



WSB Holdings, Inc. Announces Second Quarter Results

July 2011

TO OUR SHAREHOLDERS:

WSB Holdings, Inc. (Nasdaq: "WSB"), the parent company of Washington Savings Bank, F.S.B. (the "Bank"), announced results of operations for both its second quarter and the six month period ending June 30, 2011. WSB reports net earnings of \$321,000 or \$0.04 per basic and diluted share for the three months ended June 30, 2011, compared to net loss of \$2.4 million or \$(0.31) per basic and diluted share for the comparable period of the prior year. WSB reports net earnings for the six month period ending June 30, 2011 of \$556,000, or \$0.07 per basic and diluted share, compared to net loss of \$2.2 million, or \$(0.28) per basic and diluted share, for the six month period ending June 30, 2010. The increase in net earnings for the three and six month periods is primarily the result of allocating \$100,000 to the allowance for loan losses during both the three and six months ending June 30, 2011 compared to a \$2.4 million provision in the prior year periods. Also, non-interest expenses decreased \$2.6 million, or 42%, and \$2.3 million, or 24%, respectively, for the three and six month periods ending June 30, 2011 primarily as a result of the \$2.0 million one-time debt pre-payment penalty that we recognized during 2010 as compared to the same periods this year.

This represents positive earnings for the third consecutive quarter as a result of our continued efforts to reduce the amount of problem assets, the reduction of high cost borrowings and our continued efforts to increase the Bank's core deposit base. These efforts have allowed the Bank to remain profitable despite the significant slowdown of loan demand. The non-performing loans portion of our problem assets has decreased 26% during the first six months of 2011. Interest expense decreased \$768,000, or 33%, and \$1.7 million, or 35%, respectively, as compared to the three and six months ended June 30, 2010, primarily due to the reduction of high cost borrowings.

With these results the Bank has increased its Core Capital ratio to 11.08%, which remains well in excess of the regulatory levels for being "well capitalized," and continues to look for profitable opportunities in this market to grow the Bank.

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

The Washington Savings Bank, F.S.B. is a \$389 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. The Bank 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's, and Charles counties. Our services include remote deposit capture services for our commercial customers, which 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.

William J. Harnett
Chairman of the Board

Phillip C. Bowman
Chief Executive Officer

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FINANCIAL HIGHLIGHTS
WSB Holdings, Inc.

Unaudited	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	2010	% Change	2011	2010	% Change
Net Interest Income.....	\$ 3,084,000	\$ 3,262,000	(5)	\$ 6,111,000	\$ 6,284,000	(3)
Provision for Loan Losses.....	\$ 100,000	\$ 2,400,000	(96)	\$ 100,000	\$ 2,400,000	(96)
Net Interest Income After Provision for Loan Losses.....	\$ 2,984,000	\$ 862,000	246	\$ 6,011,000	\$ 3,884,000	55
Non-Interest Income.....	\$ 963,000	\$ 1,413,000	(32)	\$ 1,910,000	\$ 1,879,000	2
Non-Interest Expenses.....	\$ 3,489,000	\$ 6,051,000	(42)	\$ 7,178,000	\$ 9,480,000	(24)
Net Earnings (Loss).....	\$ 321,000	\$ (2,422,000)	113	\$ 556,000	\$ (2,168,000)	126
Basic Earnings (Loss) Per Share.....	\$ 0.04	\$ (0.31)	112	\$ 0.07	\$ (0.28)	125
Diluted Earnings (Loss) Per Share.....	\$ 0.04	\$ (0.31)	112	\$ 0.07	\$ (0.28)	125
Dividends Declared Per Share.....	\$ 0.00	\$ 0.00	0	\$ 0.00	\$ 0.00	0
Average Shares Outstanding.....	7,993,683	7,876,610	1	7,980,207	7,866,171	1
Average Diluted Shares Outstanding.....	7,994,762	7,876,610	2	7,981,065	7,866,171	1

	As of June 30,		As of December 31,		% Change
	2011	2010	2011	2010	
Cash and Cash Equivalents.....	\$ 5,354,000	\$ 23,534,000			(77)
Mortgage-Backed Securities.....	\$ 60,725,000	\$ 58,552,000			4
Investment Securities.....	\$ 60,192,000	\$ 22,111,000			172
Loans Receivable - net.....	\$ 223,228,000	\$ 248,014,000			(10)
Total Assets.....	\$ 390,224,000	\$ 395,930,000			(1)
Deposits.....	\$ 255,648,000	\$ 266,581,000			(4)
Borrowings.....	\$ 79,000,000	\$ 76,000,000			4
Other Liabilities.....	\$ 2,639,000	\$ 1,729,000			53
Total Stockholders' Equity.....	\$ 52,937,000	\$ 51,619,000			3
Book Value Per Share.....	\$ 6.62	\$ 6.51			2
Return on Average Assets.....	0.28 %	(0.92) %			130
Return on Average Equity.....	2.11 %	(7.29) %			129
Total non performing loans to total loans held-for-investment.....	8.57 %	11.56 %			(26)
Allowance as a percentage of total gross loans held-for-investment.....	3.59 %	4.37 %			(18)
Total non-performing loans to total assets.....	4.97 %	6.84 %			(27)
Total non-performing assets to total assets.....	6.22 %	8.37 %			(26)

The Washington Savings Bank's ("WSB's") actual ratios, and the amount over which WSB's ratios exceed regulatory ratio's, as of June 30, 2011, are shown below. WSB's regulatory capital and regulatory assets below also reflect decreases of \$293,000 and \$483,000 respectively, which represents unrealized losses (after-tax for capital deductions and pre-tax for asset deductions, respectively) 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	\$ 15,240,032 4.00%	\$ 42,207,931 11.08%	\$ 26,967,899 7.08%	\$ 42,207,931 \$ 381,000,804	Regulatory Capital Regulatory Assets
Tangible	\$ 5,715,012 1.50%	\$ 42,207,931 11.08%	\$ 36,492,919 9.58%	\$ 42,207,931 \$ 381,000,804	Regulatory Capital Regulatory Assets
Risk-based	\$ 18,213,281 8.00%	\$ 45,068,646 19.80%	\$ 26,855,365 11.80%	\$ 45,068,646 \$ 227,666,007	Regulatory Capital Regulatory Assets