



the hungry little bank



A neighbor. A banker. A friend.

4th Quarter 2011



A message from Roger

Rose Hill Bank Customer,

If we haven't yet had the pleasure of meeting personally, please allow me to introduce myself. I'm Roger Kepley. On November 8, I took Rocky's place as the new President and CEO of Rose Hill Bank. I say "took Rocky's place," but in truth you and I both know that's not possible. Rocky's role in this bank has encompassed far more than a job title. I recognize his special relationship with customers and staff is one that has grown and blossomed over 30+ years. While I can never replace him in this regard, I hope that as time goes by and you and I get to know each other better, I can earn the same kind of trust and friendship that I know you feel for Rocky.

I want you to know that accepting this position is a genuine privilege for me. It's the kind of opportunity I've dreamed of my entire career. Throughout my 35+ years in banking there have been little touchstones along the way that, in retrospect, seem to have brought me here. For one, I spent my first 10 years at a community bank the size Rose Hill Bank was when Rocky took over. At the Grant County Bank in Ulysses, I did everything from sweep the sidewalks to teller to backroom operations. That experience and my degree in Finance from K-State got me into correspondent banking at Intrust where I worked with many community banks – including this one. In fact, I've known the Waitt family for 25 years. I worked with Rocky's dad before I ever met Rocky. So I've had a ringside seat over the years, watching Rose Hill Bank do things right and succeed while many others struggled in an increasingly tough environment.

It's Rose Hill Bank's long history of "doing things right" that attracted American State Bancshares in the first place. And it's why you can rest assured that not much around here is scheduled to change. In addition to this bank, the holding company operates American State Bank & Trust in Great Bend and Peoples Exchange Bank in Belleville -- each under a separate charter. With those banks serving primarily agriculture and energy-related customers in western and northeastern Kansas, the new owners felt they needed to diversify, both in terms of geography and customer base. They feel Rose Hill Bank's location and our focus on serving customers like you complement the holding company's operations perfectly.

Rose Hill Bank today is a successful, well run, well respected community bank. Why would anyone wish to upset the apple cart? Rocky is leaving you in good shape. And I promise to do everything in my power to prove that he's also leaving you in good hands. I look forward to serving you.

Roger



A farewell message from Rocky

To our customers, neighbors and friends:

I joined this bank in July of 1979. I realized a golfing career wasn't in my future, so I asked my dad who was then president of the bank if there might be anything available here; I told him I wanted to work my way up. He started me in bookkeeping to see if I could learn and adapt to the true fundamentals of banking. At that time the bank had approximately \$20 million in assets and fewer than 20 employees.

When my dad retired in 1994 and our bank holding company purchased his shares, I took over the leadership role. At that time the bank had just under \$60 million in assets.

As of October 31, 2011, the assets of Rose Hill Bank are over \$263 million. Today more than 75 employees serve customers from four full-service locations in Augusta, East Wichita, Northwest Wichita and Rose Hill. In the time I've been here we've gone from completing and posting every transaction by hand to doing everything by computer, providing customers virtually instant access to their accounts wherever they may be -- not only via ATMs and by phone, but online and now even through mobile devices they carry in their pocket or their purse.

People over profit

While a lot has changed over the past 32 years, we've never lost sight of the fundamental reason we are here: to serve you, our customer. I have to confess we could have made more money, with additional charges in some areas and a more aggressive fee structure. But I've never been a "bottom line" guy. Yes, I pay attention to the bottom line -- you have to if you hope to stay in business. But I've never let the bottom line take precedence over customer service. I've always felt that if we take care of our customers -- if we treat them the way we would want to be treated -- the bottom line will take care of itself. And it has.

We've had competitors who have been more profitable. But if you look at our periodic rankings in the newspapers and trade publications you'll see Rose Hill Bank has consistently ranked near the top in terms of ROA, stability and soundness. We've invested wisely and maintained sound lending practices. We've made our loans to the same people we're committed to serve. We've helped our customers build and maintain good credit, and we've been careful not to get them into obligations they couldn't handle. As a result, we've both benefitted.

A team effort

My last day at Rose Hill Bank will be December 31, 2011. I had originally planned to be here longer, but I recognize now that there really is no reason for me to stay just to make sure things get done my way.

During the time I've been here, our accomplishments have come as the result of a team effort -- the combined skills, expertise and dedication of every person on our staff. Although the team now has a new manager, with the exception of myself and my wife Barbara, the team's members will be the same. And while management may be new to the team, they are certainly not new to the game. They are fully aware of the success this team has achieved and the game plan which brought that success.

Under Roger's capable leadership, I expect "the hungry little bank" to continue to uphold the same core values, commitment to customer service and reputation for prudent financial management that have served as hallmarks of Rose Hill Bank for more than a century.

I have thoroughly enjoyed the past 30+ years here. I value the relationships I've made more than I can ever express in words. I truly consider you my friends, and I hope you'll continue to think of Barbara and me the same way.

Happy Holidays and God bless.

Rocky