

HARVEST CAPITAL CREDIT CORPORATION ANNOUNCES MARCH 31, 2014 FINANCIAL RESULTS

NEW YORK, May 14, 2014 — Harvest Capital Credit Corporation (“Harvest Capital” or the “Company”) (NASDAQ: HCAP), announced its financial results for the first quarter ended March 31, 2014.

FINANCIAL HIGHLIGHTS

| | Q1-14 | | Q1-13 | |
|-------------------------------------|-------------|------------------|-------------|---------------------|
| | Amount | Per share (1) | Amount | Per share (1, 2) |
| Core net investment income (3) | \$2,101,528 | \$0.34 | \$868,005 | \$0.74 |
| Net investment income (“NII”) | \$2,066,040 | \$0.34 | \$764,942 | \$0.65 |
| Net unrealized appreciation | \$177,442 | \$0.03 | \$515,313 | \$0.44 |
| Net income | \$2,243,482 | \$0.36 | \$1,280,255 | \$1.09 |
| Weighted average shares outstanding | 6,156,116 | | 1,172,688 | |

- (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 and have replaced all references to membership interests of HCC LLC herein with shares of common stock of the Company.
- (3) Core Net Investment Income and Core Net Investment Income per share are non-GAAP financial measures that are calculated by excluding changes in the accrued capital gains incentive fees that affect Net Investment Income for GAAP purposes. Such accrued fees are related to the cumulative net unrealized appreciation in the Company’s investment portfolio recorded in the Company’s financial statements in a particular period and the changes thereto in subsequent 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 in the financial statements relating to the capital gains incentive fee payable by the Company to its investment adviser when the net unrealized gains on its investments exceed all realized 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 will be determined and payable in arrears at the end of each fiscal year and will include only realized capital gains for the period. Reconciliations of Core Net Investment Income and Core Net Investment Income per share to the most directly comparable GAAP financial measure are set forth in Schedule 1 hereto.

PORTFOLIO ACTIVITY

| | As of | |
|---|---------------------------|--------------------------|
| | <u>March 31, 2014</u> | <u>December 31, 2013</u> |
| Portfolio investments at fair value | \$81,956,479 | \$70,552,476 |
| Total assets | \$92,490,335 | \$91,345,251 |
| Net assets | \$89,309,909 | \$88,854,486 |
| Shares outstanding | 6,168,407 | 6,148,227 |
| Net assets per share | \$14.48 | \$14.45 |
| | <u>Q1-14</u> <u>Q1-13</u> | |
| Portfolio activity during the period: | | |
| New commitments | \$10,608,830 | \$0 |
| New fundings on existing commitments | 550,000 | 1,100,000 |
| Net activity | \$11,158,830 | \$1,100,000 |
| | As of | |
| | <u>March 31, 2014</u> | <u>December 31, 2013</u> |
| Number of portfolio companies | 26 | 21 |
| Weighted average yield of debt investments: | | |
| at fair value (1) | 15.7% | 16.6% |

- (1) Computed as (a) annual stated interest rate 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.

FIRST QUARTER OPERATING RESULTS

For the quarter ended March 31, 2014, the Company reported a 75% increase in net income, a 142% increase in core net investment income and a 170% increase in net investment income compared to the quarter ended March 31, 2013. Net income for the quarter ended March 31, 2014 was \$2,243,482, or \$0.36 per share, compared to \$1,280,255, or \$1.09 per share, for the quarter ended March 31, 2013. Core net investment income was \$2,101,528, or \$0.34 per share, for the quarter ended March 31, 2014 compared to \$868,005, or \$0.74 per share, for the quarter ended March 31, 2013. Net investment income was \$2,066,040, or \$0.34 per share, for the quarter ended March 31, 2014 compared to \$764,942, or \$0.65 per share, for the quarter ended March 31, 2013. The increases in net income, core net investment income and net investment income were primarily attributable to a larger investment portfolio in the quarter ended March 31, 2014 as compared to March 31, 2013.

As of March 31, 2014, portfolio investments and total assets were \$82.0 million and \$92.5 million respectively, compared to \$70.5 million and \$91.3 million at December 31, 2013. Net assets per share were \$14.48 at March 31, 2014 compared to \$14.45 at 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 Company also funded \$0.6 million from previously unfunded commitments to two existing customers. The new investment activity in the quarter was 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 of 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") of 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%.

"Capital deployment for the quarter was not as robust as we had anticipated given the investment pipeline that we carried over into 2014," said Richard P. Buckanavage, President and CEO. "The outcome was attributable to a fall off midway through the quarter in terms of new investment opportunities, as well as having two previously mandated transactions getting placed on hold. Despite the slower deployment pace, we did close six new investments, growing the portfolio to 26 companies," added Mr. Buckanavage. "As discussed last quarter, we did attempt to invest the remaining proceeds from our IPO. While these placeholder investments will eventually be monetized and re-invested in our core market, we believe this temporary strategy is beneficial to

shareholders by investing idle capital and creating greater portfolio diversification, both positive outcomes for shareholders,” concluded Mr. Buckanavage.

Our historical expense structure changed as a result of the completion of our IPO in May 2013 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 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 appreciation of \$177,442 in the quarter ended March 31, 2014 and net unrealized appreciation of \$425,838 since inception.

The incentive fee expense also included the waiver of \$263,172, or \$0.04 per share in income incentive fees that would otherwise have been payable to the Company’s investment adviser for the period ended March 31, 2014 but for the 9% minimum dividend yield waiver provision described above.

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 income producing 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 March 31, 2014, the weighted average grade of the income producing investments in our portfolio was 1.96, unchanged from last quarter. Also, as of March 31, 2014, twenty-one of the Company's income producing 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 March 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2014, we had \$8.8 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 of 2013. 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 up to \$85 million. This facility replaced 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 MARCH 31, 2014

On April 24, 2014, the Company closed on a \$10.0 million senior secured debt investment in Brite Media LLC, a specialty, out-of-home advertising company. The investment carries an all cash interest rate of LIBOR plus 9.50% with a LIBOR floor of 0.75%. The Company funded \$9.0 million at closing and has a \$1.0 million revolver available to the borrower. The Company also made a \$0.1 million equity investment in Brite Media LLC. The equity investment represents a 1.07% stake in the fully diluted common equity of the portfolio company.

On May 7, 2014, the Company refinanced its loan to Douglas Machines converting its subordinated debt investment into a senior secured term loan and increasing the commitment by \$0.1 million and providing a \$1.5 million revolver, of which \$0.8 million was funded at closing. The senior

secured term loan carries a fixed, all cash interest rate of 13.5% and the revolver carries an all cash interest rate of LIBOR plus 9.5% with a LIBOR floor of 0.20%.

CONFERENCE CALL

The Company will host a conference call on Wednesday, May 14, 2014 at 10:00 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. Participants should enter the Conference ID 41387556 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 (unaudited)

| | March 31, 2014 | December 31, 2013 |
|--|----------------|-------------------|
| ASSETS: | | |
| Non-affiliated/non-control investments, at fair value (cost of \$79,436,358 @ 3/31/14 and \$68,241,970 @ 12/31/13) | \$ 80,388,603 | \$ 69,012,300 |
| Affiliated investments, at fair value (cost of \$2,094,284 @ 3/31/14 and \$2,062,107 @ 12/31/13) | 1,567,876 | 1,540,176 |
| Total investments, at fair value (cost of \$81,530,642 @ 3/31/14 and \$70,304,077 @ 12/31/13) | 81,956,479 | 70,552,476 |
| Cash | 8,770,202 | 18,984,162 |
| Interest receivable | 514,161 | 449,902 |
| Accounts receivable - other | 23,833 | 11,344 |
| Deferred financing costs | 1,186,306 | 1,247,534 |
| Other assets | 39,354 | 99,833 |
| Total assets | \$ 92,490,335 | \$ 91,345,251 |
| LIABILITIES: | | |
| Accrued interest payable | \$ 35,521 | \$ 35,521 |
| Accounts payable and accrued expenses | 794,783 | 556,892 |
| Other liabilities | 2,350,122 | 1,898,352 |
| Total liabilities | 3,180,426 | 2,490,765 |
| Commitments and contingencies | | |
| NET ASSETS: | | |
| Common stock, \$0.001 par value, 100,000,000 shares authorized, and 6,168,407 issued and outstanding @ 3/31/14 and 6,148,227 issued and outstanding @ 12/31/13 | 6,168 | 6,148 |
| Capital in excess of common stock | 88,787,104 | 88,497,898 |
| Net unrealized appreciation on investments | 425,838 | 248,396 |
| Undistributed net investment income | 90,799 | 102,044 |
| Total net assets | 89,309,909 | 88,854,486 |
| Total liabilities and net assets | \$ 92,490,335 | \$ 91,345,251 |
| Common stock issued and outstanding | 6,168,407 | 6,148,227 |
| Nets asset value per common share | \$ 14.48 | \$ 14.45 |

Harvest Capital Credit Corporation
Statements of Operations (unaudited)

| | <u>Three Months Ended March 31, 2014</u> | <u>Three Months Ended March 31, 2013</u> |
|---|--|--|
| Investment Income: | | |
| Interest: | | |
| Cash - non-affiliated/non-control investments | \$ 2,381,505 | \$ 1,337,629 |
| Cash - affiliate investments | 56,066 | 54,150 |
| PIK - non-affiliated/non-control investments | 370,317 | 268,419 |
| PIK - affiliate investments | 27,084 | 14,012 |
| Fee amortization, net | 199,146 | 111,875 |
| Other interest income | 2,937 | - |
| Total interest income | <u>3,037,055</u> | <u>1,786,085</u> |
| Total investment income | <u>3,037,055</u> | <u>1,786,085</u> |
| Expenses: | | |
| Interest expense - revolving line of credit (related party) | - | 457,977 |
| Interest expense - unused line of credit (related party) | - | 8,877 |
| Interest expenses - unused line of credit | 103,125 | - |
| Interest expense - deferred financing costs (related party) | - | 9,651 |
| Interest expense - deferred financing costs | 61,229 | - |
| Total interest expense | <u>164,354</u> | <u>476,505</u> |
| General and administrative | 317,565 | 97,223 |
| Base management fees | 384,857 | 77,351 |
| Incentive management fees | 35,488 | 320,063 |
| Administrative services expense | 68,751 | 50,001 |
| Total expenses | <u>971,015</u> | <u>1,021,143</u> |
| Net investment income | <u>2,066,040</u> | <u>764,942</u> |
| Net change in unrealized appreciation on investments | 177,442 | 515,313 |
| Total net unrealized gains on investments | <u>177,442</u> | <u>515,313</u> |
| Net increase in net assets resulting from operations | <u>\$ 2,243,482</u> | <u>\$ 1,280,255</u> |
| Net investment income per share (basic and diluted) | \$ 0.34 | \$ 0.65 |
| Net increase in net assets resulting from net investment income per share (basic and diluted) | \$ 0.36 | \$ 1.09 |
| Weighted average shares outstanding (basic and diluted) | 6,156,116 | 1,172,688 |
| Dividends declared per common share (basic and diluted) | \$ 0.34 | \$ 0.69 |

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

| | Three Months Ended March 31, 2014 | | Three Months Ended March 31, 2013 | |
|--|--------------------------------------|-----------|--------------------------------------|-----------|
| | Amount | Per share | Amount | Per share |
| Net investment income | \$2,066,040 | \$0.34 | \$764,942 | \$0.65 |
| Plus: incentive fees attributed to the accrual of capital gains incentive fee | \$35,488 | \$0.01 | \$103,063 | \$0.09 |
| Core net investment income | \$2,101,528 | \$0.34 | \$868,005 | \$0.74 |

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