



Blackhawk Bancorp Earns \$3.48 Million in Second Quarter 2022; Highlighted by Strong Loan Growth and Net Interest Margin Expansion

Beloit, WI, July 18, 2022 – Blackhawk Bancorp, Inc. (OTCQX: BHWB), (the “Company”) the parent company of Blackhawk Bank (the “Bank”), today reported net income of \$3.48 million for the quarter ended June 30, 2022, a 33% increase from the \$2.62 million earned in the preceding quarter, and a 14% decrease compared to the \$4.06 million earned during the second quarter of 2021. Diluted Earnings per Share (EPS) for the current quarter was \$1.21, an increase of \$0.29, or 32%, compared to the preceding quarter, and a \$0.09 decrease, or 7%, compared to the quarter ended June 30, 2021. The second quarter of 2022 results yielded a Return on Average Equity (ROAE) of 16.75% and a Return on Average Assets (ROAA) of 1.02%.

The increase in earnings during the current quarter, compared to the linked quarter, included a \$1.50 million credit to the provision for loan losses. This was partially offset by a one-time charge totaling \$1.27 million related to the previously announced branch closures.

The decrease in net income for the second quarter of 2022, compared to the second quarter of the prior year, included a \$981,000 decrease in income from the sale and servicing of mortgage loans and a \$1.8 million increase in operating expenses (including the \$1.27 million one-time charge related to branch closures), which was partially offset by the \$1.50 million credit to the provision for loan losses.

“The second quarter results reflected continued robust loan growth,” said Todd James, Chairman and CEO. “We outpaced the first quarter’s growth and continued to fund it with our low-cost deposit base. The strong loan growth combined with the repricing of our variable rate loans due to the recent Fed moves contributed to net interest margin expansion during the quarter. We remain cautiously optimistic for loan growth for the rest of the year, as rising interest rates and inflation concerns has the potential to slow things down.”

“We continue to optimize our banking footprint and look for ways to improve operating efficiencies,” said James. “In this regard, we announced the closure of two branches and recorded a \$1.27 million charge during the current quarter in connection with the pending closures. Excluding this one-time charge, operating expenses were down 2% compared to the prior quarter. We anticipate efficiency improvements in future quarters as a result of this consolidation.”

Second Quarter 2022 Financial Highlights (at or for the three months ended June 30, 2022)

- Net income was \$3.48 million, or \$1.21 per diluted share, compared to \$4.06 million, or \$1.30 per diluted share, in the second quarter of 2021.
- Net interest margin was 3.31%, compared to 3.13% in the preceding quarter and 3.37% in the second quarter a year ago.
- Annualized return on average assets was 1.02%, compared to 1.26% in the second quarter of 2021.
- Annualized return on average equity was 16.75%, compared to 15.74% in the second quarter a year ago.
- Excluding Paycheck Protection Program (PPP) loans, loans held for investment increased \$157.0 million, or 26% to \$770.5 million at June 30, 2022, compared to \$613.5 million a year ago.
- Total deposits grew by \$31.7 million to \$1.22 billion at June 30, 2022 compared to \$1.19 billion a year earlier. Allowance for loan losses to total loans was 1.22% at quarter end.
- Nonperforming assets to total assets was 0.45% at June 30, 2022 compared to 0.76% a year ago.
- On June 17, 2022, the Company paid a quarterly cash dividend of \$0.12 per share, marking the 32nd consecutive quarterly cash dividend paid.

Net Interest Income

Net interest income totaled \$10.54 million for the quarter ended June 30, 2022, an increase of \$884,000, or 9%, compared to the first quarter of 2022, and an increase of \$377,000, or 4%, compared to the second quarter of the prior year. The benefit to net interest income from the recognition of PPP loan fees decreased to \$280,000 for the second quarter of 2022 compared to \$539,000 the preceding quarter and \$1.10 million the second quarter of 2021. As of June 30, 2022, only \$85,000 of net deferred PPP fee income remains to be recognized in future periods. Interest income also benefitted from the repricing of variable rate loans due to the Fed interest rate increases in March and June.

The Company's net interest margin was 3.31% for the second quarter of 2022, compared to 3.13% for the quarter ended March 31, 2022, and 3.37% for the second quarter of 2021. "Strong loan growth and recent short-term rate interest increases by the Federal Reserve have led to improved loan yields and net interest margin," said James. "We are well positioned to capitalize on additional loan growth opportunities and to benefit from expected future interest rate increases by the Federal Reserve."

The tax-equivalent yield on earning assets increased by 19 basis points to 3.51% for the second quarter of 2022, from the first quarter of 2022, and the cost of deposits increased by one basis point for the second quarter of 2022, from the first quarter of 2022. Tax-equivalent yield on earning assets dropped seven basis points compared to 3.58% for the second quarter of 2021, and the cost of deposits decreased three basis points compared to 0.15% for the second quarter of 2021.

Average total deposits for the second quarter of 2022 increased by \$85.5 million to \$1.23 billion compared to \$1.19 billion in the second quarter of 2021. Average total loans for the second quarter of 2022 increased by \$52.7 million, or 8%, compared to the prior year's second quarter. Excluding PPP loans, average total loans increased by \$49.7 million, or 7%, to \$747.4 million compared to \$697.8 million for the quarter ended March 31, 2022 and increased \$126.2 million, or 20%, compared to \$621.3 million for the second quarter of 2021.

Net interest income for the six months ended June 30, 2022 increased \$315,000 to \$20.20 million compared to \$19.88 million for the first half of 2021. The benefit to net interest income from recognition of PPP loan fees decreased to \$819,000 for the first half of 2022 compared to \$1.89 million the first half of the prior year. For the first six months of 2022, the company's net interest margin was 3.22%, compared to 3.44% for the same period in the prior year. The tax-equivalent yield on earning assets decreased by 24 basis points to 3.41% for the first six months of 2022, compared to 3.65% the first six months of 2021. The cost of deposits decreased by three basis points to 0.12% compared to the first six months of 2021.

Provision for Loan Losses and Asset Quality

Primarily due to the reduction in risk of potential losses associated with the pandemic, along with the overall quality of the loan portfolio, the Company recorded a negative provision for loan losses of \$1.50 million for the quarter ended June 30, 2022. This compared to no provision for loan losses for the quarters ended March 31, 2022, and June 30, 2021.

Total nonperforming assets, which include troubled debt restructures performing in accordance with their modified terms, equaled \$6.0 million as of June 30, 2022, as compared to \$6.9 million as of March 31, 2022, and \$10.2 million at June 30, 2021. At June 30, 2022, the ratio of nonperforming loans to total loans equaled 0.78%, as compared to 0.93% at March 31, 2022, and 1.50% at June 30, 2021.

The allowance for loan losses to total loans was 1.22% at June 30, 2022, compared to 1.51% at March 31, 2022, and 1.66% at June 30, 2021. The allowance for loan losses to nonperforming loans decreased to 157.3% at June 30, 2022, compared to 162.0% at March 31, 2022, and 110.2% at June 30, 2021.

Noninterest Income and Operating Expenses

Noninterest income for the quarter ended June 30, 2022, totaled \$3.82 million, a \$98,000 decrease compared to \$3.92 million from the prior quarter and a \$872,000 decrease from the \$4.69 million recorded in the second quarter of 2021. The net revenue from the sale and servicing of mortgage loans decreased \$276,000 and debit card interchange fees increased \$86,000 compared to the first quarter of 2022. The decline in noninterest income compared to the second quarter of 2021 was primarily due to a \$981,000 decrease in revenue from the sale and servicing of mortgage loans, which was partially offset by a \$305,000 increase in deposit service fees.

Noninterest income for the six months ended June 30, 2022 totaled \$7.74 million, a \$1.99 million decrease compared to the \$9.73 million for the same period in the prior year. The net revenue from the sale and servicing of mortgages decreased by \$2.16 million. This was partially offset by a \$528,000 increase in deposit service fees during the same period.

Operating expenses for the quarter ended June 30, 2022, totaled \$11.25 million, an increase of \$1.08 million, or 11%, compared to the first quarter of 2022, and an increase of \$1.79 million, or 19%, compared to the second quarter of 2021. The increase compared to both the prior quarter and the year ago quarter was primarily due to one-time charges of \$1.27 million that were incurred during the second quarter of 2022 relating to the branch closures. Excluding these one-time charges, operating expenses would have been \$9.98 million, or 2% less than the prior quarter and 5% greater than the quarter ended June 30, 2021.

Operating expenses for the six months ended June 30, 2022 totaled \$21.43 million, a \$2.25 million, or 12%, increase compared to the same period in 2021. Excluding the aforementioned one-time charges, operating expenses for the six months ended June 30, 2022 would have been \$20.15 million, a \$975,000, or 5% increase over the same period in 2021. The increase includes a \$801,000 increase in salaries and employee benefits.

The efficiency ratio, excluding the one-time charges, was 68.96% for the second quarter of 2022. This compared to 74.35% for the preceding quarter and 63.28% for the second quarter a year ago.

Capital

Tangible book value per share was \$23.91 at June 30, 2022, compared to \$26.58 at March 31, 2022 and \$30.81 at June 30, 2021. The decrease in tangible book value per share during the current quarter was primarily due to a \$10.41 million decrease in accumulated other comprehensive income ("AOCI") related primarily to an increase in the unrealized loss on available for sale securities reflecting the increase in interest rates during the current quarter. Excluding AOCI, tangible book value per share was \$32.42 at June 30, 2022, an increase of \$1.15 and \$3.86 compared to March 31, 2022 and June 30, 2021, respectively.

About Blackhawk Bancorp

Blackhawk Bancorp, Inc. is headquartered in Beloit, Wisconsin, and is the parent company of Blackhawk Bank. The combined entity operates twelve full-service banking centers located in Rock County, Wisconsin, and the Illinois counties of Winnebago, Boone, McHenry, Lake, and Kane. The Company offers a variety of value-added consultative services to its business customers and their employees related to the financial products it provides.

Disclosures Regarding non-GAAP Measures

This report refers to financial measures that are identified as non-GAAP that the Company believes help to evaluate and measure the Company's performance, including the presentation of the net interest margin ratio and efficiency ratio calculations on a taxable-equivalent basis. Non-GAAP measures are also used to assist investor comparison by identifying nonrecurring events such as acquisition-related expenses, securities gains and losses and other non-recurring gains or losses and the impact such items have on the performance measures of return on average assets, return on average equity, diluted earnings per share, and the efficiency ratio. This supplemental information should not be considered in isolation or as a substitute for the related GAAP measures.

Forward-Looking Statements

When used in this communication, the words "believes," "expects," "likely", "would", 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 particularly in the Company's markets; potential deterioration in real estate values, 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"; inability to recover previously recorded losses as anticipated, and the inability of third party vendors to perform critical services for the Company or its customers. The inclusion of forward-looking information should not be construed as a representation by the Company or any person that future events or plans contemplated by the Company will be achieved. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information or otherwise.

Further information is available on the Company's website at www.blackhawkbank.com.

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BLACKHAWK BANCORP, INC. AND SUBSIDIARIES		
CONSOLIDATED BALANCE SHEETS		
JUNE 30, 2022 AND DECEMBER 31, 2021		
(UNAUDITED)		
	June 30,	December 31,
Assets	2022	2021
	(Dollars in thousands, except share and per share data)	
Cash and due from banks	\$ 15,682	\$ 10,846
Interest-bearing deposits in banks and other institutions	11,078	55,720
Total cash and cash equivalents	26,760	66,566
Certificates of deposit in banks and other institutions	1,912	2,161
Equity securities at fair value	3,481	2,553
Securities available-for-sale	469,496	504,341
Loans held for sale	3,382	2,585
Federal Home Loan Bank stock, at cost	2,150	2,150
Loans, less allowance for loan losses of \$9,495 and \$11,125 at June 30, 2022 and December 31, 2021, respectively	762,597	696,292
Premises and equipment, net	19,060	20,778
Goodwill and core deposit intangible	11,453	11,628
Mortgage servicing rights	4,078	3,833
Cash surrender value of bank-owned life insurance	11,604	11,440
Other assets	26,217	16,911
Total assets	\$ 1,342,190	\$ 1,341,238
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 393,709	\$ 380,601
Interest-bearing	826,958	816,440
Total deposits	1,220,667	1,197,041
Subordinated debentures and notes, net of issuance costs (including \$1,031 at fair value at March 31, 2022 and December 31, 2021)	19,827	19,775
Senior secured term note	10,500	11,278
Other borrowings	5,000	5,000
Other liabilities	5,998	6,985
Total liabilities	1,261,992	1,240,079
Stockholders' equity		
Common stock, \$0.01 par value, 10,000,000 shares authorized; 3,510,970 and 3,479,069 shares issued as of June 30, 2022 and December 31, 2021, respectively	35	35
Additional paid-in capital	36,340	35,890
Retained earnings	87,393	81,987
Treasury stock, 635,540 and 630,991 shares at cost as of June 30, 2022 and December 31, 2021, respectively	(19,108)	(18,952)
Accumulated other comprehensive income (loss)	(24,462)	2,199
Total stockholders' equity	80,198	101,159
Total liabilities and stockholders' equity	\$ 1,342,190	\$ 1,341,238

BLACKHAWK BANCORP, INC. AND SUBSIDIARIES					
CONSOLIDATED STATEMENTS OF INCOME					
(UNAUDITED)					
	For the Quarter Ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
(Dollars in thousands, except per share data)					
Interest Income:					
Interest and fees on loans	\$ 8,366	\$ 7,808	\$ 7,876	\$ 8,180	\$ 8,621
Interest on available-for-sale securities:					
Taxable	2,364	2,068	1,960	1,830	1,759
Tax-exempt	369	365	369	419	378
Interest on deposits in other financial institutions	72	24	33	61	48
Total interest income	11,171	10,265	10,238	10,490	10,806
Interest Expense:					
Interest on deposits	375	322	319	421	421
Interest on subordinated debentures	186	195	196	195	117
Interest on senior secured term note	45	91	98	103	104
Interest on other borrowings	24	-	-	-	-
Total interest expense	630	608	613	719	642
Net interest income before provision for loan losses	10,541	9,657	9,625	9,771	10,164
Provision for loan losses	(1,500)	-	-	-	-
Net interest income after provision for loan losses	12,041	9,657	9,625	9,771	10,164
Noninterest Income:					
Service charges on deposits accounts	968	913	901	787	663
Net gain on sale of loans	1,063	1,146	1,865	2,147	2,217
Net loan servicing income	209	402	186	90	36
Debit card interchange fees	1,165	1,079	1,168	1,146	1,218
Net gains on sales of securities available-for-sale	(20)	-	-	-	-
Net other gains (losses)	11	(4)	5	52	7
Increase in cash surrender value of bank-owned life insurance	77	86	77	78	72
Other	347	296	317	457	479
Total noninterest income	3,820	3,918	4,519	4,757	4,692
Noninterest Expenses:					
Salaries and employee benefits	6,066	6,222	6,403	6,118	5,753
Occupancy and equipment	1,132	1,212	1,109	1,273	1,092
Data processing	681	708	694	689	641
Debit card processing and issuance	528	513	533	489	503
Advertising and marketing	140	108	115	141	70
Amortization of intangibles	88	96	95	96	96
Professional fees	392	389	436	434	399
Office Supplies	97	86	127	74	93
Telephone	146	140	143	139	144
Other	1,984	697	850	865	673
Total noninterest expenses	11,254	10,171	10,505	10,318	9,464
Income before income taxes	4,607	3,404	3,639	4,210	5,392
Provision for income taxes	1,129	785	728	988	1,337
Net income	\$ 3,478	\$ 2,619	\$ 2,911	\$ 3,222	\$ 4,055
Key Ratios					
Basic Earnings Per Common Share	\$ 1.21	\$ 0.92	\$ 1.02	\$ 1.13	\$ 1.30
Diluted Earnings Per Common Share	1.21	0.92	1.02	1.13	1.30
Dividends Per Common Share	0.12	0.12	0.11	0.11	0.11
Book Value Per Common Share	27.89	30.59	35.50	35.29	34.97
Tangible Book Value Per Share	23.91	26.58	31.41	31.17	30.81
Tangible Book Value Excluding AOCI Per Share	32.42	31.27	30.64	29.64	28.56
Number of Shares Outstanding	2,875,430	2,873,528	2,848,078	2,848,078	2,842,828
Average Number of Shares Outstanding	2,874,254	2,864,082	2,848,109	2,848,109	3,118,265
Net Interest Margin (1)	3.31%	3.13%	3.12%	3.11%	3.37%
Efficiency Ratio (1)(2)	77.77%	74.35%	73.75%	70.70%	63.28%
Return on Assets	1.02%	0.80%	0.89%	0.96%	1.26%
Return on Common Equity	16.75%	10.82%	11.41%	12.57%	15.74%

(1) Non-GAAP Presentations: Management discloses certain non-GAAP financial measures to evaluate and measure the Company's performance, including the presentation of net interest income, net interest margin and efficiency ratio calculations on a taxable equivalent basis ("TE"). The net interest margin is calculated by dividing net interest income on a TE basis by average earning assets for the period. Management believes this measure provides investors with information regarding comparative balance sheet profitability.

(2) The efficiency ratio is calculated as noninterest expense divided by the sum of net interest income on a TE basis, noninterest income less any securities gains (losses) or other gains (losses), and also includes a TE adjustment on interest on tax-exempt securities, loans, and the increases in cash surrender value of bank-owned life insurance.

(UNAUDITED)	As of				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	(Amounts in thousands, except per share data)				
Cash and due from banks	\$ 15,682	\$ 13,413	\$ 10,846	\$ 16,536	\$ 16,418
Interest-bearing deposits in banks and other	12,990	42,103	57,882	104,722	140,073
Securities	472,977	484,420	506,894	472,472	448,072
Net loans/leases	765,979	716,456	698,877	658,323	666,738
Goodwill and core deposit intangible	11,453	11,536	11,628	11,723	11,819
Other assets	63,109	62,715	55,428	54,218	53,629
Total assets	\$ 1,342,190	\$ 1,330,643	\$ 1,341,555	\$ 1,317,994	\$ 1,336,749
Deposits	\$ 1,220,667	\$ 1,199,627	\$ 1,197,041	\$ 1,169,085	\$ 1,188,997
Subordinated debentures	19,827	19,812	20,155	20,155	20,155
Senior secured term note	10,500	10,889	11,278	11,667	12,056
Borrowings	5,000	5,000	5,000	5,000	5,000
Other liabilities	5,998	7,414	6,985	11,585	11,131
Stockholders' equity	80,198	87,901	101,096	100,502	99,410
Total liabilities and stockholders' equity	\$ 1,342,190	\$ 1,330,643	\$ 1,341,555	\$ 1,317,994	\$ 1,336,749
ASSET QUALITY DATA					
(Amounts in thousands)	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Non-accrual loans	\$ 4,125	\$ 4,983	\$ 5,430	\$ 7,827	\$ 8,228
Accruing loans past due 90 days or more	-	-	-	-	-
Troubled debt restructures - accruing	1,910	1,802	1,843	1,975	1,958
Total nonperforming loans	\$ 6,035	\$ 6,785	\$ 7,273	\$ 9,802	\$ 10,186
Other real estate owned	-	75	24	-	-
Total nonperforming assets	\$ 6,035	\$ 6,860	\$ 7,297	\$ 9,802	\$ 10,186
Total loans	\$ 775,474	\$ 727,451	\$ 710,002	\$ 669,547	\$ 677,967
Allowance for loan losses	9,495	10,995	11,125	11,224	11,229
Loans, less allowance for loan losses	\$ 765,979	\$ 716,456	\$ 698,877	\$ 658,323	\$ 666,738
Nonperforming Assets to total Assets	0.45%	0.52%	0.54%	0.74%	0.76%
Nonperforming loans to total loans	0.78%	0.93%	1.02%	1.46%	1.50%
Allowance for loan losses to total loans	1.22%	1.51%	1.57%	1.68%	1.66%
Allowance for loan losses to nonperforming loans	157.3%	162.0%	153.0%	114.5%	110.2%
For the Quarter Ended					
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
ROLLFORWARD OF ALLOWANCE					
Beginning Balance	\$ 10,995	\$ 11,125	\$ 11,224	\$ 11,229	\$ 11,116
Provision	(1,500)	-	-	-	-
Loans charged off	95	214	181	103	61
Loan recoveries	95	84	82	98	174
Net charge-offs	-	130	99	5	(113)
Ending Balance	\$ 9,495	\$ 10,995	\$ 11,125	\$ 11,224	\$ 11,229

BLACKHAWK BANCORP, INC. AND SUBSIDIARIES			
CONSOLIDATED STATEMENTS OF INCOME			
(UNAUDITED)			
	Six months ended June 30,		
	2022		2021
	(Amounts in thousands, except per share data)		
Interest Income:			
Interest and fees on loans	\$ 16,174		\$ 16,776
Interest and dividends on available-for-sale securities:			
Taxable	4,433		3,479
Tax-exempt	733		762
Interest on deposits in other financial institutions	96		89
Total interest income	21,436		21,106
Interest Expense:			
Interest on deposits	698		836
Interest on subordinated debentures	381		158
Interest on senior secured term note	136		210
Interest on other borrowings	24		20
Total interest expense	1,239		1,224
Net interest income before provision for loan losses	20,197		19,882
Provision for loan losses	(1,500)		500
Net interest income after provision for loan losses	21,697		19,382
Noninterest Income:			
Service charges on deposits accounts	1,882		1,354
Net gain on sale of loans	2,209		4,579
Net loan servicing income	612		404
Debit card interchange fees	2,244		2,245
Net gains on sales of securities available-for-sale	(20)		-
Net other gains (losses)	7		49
Increase in cash surrender value of bank-owned life insurance	163		159
Change in value of equity securities	(109)		(30)
Other	751		967
Total noninterest income	7,739		9,727
Noninterest Expenses:			
Salaries and employee benefits	12,288		11,487
Occupancy and equipment	2,344		2,274
Data processing	1,389		1,232
Debit card processing and issuance	1,041		928
Advertising and marketing	248		169
Amortization of core deposit intangible	185		199
Professional fees	781		789
Office Supplies	183		170
Telephone	285		286
Other	2,681		1,641
Total noninterest expenses	21,425		19,175
Income before income taxes	8,011		9,934
Provision for income taxes	1,914		2,449
Net income	\$ 6,097		\$ 7,485
Key Ratios			
Basic Earnings Per Common Share	\$ 2.13		\$ 2.31
Diluted Earnings Per Common Share	2.13		2.31
Dividends Per Common Share	0.24		0.22
Net Interest Margin (1)	3.22%		3.44%
Efficiency Ratio (1)(2)	76.11%		64.64%
Return on Assets	0.91%		1.21%
Return on Common Equity	13.54%		13.93%

(1) Non-GAAP Presentations: Management discloses certain non-GAAP financial measures to evaluate and measure the Company's performance, including the presentation of the net interest margin and efficiency ratio calculations on a taxable equivalent basis ("TE"). The net interest margin ratio is calculated by dividing net interest income on a tax equivalent basis by average earning assets for the period. Management believes this measure provides investors with information regarding comparative balance sheet profitability.

(2) The efficiency ratio is calculated as noninterest expense divided by the sum of net interest income on a TE basis, noninterest income less any securities gains (losses) or other gains (losses), and also includes a TE adjustment on the increases in cash surrender value of bank-owned life insurance.

BLACKHAWK BANCORP, INC. AND SUBSIDIARIES									
ANALYSIS of AVERAGE BALANCES & TAX EQUIVALENT INTEREST RATES									
Average Balance Sheet with Resultant Interest and Rates									
(Dollars in thousands - unaudited)									
(Yields on a tax-equivalent basis) (1)									
	For the Quarter Ended								
	June 30, 2022			March 31, 2022			June 30, 2021		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Interest Earning Assets:									
Interest-bearing deposits and other	\$ 50,333	\$ 72	0.58%	\$ 48,261	\$ 24	0.20%	\$ 105,385	\$ 48	0.18%
Investment securities:									
Taxable investment securities	432,659	2,364	2.19%	448,643	2,068	1.87%	365,329	1,759	1.93%
Tax-exempt investment securities	54,184	369	3.48%	53,820	365	3.50%	52,197	378	3.73%
Total Investment securities	486,843	2,733	2.33%	502,463	2,433	2.04%	417,526	2,137	2.16%
Loans	752,785	8,366	4.46%	714,666	7,808	4.43%	700,109	8,621	4.94%
Total Earning Assets	\$ 1,289,961	\$ 11,171	3.51%	\$ 1,265,390	\$ 10,265	3.32%	\$ 1,223,020	\$ 10,806	3.58%
Allowance for loan losses	(10,618)			(11,136)			(11,221)		
Cash and due from banks	14,900			14,956			17,124		
Other assets	70,202			65,912			58,008		
Total Assets	\$ 1,364,445			\$ 1,335,122			\$ 1,286,931		
Interest Bearing Liabilities:									
Interest bearing checking accounts	\$ 316,829	\$ 175	0.22%	\$ 313,986	\$ 139	0.18%	\$ 302,946	\$ 180	0.24%
Savings and money market deposits	426,585	75	0.07%	423,755	68	0.06%	396,476	96	0.10%
Time deposits	77,287	125	0.65%	77,755	115	0.60%	77,155	145	0.75%
Total interest bearing deposits	820,701	375	0.18%	815,496	322	0.16%	776,577	421	0.22%
Subordinated debentures and notes	19,820	186	3.77%	20,037	195	3.94%	13,067	117	3.59%
Borrowings	22,143	69	1.25%	16,071	91	2.29%	16,501	104	2.51%
Total Interest-Bearing Liabilities	\$ 862,664	\$ 630	0.29%	\$ 851,604	\$ 608	0.29%	\$ 806,145	\$ 642	0.32%
Interest Rate Spread			3.22%			3.03%			3.26%
Noninterest checking accounts	412,508			378,414			371,146		
Other liabilities	5,965			6,899			6,283		
Total liabilities	1,281,137			1,236,917			1,183,574		
Total Stockholders' equity	83,308			98,205			103,357		
Total Liabilities and Stockholders' Equity	\$ 1,364,445			\$ 1,335,122			\$ 1,286,931		
Net Interest Income/Margin		\$ 10,541	3.31%		\$ 9,657	3.13%		\$ 10,164	3.37%

(1) Management discloses certain non-GAAP financial measures to evaluate and measure the Company's performance including a presentation of net interest income with a net interest margin ratio on a tax-equivalent (TE) basis. The net interest margin is calculated by dividing net interest income on a TE basis by average earning assets for the period. Management believes this measure provides investors with information regarding comparative balance sheet profitability. Nonaccrual loans are included in the above-stated average balances.

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)(1)						
	For the Six Months Ended					
	June 30, 2022			June 30, 2021		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Interest Earning Assets:						
Interest-bearing deposits and other	\$ 49,303	\$ 96	0.39%	\$ 89,833	\$ 89	0.20%
Investment securities:						
Taxable investment securities	440,607	4,433	2.03%	343,158	3,479	2.04%
Tax-exempt investment securities	54,003	733	3.49%	52,160	762	3.78%
Total Investment securities	494,610	5,166	2.19%	395,318	4,241	2.27%
Loans	733,830	16,174	4.44%	692,921	16,776	4.88%
Total Earning Assets	\$ 1,277,743	\$ 21,436	3.41%	\$ 1,178,072	\$ 21,106	3.65%
Allowance for loan losses	(10,875)			(11,148)		
Cash and due from banks	14,928			16,591		
Other assets	68,128			59,141		
Total Assets	\$ 1,349,924			\$ 1,242,656		
Interest Bearing Liabilities:						
Interest bearing checking accounts	\$ 315,415	\$ 315	0.20%	\$ 293,787	\$ 341	0.23%
Savings and money market deposits	425,178	143	0.07%	376,656	180	0.10%
Time deposits	77,520	240	0.62%	79,468	315	0.80%
Total interest bearing deposits	818,113	698	0.17%	749,911	836	0.22%
Subordinated debentures	19,928	381	3.86%	9,133	158	3.49%
Borrowings	19,124	160	1.68%	21,408	230	2.17%
Total Interest-Bearing Liabilities	\$ 857,165	\$ 1,239	0.29%	\$ 780,452	\$ 1,224	0.32%
Interest Rate Spread			3.12%			3.33%
Noninterest checking accounts	395,555			347,041		
Other liabilities	6,430			6,825		
Total liabilities	1,259,150			1,134,318		
Total Stockholders' equity	90,774			108,338		
Total Liabilities and Stockholders' Equity	\$ 1,349,924			\$ 1,242,656		
Net Interest Income/Margin		\$ 20,197	3.22%		\$ 19,882	3.44%

(1) Management discloses certain non-GAAP financial measures to evaluate and measure the Company's performance including a presentation of net interest income with a net interest margin ratio on a tax-equivalent (TE) basis. The net interest margin is calculated by dividing net interest income on a TE basis by average earning assets for the period. Management believes this measure provides investors with information regarding comparative balance sheet profitability. Nonaccrual loans are included in the above-stated average balances.