

**WSB HOLDINGS, INC.**  
**AUDIT COMMITTEE CHARTER**

**I. Overview.**

The Audit Committee is appointed by the Board of Directors (the “**Board**”) to be directly responsible for the appointment, compensation and oversight of the work of any independent firm employed by the Holding Co. or the Bank and to assist in Board oversight of: (1) the integrity of the financial statements of the Company; (2) the adequacy of the Company's system of internal controls; (3) the compliance by the Company with legal and regulatory requirements; (4) the qualifications and independence of the Company's and the Bank's auditors; and (5) the performance of the Company's independent and internal auditors. The Audit Committee shall have the authority to engage, and obtain advice and assistance from, outside legal, accounting and other advisers, and the Company or the Bank shall provide appropriate funding therefor as determined by the Audit Committee.

**II. Committee Membership.**

The Audit Committee of the Board shall consist of a minimum of three directors. Members shall be appointed by the Board and may be removed by the Board in its discretion. The members shall meet the independence, experience and expertise requirements of the applicable provisions of the federal securities laws, banking laws and the NASDAQ for audit committee members. In addition, if practicable, one member shall be an audit committee “**financial expert**” as that term is defined by applicable Securities and Exchange Commission's rules and regulations. At least annually, the Board will determine whether all existing and potential candidates for the Audit Committee are independent, as required by applicable laws and regulations, and whether such persons otherwise satisfy the requirements of Part 363 of the FDIC rules and regulations.

**III. Committee Powers, Authority, Duties and Responsibilities.**

**A. Approval of Audit and Non-Audit Services.**

- The Audit Committee shall have the sole authority to appoint, approve the compensation of, oversee the work of and discharge or replace the independent auditors. The independent auditors shall report directly to the Audit Committee.
- The Audit Committee shall approve in advance the provision by the independent auditors of all services to the Company whether or not related to the audit.
- The Company or the Bank shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors and for any expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

**B. Independent Auditor Evaluation.**

- The Audit Committee shall receive from, and discuss with, the independent auditors, periodic reports, at least annually regarding: the auditors' independence; the auditors' internal quality-control procedures; any material issues raised by the most recent internal

quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent auditors and the Bank.

- The Audit Committee shall evaluate the performance of the independent auditors at such times as are appropriate.
- The Audit Committee will oversee the Company's hiring policies for former employees of the independent auditors.

**C. Planning and Reviewing Auditing Activities.**

- The Audit Committee shall meet with the independent auditors prior to the annual audit to review the planning and staffing of the audit and other examinations or reviews of the Company's quarterly, annual and other financial information.
- The Audit Committee shall also review with management and the independent auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of internal and external audit resources.
- In connection with the annual audit, the Audit Committee shall review with the independent auditors any problems or difficulties the auditors may have encountered and any management letter provided by the auditors and management's response to any such problems or difficulties and to any management letter.
- The Audit Committee shall review major changes to the Company's auditing and accounting principles and practices suggested by the independent auditors or management.
- The Audit Committee shall inquire of management, internal auditors and the Company's independent auditors concerning any deficiencies in the Company's or the Bank's policies and procedures that could adversely affect the adequacy of internal controls and the financial reporting process and review the timeliness and reasonableness of proposed corrective actions.
- The Audit Committee shall review the appointment and replacement of the senior internal auditing executive, if any.
- The Audit Committee shall review any significant reports to management provided by the internal auditing department, if any, and management's responses.

**D. Review of Unaudited and Audited Financial Statements, Earnings Releases, and Information Provided to Analysts and Rating Agencies; Preparation of Proxy Disclosure.**

- The Audit Committee shall review the annual audited financial statements with management and the independent auditors prior to their filing with the appropriate regulatory agencies in accordance with the applicable laws and regulations, including major issues regarding accounting and auditing principles and practices, the Company's disclosures under "Management's Discussion and Analysis of Results of Operations and

Financial Condition,” the adequacy of internal controls that could significantly affect the Company’s financial statements, any material correcting adjustments that have been identified by the independent auditors, any material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities and other matters related to the conduct of the audit which are to be communicated to the Audit Committee under Statement on Auditing Standards No. 61, Communications with Audit Committees.

- The Audit Committee shall determine whether to recommend to the Board that the annual audited financial statements be included in the Company’s annual report on Form 10-K.
- The Audit Committee shall review analyses and reports prepared by management and the independent auditors of significant financial reporting issues and judgments and critical accounting policies and practices in connection with the preparation of the Company’s financial statements and the ramifications of the use of alternative disclosures and treatments, the treatment preferred by the independent auditors, and other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.
- The Audit Committee shall meet periodically with management and the independent auditors to review the Company’s and the Bank’s major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee shall also review and evaluate the Company’s and the Bank’s processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas.
- The Audit Committee shall review with management and the independent auditors the Company’s quarterly financial statements and the Company’s disclosures under “Management’s Discussion and Analysis of Results of Operations and Financial Condition” included in the Company’s Form 10-Q’s.
- The Audit Committee shall review with management and the independent auditors, as appropriate, earnings press releases and financial information and earnings guidance provided to analysts and to rating agencies.
- The Audit Committee shall prepare the report required by the rules of the Office of Thrift Supervision to be included in the Company’s annual proxy statement and shall receive the information to be provided by the independent auditors for inclusion in the proxy statement, including with regard to fees relating to the audit.

**E. Review of Conflicts of Interest.**

- The Audit Committee shall review the Company and the Bank policies and procedures with respect to transactions in which officers or directors have an interest; where appropriate, including when their review is requested by management or the independent auditors, review policies and procedures with regard to officer use of corporate assets and consider the results of any review of these areas by the independent auditors.
- The Audit Committee shall review all related party transactions and similar matters to the extent required by the NASDAQ to be approved by an audit committee or comparable body.

**F. Compliance with Law and the Procedures for Handling Complaints about Accounting Matters.**

- The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Bank regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company or the Bank of concerns regarding questionable accounting or auditing matters.
- The Audit Committee shall review with the Board as necessary in the Audit Committee's judgment the Company's and Bank's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct, if any. The Audit Committee shall obtain reports from management on matters relevant to the Company's compliance policies and procedures.
- The Audit Committee shall obtain reports from management and the independent auditors that the Company's subsidiaries, if any, are in conformity with applicable legal requirements.
- The Audit Committee shall discuss with the independent auditors any information brought to its attention by the auditors regarding potential illegal acts and shall handle such information as required by appropriate law.
- The Audit Committee shall review with the Company's general counsel legal and regulatory matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from external counsel, regulators or governmental agencies.
- The Audit Committee shall obtain and review reports from management, the internal auditors and the independent auditors as to the Company's conformity with applicable legal and regulatory requirements.
- The Audit Committee shall review and discuss with management and the independent auditors the effect of any regulatory and accounting initiative on the Company's financial statements.

**G. Periodic Reports to the Board, Executive Sessions and Annual Review.**

- The Audit Committee shall make a report to the Board at the next regularly scheduled meeting following a meeting of the Audit Committee accompanied by any recommendation to the Board.
- The Audit committee shall meet at least quarterly, or more frequently, if circumstances dictate. The Audit Committee shall meet at least annually with the chief financial officer, the senior internal auditing executive, if any, the other senior members of management designated by the Audit Committee, and the independent auditors, each in separate executive sessions.
- The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- The Audit Committee shall annually review its own performance.

**H. Conducting or Authorizing Investigations.**

- The Audit Committee shall have the power to conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
- The Audit Committee shall be empowered to retain independent counsel, accountants or others to assist in the conduct of any investigations.
- The Audit Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

**IV. Responsibilities of Others.**

While the Audit Committee has the oversight, supervisory, responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, to implement internal controls or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These matters and tasks are the responsibility of management and the independent auditors. Likewise, it is the responsibility of the Company's management and/or the independent auditors to bring appropriate matters to the attention of the Audit Committee, and to keep the Audit Committee informed of matters which the Company's management or the independent auditor believe require attention, guidance, resolution or other actions, the bases therefore and other relevant considerations. While it is not the duty of the Audit Committee to conduct investigations or to assure compliance with laws and regulations, the Audit Committee may take such actions with respect to such matters, as it deems necessary or advisable in fulfilling its duties.

**As approved by the Board of Directors and made effective on January 16, 2008**