

HAWTHORN BANCSHARES, INC.
Form 10-Q
August 14, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2013

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 0-23636

HAWTHORN BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

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Missouri
(State or other jurisdiction of
incorporation or organization)

43-1626350
(I.R.S. Employer
Identification No.)

132 East High Street, Box 688, Jefferson City, Missouri 65102

(Address of principal executive offices) (Zip Code)

(573) 761-6100

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 14, 2013, the registrant had 5,032,679 shares of common stock, par value \$1.00 per share, outstanding

Index to Exhibits located on page 58

Part I - FINANCIAL INFORMATION**Item 1. Financial Statements****HAWTHORN BANCSHARES, INC. AND SUBSIDIARIES****Consolidated Balance Sheets (unaudited)**

(In thousands, except per share data)

	June 30, 2013	December 31, 2012
ASSETS		
Cash and due from banks	\$ 20,838	\$ 31,020
Federal funds sold and other overnight interest-bearing deposits	14,867	27,857
Cash and cash equivalents	35,705	58,877
Investment in available-for-sale securities, at fair value	220,655	200,246
Loans	838,990	846,984
Allowances for loan losses	(15,358)	(14,842)
Net loans	823,632	832,142
Premises and equipment - net	37,209	37,021
Investments in Federal Home Loan Bank stock and other equity securities, at cost	4,333	3,925
Mortgage servicing rights	2,873	2,549
Other real estate owned and foreclosed assets - net	17,978	23,592
Accrued interest receivable	5,100	5,190
Cash surrender value - life insurance	2,175	2,136
Other assets	15,876	15,928
Total assets	\$ 1,165,536	\$ 1,181,606
LIABILITIES AND STOCKHOLDERS EQUITY		
Deposits		
Non-interest bearing demand	\$ 180,461	\$ 192,271
Savings, interest checking and money market	427,742	405,702
Time deposits \$100,000 and over	117,601	120,777
Other time deposits	260,188	272,525
Total deposits	985,992	991,275
Federal funds purchased and securities sold under agreements to repurchase	21,499	21,058
Subordinated notes	49,486	49,486
Federal Home Loan Bank advances	29,033	20,126
Accrued interest payable	1,316	909
Other liabilities	7,614	6,532
Total liabilities	\$ 1,094,940	\$ 1,089,386
Stockholders' equity:		
Preferred stock, \$0.01 par value per share, 1,000,000 shares authorized; Issued 0 shares and 18,255 shares, respectively, \$1,000 per share liquidation value, net of discount	0	17,977
Common stock, \$1 par value, authorized 15,000,000 shares; Issued 5,000,972 shares, respectively	5,001	5,001
Surplus	33,567	31,816
Retained earnings	37,292	39,118
Accumulated other comprehensive (loss) income, net of tax	(1,747)	1,825
Treasury stock; 161,858 shares, at cost	(3,517)	(3,517)
Total stockholders' equity	70,596	92,220
Total liabilities and stockholders' equity	\$ 1,165,536	\$ 1,181,606

See accompanying notes to the unaudited consolidated financial statements.

HAWTHORN BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income (unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
INTEREST INCOME				
Interest and fees on loans	\$ 10,435	\$ 10,944	\$ 20,823	\$ 22,187
Interest on debt securities:				
Taxable	910	1,085	1,814	2,201
Nontaxable	213	227	430	462
Federal funds sold and other overnight interest-bearing deposits	15	16	29	37
Dividends on other securities	19	25	41	56
Total interest income	11,592	12,297	23,137	24,943
INTEREST EXPENSE				
Interest on deposits:				
Savings, interest checking and money market	253	328	514	653
Time deposit accounts \$100,000 and over	233	309	481	538
Other time deposits	857	1,005	1,739	1,789
Interest on federal funds purchased and securities sold under agreements to repurchase	5	5	10	9
Interest on subordinated notes	320	345	641	699
Interest on Federal Home Loan Bank advances	109	133	208	268
Total interest expense	1,777	2,125	3,593	