

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 JUNE 30, 2016 FINANCIAL RESULTS AND DECLARES DISTRIBUTIONS FOR JULY, AUGUST AND SEPTEMBER

NEW YORK, August 9, 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 July, August and September. The July distribution is payable on August 25, 2016 to shareholders of record on August 19, 2016. The August distribution is payable on September 22, 2016 to shareholders of record on September 15, 2016. The September distribution is payable on October 20, 2016 to shareholders of record on October 13, 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

	Q2-16		Q2-15		YTD-16		YTD-15	
	Amount	Per share	Amount	Per share	Amount	Per share	Amount	Per share
Core net investment income (1)	\$ 2,069,469	\$ 0.33	\$ 2,056,481	\$ 0.33	\$ 4,640,874	\$ 0.74	\$ 3,925,787	\$ 0.63
Net investment income	\$ 2,069,469	\$ 0.33	\$ 2,051,491	\$ 0.33	\$ 4,640,874	\$ 0.74	\$ 4,063,359	\$ 0.65
Net realized gains (losses) on investments	\$ 55,226	\$ 0.01	\$ (674,880)	\$ (0.11)	\$ (1,164,559)	\$ (0.19)	\$ (659,061)	\$ (0.10)
Net change in unrealized (depreciation) appreciation	\$(1,132,027)	\$(0.18)	\$ 1,814,698	\$ 0.29	\$(2,616,649)	\$(0.42)	\$ 70,541	\$ 0.01
Net income	\$ 992,668	\$ 0.16	\$ 3,191,309	\$ 0.51	\$ 859,666	\$ 0.14	\$ 3,474,839	\$ 0.56
Weighted average shares outstanding (basic and diluted)	6,286,014		6,248,539		6,280,428		6,238,844	

- (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

	06/30/2016	12/31/2015
Portfolio investments at fair value	\$ 146,297,948	\$ 142,760,426
Total assets	\$ 151,333,163	\$ 149,137,859
Net assets	\$ 86,231,043	\$ 89,414,256
Shares outstanding	6,287,798	6,269,669
Net asset value per share	\$13.71	\$14.26

	Q2-'16	Q2-'15	YTD - '16	YTD - '15
Portfolio activity during the period:				
New debt commitments/investments	\$ 2,500,000	\$ 4,763,043	\$ 20,300,000	\$ 19,059,748
New equity commitments/investments	\$ —	\$ —	\$ 3,900,000	\$ —
Exits of debt commitments/investments	\$ —	\$ —	\$ (10,445,183)	\$ (996,153)
Net activity	\$ 2,500,000	\$ 4,763,043	\$ 13,754,817	\$ 18,063,595

	06/30/2016	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. Fox Rent A Car, Inc. and Peekay Acquisition, LLC were excluded from the calculation as of June 30, 2016 because they were 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.

SECOND QUARTER OF 2016 OPERATING RESULTS

For the quarter ended June 30, 2016, the Company reported a 68.9% decrease in net income, a 0.6% increase in core net investment income and a 0.9% increase in net investment income, compared to the quarter ended June 30, 2015. Net income for the quarter ended June 30, 2016 was \$1.0 million, or \$0.16 per share, compared to \$3.2 million, or \$0.51 per share, for the quarter ended June 30, 2015. Core net investment income was \$2.1 million, or \$0.33 per share, for the quarter ended June 30, 2016, compared to \$2.1 million, or \$0.33 per share, for the quarter ended June 30, 2015. Net investment income was \$2.1 million, or \$0.33 per share, for the quarter ended June 30, 2016, compared to \$2.1 million, or \$0.33 per share, for the quarter ended June 30, 2015. The decrease in net income was primarily attributable to a \$2.2 million negative change in the total net unrealized and realized (losses) gains on investments for the quarter ended June 30, 2016, as compared to the quarter ended June 30, 2015. Net investment income and core net investment income increased slightly in the quarter ended June 30, 2016, as compared to the quarter ended June 30, 2015, primarily as a result of growth in the size of the Company's income earning portfolio, offset by an increase in non-accrual investments.

For the six months ended June 30, 2016, the Company reported a 75.3% decrease in net income, a 18.2% increase in core net investment income and a 14.2% increase in net investment income, compared to the six months ended June 30, 2015. Net income for the six months ended June 30, 2016 was \$0.9 million, or \$0.14

per share, compared to \$3.5 million, or \$0.56 per share, for the six months ended June 30, 2015. Core net investment income was \$4.6 million, or \$0.74 per share, for the six months ended June 30, 2016, compared to \$3.9 million, or \$0.63 per share, for the six months ended June 30, 2015. Net investment income was \$4.6 million, or \$0.74 per share, for the six months ended June 30, 2016, compared to \$4.1 million, or \$0.65 per share, for the six months ended June 30, 2015. The decrease in net income was primarily attributable to a \$3.2 million increase in the total net unrealized and realized losses on investments for the six months ended June 30, 2016, as compared to the six months ended June 30, 2015. Net investment income and core net investment income increased in the six months ended June 30, 2016, as compared to the six months ended June 30, 2015, primarily as a result of growth in the size of the Company's income earning portfolio, partially offset by an increase in non-accrual investments.

As of June 30, 2016, our total portfolio investments at fair value and total assets were \$146.3 million and \$151.3 million, respectively, compared to \$142.8 million and \$149.1 million at December 31, 2015. Net asset value per share was \$13.71 at June 30, 2016, compared to \$14.26 at December 31, 2015.

"We are pleased with the financial results achieved in the second quarter. With core investment income ("Core NII") of \$0.33 per share in the second quarter combined with Core NII of \$0.41 in the first quarter, we continue to generate earnings in excess of distributions to shareholders through the first half of 2016," declared Richard P. Buckanavage, President and CEO. "These results, combined with spillover income of \$0.22 per share from fiscal year 2015, should provide shareholders with confidence in our ability to at least maintain the current dividend payment level for the remainder of this year," observed Mr. Buckanavage. "The portfolio continues to perform satisfactorily with an average investment risk rating of 2.01 compared to 2.02 the prior quarter," added Mr. Buckanavage.

INVESTMENT ACTIVITY

During the second quarter of 2016, the Company made two investments in an existing portfolio company totaling \$2.5 million. The Company did not exit any investments during the quarter. The investment activity for the quarter ended June 30, 2016 was as follows:

On April 5, 2016 and June 10, 2016, the Company made incremental term loan investments in WBL SPE II, LLC, totaling \$2.5 million. This increased the Company's debt investment in WBL SPE II, LLC to \$7.1 million.

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 uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

- Investment Rating 1 is used for investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
- Investment Rating 2 is used for investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans are initially rated 2.

- Investment Rating 3 is used for investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
- Investment Rating 4 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 are those for which there is an increased possibility of some loss of return but no loss of principal is expected.
- Investment Rating 5 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

As of June 30, 2016, the weighted average risk rating of the debt investments in the Company's portfolio was 2.01, slightly improved from the previous quarter's risk rating of 2.02. Also, as of June 30, 2016, eight of the Company's thirty debt investments were rated 1, sixteen investments were rated 2, three investments were rated 3, two investments were rated 4, and one investment was rated 5. Two loans were on non-accrual status at June 30, 2016.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2016, the Company had \$2.8 million of cash and restricted cash and \$19.5 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 \$13.1 million at fair value as of June 30, 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 JUNE 30, 2016

On July 1, 2016, the Company received \$0.8 million for its Class A equity units in Optimal Blue, LLC. The internal rate of return, or "IRR" on the equity investment was 85.5%. When combined with our debt investment (which the Company exited in December 2015), the overall gross IRR was 20.8% on our investment in Optimal Blue, LLC. IRR is calculated based on all cash flows to or from the Company for or from the investment measured by the amount of the cash flow and the day it was invested or received.

On August 4, 2016, the Company declared monthly distributions of \$0.1125 per share payable on each of August 25, 2016, September 22, 2016 and October 20, 2016.

On August 4, 2016, the Company entered into an amendment to its credit facility. The agreement was amended to, among other things, (i) provide for the formation and operation of HCAP Equity Holdings, LLC as a wholly owned subsidiary of the Company to hold equity investments and to become an additional borrower under the credit facility; and (ii) establish certain liquidity thresholds that must be satisfied in connection with any repurchase by the Company of its securities, including at the time of any such repurchase and over any given quarter.

CONFERENCE CALL

The Company will host a conference call on Tuesday, August 9, 2016 at 11:00 a.m. Eastern Time to discuss its second 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 51639622 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)

	June 30, 2016	December 31, 2015
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$133,581,375 at 6/30/16 and \$135,198,490 at 12/31/15)	\$ 132,146,918	\$ 135,516,729
Affiliated investments, at fair value (cost of \$15,893,085 at 6/30/16 and \$9,031,772 at 12/31/15)	13,241,057	7,243,697
Control investments, at fair value (cost of \$909,973 at 6/30/16 and \$0 at 12/31/15)	909,973	—
Total investments, at fair value (cost of \$150,384,433 at 6/30/16 and \$144,230,262 at 12/31/15)	146,297,948	142,760,426
Cash	155,231	595,047
Restricted cash	2,615,358	2,474,362
Interest receivable	391,275	1,112,885
Accounts receivable – other	51,524	304,969
Deferred offering costs	954,404	1,023,246
Deferred financing costs	634,702	748,637
Other assets	232,721	118,287
Total assets	<u>\$ 151,333,163</u>	<u>\$ 149,137,859</u>
LIABILITIES:		
Revolving line of credit	\$ 35,484,964	\$ 29,698,293
Unsecured notes	27,500,000	27,500,000
Accrued interest payable	486,709	412,099
Accounts payable - base management fees	744,016	739,517
Accounts payable - incentive management fees	318,536	848,841
Accounts payable - administrative services expenses	210,299	220,872
Accounts payable and accrued expenses	346,382	282,949
Other liabilities	11,214	21,032
Total liabilities	65,102,120	59,723,603
Commitments and contingencies		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,293,298 issued and 6,287,798 outstanding at 6/30/16 and 6,269,669 issued and outstanding at 12/31/15	6,293	6,270
Capital in excess of common stock	90,254,484	89,989,686
Treasury shares at cost, 5,500 and 0 shares as 6/30/16 and 12/31/15, respectively	(68,911)	—
Accumulated realized losses on investments	(2,230,690)	(1,066,131)
Net unrealized depreciation on investments	(4,086,485)	(1,469,836)
Undistributed net investment income	2,356,352	1,954,267
Total net assets	<u>86,231,043</u>	<u>89,414,256</u>
Total liabilities and net assets	<u>\$ 151,333,163</u>	<u>\$ 149,137,859</u>
Common stock issued and outstanding	6,287,798	6,269,669
Net asset value per common share	\$ 13.71	\$ 14.26

Harvest Capital Credit Corporation

Statements of Operations (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Investment Income:				
Interest:				
Cash - non-affiliated/non-control investments	\$3,552,174	\$828,387	\$ 8,107,925	\$7,168,423
Cash - affiliated investments	332,771	91,000	574,736	181,000
Cash - control investments	31,155	—	31,155	—
PIK - non-affiliated/non-control investments	387,391	314,992	541,216	621,118
PIK - control investments	9,973	—	9,973	—
Amortization of fees, discounts and premiums, net	366,408	425,515	863,516	787,059
Total interest income	4,679,872	4,659,894	10,128,521	8,757,600
Other income	48,889	9,118	73,586	23,701
Total investment income	4,728,761	4,669,012	10,202,107	8,781,301
Expenses:				
Interest expense – revolving line of credit	342,754	176,968	597,332	300,573
Interest expense - unused line of credit	23,815	77,726	71,535	162,311
Interest expense - deferred financing costs	66,935	66,057	132,992	132,114
Interest expense - unsecured notes	481,251	481,251	962,502	823,474
Interest expense - deferred offering costs	48,721	45,007	96,485	74,520
Total interest expense	963,476	847,009	1,860,846	1,492,992
Professional fees	195,896	205,949	377,790	387,531
General and administrative	227,069	227,645	445,546	416,404
Base management fees	744,016	654,905	1,481,831	1,264,237
Incentive management fees	318,536	543,946	961,387	868,711
Administrative services expense	210,299	173,931	431,218	323,931
Total expenses	2,659,292	2,653,385	5,558,618	4,753,806
Net Investment Income, before taxes	2,069,469	2,015,627	4,643,489	4,027,495
Excise tax	—	35,864	(2,615)	35,864
Net Investment Income, after taxes	2,069,469	2,051,491	4,640,874	4,063,359
Net realized (losses) gains:				
Non-Affiliated / Non-Control investments	55,226	(674,880)	(22,296)	(659,061)
Affiliated investments	—	—	(1,142,263)	—
Net realized gains (losses)	55,226	(674,880)	(1,164,559)	(659,061)

Net change in unrealized (depreciation) appreciation	(1,132,027)	1,814,698	(2,616,649)	70,541
Total net unrealized and realized (losses) gains	(1,076,801)	1,139,818	(3,781,208)	(588,520)
Net increase in net assets resulting from operations	\$ 992,668	\$,191,309	\$ 859,666	\$,474,839
Net investment income per share	\$0.33	\$0.33	\$0.74	\$0.65
Net increase in net assets resulting from operations per share	\$0.16	\$0.51	\$0.14	\$0.56
Weighted average shares outstanding (basic and diluted)	6,286,014	6,248,539	6,280,428	6,238,844
Dividends paid per common share	\$0.34	\$0.34	\$0.68	\$0.68

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

	Three months ended June 30,				Six months ended June 30,			
	2016		2015		2016		2015	
	Amount	Per share (1)	Amount	Per share (1)	Amount	Per share (1)	Amount	Per share (1)
Net investment income	\$ 2,069,469	\$0.33	\$2,051,491	\$0.33	4,640,874	\$0.74	\$4,063,359	\$0.65
Excise tax credit on capital gains	—	—	(21,802)	—	—	—	(21,802)	—
Capital gains incentive fees	—	—	26,792	—	—	—	(115,770)	(0.02)
Core net investment income	2,069,469	\$0.33	\$2,056,481	\$0.33	4,640,874	\$0.74	\$3,925,787	\$0.63

(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 effects of 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.

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