

**For Immediate Release**  
**April 22, 2010**  
**Wells, Minnesota**

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**Wells Financial Corp. Announces First Quarter Results  
And Cash Dividend**

**Selected Financial Data**

(Dollars in Thousands, except per share data)  
(unaudited)

	Quarter Ended March 31,	
	2010	2009
Net Income	\$ 351	\$ 645
Basic earnings per share	\$ 0.45	\$ 0.83
Diluted earnings per share	\$ 0.45	\$ 0.83
Return on average equity (1)	6.33%	12.40%
Return on average assets (1)	0.54%	0.99%
Net interest rate spread	3.32%	3.40%
Net interest rate margin	3.38%	3.47%
Book value per share	\$ 28.52	\$ 27.23

(1) Annualized

Lonnie R. Trasamar, President of Wells Financial Corp. (the Company), the holding company of Wells Federal Bank (the Bank), announced first quarter earnings for 2010 of \$351,000, down \$294,000 or 45.6%, when compared to the first quarter of 2009. Basic and diluted earnings per share for the quarter were \$0.45, down \$0.38, when compared to the first quarter of 2009. The decrease in net income resulted from a decrease of \$660,000 in the gain on sale of loans to the secondary market. During the first quarter of 2009 the Bank saw increased activity in the refinancing of loans sold to the secondary market when compared to the first quarter of 2010 due to programs introduced by the secondary market that streamlined the refinance process for the Bank's customers. While these programs are still available a large number of the Bank's customers elected to refinance their loans during 2009.

When comparing the first quarter of 2010 with the same period in 2009 the provision for loan loss decreased by \$260,000. The provision reflects management's monitoring of the allowance for loan losses in relation to the size and quality of the loan portfolio. Management adjusts the provision for loan losses to adequately provide for loan losses. Due to changes in economic conditions and changes in the composition of the loan portfolio, it is possible that the provision for loan losses will increase in future periods.

When comparing March 31, 2010 to December 31, 2009, total assets decreased by \$3,015,000 due, primarily, to a decrease in loans receivable. Liabilities decreased by \$3.3 million during the first quarter of 2010 due to a decrease in borrowed funds.

## **Cash Dividend Announcement**

On April 20, 2010, the Company's Board of Directors declared a \$0.26 per share cash dividend, payable on May 21, 2010 to shareholders of record on May 7, 2010. This is the eighteenth consecutive quarter that the Company has paid a \$0.26 dividend.

## **Forward-looking Statements**

Statements in this press release that are not strictly historical may be "forward-looking" statements, which involve risks and uncertainties. The foregoing material may contain forward-looking statements concerning the financial condition, results of operations and business of the Company. We caution that such statements are subject to a number of uncertainties and actual results could differ materially and, therefore, readers should not place undue reliance on any forward-looking statements. The Company does not undertake, and specifically disclaims, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances arising after the date hereof.

*\*\*An unaudited consolidated balance sheet and income statement are part of this press release\*\**

**WELLS FINANCIAL CORP. and SUBSIDIARY**  
**Consolidated Statement of Financial Condition**  
(Dollars in Thousands)  
(Unaudited)

<b>ASSETS</b>	<u><b>03/31/10</b></u>	<u><b>12/31/09</b></u>
Cash, including interest-bearing accounts: 03/31/10 \$24,468; 12/31/09 \$34,777	\$ 28,666	\$ 41,013
Certificates of deposit	11,131	175
Securities available for sale	13,045	10,698
Federal Home Loan Bank Stock, at cost	2,491	2,728
Loans held for sale	958	1,931
Loans receivable, net	192,041	195,423
Accrued interest receivable	1,511	1,564
Premises and equipment	3,614	3,693
Mortgage servicing rights, net	1,304	1,373
Other assets	7,445	6,623
<b>TOTAL ASSETS</b>	<b>\$ 262,206</b>	<b>\$ 265,221</b>
<b>LIABILITIES AND EQUITY</b>		
LIABILITIES:		
Deposits	\$ 209,360	\$ 208,870
Borrowed funds	26,185	31,435
Advances from borrowers for taxes and insurance	3,460	2,233
Income taxes:		
Deferred	83	157
Accrued interest payable	176	61
Accrued expenses and other liabilities	614	402
<b>TOTAL LIABILITIES</b>	<b>239,878</b>	<b>243,158</b>
STOCKHOLDER'S EQUITY:		
Common stock, \$.10 par value; 7,000,000 shares authorized; 2,187,500 shares issued	\$ 219	\$ 219
Additional paid in capital	17,127	17,166
Retained earnings, substantially restricted	32,763	32,615
Other comprehensive income	156	131
Treasury stock, at cost, 1,404,699 shares at March 31, 2010; 1,411,260 shares at December 31, 2009	(27,937)	(28,068)
<b>TOTAL EQUITY</b>	<b>22,328</b>	<b>22,063</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 262,206</b>	<b>\$ 265,221</b>

**WELLS FINANCIAL CORP. and SUBSIDIARY**  
Consolidated Statement of Income  
(Dollars in Thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	2010	2009
Interest and dividend income		
Loans receivable:		
Residential loans	\$ 601	\$ 717
Commercial Loans	591	630
Ag Real Estate Loans	749	898
Consumer and other loans	1,117	1,241
Investment securities and other interest-bearing deposits	141	105
<b>Total interest income</b>	<b>3,199</b>	<b>3,591</b>
Interest expense		
Deposits	872	1,054
Borrowed funds	262	424
<b>Total interest expense</b>	<b>1,134</b>	<b>1,478</b>
<b>Net interest income</b>	<b>2,065</b>	<b>2,113</b>
Provision for loan losses	125	385
<b>Net interest income after provision for loan losses</b>	<b>1,940</b>	<b>1,728</b>
Noninterest income		
Gain on sale of loans	134	794
Loan servicing fees	239	225
Insurance commissions	204	186
Fees and service charges	132	149
Other	78	68
<b>Total noninterest income</b>	<b>787</b>	<b>1,422</b>
Noninterest expense		
Compensation and benefits	1,038	1,074
Occupancy and equipment	250	261
Federal insurance premiums	110	18
Data processing	187	200
Advertising	56	54
Amortization & Valuation adjustments for MSR's	86	146
Other	430	375
<b>Total noninterest expense</b>	<b>2,157</b>	<b>2,128</b>
<b>Income before income taxes</b>	<b>570</b>	<b>1,022</b>
Income tax expense	219	377
<b>Net Income</b>	<b>\$ 351</b>	<b>\$ 645</b>
Earnings per share		
Basic earnings per share	\$ 0.45	\$ 0.83
Diluted earnings per share	\$ 0.45	\$ 0.83