



FOR IMMEDIATE RELEASE

**American Home Mortgage Holdings To Acquire
Valley Bancorp, Inc.**

Transaction to be Significantly Accretive to Earnings

*Strategic Acquisition Solidifies American Home's Business Objective on Becoming a Diversified
Financial Institution*

NEW YORK, NY (August 27, 2001) --- American Home Mortgage Holdings, Inc. (Nasdaq: AHMH), ("American Home" or the "Company"), one of the nations largest independent online and offline retail mortgage bankers, today announced that it has entered into an agreement to acquire Valley Bancorp, Inc. and its wholly owned subsidiary Valley Bank of Maryland, a federal savings bank located in suburban Baltimore, Maryland, for a combination of American Home shares and cash valued at approximately \$5.5 million. The transaction, which is expected to be immediately accretive to American Home upon closing, will further solidify its position as one of the most dynamic and responsive mortgage banking franchises in the Country through the addition of new products and services, and a depository funding strategy that will reduce its cost of funds.

Under the terms of the definitive agreement, American Home will pay approximately \$5.5 million, or 1.25x Valley Bancorp's book value as of June 30, 2001 in a combination of cash and stock, subject to certain adjustments. The transaction has been approved by the Board of Directors of Valley, and is expected to close in the first half of 2002.

Key benefits of the acquisition of Valley include the following:

- Substantial increase in net interest income due to Valley's lower cost, more stable and diverse funding base.
- Significant revenue enhancement opportunities between Valley's product expertise and American Home's large and growing customer base.
- Implements strategy consistent with American Home's philosophy of reducing the cost to originate and process residential loan transactions, and provides for the reduction of overhead expenses including taxes on mortgage recordings, state income taxes, wire fees, custodial expenses, and other related banking and state regulatory costs.

Commenting on the merger, Michael Strauss, Chairman, and CEO of American Home said, "We look forward to working with the Valley Bancorp staff, and are excited about the financial benefits the merger affords. We also are confident our residential lending activity, which focuses on making readily saleable, single family homeowner loans to creditworthy applicants, will be the basis of appropriate assets for our balance sheet, and will inspire the confidence of the public we serve."

American Home expects to continue its core focus on residential mortgage lending, while exploring cross-selling initiatives as a depository institution. While circumstances may dictate a different strategy over time, the Company has no current plans to widely offer loans that are not secured by real estate, or expand a brick and mortar branch network.

The acquisition is subject to Office of Thrift Supervision (OTS) approval as well as approval of Valley shareholders. An application will be promptly filed with the OTS, and it is anticipated that the OTS review process will take six to nine months, with approval expected in the first half of next year.

Valley Bancorp and its subsidiary, Valley Bank of Maryland, were established in 1952, and, as of June 30, 2001 had approximately \$47 million in assets, and \$37 million in deposits. Valley serves its customers from a banking facility in Owings Mills, MD, and an administrative office in Hunt Valley, Maryland.

Valley Bancorp's President, Joseph Solomon, who will retain his post after the merger commented, "We are excited about joining the American Home Mortgage family. Through the merger we gain access to American Home's large customer base, as well as new technologies. We look forward to working with American Home to realize the economies that will benefit what will become our mutual shareholders."

ABOUT AMERICAN HOME MORTGAGE

American Home Mortgage Holdings is a leading independent retail originator of residential mortgage loans both online and offline. Its online operation, MortgageSelect.com is a leader in online closed loan volume, and has outperformed its online competitors in terms of profitability. Offline, the Company has grown organically and by acquisition and now has 55 community loan offices across the country. For additional information please visit the Company's Website at www.mortgageselect.com.

ABOUT VALLEY BANCORP OF MARYLAND

Valley Bancorp, Inc., and its wholly owned subsidiary Valley Bank of Maryland based in Hunt Valley, Maryland, serves the suburban Baltimore market area through its full service branch office in Owings Mills, Maryland, and its lending and administrative office in Hunt Valley, Maryland. Valley provides a wide range of consumer banking services to individuals and professionals. Valley Bank was first established in 1952 as the Baltimore Building and Loan Association. There is no established trading market for Valley common stock.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This news release contains statements about future events and expectations, which are "forward-looking statements." Any statement in this release that is not a statement of historical fact may be deemed to be a forward-looking statement. Such forward-looking statements involve know and unknown risks, uncertainties and other factors which may cause the company's actual results to be materially different from any future results, performance or achievements expresses or implied by such forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: the potential fluctuations in the company's operating results; the company's potential need for additional capital, the direction of interest rates and their subsequent effect on the company's business, federal and state regulation of mortgage banking; the company's competition; the company's ability to attract and retain skilled personnel; and those risks and uncertainties discussed in filings made by the company with the Securities and Exchange Commission, including those risks and uncertainties contained under the heading "Risk Factors" in the company's Registration Statement on Form S-1 as filed with the Securities and Exchange Commission.

CONTACT: Ogilvy Public Relations WorldWide

Nancy Armstrong

212-880-5386

nancy.armstrong@ogilvypr.com