

FOR IMMEDIATE RELEASE

OSAGE BANCSHARES, INC.
ANNOUNCES RECORD
EARNINGS,
QUARTERLY DIVIDEND

February 4, 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 record net income for the three months ended December 31, 2010 of \$371,000 (\$.16 per diluted share), compared to \$205,000 (\$0.08 per diluted share) in the same period of 2009. During the quarter ended December 31, 2010, the Company recorded a pre-tax charge of \$41,000 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 almost all of its holdings in the AMF Ultra-short Mortgage Fund. As a result, a pre-tax gain of \$570,000 was recognized. Additional income tax expense of \$475,000 was also recognized, which reversed a tax benefit originally recognized in 2008 related to OTTI on the Fund. During the three months ended December 31, 2009, the company recorded a pre-tax charge of \$100,000 on the private label securities previously mentioned. Excluding the effects of these impairments and the sale of most of the Fund, net income for the three months ended December 31, 2010 and 2009 would have been \$302,000(\$0.13 per diluted share) and \$267,000 (\$0.11 per diluted share), respectively.

The annualized return on assets for the quarter ended December 31, 2010 was 0.95%, with an annualized return on equity of 6.08%, compared to .51% and 3.12%, respectively, for the quarter ended December 31, 2009. Excluding the credit losses and net gain on the Fund during the current and prior year quarters, annualized return on assets would have been 0.77% and 0.66%, respectively. The annualized return on equity for the same periods would have been 4.95% and 4.06%, respectively.

Net income for the six months ended December 31, 2010 was \$684,000 (\$0.30 per diluted share), compared to net income of \$478,000 (\$0.19 per diluted share) in the same period of 2009. Excluding OTTI in both periods on held-to-maturity securities, and excluding the net effect of selling the Fund during the period ended December 31, 2010, net income for the two periods would have been \$694,000 (\$0.30 per diluted share) and \$540,000 (\$0.21 per diluted shares), respectively.

The annualized return on assets for the six months ended December 31, 2010 was 0.87% (0.88% excluding credit losses and net gain on the Fund), with an annualized return on equity of 5.61% (5.69%

excluding credit losses and net gain on the Fund), compared to an annualized return on assets of 0.59% (0.67% excluding the OTTI charge) and an annualized return on equity of 3.65% (4.12% excluding the OTTI charge), respectively, for the six months ended December 31, 2009.

Total assets decreased \$6.0 million from June 30, 2010, and as of December 31, 2010 were \$153.8 million, reflecting a \$4.2 million decrease in loans. Residential loans decreased \$2.9 million, as customers have continued to refinance their existing mortgages loans. Generally, we have sold these refinanced loans to Freddie Mac. Construction loans decreased \$2.0 million, due to completion of several residential properties. Deposits decreased \$3.7 million, including a \$5.3 million reduction in certificates of deposit. The runoff of these higher-cost deposits has helped our interest bearing liability costs to decrease 26 basis points from the quarter ended June 30, 2010. Stockholders' equity increased \$86,000 from June 30, 2010. The two major changes affecting stockholders' equity were our net income of \$684,000, less dividends paid of \$426,000.

The Company's asset quality ratios remain strong. The Company had \$984,000 of non-performing loans at December 31, 2010. The allowance for loan losses at December 31, 2010 was \$594,000, and represented 0.61% of total loans. Net loan recoveries for the period ended December 31, 2010 were \$2,000, compared to net recoveries of \$17,000 in 2009.

The Company also announced that its Board of Directors had declared a quarterly cash dividend of \$.085 per share, payable February 18, 2011 to stockholders of record as of February 4, 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	
	December 31, 2010	June 30, 2010
Financial Condition Highlights:		
Total assets	\$ 153,777	\$ 159,821
Loans	92,989	97,170
Total investment securities	40,158	40,051
Foreclosed assets	220	188
Deposits	107,268	110,977
Advances with Federal Home Loan B	20,826	22,904
Stockholders' Equity	22,925	22,839
Stockholders' Equity per outstanding common share	\$ 9.15	\$ 9.11

Selected Asset Quality Ratios:

Nonperforming loans to total loans	1.06 %	0.67 %
Nonperforming assets to total assets	0.78	0.51
Allowance for loan losses to non-performing assets	49.35	71.95

	Three months ended December 31,		Six months ended December 31,	
	2010	2009	2010	2009
Operating Highlights:				
Net interest income	\$ 1,273	\$ 1,217	\$ 2,520	\$ 2,388
Provision for loan losses	-	-	-	-
Noninterest income	904	288	1,244	563
Noninterest expense	1,219	1,187	2,330	2,218
Noninterest expense excluding impairment charges on investment securities	1,179	1,087	2,162	2,118
Income before income taxes	958	316	1,434	733
Income taxes	587	111	750	255
Net income	\$ 371	\$ 205	\$ 684	\$ 478
Net income per share (diluted)	\$ 0.16	\$ 0.08	\$ 0.30	0.19
Return on assets	0.95 %	0.51 %	0.87 %	0.59 %
Return on stockholders' equity	6.08	3.12	5.61	3.65