



WSB Holdings, Inc. Announces Third Quarter Results and Dividend

October 2008

TO OUR SHAREHOLDERS:

By now, you have been overwhelmed with the negative news about the fragile condition of the economy and the impact that this has had on a handful of financial institutions. Some institutions focused on high-risk, non-traditional real estate lending and investing, are experiencing serious earnings problems, some of which are so severe that the viability of the institution may be in jeopardy. This situation however is being blown out of proportion by some members of the news media who would lead you to believe that all financial institutions are in trouble – this simply is not accurate. The vast majority of financial institutions in the United States are very strong, well run, and have adhered to traditional banking practices. While our earnings and common stock price has been challenged by the economy and the market acceptance of financial stocks, we feel confident that as the economy improves and the confidence is restored in the financial markets, our earnings and stock will react accordingly. With that the Board of Directors and Management offer the following quarterly update:

WSB Holdings, Inc. (Nasdaq: "WSB"), the parent company of Washington Savings Bank, F.S.B., (the "Bank") announces results of operations for both its third quarter and the nine month period ending September 30, 2008. WSB Holdings became the holding company of the Bank as of January 3, 2008. WSB will report financial results on a calendar year basis (unlike the Bank's previous fiscal year). Accordingly, results of operations and other financial data for periods prior to January 1, 2008 are for the Bank.

WSB reports net loss of \$1.1 million or \$(0.14) per basic and diluted share for the three months ended September 30, 2008, a 378% decrease in net earnings compared to net income of \$386,000 or \$0.05 per basic and diluted share for the comparable period of the prior year. WSB reports a net loss of \$92,000, or \$(0.01) per basic and diluted share for the period ending September 30, 2008, representing a 105% decrease in net earnings of \$1.8 million or \$0.24 per basic share and \$0.22 per diluted share for the comparable period of the prior year.

WSB also announced a four-cent per share cash dividend to be paid November 10, 2008 to stockholders of record as of October 31, 2008.

The quarterly decline in earnings is the result of the Bank allocating an additional \$2,100,000 to its Allowance for Loan Losses during the quarter. As can be seen from the daily reports in the financial news, there is continued deterioration in the overall economy and more particularly in residential real estate. The effect of this deterioration has increased the number of the Bank's nonperforming and delinquent loans, as well as the number of loans the Bank expects will become delinquent and nonperforming going forward, necessitating an increase in the allowance. "While the Bank has not been negatively impacted directly by the sub-prime lending and investment activities as like many other financial institutions, the Bank is being impacted by declining real estate values and the negative impacts the general economy is having on some customers," said Phillip C. Bowman, Chief Executive Officer. "With our continued focus on safety and soundness, and the Bank's capital level of 19% of risk-weighted assets, well in excess of regulatory standards of 'well capitalized,' we remain confident in our ability to manage through this difficult economic environment. With these steps, WSB believes it will return to profitability in the fourth quarter and thus be profitable for the year."

Although the economic climate has changed significantly, the Bank continues to seek new customers and has been able to grow its loan portfolio. "Through enhanced underwriting standards and strong credit review systems, the Bank continues to be successful in identifying lending opportunities and continues to put this money to work in our communities," said Mr. Bowman. The Bank continues to remind customers that deposits are protected by FDIC insurance. Not one penny of insured savings has ever been lost by a customer of a federally insured bank. Even better, the FDIC has temporarily raised its coverage amounts from \$100,000 to \$250,000 per depositor through December 31, 2009.

The Washington Savings Bank, F.S.B., now celebrating its 27th year, is a \$450 million full service community bank serving the business and consumer needs of the Washington, Baltimore, Annapolis, and Southern Maryland communities.

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 September 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Net Interest Income.....	\$ 2,882,354	\$ 3,184,915	- 9	\$ 8,867,536	\$ 9,718,001	- 9
Provision for Loan Losses.....	\$ 2,100,000	\$ 0	+ 100	\$ 2,100,000	\$ 0	+ 100
Net Interest Income After Provision for Loan Losses.....	\$ 782,354	\$ 3,184,915	- 75	\$ 6,767,536	\$ 9,718,001	- 30
Non-Interest Income.....	\$ 712,438	\$ 604,552	+ 18	\$ 2,322,549	\$ 2,111,799	+ 10
Non-Interest Expenses.....	\$ 3,188,717	\$ 3,252,503	- 2	\$ 9,410,288	\$ 9,201,006	+ 2
Net Earnings.....	\$ (1,073,712)	\$ 386,364	- 378	\$ (91,775)	\$ 1,796,095	- 105
Basic Earnings Per Share.....	\$ (0.14)	\$ 0.05	- 380	\$ (0.01)	\$ 0.24	- 104
Diluted Earnings Per Share.....	\$ (0.14)	\$ 0.05	- 380	\$ (0.01)	\$ 0.22	- 105
Dividends Declared Per Share.....	\$ 0.04	\$ 0.04	+ 0	\$ 0.12	\$ 0.08	+ 50
Average Shares Outstanding.....	7,580,215	7,588,135	- 0	7,592,366	7,565,063	+ 0
Average Diluted Shares Outstanding.....	7,580,215	8,081,382	- 6	7,592,366	8,107,321	- 6

	At September 30,		
	2008	2007	% Change
Cash and Cash Equivalents.....	\$ 13,434,299	\$ 7,146,408	+ 88
Mortgage-Backed Securities.....	\$ 123,274,698	\$ 69,432,589	+ 78
Investment Securities.....	\$ 50,559,535	\$ 120,804,483	- 58
Loans Receivable - net.....	\$ 234,163,819	\$ 211,255,913	+ 11
Total Assets.....	\$ 458,880,372	\$ 438,809,401	+ 5
Deposits.....	\$ 259,111,451	\$ 282,071,099	- 8
Borrowings.....	\$ 139,000,000	\$ 91,000,000	+ 53
Other Liabilities.....	\$ 2,651,991	\$ 2,648,300	+ 0
Total Stockholders' Equity.....	\$ 58,116,930	\$ 63,090,002	- 8
Book Value Per Share.....	\$ 7.72	\$ 8.31	- 7
Return on Average Assets.....	(0.03) %	0.55 %	- 105
Return on Average Equity.....	(0.20) %	3.83 %	- 105

The Washington Savings Bank's ("WSB") actual ratios, and the amount over which WSB's ratios exceed regulatory ratios, as of September 30, 2008, are shown below. WSB's regulatory capital and regulatory assets below reflect increases of \$3,045,168 and \$5,028,348 respectively, which represents unrealized losses (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	\$ 18,213,175 4.00%	\$ 51,893,735 11.40%	\$ 33,680,560 7.40%	\$ 51,893,735 Regulatory Capital \$ 455,329,380 Regulatory Assets
Tangible	\$ 6,829,941 1.50%	\$ 51,893,735 11.40%	\$ 45,063,794 9.90%	\$ 51,893,735 Regulatory Capital \$ 455,329,380 Regulatory Assets
Risk-Based	\$ 23,305,654 8.00%	\$ 54,642,801 18.76%	\$ 31,337,147 10.76%	\$ 54,642,801 Regulatory Capital \$ 291,320,673 Risk-Weighted Assets

This release contains forward-looking statements, in particular with respect to profitability in the fourth quarter and for the year 2008, 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, and can generally be identified by the use of forward-looking terminology such as "believes", "will" and similar terminology. Forward-looking statements are based on current expectations and assessments of potential developments affecting market conditions, interest rates and other economic conditions, and are subject to risks and uncertainties that could cause actual results to differ materially from future results expressed or implied by forward-looking statements made in this release. Potential risks and uncertainties include, but are not limited to, further deterioration in the housing market or in general economic conditions in our market areas, the impact of new governmental regulations, and unexpected changes in interest rates, deposit flows, loan demand and real estate values, as well as other risks and uncertainties, as described by the Bank in its Annual Report on Form 10-K for the year ended July 31, 2007 and in such other reports filed with the Office of Thrift Supervision, which are available on the Bank's website at www.twsb.com. WSB will not update forward-looking statements to reflect events or developments after a forward-looking statement was made.