

For Immediate Release
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Wells Financial Corp. Announces First Quarter Results

Selected Financial Data

	Quarter ended 03/31/06	Quarter ended 03/31/05
Net Income	\$465,000	\$521,000
Basic earnings per share	\$0.49	\$0.49
Diluted earnings per share	\$0.48	\$0.48
Return on average equity	7.92%	7.95%
Return on average assets	0.71%	0.86%
Book value per share	\$24.83	\$24.23
Net interest rate spread	3.27%	3.67%
Net interest rate margin	3.43%	3.83%
Allowance for loan loss to total loans	0.47%	0.43%

Wells, Minnesota – April 28, 2006 – 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 2006 of \$465,000, down \$56,000 or 10.7%, when compared to the first quarter of 2005. The repurchase of stock by the Company during 2005 and the first quarter of 2006 resulted in basic and diluted earnings per share remaining constant at \$0.49 and \$0.48, respectively, for the first quarter of 2006 when compared to the first quarter of 2005.

The decrease in net income for the first quarter of 2006 when compared to the same period in 2005 was primarily due to decreases of \$44,000 and \$52,000, or 2.0% and 6.3%, in net interest income after provision for loan losses and noninterest income, respectively.

Total assets increased by \$2,826,000, from \$259,948,000 at December 31, 2005 to \$262,774,000 at March 31, 2006 due primarily to an increase in loans receivable. The increase in loans receivable resulted, primarily, from increases in commercial mortgage loans, construction loans and home equity line of credit loans.

Liabilities increased by \$2,862,000 during the first quarter of 2006 due primarily to increases of \$1,745,000 and \$1,078,000 in deposits and advances from borrowers for taxes and insurance, respectively.

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, 2006 and December 31, 2005**(Dollars in Thousands)**(Unaudited)***ASSETS**

	2006	2005
Cash, including interest-bearing accounts		
March 31, 2006 \$5,492; December 31, 2005 \$3,799	\$ 11,266	\$ 10,396
Certificates of deposit	200	200
Securities available for sale, at fair value	9,788	10,667
Federal Home Loan Bank Stock, at cost	2,859	2,859
Loans held for sale	2,975	2,422
Loans receivable, net	226,888	224,041
Accrued interest receivable	1,639	1,891
Premises and equipment, net	4,893	4,990
Mortgage servicing rights, net	1,984	2,085
Other assets	282	397
TOTAL ASSETS	\$ 262,774	\$ 259,948

LIABILITIES AND STOCKHOLDERS' EQUITY**LIABILITIES**

Deposits	\$ 179,013	\$ 177,268
Borrowed funds	55,640	55,640
Advances from borrowers for taxes and insurance	3,098	2,020
Deferred income taxes	1,045	1,066
Accrued interest payable	170	75
Accrued expenses and other liabilities	372	407
TOTAL LIABILITIES	239,338	236,476

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	17,145	17,145
Retained earnings, substantially restricted	29,265	29,047
Accumulated other comprehensive income	365	422
Unearned compensation restricted stock awards	(135)	(175)
Treasury stock, at cost, shares at March 31, 2006, 1,243,661 and 1,235,511 shares at December 31, 2005	(23,423)	(23,186)
TOTAL STOCKHOLDERS' EQUITY	23,436	23,472
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 262,774	\$ 259,948

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

	Three Months Ended	
	March 31,	
	<u>2006</u>	<u>2005</u>
Interest and dividend income		
Loans receivable:		
First mortgage loans	\$ 2,005	\$ 1,793
Consumer and other loans	1,662	1,384
Investment securities and other interest bearing deposits	213	163
Total interest income	<u>3,880</u>	<u>3,340</u>
Interest Expense		
Deposits	1,151	705
Borrowed funds	615	452
Total interest expense	<u>1,766</u>	<u>1,157</u>
Net interest income	<u>2,114</u>	<u>2,183</u>
Provision for loan losses	10	35
Net interest income after provision for loan losses	<u>2,104</u>	<u>2,148</u>
Noninterest income		
Gain on sale of loans originated for sale	139	240
Loan servicing fees	237	239
Insurance commissions	190	167
Fees and service charges	161	133
Other	41	41
Total noninterest income	<u>768</u>	<u>820</u>
Noninterest expense		
Compensation and benefits	1,098	1,037
Occupancy and equipment	299	291
Data processing	141	130
Advertising	78	76
Amortization and valuation adjustments for mortgage servicing rights	156	193
Other	374	408
Total noninterest expense	<u>2,146</u>	<u>2,135</u>
Income before taxes	<u>726</u>	<u>833</u>
Income tax expense	261	312
Net income	<u>\$ 465</u>	<u>\$ 521</u>
Cash dividends declared per share	<u>\$ 0.26</u>	<u>\$ 0.24</u>
Earnings per share		
Basic	<u>\$ 0.49</u>	<u>\$ 0.49</u>
Diluted	<u>\$ 0.48</u>	<u>\$ 0.48</u>
Weighted average number of common shares outstanding:		
Basic	<u>947,885</u>	<u>1,067,048</u>
Diluted	<u>961,314</u>	<u>1,089,184</u>