



News & Views from your Neighbors, Bankers & Friends

To Our Valued Customers:

I hope you enjoyed a safe, happy holiday season with friends and family. It's only natural this time of year to reflect on events and achievements of the recent past. For the Rose Hill Bank family, it has been an eventful year indeed.

In November, we celebrated the first anniversary of the change in ownership of the Bank. Thanks to all of my fellow employees for their hard work in making the transition as smooth and seamless as it has been. And thank YOU for your continued business and for enabling Rose Hill Bank to celebrate a very stable, sound and successful year!

On December 12, American State Bancshares closed on the acquisition of First National Bank of Holcomb. This new addition to the Company is a \$50,000,000 community bank that will complement American State Bank's branch in Garden City. As a result of this latest transaction, we are now part of an organization that brings approximately \$670,000,000 in asset strength to customers throughout Kansas.

As I write this, the general condition of the banking industry continues to improve, with the number of bank failures falling for the eighth time in the last nine quarters. The FDIC reported improved earnings, loan growth and asset quality, and the Deposit Insurance Fund continued to increase with a balance as of September 30, 2012 of \$25.2 billion.

As you may recall, at the height of the financial crisis two years ago, Congress provided temporary unlimited deposit insurance from December 31, 2010 to December 31, 2012 for non-interest-bearing transaction accounts. Although this program which affects all FDIC-insured institutions expired at the end of 2012, deposits at Rose Hill Bank remain secure. With capital in excess of \$30,000,000 and an unbroken century-long record of prudent financial management, Rose Hill Bank continues to operate in a very safe, sound and conservative manner.

Throughout the past year, we were privileged to be represented in our communities by the many Rose Hill Bank employees who are engaged in community service. As you'll see elsewhere in this newsletter, the Bank and its staff invested thousands of dollars and hundreds of hours in 2012 doing our part to make our world a little better.

While it's often useful to look back, it's even more important to look ahead. With tax season rapidly approaching now is a good time to consider whether an IRA could help you lessen your tax liability. I encourage you to contact a Customer Service Representative at any of our four convenient locations for straight answers to your IRA questions.

In an ongoing effort to anticipate and respond to the needs of our customers, Rose Hill Bank continues to enhance the quality and scope of our services:

Our new Remote Deposit Capture helps business customers save time, reduce paperwork and improve cash flow.

Our new leasing option offers cities, counties and school districts another means of financing capital purchases.

Beginning in January, we are again offering fixed-rate, long-term residential real estate loans to home buyers.

So as we look forward to both the promises and the challenges of a new year, I remind you that, come what may, you can count on your neighbors, bankers and friends at Rose Hill Bank to be here for you.

Sincerely,
Roger D. Kepley
President & CEO



Meet Gary M. Austerman, Member of Rose Hill Bank's Board of Directors



The practices and policies of Rose Hill Bank are guided by the decisions of our five-member Board of Directors. Wichita attorney Gary M. Austerman has served on our board since February 2001. Mr. Austerman is a partner in Klenda Austerman LLC, a full service law firm with

offices in Wichita and Topeka. He practices in Commercial Litigation, Health Care, Litigation and Personal Injury. Mr. Austerman received his MBA from Wichita State University in 1970. After earning his Juris Doctorate from Washburn University in 1974, he was admitted to practice in Kansas, to the U.S. District of Kansas, and to the 10th Circuit Court of Appeals. He is a member of the Wichita Bar Association where he served on the 1986-88 Board of Governors. He is also a member of the Kansas and American Bar Associations, the American Bar Association Forum on Franchising, and the Kansas Association of Defense Counsel. Mr. Austerman is President Elect – Kansas, of the American Board of Trial Advocates. We are honored to have someone of his ability and reputation serving our organization.

With Mobile Banking, you've got us in the palm of your hand!

It seems everywhere you look you see people on a Smartphone. Well, if they're customers of Rose Hill Bank, they may be doing their banking! With our Mobile Banking app on your iPhone, Android or other mobile device, you can manage your money, check account balances, pay bills or transfer funds between accounts any time... from wherever you happen to be! And best of all, the service is FREE! Ask a customer service representative how to sign up for Rose Hill Bank Mobile Banking.

Rose Hill Bank In The Community

As a financial institution, we strive to provide customers with products and services that will enhance their financial lives. But as a true "community bank," we feel an obligation to enhance the quality of life in our communities as well. It is in that role that your bank and your bankers contribute both time and dollars each year to a number of causes and organizations. In 2012, these included American Cancer Society Relay for Life, Children's Miracle Network Hospitals, Kansas Children's Service League - Healthy Families, Muscular Dystrophy, Arthritis Foundation, Susan G Komen Race for the Cure, United Way, UNICEF, Kansas Food Bank, and Wichita Dream Center. In a number of instances contributions included not only money generated from our monthly Jeans Days but also funds raised through special events such as employee-sponsored bake sales. In addition, many Rose Hill Bank employees are personally involved in these as well as other community-focused activities such as Scouts, the Y, Miss Kansas Organization and others. Naturally, as a bank, we're proudly committed to our communities. But we're even more proud of the way our employees live out that commitment in their daily lives.

Remote Deposit Capture for Business Customers: One New Product, Many Benefits

The shortest distance between your business and Rose Hill Bank is no distance at all! Now instead of gathering up checks and running them to the bank, our Remote Deposit Capture lets you make deposits electronically from wherever you are, whenever you want – day or night. It's an ideal solution for businesses with multiple locations or with operations far from a Rose Hill Bank branch – or for any business wanting to improve efficiency and profitability! You save time researching checks and deposits, you eliminate trips to the bank, and you speed up access to funds. With Remote Deposit Capture, there's no putting off 'til tomorrow what you can do right now. To find out more, call Stephanie Almanza at (316) 773-3322.