

M&A Transaction Announcement

First McHenry Corporation Acquired by Blackhawk Bancorp, Inc.

OLSEN PALMER

Transaction Profile

Advised Seller



FIRST NATIONAL BANK

McHenry • Island Lake • Richmond

Has been acquired by



The undersigned served as exclusive financial advisor to First McHenry Corporation, parent of First National Bank of McHenry

OLSEN PALMER

March 1, 2019

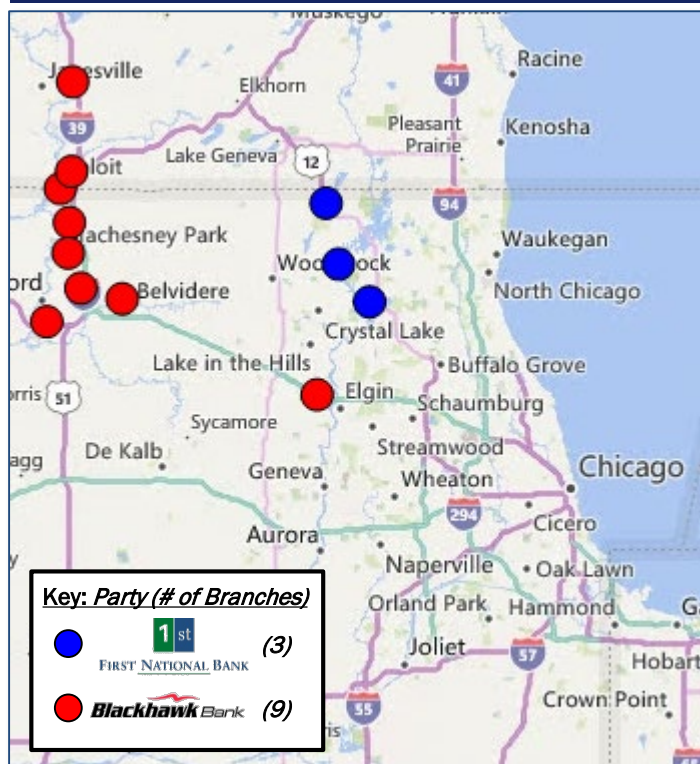
Olsen Palmer is pleased to announce that First McHenry Corporation (“First McHenry”), parent company of First National Bank of McHenry (“FNB McHenry”), has been acquired by Blackhawk Bancorp, Inc. (OTCQX: BHWB), parent company of Blackhawk Bank, in an all-cash transaction valued at \$23.0 million.

Olsen Palmer LLC served as exclusive financial adviser to First McHenry Corporation. Christopher Olsen, Managing Partner, and Roger Hernandez, Director and head of the firm’s Chicago office, served as advisors on the transaction.

The combined institution now has consolidated total assets of approximately \$990 million with 12 branches across 6 counties in Illinois and Wisconsin.

FNB McHenry will continue to operate as a separate wholly-owned subsidiary of Blackhawk Bancorp, Inc. until the third quarter of 2019 at which time FNB McHenry will merge with and into Blackhawk Bank.

Branch Footprint



Transaction Summary and Valuation Multiples

| | |
|--------------------------------|------------------|
| Transaction Date | October 18, 2018 |
| Closing Date | March 1, 2019 |
| Aggregate Consideration Value | \$23.0 million |
| Form of Consideration | 100% cash |
| Price / Tangible Common Equity | 1.6x |
| Price / LTM Net Income | 25.0x |
| Price as % of Seller Assets | 13.1% |
| Premium / Core Deposits | 5.2% |

Financial and Operating Summary

| | Blackhawk Bank | FIRST NATIONAL BANK |
|------------------|----------------|---------------------|
| Location | Beloit, WI | McHenry, IL |
| Total Assets | \$815.1 | \$173.1 |
| Ticker | BHWB | N/A |
| Market Cap. | \$91.4mm | N/A |
| Year Established | 1881 | 1969 |
| CEO | Todd James | Bill Busse |
| Branches | 9 | 3 |
| ROAA (LTM) | 1.08% | 0.60% |

Note: Bank-level financial data as of Q4 2018. Deal value and pricing multiples based on First McHenry parent financials at announcement. Source: S&P Global Market Intelligence.

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Recent M&A Advisory Assignments

| | | | | |
|--|--|--|--|---|
| <p>Advised Seller</p>  <p>FIRST NATIONAL BANK Moheny • Toland Lake • Richmond</p> <p>Has been acquired by</p>  <p>March 1, 2019</p> | <p>Advised Seller</p>  <p>FIRST MADISON BANK & TRUST</p> <p>Has agreed to be acquired by</p>  <p>February 4, 2019</p> | <p>Advised Merger-of-Equals</p>  <p>NORTHSIDE BANK</p> <p>Has agreed to merge with</p>  <p>January 11, 2019</p> | <p>Advised Acquirer</p>  <p>SENB Bank</p> <p>Has agreed to acquire</p>  <p>December 7, 2018</p> | <p>Advised Seller</p>  <p>Capital Bank Committed to our Community</p> <p>Has been acquired by</p>  <p>October 24, 2018</p> |
| <p>Advised Seller</p>  <p>Southern COMMUNITY BANK Unlike all the rest</p> <p>Has been acquired by</p>  <p>May 1, 2018</p> | <p>Advised Seller</p>  <p>MB MERCHANTS & PLANTERS BANK</p> <p>Has been acquired by</p>  <p>April 1, 2018</p> | <p>Advised Seller</p>  <p>DOOLIN SECURITY SAVINGS BANK F.S.B.</p> <p>Has merged with</p>  <p>January 1, 2018</p> | <p>Advised Seller</p>  <p>Clayton bank cb & American City bank</p> <p>Have been acquired by</p>  <p>July 31, 2017</p> | <p>Advised Seller</p>  <p>FIRST SOUTH BANK</p> <p>Has been acquired by</p>  <p>May 15, 2017</p> |
| <p>Advised Seller</p>  <p>AMERICAN TRUST BANK OF EAST TENNESSEE</p> <p>Has been acquired by</p>  <p>December 2, 2016</p> | <p>Advised Acquirer</p>  <p>FIRST FREEDOM Bank</p> <p>Has acquired 3 branches from</p>  <p>Atlantic Capital</p> <p>May 13, 2016</p> | <p>Advised Acquirer</p>  <p>Athens Federal COMMUNITY BANK, N.A.</p> <p>Has acquired 4 branches from</p>  <p>Atlantic Capital</p> <p>April 1, 2016</p> | <p>Advised Seller</p>  <p>F&M BANK</p> <p>Has been acquired by</p> <p>F&M Bancorp, Inc.</p> <p>November 6, 2015</p> | <p>Advised Acquirer</p>  <p>FNBB FIRST NATIONAL BANKERS BANK</p> <p>Has acquired</p>  <p>September 25, 2015</p> |
| <p>Advised Seller</p>  <p>FAIRMOUNT BANCORP, INC.</p> <p>Has been acquired by</p>  <p>September 11, 2015</p> | <p>Advised Acquirer</p>  <p>BANK FIRST</p> <p>Has acquired</p>  <p>August 31, 2015</p> | <p>Advised Acquirer</p>  <p>FIRST COMMERCIAL BANK Where Business Is Personal.™</p> <p>Has acquired</p>  <p>April 30, 2015</p> | <p>Advised Seller</p>  <p>Traders Bank™ SINCE 1889</p> <p>Has been acquired by</p>  <p>March 6, 2015</p> | <p>Advised Acquirer</p>  <p>FIRST CITIZENS NATIONAL BANK</p> <p>Has acquired</p>  <p>October 1, 2014</p> |

Note: Top 5 ranking based on number of whole-bank M&A transactions advised upon in 2019 year-to-date. Source: SNL Financial

CHRISTOPHER OLSEN
MANAGING PARTNER

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Olsen Palmer LLC is a nationally-recognized independent investment banking firm that exclusively advises financial institutions across Mergers & Acquisitions.

By design, we combine the deep M&A expertise of a traditional full-service firm with the agility, creativity, responsiveness, and independence of a boutique firm.

Specializing in sell-side M&A advisory, buy-side M&A advisory, valuations, fairness opinions, branch acquisitions and divestitures, and Board-level assessments of strategic options.

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