

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES DECEMBER 31, 2013 FINANCIAL RESULTS AND DECLARES DISTRIBUTIONS FOR APRIL, MAY AND JUNE

NEW YORK, March 31, 2014 — 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 29, 2014 to shareholders of record on May 22, 2014. The May distribution is payable on June 26, 2014 to shareholders of record on June 19, 2014. The June distribution is payable on July 24, 2014 to shareholders of record on July 17, 2014. 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.

December 31, 2013 Financial Results

Harvest Capital also announced financial results for the fourth quarter and year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

	Q4 - '13		Q4 - '12		FY - '13		FY - '12	
	Amount	Per share (1,2)	Amount	Per share (1,2)	Amount	Per share (1,2)	Amount	Per share (1,2)
Core net investment income (basic and diluted) (3)	\$ 1,967,836	\$ 0.32	\$ 911,517	\$ 0.78	\$ 5,489,527	\$ 124	\$ 2,102,056	\$ 2.43
Net investment income ("NII") (basic and diluted)	\$ 2,329,476	\$ 0.38	\$ 850,711	\$ 0.73	\$ 5,831,370	\$ 132	\$ 1,705,855	\$ 1.97
Net unrealized appreciation (depreciation) (basic and diluted)	\$ (1,808,200)	\$ (0.29)	\$ 304,032	\$ 0.26	\$ (1,709,209)	\$ (0.39)	\$ 1,981,004	\$ 2.29
Net income (basic and diluted)	\$ 521,276	\$ 0.09	\$ 1,154,743	\$ 0.99	\$ 4,122,161	\$ 0.93	\$ 3,686,859	\$ 4.26
Weighted average shares outstanding (basic)	6,129,757		1,168,594		4,429,639		866,217	
Weighted average shares outstanding (diluted)	6,130,209		1,168,594		4,430,091		866,217	

- (1) All per share amounts are basic and diluted unless indicated otherwise.
- (2) The Company acquired all of the interests of Harvest Capital Credit LLC (“HCC LLC”) on May 2, 2013 and did not have any operations prior to the acquisition. As such, for the periods prior to the acquisition, we are presenting the historical financial results of HCC LLC as our financial results. When we acquired HCC LLC, we issued shares of our common stock in exchange for all of HCC LLC's outstanding membership interests at a rate of .9913 shares for each membership interest. As a result of this transaction, we have retroactively applied the aforementioned exchange/conversion rate to all unit measurements relating to HCC LLC's membership interests for both periods presented and have replaced all references to membership interests of HCC LLC herein with shares of common stock of the Company.

FOURTH QUARTER AND FULL YEAR OPERATING RESULTS

For the quarter ended December 31, 2013, the Company reported a 55% decrease in net income, a 116% increase in Core Net Investment Income and a 174% increase in Net Investment Income compared to the quarter ended December 31, 2012. Net income for the quarter ended December 31, 2013 was \$521,276, or \$0.09 per share, compared to \$1,154,743, or \$0.99 per share, for the quarter ended December 31, 2012. Core Net Investment Income was \$1,967,836, or \$0.32 per share, for the quarter ended December 31, 2013 compared to \$911,517, or \$0.78 per share, for the quarter ended December 31, 2012. Net Investment Income was \$2,329,476, or \$0.38 per share, for the quarter ended December 31, 2013 compared to \$850,711, or \$0.73 per share, for the quarter ended December 31, 2012. The decrease in net income was primarily attributable to net unrealized depreciation in the quarter of \$1.8 million or \$0.29 per share. The net unrealized depreciation was primarily attributable to the reversal of \$1.6 million or \$0.26 per share of prior period appreciation of one of the Company's equity investments.

For the year ended December 31, 2013, the Company reported a 12% increase in net income, a 161% increase in Core Net Investment Income and a 242% increase in Net Investment Income compared to the year ended December 31, 2012. Net income for the year ended December 31, 2013 was \$4,122,161, or \$0.93 per share, compared to \$3,686,859, or \$4.26 per share, for year ended December 31, 2012. Core Net Investment Income was \$5,489,527, or \$1.24 per share, for the year ended December 31, 2013 compared to \$2,102,056, or \$2.43 per share, for the year ended December 31, 2012. Net Investment Income was \$5,831,370, or \$1.32 per share, for the year ended December 31, 2013 compared to \$1,705,855, or \$1.97 per share, for the year ended December 31, 2012. As of December 31, 2013, total assets were \$91.3 million, net assets were \$88.9 million and the net asset value per share was \$14.45.

During the fourth quarter of 2013, the Company invested in nine companies totaling \$22.8 million. Seven of the investments were in new portfolio companies and two were additional investments in existing portfolio companies. The new investment activity in the quarter is as follows:

- A \$4.5 million junior secured debt investment in Arsloane Acquisition, LLC, a document and information solutions company. The investment carries an all cash interest rate of LIBOR plus 10.50% with a LIBOR floor of 1.25%.
- A \$5.0 million junior secured debt investment in PD Products, a manufacturer and specialty retailer. The investment carries an all cash interest rate of LIBOR plus 10.50% with a LIBOR floor of 1.50%.
- A \$1.0 million senior secured debt investment in SISD, Inc., a surveying and engineering services firm. The investment carries a cash interest rate of LIBOR plus 14.50% (with a LIBOR floor of 0.50%) and a PIK interest rate of 1.50%.
- A \$1.5 million senior secured debt investment in WBL SPE II, LLC, a small business lender. The investment carries a fixed interest rate of 15%, all of which is cash interest.
- A \$0.2 million investment in common equity units of World Business Lenders, LLC, the parent company and manager of WBL SPE II, LLC.
- A \$5.2 million senior secured debt investment in Northeast Metal Works, LLC, a metal fabricating and finishing company. The investment carries an all cash interest rate of LIBOR plus 14.0% with a LIBOR floor of 0.20%.

- A \$0.8 million senior secured debt investment in EWT Holdings III Corp, a water treatment solutions company. The investment carries an all cash interest rate of LIBOR plus 3.75% with a LIBOR floor of 1.00%.
- A \$3.0 million additional senior secured debt investment in CRS Reprocessing LLC, an industrial fluid reprocessing company. The investment carries a cash interest rate of 12% and a PIK rate of 3.00%.
- A \$1.7 million additional junior secured debt investment in Optimal Blue, LLC a provider of technology services to the mortgage industry. The investment carries a cash interest rate of 12.50% and a PIK rate of 2.00%.

Also during the quarter, the Company received a \$2.0 million payoff at par of its investment in Blackboard, Inc., a software provider for schools. As part of the payoff, the Company received a prepayment penalty of \$60.0 thousand and recorded accelerated fee amortization of \$166.4 thousand. The transaction produced an internal rate of return (“IRR”) of over 20%. This marks our fifth realization since inception resulting in an average IRR of over 32%.

“Fourth quarter deployment was strong as we grew the portfolio by over \$20 million net of repayments,” said Richard P. Buckanavage, President and CEO. “Our continued deployment activities have resulted in meaningful benefits to our shareholders. With the company invested in 21 portfolio companies as of the year end, our shareholders enjoy a more diversified portfolio,” added Mr. Buckanavage. “Furthermore, our deployment mix in the fourth quarter was more weighted toward senior secured and uni-tranche debt investments. We increased our percentage of investments in these lower risk asset classes to 44% of the total portfolio as well as increased the percentage of floating rate investments in our portfolio to approximately 45%,” commented Mr. Buckanavage.

Our historical expense structure changed as a result of our completion of the IPO as follows:

- The base management fee payable to our investment adviser prior to the IPO was calculated at an annual rate of 2.0% of our gross assets, including assets acquired with the use of borrowings. However, our investment adviser had agreed to waive the base management fee payable to it prior to the IPO with respect to any assets acquired by us through the use of borrowings under our secured revolving credit facility with JMP Group LLC until such time as the facility had been repaid in full and terminated. Moreover, our investment adviser received a base management fee prior to the IPO with respect to cash and cash equivalents held by us. Subsequent to the IPO, the base management fee was calculated based on our gross assets (which includes assets acquired with the use of leverage, but excludes cash and cash equivalents) at an annual rate of 2.0% on gross assets up to and including \$350 million, 1.75% on gross assets above \$350 million and up to and including \$1 billion, and 1.5% on gross assets above \$1 billion. Moreover, the waiver agreement described above with respect to assets acquired by us through the use of borrowings under the secured revolving credit facility was terminated in connection with our IPO. As a result, a base management fee is now payable to our investment adviser on all assets acquired by us through the use of borrowings.
- Our investment adviser has agreed to permanently waive all or such portion of the incentive fee that it would otherwise be entitled to collect from us to the extent necessary to support a minimum dividend yield of 9% for the period of time commencing with our IPO through March 31, 2014. The minimum dividend yield of 9% is paid on shares of our

common stock currently outstanding and the shares of common stock issued pursuant to our dividend reinvestment plan during the waiver period, and is calculated based upon our IPO price of \$15 per share. The incentive fee expense for the year ended December 31, 2013 totaled (\$0.1) million. The incentive fee expense included the reversal of \$444,904 of previously accrued incentive fee expense relating to the capital gains incentive fee payable to the Company's investment adviser. Such accrued fees related to the cumulative net unrealized appreciation recorded in the Company's investment portfolio in prior periods. The capital gains incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized and unrealized capital losses for such year. The Company records an expense accrual relating to the capital gains incentive fee payable by the Company to its investment adviser when the unrealized gains on its investments exceed all realized and unrealized capital losses on its investments 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. 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 includes only realized capital gains for the period. The Company recorded net unrealized depreciation of \$1,808,200 in the quarter ended December 31, 2013 and net unrealized depreciation of \$2,224,521 since the IPO.

The incentive fee expense also included the waiver of \$159,069 in income incentive fees that would otherwise have been payable to the Company's investment adviser for the period ended December 31, 2013 but for the 9% minimum dividend yield waiver provision described above.

- Only a portion of the 2013 periods (i.e., from May 2, 2013, the date of our IPO, to December 31, 2013) reflect the change in our historical expense structure for the items noted above as well as our operations as a public company. As a result, the full impact of such changes will be more evident in future periods.

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 investments in new portfolio companies 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 some loss of return but no loss of principal is expected; however, 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 December 31, 2013, the weighted average grade of the debt investments in our portfolio was 1.96. Also, as of December 31, 2013, sixteen of the Company's debt investments were rated 2. Two investments were rated 1. One was rated 3 and one was rated 4. No loans were rated 5 or were on non-accrual status as of December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2013, we had \$19.0 million of unrestricted cash and had nothing drawn on our \$55.0 million revolving credit facility with CapitalSource Bank and City National Bank that closed during the fourth quarter. The credit facility is secured by all of the Company's assets and has a two year revolving period and a three year amortization period. Advances under the facility bear interest at a rate of LIBOR plus 4.50%. It also has an accordion feature that allows the size of the facility to increase to \$85 million. This facility replaces the Company's senior secured revolving credit facility with JMP Group LLC, which was terminated concurrently with the Company's entry into the new credit facility.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO DECEMBER 31, 2013

During the first quarter of 2014, the Company invested in six companies totaling \$10.6 million. Five of the investments were in new portfolio companies and one was an additional investment in an existing portfolio company. The new investment activity in the quarter is as follows:

On January 13, 2014 the Company made a \$3.0 million junior secured debt investment and a \$1.0 million senior secured debt investment in North Atlantic Trading Company, Inc., a distributor of tobacco products. The junior debt investment carries an all cash interest rate LIBOR plus 10.25% with a LIBOR floor of 1.25%. The senior debt investment carries an all cash interest rate of LIBOR plus 6.50% with a LIBOR floor of 1.25%.

On January 15, 2014, the Company made a \$0.5 million junior secured debt investment in Applied Systems, Inc., a technology software company. The investment carries an all cash interest rate of LIBOR plus 6.50% with a LIBOR floor of 1.00%.

On January 29, 2014 and February 11, 2014, the Company made senior secured debt investments totaling \$1.0 million in Atrium Innovations, Inc., a dietary supplements company. The investments carry an all cash interest rate of LIBOR plus 3.25% with a LIBOR floor of 1.00%.

On February 26, 2014, the Company made an additional \$0.5 million senior secured debt investment in EWT Holdings III Corp, a water treatment solutions company. The investment carries an all cash interest rate of LIBOR plus 3.75% with a LIBOR floor of 1.00%.

On March 7, 2014, the Company made a \$2.6 million investment in the subordinated notes ("CLO equity") in Shinnecock CLO 2006-1, Ltd. The CLO is collateralized by a portfolio of broadly syndicated leveraged loans and was originated in September 2006. The CLO has a final maturity in July 2018.

On March 18, 2014, the Company made a \$2.0 million senior secured debt investment in Sybil Finance B.V., a security software company. The investment carries an all cash interest rate of LIBOR plus 4.00% with a LIBOR floor of 1.00%.

CONFERENCE CALL

The Company will host a conference call on Monday, March 31, 2014 at 10:00 a.m. Eastern Time to discuss its fourth quarter and year end results. All interested parties are invited to participate in the conference call by dialing 888-566-6060. Participants should enter the Conference ID 22398826 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 and, to a lesser extent, senior debt as well as 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.

Forward Looking Statements

Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

Harvest Capital Credit Corporation
Statements of Assets and Liabilities

	December 31, 2013	December 31, 2012
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$68,241,970 @ 12/31/13 and \$37,637,558 @ 12/31/12)	\$ 69,012,300	\$ 39,595,162
Affiliated investments, at fair value (cost of \$2,062,107 @ 12/31/13 and \$1,916,156 @ 12/31/12)	1,540,176	1,916,156
Total investments, at fair value (cost of \$70,304,077 @ 12/31/13 and \$39,553,714 @ 12/31/12)	70,552,476	41,511,318
Cash	18,984,162	7,639,801
Interest receivable	449,902	166,592
Accounts receivable - other	11,344	-
Deferred financing costs	1,247,534	180,786
Other assets	99,833	246,541
Total assets	\$ 91,345,251	\$ 49,745,038
LIABILITIES:		
Revolving line of credit - related party	\$ -	\$ 28,226,666
Accrued interest payable - related party	-	304,293
Accrued interest payable	35,521	
Accounts payable and accrued expenses	556,892	1,231,006
Other liabilities	1,898,352	15,971
Total liabilities	2,490,765	29,777,936
Commitments and contingencies		
Mezzanine equity	-	160,775
NET ASSETS:		
Common stock; 100,000,000 shares authorized, and 6,148,227 and 1,172,688 issued and outstanding, respectively	6,148	17,266,955
Capital in excess of common stock	88,497,898	581,768
Net unrealized appreciation on investments	248,396	1,957,604
Undistributed net investment income	102,044	-
Total net assets	88,854,486	19,806,327
Total liabilities and net assets	\$ 91,345,251	\$ 49,745,038
Common stock issued and outstanding	6,148,227	1,172,688
Nets asset value per common share	\$ 14.45	\$ 16.89

Harvest Capital Credit Corporation

Statements of Operations

	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012	Year Ended December 31, 2013	Year Ended December 31, 2012
Investment Income:				
Interest:				
Cash - non-affiliated/non-control investments	\$ 2,008,250	\$ 1,084,371	\$ 6,349,007	\$ 3,085,586
Cash - affiliate investments	56,579	-	222,133	-
PIK - non-affiliated/non-control investments	262,627	162,489	1,058,329	502,056
PIK - affiliate investments	24,571	-	67,182	-
Fee amortization, net	452,367	349,479	1,003,317	437,400
Total interest income	2,804,394	1,596,339	8,699,968	4,025,042
Other income	60,000	74,959	60,000	114,959
Total investment income	2,864,394	1,671,298	8,759,968	4,140,001
Expenses:				
Interest expense - revolving line of credit (related party)	-	280,117	627,568	848,583
Interest expense - unused line of credit (related party)	19,445	20,432	134,805	89,198
Interest expenses - unused line of credit (CapSource)	73,333	-	73,333	-
Interest expense - deferred financing costs (related party)	110,732	9,446	146,518	36,588
Interest expense - deferred financing costs (CapSource)	46,617	-	46,617	-
Total interest expense	250,127	309,995	1,028,841	974,369
General and administrative	262,593	75,593	871,010	167,540
Base management fees	315,087	71,314	812,207	228,024
Incentive management fees	(361,640)	288,685	(58,461)	921,713
Administrative services expense	68,751	75,000	275,001	142,500
Total expenses	534,918	820,587	2,928,598	2,434,146
Net investment income	2,329,476	850,711	5,831,370	1,705,855
Net change in unrealized appreciation (depreciation) on investments	(1,808,200)	304,032	(1,709,209)	1,981,004
Total net realized and unrealized gains (losses) on investments	(1,808,200)	304,032	(1,709,209)	1,981,004
Net increase in net assets resulting from operations	\$ 521,276	\$ 1,154,743	\$ 4,122,161	\$ 3,686,859
Net investment income per share (basic and diluted)	\$ 0.38	\$ 0.73	\$ 1.32	\$ 1.97
Net increase in net assets resulting from operations per share (basic and diluted)	\$ 0.09	\$ 0.99	\$ 0.93	\$ 4.26
Weighted average shares outstanding (basic)	6,129,757	1,168,594	4,429,639	866,217
Weighted average shares outstanding (diluted)	6,130,209	1,168,594	4,430,091	866,217

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

	Three Months Ended		Three Months Ended		Year Ended		Year Ended	
	December 31, 2013		December 31, 2012		December 31, 2013		December 31, 2012	
	Per share		Per share		Per share		Per share	
	Amount	(1)	Amount	(1)	Amount	(1)	Amount	(1)
Net investment income	\$ 2,329,476	\$ 0.38	\$ 850,711	\$ 0.73	\$ 5,831,370	\$ 1.32	\$ 1,705,855	\$ 1.97
Plus: incentive fees attributed to the capital gains incentive fee	\$ (361,640)	\$ (0.06)	\$ 60,806	\$ 0.05	\$ (341,843)	\$ (0.08)	\$ 396,201	\$ 0.46
Core net investment income	\$ 1,967,836	\$ 0.32	\$ 911,517	\$ 0.78	\$ 5,489,527	\$ 1.24	\$ 2,102,056	\$ 2.43

(1) Per share data has been adjusted for the conversion rate of 0.9913 shares for each unit.

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Source: Harvest Capital Credit Corporation