

For Immediate Release
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**Wells Financial Corp. Announces Second Quarter Results
And Cash Dividend**

Selected Financial Data

	Quarter ended		Six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Net Income	\$597,000	\$458,000	\$1,242,000	\$782,000
Basic earnings per share	\$0.77	\$0.58	\$1.60	\$0.99
Diluted earnings per share	\$0.77	\$0.58	\$1.60	\$0.98
Return on average equity (1)	11.2%	8.8%	11.1%	7.5%
Return on average assets (1)	0.9%	0.7%	0.9%	0.6%
Net interest rate spread	3.3%	3.2%	3.3%	3.1%
Net interest rate margin	3.4%	3.3%	3.4%	3.2%
Book value per share	\$27.75	\$26.36	\$27.75	\$26.36

(1) annualized

Wells, Minnesota – Lonnie R. Trasamar, President of Wells Financial Corp. (the Company), the holding company of Wells Federal Bank (the Bank), announced earnings for the second quarter of 2009 of \$597,000, up \$139,000 or 30.3%, when compared to the second quarter of 2008. Basic and diluted earnings per share for the second quarter of 2009 were \$0.77, up \$0.19, or 33.8% when compared to the second quarter of 2008.

Net income for the six months ended June 30, 2009 was \$1,242,000, up \$460,000 or 58.8% when compared to the same period in 2008. Basic earnings per share were \$1.60 for the first six months of 2009, up 61.6% when compared to basic earnings per share of \$0.99 for the first six months of 2008. Diluted earnings per share for the first six months of 2009 were \$1.60, up 63.3% when compared to the diluted earnings per share of \$0.99 for the first six months of 2008.

Net interest income increased by \$22,000 and \$300,000, or 1.1% and 7.9%, for the three and six month periods ended June 30, 2009, respectively, when compared to the same periods in 2008. The provision for loan loss increased by \$300,000 and \$627,000 for the three and six months ended June 30, 2009 when compared to the same periods in 2008. In accordance with the Bank's internal classification of assets policy, management evaluates the loan portfolio on a quarterly basis to identify and determine the adequacy of the allowance for loan loss and adjusts the level of the allowance for loan loss through the provision for loan loss. As of June 30, 2009 and December 31, 2008, the balance in the allowance for loan losses and the allowance for loan losses as a percentage of total loans were \$1,785,000 and \$1,096,000 and 0.85% and 0.50%, respectively.

When comparing the quarter and six months ended June 30, 2009 to the same periods in 2008, noninterest income increased by \$587,000 and \$1,134,000, or 62.8% and 62.7%, respectively, due to an increase in the gain on sale of loans which resulted from increased residential loan refinance activity. Noninterest expense increased by \$34,000 and \$31,000, or 1.6% and 0.7% for the quarter and six months ended June 30, 2009, respectively, when compared to the same periods in 2008.

When comparing June 30, 2009 to December 31, 2008, total loans decreased by \$9,778,000 due, primarily, to decreases in home equity line of credit loans and loans on agricultural real estate. Liabilities increased by \$2,929,000 during the first six months of 2009 due to a decrease in borrowed funds being more than offset by an increase in deposits.

Cash Dividend Announcement

On July 21, 2009, the Company's Board of Directors declared a \$0.26 per share cash dividend, payable on August 24, 2009 to shareholders of record on August 10, 2009.

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)

ASSETS	<u>06/30/09</u>	<u>12/31/08</u>
Cash, including interest-bearing accounts: 06/30/09 \$15,468; 12/31/08 \$2,689	\$ 20,394	\$ 8,744
Certificates of deposit	400	700
Securities available for sale	8,465	8,420
Federal Home Loan Stock	3,660	3,302
Loans held for sale	11,704	2,974
Loans receivable, net	198,917	217,425
Accrued interest receivable	1,812	1,813
Prepaid Income Taxes	-	-
Premises and equipment	3,845	3,961
Mortgage servicing rights, net	1,469	1,294
Other assets	6,224	4,420
TOTAL ASSETS	<u>\$ 256,890</u>	<u>\$ 253,053</u>
 LIABILITIES AND EQUITY 		
LIABILITIES:		
Deposits	\$ 190,970	\$ 182,888
Borrowed funds	41,281	46,806
Advances from borrowers for taxes and insurance	2,198	2,081
Income taxes:		
Deferred	15	205
Accrued interest payable	319	84
Accrued expenses and other liabilities	586	376
TOTAL LIABILITIES	<u>235,369</u>	<u>232,440</u>
 STOCKHOLDER'S EQUITY:		
Common stock, \$.10 par value; 7,000,000 shares authorized; 2,187,500 shares issued	\$ 219	\$ 219
Additional paid in capital	17,158	17,143
Retained earnings, substantially restricted	32,150	31,312
Other comprehensive income	78	23
Treasury stock, at cost, 1,412,060 shares at June 30, 2009; 1,412,060 shares at December 31, 2008	(28,084)	(28,084)
TOTAL EQUITY	<u>21,521</u>	<u>20,613</u>
 TOTAL LIABILITIES AND EQUITY	<u>\$ 256,890</u>	<u>\$ 253,053</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest and dividend income				
Loans receivable:				
Residential loans	\$ 704	\$ 719	\$ 1,421	\$ 1,481
Commercial Loans	578	701	1,208	1,396
Ag Real Estate Loans	882	883	1,780	1,764
Consumer and other loans	1,183	1,271	2,424	2,554
Investment securities and other interest- bearings deposits	107	189	212	400
Total interest income	3,454	3,763	7,045	7,595
Interest expense				
Deposits	1,005	1,320	2,059	2,777
Borrowed funds	478	494	902	1,034
Total interest expense	1,483	1,814	2,961	3,811
Net interest income	1,971	1,949	4,084	3,784
Provision for loan losses	375	75	760	133
Net interest income after provision for loan losses	1,596	1,874	3,324	3,651
Noninterest income				
Gain on sale of loans	932	294	1,726	545
Loan servicing fees	231	230	456	460
Insurance commissions	147	138	333	310
Fees and service charges	143	172	292	335
Other	68	100	136	159
Total noninterest income	1,521	934	2,943	1,809
Noninterest expense				
Compensation and benefits	1,028	1,027	2,102	2,094
Occupancy and equipment	265	303	526	631
Federal insurance premiums	38	6	56	11
Data processing	239	219	493	417
Advertising	49	60	103	113
Amortization & Valuation adjustments for MSR's	115	135	261	277
Other	398	348	719	686
Total noninterest expense	2,132	2,098	4,260	4,229
Income before income taxes	985	710	2,007	1,231
Income tax expense	388	252	765	449
Net Income	\$ 597	\$ 458	\$ 1,242	\$ 782
Earnings per share				
Basic earnings per share	\$ 0.77	\$ 0.58	\$ 1.60	\$ 0.99
Diluted earnings per share	\$ 0.77	\$ 0.58	\$ 1.60	\$ 0.98