



NEWS RELEASE

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Washington Savings Bank, F.S.B. Announces Application For Formation of Holding Company

BOWIE, MD – September 27, 2007 - **THE WASHINGTON SAVINGS BANK, F.S.B.** (Nasdaq symbol: "WSB"), a federally chartered, FDIC insured savings bank, with principal executive offices in Bowie, Maryland, today announced that its board of directors has approved the formation of a bank holding company for the Bank. The proposed reorganization will be effected through a share exchange in which each of the Bank's shareholders will receive one share of common stock of WSB Holdings, Inc. a Delaware corporation formed at the direction of the Bank's board of directors ("Holdings") in exchange for each of their shares of the Bank's common stock. Holdings is a new corporation that is being organized by the Bank for purposes of the reorganization. The Bank's current directors will serve as the directors of Holdings.

Following the reorganization, the Bank's shareholders will be shareholders of the new holding company, and the holding company will be the Bank's parent company. The Bank will continue to exist as a federally chartered savings bank and be managed by its current board of directors and officers.

"A bank holding company will provide added flexibility in dealing with the evolving banking industry and in meeting the competition of other financial service companies," said Phillip C. Bowman. "We think it's prudent for us to position ourselves to maximize the opportunities that may be presented in the coming years."

Completion of the reorganization is subject to approval by the Bank's shareholders and federal banking regulators. A proposal to approve the reorganization will be submitted for a vote by the shareholders at the Bank's annual meeting to be held later this year. Subject to receipt of all required approvals, it is currently expected that the reorganization will be completed during the first quarter of 2008.

About The Washington Savings Bank, F.S.B.

The Washington Savings Bank, F.S.B. is a \$437 million full service community bank serving the business and consumer needs of the Washington, Baltimore, Annapolis, and Southern Maryland communities.

Headquartered in the Baltimore-Washington corridor, WSB serves the banking needs of growing businesses with commercial lending facilities, commercial real estate financing, residential mortgages, and residential construction financing for both developers and individual home owners. WSB offers a full range of deposit services and products for both consumers and businesses, through internet banking and its branches located in Anne Arundel, Prince George, and Charles counties. Remote deposit capture services for our commercial customers, now allows us a commercially viable means to serve the depository needs of businesses beyond our branch network.

For more information, visit <http://www.twsb.com> or call 301-352-3120.

Forward-Looking Statements

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