



N E W S R E L E A S E

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**THE WASHINGTON SAVINGS BANK, F.S.B.
REPORTS RECORD FIRST QUARTER RESULTS
RECORDS 23% INCREASE IN NET EARNINGS
AND ANNOUNCES CASH DIVIDEND**

BOWIE, MD – November 18, 2004 - **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 record results for its first quarter ended October 31, 2004.

WSB reports record first quarter net earnings of \$2,411,000 or \$0.29 per diluted share for the first quarter ended October 31, 2004, representing a 23% increase in net earnings over the same quarter last year.

The increase in net earnings for the first quarter was primarily due to a 38% increase in net interest income and 25% increase in non-interest income, which offset the 30% increase in non-interest expenses, compared to the same period last year. The increase in net interest income is the result of higher-yielding loans, including our construction loan portfolio. The increase in non-interest income is the result of an increase in the amount of gain on loans sold in the secondary market. Even though there was a slight increase in mortgage interest rates, rates have remained at historically low levels, which has had a positive effect on mortgage loan originations that are then 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 first quarter of this fiscal year, the provision for loan losses increased to \$520,000 from \$60,000 for the same quarter last fiscal year. The provision is the result of the increased loan portfolio as well as the review by WSB's Loan Committee of land and construction loans to individual borrowers that are involved with a builder that has defaulted during this quarter on their constructions, causing collateral deficiencies that reflect possible losses.

WSB's October 31, 2004 total assets increased to \$553,120,000, a 36% increase from October 31, 2003 balance of \$406,223,000. This increase is primarily the result of an increase in the loan held-for-investment portfolio.

WSB also announced that a seven-cent per share cash dividend will be paid on December 17, 2004, to stockholders of record as of December 3, 2004.

FINANCIAL HIGHLIGHTS

(Unaudited)

	<u>Three Months Ended October 31,</u>			
	<u>2004</u>	<u>2003</u>		<u>% Change</u>
Interest Income	\$ 9,949,000	\$ 7,422,000		34 %
Interest Expense	\$ 3,725,000	\$ 2,914,000		28 %
Net Interest Income	\$ 6,224,000	\$ 4,508,000		38 %
Provision for Loan Losses	\$ 520,000	\$ 60,000		767 %
Non-Interest Income	\$ 1,564,000	\$ 1,256,000		25 %
Non-Interest Expenses	\$ 3,352,000	\$ 2,578,000		30 %
Net Earnings	\$ 2,411,000	\$ 1,967,000		23 %
Basic Earnings Per Share	\$ 0.33	\$ 0.28		18 %
Diluted Earnings Per Share	\$ 0.29	\$ 0.25		16 %
Average Shares Outstanding	7,348,744	6,947,406		6 %
Average Diluted Shares Outstanding	8,204,130	8,005,167		2 %

	<u>As of October 31, and for the three months ended</u>			
	<u>2004</u>	<u>2003</u>		<u>% Change</u>
Total Assets	\$ 553,120,000	\$ 406,223,000		36 %
Deposits and Borrowings	\$ 497,888,000	\$ 360,711,000		38 %
Total Stockholders' Equity	\$ 50,744,000	\$ 41,431,000		22 %
Book Value Per Share	\$ 6.90	\$ 5.95		16 %
Return on Average Assets	1.81 %	1.88 %		(4) %
Return on Average Equity	19.34 %	19.44 %		(1) %
Efficiency Ratio	43.04	44.72		