



WSB Holdings, Inc. Announces Fourth Quarter Results and Dividend

January 2009

TO OUR SHAREHOLDERS:

WSB Holdings, Inc. (Nasdaq: "WSB"), the parent company of Washington Savings Bank, F.S.B., (the "Bank") announces results of operations for both its fourth quarter and the twelve month period ending December 31, 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 income of \$327,000 or \$0.04 per basic and diluted share for the three months ended December 31, 2008, a 30% increase in net earnings compared to net income of \$252,000 or \$0.03 per basic and diluted share for the comparable period of the prior year. WSB reports net income of \$236,000, or \$0.03 per basic and diluted share for the year ending December 31, 2008, representing an 88% decrease in net earnings of \$2.0 million or \$0.27 per basic share and \$0.25 per diluted share for the prior year.

WSB also announced a four-cent per share cash dividend to be paid February 16, 2009 to stockholders of record as of February 06, 2009.

The decrease in net income for the twelve month period ended December 31, 2008 is primarily the result of the Bank allocating an additional \$2,230,000 to its Allowance for Loan Losses during the year. The decrease in net income also reflects a 9% decrease in net interest income which offsets the 6% increase in non-interest income, compared to the same twelve month period last year. The decrease in net-interest income is primarily the result of a decrease in the yield on earning assets and an increase in the average volume of interest bearing liabilities. The increase in non-interest income is primarily the result of an increase in the gain on sale of investments, partially offset by decreases in gain on sale of loans and loan related fees.

As previously reported the Bank continues to see the effects of the deteriorating economy with a continued increase in previously reported delinquent and nonperforming loans. "While this level of nonperforming assets impairs our ability to generate income similar to previous periods, the Bank is well in excess of regulatory standards of 'well capitalized' and we remain confident in our ability to manage through this difficult economic environment," said Phillip C. Bowman, Chief Executive Officer.

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

The Washington Savings Bank, F.S.B., now celebrating its 27th year, is a \$446 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, and Charles counties. Remote deposit capture services for our commercial customers now allow us a commercially viable means to serve the depository needs of businesses beyond our branch network. The Bank continues to offer temporarily FDIC insurance coverage of \$250,000 per depositor through December 31, 2009.

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

WSB Holdings, Inc, 4201 Mitchellville Road-Suite 200, Bowie, Maryland 20716

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

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FINANCIAL HIGHLIGHTS
WSB Holdings, Inc.

Unaudited	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2008	2007	%		2008	2007	%	
			Change				Change	
Net Interest Income.....	\$ 2,658,128	\$ 2,935,182	-	9	\$ 11,525,664	\$ 12,653,183	-	9
Provision for Loan Losses.....	\$ 130,000	\$ 200,000	-	35	\$ 2,230,000	\$ 200,000	+	1,015
Net Interest Income After Provision for Loan Losses.....	\$ 2,528,128	\$ 2,735,182	-	8	\$ 9,295,664	\$ 12,453,183	-	25
Non-Interest Income.....	\$ 840,448	\$ 883,765	-	5	\$ 3,162,996	\$ 2,995,564	+	6
Non-Interest Expenses.....	\$ 3,225,473	\$ 3,287,112	-	2	\$ 12,635,761	\$ 12,488,119	+	1
Net Earnings.....	\$ 327,412	\$ 252,309	+	30	\$ 235,637	\$ 2,048,404	-	88
Basic Earnings Per Share.....	\$ 0.04	\$ 0.03	+	33	\$ 0.03	\$ 0.27	-	89
Diluted Earnings Per Share.....	\$ 0.04	\$ 0.03	+	33	\$ 0.03	\$ 0.25	-	88
Dividends Declared Per Share.....	\$ 0.04	\$ 0.04	+	0	\$ 0.18	\$ 0.08	+	125
Average Shares Outstanding.....	7,563,523	7,591,689	-	0	7,585,155	7,571,720	+	0
Average Diluted Shares Outstanding.....	7,748,246	8,025,447	-	3	7,910,908	8,086,852	-	2

	At December 31,			
	2008	2007	%	
			Change	
Cash and Cash Equivalents.....	\$ 4,050,612	\$ 3,585,803	+	13
Mortgage-Backed Securities.....	\$ 118,132,095	\$ 94,105,046	+	26
Investment Securities.....	\$ 48,240,101	\$ 94,705,255	-	49
Loans Receivable - net.....	\$ 242,753,730	\$ 231,010,829	+	5
Total Assets.....	\$ 454,542,290	\$ 453,375,837	+	0
Deposits.....	\$ 251,154,908	\$ 274,573,411	-	9
Borrowings.....	\$ 147,100,000	\$ 112,800,000	+	30
Other Liabilities.....	\$ 2,597,157	\$ 2,091,868	+	24
Total Stockholders' Equity.....	\$ 53,690,225	\$ 63,910,559	-	16
Book Value Per Share.....	\$ 6.86	\$ 7.79	-	12
Return on Average Assets.....	0.05 %	0.47 %	-	89
Return on Average Equity.....	0.39 %	3.26 %	-	88

The Washington Savings Bank's ("WSB") actual ratios, and the amount over which WSB's ratios exceed regulatory ratios, as of December 31, 2008, are shown below.

WSB's regulatory capital and regulatory assets below reflect increases of \$8,049,880 and \$13,292,405 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	\$ 18,375,233 4.00%	\$ 52,250,265 11.37%	\$ 33,875,032 7.37%	\$ 52,250,265	Regulatory Capital
				\$ 459,380,819	Regulatory Assets
Tangible	\$ 6,890,712 1.50%	\$ 52,250,265 11.37%	\$ 45,359,553 9.87%	\$ 52,250,265	Regulatory Capital
				\$ 459,380,819	Regulatory Assets
Risk-Based	\$ 23,346,811 8.00%	\$ 55,130,994 18.89%	\$ 31,784,183 10.89%	\$ 55,130,994	Regulatory Capital
				\$ 291,835,136	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.