



**THE WASHINGTON SAVINGS BANK, F.S.B. ("WSB")
REPORTS SECOND QUARTER AND SIX MONTH RESULTS**

February 2006

TO OUR STOCKHOLDERS:

WSB reported second quarter net earnings of \$1,365,000 or \$0.18 per basic share and \$0.17 per diluted share for the fiscal quarter ending January 31, 2006, representing a 41% decrease in net earnings of \$2,321,000 for the comparable period of the prior year. WSB reported net earnings for the first six months of fiscal year 2006 of \$2,946,000 or \$0.40 per basic share and \$0.36 per diluted share for the period ending January 31, 2006, representing a 38% decrease in net earnings of \$4,732,000 for the comparable period of the prior year.

The decrease in quarterly earnings is consistent with management's previously announced plan to reduce the Bank's concentration in higher-yielding construction loans, and the implications of the plan as to future earnings. Significant curtailment in the construction loan portfolio has been experienced during the quarter and six month periods, resulting in a significant reduction in interest income and loan related fees for the comparative periods. The rising interest rate environment has resulted in a 4% increase in interest expense for the six month period ended January 31, 2006 compared to the same period of the prior year.

No addition to the allowance for loan losses through provisioning was made during the second quarter of fiscal year 2006. Management continues to see favorable developments in many of its previously internally criticized loans in which many such loans have been refinanced out of the bank or have seen credit enhancements secured from borrowers to better position the bank as to the collateral value securing outstanding loans. 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.

Management has reinvested excess liquidity as a result of the portfolio runoff in short term investment securities so as to provide liquidity for future loan growth as we continue the restructuring of the existing loan portfolio under the business plan and transition into a more diversified loan portfolio with lower credit risk. The reinvesting of high yielding loan funds into the investment portfolio will result in lower interest income until loan production again outpaces loan runoff and funds invested in our securities portfolio are redirected to loan production. During the quarter, the bank has seen a significant falloff in loan productions as a result of reducing our exposure to higher risk loans.

The reduction of the loan portfolio has resulted in a 22% decrease in net interest income and a 23% decrease in non-interest income, compared to the same six month period last year. The decrease in non-interest income is the result of a decrease in the amount of loan related fees, primarily in document preparation fees and gains on loan sales. The non-interest expenses increased 7% primarily as a result of an increase in professional services associated with compliance under the Supervisory Agreement between WSB and the OTS, legal fees associated with the pending litigation by a former employee, consultant costs associated with the implementation of the internet banking product and the mortgage origination software, the restructuring of the mortgage banking operations, and a write-down of foreclosed property. Interest expense increased as a result of higher average interest bearing deposit balances for the quarter and the prevailing higher interest rate environment for deposits. Management anticipates utilizing excess funding liquidity to offset a runoff of higher costing certificate of deposits previously originated to fund loan production.

WSB's January 31, 2006 total assets decreased by 11% to \$496,566,000 over last year's second fiscal quarter ending balance. Book value per share increased 10% to \$7.87 over last year's January 31st level of \$7.13.

Management, as a result of a review of products and services offered to retail customers is committed to an expansion of its product and services which will include internet banking, bill paying, and online loan applications, which is expected to be delivered during the first half of 2006. Management also intends to seek more diversity in its loan portfolio and has begun the implementation of software that will streamline the credit process from application to closing utilizing the current loan accounting software. These changes are the result of the ongoing review of the bank's business plan.

William J. Harnett
Chairman of the Board

Phillip C. Bowman
Chief Executive Officer

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FINANCIAL HIGHLIGHTS
The Washington Savings Bank, F.S.B.

Unaudited	Three Months Ended January 31,			Six Months Ended January 31,		
	2006	2005	% Change	2006	2005	% Change
Net Interest Income.....	\$ 4,714,508	\$ 6,604,249	- 29	\$ 10,020,279	\$ 12,828,369	- 22
Provision for Loan Losses.....	\$ 0	\$ 670,000	- 100	\$ 200,000	\$ 1,190,000	- 83
Net Interest Income After Provision for Loan Losses.....	\$ 4,714,508	\$ 5,934,249	- 21	\$ 9,820,279	\$ 11,638,369	- 16
Non-Interest Income.....	\$ 954,959	\$ 1,444,242	- 34	\$ 2,308,315	\$ 3,008,081	- 23
Non-Interest Expenses.....	\$ 3,518,288	\$ 3,608,481	- 2	\$ 7,428,678	\$ 6,960,659	+ 7
Net Earnings.....	\$ 1,365,079	\$ 2,321,010	- 41	\$ 2,945,616	\$ 4,731,591	- 38
Basic Earnings Per Share.....	\$ 0.18	\$ 0.32	- 44	\$ 0.40	\$ 0.64	- 38
Diluted Earnings Per Share.....	\$ 0.17	\$ 0.28	- 39	\$ 0.36	\$ 0.58	- 38
Average Shares Outstanding.....	7,405,996	7,363,177	+ 1	7,403,724	7,355,961	+ 1
Average Diluted Shares Outstanding.....	8,084,332	8,248,808	- 2	8,104,601	8,226,469	- 1

	At January 31,		
	2006	2005	% Change
Cash and Cash Equivalents.....	\$ 64,532,740	\$ 9,930,360	+ 550
Mortgage-Backed Securities.....	\$ 23,241,944	\$ 2,011,794	+ 1,055
Investment Securities.....	\$ 82,397,617	\$ 5,646,070	+ 1,359
Loans Receivable - net.....	\$ 304,325,917	\$ 518,551,987	- 41
Total Assets.....	\$ 496,565,811	\$ 557,010,924	- 11
Deposits.....	\$ 379,810,206	\$ 411,076,552	- 8
Borrowings.....	\$ 55,900,000	\$ 89,900,000	- 38
Other Liabilities.....	\$ 2,519,282	\$ 3,416,117	- 26
Total Stockholders' Equity.....	\$ 58,336,323	\$ 52,618,255	+ 11
Book Value Per Share.....	\$ 7.87	\$ 7.13	+ 10
Return on Average Assets.....	1.15 %	1.74 %	- 34
Return on Average Equity.....	10.51 %	18.62 %	- 44
Efficiency Ratio.....	60.26	43.95	+ 37

The Washington Savings Bank's ("WSB") actual ratios, and the amount over which WSB's ratios exceed regulatory ratios, as of January 31, 2006, are shown below.

For regulatory capital calculations, WSB was required to deduct \$536,193 from its assets and \$419,849 from its capital due to its subsidiary's real estate activities. WSB's regulatory capital and regulatory assets below also reflect increases of \$256,360 and \$396,256 respectively, which represents unrealized losses (after-tax for capital deductions and pre-tax for asset deductions) on MBS classified as available-for-sale.

Capital Category	Regulatory Ratios Required	WSB's Ratios	WSB's Excess of Requirements	Calculations Based Upon	
Leverage	\$ 19,857,035	\$ 58,172,835	\$ 38,315,800	\$ 58,172,835	Regulatory Capital
	4.00%	11.72%	7.72%	\$ 496,425,873	Regulatory Assets
Tangible	\$ 7,446,388	\$ 58,172,835	\$ 50,726,447	\$ 58,172,835	Regulatory Capital
	1.50%	11.72%	10.22%	\$ 496,425,873	Regulatory Assets
Risk-Based	\$ 26,108,628	\$ 62,252,308	\$ 36,143,680	\$ 62,252,308	Regulatory Capital
	8.00%	19.07%	11.07%	\$ 326,357,851	Risk-Weighted Assets

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, 2005 ("2005 Form 10-K") 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.