

FOR IMMEDIATE RELEASE

OSAGE BANCSHARES, INC.
ANNOUNCES EARNINGS,
QUARTERLY DIVIDEND

April 28, 2011

Pawhuska, OK

Mark S. White, President and Chief Executive Officer of Osage Bancshares, Inc. (OTC Bulletin Board: OSBK.OB) (the “Company”) and its subsidiary Osage Federal Bank, today announced that the Company had net income for the three months ended March 31, 2011 of \$194,000 (\$0.08 per diluted share), compared to \$326,000 (\$0.13 per diluted share) in the same period of 2010. During the quarter ended March 31, 2011, the Company recorded a pre-tax charge of \$157,000 related to other-than-temporary impairment (OTTI) on held-to-maturity private label securities. These charges have to do with estimated credit losses on these securities. Also during the quarter, the Company sold its remaining holdings in the AMF Ultra-short Mortgage Fund. As a result, a pre-tax gain of \$45,000 was recognized. Additional income tax expense of \$40,000 was also recognized, which reversed a tax benefit originally recognized in 2008 related to OTTI on the Fund. During the three months ended March 31, 2010, the Company recorded a pre-tax charge of \$12,000 on the private label securities previously mentioned. Excluding the effects of these impairments and the sale of the remainder of the Fund, net income for the three months ended March 31, 2011 and 2010 would have been \$286,000 (\$0.12 per diluted share) and \$334,000 (\$0.14 per diluted share), respectively.

The annualized return on assets for the quarter ended March 31, 2011 was 0.51%, with an annualized return on equity of 3.23%, compared to .84% and 5.33%, respectively, for the quarter ended March 31, 2010. Excluding the credit losses and net gain on the Fund during the current and prior year quarters, annualized return on assets would have been 0.76% and 0.85%, respectively. The annualized return on equity for the same periods would have been 4.77% and 5.45%, respectively.

Net interest income for the quarter ended March 31, 2011 was \$1.2 million, compared to \$1.3 million for the quarter ended March 31, 2010. The net interest margin was 3.29% and 3.40% for the two quarters, respectively. Yields on average loans have been fairly consistent over the last four quarters, but we are seeing loan demand slacken, causing a drop in these higher-yielding asset balances. Average loans for the quarter ended March 31, 2011 were \$91.2 million, compared to \$102.4 million in the same quarter a year ago. To counter the weak loan demand, the Company has invested much of its excess liquidity into government-guaranteed mortgage-backed securities. The estimated average lives for these securities are in the two- to three-year range. On the deposit side, our average deposit costs have dropped from 1.90% to 1.37% in the same periods. Average deposit balances have decreased \$3.1 million between the two quarters, and the mix of

deposits has changed. Average certificates of deposit balances have decreased \$7.7 million between the two quarters, while transaction account balances have increased \$2.9 million.

Service charges on deposit accounts for the quarter ended March 31, 2011 were \$105,000, a decrease of \$14,000 from the same quarter last year. The Company is starting to see the negative impact of regulatory changes relating to “one-time” debit card transactions. We anticipate that, as the Dodd–Frank Wall Street Reform and Consumer Protection Act is implemented fully, including the Durbin amendment regarding interchange income on debit card transactions, we will continue to see service charges decline. We anticipate implementing some fee increases to help counter the effects of the legislation. Gains on sales of mortgage loans for the current quarter were \$25,000, compared to \$45,000 in the same quarter last year. This reflects weaker loan demand.

Noninterest expense for the quarter ended March 31, 2011 was \$1.2 million, compared to \$1.0 million for the quarter ended March 31, 2010. Excluding OTTI charges, noninterest expense was \$997,000, a decrease of \$31,000 from the quarter ended March 31, 2010. Salaries and benefits have decreased \$38,000, reflecting lower full-time equivalent employees and reduced expense of stock incentive plans. Audit and other professional expenses are also down from the prior year quarter.

Net income for the nine months ended March 31, 2011 was \$878,000 (\$0.38 per diluted share), compared to net income of \$804,000 (\$0.32 per diluted share) in the same period of 2010. Excluding OTTI in both periods on held-to-maturity securities, and excluding the net effect of selling the Fund during the period ended March 31, 2011, net income for the two periods would have been \$980,000 (\$0.43 per diluted share) and \$873,000 (\$0.35 per diluted shares), respectively.

The annualized return on assets for the nine months ended March 31, 2011 was 0.75% (0.84% excluding credit losses and net gain on the Fund), with an annualized return on equity of 4.83% (5.39% excluding credit losses and net gain on the Fund), compared to an annualized return on assets of 0.67% (0.73% excluding the OTTI charge) and an annualized return on equity of 4.18% (4.54% excluding the OTTI charge), respectively, for the nine months ended March 31, 2010.

Net interest income for the nine months ended March 31, 2011 was \$3.7 million, an increase of \$51,000 over the nine months ended March 31, 2010. The net interest margin was 3.32% during the current period, compared to 3.20% for the previous period. Yields on average loans are 6.50% during the current period, down slightly from the yield of 6.55% in the previous period. However, average balances between the two periods dropped \$6.6 million. Average loans for the nine months ended March 31, 2011 were \$94.3 million, compared to \$100.9 million for the nine months ended March 31, 2010. As the Company has invested in mortgage-backed securities to use some of its excess liquidity, average balances of securities have increased \$2.9 million. The yields during the two periods have declined 46 basis points. On the deposit side, our average deposit costs have dropped from 2.06% during the nine months ended March 31, 2010 to 1.45% during the nine months ended March 31, 2011. Average deposit balances have decreased \$1.6 million between the two periods, and the mix of deposits has changed. Average certificates of deposit balances have decreased \$6.1 million between the two periods, while transaction account balances have increased \$2.7 million.

Service charges on deposit accounts for the nine months ended March 31, 2011 were \$378,000, virtually unchanged from the nine months ended March 31, 2010. Gains on sales of mortgage loans for the current period were \$195,000, compared to \$138,000 in the same period last year. Volumes of loans sold to Freddie Mac for the nine month period were approximately the same as last year, but the Company was able to achieve better pricing as the loans were sold.

Noninterest expense for the nine months ended March 31, 2011 was \$3.5 million, compared to \$3.3 million for the nine months ended March 31, 2010. Excluding OTTI charges, noninterest expense was \$3.2 million, an increase of less than \$13,000 from the nine months ended March 31, 2010. Salaries and benefits have decreased \$98,000, reflecting reduced expense of stock incentive plans. Audit and other professional expenses are down \$82,000 from the prior period. Foreclosed asset expenses have increased \$132,000, most notably due to real estate taxes on a commercial property.

Total assets decreased \$2.1 million from June 30, 2010, and as of March 31, 2011 were \$157.8 million, reflecting a \$6.9 million decrease in loans. Residential loans decreased \$3.7 million, as customers have continued to refinance their existing mortgages loans. Generally, we have sold these refinanced loans to Freddie Mac. Nonresidential loans, including land and multi-family properties, decreased \$1.8 million, and construction loans decreased \$1.6 million, due to completion of several residential properties. Our loan demand is low, and we have had several customers pay off their commercial real estate loans. Deposits decreased \$1.9 million, including a \$6.7 million reduction in certificates of deposit. The runoff of these higher-cost deposits has helped our interest bearing liability costs to decrease 33 basis points from the quarter ended June 30, 2010. Stockholders' equity increased \$206,000 from June 30, 2010. The two major changes affecting stockholders' equity were our net income of \$878,000, less dividends paid of \$624,000. We announced a stock buyback on February 10, 2011. As of March 31, 2011, there has been no buyback activity.

The Company's asset quality ratios remain strong. The Company had \$1.0 million of non-performing loans at March 31, 2011, and only \$167,000 of repossessed assets. The allowance for loan losses at March 31, 2011 was \$595,000, and represented 0.66% of total loans. Net loan recoveries for the nine months ended March 31, 2011 were \$3,000, compared to net recoveries of \$24,000 for the nine months ended March 31, 2010.

The Company also announced that its Board of Directors had declared a quarterly cash dividend of \$.085 per share, payable May 23, 2011 to stockholders of record as of May 9, 2011. It is the Board of Directors' current intention to pay dividends quarterly. The payment of future dividends, however, will be subject to the financial condition, earnings and capital requirements of the Company and the Bank. Osage Bancshares, Inc., through its subsidiary Osage Federal Bank, operates three offices and three automated teller machines in Osage and Washington Counties, Oklahoma. The Company's stock is traded on the Over the Counter Bulletin Board under the symbol OSBK.OB.

Statements contained in this news release which are not historical facts are forward-looking statements as the term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, changes in economic conditions in our market area, regulatory changes, interest rate changes, and competition.

A consolidated financial summary follows.

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OSAGE BANCSHARES, INC.
FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	As of			
	March 31, 2011		June 30, 2010	
Financial Condition Highlights:				
Total assets	\$ 157,770		\$ 159,821	
Loans	90,234		97,170	
Total investment securities	45,172		40,051	
Foreclosed assets	167		166	
Deposits	109,042		110,977	
Advances with Federal Home Loan Bank	20,785		22,904	
Stockholders' equity	23,045		22,839	
Stockholders' equity per outstanding common share	\$ 9.20		\$ 9.11	
Selected Asset Quality Ratios:				
Nonperforming loans to total loans	1.11 %		0.67 %	
Nonperforming assets to total assets	0.74		0.51	
Allowance for loan losses to non-performing assets	50.91		71.95	
	Three months ended March 31,		Nine months ended March 31,	
	2011	2010	2011	2010
Operating Highlights:				
Net interest income	\$ 1,190	\$ 1,271	\$ 3,710	\$ 3,659
Provision for loan losses	-	-	-	-
Noninterest income	303	274	1,547	837
Noninterest expense	1,154	1,041	3,484	3,258
Noninterest expense excluding impairment charges on investment securities	997	1,029	3,159	3,146
Income before income taxes	339	504	1,773	1,238
Income taxes	145	178	895	434
Net income	\$ 194	\$ 326	\$ 878	\$ 804
Net income per share (diluted)	\$ 0.08	\$ 0.13	\$ 0.38	\$ 0.32
Return on assets	0.51 %	0.84 %	0.75 %	0.67 %
Return on stockholders' equity	3.23	5.33	4.83	4.18