

For Immediate Release
January 21, 2010
Wells, Minnesota

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**Wells Financial Corp. Announces Annual Results
And Cash Dividend**

Selected Financial Data

(Dollars in Thousands, except per share data)
(unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Net Income	\$ 440	\$ 455	\$ 2,110	\$ 1,245
Basic earnings per share	\$ 0.57	\$ 0.59	\$ 2.72	\$ 1.59
Diluted earnings per share	\$ 0.57	\$ 0.58	\$ 2.71	\$ 1.58
Return on average equity (1)	8.02%	8.90%	9.85%	6.03%
Return on average assets (1)	0.68%	0.73%	0.81%	0.50%
Net interest rate spread	3.26%	3.47%	3.29%	3.25%
Net interest rate margin	3.32%	3.57%	3.36%	3.35%
Book value per share	\$ 28.42	\$ 26.58	\$ 28.42	\$ 26.58

(1) Annualized

Lonnie R. Trasamar, President of Wells Financial Corp. (the Company), the holding company of Wells Federal Bank (the Bank), announced annual earnings for 2009 of \$2,110,000, up \$865,000 or 69.5%, when compared to 2008. Basic and diluted earnings per share for 2009 were \$2.72 and \$2.71, respectively, up \$1.13, when compared to 2008. The increase in net income for 2009 when compared to 2008 resulted, primarily, from an increase in the gain on sale of loans to the secondary market. During 2009 the Bank saw increased activity in the refinancing of loans sold to the secondary market due to a decrease in secondary market interest rates and programs introduced by the secondary market that streamlined the refinance process for the Bank's customers. Net income for the quarter ended December 31, 2009 was \$440,000, down \$15,000 or 3.3%, when compared to the same period in 2008. Basic and diluted earnings per share for the fourth quarter of 2009 were \$0.57. Basic and diluted earnings per share for the fourth quarter of 2008 were \$0.59 and \$0.58, respectively.

When comparing December 31, 2009 to December 31, 2008, total assets increased by \$12,168,000 due to a \$32.3 million increase in cash. This increase in cash resulted from an increase in customer deposits of \$26 million. Partially offsetting the increase in cash was a \$22 million decrease in loans receivable. The decrease in loans receivable resulted, primarily, from decreases in loans for agricultural land and home equity line of credit loans. Liabilities increased by \$10.7 million during 2009 due to the increase in deposits mentioned above being partially offset by a \$15.4 million decrease in borrowed funds.

Cash Dividend Announcement

On January 19, 2010, the Company's Board of Directors declared a \$0.26 per share cash dividend, payable on February 23, 2010 to shareholders of record on February 09, 2010. This is the seventeenth consecutive quarter that the Company has paid a \$0.26 dividend.

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>12/31/09</u>	<u>12/31/08</u>
Cash, including interest-bearing accounts: 12/31/09 \$34,777; 12/31/08 \$2,689	\$ 41,013	\$ 8,744
Certificates of deposit	175	700
Securities available for sale	10,698	8,420
Federal Home Loan Stock	2,728	3,302
Loans held for sale	1,931	2,974
Loans receivable, net	195,423	217,425
Accrued interest receivable	1,564	1,813
Prepaid Income Taxes	-	-
Premises and equipment	3,693	3,961
Mortgage servicing rights, net	1,373	1,294
Other assets	6,623	4,420
TOTAL ASSETS	<u>\$ 265,221</u>	<u>\$ 253,053</u>

LIABILITIES AND EQUITY

LIABILITIES:

Deposits	\$ 208,871	\$ 182,888
Borrowed funds	31,435	46,806
Advances from borrowers for taxes and insurance	2,233	2,081
Income taxes:		
Deferred	53	205
Accrued interest payable	61	84
Accrued expenses and other liabilities	505	376
TOTAL LIABILITIES	<u>243,158</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	17,166	17,143
Retained earnings, substantially restricted	32,615	31,312
Other comprehensive income	131	23
Treasury stock, at cost, 1,411,260 shares at December 31, 2009; 1,412,060 shares at December 31, 2008	(28,068)	(28,084)
TOTAL EQUITY	<u>22,063</u>	<u>20,613</u>

TOTAL LIABILITIES AND EQUITY

	<u>\$ 265,221</u>	<u>\$ 253,053</u>
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Wells Financial Corp. and Subsidiary
Consolidated Statement of Income
(Dollars in thousands, except per share data)
(unaudited)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Interest and dividend income				
Loans receivable:				
Residential loans	\$ 615	\$ 683	\$ 2,689	\$ 2,818
Commercial Loans	583	638	2,478	2,717
Ag Real Estate Loans	783	909	3,398	3,508
Consumer and other loans	1,170	1,308	4,754	5,123
Investment securities and other interest-bearing deposits	109	124	437	688
Total interest income	<u>3,260</u>	<u>3,662</u>	<u>13,756</u>	<u>14,854</u>
Interest expense				
Deposits	949	1,144	4,000	5,140
Borrowed funds	302	418	1,591	1,870
Total interest expense	<u>1,251</u>	<u>1,562</u>	<u>5,591</u>	<u>7,010</u>
Net interest income	<u>2,009</u>	<u>2,100</u>	<u>8,165</u>	<u>7,844</u>
Provision for loan losses	145	150	980	503
Net interest income after provision for loan losses	<u>1,864</u>	<u>1,950</u>	<u>7,185</u>	<u>7,341</u>
Noninterest income				
Gain on sale of loans	282	172	2,365	853
Loan servicing fees	240	225	933	910
Insurance commissions	154	150	636	601
Fees and service charges	158	164	605	683
Other	249	73	463	334
Total noninterest income	<u>1,083</u>	<u>784</u>	<u>5,002</u>	<u>3,381</u>
Noninterest expense				
Compensation and benefits	1,135	987	4,269	4,089
Occupancy and equipment	246	282	1,010	1,175
Federal insurance premiums	196	8	325	28
Data processing	174	184	738	780
Advertising	58	62	238	238
Amortization & Valuation adjustments for MSR's	89	135	461	552
Impairment of Securities Available for Sale	-	-	-	485
Other	387	332	1,791	1,380
Total noninterest expense	<u>2,285</u>	<u>1,990</u>	<u>8,832</u>	<u>8,727</u>
Income before income taxes	<u>662</u>	<u>744</u>	<u>3,355</u>	<u>1,995</u>
Income tax expense	222	289	1,245	750
Net Income	<u><u>\$ 440</u></u>	<u><u>\$ 455</u></u>	<u><u>\$ 2,110</u></u>	<u><u>\$ 1,245</u></u>
Earnings per share				
Basic earnings per share	<u>\$ 0.57</u>	<u>\$ 0.59</u>	<u>\$ 2.72</u>	<u>\$ 1.59</u>
Diluted earnings per share	<u>\$ 0.57</u>	<u>\$ 0.58</u>	<u>\$ 2.71</u>	<u>\$ 1.58</u>

