



BLACKHAWK BANCORP RECEIVES PRELIMINARY APPROVAL FOR ENTRY INTO THE CAPITAL PURCHASE PROGRAM

BELOIT, WI (February 5, 2009)—Blackhawk Bancorp, Inc. (OTC:BHWB) announced today it has received preliminary approval to participate in the U.S. Treasury’s voluntary Capital Purchase Program which was created under the Emergency Economic Stabilization Act of 2008. Blackhawk is preliminarily approved to receive \$10 million of capital from the U.S. Treasury in the form of preferred stock.

The purpose of the CPP is to allow the U.S. Treasury to make capital investments in healthy financial institutions to promote confidence and stabilization in the economy. This increases Blackhawk’s capacity to lend money and make investments in the communities it serves. By making this program available to community banks, the U.S. Treasury is ensuring that its economic recovery programs reach ‘main street’ businesses and communities.

“This investment gives Blackhawk a tremendous additional resource to continue meeting the borrowing needs of businesses and individuals which help support and promote economic stability in the communities we serve,” said Rick Bastian, President and CEO. “We believe that being the first community bank in our market area to be preliminarily approved for the capital is a reflection of the U.S. Treasury’s confidence in Blackhawk, and the community can be assured that we will invest the capital in loans to local businesses, homeowners and individuals.”

“With additional capital, Blackhawk will be able to continue the growth and momentum in local lending we have reported over the last few years. While many banks were shrinking their portfolios of loans to consumers and businesses, Blackhawk Bank realized 12 percent loan growth in 2008,” said Bastian. “We understand the importance of transparency, and unlike many of the large institutions, we will gladly comply with any government requests as to how the funds are being deployed to support economic growth and recovery in our local markets,” he added.

Blackhawk expects to execute agreements and receive final approval within 30 days.

Blackhawk Bancorp, Inc. is headquartered in Beloit, Wisconsin and is the parent company of Blackhawk Bank, which operates eight banking centers in south central Wisconsin and north Central Illinois, along the I-90 corridor from Belvidere, IL to Beloit, WI. 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 its banking products such as health savings accounts, investment management, and estate and succession planning. For more information about the bank, log onto www.blackhawkbank.com.

Forward-Looking Statements

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.

###