

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  <b>HAWTHORN BANCSHARES, INC.</b>		<b>2</b> Issuer's employer identification number (EIN)  <b>43-1626350</b>	
<b>3</b> Name of contact for additional information  <b>KATHLEEN L. BRUEGENHEMKE</b>	<b>4</b> Telephone No. of contact  <b>573-761-6100</b>	<b>5</b> Email address of contact  <b>KBRUEGENHEMKE@HAWTHORNBANK.COM</b>	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>132 EAST HIGH STREET, PO BOX 688</b>		<b>7</b> City, town, or post office, state, and ZIP code of contact  <b>JEFFERSON CITY, MO 65102</b>	
<b>8</b> Date of action  <b>07/01/2020</b>		<b>9</b> Classification and description  <b>COMMON STOCK</b>	
<b>10</b> CUSIP number  <b>420476103</b>	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol  <b>HWBK</b>	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **ON JULY 1, 2020, SHAREHOLDERS OF RECORD AT THE CLOSE OF BUSINESS ON JUNE 15, 2020 WERE PAID A 4 PERCENT STOCK DIVIDEND. THE STOCK DISTRIBUTION IS NOT SUBJECT TO UNITED STATES FEDERAL INCOME TAX AND THEREFORE AFFECTS THE TAX BASIS OF SHARES OWNED ON WHICH IT WAS DISTRIBUTED.**

**SOME SHAREHOLDERS WILL RECEIVE CASH FOR FRACTIONAL SHARES, WHICH IS TREATED AS A REDEMPTION FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. PLEASE CONTACT YOUR TAX ADVISOR IF YOU HAVE QUESTIONS ABOUT THE TAX IMPLICATIONS OF CASH PAID FOR FRACTIONAL SHARES.**

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **A SHAREHOLDER'S BASIS IN ONE (1) SHARE OF HWBK COMMON STOCK AFTER THE DISTRIBUTION WILL BE 96.153846 PERCENT OF THE BASIS SHAREHOLDER HAD IN ONE (1) SHARE OF HWBK COMMON STOCK BEFORE THE DISTRIBUTION.**

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **(100/(100+4) = 96.153846**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **DISTRIBUTION OF STOCK IS NOT TAXABLE UNDER CODE SECTION 305(a). BASIS IN STOCK WITH RESPECT TO WHICH THE DISTRIBUTION WAS MADE IS ALLOCATED BETWEEN THE OLD AND NEW SHARES IN PROPORTION TO THE FAIR MARKET VALUES OF EACH ON THE DATE OF DISTRIBUTION UNDER CODE SECTION 307(a).**

Blank lined area for providing details for question 17.

18 Can any resulting loss be recognized? ► **NO**

Blank lined area for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ►

Blank lined area for providing details for question 19.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ► *Kathleen L. Bruegenhemke* Date ► *8/26/2020*

Print your name ► **KATHLEEN L. BRUEGENHEMKE** Title ► **SVP**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►	Firm's EIN ►			
	Firm's address ►	Phone no.			