



News & Views from your Neighbors, Bankers & Friends

To Our Valued Customers:

It's hard to believe but Summer has passed (thank goodness) and it has been ten months since the acquisition of Rose Hill Bank by American State Bancshares, Inc. Much has happened in that time. Our primary effort as we progress through the transition process has been to maintain our focus on our mission to provide the highest level of customer service, developing and empowering our employees, and serving our communities. After surveying our employees and meeting with many of our customers, I can confidently say "so far, so good." Thank you to my fellow employees for their dedication and hard work during this period!

As reported in this newsletter, we are honored to have Ken Beran join the Board of Directors and proud to announce the promotion of Lane Kvasnicka to Senior Vice President and Manager of the Augusta branch. Both are excellent individuals and will be invaluable as the Bank continues to grow and prosper.

The June 30, 2012, financial results for all FDIC insured institutions have been reported as required, and I am pleased to share the highlights of the Rose Hill Bank's outcomes. The Bank enjoyed a 5% growth in total assets to \$268,501,000 and more than a \$6,000,000 increase in deposits compared to the same period the previous year. Total equity capital increased by more than \$4,000,000 as well and is at 11.33% (a very strong level). Asset quality continues to improve and compares very favorably with peer banks. Earnings are solid but are challenged by increasingly high regulatory costs and a soft economy.

Also noted in this issue is Rose Hill Bank's financing of The Offices at Cranbrook. In previous issues we reported on our involvement in the Kansas Business Matchmaker's Conference at Wichita State University. These are just two examples of recent successes in our effort to broaden our products and services menu to include more business and commercial offerings. As we travel along this path we will not abandon nor ignore in any way the foundation of Rose Hill Bank -- the retail and consumer banking customer. This constituency has been the core of our success for generations and will continue to be a principal focus. As we have added resources (both human and technological) to serve our business customers, we have also improved our consumer lending processes. The result is faster and more convenient service for you, our customers.

In closing, a final note on the current interest rate environment. I won't bore you with a long and technical explanation of the reasons behind the historic interest rate situation in which we find ourselves. But suffice it to say the Federal Reserve's most recent actions (Quantitative Easing III) do no favors for banks, investors or retirees attempting to live off of their savings. By the Fed's own admission, there seems to be no end in sight for this strategy. So it appears we will be doing business in a very low interest rate environment for the foreseeable future. On a bright note, this is a good time to be a borrower, and Rose Hill Bank has money to lend. So I invite you to make an appointment today with one of our experienced and friendly lenders.

Thank you for your business and God Bless.

Roger D. Kepley
President & CEO



Rose Hill Bank provides financing for Offices at Cranbrook

Rose Hill Bank is the lead lender for the new Offices at Cranbrook project, the first Class A office space developed in Wichita in four years. Located on an 8-plus acre site about two blocks east of our 21st and Webb Rd. branch, the project will ultimately comprise 60,000 square feet of office space in four to five buildings, plus a 3-acre lake on the southwest corner. Designed by architects Spangenberg Phillips Tice, the buildings will utilize stone, brick, glass and stucco in their construction. Sauerwein Construction is building the project in two phases. Occidental Management which is spearheading the development reports that more than 70 percent of the first phase is pre-leased to specialty medical, banking and financial services firms. The first building is expected to be ready for occupancy by December 2012 or January 2013.



(l to r) Rose Hill Bank president Roger Kepley, Wichita City Council member Pete Meitzner, Wichita Mayor Carl Brewer, Occidental Management CEO Gary Oborny, and Frank Sauerwein, president of Sauerwein Construction Co. Inc, participate in the ceremonial ground-breaking Friday August 10, 2012, for the Offices at Cranbrook.

Ken Beran elected to Rose Hill Bank Board of Directors



Local business owner and entrepreneur Ken Beran has been elected to your bank's Board of Directors. Mr. Beran is owner and founder of the Beran Companies, a leading producer and supplier of turnkey concrete construction solutions for both the commercial and residential markets.

"Ken's perspective as a prominent business owner and employer will be a valuable addition to our board," said Rose Hill Bank President Roger Kepley. "He and his wife Pat exemplify the values of Rose Hill Bank and are very well-respected members of our community." Pat Madden-Beran is principal owner of Associates in Anesthesia in Derby.

Mr. Beran's firm, The Beran Companies, currently encompasses the operations of Beran Concrete, Inc., Beran ICF Solutions specializing in Insulating Concrete Forms (ICF) construction, Beran Excavating, and Professional Waterproofing and Insulation.

Rose Hill Bank accepted for Federal Reserve membership

We're pleased to announce that the Federal Reserve Bank of Kansas City has approved our application to become a member. The Federal Reserve Bank of Kansas City serves as a regional connection for member banks to national policy and information. As the federal regulator of bank and financial holding companies, the Federal Reserve's goal is to ensure that banks are well-run. Membership conveys an association with the reputation and public trust the Federal Reserve enjoys as the United States' central Bank.

Staff promotions and hiring reflect growth of your bank

Over the last few months you may have spotted some new faces at your neighborhood Rose Hill Bank. Our recent spurt of personnel changes are just more signs that your bank is growing! Among the changes:

- Lane Kvasnicka was named Senior Vice President and manager of our Augusta branch. Lane has been with us since 2004 following nearly two decades at other Wichita-area banks. He most recently served as Vice President at our 21st & Webb Rd. location.
- Brian Jackson has been promoted to Assistant Vice President at the Augusta branch.

- Also in Augusta, Steve Johnson helps out a day or two each week. Steve is a Senior Vice President of Commercial Lending at American State Bank in Great Bend and we have brought him in to assist us in that capacity on a temporary basis.
- At our East Branch, 21st & Webb Rd., Sarah Tjaden has been promoted to Lead Teller.
- And finally at our West branch, Ridge Road at 33rd St. North, Stephanie E. Almanza has joined us as Commercial Relationship Specialist. She assists Executive Vice President and Director of Commercial Lending Cuy Mauck in serving the needs of our growing roster of business customers.