



**THE WASHINGTON SAVINGS BANK, F.S.B. ("WSB")
REPORTS FOURTH QUARTER AND TWELVE MONTH RESULTS AND DIVIDEND**

TO OUR SHAREHOLDERS:

August 2007

WSB reported net earnings of \$631,000 or \$0.09 per basic share, \$0.08 per diluted share for the fiscal quarter ended July 31, 2007, representing a 48% decrease in net earnings compared to \$1,204,000 or \$0.16 per basic share, \$0.15 per diluted share for the comparable period of the prior year. WSB reported net earnings of \$2,853,000 or \$0.38 per basic share and \$0.35 per diluted share for the year ended July 31, 2007, representing a 44% decrease in net earnings compared to \$5,062,000 or \$0.68 per basic share, \$0.62 per diluted share for the comparable period of the prior year. WSB also announced that a four-cent per share cash dividend for the fourth fiscal quarter will be paid on September 14, 2007, to stockholders of record as of September 3, 2007.

The decrease in net income for the twelve 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 55% compared to July 31, 2006. The overall reduction in WSB's loan production has resulted in a 26% decrease in net interest income and a 12% decrease in non-interest income, compared to same twelve 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.

- WSB EXPANDS COMMERCIAL CUSTOMER BASE

As previously discussed, management continues to seek more diversity in its loan portfolio and has established commercial business and commercial real estate lending departments staffed with experienced lenders in an effort to significantly expand its nonresidential loan portfolio. This has resulted in an increase the portfolios of commercial business, commercial real estate, and residential land development to commercial borrowers of \$42MM during the quarter and \$70MM during the fiscal year. WSB expects to see the results of its investment in loans to commercial business, commercial real estate, and residential land development to commercial borrowers to continue in fiscal 2008. To expand its commercial customer deposit base, the bank recently implemented remote deposit capture services for commercial customers. This service complements the Bank's PC Banking platform and allows us a commercially viable means to serve the depository needs of businesses beyond our branch network. The expansion of its commercial base is significant to the profitability of the Bank in that commercial customers provide lower cost deposit funding, with commercial loan borrowings structures that reprice to interest rate changes under terms that are favorable to the Bank.

- WSB RESTRUCTURES INVESTMENT PORTFOLIO

In an effort to minimize reinvestment risk while improving portfolio yield, investment securities were sold which resulted in a pre-tax loss of \$115,000 (approximately \$76,000 after tax) for the current period and \$183,000 (approximately \$121,000 after tax) for the twelve months ended July 31, 2007. The funds were reinvested in higher yielding assets and which 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 twelve month periods last year.

- WSB SEES IMPROVEMENT IN NON-PERFORMING LOANS

At July 31, 2007, total non-performing loans were \$7.4 million, consisting solely of non-accrual loans, representing 3.48% of total loans held-for-investment, compared favorably to \$10.8 million, consisting of non-accrual loans of \$9.7 million and \$1.1 million in accruing loans which were contractually past due more than four months but with current payments, or 4.35% of total loans held-for-investment, as of July 31, 2006. At July 31, 2007, foreclosed real estate totaled \$1.0 million which compared favorably to \$1.6 million as of July 31, 2006.

- WSB EXPANDS OPPORTUNITIES IN MORTGAGE BANKING MARKETS

While production of loans held-for-sale has been negatively impacted nationally by the current market constriction as to non-conforming and non-traditional mortgage offerings, and overall credit tightening, the Company continues to offer traditional mortgage financing through its mortgage banking operations. The Company continues to monitor the anticipated negative impact and/or exposure of many of the larger secondary market investors, and as such has further reduced or eliminated the selling of loans to investors where liquidity or financial capacity is in question.

Phillip C. Bowman, Chief Executive Officer noted, "The recent turmoil within the market is providing the Bank a unique opportunity to recapture lost market share from some of the non-traditional, non-regulated mortgage originators. We believe that we can and will assist many borrowers that have been negatively impacted by the closing of some of these mortgage originators." The Bank additionally has recently expanded its mortgage origination operations to include additional offices in Waldorf and Crofton, and has increased its originators in the Northern Virginia market.

- WSB BEGINS TRADING ON NASDAQ

The Company completed its transition from the American Stock Exchange to the NASDAQ Stock Exchange effective September 4, 2007 which we believe should benefit our shareholders in a number of ways.

William J. Harnett
Chairman of the Board

Phillip C. Bowman
Chief Executive Officer

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(301) 352-3120 Website: www.twsb.com NASDAQ Symbol: WSB**

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

Unaudited	Three Months Ended July 31,			Twelve Months Ended July 31,		
	2007	2006	% Change	2007	2006	% Change
Net Interest Income.....	\$ 3,255,558	\$ 4,059,431	- 20	\$ 13,562,021	\$ 18,295,757	- 26
Provision for Loan Losses.....	\$ 0	\$ 0	- 0	\$ (300,000)	\$ 200,000	- 250
Net Interest Income After Provision for Loan Losses.....	\$ 3,255,558	\$ 4,059,431	- 20	\$ 13,862,021	\$ 18,095,757	- 23
Non-Interest Income.....	\$ 641,784	\$ 972,306	- 34	\$ 3,294,906	\$ 3,751,273	- 12
Non-Interest Expenses.....	\$ 3,021,621	\$ 3,176,335	- 5	\$ 12,979,354	\$ 13,887,886	- 7
Net Earnings.....	\$ 630,521	\$ 1,203,602	- 48	\$ 2,853,074	\$ 5,062,444	- 44
Basic Earnings Per Share.....	\$ 0.08	\$ 0.16	- 50	\$ 0.38	\$ 0.68	- 44
Diluted Earnings Per Share.....	\$ 0.08	\$ 0.15	- 47	\$ 0.35	\$ 0.62	- 44
Dividends declared Per Share.....	\$ 0.04	\$ 0.00	+ 100	\$ 0.12	\$ 0.00	+ 100
Average Shares Outstanding.....	7,586,570	7,424,752	+ 2	7,509,790	7,412,406	+ 1
Average Diluted Shares Outstanding.....	8,116,748	8,105,654	+ 0	8,123,351	8,106,224	+ 0

	At July 31,		
	2007	2006	% Change
Cash and Cash Equivalents.....	\$ 7,228,111	\$ 13,770,470	- 48
Mortgage-Backed Securities.....	\$ 70,349,428	\$ 46,489,371	+ 51
Investment Securities.....	\$ 130,877,007	\$ 110,835,295	+ 18
Loans Receivable - net.....	\$ 208,379,656	\$ 251,084,904	- 17
Total Assets.....	\$ 437,025,892	\$ 444,123,386	- 2
Deposits.....	\$ 282,898,719	\$ 323,733,916	- 13
Borrowings.....	\$ 89,000,000	\$ 58,000,000	+ 53
Other Liabilities.....	\$ 2,320,507	\$ 2,442,690	- 5
Total Stockholders' Equity.....	\$ 62,806,666	\$ 59,946,780	+ 5
Book Value Per Share.....	\$ 8.28	\$ 8.07	+ 3
Return on Average Assets.....	0.65 %	1.03 %	- 37
Return on Average Equity.....	4.61 %	8.82 %	- 48
Efficiency Ratio.....	77.0	63.0	+ 22

The Washington Savings Bank's ("WSB") actual ratios, and the amount over which WSB's ratios exceed regulatory ratios, as of July 31, 2007, are shown below.

For regulatory capital calculations, WSB was required to deduct \$687,845 from its assets and \$527,185 from its capital due to its subsidiary's real estate activities. WSB's regulatory capital and regulatory assets below also reflect decreases of \$639,178 and \$1,035,026 respectively, which represents unrealized gains (after-tax for capital deductions and pre-tax for asset deductions) on MBS and investment securities classified as available-for-sale.

Capital Category	Regulatory Ratios Required	WSB's Ratios	WSB's Excess of Requirements	Calculations Based Upon	
Leverage	\$ 17,522,437 4.00%	\$ 62,918,658 14.36%	\$ 45,396,221 10.36%	\$ 62,918,658	Regulatory Capital
				\$ 438,060,918	Regulatory Assets
Tangible	\$ 6,570,914 1.50%	\$ 62,918,658 14.36%	\$ 56,347,744 12.86%	\$ 62,918,658	Regulatory Capital
				\$ 438,060,918	Regulatory Assets
Risk-Based	\$ 20,405,253 8.00%	\$ 65,581,439 25.71%	\$ 45,176,186 17.71%	\$ 65,581,439	Regulatory Capital
				\$ 255,065,664	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, 2006 ("2006 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.