

December 15, 2016

Hercules Capital's Highly Asset Sensitive Debt Investment Portfolio to Generate Additional \$0.02 of Net Investment Income Earnings Annually¹ from the Recent Rise in Interest Rates With Federal Reserve Benchmark Rate Increase

- | ~93.0% of Hercules' existing Debt Investment Portfolio is priced at floating interest rates, as of September 30, 2016
- | 100% of the Company's outstanding debt liability obligations are fixed rate, as of September 30, 2016
- | The Prime Rate is expected to increase from 3.50% to 3.75%
- | Each 25 basis point increase in the Prime Rate is anticipated to generate approximately \$1.8 million, or \$0.02 per share of additional Net Investment Income or "NII"¹
- | The Federal Open Market Committee now expects eight to nine rate hikes between 2017 and 2019, which if completed may generate approximately \$0.20 to \$0.24 in future NII growth in earnings¹

PALO ALTO, Calif.--(BUSINESS WIRE)-- [Hercules Capital, Inc.](#) (NYSE:HTGC) ("Hercules" or the "Company"), the leading specialty finance company to innovative, venture growth, pre-IPO and M&A stage companies backed by leading venture capital firms, today announced the estimated accretive impact to its debt investment portfolio attributed to the Federal Reserve - Federal Open Market Committee's ("FOMC") increase in the federal funds rate by 25 basis points, or 0.25%. In addition to approving the much-expected increase, the FOMC also indicated a higher rate than projected in September 2016 when it last released the quarterly look ahead. The committee now expects three rate hikes in 2017, two or three in 2018 and three in 2019.

Hercules anticipates each 25 basis points increase in the Prime Rate will contribute approximately \$1.8 million, or \$0.02 per share, of NII per annum, based on the basic weighted share outstanding as of September 30, 2016. As of September 30, 2016, ~93.0% of Hercules' debt investment portfolio of \$1.28 billion, at cost, was primarily priced at PRIME or LIBOR-based floating interest rates, while 100% of the Company's outstanding debt obligations have a fixed rate of interest, well positioning Hercules for additional future rate increases. Given the expected increase to the Prime Rate will be taking effect in mid-December 2016, the anticipated increase is not expected to have any material impact to our NII in Q4 2016. The expected benefit from the December 2016 rate increase is expected to materialize throughout our 2017 operating period.

Based on Hercules' Consolidated Statement of Assets and Liabilities as of September 30, 2016, the following table illustrates the approximate annualized increase in components of net income resulting from hypothetical base rate changes in interest rates, such as prime rate, assuming no changes in the Company's investments and borrowings.

| (in thousands) | Interest | Interest | Net | EPS ⁽¹⁾ |
|--------------------|-----------|----------|-----------|--------------------|
| Basis Point Change | Income | Expense | Income | |
| 25 | \$ 1,848 | \$ - | \$ 1,848 | \$ 0.02 |
| 50 | \$ 3,695 | \$ - | \$ 3,695 | \$ 0.05 |
| 75 | \$ 5,543 | \$ - | \$ 5,543 | \$ 0.07 |
| 100 | \$ 7,391 | \$ - | \$ 7,391 | \$ 0.10 |
| 200 | \$ 17,693 | \$ - | \$ 17,693 | \$ 0.24 |
| 300 | \$ 29,107 | \$ - | \$ 29,107 | \$ 0.39 |

⁽¹⁾ EPS calculated on basic weighted shares outstanding of 74,122 as of September 30, 2016

About Hercules Capital, Inc.

Hercules Capital, Inc. (NYSE: HTGC) ("Hercules") is the leading and largest specialty finance company focused on providing senior secured venture growth loans to high-growth, innovative venture capital-backed companies in a broad variety of technology, life sciences and sustainable and renewable technology industries. Since inception (December 2003), Hercules has committed more than \$6.3 billion to over 360 companies and is the lender of choice for entrepreneurs and venture

capital firms seeking growth capital financing. Companies interested in learning more about financing opportunities should contact info@htgc.com, or call 650.289.3060.

Hercules' common stock trades on the New York Stock Exchange (NYSE) under the ticker symbol "HTGC."

In addition, Hercules has three outstanding bond issuances of:

- | 7.00% Unsecured Notes due April 2019 (NYSE: HTGZ)
- | 7.00% Unsecured Notes due September 2019 (NYSE: HTGY)
- | 6.25% Unsecured Notes due July 2024 (NYSE: HTGX)

Forward-Looking Statements

The information disclosed in this press release is made as of the date hereof and reflects Hercules most current assessment of its historical financial performance. Actual financial results filed with the SEC may differ from those contained herein due to timing delays between the date of this release and confirmation of final audit results. These forward-looking statements are not guarantees of future performance and are subject to uncertainties and other factors that could cause actual results to differ materially from those expressed in the forward-looking statements including, without limitation, the risks, uncertainties, including the uncertainties surrounding the current market volatility, and other factors the Company identifies from time to time in its filings with the SEC. Although Hercules believes that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. You should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this release are made as of the date hereof, and Hercules assumes no obligation to update the forward-looking statements for subsequent events.

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