



Charles Schwab Bank Participant Disclosure Statement for the Bremer Stock Liquidity Fund

Please read this document carefully and keep a copy for your records.

The terms “we,” “us,” “our,” and “Schwab Bank” in this document refer to Charles Schwab Bank. The term “Business Trust Division” refers to the institutional trust and custody department of Schwab Bank. The term “Bremer Stock Liquidity Fund” refers to the institutional custody account established in the Business Trust Division that comprises the Bremer Stock Liquidity Fund under the Bremer 401(k) Plan (the “Plan”). The terms “you” and “your” refer to a Plan participant who has allocated a portion of his or her Plan account balance to the Bremer Stock Liquidity Fund.

Disclosure Statement

1. Introduction

The applicable fiduciaries under the Plan have elected to utilize the Schwab Bank Sweep Program, a service that the Business Trust Division provides, to deposit uninvested cash in the Bremer Stock Liquidity Fund to earn income pending investment in Bremer Financial common stock in accordance with the terms of the Plan. Schwab Bank Sweep for Employee Benefit Plans is the option that has been elected for Bremer Stock Liquidity Fund under the Sweep Program. The program deposits cash held in the Bremer Stock Liquidity Fund in a liquid savings deposit account to earn interest. This deposit account is maintained in the banking division of Schwab Bank and is insured by the Federal Deposit Insurance Corporation (“FDIC”). Upon direction to enroll the Bremer Stock Liquidity Fund in the Sweep Program, the Bremer Stock Liquidity Fund’s uninvested cash will automatically be deposited to, or withdrawn from, a deposit account maintained in the banking division of Schwab Bank.

2. Interest Rates and Yields

Current interest rates and yields for the sweep vehicles available in the Sweep Program can be obtained online at workplace.schwab.com.

The interest rate paid on the Schwab Bank Sweep for Employee Benefit Plans is established periodically by Schwab Bank based on prevailing market and business conditions. Schwab Bank Sweep for Employee Benefit Plans is not intended for long-term investments. Plan participants may want to consider higher-return alternatives for uninvested cash that is not needed immediately.

3. Use of Schwab Bank Sweep for Employee Benefit Plans for the Bremer Stock Liquidity Fund

Funds you allocate to the Bremer Stock Liquidity Fund will be deposited in Schwab Bank Sweep for Employee Benefit Plans, a deposit account (the “Deposit Account”) maintained in the banking division of Charles Schwab Bank. Similarly, funds will be withdrawn from the Deposit Account, as required, to settle purchase transactions of Bremer Financial common stock in accordance with the terms of the Plan or to otherwise fund disbursements from the Bremer

Stock Liquidity Fund. The Deposit Account is a money market deposit account described in 12 C.F.R. Section 204.2(d)(2) of the Federal Reserve Board's Regulation D ("Regulation D") (a "MMDA") established in the banking division of Charles Schwab Bank. Further, Schwab Bank, as exclusive agent for the benefit of the Plan for which it acts as custodian, has established the Deposit Account in the banking division of Schwab Bank in the name of the Business Trust Division on behalf of Charles Schwab Bank accounts for which it acts as directed trustee or custodian. The Deposit Account is eligible for FDIC insurance as described below.

Funds in the Deposit Account at Schwab Bank are eligible for deposit insurance by the FDIC up to a total of \$250,000 for principal and accrued interest per depositor when aggregated with all other deposits held by the depositor in the same insurable capacity at Schwab Bank. For example, funds in the Deposit Account at Schwab Bank held by an individual are insured up to \$250,000. For IRAs, Section 457 Plans, self-directed Keogh Plans, and certain other self-directed defined contribution plans, funds in the Deposit Account at Schwab Bank are eligible for deposit insurance up to \$250,000 for principal and accrued interest per depositor in the aggregate. Please read "Deposit Insurance: General" and "Deposit Insurance: Retirement Plans and Accounts" later in this disclosure for important information about the deposit insurance coverage for different types of accounts and how the FDIC aggregates balances in multiple accounts when calculating the amount of coverage.

If you contribute or transfer funds to the Bremer Stock Liquidity Fund prior to the Plan's cut-off time and the Plan's recordkeeper provides those instructions to Schwab Bank prior to 4 PM ET, funds will be deposited in the Deposit Account and begin to earn interest on the same Business Day. If you contribute or transfer funds to the Bremer Stock Liquidity Fund and the Plan's recordkeeper provides those instructions to Schwab Bank after 4 PM ET, funds will be deposited in the Deposit Account and begin to earn interest the following Business Day. In relation to Schwab Bank Sweep for Employee Benefit Plans, the term "Business Day" shall mean any day on which both Schwab Bank and the New York Stock Exchange are open for business. Similarly, if you transfer funds out of the Bremer Stock Liquidity Fund prior to the Plan's cut-off time and the Plan's recordkeeper provides those instructions to Schwab Bank prior to 4 PM ET, funds will be withdrawn from the Deposit Account on the same Business Day. If you transfer funds out of the Bremer Stock Liquidity Fund and the Plan's recordkeeper provides those instructions to Schwab Bank after 4 PM ET, funds will be withdrawn the next Business Day.

Cash held in the Bremer Stock Liquidity Fund will be deposited into the Deposit Account without limit even if the amount deposited exceeds the \$250,000 federal deposit insurance limit. In addition, for deposit insurance purposes, any deposit accounts (including certificates of deposit) that are established in one insurable capacity directly with Schwab Bank will be aggregated with the Deposit Account established for Schwab Bank Sweep for Employee Benefit Plans in the same insurable capacity. Each Plan participant that may hold a beneficial interest in the assets held in the Bremer Stock Liquidity Fund is responsible for monitoring the total amount of deposits maintained at Schwab Bank in order to determine the extent of available deposit insurance coverage.

Structure. The MMDA is a direct obligation of Schwab Bank and is not, either directly or indirectly, guaranteed by Charles Schwab & Co., The Charles Schwab Corporation, or any affiliate or subsidiary other than Schwab Bank.

Deposits. When uninvested cash in the Bremer Stock Liquidity Fund is available to be swept, the Business Trust Division, as the Plan's agent, will deposit the Bremer Stock Liquidity Fund's uninvested cash balance in the MMDA which was established in the banking division of Schwab Bank.

Withdrawals. As the Plan's agent, the Business Trust Division will make all withdrawals necessary to settle purchase transactions and fund disbursements of payments from the Bremer Stock Liquidity Fund.

Federal banking regulations limit the number of electronic transfers or withdrawals from an MMDA to six during a monthly statement cycle. The Business Trust Division, as the Plan's agent, will present withdrawal instructions in person daily to the banking division of Schwab Bank in order to comply with this regulatory requirement to ensure that these limits are not exceeded. This limit on MMDA transfers will not limit the number of withdrawals that can be made from funds on deposit at Schwab Bank through the Sweep Program, the interest rate the Bremer Stock Liquidity Fund earns, or the amount of FDIC insurance coverage for which the Bremer Stock Liquidity Fund is eligible.

Under federal banking regulations, Schwab Bank must reserve the right to require seven days' notice before permitting a transfer of funds out of an MMDA. Schwab Bank has indicated that it currently has no intention of exercising this right.

Interest Rate for Schwab Bank Sweep for Benefit Plans. Interest rates will be established periodically by Schwab Bank based on prevailing market and business conditions.

Interest accrues on funds from the day they are deposited until (but not including) the day they are withdrawn. Interest is compounded daily and credited on the last business day of each month. The interest rates paid on the Deposit Account may be higher or lower than the interest rates available to depositors making deposits directly with Schwab Bank or other depository institutions in comparable accounts. Plan participants should compare the terms, interest rates, required minimum amounts, and other features of Schwab Bank Sweep for Employee Benefit Plans with those of other alternative investments.

Account Statement. All transactions in the Deposit Account will be confirmed on the Plan's custody account statement, which will also show the Bremer Stock Liquidity Fund's opening and closing balances and the interest earned for the period. The Business Trust Division is responsible for the accuracy of the custody account statements including transactions in the Deposit Account.

4. The Plan's Relationship with the Business Trust Division and Schwab Bank.

Schwab Bank is the depository institution at which the Deposit Account is established. A Plan participant's ownership of the funds deposited in the Deposit Account will be evidenced by a book entry on records maintained by Schwab Retirement Plan Services, Inc. ("SRPS") as recordkeeper for the Plan. No evidence of ownership, such as a passbook or certificate, will be issued. Plan account statements will evidence a Plan participant's balance in the Bremer Stock Liquidity Fund and the Deposit Account, and should be retained by the Plan participant for his or her records. A Plan participant's deposits in the Deposit Account through the Bremer Stock Liquidity Fund will be eligible for FDIC insurance based upon the dollar amount of a Plan participant's beneficial interest in the Deposit Account as reflected in the Plan participant's

Plan account records maintained by SRPS, and subject to FDIC limitations as described in other sections of this disclosure.

All transactions in the Deposit Account will be directed by the Plan sponsor pursuant to instructions provided by Plan Participants or other authorized parties. All information concerning a Participant's Bremer Stock Liquidity Fund balance can be obtained only from the Plan sponsor or SRPS acting at the Plan sponsor's direction. Schwab Bank has no obligation to accept instructions directly from any Plan Participant with respect to SBS or the Deposit Account, or to provide Plan Participants with information concerning the Deposit Account.

Schwab Bank may, in its sole discretion, change the conditions of, or terminate, Schwab Bank Sweep for Employee Benefit Plans at any time upon notice to the Plan's sponsor. The Plan's sponsor, or SRPS acting on its behalf, will provide Plan participants with notice of any such changes or termination. If Schwab Bank Sweep for Employee Benefit Plans is terminated, a Plan participant's balance in the Deposit Account will be withdrawn and re-invested as directed under the Plan's investment or default provisions.

Schwab Bank and its affiliates will receive certain benefits in connection with Schwab Bank Sweep for Employee Benefit Plans as further described below.

5. Potential Benefits to Schwab Bank and Conflicts of Interest

Schwab Bank intends to use the cash balances in the MMDA to fund current and new lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on the MMDA and other costs of maintaining the MMDA, and the interest rate and other income earned by Schwab Bank on the loans and investments made with the funds in the MMDA. The income that Schwab Bank will have the opportunity to earn through its lending and investing activities is expected to be greater than the fees earned by Schwab Bank and its affiliates from managing and distributing money market funds, collective trust funds, or other stable value investment options.

Although Schwab Bank, in its corporate capacity and not as custodian of the Plan's assets, has the discretion to determine the interest rate for the MMDA, the Plan's sponsor has the fiduciary obligation to determine that the interest rate on the MMDA is reasonable and that the use of Schwab Bank Sweep for Employee Benefit Plans is both prudent and proper in light of other options available.

Schwab Bank, as custodian of the Plan's assets, and SRPS, an affiliate of Schwab Bank, as the Plan's recordkeeper, Schwab Bank, in its corporate capacity, Charles Schwab & Co., Inc., a broker-dealer affiliate of Schwab Bank, and other affiliates of these entities may receive direct and indirect remuneration in connection with services provided to the Plan.

6. FDIC Insurance

General Information. A Plan participant's Schwab Bank Sweep for Employee Benefit Plans deposits through the Bremer Stock Liquidity Fund in the Deposit Account at Schwab Bank (including principal and accrued interest) are insured by the FDIC, an independent agency of

the U.S. Government, up to \$250,000 when aggregated with all other deposits a Plan participant holds in the same insurable capacity at Schwab Bank. A Plan participant's funds become eligible for deposit insurance immediately upon placement into the Deposit Account at Schwab Bank. Generally, any accounts or deposits that a Plan participant may maintain directly with Schwab Bank, or through any other intermediary, in the same insurable capacity as the Plan participant's Deposit Account deposits would be aggregated with the Plan participant's Deposit Account deposits for purposes of applying the \$250,000 federal deposit insurance limit. Under FDIC regulations, an individual's interest in the deposits held at a bank through the following types of retirement plans and accounts will be aggregated for purposes of applying the \$250,000 deposit insurance limit:

- All types of IRAs;
- All Section 457 deferred compensation plan accounts (such as eligible deferred compensation plans provided by state and local governments regardless of whether they are self-directed);
- Self-directed defined contribution plan accounts (such as self-directed 401(k) plans, self-directed SIMPLE plans held in the form of 401(k) plans, self-directed defined contribution money purchase plans and self-directed defined contribution profit-sharing plans); and
- Self-directed Keogh plan accounts designed for self-employed individuals.

Plan participants are responsible for monitoring the total amount of deposits that they hold with Schwab Bank in order to determine the extent of deposit insurance coverage available on a Plan participant's deposits, including their Schwab Bank Sweep for Employee Benefit Plans deposits. Neither the Plan's sponsor, SRPS nor Schwab Bank is responsible for monitoring a Plan participant's Schwab Bank Sweep for Employee Benefit Plans deposits nor any other deposits held at Schwab Bank for this purpose.

In the event Schwab Bank fails, a Plan participant's deposits in the Deposit Account at Schwab Bank are insured, up to \$250,000 for principal and interest accrued to the day Schwab Bank is closed, based upon records maintained by the Plan's sponsor and SRPS, subject to the aggregation rules described above.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to the Plan and such payments will be reflected in a Plan participant's Plan account maintained by SRPS. There is no specific time period during which the FDIC must make insurance payments available, and the Plan is under no obligation to credit a Plan participant's Plan account with funds in advance of payments received from the FDIC. Furthermore, a Plan participant may be required to provide certain documentation to the FDIC before insurance payments are made.

Questions About FDIC Deposit Insurance Coverage. If you have questions about basic FDIC insurance coverage, you may wish to seek advice from your own attorney concerning the FDIC insurance coverage of your deposits. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at <http://www.fdic.gov/deposit/index.html>, or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.