

FOR IMMEDIATE RELEASE

OSAGE BANCSHARES, INC.
ANNOUNCES EARNINGS,
QUARTERLY DIVIDEND

February 1, 2012

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 quarter ended December 31, 2011 of \$282,000 (\$0.12 per diluted share), compared to \$371,000 (\$0.16 per diluted share) in the same period of 2010. During the quarters ended December 31, 2011 and 2010, the Company recorded pre-tax charges of \$13,000 and \$41,000, respectively, 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 prior year quarter, the Company sold almost all of its holdings in the AMF Ultra-short Mortgage Fund (the 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. Excluding the effects of OTTI and the sale of the Fund, net income for the quarters ended December 31, 2011 and 2010 would have been \$290,000 (\$0.13 per diluted share) and \$302,000 (\$0.13 per diluted share).

The annualized return on assets for the quarter was 0.71%, with an annualized return on equity of 4.60%, compared to 0.95% and 6.08%, respectively, for the quarter ended December 31, 2010. Excluding the effects of OTTI and the sale of the Fund, the annualized return on assets would have been 0.73% and 0.77% for the quarters ended December 31, 2011 and 2010, respectively. Excluding the same effects, the annualized return on equity would have been 4.73% and 4.95% for the quarters ended December 31, 2011 and 2010, respectively.

Net interest income for the current quarter was \$1.2 million, a \$66,000 decrease from the same quarter last year. The net interest margin for the quarter was 3.19% compared to 3.38% in the prior year quarter. Loan yields for the current quarter decreased slightly from the prior year quarter, from 6.47% to 6.37%, while average deposit rates decreased from 1.42% in last year’s quarter to 1.12% in the current quarter. Average loans are down \$6.1 million compared to the same quarter in 2010, and these balances are being replaced by lower-yielding securities and liquid investments.

Noninterest income for the current quarter was \$387,000, a \$517,000 decrease from the same quarter last year. Excluding the gain on the sale of the Fund in 2010, noninterest income increased over the prior year

quarter by \$53,000. Gains on loan sales to the secondary market increased \$58,000 because of higher volumes of loans sold and premiums. Service charges, including overdraft and return check fees, decreased \$22,000 from the previous year quarter, while fees from debit card transactions rose \$8,000 during the same time period.

Noninterest expense for the quarter ended December 31, 2011 was \$1.1 million, a decrease of \$74,000 from the same quarter last year. Excluding the OTTI charges in the both quarters, noninterest expense decreased \$47,000. Salaries and benefits decreased \$11,000, due to overtime controls and lower full-time equivalent employees. FDIC insurance decreased \$23,000, reflecting the revised calculation based on net assets. Expenses on real estate owned decreased \$145,000, primarily because of previous year carrying costs on a commercial real estate property. The property was sold during the quarter ended December 31, 2011.

Net income for the six months ended December 31, 2011 was \$571,000 (\$0.25 per diluted share), compared to net income of \$684,000 (\$0.30 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 December 31, 2010, net income for the two periods would have been \$579,000 (\$0.30 per diluted share) and \$694,000 (\$0.30 per diluted shares), respectively.

Net interest income for the six months ended December 31, 2011 was \$2.4 million, a \$93,000 decrease from the same period last year. The net interest margin for the period was 3.21% compared to 3.32% in the prior year period. Loan yields for the current six months decreased from 6.48% to 6.40%, while average deposit rates decreased from 1.50% for the six months ended December 31, 2010 to 1.16% in the current year. Average loans are down \$6.9 million compared to the prior year, and these balances are being replaced by lower-yielding securities and liquid investments.

Noninterest income for the six months ended December 31, 2011 was \$686,000, a \$559,000 decrease from the six months ended December 31, 2010. Excluding the \$570,000 gain on the sale of the Fund in 2010, noninterest income increased over the prior year by \$11,000. Gains on loan sales to the secondary market accounted for a \$19,000 increase, while service charges, including overdraft and return check fees, decreased \$37,000 from the previous year. Fees from debit card transactions rose \$19,000 during the same time period.

Noninterest expense for the six months ended December 31, 2011 was \$2.2 million, a decrease of \$133,000 from the same period last year. Excluding the OTTI charges in the both periods, noninterest expense increased \$22,000. Salaries and benefits increased \$22,000, due to increased bonuses and higher employee benefit plans. FDIC insurance decreased \$30,000, reflecting the revised calculation based on net assets. The cost of processing debit card transactions and ATM's increased \$18,000.

The annualized return on assets for the six months ended December 31, 2011 was 0.72% (0.73% excluding OTTI), with an annualized return on equity of 4.64% (4.70% excluding OTTI), compared to an annualized return on assets of 0.87% (0.88% excluding the OTTI charge and net gain on the Fund) and an annualized return on equity of 5.61% (5.69% excluding the OTTI charge and net gain on the Fund), respectively, for the six months ended December 31, 2010.

Total assets decreased \$976,000 from June 30, 2011, and as of December 31, 2011 were \$154.1 million, reflecting a \$3.4 million increase in cash and cash equivalents, and a \$1.3 million decrease in loans. Investment securities, including both held-to-maturity and available-for-sale, decreased \$2.3 million from June 30, 2011. Deposits decreased \$1.2 million from June 30, 2011. A significant customer has allocated their deposit balances between several banks; offsetting that change, we have experienced growth in almost all our deposit categories. We have been reducing rates paid on deposits to more closely reflect current market conditions. As a result of these rates changes, our overall deposit costs continue to decrease. Stockholders' equity decreased

\$45,000 from June 30, 2011. The three major changes affecting stockholders' equity were our net income of \$571,000 less net dividends paid of \$417,000, less share repurchases totaling \$209,000.

The Company's asset quality ratios are strong. The Company had \$900,000 of non-performing assets at December 31, 2011. The allowance for loan losses at December 31, 2011 was \$572,000, and represented .65% of total loans. Net loan charge-offs for the six months ended December 31, 2011 were \$18,000, compared to net recoveries of \$2,000 in 2010.

The Company also announced that its Board of Directors had declared a quarterly cash dividend of \$.085 per share, payable February 24, 2012 to stockholders of record as of February 10, 2012. 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)
(unaudited)

	As of	
	December 31, 2011	June 30, 2011
Financial Condition Highlights:		
Total assets	\$ 154,122	\$ 155,098
Loans	87,045	88,359
Total investment securities	40,060	42,361
Foreclosed assets	129	784
Deposits	108,608	109,763
Advances with Federal Home Loan Bank	19,111	19,194
Stockholders' equity	23,047	23,092
Stockholders' equity per outstanding common share	\$ 9.31	\$ 9.23

Selected Asset Quality Ratios:

Nonperforming loans to total loans	0.88 %	1.08 %
Nonperforming assets to total assets	0.58	1.12
Allowance for loan losses to total loans	0.65	0.65
Nonperforming assets to stockholders' equity	3.90	7.55

	Three months ended December 31,		Six months ended December 31,	
	2011	2010	2011	2010
Operating Highlights:				
Net interest income	\$ 1,208	\$ 1,273	\$ 2,427	\$ 2,520
Provision for loan losses	-	-	15	-
Noninterest income	387	904	686	1,244
Noninterest expense	1,145	1,219	2,196	2,330
Noninterest expense excluding impairment charges on investment securities	1,132	1,178	2,184	2,162
Income before income taxes	450	958	902	1,434
Income taxes	168	587	331	750
Net income	\$ 282	\$ 371	\$ 571	\$ 684
Net income per share (diluted)	\$ 0.12	\$ 0.16	\$ 0.25	\$ 0.30
Return on assets	0.71 %	0.95 %	0.72 %	0.87 %
Return on stockholders' equity	4.60	6.08	4.64	5.61