

**FOR IMMEDIATE RELEASE:**

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**Harvard Illinois Bancorp, Inc. Announces Results of Operations and Retention of Investment Banker to Evaluate Strategic Alternatives**

Harvard, Illinois, November 10, 2014 – Harvard Illinois Bancorp, Inc. (the “Company”) (OTCBB: HARI), the holding company for Harvard Savings Bank (the “Bank”), announced today its unaudited results of operations for the three months and nine months ended September 30, 2014 and its retention of Sterne, Agee & Leach, Inc. (“Sterne Agee.”)

**Results of operations.** The Company reported an unaudited net loss for the three months ended September 30, 2014 of \$5.2 million. This loss was primarily due to an \$8.5 million impairment allowance on its \$18.1 million investment in a daily overnight repurchase agreement with First Farmers Financial LLC (“First Farmers.”). The Company reported an unaudited net loss for the nine months ended September 30, 2014 of \$4.8 million.

**Stockholders’ equity.** Total stockholders’ equity decreased to \$15.6 million at September 30, 2014 from \$20.4 million at December 31, 2013, primarily as a result of the net loss of \$4.8 million for the nine months ended September 30, 2014.

**Valuation of repurchase agreement.** The interest in the repurchase agreement was purchased through Pennant Management, Inc., a Milwaukee based investment advisor, as a safe short-term investment backed by the guaranteed portion of loans guaranteed by the United States Department of Agriculture (USDA). The Company has a long history with Pennant and has participated in similar arrangements in the past. On September 29, 2014, Pennant reported that the USDA approved lender with whom Pennant, on behalf of its clients, had entered into an agreement to purchase USDA guaranteed loans, may have committed fraud. It has since been discovered that the underlying loans and the USDA guarantees securing the repurchase agreement were fraudulent.

The amount of the impairment allowance was mitigated by collection efforts that resulted in a court approved agreement identifying and seizing assets that are to be liquidated for the benefit of the Company and other investors. The value of the Company’s interest in the repurchase agreement as of September 30, 2014 is subject to significant uncertainties with respect to the collection and liquidation of First Farmers’ assets. The Bank’s federal and state regulators are currently reviewing the accounting of the repurchase agreement and may require an additional impairment allowance. At the same time, the Company is closely monitoring and supporting the collection efforts by Pennant Management. Based on the above and on other claims with respect to the Company’s interest in the repurchase agreement, the board and management are hopeful that the ultimate cash flows on this investment will significantly exceed its current net carrying value.

No assurance can be given as to the ultimate value of the Company's interest in the repurchase agreement. However, the board will continue to vigorously pursue all possible avenues to maximize the value of such investment.

**Retention of investment banker.** In light of these developments, the Company also announced that it had retained Sterne Agee to assist the board in evaluating its strategic alternatives.

The Bank's deposits are insured by the Federal Deposit Insurance Corporation in an amount of up to \$250,000 per depositor, for each account ownership category. The Company intends to provide further information on its website, [www.harvardsavingsbank.com](http://www.harvardsavingsbank.com), and/or through further press releases, as such information becomes available.

This press release contains certain forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of the Company. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate," "hope," and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Except as required by law, the Company does not take any obligation to update any forward-looking information or statements to reflect changes in belief, expectations or events.