



NEWS RELEASE

Contact:

William J. Harnett, Chairman
Kevin P. Huffman, President, COO
Telephone: (301) 352-3120
Website: www.twsb.com

THE WASHINGTON SAVINGS BANK, F.S.B. REPORTS SECOND QUARTER AND SIX MONTH RESULTS AND ANNOUNCES CASH DIVIDEND

BOWIE, MD – February 16, 2005 - **THE WASHINGTON SAVINGS BANK, F.S.B.** (Amex symbol: "**WSB**"), A federally-chartered, federally-insured savings bank, with principal executive offices in Bowie, Maryland, today announced results for both its second quarter and six month period ended January 31, 2005, and quarterly cash dividend of seven cents per share which will be paid on March 18, 2005, to stockholders of record as of March 4, 2005.

WSB reported net earnings of \$2,321,000, or \$0.28 per diluted share, and \$4,732,000, or \$0.58 per diluted share, for the three and six month periods ended January 31, 2005, respectively.

The net earnings for the six month period ended January 31, 2005, represent an increase of \$820,000, or 21.0% over the same period last year. The increase in net earnings is primarily attributable to a 40% increase in net interest income and 14% increase in non-interest income, which partially offset the 30% increase in non-interest expenses, compared to the six month period last year. The increase in net interest income is the result of higher balances of higher-yielding loans, including our construction loan portfolio, compared to the prior period. The increase in non-interest income is the result of an increase in the amount of gain on loans sold in the secondary market. Non-interest expenses increased 30% primarily as a result of an increase in salaries associated with loan production and related benefits. During the six months of this fiscal year, the provision for loan losses increased to \$1,190,000 from \$180,000 for the same period last fiscal year. The increase is the result of the increased loan portfolio as well as an increase in assets subject to management's criticism.

On February 11, 2005, WSB announced a plan to reduce its concentration in residential construction lending, primarily through a reduction of non-owner occupied residential construction. This reduction, along with a continuing tightening of credit standards, may affect future earnings and growth.

WSB's January 31, 2005 total assets increased by 36% to \$557,010,924 over last year's January 31st balance.

FINANCIAL HIGHLIGHTS

(Unaudited)

	<u>Three Months Ended January 31,</u>			<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
Interest Income	\$ 10,645,000	\$ 7,508,000		42 %
Interest Expense	\$ 4,041,000	\$ 2,828,000		43 %
Net Interest Income	\$ 6,604,249	\$ 4,680,000		41 %
Non-Interest Income	\$ 1,444,000	\$ 1,378,000		5 %
Non-Interest Expenses	\$ 3,608,000	\$ 2,795,000		29 %
Provision for Loan Losses	\$ 670,000	\$ 120,000		458 %
Net Earnings	\$ 2,321,000	\$ 1,944,000		19 %
Basic Earnings Per Share	\$ 0.32	\$ 0.28		13 %
Diluted Earnings Per Share	\$ 0.28	\$ 0.24		17 %
Average Shares Outstanding	7,363,177	6,997,064		5 %
Average Diluted Shares Outstanding	8,248,808	7,947,253		4 %

	<u>Six Months Ended January 31,</u>			<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
Interest Income	\$ 20,593,000	\$ 14,930,000		38 %
Interest Expense	\$ 7,765,000	\$ 5,742,000		35 %
Net Interest Income	\$ 12,828,000	\$ 9,188,000		40 %
Non-Interest Income	\$ 3,008,000	\$ 2,634,000		14 %
Non-Interest Expenses	\$ 6,961,000	\$ 5,373,000		30 %
Provision for Loan Losses	\$ 1,190,000	\$ 180,000		561 %
Net Earnings	\$ 4,732,000	\$ 3,911,000		21 %
Basic Earnings Per Share	\$ 0.64	\$ 0.56		15 %
Diluted Earnings Per Share	\$ 0.58	\$ 0.49		17 %
Average Shares Outstanding	7,355,961	6,972,235		6 %
Average Diluted Shares Outstanding	8,226,469	7,976,210		3 %

	<u>As of January 31, and six months then ended</u>			<u>% Change</u>
	<u>2005</u>	<u>2004</u>		
Total Assets	\$ 557,011,000	\$ 409,354,000		36 %
Deposits and Borrowings	\$ 500,977,000	\$ 362,827,000		38 %
Total Stockholders' Equity	\$ 52,618,000	\$ 43,426,000		21 %
Book Value Per Share	\$ 7.13	\$ 6.10		17 %
Return on Average Assets	1.74	1.91 %		(9) %
Return on Average Equity	18.62	18.89 %		(1) %
Efficiency Ratio	43.95	45.44		