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FOR IMMEDIATE RELEASE

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BLACKHAWK BANCORP CONTINUES EARNINGS IMPROVEMENT

Beloit, WI July 19, 2007 – Blackhawk Bancorp, Inc. (OTC: BHWB) reported diluted earnings per share of \$0.27 for the second quarter of 2007, a 23% increase over the \$0.22 per diluted share earned in the second quarter of 2006. Net income for the second quarter of 2007 was \$613,000, a 27% increase compared to \$484,000 for the same quarter a year ago. Blackhawk's return on equity for the quarter increased to 10.11% compared to 8.82% for the second quarter of 2006. Diluted earnings per share for the six months ended June 30, 2007 increased 20% to \$0.48 compared to \$0.40 for the same period in 2006. Net income for the first six months of 2007 was \$1,084,000, a 21% increase, compared to \$896,000 earned the first six months last year.

Net interest income for second quarter of 2007 increased \$73,000 to \$3,147,000 compared to \$3,074,000 in the second quarter of last year. The net interest margin for the second quarter was flat compared to second quarter 2006 at 3.14%. "Improving the net interest margin continues to be a challenge in the current interest rate environment," said R. Richard Bastian, III, the company's president and chief executive officer. "However, we've been successful in growing non-interest income and controlling our operating expenses to improve overall performance," he added. Net interest income increased \$82,000 to \$6,170,000 for the six months ended June 30, 2007. The net interest margin for this six month period decreased to 3.11% compared to 3.19% for the first six months of 2006.

The provision for loan losses for the second quarter of 2007 was \$124,000 compared to \$96,000 for the same period a year ago. Credit quality remains strong, with year to date charge-offs, net of recoveries, equaling .14% of average loans on an annualized basis.

Non-interest income for the second quarter of 2007 increased \$202,000 to \$1,344,000 compared to \$1,142,000 for the second quarter of 2006. The increase in non-interest income reflects increases in mortgage banking and investment management revenues, insurance commissions, and debit card interchange income. "Our efforts to increase our mortgage and investment business are beginning to pay off," said Bastian. "We've been able to increase our mortgage volume year over year, despite the recent slow down in the housing market," he added.

Total operating expenses for the second quarter increased by \$69,000, or 2%, to \$3,497,000 compared to \$3,428,000 for the same period a year ago. For the six month period ended June 30, 2007 operating expenses are up \$201,000, or 3% compared to the first six months of 2006. The increase for both the quarter and six month period is primarily in compensation and data processing expense.

Blackhawk Bancorp, Inc. is the parent company of Blackhawk State Bank, which operates seven office locations in south central Wisconsin and north central Illinois. The stock of Blackhawk Bancorp, Inc. is traded on the Over the Counter Market under the symbol BHWB.

When used in this communication, the words "believes," "expects," and similar expressions are intended to identify forward-looking statements. The company's actual results may differ materially from those described in the forward-looking statements. Factors which could cause such a variance to occur include, but are not limited to: heightened competition; adverse state and federal regulation; failure to obtain new or retain existing customers; ability to attract and retain key executives and personnel; changes in interest rates; unanticipated changes in industry trends; unanticipated changes in credit quality and risk factors, including general economic conditions; success in gaining regulatory approvals when required; changes in the Federal Reserve Board monetary policies; unexpected outcomes of new and existing litigation in which Blackhawk or its subsidiaries, officers, directors or employees is named defendants; technological changes; changes in accounting principles generally accepted in the United States; changes in assumptions or conditions affecting the application of "critical accounting policies"; and the inability of third party vendors to perform critical services for the company or its customers.