

MYTH: “The purpose of the Trust was to support charitable causes in Minnesota, Montana, North Dakota, and Wisconsin.”

FACT: Otto Bremer created OBT to preserve the hometown banks to which he had devoted so much of his life. As OBT explained in one of its annual reports: “In creating the Foundation, [Otto Bremer] sought to ensure the perpetuation of the Bremer banks and the ultimate return of his personal wealth to his ‘family’ of communities — including Minnesota, Montana, North Dakota and Wisconsin.”

In the words of one biographer, Otto “valued his investments in [his] independent banks so much that, nearing retirement, he looked for ways to protect the small-town banks from being gobbled up by another entity.” Otto’s solution was the creation of OBT and a directive that the trustees must retain OBT’s investment in BFC absent extraordinary circumstances. Over the ensuing decades, OBT’s trustees have consistently acknowledged that selling BFC is “non-negotiable” because, “Otto Bremer indicated that the Foundation should remain invested in the bank holding company in good and bad times.”

MYTH: “Otto Bremer Trust Trustees will work cooperatively with Bremer Financial Corporation to find a way to separate BFC and OBT through a sale of the bank that will release the bank from the heavy dividend demand required to meet the increased valuation while increasing the value of OBT, subsequently providing double the amount of funds to use for charitable purposes throughout the four-state region.”

FACT: There has been no radical change to BFC’s value and no radical change in OBT’s tax burden. Instead, the trustees voluntarily changed the way BFC is valued on OBT’s return, departing unnecessarily from the consistent approach that they took—and that the IRS accepted—for over 30 years. Otto Bremer’s trust instrument prohibits the trustees from selling BFC absent extraordinary circumstances, and there is no reason to separate the two institutions that have served our local communities so well for so long. BFC’s dividend payments have fueled OBT’s charitable giving for decades and have allowed OBT to meet its annual distribution requirements under the tax law year after year.

MYTH: “At the time the 1989 reorganization was approved by the Bremer Financial Corporation board, there was a clear understanding by both the Trustees of the Otto Bremer Trust and bank management that the bank could be sold at any time—immediately, in the near term or at some point in the future—as circumstances demanded.”

FACT: OBT and BFC have always understood that the bank could be sold only under extraordinary circumstances. Far from overriding Otto Bremer’s command in the trust instrument, the 1989 reorganization was designed to maintain the symbiotic relationship between BFC and OBT and preserve Otto’s legacy. As longtime trustee Daniel Reardon explained in an interview conducted 20 years after the reorganization, OBT was created so that “[t]he banks

will remain intact” and Otto’s “legacy will continue,” because “[t]he foundation is set up into perpetuity” and the trustees “are never to sell the bank holding company.”

MYTH: “In 2019, with the bank’s assets crossing the \$10 billion mark, it was apparent to the trustees that BFC needed to grow to remain competitive in the market.”

FACT: Bremer Bank’s assets reached \$10 billion in 2015, not 2019. Since then, the bank has continued to grow its assets, crossing the \$16 billion mark in 2022. Throughout this time, BFC has reliably served as the successful economic engine for OBT, paying OBT more than \$1 billion in dividends since 1989.

MYTH: “Otto Bremer Trust was put in an untenable position, which led the Trustees to sell 725,000 shares of its Class B non-voting stock to several interested parties in October 2019.”

FACT: In an effort to justify their attempt to sell BFC out of existence, the trustees have claimed that certain events in early 2019 nearly doubled BFC’s fair market value essentially overnight. This story defies economic reality and common sense. In reality, the trustees’ efforts to force a sale of the bank were motivated by their financial self-interest: the opportunity to increase their collective pay from OBT by millions of dollars per year following a sale of BFC.

MYTH: “OBT’s trustees had a fiduciary obligation to explore strategic options for BFC that might maximize the value of OBT’s assets in the short term.”

FACT: The trustees have no fiduciary obligation to sell BFC to the highest bidder. To the contrary, they are obligated to maintain OBT’s investment in BFC absent extraordinary circumstances that do not remotely exist.

Otto Bremer believed the existence of community banks was central to enhancing quality of life in rural and underserved communities. As OBT’s trustees have consistently and repeatedly acknowledged over the years, Otto created OBT to preserve BFC, and the trustees are bound by Otto’s instruction that they must maintain OBT’s ownership of BFC under virtually all circumstances, even if other investments are available that could theoretically generate larger returns.

MYTH: “Selling Bremer Bank would double the amount of funds that OBT could use for charitable purposes throughout the Upper Midwest region.”

FACT: Selling BFC off to the highest bidder would provide OBT with a one-time infusion of cash. But preserving the symbiotic relationship that Otto Bremer envisioned when he created BFC’s unique ownership structure will allow BFC to continue to fuel OBT’s charitable giving into perpetuity with the opportunity to surpass a one-time cash infusion while ensuring that BFC’s communities maintain access to important financial services that are often hard to obtain elsewhere.

MYTH: “BFC’s board voted to remove the OBT trustees as Bremer directors.”

FACT: Trustee Charlotte Johnson retired voluntarily from the BFC Board in January 2020, though she remains an OBT trustee. In February 2021, the BFC Board determined not to renominate

Brian Lipschultz (then an OBT trustee) and Daniel Reardon (a current OBT trustee) for election as directors due to breaches of their fiduciary obligations and violations of BFC's code of conduct. BFC's employee-shareholders subsequently elected the current composition of the Board.