

**BLACKHAWK BANCORP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2015 AND DECEMBER 31, 2014**  
**(UNAUDITED)**

<b>Assets</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	(Amounts in thousands, except share and per share data)	
Cash and due from banks	\$ 16,024	\$ 9,847
Interest-bearing deposits in banks and other	966	11,744
Total cash and cash equivalents	<u>16,990</u>	<u>21,591</u>
Securities available-for-sale	134,897	129,184
Loans held for sale	2,384	1,537
Federal Home Loan Bank stock, at cost	2,266	2,266
Loans, less allowance for loan losses of \$4,795 and \$4,396 at June 30, 2015 and December 31, 2014, respectively	404,550	391,448
Premises and equipment, net	8,067	8,320
Goodwill	5,037	5,037
Mortgage Servicing rights	2,519	2,640
Cash surrender value of bank-owned life insurance	9,756	9,602
Other assets	10,026	9,848
Total assets	<u>\$ 596,492</u>	<u>\$ 581,473</u>
<b>Liabilities and Stockholders' Equity</b>		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 103,481	\$ 99,068
Interest-bearing	414,689	416,716
Total deposits	<u>518,170</u>	<u>515,784</u>
Subordinated debentures and notes (including \$1,031 at fair value at June 30, 2015 and December 31, 2014)	11,255	11,255
Senior secured term note	9,000	9,000
Other borrowings	11,580	-
Other liabilities	3,312	3,398
Total liabilities	<u>553,317</u>	<u>539,437</u>
Stockholders' equity		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized; 0 and 10,500 shares issued as of June 30, 2015 and December 31, 2014, respectively	-	-
Common stock, \$0.01 par value, 10,000,000 shares authorized; 2,320,454 and 2,318,496 shares issued as of June 30, 2015 and December 31, 2014, respectively	23	23
Additional paid-in capital	10,057	9,960
Retained earnings	32,441	31,091
Treasury stock, 88,783 and 87,865 shares at cost as of June 30, 2015 and December 31, 2014, respectively	(983)	(969)
Accumulated other comprehensive income (loss)	1,637	1,931
Total stockholders' equity	<u>43,175</u>	<u>42,036</u>
Total liabilities and stockholders' equity	<u>\$ 596,492</u>	<u>\$ 581,473</u>

**BLACKHAWK BANCORP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

	<b>Six months ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
	(Amounts in thousands, except share and per share data)	
Interest Income:		
Interest and fees on loans	\$ 9,354	\$ 9,213
Interest and dividends on available-for-sale securities:		
Taxable	976	987
Tax-exempt	610	668
Interest on securities purchased under agreements to resell	-	110
Interest on other	11	10
<b>Total interest and dividend income</b>	<b>10,951</b>	<b>10,988</b>
Interest Expense:		
Interest on deposits	863	1,060
Interest on subordinated debentures and notes	304	304
Interest on senior secured term note	182	65
Interest on other borrowings	4	29
<b>Total interest expense</b>	<b>1,353</b>	<b>1,458</b>
<b>Net interest and dividend income before provision for loan losses</b>	<b>9,598</b>	<b>9,530</b>
Provision for loan losses	1,233	1,191
<b>Net interest and dividend income after provision for loan losses</b>	<b>8,365</b>	<b>8,339</b>
Noninterest Income:		
Service charges on deposits accounts	1,247	1,359
Net gain on sale of loans	1,040	775
Net loan servicing income	134	120
Debit card interchange fees	1,136	1,119
Net gains on sales of securities available-for-sale	200	255
Net other gains (losses)	5	(364)
Increase in cash surrender value of bank-owned life insurance	154	150
Other	578	505
<b>Total noninterest income</b>	<b>4,494</b>	<b>3,919</b>
Noninterest Expenses:		
Salaries and employee benefits	5,849	5,591
Premises and equipment	1,278	1,271
Data processing	1,175	1,178
Advertising and marketing	116	112
Professional fees	483	452
Office Supplies	174	178
Telephone	206	182
Other	1,229	1,278
<b>Total noninterest expenses</b>	<b>10,510</b>	<b>10,242</b>
<b>Income before income taxes</b>	<b>2,349</b>	<b>2,016</b>
Provision for income taxes	544	333
<b>Net income</b>	<b>\$ 1,805</b>	<b>\$ 1,683</b>
<b>Key Ratios</b>		
Basic Earnings Per Common Share	\$ 0.81	\$ 0.67
Diluted Earnings Per Common Share	0.81	0.66
Dividends Per Common Share	0.04	0.02

**BLACKHAWK BANCORP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

	<b>Three months ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
	(Amounts in thousands, except share and per share data)	
Interest Income:		
Interest and fees on loans	\$ 4,740	\$ 4,594
Interest and dividends on available-for-sale securities:		
Taxable	496	522
Tax-exempt	308	333
Interest on securities purchased under agreements to resell	-	46
Interest on other	7	5
<b>Total interest and dividend income</b>	<b>5,551</b>	<b>5,500</b>
Interest Expenses:		
Interest on deposits	420	526
Interest on subordinated debentures	152	152
Interest on senior secured term note	92	65
Interest on other borrowings	3	3
<b>Total interest expense</b>	<b>667</b>	<b>746</b>
<b>Net interest and dividend income before provision for loan losses</b>	<b>4,884</b>	<b>4,754</b>
Provision for loan losses	617	681
<b>Net interest and dividend income after provision for loan losses</b>	<b>4,267</b>	<b>4,073</b>
Noninterest Income:		
Service charges on deposits accounts	627	705
Net gain on sale of loans	583	478
Net loan servicing income	75	46
Debit card interchange fees	582	577
Net gains on sales of securities available-for-sale	-	57
Net other gains (losses)	37	(106)
Increase in cash value of bank-owned life insurance	72	70
Other	309	276
<b>Total noninterest income</b>	<b>2,285</b>	<b>2,103</b>
Noninterest Expenses:		
Salaries and employee benefits	2,976	2,708
Premises and equipment	621	603
Data processing	579	572
Advertising and marketing	58	49
Professional fees	228	223
Office Supplies	84	88
Telephone	98	90
Other	646	566
<b>Total noninterest expenses</b>	<b>5,290</b>	<b>4,899</b>
<b>Income before income taxes</b>	<b>1,262</b>	<b>1,277</b>
Provision for income taxes	322	295
<b>Net income</b>	<b>\$ 940</b>	<b>\$ 982</b>
<b>Key Ratios</b>		
Basic Earnings Per Common Share	\$ 0.42	\$ 0.42
Diluted Earnings Per Common Share	0.42	0.42
Dividends Per Common Share	0.02	0.02