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BREMER REPORTS FIRST QUARTER 2009 EARNINGS

St. Paul, Minn. (April 28, 2009) — Bremer Financial Corporation reported net income of \$20.2 million for the three months ended March 31, 2009, an increase of \$3.3 million or 19.7% from the \$16.9 million earned for the three months ended March 31, 2008. Return on average equity for the first quarter of 2009 was 12.0% compared to 10.6% for the first quarter of 2008, while return on average assets increased to 1.06% in the first quarter of 2009 from .94% in the first quarter of 2008. While first quarter 2009 loan loss provisions did increase by \$9.2 million or 107.8% compared to the first quarter of 2008, this increase in credit costs was more than offset by increases in both net interest income and noninterest income.

Net interest income for the first quarter of 2009 was \$65.9 million, an increase of \$3.5 million or 5.6% from the \$62.4 million reported for the same period a year ago. Our net interest margin was 3.83% for the quarter ended March 31, 2009 compared to 3.86% for the quarter ended March 31, 2008, while our average loans and leases outstanding for the quarter increased \$479.2 million or 9.1% from last year.

“Our first quarter numbers reflect Bremer’s position – we continue to be stable, profitable and well-capitalized,” said **Stan Dardis, CEO**. “None of that would have been possible without our incredible employees, who continue to work closely with our customers to help them – and their communities – weather these challenging economic conditions.”

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Noninterest income increased 64.6% to \$37.5 million in the first quarter of 2009 from \$22.8 million in the first quarter of 2008. An increase in mortgage refinancing activity due to the significant decline in mortgage rates resulted in strong mortgage revenues in the first quarter as gains on the sale of loans increased by 165.1% to \$6.2 million in the first quarter of 2009 from \$2.3 million in the first quarter of 2008. In addition, we sold over \$300 million of appreciated mortgage securities in order to capture market premiums and reduce prepayment risk, resulting in \$12.7 million of securities gains.

Noninterest expense increased \$3.8 million or 7.4% to \$55.4 million in the first quarter of 2009 from \$51.6 million in the first quarter of 2008. Significantly higher pension expense and FDIC insurance premiums contributed to the rise in expenses on a quarter-over-quarter comparison.

Nonperforming assets were \$102.4 million at March 31, 2009 compared to \$89.9 million at December 31, 2008 and \$51.4 million at March 31, 2008. Correspondingly, the ratio of nonperforming assets to total loans, leases and other real estate owned (OREO) increased to 1.80% at March 31, 2009 from 1.55% at December 31, 2008 and 0.96% at March 31, 2008.

Net charge-offs in the first quarter of 2009 were \$13.4 million, compared to \$13.5 million in the fourth quarter of 2008 and \$3.3 million in the first quarter of 2008. We recorded a provision for loan losses of \$17.7 million in the first quarter of 2009 compared to \$16.4 million in the prior quarter. Our ratio of allowance for loan losses to total loans and leases was 1.44% at March 31, 2009, 1.35% at December 31, 2008 and 1.28% at March 31, 2008.

Bremer Financial Corporation is a privately-held, \$7.5 billion regional financial services company jointly owned by its employees and the Otto Bremer Foundation (OBF). This unique ownership structure is the only one of its kind in the nation. 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 more than 100 locations in Minnesota, North Dakota and Wisconsin. OBF uses its share of dividends to distribute charitable grants to Bremer bank communities.

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

	Three months ended March 31,				
	2009	2008	Change		
Operating Results:					
Total interest income	\$ 95,401	\$ 110,487	(13.7)	%	
Total interest expense	29,513	48,098	(38.6)		
Net interest income	65,888	62,389	5.6		
Provision for loan losses	17,707	8,523	107.8		
Net interest income after provision for loan losses	48,181	53,866	(10.6)		
Noninterest income	37,461	22,760	64.6		
Noninterest expense	55,391	51,552	7.4		
Income before income tax expense	30,251	25,074	20.6		
Income tax expense	10,024	8,169	22.7		
Net income	\$ 20,227	\$ 16,905	19.7	%	
Net income per share - basic and diluted	\$ 1.69	\$ 1.41	19.7	%	
Dividends paid per share	0.50	0.62	(19.4)		
Tax equivalent net interest income	\$ 69,140	\$ 65,519	5.5	%	
Net charge-offs	13,389	3,342	NM		
Selected Financial Ratios:					
Return on average assets	1.06 %	0.94 %	0.12		
Return on average equity (1)	12.0	10.6	1.4		
Average equity to average assets (1)	8.89	8.91	(0.02)		
Net interest margin (2)	3.83	3.86	(0.03)		
Operating efficiency ratio (3)	52.0	58.4	(6.4)		
Net charge-offs to average loans and leases	0.94	0.25	0.69		
	March 31,	March 31,		December 31,	Change
	2009	2008		2008	
Balance Sheet Data:					
Total assets	\$ 7,519,138	\$ 7,468,162	0.7	%	\$ 7,719,803
Securities (4)	1,469,200	1,652,325	(11.1)		1,530,365
Loans and leases (5)	5,690,065	5,356,527	6.2		5,773,100
Total deposits	5,593,989	5,155,139	8.5		5,404,462
Short-term borrowings	750,701	1,111,006	(32.4)		1,130,352
Long-term debt	413,868	465,474	(11.1)		437,443
Redeemable class A common stock	55,139	52,291	5.4		53,970
Shareholders' equity	634,099	601,345	5.4		620,660
Per share book value of common stock	57.44	54.47	5.4		56.22
Asset Quality:					
Allowance for loan losses	\$ 81,971	\$ 68,715	19.3	%	\$ 77,653
Nonperforming assets	102,396	51,419	99.1		89,875
Nonperforming assets to total loans, leases and OREO	1.80 %	0.96 %	0.84		1.55
Allowance for loan losses to total loans and leases	1.44	1.28	0.16		1.35

- (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,			
	2009		2008	
	Average Balance	Average Rate/ Yield (1)	Average Balance	Average Rate/ Yield (1)
Summary Average Balance Sheet:				
Total loans and leases (2)	\$5,756,154	5.53 %	\$ 5,276,964	7.09 %
Total securities (3)	1,547,327	5.29	1,519,667	5.39
Total other earning assets	20,002	0.30	27,242	2.83
Total interest-earning assets (4)	<u>\$7,323,483</u>	5.46 %	<u>\$ 6,823,873</u>	6.70 %
Total noninterest-earning assets	387,821		397,429	
Total assets	<u>\$7,711,304</u>		<u>\$ 7,221,302</u>	
Non-interest-bearing deposits	\$ 796,935		\$ 740,657	
Interest-bearing deposits	4,650,893	1.96 %	4,440,964	3.25 %
Short-term borrowings	1,074,500	0.86	912,153	3.00
Long-term debt	423,815	4.51	393,835	5.51
Total interest-bearing liabilities	<u>\$6,149,208</u>	1.95 %	<u>\$ 5,746,952</u>	3.37 %
Other non-interest-bearing liabilities	79,282		90,135	
Redeemable class A common stock	54,867		51,485	
Shareholders' equity	631,012		592,073	
Total liabilities and equity	<u>\$7,711,304</u>		<u>\$ 7,221,302</u>	
Summary Income Statement:				
	2009	2008	\$ Change	% Change
Total interest income	\$ 95,401	\$110,487	\$ (15,086)	(13.7) %
Total interest expense	29,513	48,098	(18,585)	(38.6)
Net interest income	<u>65,888</u>	<u>62,389</u>	<u>3,499</u>	5.6
Provision for loan losses	17,707	8,523	9,184	107.8
Net interest income after provision for loan losses	48,181	53,866	(5,685)	(10.6)
Service charges	8,828	9,232	(404)	(4.4)
Insurance	2,978	3,213	(235)	(7.3)
Investment management and trust fees	2,830	3,246	(416)	(12.8)
Brokerage	1,542	1,763	(221)	(12.5)
Gain on sale of loans	6,167	2,326	3,841	165.1
Gain on sale of securities	12,677	295	12,382	NM
Other	2,439	2,685	(246)	(9.2)
Total noninterest income	<u>37,461</u>	<u>22,760</u>	<u>14,701</u>	64.6
Salaries and wages	26,145	25,183	962	3.8
Employee benefits	9,048	7,397	1,651	22.3
Occupancy	3,834	3,606	228	6.3
Furniture and equipment	3,203	3,304	(101)	(3.1)
Data processing fees	2,792	2,708	84	3.1
FDIC premiums and examination fees	1,247	803	444	55.3
Amortization of intangibles	490	536	(46)	(8.6)
Other	8,632	8,015	617	7.7
Total noninterest expense	<u>55,391</u>	<u>51,552</u>	<u>3,839</u>	7.4
Income before income tax expense	30,251	25,074	5,177	20.6
Income tax expense	10,024	8,169	1,855	22.7
Net income	<u>\$ 20,227</u>	<u>\$ 16,905</u>	<u>\$ 3,322</u>	19.7 %

- (1) Calculation is based on interest income including \$3,252 and \$3,130 for the three months ended March 31, 2009 and March 31, 2008 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.