

NEWS RELEASE

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THE WASHINGTON SAVINGS BANK, F.S.B. REPORTS THE THIRD QUARTER AND NINE MONTH RESULTS

BOWIE, MD – May 19, 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 third quarter and nine month period ended April 30, 2005.

WSB reported net earnings of \$1,368,000, or \$0.19 per basic share and \$0.17 per diluted share, and \$6,099,000, or \$0.83 per basic share and \$0.74 per diluted share, for the three and nine month periods ended April 30, 2005, respectively.

The net earnings for the three and nine month period ended April 30, 2005, represent a decrease of \$1,292,000 or 48.6% and \$472,000, or 7.2% compared to the same corresponding periods last fiscal year. The decrease is primarily the result of a \$2.8 million charge in the third quarter to the provision for loan losses. The provision was made due to unfavorable trends including an increase in internally criticized loans and to reflect changes in WSB's lending policies and procedures.

Net interest income increased \$5.3 million, or 37%, which partially offset the 31% increase in non-interest expense, compared to the nine 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. The increase in non-interest expenses is the result of an increase in salaries and benefits, and professional services. The increase in salaries and benefits is associated with loan production commissions and staffing increases for loan operations support. The increase in professional services is the result of additional expenses associated with preparation for the required Sarbanes-Oxley Act, Section 404 certifications as well as compliance under the Supervisory Agreement.

Phillip C. Bowman, CEO, noted "WSB's April 30, 2005 total assets increased by 13% to \$533,211,000 over last year's April 30th balance, and increased 2% for the nine month period since July 31, 2004. Book value per share increased 13% to \$7.25 over last year's April 30th level of \$6.41. While our earnings for the comparative quarter and nine month periods are below what we have become accustomed to in the past years, the results are still strong and we are encouraged as to the future prospects of the Company."

The Board believes that the retention of the approximately \$516,000 that would have been paid this quarter under our historical dividend practice will help the Bank maintain its current "*well capitalized*" capital level and pursue its business plan and strategic objectives, which the Board believes is in the stockholders' long term best interests. While not declaring a dividend this quarter, the Board will review the Bank's dividend practice on a quarterly basis.

This release contains forward-looking statements within the meaning of and pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. A forward-looking statement encompasses any estimate, prediction, opinion or statement of belief contained in this release and the underlying management assumptions. Forward-looking statements are based on current expectations and assessments of potential developments affecting market conditions, interest rates and other economic conditions, and results may ultimately vary from the statements made in this release. In addition to expectations, assessments, and risks described by the Bank in its annual and quarterly reports filed pursuant to Section 12(b) of the Securities Exchange Act of 1934, the Bank's future results and prospects may be dependent upon a number of factors that could cause the Bank's performance to compare unfavorably to prior periods. Among these factors are: (a) the Bank's plans to reduce its concentration in residential construction lending; (b) ongoing review of the Bank's business and operations; (c) implementation of changes in lending practices and lending operations; (d) the Bank's compliance with the 2004 supervisory agreement with the Office of Thrift Supervision and any regulatory actions taken in response thereto; and (e) the Board's review of the Bank's capital management plan.

FINANCIAL HIGHLIGHTS
(Unaudited)

	<u>Three Months Ended April 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Interest Income	\$ 10,877,000	\$ 8,154,000	33 %
Interest Expense	\$ 3,944,000	\$ 2,954,000	34 %
Net Interest Income	\$ 6,933,000	\$ 5,200,000	33 %
Non-Interest Income	\$ 1,812,000	\$ 2,113,000	(14) %
Non-Interest Expenses	\$ 3,738,000	\$ 2,822,000	32 %
Provision for Loan Losses	\$ 2,790,000	\$ 180,000	1450 %
Net Earnings	\$ 1,368,000	\$ 2,660,000	(49) %
Basic Earnings Per Share	\$ 0.19	\$ 0.37	(49) %
Diluted Earnings Per Share	\$ 0.17	\$ 0.33	(49) %
Average Shares Outstanding	7,378,093	7,253,835	2 %
Average Diluted Shares Outstanding	8,218,494	8,075,981	2 %

	<u>Nine Months Ended April 30,</u>		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Interest Income	\$ 31,470,000	\$ 23,084,000	36 %
Interest Expense	\$ 11,709,000	\$ 8,696,000	35 %
Net Interest Income	\$ 19,761,000	\$ 14,388,000	37 %
Non-Interest Income	\$ 4,820,000	\$ 4,746,000	2 %
Non-Interest Expenses	\$ 10,699,000	\$ 8,195,000	31 %
Provision for Loan Losses	\$ 3,980,000	\$ 360,000	1006 %
Net Earnings	\$ 6,099,000	\$ 6,571,000	(7) %
Basic Earnings Per Share	\$ 0.83	\$ 0.93	(11) %
Diluted Earnings Per Share	\$ 0.74	\$ 0.82	(10) %
Average Shares Outstanding	7,363,338	7,066,102	4 %
Average Diluted Shares Outstanding	8,223,811	8,009,467	3 %

	<u>As of April 30, and nine months then ended</u>		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
Total Assets	\$ 533,211,000	\$ 471,344,000	13 %
Deposits and Borrowings	\$ 474,797,000	\$ 420,645,000	13 %
Total Stockholders' Equity	\$ 53,458,000	\$ 46,830,000	14 %
Book Value Per Share	\$ 7.25	\$ 6.41	13 %
Return on Average Assets	1.49 %	2.08 %	(28) %
Return on Average Equity	15.79 %	20.55 %	(23) %
Efficiency Ratio	43.5	42.83	