

The Herzfeld Caribbean Basin Fund, Inc.

Extends its Managed Distribution Policy and Self-Tender Policy

MIAMI BEACH, FLA., May 19, 2022 –The Herzfeld Caribbean Basin Fund, Inc. (NASDAQ: CUBA) (the “Fund”) today announced that the Board of Directors of the Fund has authorized the extension of the Fund’s Managed Distribution Policy and Self-Tender Policy (together, the “Plan”) for an additional one year period. The Plan was originally adopted by the Fund in May, 2019 as part of a three-year plan intended to address the Fund’s trading discount to its net asset value (“NAV”) per share.

In recommending the additional one year extension of the Plan to the Board of Directors of the Fund, the Fund’s investment advisor, Thomas J. Herzfeld Advisors, Inc. (“TJHA”) noted that the Fund’s discount has narrowed since the adoption of the Plan in 2019, despite the economic conditions created by the COVID-19 pandemic in the Caribbean Basin region. TJHA has determined that it is in the best interest of all stockholders to continue measures intended to directly address the Fund’s discount to NAV while the region seeks to emerge economically from the two-year effects of the pandemic. The Plan is to be extended over an additional one-year period (beginning July 1, 2022 and ending June 30, 2023) and is subject to the conditions described below.

In addition, TJHA has agreed to waive its management fee by ten (10) basis points (from 1.45% to 1.35%) if the Fund’s average discount to NAV during the fiscal year ending June 30, 2022 is greater than 5%.

Mr. Thomas J. Herzfeld, Chairman of the Fund’s Board of Directors (the “Board”) commented, “Our commitment to extend the plan to provide quarterly distributions to the Fund’s stockholders, together with the extension of our Tender Offer Policy, is a key component of our ongoing strategy to narrow the Fund’s discount to NAV. The Board continues to believe that efforts to reduce the discount should continue.”

Managed Distribution Policy:

The primary purpose of the Managed Distribution Policy (“MDP”) is to provide stockholders with a constant, but not guaranteed, fixed minimum rate of distribution each quarter (currently set at the annual rate of 15% of the Fund’s net asset value (“NAV”) as determined on June 30, 2022 and payable in quarterly installments). The Fund cannot predict what effect, if any, the MDP will have on the market price of its shares or whether such market price will reflect a greater or lesser discount to NAV as compared to prior to the extension of the MDP.

Under the MDP, the Fund will distribute all available investment income to its stockholders, consistent with its investment objective and as required by the Internal Revenue Code of 1986, as amended. If sufficient investment income is not available on a quarterly basis, the Fund will distribute long-term capital gains and/or return capital to its stockholders in order to maintain its managed distribution level. The Fund expects that distributions under the MDP may exceed investment income and capital gain and thus expects that such distributions may likely include return of capital for the foreseeable future. No conclusions should be drawn about the Fund’s investment performance from the amount of the Fund’s distributions or from the terms of the Fund’s MDP. The amount distributed per share is subject

to change at the discretion of the Fund's Board of Directors. The MDP will be subject to ongoing review by the Board of Directors to determine whether the MDP should be continued, modified or terminated. The Board of Directors may amend the terms of the MDP or suspend or terminate the MDP at any time without prior notice to the Fund's stockholders if it deems such actions to be in the best interest of the Fund or its stockholders. The amendment or termination of the MDP could have an adverse effect on the market price of the Fund's shares. A return of capital occurs when some or all of the money that stockholders invested in the Fund is paid back to them. A return of capital does not reflect the Fund's investment performance and should not be confused with "yield" or "income." Any such returns of capital will decrease the Fund's total assets and, therefore, could have the effect of increasing the Fund's expense ratio.

In addition, in order to make the level of distributions called for under the MDP, the Fund may have to sell portfolio securities at a less than opportune time. With each distribution that does not consist solely of net investment income, the Fund will issue a notice to stockholders and an accompanying press release that will provide detailed information regarding the amount and composition of the distribution and other related information. The amounts and sources of distributions reported in the notice to stockholders are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its full fiscal year and may be subject to changes based on tax regulations. The Fund will send stockholders a Form 1099-DIV for the respective calendar year that will tell them how to report these distributions for federal income tax purposes. **Stockholders should consult their tax advisor for proper tax treatment of the Fund's distributions.**

Self-Tender Policy:

The Board of Directors also approved an extension of the Fund's Self-Tender Policy for an additional one year period. Under the Self-Tender Policy, if the average discount to the Fund's NAV is in excess of 10% for the fiscal year ending June 30, 2022, the Fund will commence a tender offer by October 31, 2022 to purchase up to 5% of then-outstanding shares at 97.5% of NAV.

About Thomas J. Herzfeld Advisors, Inc.

Thomas J. Herzfeld Advisors, Inc., founded in 1984, is an SEC registered investment advisor, specializing in investment analysis and account management in closed-end funds. The Firm also specializes in investment in the Caribbean Basin. The HERZFELD/CUBA division of Thomas J. Herzfeld Advisors, Inc. serves as the investment advisor to The Herzfeld Caribbean Basin Fund, Inc. a publicly traded closed-end fund (NASDAQ: CUBA).

More information about the advisor can be found at www.herzfeld.com.

Past performance is no guarantee of future performance. An investment in the Fund is subject to certain risks, including market risk. In general, shares of closed-end funds often trade at a discount from their net asset value and at the time of sale may be trading on the exchange at a price which is more or less than the original purchase price or the net asset value. An investor should carefully consider the Fund's investment objective, risks, charges and expenses. Please read the Fund's disclosure documents before investing.

Forward-Looking Statements

This press release, and other statements that TJHA or the Fund may make regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including statements relating to: management's beliefs that the cash and stock distribution will allow the Fund to strengthen its balance sheet and to be in a position to capitalize on potential future investment opportunities, when there can be no assurance either will occur; the tax consequences of the distributions to stockholders; and other factors may contain forward looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to the Fund's or TJHA's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions. TJHA and the Fund caution that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and TJHA and the Fund assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. With respect to the Fund, the following factors, among others, could cause actual events to differ materially from forward-looking statements or historical performance: (1) changes and volatility in political, economic or industry conditions, particularly with respect to Cuba and other Caribbean Basin countries, the interest rate environment, foreign exchange rates or financial and capital markets, which could result in changes in demand for the Fund or in the Fund's net asset value; (2) the relative and absolute investment performance of the Fund and its investments; (3) the impact of increased competition; (4) the unfavorable resolution of any legal proceedings; (5) the extent and timing of any distributions or share repurchases; (6) the impact, extent and timing of technological changes; (7) the impact of legislative and regulatory actions and reforms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and regulatory, supervisory or enforcement actions of government agencies relating to the Fund or TJHA, as applicable; (8) terrorist activities, international hostilities and natural disasters, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries or TJHA or the Fund; (9) TJHA's and the Fund's ability to attract and retain highly talented professionals; (10) the impact of TJHA electing to provide support to its products from time to time; (11) the impact of problems at other financial institutions or the failure or negative performance of products at other financial institutions; and (12) the effects of an epidemic, pandemic or public health emergency, including without limitation, COVID-19. Annual and Semi-Annual Reports and other regulatory filings of the Fund with the SEC are accessible on the SEC's website at www.sec.gov and on TJHA's website at www.herzfeld.com/cuba, and may discuss these or other factors that affect the Fund. The information contained on TJHA's website is not a part of this press release.

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