



NEWS RELEASE

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

BOWIE, MD – May 18, 2007 - **THE WASHINGTON SAVINGS BANK, F.S.B.** (Amex symbol: "WSB"), a federally chartered, FDIC insured savings bank, with principal executive offices in Bowie, Maryland, today announced results for both its third quarter and the nine month period ending April 30, 2007. WSB also announced that a four-cent per share cash dividend for the third fiscal quarter will be paid on June 15, 2007, to stockholders of record as of June 1, 2007.

WSB reported net income of \$706,000 or \$0.09 per basic share, \$0.09 per diluted share for the fiscal quarter ended April 30, 2007, representing a 23% decrease in net earnings compared to \$913,000 or \$0.12 per basic share, \$0.11 per diluted share for the comparable period of the prior year. WSB reported net earnings for the first nine months of fiscal year 2007 of \$2,223,000 or \$0.30 per basic share and \$0.27 per diluted share for the period ending April 30, 2007, representing a 42% decrease in net earnings of \$3,859,000 or \$0.52 per basic share, \$0.48 per diluted share for the comparable period of the prior year.

The decrease in net income for the nine month period reflects the general slowdown of the residential real estate market and the related decline in mortgage loan originations and the continuing reduction in the Bank's concentration in higher-yielding construction loans. WSB has reduced its construction loan portfolio by approximately 52% compared to April 30, 2006. Management continues to seek more diversity in its loan portfolio and established commercial business and commercial real estate lending departments staffed with experienced lenders in an effort to significantly expand its nonresidential loan portfolio which has resulted in an increase in the portfolios of commercial business, commercial real estate, and residential land development to commercial borrowers of \$28MM during the fiscal year. WSB does not expect to see the results of its investment in loans to commercial business, commercial real estate, and residential land development to commercial borrowers until fiscal 2008. However, management strongly believes that this will eventually provide the Bank and its shareholders greater profitability and shareholder value.

Reduction in WSB's loan production has resulted in a 28% decrease in net interest income and a 5% decrease in non-interest income, compared to same nine month period last year. The decrease in non-interest income is primarily the result of a decrease in loan related fees and gain on loan sales for loans sold in the secondary market which offset the increase on the gain on sale of real estate acquired in settlement of loans.

In an effort to minimize reinvestment risk while improving portfolio yield, investment securities were sold which resulted in a pre-tax loss of \$21,000 (approximately \$13,000 after tax) for the current period and \$68,000 (approximately \$42,000 after tax) for the nine months ended April 30, 2007. The funds were reinvested in higher yielding assets and it is anticipated that the transaction will result in higher income in subsequent periods. The resulting pre-tax loss on the sale of short term investments, compared to no gains or losses for the same three and nine month periods last year.

Management believes the current allowance for loan losses is appropriate, noting that the evaluation of the allowance is very subjective in nature, relying significantly on historical loss experience, collateral valuations available to management on specific loans, and economic factors deemed to exist at quarter end affecting the inherent loss within the portfolio. While significant progress has been made addressing management's assessment as to the inherent risk within the portfolio, the slowing real estate market, especially as it pertains to custom high-end residential properties merits the existing allowance level.

Non-interest expenses decreased 7% primarily as a result of a decrease in deposits insurance premiums and assessments and in other expenses. Other expenses decreased due to related fees associated with the origination of held for investment loan portfolio and cost associated with real estate acquired in settlement of loans.

WSB's April 30, 2007 total assets decreased by 9% to \$430,037,000 compared to last year's ending balance as of April 30, 2006. Book value per share increased 5% to \$8.32 over last year's April 30th level of \$7.92.

FINANCIAL HIGHLIGHTS

(Unaudited)

	<u>Three Months Ended April 30,</u>			<u>% Change</u>
	<u>2007</u>		<u>2006</u>	
Interest Income	\$ 6,811,000	\$	7,909,000	(14) %
Interest Expense	\$ 3,564,000	\$	3,693,000	(3) %
Net Interest Income	\$ 3,247,000	\$	4,216,000	(23) %
Non-Interest Income	\$ 879,000	\$	479,000	84 %
Non-Interest Expenses	\$ 3,088,000	\$	3,292,000	(6) %
Provision for Loan Losses	\$ 0	\$	0	0 %
Net Earnings	\$ 706,000	\$	913,000	(23) %
Basic Earnings Per Share	\$ 0.09	\$	0.12	(25) %
Diluted Earnings Per Share	\$ 0.09	\$	0.11	(18) %
Dividends Declared Per Share	\$ 0.04	\$	0.00	100 %
Average Shares Outstanding	7,557,760		7,417,420	2 %
Average Diluted Shares Outstanding	8,124,655		8,105,301	0 %

	<u>Nine Months Ended April 30,</u>			<u>% Change</u>
	<u>2007</u>		<u>2006</u>	
Interest Income	\$ 21,130,000	\$	26,000,000	(19) %
Interest Expense	\$ 10,824,000	\$	11,764,000	(8) %
Net Interest Income	\$ 10,306,000	\$	14,236,000	(28) %
Non-Interest Income	\$ 2,653,000	\$	2,779,000	(5) %
Non-Interest Expenses	\$ 9,958,000	\$	10,712,000	(7) %
Provision for Loan Losses	\$ (300,000)	\$	200,000	(250) %
Net Earnings	\$ 2,223,000	\$	3,859,000	(42) %
Basic Earnings Per Share	\$ 0.30	\$	0.52	(42) %
Diluted Earnings Per Share	\$ 0.27	\$	0.48	(44) %
Dividends Declared Per Share	\$ 0.08	\$	0.00	100 %
Average Shares Outstanding	7,484,197		7,408,289	1 %
Average Diluted Shares Outstanding	8,125,552		8,106,414	(0) %

	<u>As of April 30,</u>			<u>% Change</u>
	<u>2007</u>		<u>2006</u>	
Total Assets	\$ 430,037,000	\$	470,101,000	(9) %
Deposits and Borrowings	\$ 364,777,000	\$	408,744,000	(11) %
Total Stockholders' Equity	\$ 63,136,000	\$	58,754,000	7 %
Book Value Per Share	\$ 8.32	\$	7.92	5 %
Return on Average Assets	0.68	%	1.02	(33) %

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 Report on Form 10-K for the year ended July 31, 2006 and in such other reports filed with the OTS, the Bank's future results and prospects may be dependent upon a number of other factors that could cause the Bank's performance to compare unfavorably to prior periods.