



FOR IMMEDIATE RELEASE

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

BREMER REPORTS FIRST QUARTER 2010 EARNINGS

St. Paul, Minn. (April 27, 2010) — Bremer Financial Corporation reported net income of \$21.4 million for the three months ended March 31, 2010, an increase of \$1.2 million or 6.0% from the \$20.2 million earned for the three months ended March 31, 2009. Return on average equity for the first quarter of 2010 was 11.9% compared to 12.0% for the first quarter of 2009, while return on average assets was 1.13% in the first quarter of 2010 compared to 1.06% in the first quarter of 2009. The increase in first quarter 2010 earnings compared to first quarter 2009 earnings was driven by higher net interest income and lower loan loss provisions.

Net interest income for the first quarter of 2010 was \$70.0 million, an increase of \$4.1 million or 6.3% from the \$65.9 million reported for the same period a year ago. Our net interest margin was 4.09% for the quarter ended March 31, 2010 compared to 3.83% for the quarter ended March 31, 2009. Our higher net interest margin is the result of a significant decline in our cost of obtaining funds in the current low interest rate environment.

“As we end the first quarter on a strong note, I’d like to acknowledge the accomplishments of my predecessor, Stan Dardis,” said Pat Donovan, CEO. “The leadership Stan has provided has helped Bremer navigate the challenging economic environment and during his tenure we have remained stable, profitable and well-capitalized. I’m committed to maintaining his focus on local decision-making, while providing outstanding support to our clients and communities. I’m confident that by staying this course, we will continue to have a strong year.”

- more -

Bremer Reports First Quarter 2010 Earnings

Page 2

Noninterest income declined 21.0% to \$29.6 million in the first quarter of 2010 from \$37.5 million in the first quarter of 2009. While securities gains of \$8.4 million were recorded in the first quarter of 2010, that represents a \$4.3 million decline from the \$12.7 million of securities gains posted in the first quarter of 2009. In addition, a decline in mortgage refinancing activity resulted in gains on the sale of loans decreasing by 54.1% or \$3.4 million, from \$6.2 million in the first quarter of 2009 to \$2.8 million in the first quarter of 2010.

Noninterest expense of \$55.4 million in the first quarter of 2010 was essentially unchanged from the same period a year ago. A \$1.7 million increase in FDIC assessments was offset by lower expenses in other areas, including a \$1.2 million decline in salaries, wages and employee benefits.

Nonperforming assets were \$112.0 million at March 31, 2010 compared to \$111.4 million at December 31, 2009 and \$102.4 million at March 31, 2009. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 2.04% at March 31, 2010 from 2.00% at December 31, 2009 and 1.80% at March 31, 2009.

Net charge-offs in first quarter of 2010 were \$6.9 million, compared to \$10.7 million in the fourth quarter of 2009 and \$13.4 million in the first quarter of 2009. We recorded a provision for loan losses of \$12.3 million in the first quarter of 2010, down from the \$13.1 million recorded in the prior quarter. Our ratio of allowance for loan losses to total loans and leases was 1.75% at March 31, 2010, 1.62% at December 31, 2009, and 1.44% at March 31, 2009.

Bremer Financial Corporation is a privately-held, \$7.7 billion regional financial services company jointly owned by its employees and the Otto Bremer Foundation (OBF). 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 products and services to more than 100 locations in Minnesota, North Dakota and Wisconsin. OBF uses its share of dividends to distribute charitable grants to Bremer bank communities.

* * * * *

- more -

Bremer Reports First Quarter 2010 Earnings
Page 3

BREMER FINANCIAL CORPORATION AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

	Three months ended March 31,				
	2010	2009	Change		
Operating Results:					
Total interest income	\$ 89,636	\$ 95,401	(6.0) %		
Total interest expense	19,606	29,513	(33.6)		
Net interest income	70,030	65,888	6.3		
Provision for loan losses	12,333	17,707	(30.3)		
Net interest income after provision for loan losses	57,697	48,181	19.8		
Noninterest income	29,611	37,461	(21.0)		
Noninterest expense	55,399	55,391	-		
Income before income tax expense	31,909	30,251	5.5		
Income tax expense	10,471	10,024	4.4		
Net income	\$ 21,438	\$ 20,227	6.0 %		
Net income per share - basic and diluted	\$ 1.79	\$ 1.69	6.0 %		
Dividends paid per share	0.50	0.50	-		
Tax equivalent net interest income	\$ 73,398	\$ 69,140	6.2 %		
Net charge-offs	6,915	13,389	(48.4)		
Selected Financial Ratios:					
Return on average assets	1.13 %	1.06 %	0.07		
Return on average equity (1)	11.9	12.0	(0.1)		
Average equity to average assets (1)	9.53	8.89	0.64		
Tangible equity to assets (1)	8.56	8.12	0.44		
Net interest margin (2)	4.09	3.83	0.26		
Operating efficiency ratio (3)	53.8	52.0	1.8		
Net charge-offs to average loans and leases	0.51	0.94	(0.43)		
	March 31,	March 31,		December 31,	Change
	2010	2009		2009	
Balance Sheet Data:					
Total assets	\$ 7,657,686	\$ 7,519,138	1.8 %	\$ 7,799,981	(1.8) %
Securities (4)	1,467,775	1,469,200	(0.1)	1,585,362	(7.4)
Loans and leases (5)	5,455,524	5,690,065	(4.1)	5,542,253	(1.6)
Total deposits	5,987,339	5,593,989	7.0	6,075,871	(1.5)
Short-term borrowings	572,529	750,701	(23.7)	610,197	(6.2)
Long-term debt	297,808	413,868	(28.0)	322,845	(7.8)
Redeemable class A common stock	59,006	55,139	7.0	57,762	2.2
Shareholders' equity	678,574	634,098	7.0	664,265	2.2
Per share book value of common stock	61.46	57.44	7.0	60.17	2.2
Asset Quality:					
Allowance for loan losses	\$ 95,380	\$ 81,971	16.4 %	\$ 89,961	6.0 %
Nonperforming assets	111,974	102,396	9.4	111,392	0.5
Accruing loans and leases 90 days or more past due	14,144	7,116	98.8	4,495	214.7
Nonperforming assets to total loans, leases and OREO	2.04 %	1.80 %	0.24	2.00	0.04
Allowance for loan losses to total loans and leases	1.75	1.44	0.31	1.62	0.13

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

	Three months ended March 31,			
	2010		2009	
	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)
Summary Average Balance Sheet:				
Total loans and leases (2)	\$5,450,990	5.59 %	\$ 5,756,154	5.53 %
Total securities (3)	1,508,713	4.74	1,547,327	5.29
Total other earning assets	325,884	0.26	20,002	0.30
Total interest-earning assets (4)	<u>\$7,285,587</u>	5.18 %	<u>\$ 7,323,483</u>	5.46 %
Total non-interest-earning assets	398,866		387,821	
Total assets	<u>\$7,684,453</u>		<u>\$ 7,711,304</u>	
Non-interest-bearing deposits	\$ 881,424		\$ 796,935	
Interest-bearing deposits	5,080,983	1.24 %	4,650,893	1.96 %
Short-term borrowings	602,288	0.63	1,074,500	0.86
Long-term debt	317,266	3.95	423,815	4.51
Total interest-bearing liabilities	<u>\$6,000,537</u>	1.33 %	<u>\$ 6,149,208</u>	1.95 %
Other non-interest-bearing liabilities	70,476		79,282	
Redeemable class A common stock	58,561		54,867	
Shareholders' equity	673,455		631,012	
Total liabilities and equity	<u>\$7,684,453</u>		<u>\$ 7,711,304</u>	

	Three months ended March 31,			
	2010	2009	\$ Change	% Change
Summary Income Statement:				
Total interest income	\$ 89,636	\$ 95,401	\$ (5,765)	(6.0) %
Total interest expense	19,606	29,513	(9,907)	(33.6)
Net interest income	70,030	65,888	4,142	6.3
Provision for loan losses	12,333	17,707	(5,374)	(30.3)
Net interest income after provision for loan losses	57,697	48,181	9,516	19.8
Service charges	8,311	8,828	(517)	(5.9)
Insurance	3,309	2,978	331	11.1
Investment management and trust fees	3,366	2,830	536	18.9
Brokerage	1,347	1,542	(195)	(12.6)
Gain on sale of loans	2,829	6,167	(3,338)	(54.1)
Gain on sale of securities	8,433	12,677	(4,244)	(33.5)
Other	2,016	2,439	(423)	(17.3)
Total noninterest income	29,611	37,461	(7,850)	(21.0)
Salaries and wages	25,844	26,145	(301)	(1.2)
Employee benefits	8,123	9,048	(926)	(10.2)
Occupancy	3,623	3,834	(211)	(5.5)
Furniture and equipment	3,262	3,203	59	1.8
Data processing fees	2,759	2,792	(33)	(1.2)
FDIC premiums and examination fees	2,961	1,247	1,714	137.4
Amortization of intangibles	430	490	(61)	(12.2)
Other	8,397	8,632	(232)	(2.7)
Total noninterest expense	55,399	55,391	9	-
Income before income tax expense	31,909	30,251	1,657	5.5
Income tax expense	10,471	10,024	446	4.5
Net income	<u>\$ 21,438</u>	<u>\$ 20,227</u>	<u>\$ 1,211</u>	6.0 %

- (1) Calculation is based on interest income including \$3,368 and \$3,252 for the three months ended March 31, 2010 and March 31, 2009 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 allowance for loan losses.