

**For Immediate Release**  
**April 22, 2009**

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

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

**Selected Financial Data**

	Quarter ended 03/31/09	Quarter ended 03/31/08
Net Income	\$645,000	\$324,000
Basic earnings per share	\$0.83	\$0.41
Diluted earnings per share	\$0.83	\$0.41
Return on average equity	12.4%	6.25%
Return on average assets	0.99%	0.51%
Book value per share	\$27.23	\$26.27
Net interest rate spread	3.40%	2.97%
Net interest rate margin	3.47%	3.09%
Allowance for loan loss to total loans	0.69%	0.48%

Wells, Minnesota – April 22, 2009 – 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 2009 of \$645,000, up \$321,000 or 99.1%, when compared to the first quarter of 2008. Basic and diluted earnings per share for the first quarter of 2009 were \$0.83. This compares to basic and diluted earnings per share for the first quarter of 2008 of \$0.41.

The increase in net income was due to an increase of \$547,000, or 62.5%, in noninterest income which resulted from an increase in gain on sale of loans originated for sale. During the first three months of 2009 reduced interest rates on loans that are originated for sale to the secondary market resulted in a dramatic increase in the refinancing of loans secured by single family dwellings and the increase in fee income.

Net interest income increased by \$278,000, or 15.1% when comparing the first quarter of 2009 with the same period in 2008.

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 2009 the Company recorded a provision for loan losses of \$385,000 as compared to \$58,000 for the first quarter of 2008.

Total assets increased by \$14,179,000, from \$253,053,000 at December 31, 2008 to \$267,232,000 at March 31, 2009 due primarily to an increase in cash. The increase in cash resulted from a combined increase of \$13,161,000 in deposits, borrowed funds and advances from borrowers for taxes and insurance and from an \$11,536,000 decrease in the Company's loan portfolio. The decrease in the Company's loan portfolio resulted, primarily, from the refinance of residential mortgage loans into the secondary market that is described above.

Liabilities increased by \$13,674,000 during the first quarter of 2009 due to the changes in deposits, borrowed funds and advances from borrowers for taxes and insurance mentioned above.

### **Cash Dividend**

On April 21, 2009, the Company's Board of Directors declared a \$0.26 per share cash dividend, payable on May 22, 2009 to shareholders of record on May 8, 2009.

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 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, 2009 and December 31, 2008**(Dollars in Thousands)**(Unaudited)*

<b>ASSETS</b>	<b><u>03/31/09</u></b>	<b><u>12/31/08</u></b>
Cash, including interest-bearing accounts: 03/31/09 \$26,655; 12/31/08 \$2,689	\$ 31,816	\$ 8,744
Certificates of deposit	400	700
Securities available for sale	9,290	8,420
Federal Home Loan Bank Stock, at cost	3,660	3,302
Loans held for sale	4,493	2,974
Loans receivable, net	205,889	217,425
Accrued interest receivable	1,688	1,813
Premises and equipment	3,917	3,961
Mortgage servicing rights, net	1,414	1,294
Other assets	4,665	4,420
<b>TOTAL ASSETS</b>	<b><u>\$ 267,232</u></b>	<b><u>\$ 253,053</u></b>
<b>LIABILITIES AND EQUITY</b>		
LIABILITIES:		
Deposits	\$ 189,926	\$ 182,888
Borrowed funds	51,681	46,806
Advances from borrowers for taxes and insurance	3,329	2,081
Income taxes:		
Deferred	155	205
Accrued interest payable	209	84
Accrued expenses and other liabilities	814	376
<b>TOTAL LIABILITIES</b>	<b><u>246,114</u></b>	<b><u>232,440</u></b>
STOCKHOLDERS' EQUITY:		
Common stock, \$.10 par value; 7,000,000 shares authorized; 2,187,500 shares issued	\$ 219	\$ 219
Additional paid in capital	17,152	17,143
Retained earnings, substantially restricted	31,755	31,312
Other comprehensive income	76	23
Treasury stock, at cost, 1,412,060 shares at March 31, 2009; 1,412,060 shares at December 31, 2008	(28,084)	(28,084)
<b>TOTAL EQUITY</b>	<b><u>21,118</u></b>	<b><u>20,613</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 267,232</u></b>	<b><u>\$ 253,053</u></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>	
	2009	2008
Interest and dividend income		
Loans receivable:		
Residential loans	\$ 717	\$ 762
Commercial Loans	630	695
Ag Real Estate Loans	898	881
Consumer and other loans	1,241	1,283
Investment securities and other interest-bearing deposits	105	211
<b>Total interest income</b>	<b>3,591</b>	<b>3,832</b>
Interest expense		
Deposits	1,054	1,457
Borrowed funds	424	540
<b>Total interest expense</b>	<b>1,478</b>	<b>1,997</b>
<b>Net interest income</b>	<b>2,113</b>	<b>1,835</b>
Provision for loan losses	385	58
<b>Net interest income after provision for loan losses</b>	<b>1,728</b>	<b>1,777</b>
Noninterest income		
Gain on sale of loans	794	251
Loan servicing fees	225	230
Insurance commissions	186	172
Fees and service charges	149	163
Other	68	59
<b>Total noninterest income</b>	<b>1,422</b>	<b>875</b>
Noninterest expense		
Compensation and benefits	1,074	1,067
Occupancy and equipment	261	328
Federal insurance premiums	18	4
Data processing	200	198
Advertising	54	53
Amortization & Valuation adjustments for MSR's	146	142
Other	375	339
<b>Total noninterest expense</b>	<b>2,128</b>	<b>2,131</b>
<b>Income before income taxes</b>	<b>1,022</b>	<b>521</b>
Income tax expense	377	197
<b>Net Income</b>	<b>\$ 645</b>	<b>\$ 324</b>
Earnings per share		
Basic earnings per share	\$ 0.83	\$ 0.41
Diluted earnings per share	\$ 0.83	\$ 0.41

