

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 SEPTEMBER 30, 2016 FINANCIAL RESULTS AND DECLARES DISTRIBUTIONS FOR OCTOBER, NOVEMBER AND DECEMBER

NEW YORK, November 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 October, November and December. The October distribution is payable on November 28, 2016 to shareholders of record on November 21, 2016. The November distribution is payable on December 22, 2016 to shareholders of record on December 15, 2016. The December distribution is payable on January 19, 2017 to shareholders of record on January 12, 2017. 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

	Q3-16		Q3-15		YTD-16		YTD-15	
	Amount	Per share	Amount	Per share	Amount	Per share	Amount	Per share
Net investment income	\$2,978,672	\$0.47	\$2,192,293	\$0.35	\$7,619,546	\$1.21	\$6,255,652	\$1.00
Core net investment income (1)	\$2,978,672	\$0.47	\$2,165,501	\$0.35	\$7,619,546	\$1.21	\$6,091,288	\$0.98
Net change in unrealized depreciation	(\$1,310,501)	(\$0.20)	(\$1,053,558)	(\$0.17)	(\$3,927,150)	(\$0.63)	(\$983,017)	(\$0.16)
Net realized gains (losses) on investments	\$701,879	\$0.11	(\$297,322)	(\$0.04)	(\$462,680)	(\$0.07)	(\$956,383)	(\$0.15)
Net income	\$2,370,050	\$0.38	\$841,413	\$0.14	\$3,229,716	\$0.51	\$4,316,252	\$0.69
Weighted average shares outstanding (basic and diluted)	6,286,216		6,255,746		6,282,371		6,244,540	

- (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

	As of	
	September 30, 2016	December 31, 2015
Portfolio investments at fair value	\$ 137,470,834	\$ 142,760,426
Total assets	\$ 142,835,485	\$ 149,137,859
Net assets	\$ 86,353,362	\$ 89,414,256
Shares outstanding	6,278,235	6,269,669
Net asset value per share	\$ 13.75	\$ 14.26

	Q3-16	Q3-15	YTD-16	YTD-15
Portfolio activity during the period:				
New debt investment commitments	\$ 5,580,723	\$ 19,485,000	\$ 25,880,723	\$ 40,149,680
New equity investments	—	—	3,900,000	86,957
Exits of debt investment commitments	(3,994,442)	(4,456,287)	(14,439,625)	(5,452,441)
Principal repayments	\$ (7,352,352)	\$ (1,885,464)	\$ (14,459,211)	\$ (5,941,475)
Exits of equity investments	(100,000)	—	(390,284)	—
Net activity	\$ (5,866,071)	\$ 13,143,249	\$ 491,603	\$ 28,842,721

	As of	
	September 30, 2016	December 31, 2015
Number of portfolio company investments	33	33
Number of debt investments	30	30
Weighted average yield of debt investments at fair value (1):		
Cash	11.8%	11.9%
PIK	1.3%	0.5%
Fee amortization	1.3%	1.5%
Total	14.4%	13.9%

- (1) The weighted average effective yield is computed using the effective interest rates for such investments, including cash and PIK interest as well as the accretion of deferred fees. The individual investment yields are then weighted by the respective fair values of the investments (as of the date presented) in calculating the weighted average effective yield of the portfolio. CRS Reprocessing, LLC and Peekay Acquisition, LLC were excluded from the calculation as of September 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.

THIRD QUARTER OF 2016 AND YEAR-TO-DATE OPERATING RESULTS

For the quarter ended September 30, 2016, the Company reported a 181.7% increase in net income, a 35.9% increase in net investment income and a 37.6% increase in core net investment income, compared to the quarter ended September 30, 2015. Net income for the quarter ended September 30, 2016 was \$2.4 million, or \$0.38 per share, compared to \$0.8 million, or \$0.14 per share, for the quarter ended September 30, 2015. Net investment income was \$3.0 million, or \$0.47 per share, for the quarter ended September 30, 2016,

compared to \$2.2 million, or \$0.35 per share, for the quarter ended September 30, 2015. Core net investment income was \$3.0 million, or \$0.47 per share, for the quarter ended September 30, 2016, compared to \$2.2 million, or \$0.35 per share, for the quarter ended September 30, 2015. The increase in net income was primarily attributable to a \$0.8 million increase in net investment income and a \$1.0 million increase in net realized gains (losses), partially offset by a \$0.3 million increase in the change in net unrealized depreciation on investments, for the quarter ended September 30, 2016, as compared to the quarter ended September 30, 2015. Net investment income and core net investment income increased in the quarter ended September 30, 2016, as compared to the quarter ended September 30, 2015, primarily as a result of the Fox Rent-A-Car debt investment returning to accrual status and lower incentive fee expense in the three months ended September 30, 2016.

For the nine months ended September 30, 2016, the Company reported a 25.2% decrease in net income, a 21.8% increase in net investment income and a 25.1% increase in core net investment income, compared to the nine months ended September 30, 2015. Net income for the nine months ended September 30, 2016 was \$3.2 million, or \$0.51 per share, compared to \$4.3 million, or \$0.69 per share, for the nine months ended September 30, 2015. Net investment income was \$7.6 million, or \$1.21 per share, for the nine months ended September 30, 2016, compared to \$6.3 million, or \$1.00 per share, for the nine months ended September 30, 2015. Core net investment income was \$7.6 million, or \$1.21 per share, for the nine months ended September 30, 2016, compared to \$6.1 million, or \$0.98 per share, for the nine months ended September 30, 2015. The decrease in net income was primarily attributable to a \$2.5 million increase in the net unrealized and realized losses on investments, partially offset by the increase in net investment income, for the nine months ended September 30, 2016, as compared to the nine months ended September 30, 2015. Net investment income and core net investment income increased in the nine months ended September 30, 2016, primarily as a result of an increase in investment income due to growth in the portfolio.

As of September 30, 2016, our total portfolio investments at fair value and total assets were \$137.5 million and \$142.8 million, respectively, compared to \$142.8 million and \$149.1 million at December 31, 2015. Net asset value per share was \$13.75 at September 30, 2016, compared to \$14.26 at December 31, 2015.

During the third quarter of 2016, the Company made three investments totaling \$5.6 million. One of the investments was in a new portfolio company and two were additional investments in existing portfolio companies. The Company also had two investments payoff totaling \$4.1 million during the three months ended September 30, 2016. The investment activity for the quarter ended September 30, 2016 was as follows:

NEW AND INCREMENTAL INVESTMENTS

On August 29, 2016, the Company made a \$2.1 million senior secured term loan investment in IAG Engine Center LLC ("IAG"). The investment carries a cash interest rate of 14.00%. In conjunction with the debt investment the Company was granted a revenue linked security entitling it to receive a portion of the proceeds from inventory sales of one of IAG's affiliate companies.

On September 12, 2016, the Company made an additional \$1.3 million senior secured term loan investment in WBL SPE II, LLC. This brings the Company's total investment in WBL SPE II, LLC to \$7.6 million. The investment carries a fixed interest rate of 14.50%.

On September 16, 2016, the Company received a \$5.2 million repayment under its \$6.5 million senior secured debt commitment to WBL SPE I, LLC ("WBL I"). Concurrent with the repayment, the Company provided incremental availability of \$2.2 million resulting in a total commitment to WBL I of \$3.5 million.

As of September 30, 2016, there continued to be \$1.3 million of outstandings under this commitment. The investment carries a fixed cash interest rate of 13.00%.

INVESTMENT PAYOFFS

On July 1, 2016, the Company received \$0.8 million for its \$0.1 million investment in the Class A equity units of Optimal Blue, LLC ("Optimal Blue"). The Company recorded a realized gain of \$0.7 million on this investment which generated a gross internal rate of return ("IRR") of 85.5%. IRR is the rate of return that makes the net present value of all cash flows into or from the investment equal to zero, and is calculated based on the amount of each cash flow received or invested by the Company and the day it was invested or received.

On September 16, 2016, the Company received a full repayment at par on its \$4.0 million junior secured debt investment in Language Line, LLC. The Company also received a \$40 thousand prepayment fee upon repayment. The Company generated a gross IRR of 12.2% on this investment.

"We are pleased with the financial results achieved in the third quarter. With net investment income ("NII") and core net investment income ("Core NII") of \$0.47 per share in the third quarter, Harvest has generated \$1.21 in NII and Core NII through the nine months ended September 30, 2016 which is \$0.19 per share above dividends paid year to date of approximately \$1.02 per share," declared Richard P. Buckanavage, President and CEO. "Heading into the fourth quarter, these year to date results position us to generate NII and Core NII for the year that exceed our dividends, for the second straight year. Since our IPO in 2013, on a cumulative basis, NII has exceeded our dividends by \$0.38 per share," observed Mr. Buckanavage. "The attractive financial results we are experiencing emanate from continued solid portfolio performance evidenced by a slight improvement in the average investment risk rating of 1.97 compared to 2.01 in the prior quarter," added 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 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 September 30, 2016, the weighted average risk rating of the debt investments in the Company's portfolio improved to 1.97 from 2.01 in the previous quarter. Also, as of September 30, 2016, eleven of the Company's thirty debt investments were rated 1, thirteen investments were rated 2, three investments were rated 3, two investments were rated 4, and one investment was rated 5. As of September 30, 2016, Peekay Acquisition, LLC and CRS Reprocessing LLC ("CRS") were the only loans on non-accrual status. In the case of CRS, we are recognizing interest income on the basis of cash collections, but not for PIK or OID amortization.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2016, the Company had \$3.2 million of cash and restricted cash and \$27.9 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 revolving period under the credit facility extends through April 30, 2017 and the final maturity date is October 29, 2018.

Additionally, the Company holds eight syndicated loans totaling \$23.1 million at fair value as of September 30, 2016. These investments could be sold and the proceeds re-invested in our core lower-middle market strategy, as attractive opportunities arise.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO SEPTEMBER 30, 2016

On October 26, 2016 the Company made an additional \$25,000 investment in the equity of Brite Media LLC.

On October 26, 2016, the Fox Rent-A-Car credit agreement was amended and restated to convert the loan from a junior secured term loan to a senior secured term loan secured by all assets of the Company other than the vehicle fleet. In September 2016, the borrower refinanced its first lien corporate credit facility with new financing from various fleet lenders. The Company earned a \$0.8 million amendment fee which is due at the earlier of i) maturity or ii) loan repayment. The maturity date was changed from October 31, 2019 to September 29, 2017 and amortization of \$0.2 million a month on the total loan amount will commence on March 31, 2017. The interest rate reverted back to the original level of LIBOR plus 12.00%. Also as part of the new agreement, the Company is entitled to receive additional fees and equity warrants in the borrower if our investment is not paid off at certain future dates. The investment was taken off of non-accrual status during the three months ended September 30, 2016 following the receipt of all past due interest.

CONFERENCE CALL

The Company will host a conference call on Wednesday, November 9, 2016 at 11:00 a.m. Eastern Time to discuss its third 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 98240535 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.

Forward-Looking Statements

This press release contains forward-looking statements subject to the inherent uncertainties in predicting future results and conditions. Any statements that are not of historical fact (including statements containing the words "believes", "plans", "anticipates", "expects", "estimates", and similar expressions) should also be considered to be forward-looking statements. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements. These factors are identified from time to time in our filings with the Securities and Exchange Commission. We undertake no obligation to update such statements to reflect subsequent events, except as may be required by law.

Harvest Capital Credit Corporation
Statements of Assets and Liabilities (Unaudited)

	September 30, 2016	December 31, 2015
ASSETS:		
Non-affiliated/non-control investments, at fair value (cost of \$126,138,394 at 9/30/16 and \$135,198,490 at 12/31/15)	\$ 124,257,295	\$ 135,516,729
Affiliated investments, at fair value (cost of \$15,811,327 at 9/30/16 and \$9,031,772 at 12/31/15)	12,295,440	7,243,697
Control investments, at fair value (cost of \$918,099 at 9/30/16 and \$0 at 12/31/15)	918,099	—
Total investments, at fair value (cost of \$142,867,820 at 9/30/16 and \$144,230,262 at 12/31/15)	137,470,834	142,760,426
Cash	169,254	595,047
Restricted cash	3,045,170	2,474,362
Interest receivable	416,570	1,112,885
Accounts receivable – other	19,829	304,969
Deferred offering costs	936,195	1,023,246
Deferred financing costs	616,297	748,637
Other assets	161,336	118,287
Total assets	<u>\$ 142,835,485</u>	<u>\$ 149,137,859</u>
LIABILITIES:		
Revolving line of credit	\$ 27,074,724	\$ 29,698,293
Unsecured notes	27,500,000	27,500,000
Accrued interest payable	441,667	412,099
Accounts payable - base management fees	724,396	739,517
Accounts payable - incentive management fees	230,760	848,841
Accounts payable - administrative services expenses	198,154	220,872
Accounts payable and accrued expenses	289,057	282,949
Other liabilities	23,365	21,032
Total liabilities	<u>56,482,123</u>	<u>59,723,603</u>
Commitments and contingencies (Note 8)		
NET ASSETS:		
Common stock, \$0.001 par value, 100,000,000 shares authorized, 6,303,911 issued and 6,278,235 outstanding at 9/30/16 and 6,269,669 issued and outstanding at 12/31/15	6,304	6,270
Capital in excess of common stock	90,381,340	89,989,686
Treasury shares at cost, 25,676 and 0 shares at 9/30/16 and 12/31/15, respectively	(320,934)	—
Accumulated realized losses on investments	(1,528,811)	(1,066,131)
Net unrealized depreciation on investments	(5,396,986)	(1,469,836)
Undistributed net investment income	3,212,449	1,954,267
Total net assets	<u>86,353,362</u>	<u>89,414,256</u>
Total liabilities and net assets	<u>\$ 142,835,485</u>	<u>\$ 149,137,859</u>
Common stock issued and outstanding	6,278,235	6,269,669
Net asset value per common share	\$ 13.75	\$ 14.26

Harvest Capital Credit Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Investment Income:				
Interest:				
Cash - non-affiliated/non-control investments	\$ 4,339,105	\$ 3,993,285	\$ 12,447,029	\$ 11,161,708
Cash - affiliated investments	337,459	92,000	912,196	273,000
Cash - control investments	33,461	—	64,616	—
PIK - non-affiliated/non-control investments	422,920	267,681	964,136	888,799
PIK - control investments	8,127	—	18,100	—
Amortization of fees, discounts and premiums, net	302,970	602,689	1,166,486	1,389,748
Total interest income	5,444,042	4,955,655	15,572,563	13,713,255
Other income	50,025	15,509	123,611	39,210
Total investment income	5,494,067	4,971,164	15,696,174	13,752,465
Expenses:				
Interest expense – revolving line of credit	325,629	268,958	922,961	569,531
Interest expense - unused line of credit	26,948	58,111	98,483	220,422
Interest expense - deferred financing costs	71,785	66,057	204,777	198,171
Interest expense - unsecured notes	481,251	481,251	1,443,753	1,304,725
Interest expense - deferred offering costs	49,696	45,908	146,181	120,428
Total interest expense	955,309	920,285	2,816,155	2,413,277
Professional fees	166,812	217,074	544,602	604,605
General and administrative	231,539	232,100	677,085	648,504
Base management fees	724,396	707,238	2,206,227	1,971,475
Incentive management fees	230,760	516,999	1,192,147	1,385,710
Administrative services expense	198,154	185,175	629,372	509,106
Total expenses	2,506,970	2,778,871	8,065,588	7,532,677
Net Investment Income, before taxes	2,987,097	2,192,293	7,630,586	6,219,788
Excise tax (expense) credit	(8,425)	—	(11,040)	35,864
Net Investment Income, after taxes	2,978,672	2,192,293	7,619,546	6,255,652
Net realized gains (losses):				
Non-affiliated / Non-control investments	701,879	(297,322)	679,583	(956,383)
Affiliated investments	—	—	(1,142,263)	—
Net realized gains (losses)	701,879	(297,322)	(462,680)	(956,383)
Net change in unrealized depreciation	(1,310,501)	(1,053,558)	(3,927,150)	(983,017)
Total net unrealized and realized (losses) gains	(608,622)	(1,350,880)	(4,389,830)	(1,939,400)
Net increase in net assets resulting from operations	\$ 2,370,050	\$ 841,413	\$ 3,229,716	\$ 4,316,252
Net investment income per share	\$0.47	\$0.35	\$1.21	\$1.00
Net increase in net assets resulting from operations per share	\$0.38	\$0.14	\$0.51	\$0.69
Weighted average shares outstanding (basic and diluted)	6,286,216	6,255,746	6,282,371	6,244,540
Dividends paid per common share	\$0.34	\$0.34	\$1.02	\$1.02

SCHEDULE 1

Reconciliations of Net Investment Income to Core Net Investment Income

	Three months ended September 30,				Nine months ended September 30,			
	2016		2015		2016		2015	
	Amount	Per share (1)	Amount	Per share (1)	Amount	Per share (1)	Amount	Per share (1)
Net investment income	\$2,978,672	\$0.47	\$2,192,293	\$0.35	\$7,619,546	\$1.21	\$6,255,652	\$1.00
Excise tax credit on capital gains	—	—	—	—	—	—	(21,802)	—
Capital gains incentive fees	—	—	(\$26,792)	—	—	—	(\$142,562)	(\$0.02)
Core net investment income	\$2,978,672	\$0.47	\$2,165,501	\$0.35	\$7,619,546	\$1.21	\$6,091,288	\$0.98

(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 fee 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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