

For Immediate Release
November 5, 2003

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

Wells Financial Corp. Announces Results for Third Quarter 2003

2003 Third Quarter Summary:

	Quarter ended 09/30/03	Quarter ended 09/30/02	% Change
Net Income	\$1,135,000	\$846,000	34.2%
Basic Earnings per Share	\$1.00	\$0.72	39.0%
Diluted Earnings per Share	\$0.98	\$0.70	40.0%
Net Interest Income	\$1,570,000	\$1,944,000	-19.2%
Noninterest Income	\$2,491,000	\$1,239,000	101.0%
Noninterest Expense	\$2,234,000	\$1,760,000	26.9%

Year-to-Date Summary:

	Nine Months ended 09/30/03	Nine Months ended 09/30/02	% Change
Net Income	\$3,027,000	\$2,383,000	27.0%
Basic Earnings per Share	\$2.68	\$2.02	32.7%
Diluted Earnings per Share	\$2.62	\$1.97	33.0%
Net Interest Income	\$4,960,000	\$5,723,000	-13.3%
Noninterest Income	\$6,634,000	\$3,429,000	93.5%
Noninterest Expense	\$4,953,000	\$4,070,000	21.7%
Return on Average Assets (1)	1.8%	1.4%	28.6%
Return on Average Equity (1)	15.3%	12.8%	19.5%
Net Interest Margin	3.07%	3.45%	-11.0%
Book Value per Share	\$24.18	\$21.58	12.0%

(1) Annualized

Wells, Minnesota – November 5, 2003 – Lonnie R. Trasamar, President of Wells Financial Corp. (the “Company”), the holding company of Wells Federal Bank (the “Bank”), announced earnings of \$1,135,000 for the quarter ended September 30, 2003, up \$289,000 or 34.2%, when compared to the same period in 2002. Diluted earnings per share for the quarter were \$0.98, up \$0.28 or 40.0% when compared to the same quarter in 2002.

Net income for the nine months ended September 30, 2003 was \$3,027,000, up \$644,000 or 27.0%, when compared to the same period in 2002. Diluted earnings per share for the nine-month period ended September 30, 2003 was \$2.62, up \$0.65 or 33.0%, when compared to the same period in 2002.

Trasamar stated that the increase in net income and earnings per share for the three and nine month periods resulted from an increase in the gain on sale of loans originated for sale and in loan origination and commitment fees during 2003 when compared to 2002. These increases resulted from a larger amount of loans being originated and sold to the secondary market during 2003 when compared to 2002. Partially offsetting these increases was a decrease in net interest income and an increase in noninterest expense. The change in net interest income resulted primarily from a decrease in the average balance of interest earning assets during 2003 and, to a lesser extent, from a general decrease in the yield on the Company's loan portfolio. The change in noninterest expense resulted primarily from increases in compensation and benefits and in the amortization and valuation adjustments for mortgage servicing rights. The increase in compensation and benefits resulted primarily from annual compensation adjustments and increases in commissions paid to loan officers for the origination of loans.

Wells Financial Corp. and Wells Federal Bank are headquartered in Wells, Minnesota. The Bank operates eight 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. During the fourth quarter of 2003 the Bank opened a loan origination office in Mason City, Iowa. 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.

Dividend

On October 21, 2003, the Company announced a cash dividend of \$0.20 per share payable on November 17, 2003 to shareholders of record on November 3, 2003.

Forward-looking Statements

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 after the date of such statements.

WELLS FINANCIAL CORP. and SUBSIDIARY
Consolidated Statements of Financial Condition
September 30, 2003 and December 31, 2002
(Dollars in Thousands)
(Unaudited)

ASSETS

	2003	2002
Cash, including interest-bearing accounts September 30, 2003 \$39,055; December 31, 2002 \$35,178	\$ 40,601	\$ 36,571
Certificates of deposit	200	200
Securities available for sale, at fair value	24,576	19,856
Federal Home Loan Bank Stock, at cost	1,300	1,875
Loans held for sale	4,577	9,695
Loans receivable, net	143,335	145,586
Accrued interest receivable	1,161	1,387
Foreclosed real estate	195	209
Premises and equipment	3,536	2,975
Mortgage servicing rights, net	2,747	2,179
Other assets	225	83
TOTAL ASSETS	\$ 222,453	\$ 220,616

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits	\$ 167,622	\$ 169,126
Borrowed funds	23,000	23,000
Advances from borrowers for taxes and insurance	2,251	1,347
Deferred income taxes	1,389	1,376
Accrued interest payable	273	50
Accrued expenses and other liabilities	514	494
TOTAL LIABILITIES	195,049	195,393

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	16,938	16,985
Retained earnings, substantially restricted	26,636	24,287
Accumulated other comprehensive income	405	746
Unearned ESOP shares	-	(29)
Unearned compensation restricted stock awards	(80)	(138)
Treasury stock, at cost, 1,054,060 shares at September 30, 2003, and 1,062,435 shares at December 31, 2002	(16,714)	(16,847)
TOTAL STOCKHOLDERS' EQUITY	27,404	25,223

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 222,453	\$ 220,616
---------------------------------------------------	-------------------	-------------------

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
Interest and dividend income				
Loans receivable:				
First mortgage loans	\$ 1,674	\$ 2,253	\$ 5,489	\$ 6,951
Consumer and other loans	698	829	2,117	2,395
Investment securities and other				
Interest bearing deposits	275	387	928	1,198
Total interest income	<u>2,647</u>	<u>3,469</u>	<u>8,534</u>	<u>10,544</u>
Interest Expense				
Deposits	763	1,211	2,643	3,890
Borrowed funds	314	314	931	931
Total interest expense	<u>1,077</u>	<u>1,525</u>	<u>3,574</u>	<u>4,821</u>
Net interest income	<u>1,570</u>	<u>1,944</u>	<u>4,960</u>	<u>5,723</u>
Provision for loan losses	-	-	-	23
Net interest income after provision for loan losses	<u>1,570</u>	<u>1,944</u>	<u>4,960</u>	<u>5,700</u>
Noninterest income				
Gain on sale of loans originated for sale	974	319	2,571	1,074
Loan origination and commitment fees	670	426	2,071	926
Loan servicing fees	242	171	691	490
Insurance commissions	135	120	346	300
Fees and service charges	404	177	820	579
Other	66	26	135	60
Total noninterest income	<u>2,491</u>	<u>1,239</u>	<u>6,634</u>	<u>3,429</u>
Noninterest expense				
Compensation and benefits	1,068	848	3,034	2,517
Occupancy and equipment	298	211	830	659
Data processing	106	101	358	338
Advertising	73	62	206	162
Amortization and valuation adjustments for mortgage servicing rights	250	194	854	443
Other	439	344	1,359	940
Total noninterest expense	<u>2,234</u>	<u>1,760</u>	<u>6,641</u>	<u>5,059</u>
Income before taxes	<u>1,827</u>	<u>1,423</u>	<u>4,953</u>	<u>4,070</u>
Income tax expense	692	577	1,926	1,687
Net income	<u>\$ 1,135</u>	<u>\$ 846</u>	<u>\$ 3,027</u>	<u>\$ 2,383</u>
Cash dividends declared per share	<u>\$ 0.20</u>	<u>\$ 0.18</u>	<u>\$ 0.60</u>	<u>\$ 0.54</u>
Earnings per share				
Basic earnings per share	<u>\$ 1.00</u>	<u>\$ 0.72</u>	<u>\$ 2.68</u>	<u>\$ 2.02</u>
Diluted earnings per share	<u>\$ 0.98</u>	<u>\$ 0.70</u>	<u>\$ 2.62</u>	<u>\$ 1.97</u>
Weighted average number of common shares outstanding:				
Basic	<u>1,132,939</u>	<u>1,182,522</u>	<u>1,129,989</u>	<u>1,178,437</u>
Diluted	<u>1,157,877</u>	<u>1,213,478</u>	<u>1,154,927</u>	<u>1,212,180</u>