

BLACKHAWK BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH, 2016 AND DECEMBER 31, 2015
(UNAUDITED)

Assets	March 31, 2016	December 31, 2015
	(Amounts in thousands, except share and per share data)	
Cash and due from banks	\$ 12,561	\$ 11,653
Securities purchased under agreements to resell	12,202	14,955
Interest-bearing deposits in banks and other	47,258	1,144
Total cash and cash equivalents	<u>72,021</u>	<u>27,752</u>
Securities available-for-sale	172,143	139,533
Loans held for sale	3,101	3,014
Federal Home Loan Bank stock, at cost	2,266	2,266
Loans, less allowance for loan losses of \$5,309 and \$4,790 at March 31, 2016 and December 31, 2015, respectively	390,805	395,187
Premises and equipment, net	7,724	7,715
Goodwill	5,037	5,037
Mortgage Servicing rights	2,286	2,395
Cash surrender value of bank-owned life insurance	9,986	9,902
Other assets	12,053	9,711
Total assets	<u>\$ 677,422</u>	<u>\$ 602,512</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 109,125	\$ 102,943
Interest-bearing	496,136	420,114
Total deposits	<u>605,261</u>	<u>523,057</u>
Subordinated debentures and notes (including \$1,031 at fair value at March 31, 2016 and December 31, 2015)	11,255	11,255
Senior secured term note	8,250	8,500
Other borrowings	-	11,250
Other liabilities	4,127	3,301
Total liabilities	<u>628,893</u>	<u>557,363</u>
Stockholders' equity		
Common stock, \$0.01 par value, 10,000,000 shares authorized; 2,370,371 and 2,327,197 shares issued as of March 31, 2016 and December 31, 2015, respectively	24	23
Additional paid-in capital	10,411	10,362
Retained earnings	36,858	34,376
Treasury stock, 90,284 and 88,783 shares at cost as of March 31, 2016 and December 31, 2015, respectively	(1,010)	(982)
Accumulated other comprehensive income (loss)	2,246	1,370
Total stockholders' equity	<u>48,529</u>	<u>45,149</u>
Total liabilities and stockholders' equity	<u>\$ 677,422</u>	<u>\$ 602,512</u>

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

	Three months ended March 31,	
	2016	2015
	(Amounts in thousands, except per share data)	
	share and per share data)	
Interest Income:		
Interest and fees on loans	\$ 4,635	\$ 4,614
Interest and dividends on available-for-sale securities:		
Taxable	561	466
Tax-exempt	301	316
Interest on securities purchased under agreements to resell	44	-
Interest on other	29	5
Total interest and dividend income	5,570	5,401
Interest Expense:		
Interest on deposits	398	444
Interest on subordinated debentures and notes	157	152
Interest on senior secured term note	91	90
Interest on other borrowings	1	-
Total interest expense	647	686
Net interest and dividend income before provision for loan losses	4,923	4,715
Provision for loan losses	495	617
Net interest and dividend income after provision for loan losses	4,428	4,098
Noninterest Income:		
Service charges on deposits accounts	689	621
Net gain on sale of loans	353	457
Net loan servicing income	81	58
Debit card interchange fees	568	554
Net gains on sales of securities available-for-sale	-	200
Net other gains (losses)	2,933	(32)
Increase in cash surrender value of bank-owned life insurance	85	82
Other	279	239
Total noninterest income	4,988	2,179
Noninterest Expenses:		
Salaries and employee benefits	3,136	2,873
Premises and equipment	645	657
Data processing	599	596
Advertising and marketing	94	58
Professional fees	230	255
Office Supplies	86	90
Telephone	103	108
Other	615	583
Total noninterest expenses	5,508	5,220
Income before income taxes	3,908	1,057
Provision for income taxes	1,335	192
Net income	\$ 2,573	\$ 865

Key Ratios

Basic Earnings Per Common Share	\$ 1.13	\$ 0.39
Diluted Earnings Per Common Share	1.12	0.38
Dividends Per Common Share	0.04	0.02

BLACKHAWK BANCORP, INC. AND SUBSIDIARIES
AVERAGE BALANCE SHEET WITH RESULTANT INTEREST AND RATES

Average Balance Sheet with Resultant Interest and Rates

(Amounts in thousands)

(Yields on a tax-equivalent basis)

	Three months ended March 31, 2016			Three months ended March 31, 2015		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Interest Earning Assets:						
Interest-bearing deposits in banks	\$ 23,741	\$ 29	0.50%	\$ 9,111	\$ 4	0.19%
Federal funds sold & securities purchased under agreements to resell	13,521	44	1.31%	17	1	0.15%
Investment securities:						
Taxable investment securities	112,907	561	2.00%	91,111	466	2.07%
Tax-exempt investment securities	39,952	301	4.64%	37,592	316	5.15%
Total Investment securities	152,859	862	2.69%	128,703	782	2.97%
Loans	397,481	4,635	4.69%	396,302	4,614	4.72%
Total Earning Assets	\$ 587,602	\$ 5,570	3.92%	\$ 534,133	\$ 5,401	4.22%
Allowance for loan losses	(4,968)			(4,566)		
Cash and due from banks	15,445			12,974		
Other assets	35,192			35,945		
Total Assets	\$ 633,271			\$ 578,486		
Interest Bearing Liabilities:						
Interest bearing checking accounts	\$ 202,125	\$ 161	0.32%	\$ 161,225	\$ 113	0.28%
Savings and money market deposits	172,779	68	0.16%	152,676	60	0.16%
Time deposits	80,401	169	0.84%	89,732	271	1.22%
Total interest bearing deposits	455,305	398	0.35%	403,633	444	0.45%
Subordinated debentures and notes	11,255	157	5.59%	11,255	152	5.47%
Borrowings	10,710	92	3.48%	10,014	90	3.67%
Total Interest-Bearing Liabilities	\$ 477,270	\$ 647	0.55%	\$ 424,902	\$ 686	0.65%
Interest Rate Spread			3.37%			3.57%
Noninterest checking accounts	105,530			97,133		
Other liabilities	4,011			13,299		
Total liabilities	586,811			535,334		
Common Stockholders' equity	46,460			43,152		
Total Stockholders' equity	46,460			43,152		
Total Liabilities and Stockholders' Equity	\$ 633,271			\$ 578,486		
Net Interest Income/Margin		\$ 4,923	3.48%		\$ 4,715	3.70%