

FOR IMMEDIATE RELEASE

OSAGE BANCSHARES, INC.
ANNOUNCES EARNINGS,
QUARTERLY DIVIDEND

October 27, 2010

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 recorded net income for the three months ended September 30, 2010 of \$313,000 (\$.14 per diluted share), compared to \$273,000 (\$0.11 per diluted share) in the same period of 2009. During the quarter ended September 30, 2010, the Company recorded a pre-tax charge of \$128,000 (\$.03 per diluted share) 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.

The annualized return on assets for the quarter was 0.78%, with an annualized return on equity of 5.16%, compared to .68% and 4.18%, respectively, for the quarter ended September 30, 2009. Excluding the credit losses during the current quarter, net income would have been \$392,000, with an annualized return on assets of 0.98% and annualized return on equity of 6.47%.

Total assets decreased \$2.6 million from June 30, 2010, and as of September 30, 2010 were \$157.2 million, reflecting a \$2.2 million decrease in loans. Residential loans decreased \$1.4 million, as customers have refinanced existing loans. Generally, we have sold these refinanced loans to Freddie Mac. Deposits decreased \$1.3 million, including a \$2.4 million reduction in certificates of deposit. The runoff of these higher-cost deposits has helped our interest bearing liability costs to decrease 10 basis points from the quarter ended June 30, 2010. Stockholders' equity increased \$288,000 from June 30, 2010. The two major changes affecting stockholders' equity were our net income of \$313,000, less dividends paid of \$208,000.

The Company's asset quality ratios remain strong. The Company had \$684,000 of non-performing loans at September 30, 2010. The allowance for loan losses at September 30, 2010 was \$593,000, and represented .62% of total loans. Net loan recoveries for the quarter ended September 30, 2010 were \$1,000, compared to net recoveries of \$20,000 in 2009.

The Company also announced that its Board of Directors had declared a quarterly cash dividend of \$.085 per share, payable November 23, 2010 to stockholders of record as of November 9, 2010. 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 | |
|--|---|--------------------------|
| | September 30, 2010 | June 30, 2010 |
| Financial Condition Highlights: | | |
| Total assets | \$ 157,225 | \$ 159,821 |
| Loans | 94,988 | 97,170 |
| Total investment securities | 40,116 | 40,051 |
| Foreclosed assets | 165 | 166 |
| Deposits | 109,637 | 110,977 |
| Advances with Federal Home Loan Bank | 20,865 | 22,904 |
| Stockholders' Equity | 23,127 | 22,839 |
| | | |
| Stockholders' Equity per outstanding common share | \$ 9.23 | \$ 9.11 |
| | | |
| Selected Asset Quality Ratios: | | |
| | | |
| Nonperforming loans to total loans | 0.72 % | 0.67 % |
| Nonperforming assets to total assets | 0.54 | 0.51 |
| Allowance for loan losses to non-performing assets | 69.84 | 71.95 |
| | | |
| | Three months ended September 30, | |
| | 2010 | 2009 |
| Operating Highlights: | | |
| Net interest income | \$ 1,247 | \$ 1,171 |
| Provision for loan losses | - | - |
| Noninterest income | 340 | 277 |
| Noninterest expense | 1,111 | 1,031 |
| Noninterest expense excluding impairment charges on investment securities | 983 | 1,031 |
| Income before income taxes | 476 | 417 |
| Income taxes | 163 | 144 |
| Net income | \$ 313 | \$ 273 |
| | | |
| Net income per share (diluted) | \$ 0.14 | \$ 0.11 |
| | | |
| Return on assets | 0.78 % | 0.68 % |
| Return on stockholders' equity | 5.16 | 4.18 |