

**For Immediate Release**  
**April 17, 2008**

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

**Selected Financial Data**

	Quarter ended 03/31/08	Quarter ended 03/31/07
Net Income	\$324,000	\$467,000
Basic earnings per share	\$0.41	\$0.50
Diluted earnings per share	\$0.41	\$0.49
Return on average equity	6.25%	7.69%
Return on average assets	0.51%	0.70%
Book value per share	\$26.27	\$26.03
Net interest rate spread	2.97%	3.17%
Net interest rate margin	3.09%	3.36%
Allowance for loan loss to total loans	0.48%	0.48%

Wells, Minnesota – April 17, 2008 – 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 2008 of \$324,000, down \$143,000 or 30.6%, when compared to the first quarter of 2007. Basic and diluted earnings per share for the first quarter of 2008 were \$0.41. This compares to basic and diluted earnings per share for the first quarter of 2007 of \$0.50 and \$0.49, respectively.

The decrease in net income was due to a decrease of \$437,000, or 10.2%, in interest income which resulted, primarily, from an increase in nonperforming loans on which the accrual of interest was suspended. Partially offsetting the decrease in interest income was a \$156,000, or 7.2%, decrease in interest expense and a \$120,000, or 15.9%, increase in noninterest income. Management evaluates the adequacy of the allowance for loan losses on a quarterly basis and adjusts the allowance for loan losses based on this evaluation through the provision for loan losses. During the first quarter of 2008 the Company recorded a provision for loan losses of \$58,000 as compared to \$13,000 for the first quarter of 2007.

Total assets decreased by \$8,909,000, from \$258,298,000 at December 31, 2007 to \$249,389,000 at March 31, 2008 due primarily to a decrease in the loan portfolio. The decrease in the loan portfolio resulted primarily from decreases in loans on agricultural land, loans including home equity loans on residential properties, and, to a lesser extent, loans on commercial properties.

Liabilities decreased by \$9,045,000 during the first quarter of 2008 due primarily to a \$10,101,000 decrease in borrowed funds.

**Cash Dividend**

On April 15, 2008, the Company's Board of Directors declared a \$0.26 per share cash dividend, payable on May 19, 2008 to shareholders of record on May 5, 2008.

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, 2008 and December 31, 2007*  
*(Dollars in Thousands)*  
*(Unaudited)*

**ASSETS**

	2008	2007
Cash, including interest-bearing accounts		
March 31, 2008 \$6,863; December 31, 2007 \$7,138	\$ 12,169	\$ 14,182
Certificates of deposit	300	300
Securities available for sale, at fair value	10,474	9,082
Federal Home Loan Bank Stock, at cost	2,234	2,329
Loans held for sale	2,001	1,821
Loans receivable, net	211,679	220,974
Accrued interest receivable	1,738	2,056
Premises and equipment, net	4,105	4,225
Mortgage servicing rights, net	1,485	1,503
Other assets	3,213	1,826
<b>TOTAL ASSETS</b>	<b>\$ 249,398</b>	<b>\$ 258,298</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES**

Deposits	\$ 189,213	\$ 189,631
Borrowed funds	34,884	44,985
Advances from borrowers for taxes and insurance	3,376	2,095
Deferred income taxes	547	576
Accrued interest payable	269	128
Accrued expenses and other liabilities	312	231
<b>TOTAL LIABILITIES</b>	<b>228,601</b>	<b>237,646</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	17,109	17,091
Retained earnings, substantially restricted	31,002	30,884
Accumulated other comprehensive income	236	206
Treasury stock, at cost, 1,395,760 shares at March 31, 2008, and 1,394,885 shares at December 31, 2007	(27,769)	(27,748)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>20,797</b>	<b>20,652</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 249,398</b>	<b>\$ 258,298</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>2008</u>	<u>2007</u>
<b>Interest and dividend income</b>		
Loans receivable:		
First mortgage loans	\$ 2,338	\$ 2,783
Consumer and other loans	1,283	1,226
Investment securities and other interest bearing deposits	211	260
Total interest income	<u>3,832</u>	<u>4,269</u>
<b>Interest Expense</b>		
Deposits	1,457	1,479
Borrowed funds	540	674
Total interest expense	<u>1,997</u>	<u>2,153</u>
Net interest income	1,835	2,116
<b>Provision for loan losses</b>	<u>58</u>	<u>13</u>
Net interest income after provision for loan losses	<u>1,777</u>	<u>2,103</u>
<b>Noninterest income</b>		
Gain on sale of loans originated for sale	251	150
Loan servicing fees	230	232
Insurance commissions	172	165
Fees and service charges	163	164
Other	59	44
Total noninterest income	<u>875</u>	<u>755</u>
<b>Noninterest expense</b>		
Compensation and benefits	1,067	1,059
Occupancy and equipment	328	328
Data processing	198	149
Advertising	53	82
Amortization and valuation adjustments for mortgage servicing rights	142	134
Other	343	368
Total noninterest expense	<u>2,131</u>	<u>2,120</u>
Income before taxes	521	738
<b>Income tax expense</b>	<u>197</u>	<u>271</u>
<b>Net income</b>	<u>\$ 324</u>	<u>\$ 467</u>
<b>Cash dividends declared per share</b>	<u>\$ 0.26</u>	<u>\$ 0.26</u>
<b>Earnings per share</b>		
Basic	<u>\$ 0.41</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 0.41</u>	<u>\$ 0.49</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic	<u>791,817</u>	<u>937,766</u>
Diluted	<u>796,019</u>	<u>949,108</u>

