

**For Immediate Release**  
**April 25, 2005**

**Contact: Lonnie R. Trasamar**  
**(507)-553-3151**

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

**Selected Financial Data**  
**(Unaudited)**

	Quarter ended 03/31/05	Quarter ended 03/31/04
Net Income	\$521,000	\$477,000
Basic earnings per share	\$0.49	\$0.41
Diluted earnings per share	\$0.48	\$0.40
Return on average equity	7.95%	6.80%
Return on average assets	0.86%	0.85%
Book value per share	\$24.23	\$24.33
Net interest rate spread	3.67%	3.59%
Net interest rate margin	3.83%	3.76%
Allowance for loan loss to total loans	0.43%	0.51%

Wells, Minnesota – April 25, 2005 – Lonnie R. Trasamar, President of Wells Financial Corp. (the Company), the holding company of Wells Federal Bank (the Bank), announced earnings for the first quarter of 2005 of \$521,000, up \$44,000 or 9.2%, when compared to the first quarter of 2004. Basic and diluted earnings per share for the quarter were \$0.49 and \$0.48, respectively. This compares to basic and diluted earnings per share for the first quarter of 2004 of \$0.41 and \$0.40, respectively.

The increase in net income was primarily due to an increase of \$222,000 in net interest income being partially offset by a \$99,000 decrease in noninterest income and a \$35,000 increase in the provision for loan losses. The increase in net interest income resulted from a \$408,000 increase in interest income being partially offset by a \$186,000 in interest expense.

Total assets increased during the first quarter of 2005 by \$5,952,000 from \$239,395,000 at December 31, 2004 to \$245,347,000 at March 31, 2005 due primarily to an increase of \$5,240,000 in loans receivable. The increase in loans receivable resulted primarily from increases in commercial real estate loans, agricultural real estate loans and home equity line of credit loans.

Liabilities increased by \$7,388,000 during the first quarter of 2005 from \$212,805,000 at December 31, 2004 to \$220,193,000 at March 31, 2005 due primarily to a \$6,000,000 increase in borrowed funds.

On April 19, 2005 the Company's Board of Directors declared a \$0.24 cash dividend payable on May 20, 2005 to shareholders of record on May 6, 2005.

Wells Financial Corp. and Wells Federal Bank are headquartered in Wells, Minnesota. The Bank operates nine full service offices located in Wells, Blue Earth, Mankato, Fairmont, North Mankato, Albert Lea, St. Peter and Owatonna Minnesota and Mason City, Iowa and a loan origination office located in Farmington, Minnesota. The Bank is a community oriented, full service savings bank offering traditional mortgage, consumer, commercial and agricultural loan products. The Bank offers insurance, mutual funds and variable rate annuity products through its subsidiary, Wells Insurance Agency.

### **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.

**WELLS FINANCIAL CORP. and SUBSIDIARY***Consolidated Statements of Financial Condition**March 31, 2005 and December 31, 2004**(Dollars in Thousands)**(Unaudited)***ASSETS**

	2005	2004
Cash, including interest-bearing accounts		
March 31, 2005 \$3,068; December 31, 2004 \$1,383	\$ 8,153	\$ 5,605
Certificates of deposit	200	100
Securities available for sale, at fair value	12,873	13,945
Federal Home Loan Bank Stock, at cost	2,424	2,133
Loans held for sale	2,194	3,454
Loans receivable, net	210,902	205,662
Accrued interest receivable	1,433	1,533
Premises and equipment, net	4,304	4,212
Mortgage servicing rights, net	2,412	2,515
Other assets	452	236
<b>TOTAL ASSETS</b>	<b>\$ 245,347</b>	<b>\$ 239,395</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

Deposits	\$ 167,673	\$ 167,495
Borrowed funds	47,640	41,640
Advances from borrowers for taxes and insurance	2,906	1,877
Deferred income taxes	1,248	1,494
Accrued interest payable	130	38
Accrued expenses and other liabilities	596	261
<b>TOTAL LIABILITIES</b>	<b>220,193</b>	<b>212,805</b>

**STOCKHOLDERS' EQUITY:**

Preferred stock, no par value; 500,000 shares authorized; none outstanding	-	-
Common stock, \$.10 par value; authorized 7,000,000 shares; issued 2,187,500 shares	219	219
Additional paid-in capital	17,104	17,177
Retained earnings, substantially restricted	28,323	28,063
Accumulated other comprehensive income	418	600
Unearned compensation restricted stock awards	(276)	(329)
Treasury stock, at cost, shares at March 31, 2005, 1,149,512 and 1,105,852 shares at December 31, 2004	(20,634)	(19,140)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>25,154</b>	<b>26,590</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 245,347</b>	<b>\$ 239,395</b>
---	-------------------	-------------------

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2005</u>	<u>2004</u>
<b>Interest and dividend income</b>		
Loans receivable:		
First mortgage loans	\$ 1,793	\$ 1,730
Consumer and other loans	1,384	976
Investment securities and other interest bearing deposits	163	226
Total interest income	<u>3,340</u>	<u>2,932</u>
<b>Interest Expense</b>		
Deposits	705	661
Borrowed funds	452	310
Total interest expense	<u>1,157</u>	<u>971</u>
Net interest income	2,183	1,961
<b>Provision for loan losses</b>	35	-
Net interest income after provision for loan losses	<u>2,148</u>	<u>1,961</u>
<b>Noninterest income</b>		
Gain on sale of loans originated for sale	240	279
Loan servicing fees	239	241
Insurance commissions	167	188
Fees and service charges	133	181
Other	41	30
Total noninterest income	<u>820</u>	<u>919</u>
<b>Noninterest expense</b>		
Compensation and benefits	1,037	1,022
Occupancy and equipment	291	264
Data processing	130	140
Advertising	76	81
Amortization and valuation adjustments for mortgage servicing rights	193	240
Other	408	387
Total noninterest expense	<u>2,135</u>	<u>2,134</u>
Income before taxes	833	746
<b>Income tax expense</b>	312	269
<b>Net income</b>	<u>\$ 521</u>	<u>\$ 477</u>
<b>Cash dividends declared per share</b>	<u>\$ 0.24</u>	<u>\$ 0.22</u>
<b>Earnings per share</b>		
Basic	<u>\$ 0.49</u>	<u>\$ 0.41</u>
Diluted	<u>\$ 0.48</u>	<u>\$ 0.40</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic	<u>1,067,048</u>	<u>1,158,546</u>
Diluted	<u>1,089,184</u>	<u>1,196,291</u>