.77 %	0.52 %	0.25			
Reserve for loan losses to total loans and leases	1.20	1.17	0.03			

- (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 December 31,				Twelve months ended December 31,			
	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)	\$5,259,283	7.64 %	\$ 4,863,858	7.83 %	\$5,112,366	7.77 %	\$4,769,628	7.68 %
Total securities (3)	1,481,654	5.34	1,380,354	5.12	1,443,467	5.27	1,379,632	4.94
Total other earning assets	35,660	4.28	38,725	7.53	39,399	4.94	39,299	6.84
Total interest earning assets (4)	<u>\$6,776,597</u>	7.12 %	<u>\$ 6,282,937</u>	7.23 %	<u>\$6,595,232</u>	7.21 %	<u>\$6,188,559</u>	7.06 %
Total noninterest earning assets	396,237		392,246		373,044		368,828	
Total assets	<u>\$7,172,834</u>		<u>\$ 6,675,183</u>		<u>\$6,968,276</u>		<u>\$6,557,387</u>	
Noninterest bearing deposits	<u>\$ 771,551</u>		<u>\$ 791,096</u>		<u>\$ 748,575</u>		<u>\$ 775,834</u>	
Interest bearing deposits	4,425,212	3.79 %	4,165,723	3.90 %	4,278,381	3.90 %	4,026,607	3.57 %
Short-term borrowings	822,492	4.09	752,291	4.76	823,678	4.52	795,781	4.55
Long-term debt	439,570	5.53	299,190	5.70	426,573	5.51	312,711	6.08
Total interest bearing liabilities	<u>\$5,687,274</u>	3.97 %	<u>\$ 5,217,204</u>	4.12 %	<u>\$5,528,632</u>	4.12 %	<u>\$5,135,099</u>	3.88 %
Other noninterest bearing liabilities	90,407		83,034		81,204		79,136	
Minority interest	-		-		-		112	
Redeemable class A common stock	49,888		45,376		48,789		45,377	
Shareholders' equity	573,714		538,473		561,076		521,829	
Total liabilities and equity	<u>\$7,172,834</u>		<u>\$ 6,675,183</u>		<u>\$6,968,276</u>		<u>\$6,557,387</u>	
Summary Income Statement:								
	2007	2006	\$ Change	% Change	2007	2006	\$ Change	% Change
Total interest income	\$ 118,385	\$111,645	\$ 6,740	6.0 %	\$ 463,251	\$ 426,082	\$ 37,169	8.7 %
Total interest expense	<u>56,840</u>	<u>54,238</u>	<u>2,602</u>	4.8	<u>227,584</u>	<u>199,053</u>	<u>28,531</u>	14.3
Net interest income	61,545	57,407	4,138	7.2	235,667	227,029	8,638	3.8
Provision for loan losses	9,402	(38)	9,440	NM	22,486	7,644	14,842	194.2
Net interest income after provision for loan losses	52,143	57,445	(5,302)	(9.2)	213,181	219,385	(6,204)	(2.8)
Service charges	9,616	8,671	945	10.9	36,657	33,425	3,232	9.7
Insurance	5,230	4,047	1,183	29.2	14,066	12,033	2,033	16.9
Investment management and trust fees	3,651	3,358	293	8.7	13,372	12,538	834	6.7
Brokerage	1,737	1,603	134	8.4	7,107	6,435	672	10.4
Gain on sale of loans (5)	2,939	1,420	1,519	107.0	2,233	11,493	(9,260)	(80.6)
Gain (loss) on sale of securities	4,992	-	4,992	NM	5,046	(505)	5,551	NM
Other	2,211	2,980	(769)	(25.8)	8,889	9,766	(877)	(9.0)
Total noninterest income	30,376	22,079	8,297	37.6	87,370	85,185	2,185	2.6
Salaries and wages	24,690	22,486	2,204	9.8	97,059	90,509	6,550	7.2
Employee benefits	6,600	7,066	(466)	(6.6)	27,363	28,116	(753)	(2.7)
Occupancy	3,327	3,165	162	5.1	13,205	12,770	435	3.4
Furniture and equipment	3,290	3,050	240	7.9	12,410	11,855	555	4.7
Data processing fees	2,625	3,026	(401)	(13.3)	10,898	11,685	(787)	(6.7)
FDIC premiums and examination fees	813	496	317	63.9	2,394	1,992	402	20.2
Amortization of intangibles	579	613	(34)	(5.5)	2,311	2,452	(141)	(5.8)
Other	9,826	9,418	408	4.3	33,483	36,472	(2,989)	(8.2)
Total noninterest expense	51,750	49,320	2,430	4.9	199,123	195,851	3,272	1.7
Income before income tax expense	30,769	30,204	565	1.9	101,428	108,719	(7,291)	(6.7)
Income tax expense	10,188	9,816	372	3.8	33,323	36,649	(3,326)	(9.1)
Net income	<u>\$ 20,581</u>	<u>\$ 20,388</u>	<u>\$ 193</u>	0.9 %	<u>\$ 68,105</u>	<u>\$ 72,070</u>	<u>\$ (3,965)</u>	(5.5) %

(1) Calculation is based on interest income including \$3,179 and \$3,080 for the three months ended December 31, 2007 and December 31, 2006 and \$12,179 and \$11,002 for the twelve months ended December 31, 2007 and December 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.

(5) Includes impairment charges to adjust value of residual interest in securitized assets.