



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Hawthorn Bancshares, Inc.

Person to be contacted regarding this report:	Richard Rose	RSSD: (For Bank Holding Companies)	2038409
CPP Funds Received:	\$30,255,000	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Repaid to Date:	\$0	FDIC Certificate Number: (For Depository Institutions)	
Date Funded (first funding):	12/19/2008	City:	Lee's Summit
Date Repaid ¹ :		State:	Missouri

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

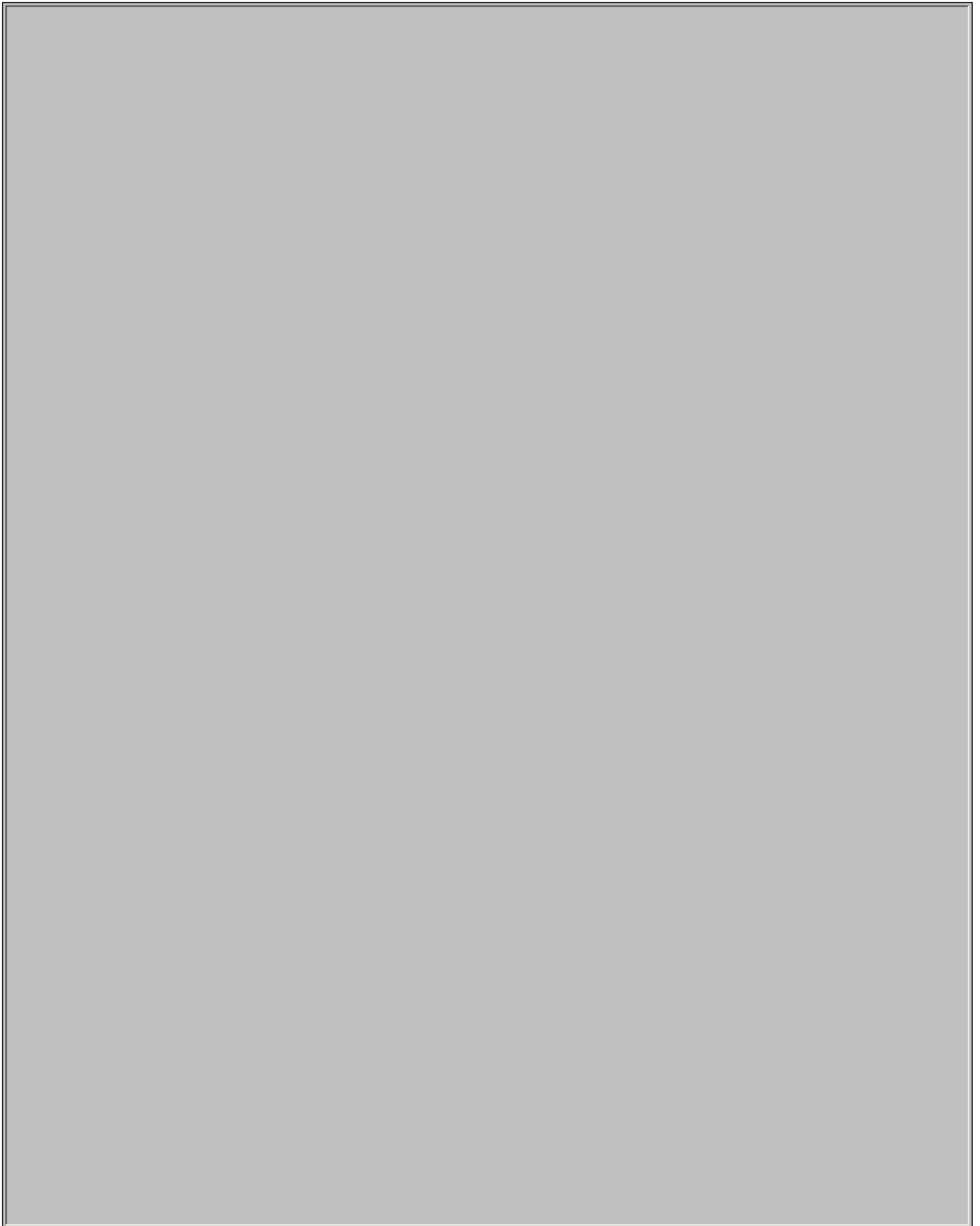
What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	While consolidated loan balances have not actually increased our company transferred approximately \$13,846,000 of nonperforming assets from our subsidiary bank to a real estate subsidiary to accommodate the orderly liquidation and management of the assets.
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<input type="checkbox"/> To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/> Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	

<input checked="" type="checkbox"/>	Reduce borrowings	A portion of the funds were used to temporarily reduce borrowings until such time as the funds may be allocated for other corporate purposes.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	At the end of 2009 our company had approximately \$12,690,000 of the original funds still available for corporate uses.

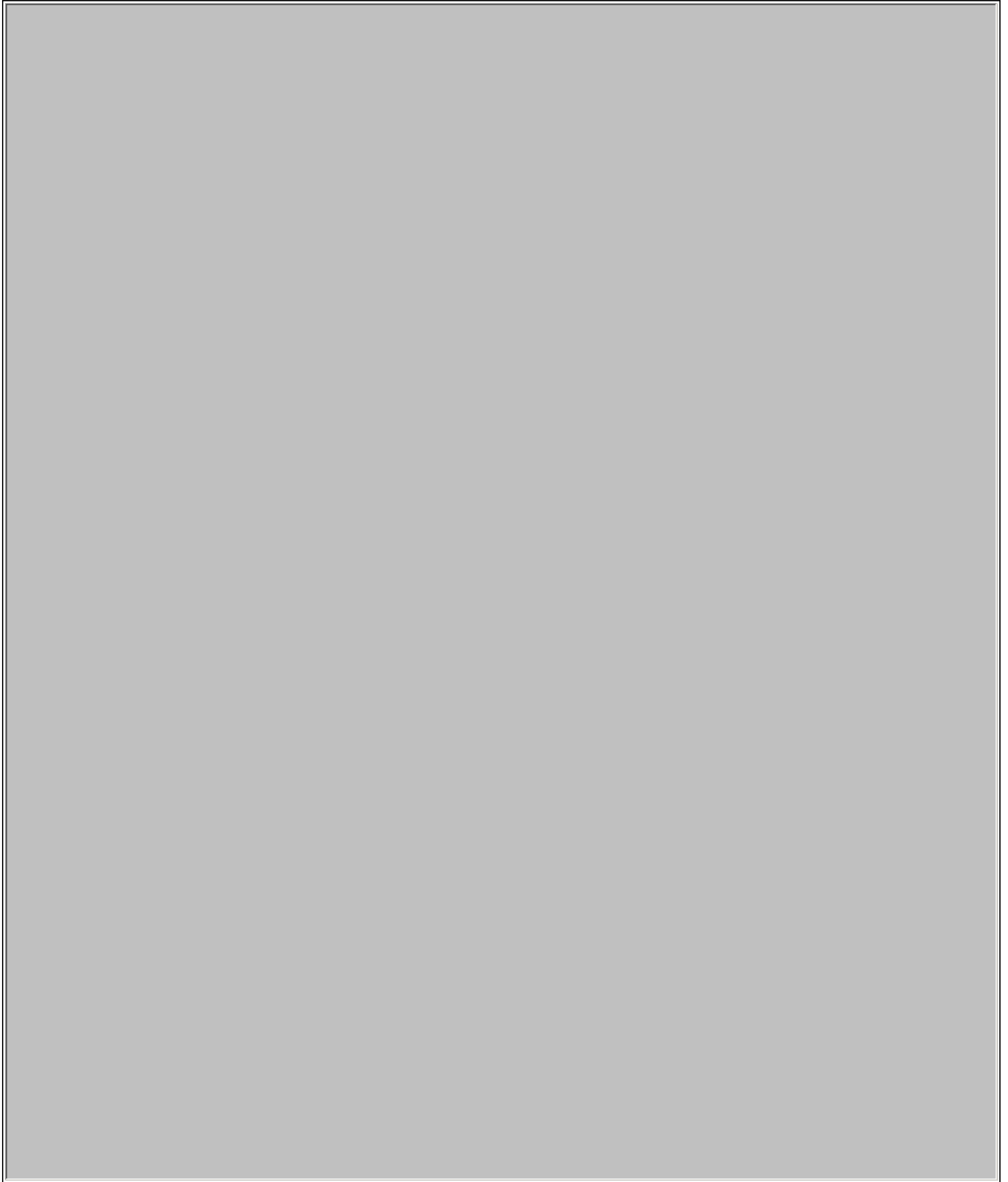
What actions were you able to avoid because of the capital infusion of CPP funds?

A large, empty rectangular box with a thin black border, intended for a response to the question above. The box is currently blank and occupies most of the page below the question.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

By transferring nonperforming assets from our subsidiary bank to a mortgage subsidiary we were able to strengthen the bank's overall capital position and provide additional lending capacity to the subsidiary bank. By moving the nonperforming assets to a mortgage subsidiary we are able to orderly liquidate the assets over a more manageable time frame.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.