

M&A Transaction Announcement

First National Bank of McHenry to be acquired by Blackhawk Bank



Transaction Profile

Advised Seller



FIRST NATIONAL BANK

McHenry • Island Lake • Richmond

Has agreed to be acquired by



The undersigned served as exclusive financial advisor to

First McHenry Corporation, parent of
First National Bank of McHenry



October 18, 2018

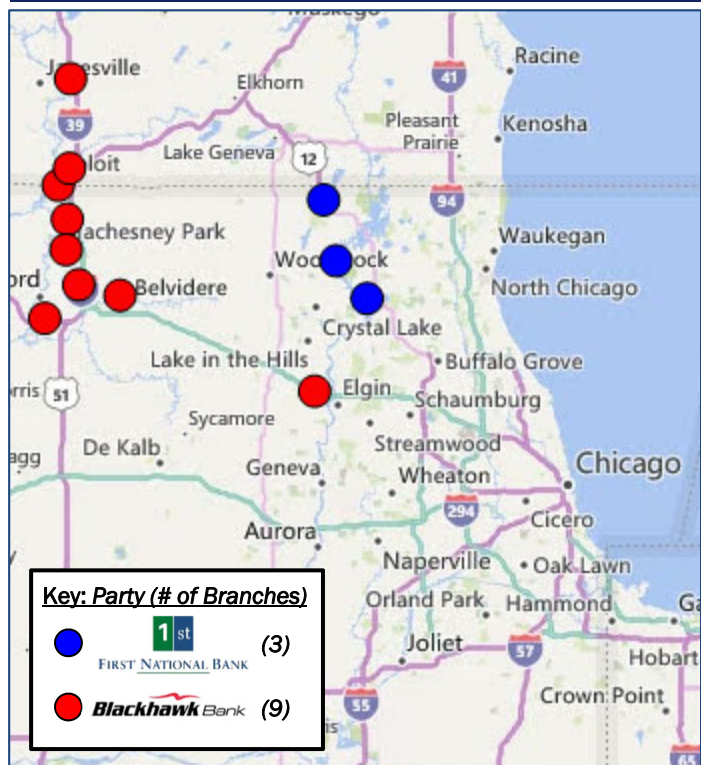
Olsen Palmer is pleased to announce that McHenry, Illinois-based First McHenry Corporation (“First McHenry”), parent company of First National Bank of McHenry, has signed a definitive merger agreement whereby 100% of First McHenry common stock will be acquired by Beloit, Wisconsin-based Blackhawk Bancorp, Inc. (OTCQX: BHWB), parent company of Blackhawk Bank (collectively, “Blackhawk”) 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 lead advisors on the transaction.

The merger agreement has been unanimously approved by the board of directors of both Blackhawk and First McHenry.

The transaction, which is subject to customary conditions including regulatory approval and approval by the shareholders of First McHenry, is expected to close in the first quarter of 2019.

Branch Footprint



Transaction Summary and Valuation Multiples

Transaction Date	October 18, 2018
Anticipated Closing Date	Q1 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	1st FIRST NATIONAL BANK
Location	Beloit, WI	McHenry, IL
Year Established	1881	1969
CEO	Todd James	Bill Busse
Branches	9	3
FTE	188	36
Assets (\$mm)	\$769.5	\$175.6
ROAA (LTM)	0.96%	0.60%
Efficiency Ratio (LTM)	69.9%	74.2%
NPAs / Assets	0.95%	0.92%

Note: Bank-level financial data as of Q3 2018. Deal value and pricing multiples based on First McHenry parent financials as of Q2 2018. Source: S&P Global Market Intelligence.



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M&A Advisory Expertise

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Recent M&A Advisory Assignments

<p>Advised Seller</p> <p>Has agreed to be acquired by</p> <p>October 18, 2018</p>	<p>Advised Seller</p> <p>Has agreed to be acquired by</p> <p>June 28, 2018</p>	<p>Advised Seller</p> <p>Has been acquired by</p> <p>May 1, 2018</p>	<p>Advised Seller</p> <p>Has been acquired by</p> <p>April 1, 2018</p>	<p>Advised Seller</p> <p>Has merged with</p> <p>January 1, 2018</p>
<p>Advised Seller</p> <p>Have been acquired by</p> <p>July 31, 2017</p>	<p>Advised Seller</p> <p>Has been acquired by</p> <p>May 15, 2017</p>	<p>Advised Seller</p> <p>Has been acquired by</p> <p>December 2, 2016</p>	<p>Advised Acquirer</p> <p>Has acquired 3 branches from</p> <p>May 13, 2016</p>	<p>Advised Acquirer</p> <p>Has acquired 4 branches from</p> <p>April 1, 2016</p>
<p>Advised Seller</p> <p>Has been acquired by</p> <p>F&M Bancorp, Inc.</p> <p>November 6, 2015</p>	<p>Advised Acquirer</p> <p>Has acquired</p> <p>September 25, 2015</p>	<p>Advised Seller</p> <p>Has been acquired by</p> <p>September 11, 2015</p>	<p>Advised Acquirer</p> <p>Has acquired</p> <p>August 31, 2015</p>	<p>Advised Acquirer</p> <p>Has acquired</p> <p>April 30, 2015</p>
<p>Advised Seller</p> <p>Has been acquired by</p> <p>March 6, 2015</p>	<p>Advised Acquirer</p> <p>Has acquired</p> <p>October 1, 2014</p>	<p>NIMBLE. HIGH-TOUCH. CONFLICT-FREE.</p>		

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

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