

H A R V E S T

C A P I T A L C R E D I T

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES MARCH 31, 2016 FINANCIAL RESULTS AND DECLARES DISTRIBUTIONS FOR APRIL, MAY AND JUNE

NEW YORK, May 10, 2016 — Harvest Capital Credit Corporation (“Harvest Capital” or the “Company”) (NASDAQ: HCAP) announced that its Board of Directors declared distributions of \$0.1125 per share for the months of April, May and June. The April distribution is payable on May 27, 2016 to shareholders of record on May 20, 2016. The May distribution is payable on June 23, 2016 to shareholders of record on June 16, 2016. The June distribution is payable on July 21, 2016 to shareholders of record on July 14, 2016. The Company's distributions may include a return of capital to shareholders to the extent that the Company's net investment income and net capital gains are insufficient to support the distributions. Distributions that are treated for tax purposes as a return of capital will reduce each shareholder's basis in his, her or its shares. Returns of shareholder capital also have the effect of reducing the Company's assets.

FINANCIAL HIGHLIGHTS

	Q1-16		Q1-15	
	Amount	Per share	Amount	Per share
Core net investment income (1)	\$ 2,571,405	\$ 0.41	\$ 1,869,306	\$ 0.30
Net investment income	\$ 2,571,405	\$ 0.41	\$ 2,011,868	\$ 0.32
Net realized gains (losses) on investments	\$ (1,219,785)	\$ (0.19)	\$ 15,819	\$ —
Net change in unrealized depreciation	\$ (1,484,619)	\$ (0.24)	\$ (1,744,157)	\$ (0.28)
Net income	\$ (132,999)	\$ (0.02)	\$ 283,530	\$ 0.05
Weighted average shares outstanding (basic and diluted)	6,274,843		6,229,041	

- (1) Core Net Investment Income and Core Net Investment Income per share are non-GAAP financial measures. Reconciliations of Core Net Investment Income and Core Net Investment Income per share to the most directly comparable GAAP financial measure and other information regarding these non-GAAP financial measures are set forth in Schedule 1 hereto.

PORTFOLIO ACTIVITY

	03/31/2016	12/31/2015
Portfolio investments at fair value	\$ 148,517,614	\$ 142,760,426
Total assets	\$ 153,453,746	\$ 149,137,859
Net assets	\$ 87,286,817	\$ 89,414,256
Shares outstanding	6,281,763	6,269,669
Net asset value per share	\$13.90	\$14.26
	Q1-16	Q1-15
Portfolio activity during the period:		
New debt commitments/investments	\$ 17,800,000	\$ 13,851,705
New equity commitments/investments	\$ 3,900,000	\$ —
Exits of debt commitments/investments	\$ (10,445,183)	\$ (996,153)
Net activity	\$ 11,254,817	\$ 12,855,552
	03/31/2016	12/31/2015
Number of portfolio company investments	34	33
Number of portfolio company debt investments	30	30
Weighted average yield of debt investments at fair value (1)	13.4%	13.9%

- (1) Computed as (a) annual stated amount of interest or yield earned plus the net annual amortization of original issue discount and other deferred fees earned on accruing debt investments, divided by (b) total debt investments at fair value. Peekay Acquisition, LLC was excluded from the calculation as of March 31, 2016 because it was on non-accrual status at that date. Solex Fine Foods, LLC was excluded from the calculation as of December 31, 2015 because it was on non-accrual status as of that date. Shinnecock CLO 2006-1, Ltd. and other equity components of the investment portfolio are also excluded from this calculation either because they do not have stated interest rates or are non-income producing.

FIRST QUARTER OF 2016 OPERATING RESULTS

For the quarter ended March 31, 2016, the Company reported a (146.9)% decrease in net income, a 37.6% increase in core net investment income and a 27.8% increase in net investment income, compared to the quarter ended March 31, 2015. Net income (loss) for the quarter ended March 31, 2016 was \$(0.1) million, or \$(0.02) per share, compared to \$0.3 million, or \$0.05 per share, for the quarter ended March 31, 2015. Core net investment income was \$2.6 million, or \$0.41 per share, for the quarter ended March 31, 2016, compared to \$1.9 million, or \$0.30 per share, for the quarter ended March 31, 2015. Net investment income was \$2.6 million, or \$0.41 per share, for the quarter ended March 31, 2016, compared to \$2.0 million, or \$0.32 per share, for the quarter ended March 31, 2015. The decrease in net income was primarily attributable to a \$1.2 million increase in the change in net realized losses on investments for the quarter ended March 31, 2016, as compared to the quarter ended March 31, 2015. Net investment income and core net investment income increased in the quarter ended March 31, 2016, as compared to the quarter ended March 31, 2015,

primarily as a result of higher fee income in conjunction with the payoff of loans during the quarter and an increase in investment income due to growth in the portfolio.

As of March 31, 2016, our total portfolio investments at fair value and total assets were \$148.5 million and \$153.5 million, respectively, compared to \$142.8 million and \$149.1 million at December 31, 2015. Net asset value per share was \$13.90 at March 31, 2016, compared to \$14.26 at December 31, 2015.

During the first quarter of 2016, the Company made investment commitments in three new portfolio companies totaling \$21.7 million. Also during the quarter, the Company exited two loans for a total of \$10.4 million. The investment activity for the quarter ended March 31, 2016 was as follows:

INVESTMENT ACTIVITY

On February 9, 2016, the Company received \$0.9 million for its \$1.8 million debt and \$0.3 million equity investments in Solex Fine Foods, LLC. The debt investment had been on non-accrual since December 2014 and was fair valued at \$0.9 million at December 31, 2015.

On February 29, 2016, our investment in Infinite Aegis, LLC (“IA”) was paid off as a result of the purchase of the majority of IA’s assets by Infinite Care, LLC (“IC”). We received par for our \$9.1 million debt investment in IA plus \$1.4 million in accrued and unpaid interest and fees. In conjunction with the payoff of our investment in IA, we invested \$3.0 million into the common equity of IC alongside a majority equity investment from a private equity firm. We also provided a \$6.0 million senior secured term loan and a \$1.0 million senior secured revolver (unfunded at close). The new senior secured debt investment carries an interest rate of LIBOR + 12.00% with a LIBOR floor of 0.42% and matures in February 2019.

On March 18, 2016, the Company made a \$0.9 million equity investment in Flight Lease VII, LLC in exchange for 46.2% of the fully diluted common equity of the company.

On March 29, 2016, the Company made a \$10.8 million junior secured debt investment in Yucatan Foods, L.P. The debt financing was comprised of an \$8.2 million junior secured subordinated debt investment that carries an interest rate of 14.5% and a \$2.6 million subordinated convertible debt investment that carries a PIK interest rate of 10.0% and is convertible into 5.8% of the fully diluted equity of the borrower. Both investments have a maturity date of March 29, 2021.

"We are pleased to report that Harvest Capital has again generated core net investment income (“Core NII”) in excess of its dividend in the first quarter, generating \$0.41 per share of core NII compared to a dividend of \$0.34 per share,” declared Richard P. Buckanavage, President and CEO. “Out earning the dividend in the first quarter of fiscal 2016 along with the spillover income for fiscal 2015 should provide shareholders with confidence in our ability to at least maintain the current dividend payment level this year,” observed Mr. Buckanavage. “While we did experience a slight uptick in the weighted average risk rating of the portfolio from 1.98 to 2.02, the portfolio continues to perform satisfactorily,” added Mr. Buckanavage. “Furthermore, a meaningful percentage of the NAV decline in the quarter was attributable to declining loan prices on our Level 2 assets, many of which have improved since quarter end and we expect to recapture some of that decline during the current quarter,” concluded Mr. Buckanavage.

CREDIT QUALITY

The Company employs various risk management and monitoring tools to categorize and assess its investments. No less frequently than quarterly, the Company applies an investment risk rating system which grades the credit risk of all debt investments on a scale of 1 to 5. Under this system, an investment with a grade of 1 involves the least amount of risk and indicates performance from the portfolio company that exceeds underwritten expectations. Investments graded 2 involve a level of risk that is similar to the risk at the time of origination or acquisition. The portfolio company is generally performing as expected and the risk factors associated with our ability to ultimately recoup our investment are neutral to favorable. All new investments are initially assessed a grade of 2. Investments graded 3 indicate that the portfolio company is performing below expectations and requires closer monitoring. Investments graded 4 indicate performance substantially below expectations where there is an increases possibility of some loss of return but no loss of principal is expected and payments are generally not more than 90 days past due. An investment grade of 5 indicates that the risk to our ability to recoup our investment has substantially increased since origination or acquisition, the portfolio company likely has materially declining performance, and some loss of return and principal is expected. For debt investments with an investment grade of 5, most or all of the debt covenants are out of compliance and payments are substantially delinquent.

As of March 31, 2016, the weighted average risk rating of the debt investments in the Company's portfolio was 2.02, up slightly from the previous quarter. Also, as of March 31, 2016, six of the Company's thirty debt investments were rated 1, nineteen investments were rated 2, two investments were rated 3, two investments were rated 4, and one investment was rated 5. Only one loan was on non-accrual status at March 31, 2016.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, the Company had \$2.8 million of cash and restricted cash and \$18.7 million of undrawn capacity on its \$55.0 million senior secured revolving credit facility. The credit facility is secured by all of the Company's assets and has an accordion feature that allows the size of the facility to increase up to \$85.0 million. The revolver period under the credit facility extends through April 30, 2017 and the final maturity date is October 29, 2018.

Additional sources of liquidity are the six level 2 broadly syndicated loans held by the Company totaling \$14.6 million at fair value as of March 31, 2016. Since actionable trading environments exist for these loans, they could be sold and the proceeds re-invested in our core lower-middle market strategy as an additional source of liquidity.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2016

On April 5, 2016, the Company provided WBL SPE II, LLC with a \$1.5 million incremental term loan and extended the maturity date from December 23, 2016 to September 30, 2017. In conjunction with this amendment and incremental funding, WBL SPE I, LLC prepaid its term loan by \$1.5 million.

CONFERENCE CALL

The Company will host a conference call on Tuesday, May 10, 2016 at 11:00 a.m. Eastern Time to discuss its first quarter results. All interested parties are invited to participate in the conference call by dialing (888) 566-6060 (domestic) or (973) 200-3100 (international). Participants should enter the Conference ID 95033663 when prompted.

ABOUT HARVEST CAPITAL CREDIT CORPORATION

Harvest Capital Credit Corporation (NASDAQ: HCAP) provides customized financing solutions to privately held small and mid-sized companies in the U.S., generally targeting companies with annual revenues of less than \$100 million and annual EBITDA of less than \$15 million. The Company's investment objective is to generate both current income and capital appreciation primarily by making direct investments in the form of subordinated debt, senior debt and, to a lesser extent, minority equity investments. Harvest Capital Credit Corporation is externally managed and has elected to be treated as a business development company under the Investment Company Act of 1940.

Harvest Capital Credit Corporation

Statements of Assets and Liabilities (unaudited)

	March 31, 2016	December 31, 2015
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$134,656,159 at 3/31/16 and \$135,198,490 at 12/31/15)	\$ 133,373,670	\$ 135,516,729
Affiliated investments, at fair value (cost of \$15,915,910 at 3/31/16 and \$9,031,772 at 12/31/15)	14,243,944	7,243,697
Control investments, at fair value (cost of \$900,000 at 3/31/16 and \$0 at 12/31/15)	900,000	—
Total investments, at fair value (cost of \$151,472,069 at 3/31/16 and \$144,230,262 at 12/31/15)	148,517,614	142,760,426
Cash	147,346	595,047
Restricted cash	2,627,520	2,474,362
Interest receivable	391,739	1,112,885
Accounts receivable – other	46,224	304,969
Deferred offering costs	975,481	1,023,246
Deferred financing costs	682,581	748,637
Other assets	65,241	118,287
Total assets	<u>\$ 153,453,746</u>	<u>\$ 149,137,859</u>
LIABILITIES:		
Revolving line of credit	\$ 36,270,433	\$ 29,698,293
Unsecured notes	27,500,000	27,500,000
Accrued interest payable	476,806	412,099
Accounts payable - base management fees	737,814	739,517
Accounts payable - incentive management fees	642,851	848,841
Accounts payable - administrative services expenses	220,919	220,872
Accounts payable and accrued expenses	287,170	282,949
Other liabilities	30,936	21,032
Total liabilities	66,166,929	59,723,603
Commitments and contingencies		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,281,763 issued and outstanding at 3/31/16 and 6,269,669 issued and outstanding at 12/31/15	6,282	6,270
Capital in excess of common stock	90,112,636	89,989,686
Accumulated realized losses on investments	(2,285,916)	(1,066,131)
Net unrealized depreciation on investments	(2,954,455)	(1,469,836)
Undistributed net investment income	2,408,270	1,954,267
Total net assets	87,286,817	89,414,256
Total liabilities and net assets	<u>\$ 153,453,746</u>	<u>\$ 149,137,859</u>
Common stock issued and outstanding	6,281,763	6,269,669
Net asset value per common share	\$ 13.90	\$ 14.26

Harvest Capital Credit Corporation

Statements of Operations (unaudited)

	Three Months Ended March 31,	
	2016	2015
Investment Income:		
Interest:		
Cash - non-affiliated/non-control investments	\$ 4,555,751	\$ 3,340,036
Cash - affiliated investments	241,964	90,000
PIK - non-affiliated/non-control investments	153,826	306,126
Amortization of fees, discounts and premiums, net	497,108	361,544
Total interest income	<u>5,448,649</u>	<u>4,097,706</u>
Other income	24,697	14,583
Total investment income	<u>5,473,346</u>	<u>4,112,289</u>
Expenses:		
Interest expense – revolving line of credit	254,578	123,605
Interest expense - unused line of credit	47,720	84,585
Interest expense - deferred financing costs	66,057	66,057
Interest expense - unsecured notes	481,251	342,223
Interest expense - deferred offering costs	47,764	29,513
Total interest expense	<u>897,370</u>	<u>645,983</u>
Professional fees	181,894	181,582
General and administrative	218,477	188,759
Base management fees	737,815	609,332
Incentive management fees	642,851	324,765
Administrative services expense	220,919	150,000
Total expenses	<u>2,899,326</u>	<u>2,100,421</u>
Net Investment Income, before taxes	<u>2,574,020</u>	<u>2,011,868</u>
Excise tax	2,615	—
Net Investment Income, after taxes	<u>2,571,405</u>	<u>2,011,868</u>
Net realized (losses) gains:		
Non-Affiliated / Non-Control investments	(77,522)	15,819
Affiliated investments	(1,142,263)	—
Net realized (losses) gains	<u>(1,219,785)</u>	<u>15,819</u>
Net change in unrealized depreciation on investments	(1,484,619)	(1,744,157)
Total net unrealized and realized losses on investments	<u>(2,704,404)</u>	<u>(1,728,338)</u>
Net (decrease) increase in net assets resulting from operations	<u>\$ (132,999)</u>	<u>\$ 283,530</u>
Net investment income per share	\$0.41	\$0.32
Net (decrease) increase in net assets resulting from operations per share	(\$0.02)	\$0.05
Weighted average shares outstanding (basic and diluted)	6,274,843	6,229,041
Dividends paid per common share	\$0.34	\$0.34

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

	Three months ended March 31,			
	2016		2015	
	Amount	Per share (1)	Amount	Per share (1)
Net investment income	\$2,571,405	\$0.41	\$2,011,868	\$0.32
Capital gains incentive fees	—	—	(142,562)	(0.02)
Core net investment income	2,571,405	0.41	\$1,869,306	\$0.30

(1) All per share amounts are basic and diluted unless indicated otherwise.

The purpose of Core Net Investment Income is to present Net Investment Income without the effect of incentive fees related to items not included in Net Investment Income, and without the effect of any excise taxes related to realized capital gains and losses. Incentive fees are reflected above the Net Investment Income line on the income statement and thus affect Net Investment Income for GAAP purposes. However, realized gains or losses and unrealized appreciation or depreciation are reflected below the Net Investment Income line item on the income statement. Accordingly, capital gains incentive fees are reflected above the Net Investment Income line item in the income statement even though the related realized gains or losses and unrealized appreciation or depreciation are reflected below the Net Investment Income line item on the income statement. Any excise taxes related to realized capital gains and losses are also reflected above the Net Investment Income line item in the income statement even though the related realized gains or losses and unrealized appreciation or depreciation are reflected below the Net Investment Income line item on the income statement. Core Net Investment Income adds the capital gains incentive fee and any excise taxes related to realized capital gains and losses back to Net Investment Income so the capital gains incentive fee, any excise taxes related to realized capital gains and losses and the related realized gains or losses and unrealized appreciation or depreciation are all excluded from Net Investment Income.

The capital gains incentive fee is determined and paid annually with respect to cumulative realized capital gains (but not unrealized capital gains) to the extent such cumulative realized capital gains exceed cumulative realized and unrealized capital losses through the end of such fiscal year (less the aggregate amount of any previously paid capital gain incentive fee). The Company also records an expense accrual relating to the capital gains incentive fee payable by the Company to its investment adviser when (i) the cumulative unrealized and realized gains on its investments exceed all cumulative realized and unrealized capital losses on its investments and (ii) the capital gains incentive fee that would be payable exceeds the aggregate amount of any previously paid capital gain incentive fees given the fact that a capital gains incentive fee would be owed to the investment adviser if the Company were to liquidate its investment portfolio at such time. Any decrease in unrealized appreciation in subsequent periods will result in the reversal of some or all of such previously recorded expense accrual. The actual incentive fee payable to the Company's investment adviser related to capital gains is determined and payable in arrears at the end of each fiscal year and is only based on cumulative realized capital gains, including realized capital gains for such period, but not unrealized capital gains. The Company recorded net change in unrealized depreciation of \$(1,484,619) in the quarter ended March 31, 2016, compared to net change in unrealized of \$(1,744,157) in the quarter ended March 31, 2015. For the three months ended March 31, 2016 and March 31, 2015, the Company recorded incentive fees of \$642,851 and \$324,765, respectively, related to the net realized and unrealized capital gain or loss activity during the applicable periods.

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