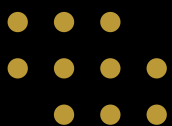




GOOD LIVES HERE™



OTTO
BREMER
TRUST™

2016 ANNUAL REPORT

LETTER FROM THE TRUSTEES

GOOD LIVES HERE™

Those words capture the essence of the Otto Bremer Trust and the commitment to *investing for impact* that has been at the core of our work for more than 70 years.

Good Lives Here expresses our view of the region we serve: Minnesota, North Dakota, and western Wisconsin. This is the region that was home to the young German immigrant Otto Bremer and came to represent his land of opportunity. Throughout his life, he was well aware of the challenges faced by individuals and communities in the Upper Midwest as he himself had experienced many. But he believed that combining finance and philanthropy would provide invaluable resources to the region that was his new home.

As Trustees, we appreciate the extraordinary legacy put in place by Otto Bremer. It is our job to see that the Otto Bremer Trust continues *investing for impact* through our evolving efforts in the region.

OUR UPDATED MISSION STATEMENT— INVESTING IN PEOPLE, PLACES, AND OPPORTUNITIES IN THE UPPER MIDWEST—GUIDES OUR WORK.

These investments and their returns take many forms. Through our grants to nonprofit organizations, we look for social returns. Our talented philanthropy team, now organized as dedicated regional resources, works closely with communities to identify needs and opportunities and guide these investments, most often in the form of grants.

Of course, to provide the resources to do this work on a large scale for the long-term we must also pursue investments with purely financial returns. We manage our assets prudently in light of our structure and have been able to grow significantly over time.

It is a third area of investing that gives us opportunities to leverage our impact; we call these hybrid investments. Through these investments we pursue a combination of financial and social returns. Most notably, the Otto Bremer Trust is a bank holding company that owns 92 percent of Bremer Bank, a nearly \$12 billion financial institution with operations throughout the three-state region. Bremer Bank plays an important role in community health with committed local employees who provide superior banking services to businesses and individuals in their communities. Our strategic investment in Bremer Bank has resulted in returns that are both financial and social

and contribute to a better way of life in the region. We further leverage this approach by making program-related investments in a variety of organizations. This is an expanding focus that is important to support hybrid returns.

While “impact investing” has become a popular term in philanthropy circles, the Otto Bremer Trust has been *investing for impact* throughout our history, being a responsive, mission-driven organization that has invested more than \$600 million in grants and program-related investments to hundreds of organizations throughout the Upper Midwest. We will continue to invest in the region as we always have but now with an expanded commitment to new and dynamic opportunities.

More than 80 years ago during the Great Depression, Otto Bremer invested in small “countryside banks” and the communities where they were located, providing resources to keep them viable. He believed people and communities could survive and flourish if they had access to resources, both financial and social, at critical times. His commitment to helping people and places thrive is the cornerstone of the Otto Bremer Trust’s investment philosophy. Otto recognized then, as we do today, that

GOOD LIVES HERE.



S. Brian Lipschultz CO-CEO AND TRUSTEE

Charlotte S. Johnson CO-CEO AND TRUSTEE

Daniel C. Reardon CO-CEO AND TRUSTEE



TOTAL ASSETS

\$936,964,482

TOTAL AMOUNT GIVEN THROUGH GRANTS & PRIs

\$47,314,055

ORGANIZATIONS

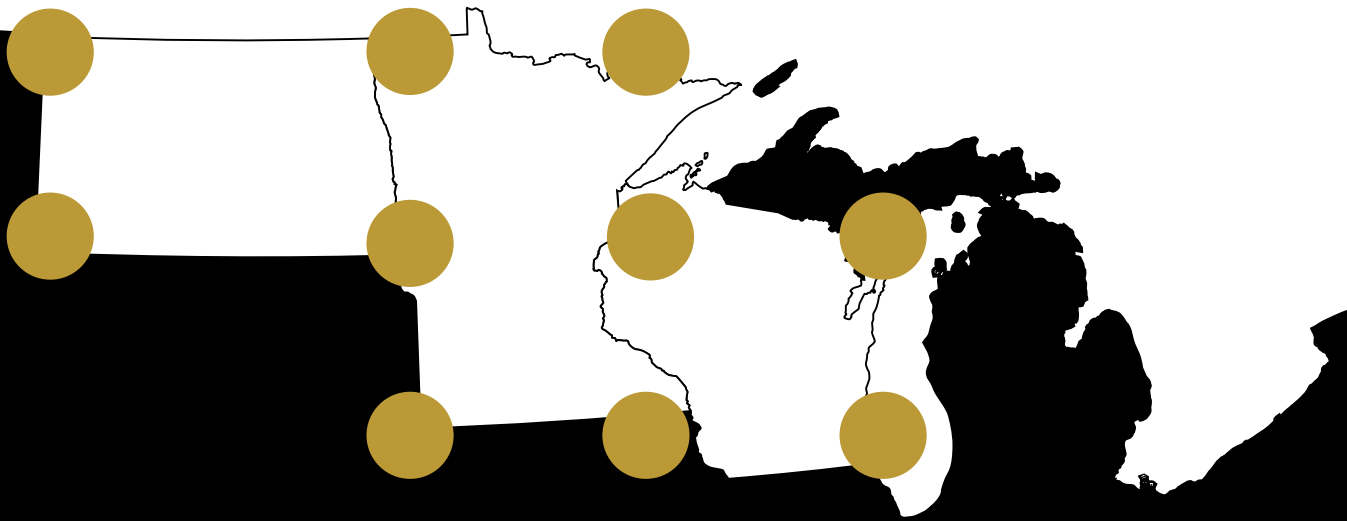
600+

COMMUNITIES IMPACTED

162

CONTINUING THE LEGACY

The Otto Bremer Trust, based in St. Paul, Minnesota, is now one of the nation's largest charitable trusts. Created in 1944 by banker and community leader Otto Bremer, the Trust was established to perpetuate his life's work of serving as a financial resource to communities in the Upper Midwest. Otto's holdings in "countryside banks" have evolved into Bremer Bank, a \$12 billion regional financial services company, as well as a portfolio of other investments. From those modest beginnings, OBT has made over \$600 million in grants and program-related investments to organizations in Minnesota, North Dakota, and western Wisconsin.



INVESTMENT OVERVIEW

GRANTS AND PRIs BY REGION

The Otto Bremer Trust's mission is to invest in people, places, and opportunities in the Upper Midwest. In 2016, more than 600 organizations across the region benefitted from \$47 million in OBT grants and program-related investments.

To the right is a regional breakout of where those investments were made. Nearly 70 percent of these awards went to communities in the greater Bremer region; the balance went to organizations in the Twin Cities metropolitan area.

TWIN CITIES METROPOLITAN AREA

\$20,082,917

274 GRANTS AND PRIs

Arden Hills, Brooklyn Center, Eagan, Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maplewood, Minneapolis, Minnetonka, Plymouth, Richfield, Roseville, South St. Paul, St. Anthony, St. Louis Park, St. Paul, Stillwater, White Bear Lake, Woodbury

CENTRAL AND NORTHERN MINNESOTA

\$2,948,884

57 GRANTS

Aitkin, Baxter, Brainerd, International Falls, Princeton, Rice, Sartell, Sauk Rapids, St. Cloud

WESTERN AND SOUTH CENTRAL MINNESOTA

\$2,991,456

63 GRANTS

Alexandria, Brandon, Fergus Falls, Mankato, Marshall, Morris, Owatonna, Perham, Redwood Falls, Starbuck, Watertown, Willmar

SOUTHEASTERN MINNESOTA

\$2,126,649

33 GRANTS

Austin, Eyota, Houston, Kasson, Rochester, Rollingstone, St. Charles, Stewartville, Winona

RED RIVER REGION

\$4,635,555

70 GRANTS AND PRIs

Minnesota: Breckenridge, Crookston, Detroit Lakes, Moorhead, Warren
North Dakota: Casselton, Fargo, Fordville, Gilby, Grafton, Grand Forks, Larimore, Lisbon, Wahpeton

WESTERN NORTH DAKOTA

\$2,269,489

36 GRANTS

Bismarck, Carrington, Devils Lake, Minnewaukan, Minot, Richardton, Rugby

WESTERN WISCONSIN

\$4,221,590

93 GRANTS AND PRIs

Amery, Bayfield, Colfax, Eau Claire, Elk Mound, Frederic, La Crosse, La Pointe, Menomonie, New Richmond, Siren, Washburn

MINNESOTA STATEWIDE

\$6,914,064

74 GRANTS AND PRIs

NORTH DAKOTA STATEWIDE

\$1,123,451

19 GRANTS

INVESTING FOR IMPACT WITH A MISSION-DRIVEN APPROACH

The Otto Bremer Trust is a unique organization spanning banking, investments, and philanthropy. Each serves a specific purpose, and they all work together to deliver impact to the communities we serve. As we invest, we look for a variety of returns—social, financial, and a hybrid of both.

SOCIAL RETURN

We carefully review and partner with organizations with a proven track record, or those showing great promise, to ensure our grant investments work harder, achieve more, and make a greater difference in communities throughout the Upper Midwest.

HYBRID RETURN

Every investment serves a purpose, and we refer to those that meet both social and financial objectives as delivering hybrid returns. These include program-related investments with like-minded organizations, our 92 percent ownership of Bremer Bank, and participation in other mission-driven initiatives.

FINANCIAL RETURN

Investments that generate a financial return provide a steady revenue stream to support the mission of the Otto Bremer Trust. By prudently managing a diverse portfolio of assets, we're able to grow the funds available to be reinvested in the community to generate even more good.



2016 FINANCIAL OVERVIEW

FOR THE YEAR ENDED DECEMBER 31, 2016

END-OF-YEAR MARKET VALUE OF ASSETS

CASH	\$25,247
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INVESTMENTS

Fixed income	58,657,427
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Corporate stock	869,344,290
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Other	6,016,973
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OTHER ASSETS

Fixed assets	2,726,265
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Accrued receivables	194,280
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TOTAL ASSETS	\$936,964,482
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REVENUE AND EXPENSES

REVENUE

Interest from investments	49,240
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Dividends from investments	47,708,676
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Net gain on sale of investments	1,382,462
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Other income	2,871,534
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TOTAL REVENUE	\$52,011,912
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EXPENSES AND DISBURSEMENTS

Operations and administration	5,109,364
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Taxes	508,547
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Grants and program-related investments	47,314,055
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Total Expenses and Disbursements	\$52,931,966
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Excess Revenue over Expenses	\$(920,054)
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ASSETS

2016	\$936,964,482
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2015	\$906,202,779
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2014	\$945,257,043
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2013	\$898,842,764
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2012	\$795,565,635
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2011	\$761,102,155
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GRANTS/PRIs

2016	\$47,314,055
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2015	\$45,131,785
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2014	\$42,296,824
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2013	\$38,321,048
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2012	\$36,229,373
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2011	\$30,567,764
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