



PRESS RELEASE:

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For more information contact:
Todd James
Blackhawk Bancorp, Inc.
President & CEO
tjames@blackhawkbank.com

Blackhawk Bancorp, Inc. To Acquire First McHenry Corporation

Blackhawk Bancorp, Inc. (OTCQX: BHWB) (“Blackhawk Bancorp” or “the Company”), holding company for Blackhawk Bank, (“Blackhawk Bank”) announced today the signing of a definitive merger agreement with First McHenry Corporation (“First McHenry”), parent company of First National Bank of McHenry (“FNB McHenry”), McHenry, Illinois, under which Blackhawk Bancorp has agreed to acquire 100% of the common stock of First McHenry.

Under the terms of the agreement, Blackhawk will pay First McHenry shareholders \$23.0 million in aggregate cash consideration. FNB McHenry had approximately \$175 million in assets, \$44 million in loans, and \$161 million in deposits at September 30, 2018.

The merger agreement has been unanimously approved by the board of directors of both Blackhawk Bancorp and First McHenry, and the acquisition is expected to close in the first quarter of 2019. The transaction is subject to customary conditions, including regulatory approval and approval by the shareholders of First McHenry.

“Blackhawk is a high-performing, growing, and successful community banking organization. We chose to partner with Blackhawk because its culture and leadership team’s values align very closely with ours,” said First McHenry CEO Bill Busse. “Our customers can feel confident that this merger only strengthens our ability to serve them and continue to do business with them in the manner they have come to expect from First National Bank of McHenry.”

Blackhawk CEO Todd James added, “We are enthusiastic about this partnership and look forward to continuing and enhancing our commitment to the communities in which FNB McHenry operates. We intend to keep operating each of FNB McHenry’s offices and plan to take advantage of our larger legal lending limit to help more businesses and residents meet their financial needs.”

Performance Trust Capital Partners, LLC is serving as financial advisor to Blackhawk Bancorp, and Howard & Howard Attorneys is serving as its legal advisor. Olsen Palmer LLC is serving as financial advisor to First McHenry, and Godfrey & Kahn is serving as its legal advisor.

About Blackhawk Bancorp, Inc.

Blackhawk Bancorp, Inc. is headquartered in Beloit, Wisconsin and is the parent company of Blackhawk Bank, which operates nine banking centers in south central Wisconsin and north central Illinois, along the I-90 corridor from Belvidere, Illinois to Janesville, Wisconsin. Blackhawk’s locations serve individuals and small businesses, primarily with fewer than 200 employees. The company offers a variety of value-added consultative services to small businesses and their employees related to the financial products it provides.

About First McHenry Corporation

First McHenry Corporation is headquartered in McHenry, Illinois and is the parent company of First National Bank of McHenry. Located in the heart of the upper Fox River Valley, First National Bank of McHenry was

started as and continues to thrive as one of the last great community banks in the area. With locations in McHenry, Island Lake, and Richmond, First National Bank of McHenry has been providing banking services to local residents since 1969.