

FOR IMMEDIATE RELEASE:

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Harvard Illinois Bancorp, Inc. Announces Results of Operations

Harvard, Illinois, February 4, 2015 – Harvard Illinois Bancorp, Inc. (the “Company”) (OTC: HARI), the holding company for Harvard Savings Bank (the “Bank”), announced today its unaudited results of operations for the three months and year ended December 31, 2014.

Results of operations. The Company reported an unaudited net loss for the three months ended December 31, 2014 of \$5.8 million and an unaudited net loss of \$10.6 million for the year ended December 31, 2014. The loss for both periods was impacted by a \$4.0 million provision for income taxes during the three months ended December 31, 2014. The higher provision reflected an increase in the valuation allowance for deferred tax assets of \$4.5 million. The loss for both periods was also impacted by provision for loan losses recorded for the Company’s \$18.1 million investment in the daily overnight repurchase agreement with First Farmers Financial LLC (“First Farmers.”) during the three months and the year ended December 31, 2014 of \$1.6 million and \$10.1 million, respectively.

Stockholders’ equity. Total stockholders’ equity decreased to \$10.0 million at December 31, 2014 from \$20.4 million at December 31, 2013, primarily as a result of the net loss of \$10.6 million for the year ended December 31, 2014.

Valuation of repurchase agreement. The interest in the repurchase agreement was purchased through Pennant Management, Inc. (Pennant), 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 court approved agreements identifying and seizing assets that are to be liquidated by a receiver or Pennant for the benefit of the Company and other investors. The impairment allowance totaled \$10.1 million at December 31, 2014. The value of the Company’s interest in the repurchase agreement as of December 31, 2014 is subject to significant uncertainties with respect to the collection and liquidation of First Farmers’ assets. The Company is closely monitoring and supporting the collection efforts by Pennant. 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. The Company previously announced that it had retained Sterne Agee & Leach, Inc. who continues 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.harwardsavingsbank.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.