



2016 STOCKHOLDER LETTER  
AND ANNUAL REPORT  
NYSE SYMBOLS: ECC / ECCA / ECCB / ECCZ

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February 22, 2017

Dear Stockholders:

We are pleased to provide you with the enclosed report of Eagle Point Credit Company Inc. (“we,” “us,” “our” or the “Company”) for the fiscal year ended December 31, 2016.

The Company’s primary investment objective is to generate high current income, with a secondary objective to generate capital appreciation. We seek to achieve these objectives by investing primarily in equity and junior debt tranches of collateralized loan obligations (“CLOs”) and may also invest in other securities or instruments that are related investments or that are consistent with our investment objectives. The Company has a long-term oriented investment philosophy and invests primarily with a buy-and-hold mentality.

We were very pleased with our performance in 2016, which in our view amply displayed the knowledge and skills of our entire team to create value while demonstrating the resilience and strength of CLO securities and the benefits of our investment strategy. Despite a sluggish start from a macro perspective, for 2016, the Company generated a net increase from operations (inclusive of unrealized gains) of \$90.6 million, or \$6.14 per weighted average common share<sup>1</sup>. This represents a return on our common equity of approximately 48% for the year.

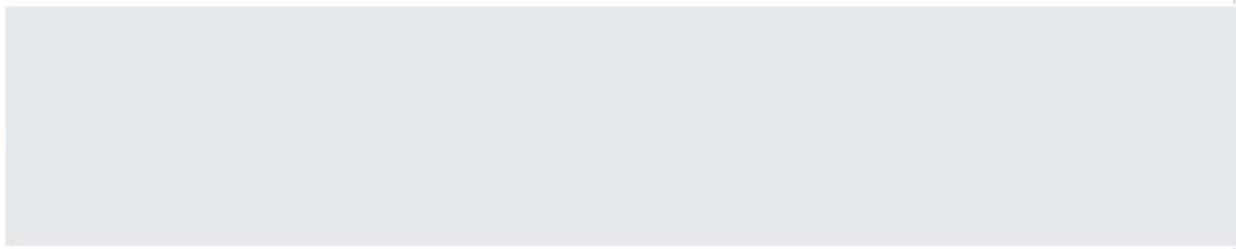
We succeeded in 2016 despite headwinds from the energy markets at the beginning of the year coupled with several “unexpected” events, including Brexit and the U.S. election results. Throughout the year, across varying market conditions, our portfolio performed as intended by generating strong and consistent cash flows.

From December 31, 2015 through December 31, 2016, the Company’s net asset value (“NAV”) increased by 27%, from \$13.72 per common share to \$17.48 per common share. In addition, as described below, during the year, the Company declared aggregate distributions payable to common stockholders of \$2.40 per share.

As the market tone shifted from bearish to bullish during the year, the value of the various options embedded within our CLO equity investments shifted. At the beginning of 2016, the “reinvestment option” (i.e., the ability for a CLO to reinvest principal payments from its loans into new loans, typically at lower prices and higher yields) embedded within our CLOs was particularly valuable. In today’s stronger markets, while many loans are tightening, the “refinancing option” (i.e., the ability of a CLO to refinance its debt securities to lower interest

**Past performance is not indicative of, or a guarantee of, future performance.**

<sup>1</sup> Weighted average common share based on the average daily number of shares of common stock outstanding over the period.



rate levels) has gained value and is an option being actively exercised by a number of our CLOs at present.

Despite strong total returns in many markets during 2016, we believe the CLO market, and CLO equity and junior debt in particular, remains inefficient. We firmly believe that in less efficient markets, specialization matters and the Company continues to benefit from the investment experience of our adviser, Eagle Point Credit Management LLC (the “Adviser”). Our Adviser continues to apply its time-tested, private equity style investment process in a fixed income market. This process has often enabled the Company to garner advantageous pricing and terms, and importantly, to mitigate potential risks for the benefit of our shareholders.

During 2016, the Company completed five public securities offerings and two direct placements to institutional investors. For the two direct placements, the Company did not bear underwriting expenses or commissions in connection with the offerings, resulting in significant cost savings to the Company. We believe each of the offerings was beneficial to the Company and helped increase stockholder value by allowing us to continue to seek vintage period diversification within our investment portfolio.

As we look forward to the remainder of 2017, we expect continued strong cash flows from our portfolio and see attractive long-term opportunities in CLO equity. We remain very disciplined in our approach to investing and believe the “great rotation” into floating rate assets from fixed rate assets may have only just begun.

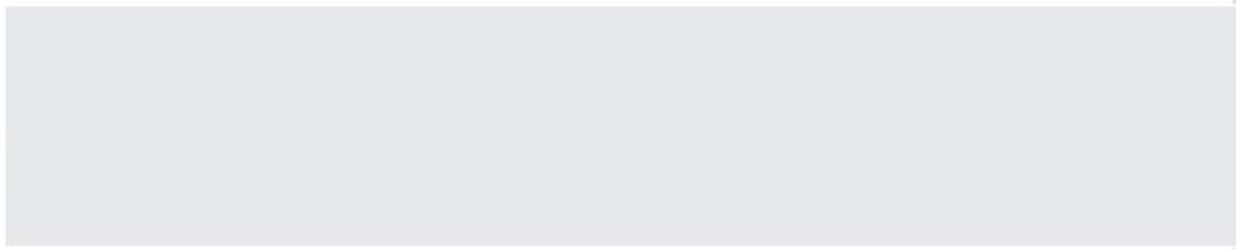
## COMPANY OVERVIEW

### Common Stock

The Company’s common stock trades on the New York Stock Exchange (“NYSE”) under the symbol “ECC.” As of December 31, 2016, the NAV per share of the Company’s common stock was \$17.48. The trading price of our common stock may, and often does, differ from NAV per share. The closing price per share of our common stock was \$16.71 on December 31, 2016, representing a 4.41% discount to NAV per share as of such date.

While the Company’s common stock was trading at a discount to NAV at year end, from our IPO through December 31, 2016, our common stock has traded on average at a 9.34% premium to NAV.<sup>2</sup> As of February 22, 2017 the common stock was once again trading at a premium of 0.51% to management’s unaudited and estimated NAV of \$17.78 as of January 31, 2017.

<sup>2</sup> An investment company trades at a premium when the market price at which its shares trade is more than its net asset value per share. Alternatively, an investment company trades at a discount when the market price at which its shares trade is less than its net asset value per share. **Past performance is not indicative of, or a guarantee of, future performance.**



During the year, the Company declared aggregate distributions payable to common stockholders of \$2.40 per share, or \$0.60 per calendar quarter. This represents a 14.3% annualized distribution rate based on the average daily price of our common stock during the year. A portion of these distributions was comprised of a return of capital as described at the time of the distributions.

Since our IPO, as the Company's available cash was invested, the amount of the Company's net investment income and realized gains, and therefore the portion of the Company's distributions covered by such amounts, grew steadily from \$0.31 per weighted average common share in Q4 2014 to \$0.61 per weighted average common share in Q1 2016. Surpassing \$0.60 per common share in quarterly net investment income and realized capital gains represented an important milestone for the Company in that the \$0.60 per share quarterly distribution was fully covered by net investment income and realized gains in Q1 2016.

For the year ended December 31, 2016, the Company's net investment income and realized capital gains were, in the aggregate, \$2.30 per weighted average common share on average (excluding a \$0.04 excise tax charge), below the \$2.40 in common distributions declared during that same period. The lower net investment income and realized capital gains per common share compared to distributions declared was principally attributable to "cash drag" from capital raised during the year as there is typically a lag between capital raises and deployment of the respective proceeds. We have consistently met our estimated deployment timeframes for each capital raise but remained patient and disciplined, not wanting to sacrifice long-term value for short-term net investment income. Once a significant portion of our available cash is deployed into income generating assets, we expect that the Company's net investment income per common share should, all else equal, increase from its current level.

The Company is highly focused on earning its regular common distribution over the long term through a combination of net investment income plus realized capital gains. While capital raises have created some level of cash drag, we believe the risk-adjusted returns of the Company are enhanced by improving the vintage period diversification through new investments. As with our approach to investments, our approach to financing is focused on the long term.

Each quarter since our IPO, quarterly cash flows from the investment portfolio have covered distributions on our common stock. These cash flows remained strong in 2016, totaling \$92.1 million during the year, or \$6.25 per weighted average common share.

We also want to highlight the Company's dividend reinvestment plan for common stockholders. This plan allows common stockholders to have their distributions automatically reinvested into new shares of common stock. If the prevailing market price of our common stock exceeds our NAV per share by a certain margin as described in the plan, such reinvestment is at a discount to the prevailing market price. We encourage all common stockholders to carefully review the terms of the plan.



## Other Securities

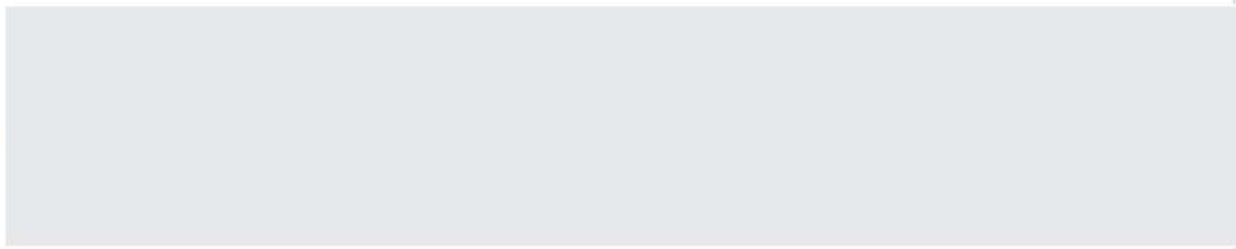
In addition to our common stock, the Company has three other securities which trade on the NYSE, which are summarized below:

Security	NYSE Symbol	Par Amount Outstanding	Rate	Payment Frequency	Callable	Maturity
7.00% Notes due 2020 (“2020 Notes”)	ECCZ	\$60.0 million	7.00%	Quarterly	December 2017	December 2020
7.75% Series A Term Preferred Stock due 2022 (“Series A Term Preferred Stock”)	ECCA	\$45.5 million	7.75%	Monthly	June 2018	June 2022
7.75% Series B Term Preferred Stock due 2026 (“Series B Term Preferred Stock”)	ECCB	\$46.0 million	7.75%	Monthly	October 2021	October 2026

The Company achieved a significant milestone during 2016 with the issuance of our Series B Term Preferred Stock. This was our first time accessing the market for 10-year preferred stock, and notably, the yield at which the Series B Preferred Shares were issued was equal to the yield at which our 7-year Series A Term Preferred Stock were originally issued. We believe the Series B Term Preferred Stock is highly beneficial to the Company in that it provides longer term fixed rate financing.

At the end of 2016, we had debt and preferred securities outstanding which totaled approximately 35% of our total assets (less current liabilities). This is within management’s expectations under normal market conditions of operating the Company with leverage (in the form of borrowings, debt securities and/or preferred stock) within a range of 25% to 35% of total assets (less current liabilities). As market conditions evolve, or should significant opportunities present themselves, the Company may incur leverage outside of this range, subject to applicable regulatory limits.

As of year end, the Series 2020 Notes and the two series of preferred stock were all trading at premiums to their par or liquidation values.



## Enhancement to Common Distribution Program

We are pleased to share that due to the historical strong and consistent cash flows from the Company's investment portfolio, the Company has decided to *increase* the frequency of distributions to common stockholders from quarterly to monthly. Accordingly, rather than paying \$0.60 per common share per quarter, the Company now expects to pay \$0.20 per common share per month, although we note that the actual components and amount of such distributions are subject to variation over time.

To facilitate the transition from quarterly to monthly common distributions, the Company plans to pay two distributions of \$0.20 each per common share in March 2017 and one \$0.20 distribution in April 2017. As a result of this change, common stockholders will receive a portion of the cash distributions *sooner* than they would have under the prior program. The Company plans to also pay a \$0.20 per common share distribution for May 2017.

## Special Distributions to Common Stock

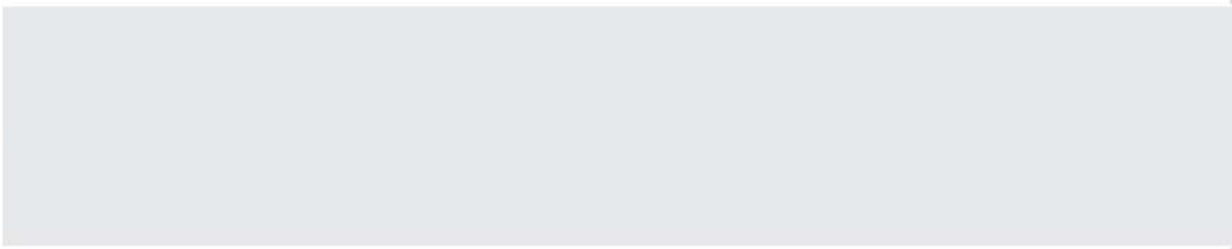
In order to maintain our tax status as a "regulated investment company" (RIC), the Company is generally required to pay distributions to holders of its common stock in an amount equal to substantially all of the Company's taxable income within one year of the end of its tax year. While noting in aggregate for any CLO investment over its life that GAAP income and taxable income will be approximately equal, timing differences in the recognition of income may occur.

In our case, for our tax year ending November 30, 2016, we preliminarily estimate taxable income to exceed the \$2.40 per common share that has been distributed with respect to the 2016 tax year. At present, in order to satisfy tax requirements, management expects to make one or more special distributions to common stockholders totaling between \$0.60 and \$0.80 per common share during the latter part of 2017. This estimate remains preliminary and is based solely on information currently available to management with respect to approximately 90% of the Company's portfolio. The actual amounts required to be distributed will be determined when the Company completes its tax returns and such amounts may vary outside of the range. When declared, these distributions will be clearly identified as "special distributions." The Company will incur a 4% excise tax in connection with the special distributions. The estimated amount of the tax, \$0.04 per common share, was recorded as a liability in the Company's December 31, 2016 financial results.

## PORTFOLIO OVERVIEW

### 2016 Portfolio Update

Our portfolio continues to generate strong and consistent cash flows. During 2016, the Company received cash distributions from our portfolio of \$92.1 million, or approximately \$6.25 per weighted average common share. We seek to reinvest cash flows in excess of our costs and



distributions into new investments in a manner consistent with our investment objectives and strategy.

During 2016, the Company made 31 new investments in CLO debt and equity with total purchase proceeds of approximately \$193 million. The Company also sold 10 CLO debt and equity investments and one loan accumulation facility investment generating aggregate sales proceeds of approximately \$28 million. While in general the Company operates with a buy-and-hold approach, many of these sales were focused on harvesting gains from opportunistic investments that the Company made during the first half of the year in the secondary market at discounted prices. In total, during 2016, the Company realized net gains of \$1.9 million, or \$0.13 per weighted average common share, from sales of CLO debt and equity and other investments. The proceeds from sales were typically earmarked for new investments in the primary market.

Beyond new investment activity, the Company was also active in refinancing or resetting certain of its CLOs during 2016. The Company was involved in three refinancings or resets of our CLOs during the year. In each case, the CLOs involved either lowered their prospective financing costs or extended their reinvestment periods.

As a result of portfolio activity, we believe the composition of the Company's portfolio improved during 2016. The weighted average effective yield on our CLO equity portfolio grew to 17.48% at year end, up from 16.68% as of December 31, 2015. Importantly, we highlight that the Company's effective yields include an allowance for future credit losses.

Our Adviser continues to seek attractive investment opportunities on our behalf and continues to evaluate a number of opportunities both in the primary and secondary markets. Maintaining varied exposure to CLO vintage periods remains a very important part of our investment approach. As of December 31, 2016, our Adviser has over \$1.5 billion of assets under management (inclusive of unfunded capital commitments) and we believe the scale and experience of our Adviser in CLO investing provides the Company with meaningful advantages.

Included within the enclosed report, you will find detailed portfolio information, including certain look-through information related to the underlying collateral characteristics of the CLO equity and other unrated investments that we held as of December 31, 2016.

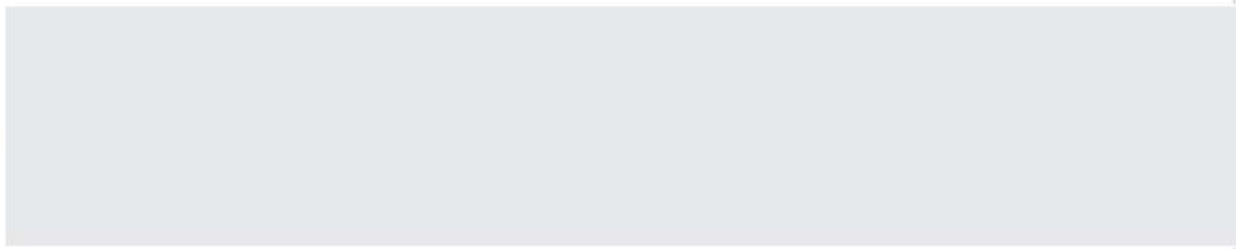
## MARKET OVERVIEW

### Loan Market

The Credit Suisse Leveraged Loan Index (CSLLI) delivered strong returns in 2016, generating a total return of 9.88%, the highest annual return since 2010.

The strong rise in loan prices resulted in a significant percentage of the loan market trading above par. As of December 31, 2016, 68.31% of the S&P/LSTA Leveraged Loan Index was trading at par and above, according to S&P Capital IQ. This compares to 9.07% as of June 30, 2016.





According to S&P Capital IQ, total institutional loan issuance increased to \$336 billion during 2016 from the \$257 billion amount recorded in 2015. Leveraged buyout (LBO) and merger & acquisition (M&A) deals declined by a modest 4% year over year to \$162 billion. The bulk of the 2016 increase in institutional loan issuance came in the opportunistic category; namely, refinancings and dividend deals which were up 141% and 49%, respectively, in 2016. Total institutional loans outstanding was \$887 billion as of December 31, 2016, providing a large market for our CLOs in which to continue investing.

During the second half of the year, loan market technicals moved quite strongly in the favor of issuers, aided by strong demand for loans, including from CLOs and retail funds. According to S&P Capital IQ, CLO issuance peaked in the fourth quarter at \$26 billion. Retail loan funds and ETFs recorded net inflows of \$5.7 billion in December alone, the highest monthly total since August 2013. The fourth quarter inflows into retail loans funds and ETFs was enough to reverse the net outflows from earlier in the year, bringing net inflows for 2016 to \$6.3 billion.

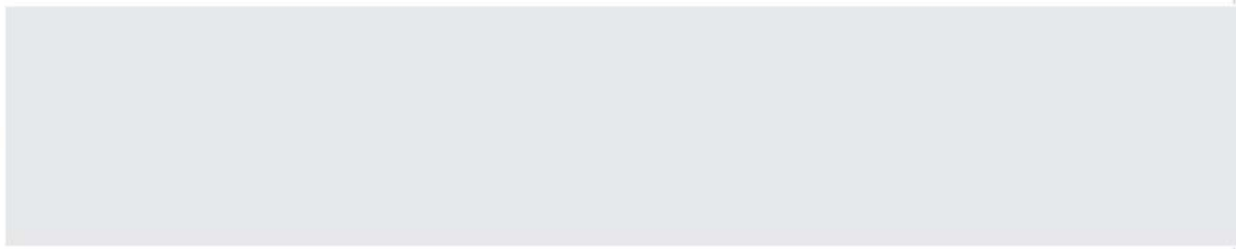
Absent an exogenous shock to the market, we expect defaults to remain below historical averages over the near to medium term for multiple reasons:

- Only 4.4% of the loans in the market mature prior to 2019.
- Approximately two-thirds of the loan market is “cov-lite.” As a result, we expect few technical defaults, leaving default activity primarily limited to the most challenged borrowers that are unable to service debt.
- Many expect economic growth to increase under the new administration. GDP growth is often a mitigant to credit risk.

While defaults may remain below historical averages over the near to medium term, this does not mean that loan prices will not experience periods of volatility. We have sought to position the Company and the portfolio of investments to be able to take advantage of any such volatility.

### CLO Market

After a slow start to the year, US CLO issuance accelerated into the second half of 2016 as markets stabilized. During the second half, according to S&P Capital IQ, US CLO issuance totaled \$46.1 billion compared to \$26.2 billion in the first six months of the year. For the full year, issuance totaled \$72.3 billion. Additionally, according to Citi Research, there were \$19



billion (38 CLOs) of CLOs reset and \$19 billion (53 CLOs) of CLOs refinanced, both the highest in the history of the market.

Looking forward to 2017, we expect issuance of between \$80 billion and \$100 billion, slightly ahead of 2016 levels.

A notable recent development in the CLO market is that for many CLOs (including several of the CLOs we recently sourced), CLO debt investors will now agree to five-year reinvestment periods. This is an increase from the previously typical four-year reinvestment periods, which was standard for the past few years. We believe this development is highly beneficial to CLO equity investors as it extends the “reinvestment option” by 25%.

The risk retention rules promulgated under the Dodd-Frank Act finally took force in December 2016. The rules are not having a meaningful impact on our investment strategy. The set of CLO collateral managers actively issuing CLOs has shrunk over the past two years (82 firms issued CLOs in 2016, down from 106 in 2014 and 87 in 2015). Many weaker CLO collateral managers left or were forced out of the market. You may be surprised to learn, however, that 6 CLO collateral managers issued CLOs in 2016 which had not issued CLOs in 2014 or 2015. Under current market conditions, we believe CLO collateral managers that issued a CLO in 2016 can continue to issue in the future if they wish. Further, we expect the count of issuers to increase slightly in 2017 as new CLO issuers enter the market.

We believe that the risk retention regulations may prove, on the margin, to be a net benefit to the Company in that we may have the opportunity to creatively use our CLO-focused long-term capital and position within the market to potentially improve the return profile of certain prospective investments. Many CLO collateral managers continue to value certainty of execution and working with trusted partners like us.

#### ADDITIONAL INFORMATION

In addition to the Company’s regulatory requirement to file certain quarterly and semi-annual portfolio information as described further in the enclosed report, the Company makes a monthly estimate of NAV and certain additional financial information available to investors via our website ([www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com)). This information includes (1) an estimated range of the Company’s net investment income and realized capital gains or losses per share of common stock for each calendar quarter end, generally made available within the first fifteen days after the applicable calendar month end, (2) an estimated range of the Company’s NAV per share of common stock for the prior month end and certain additional portfolio-level information, generally made available within the first fifteen days after the applicable calendar month end, and (3) during the latter part of each month, an updated estimate of NAV, if applicable, and, with respect to each calendar quarter end, an updated estimate of the Company’s net investment income and realized capital gains or losses per share for the applicable quarter, if available.



## SUBSEQUENT DEVELOPMENTS

Management's unaudited estimate of the Company's NAV per common share was \$17.78 as of January 31, 2017. This represents an increase of 1.7% from the Company's NAV per common share as of December 31, 2016.

In the period from January 1, 2017 through February 15, 2017, we received cash distributions on our investment portfolio of \$24.6 million. During that same period, we made gross new investments totaling \$36.5 million. As of February 15, 2017, the Company had \$27.0 million of cash available for investment.

We appreciate the trust and confidence our stockholders have placed in the Company.

Thomas Majewski  
Chief Executive Officer

*This letter is intended to assist stockholders in understanding the Company's performance during the twelve months ended December 31, 2016. The views and opinions in this letter were current as of February 22, 2017. Statements other than those of historical facts included herein may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors. The Company undertakes no duty to update any forward-looking statement made herein.*

## FURTHER INFORMATION REGARDING ESTIMATED TAX INFORMATION

*The estimates of the Company's taxable income and distributions for the tax year ended November 30, 2016 reflects management's judgment as of the date of this letter of conditions it expects to exist and the course of action it expects the Company to take with respect to the tax year ended November 30, 2016. The estimates are based on taxable income reported to date and assumptions relating to the underlying tax characteristics of income and other items as reported to the Company by a portion of its underlying investment portfolio. Although the Company considers its assumptions to be reasonable as of the date of this press release, such assumptions are subject to a wide variety of significant uncertainties that could cause actual results to differ materially from those contained in the estimates, including risks and uncertainties relating to the completeness and accuracy of preliminary information reported or received by the Company from underlying investments, and those described in the notes to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2016. Accordingly, there can be no assurance that actual results will not differ materially from those presented in the estimates.*



*The estimate of taxable income was prepared on a reasonable basis and reflects the best currently available estimates and judgment of Company management. However, this estimate is not fact and readers of this letter should not rely upon this information or place undue reliance on such estimate.*

*Neither the Company's independent registered public accounting firm nor any other independent accountants has compiled, examined or performed any procedures with respect to estimated information contained herein, or expressed any opinion or assurance with respect to the estimated information or its achievability, and accordingly each assumes no responsibility for, and disclaims any association with, the estimates.*

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# Eagle Point Credit Company Inc. Annual Report – December 31, 2016

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## Important Information

This report is transmitted to the stockholders of Eagle Point Credit Company Inc. (“we”, “us”, “our” or the “Company”) and is furnished pursuant to certain regulatory requirements. This report is provided for informational purposes only, does not constitute an offer to sell securities of the Company and is not a prospectus.

Investors should read the Company’s prospectus carefully and consider their investment goals, time horizons and risk tolerance before investing in the Company. Investors should consider the Company’s investment objectives, risks, charges and expenses carefully before investing in securities of the Company. There is no guarantee that any of the goals, targets or objectives described in this report will be achieved.

An investment in the Company is not appropriate for all investors. The investment program of the Company is speculative, entails substantial risk and includes investment techniques not employed by traditional mutual funds. An investment in the Company is not intended to be a complete investment program. Shares of closed-end investment companies, such as the Company, frequently trade at a discount from their net asset value (“NAV”), which may increase investors’ risk of loss. Past performance is not indicative of, or a guarantee of, future performance. The performance and certain other portfolio information quoted herein represents information as of December 31, 2016. Nothing herein should be relied upon as a representation as to the future performance or portfolio holdings of the Company. Investment return and principal value of an investment will fluctuate, and shares, when sold, may be worth more or less than their original cost. The Company’s performance is subject to change since the end of the period noted in this report and may be lower or higher than the performance data shown herein.

Neither Eagle Point Credit Management LLC (the “Adviser”) nor the Company provide legal, accounting or tax advice. Any statement regarding such matters is explanatory and may not be relied upon as definitive advice. Investors should consult with their legal, accounting and tax advisors regarding any potential investment. The information presented herein is as of the dates noted herein and is derived from financial and other information of the Company, and, in certain cases, from third party sources and reports (including reports of third party custodians, CLO managers and trustees) that have not been independently verified by the Company. As noted herein, certain of this information is estimated and unaudited, and therefore subject to change. We do not represent that such information is accurate or complete, and it should not be relied upon as such.

For more complete information, or to obtain a prospectus, please visit <http://www.eaglepointcreditcompany.com>.

### About Eagle Point Credit Company Inc.

The Company is a publicly-traded, non-diversified, closed-end management investment company. The Company’s investment objectives are to generate high current income and capital appreciation primarily through investment in equity and junior debt tranches of CLOs. The Company is externally managed and advised by Eagle Point Credit Management LLC. The principals of Eagle Point Credit Management LLC are Thomas P. Majewski, Daniel W. Ko and Daniel M. Spinner. The Company makes certain unaudited financial and portfolio information available each month on its website ([www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com)). This information includes (1) an estimated range of the Company’s net investment income (“NII”) and realized capital gains or losses per share of common stock for each calendar quarter end, generally made available within the first fifteen days after the applicable calendar month end, (2) an estimated range of the Company’s net asset value (“NAV”) per share of common stock for the prior month end and certain additional portfolio-level information, generally made available within the first fifteen days after the applicable calendar month end, and (3) during the latter part of each month, an updated estimate of NAV, if applicable, and, with respect to each calendar quarter end, an updated estimate of the Company’s NII and realized capital gains or losses per share for the applicable quarter, if available.

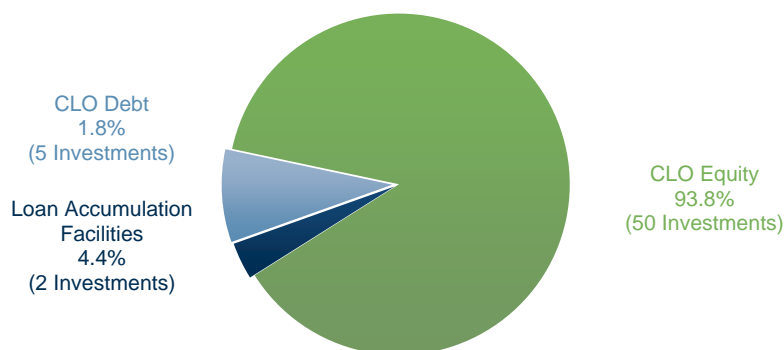
### Forward-Looking Statements

This report may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts included in this report may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described in the Company’s filings with the US 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 report.

## Summary of Certain Unaudited Portfolio Characteristics

The information presented below is on a look-through basis to the collateralized loan obligation, or “CLO”, equity and related investments held by the Company as of December 31, 2016 (except as otherwise noted) and reflects the aggregate underlying exposure of the Company based on the portfolios of those investments. The data is estimated and unaudited and is derived from CLO trustee reports received by the Company relating to December 2016 and from custody statements and/or other information received from CLO collateral managers, or other third party sources.

### Summary of Portfolio Investments (as of 12/31/2016)<sup>1</sup>



### Summary of Underlying Portfolio Characteristics (as of 12/31/2016)<sup>2</sup>

Number of Unique Underlying Obligor	1,151
Largest Exposure to an Individual Obligor	1.04%
Average Individual Obligor Exposure	0.09%
Top 10 Obligor Exposure	6.78%
Currency: USD Exposure	100.00%
Aggregate Indirect Exposure to Senior Secured Loans <sup>3</sup>	97.33%
Weighted Average Junior OC Cushion	4.43%
Weighted Average Market Value of Collateral	98.62%
Weighted Average Stated Spread	3.97%
Weighted Average LIBOR <sup>4</sup> Floor	0.95%
Weighted Average % of Floating Rate Loans w/ LIBOR <sup>4</sup> Floors	91.24%
Weighted Average Rating <sup>5</sup>	B+/B
Weighted Average Maturity	5.1 years

<sup>1</sup> The summary of portfolio investments shown is based on the estimated fair value of the underlying positions.

<sup>2</sup> Information relating to the market price of underlying collateral is as of month end; however, with respect to other information shown, depending on when such information was received, the data may reflect a lag in the information reported. As such, while this information was obtained from third party data sources, December 2016 trustee reports and similar reports, other than market price, it does not reflect actual underlying portfolio characteristics as of December 31, 2016 and this data may not be representative of current or future holdings.

<sup>3</sup> We obtain exposure in underlying senior secured loans indirectly through our investments in CLOs.

<sup>4</sup> “LIBOR” refers to the London Interbank Offered Rate.

<sup>5</sup> Credit ratings shown are based on those assigned by Standard & Poor’s Rating Group, or “S&P,” or, for comparison and informational purposes, if S&P does not assign a rating to a particular obligor, the weighted average rating shown reflects the S&P equivalent rating of a rating agency that rated the obligor provided that such other rating is available with respect to a CLO equity or related investment held by us. In the event multiple ratings are available, the lowest S&P rating, or if there is no S&P rating, the lowest equivalent rating, is used. The ratings of specific borrowings by an obligor may differ from the rating assigned to the obligor and may differ among rating agencies. For certain obligors, no rating is available in the reports received by the Company. Such obligors are not shown in the graphs and, accordingly, the sum of the percentages in the graphs may not equal 100%. Ratings below BBB- are below investment grade. Further information regarding S&P’s rating methodology and definitions may be found on its website ([www.standardandpoors.com](http://www.standardandpoors.com)). This data includes underlying portfolio characteristics of the Company’s CLO equity and loan accumulation facility portfolio.

<sup>6</sup> Industry categories are based on the S&P industry categorization of each obligor as set forth in CLO trustee reports relating to investments held by the Company or, if such information is not available in CLO trustee reports, the categories are based on equivalent categorizations as reported by a third party data provider. In addition, certain underlying borrowers may be re-classified from time to time based on developments in their respective businesses and/or market practices. Accordingly, certain underlying borrowers that are currently, or were previously, summarized as a single borrower or in a particular industry may in current or future periods be reflected as multiple borrowers or in a different industry, as applicable.



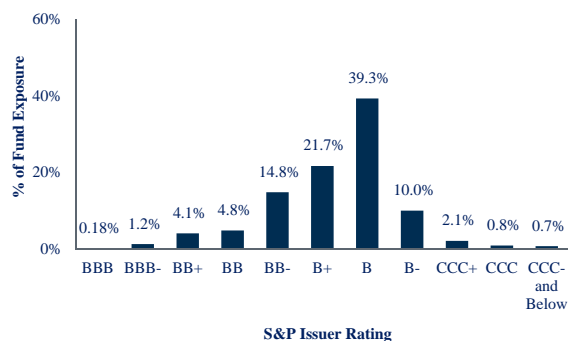
The top ten underlying obligors on a look-through basis to the Company's CLO equity and other unrated investments as of December 31, 2016 are provided below:

#### Top 10 Underlying Obligor<sup>2</sup>

Obligor	% of Total
Dell	1.0%
Asurion	0.9%
American Airlines	0.7%
Valeant Pharmaceuticals	0.7%
Community Health Systems	0.7%
First Data	0.6%
Numericable	0.6%
TransDigm	0.6%
Albertsons	0.6%
Bass Pro Group	0.5%
<b>Total</b>	<b>6.9%</b>

The credit ratings distribution of the underlying obligors on a look-through basis to the Company's CLO equity and other unrated investments as of December 31, 2016 is provided below:

#### Rating Distribution of Underlying Obligor<sup>2,5</sup>



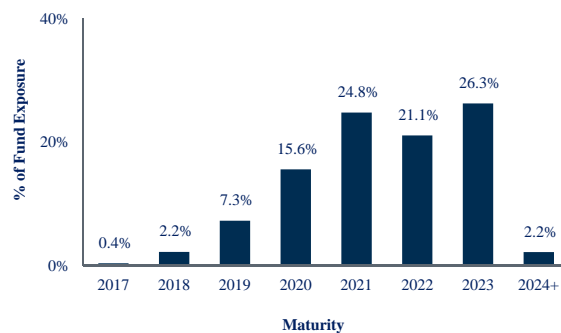
The top ten industries of the underlying obligors on a look-through basis to the Company's CLO equity and other unrated investments as of December 31, 2016 are provided below:

#### Top 10 Industries of Underlying Obligor<sup>2,6</sup>

Industry	% of Total
Health care	9.1%
Business equipment & services	8.7%
Electronics/electrical	8.1%
Leisure goods/activities/movies	5.2%
Telecommunications	4.9%
Financial intermediaries	4.6%
Retailers (except food and drug)	4.1%
Chemicals & plastics	3.9%
Building & Development	3.6%
Utilities	3.5%
<b>Total</b>	<b>55.7%</b>

The maturity distribution of the underlying obligors on a look-through basis to the Company's CLO equity and other unrated investments as of December 31, 2016 is provided below:

#### Maturity Distribution of Underlying Obligor<sup>2</sup>



# Consolidated Financial Statements for the Year Ended December 31, 2016 (Audited)

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**Eagle Point Credit Company Inc. & Subsidiaries**  
**Consolidated Statement of Assets and Liabilities**  
As of December 31, 2016  
(expresses in U.S. dollars)

ASSETS

Investments, at fair value (cost \$424,524,351)	\$ 410,738,291
Cash	26,254,377
Interest receivable	10,926,826
Prepaid expenses	456,532
Total Assets	448,376,026

LIABILITIES

7.75% Series A Term Preferred Stock due 2022 (Note 6):	
7.75% Series A Term Preferred Stock due 2022 (1,818,000 shares outstanding)	45,450,000
Unamortized deferred debt issuance costs associated with 7.75% Series A Term Preferred Stock due 2022	(1,673,136)
Net 7.75% Series A Term Preferred Stock due 2022 less associated unamortized deferred debt issuance costs	43,776,864
7.75% Series B Term Preferred Stock due 2026 (Note 6):	
7.75% Series B Term Preferred Stock due 2026 (1,840,000 shares outstanding)	46,000,000
Unamortized deferred debt issuance costs associated with 7.75% Series B Term Preferred Stock due 2026	(2,332,932)
Net 7.75% Series B Term Preferred Stock due 2026 less associated unamortized deferred debt issuance costs	43,667,068
Unsecured notes payable (Note 7):	
Unsecured notes payable	59,998,750
Unamortized deferred debt issuance costs associated with unsecured notes payable	(2,185,698)
Net unsecured notes payable less associated unamortized deferred debt issuance costs	57,813,052
Common stock distribution payable	9,884,927
Incentive fee payable	2,303,677
Management fee payable	1,546,408
Income and excise taxes payable	635,950
Professional fees payable	261,094
Administration fees payable	166,307
Payable for securities purchased	124,313
Directors' fees payable	43,750
Other expenses payable	105,281
Total Liabilities	160,328,691

COMMITMENTS AND CONTINGENCIES (Note 9)

NET ASSETS applicable to 16,474,879 shares of \$0.001 par value common stock outstanding	\$ 288,047,335
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NET ASSETS consist of:

Paid-in capital (Note 5)	\$ 314,621,080
Accumulated net realized gain (loss) on investments	2,711,745
Net unrealized appreciation (depreciation) on investments	(13,786,060)
Aggregate common stock distributions paid in excess of net investment income	(15,499,430)
Total Net Assets	\$ 288,047,335
Net asset value per share of common stock	\$ 17.48

*See accompanying notes to the consolidated financial statements*

**Eagle Point Credit Company Inc. & Subsidiaries**  
**Consolidated Schedule of Investments**  
As of December 31, 2016  
(expressed in U.S. dollars)

Issuer <sup>(1)</sup>	Investment <sup>(2)</sup>	Principal Amount	Cost	Fair Value <sup>(3)</sup>	% of Net Assets
<b>CLO Debt <sup>(4)</sup></b>					
CIFC Funding 2014, Ltd.	CLO Secured Note - Class F (6.13% due 4/18/25)	\$ 585,000	\$ 473,176	\$ 472,388	0.16%
CIFC Funding 2015-III, Ltd.	CLO Secured Note - Class F (7.78% due 10/19/27)	1,150,000	1,047,565	982,422	0.34%
Cutwater 2015-I, Ltd.	CLO Secured Note - Class F (7.98% due 7/15/27)	3,500,000	3,176,380	2,847,250	0.99%
Marathon CLO VIII Ltd.	CLO Secured Note - Class D (6.93% due 7/18/27)	750,000	706,446	657,938	0.23%
Zais CLO 3, Ltd.	CLO Secured Note - Class E (8.18% due 7/15/27)	2,600,000	2,321,255	2,232,750	0.78%
			<u>7,724,822</u>	<u>7,192,748</u>	<u>2.50%</u>
<b>CLO Equity <sup>(5)</sup></b>					
ALM VIII, Ltd.	CLO Preferred Shares (estimated yield of 18.38% due 1/20/26) <sup>(6)</sup>	2,125,000	1,502,751	1,671,006	0.58%
Apidos CLO XIV	CLO Subordinated Note (estimated yield of 15.11% due 4/15/25) <sup>(6)</sup>	11,177,500	6,979,597	6,431,488	2.23%
Ares XLI CLO Ltd.	CLO Subordinated Note (estimated yield of 17.08% due 1/15/29) <sup>(6)</sup>	18,995,000	16,826,322	17,015,380	5.91%
Ares XXXIX CLO Ltd.	CLO Subordinated Note (estimated yield of 16.75% due 7/18/28)	5,600,000	4,774,703	5,447,740	1.89%
Atlas Senior Loan Fund, Ltd.	CLO Subordinated Note (estimated yield of 36.17% due 8/15/24) <sup>(6)</sup>	6,350,000	2,642,356	3,252,493	1.13%
Atrium IX	CLO Subordinated Note (estimated yield of 21.12% due 2/28/24)	7,460,000	4,787,206	5,138,340	1.78%
Avery Point V CLO, Ltd.	CLO Income Note (estimated yield of 0.00% due 7/17/26) <sup>(8)</sup>	10,875,000	7,081,123	2,990,625	1.04%
Babson CLO Ltd. 2013-II	CLO Subordinated Note (estimated yield of 23.59% due 1/18/25) <sup>(6)</sup>	12,939,125	7,244,125	7,277,839	2.53%
Bain Capital Credit CLO 2016-2, Limited	CLO Subordinated Note (estimated yield of 16.68% due 1/16/29) <sup>(6)</sup>	16,700,000	14,601,795	14,649,284	5.09%
Barings CLO Ltd. 2016-III	CLO Subordinated Note (estimated yield of 14.42% due 1/15/28) <sup>(6)</sup>	38,150,000	33,681,383	33,905,612	11.78%
Battalion CLO IX Ltd.	CLO Subordinated Note (estimated yield of 15.88% due 7/15/28) <sup>(6)</sup>	18,250,000	15,098,495	13,789,020	4.79%
BlueMountain CLO 2013-2, Ltd.	CLO Subordinated Note (estimated yield of 18.05% due 1/22/25)	5,000,000	3,663,904	3,526,544	1.22%
Bowman Park CLO Ltd.	CLO Subordinated Note (estimated yield of 13.16% due 11/23/25)	8,180,000	5,668,493	5,407,172	1.88%
Bristol Park CLO, Ltd.	CLO Subordinated Note (estimated yield of 18.33% due 4/15/29) <sup>(6)</sup>	34,250,000	30,007,043	29,883,134	10.37%
Carlyle Global Market Strategies CLO 2014-5, Ltd.	CLO Subordinated Note (estimated yield of 24.96% due 10/16/25)	8,300,000	4,734,005	5,543,659	1.92%
CIFC Funding 2013-I, Ltd.	CLO Subordinated Note (estimated yield of 11.32% due 4/16/25)	5,400,000	3,396,216	3,001,333	1.04%
CIFC Funding 2013-II, Ltd.	CLO Subordinated Note (estimated yield of 39.77% due 4/21/25) <sup>(6)</sup>	12,325,000	5,894,664	6,574,394	2.28%
CIFC Funding 2013-III, Ltd.	CLO Income Note (estimated yield of 39.77% due 4/21/25)	4,025,000	1,252,902	2,067,436	0.72%
CIFC Funding 2014, Ltd.	CLO Subordinated Note (estimated yield of 18.12% due 4/18/25) <sup>(6)</sup>	13,387,500	8,007,795	7,725,538	2.68%
CIFC Funding 2014, Ltd.	CLO Income Note (estimated yield of 18.12% due 4/18/25)	500,000	317,715	281,747	0.10%
CIFC Funding 2014-III, Ltd.	CLO Income Note (estimated yield of 16.05% due 7/22/26)	14,000,000	9,008,484	8,721,319	3.03%
CIFC Funding 2014-IV, Ltd.	CLO Income Note (estimated yield of 8.27% due 10/17/26)	7,000,000	4,927,707	4,013,926	1.39%
CIFC Funding 2015-III, Ltd.	CLO Subordinated Note (estimated yield of 19.32% due 10/19/27) <sup>(6)</sup>	11,616,216	8,612,644	9,430,404	3.27%
Cutwater 2015-I, Ltd.	CLO Subordinated Note (estimated yield of 30.60% due 7/15/27) <sup>(6)</sup>	27,300,000	19,014,228	22,463,809	7.80%
Flagship CLO VIII, Ltd.	CLO Subordinated Note (estimated yield of 10.26% due 1/16/26) <sup>(6)</sup>	20,000,000	13,147,421	9,814,000	3.41%
Flagship CLO VIII, Ltd.	CLO Income Note (estimated yield of 10.26% due 1/16/26)	7,360,000	4,405,803	3,300,670	1.15%
Galaxy XVIII CLO, Ltd.	CLO Subordinated Note (estimated yield of 8.53% due 10/15/26)	5,000,000	3,185,925	2,019,489	0.70%
GoldenTree Loan Opportunities VIII, Limited	CLO Subordinated Note (estimated yield of 10.25% due 4/19/26)	16,560,000	12,547,234	11,675,899	4.05%
Halcyon Loan Advisors Funding 2014-3, Ltd.	CLO Subordinated Note (estimated yield of 3.32% due 10/22/25)	5,750,000	4,073,532	2,331,915	0.81%
KVK CLO 2013-1 Ltd.	CLO Subordinated Note (estimated yield of 60.92% due 4/14/25)	2,575,000	795,756	919,094	0.32%
KVK CLO 2013-2 Ltd.	CLO Subordinated Note (estimated yield of 42.40% due 1/15/26)	4,650,000	1,692,662	1,821,970	0.63%
Madison Park Funding VIII, Ltd.	CLO Subordinated Note (estimated yield of 62.45% due 4/22/22)	9,050,000	5,378,565	5,267,469	1.83%
Madison Park Funding XXI, Ltd.	CLO Subordinated Note (estimated yield of 16.02% due 7/25/29)	3,000,000	2,673,000	2,952,852	1.03%
Marathon CLO VI Ltd.	CLO Subordinated Note (estimated yield of 24.76% due 5/13/25)	2,975,000	1,723,023	1,853,144	0.64%
Marathon CLO VII Ltd.	CLO Subordinated Note (estimated yield of 16.51% due 10/28/25)	10,526,000	7,438,844	6,850,383	2.38%
Marathon CLO VIII Ltd.	CLO Subordinated Note (estimated yield of 21.37% due 7/18/27)	14,500,000	11,553,841	12,732,335	4.42%
Octagon Investment Partners 26, Ltd.	CLO Subordinated Note (estimated yield of 15.63% due 4/15/27) <sup>(6)</sup>	13,750,000	10,748,144	11,208,045	3.89%
Octagon Investment Partners 27, Ltd.	CLO Subordinated Note (estimated yield of 16.45% due 7/15/27) <sup>(6)</sup>	14,800,000	12,456,387	13,333,047	4.63%
Octagon Investment Partners XIV, Ltd.	CLO Subordinated Note (estimated yield of 0.00% due 1/15/24) <sup>(6)(8)</sup>	12,325,000	7,961,537	3,702,476	1.29%
Octagon Investment Partners XIV, Ltd.	CLO Income Note (estimated yield of 0.00% due 1/15/24) <sup>(8)</sup>	4,675,000	2,624,471	1,367,438	0.47%
Octagon Investment Partners XIX, Ltd.	CLO Subordinated Note (estimated yield of 4.49% due 4/15/26)	3,000,000	2,002,814	1,319,343	0.46%
Octagon Investment Partners XVII, Ltd.	CLO Subordinated Note (estimated yield of 0.00% due 10/25/25) <sup>(8)</sup>	12,000,000	8,143,980	4,200,000	1.46%
Octagon Investment Partners XX, Ltd.	CLO Subordinated Note (estimated yield of 1.58% due 8/12/26)	2,500,000	1,952,482	1,270,874	0.44%
OHA Credit Partners IX, Ltd.	CLO Subordinated Note (estimated yield of 5.72% due 10/20/25)	6,750,000	5,231,544	4,127,242	1.43%
Regatta III Funding Ltd.	CLO Subordinated Note (estimated yield of 0.00% due 4/15/26) <sup>(8)</sup>	2,500,000	1,589,410	1,075,000	0.37%
Sheridan Square CLO, Ltd.	CLO Subordinated Note (estimated yield of 21.83% due 4/15/25) <sup>(6)</sup>	2,125,000	1,488,219	1,017,257	0.35%

*See accompanying notes to the consolidated financial statements*

**Eagle Point Credit Company Inc. & Subsidiaries**  
**Consolidated Schedule of Investments**  
As of December 31, 2016  
(expressed in U.S. dollars)

Issuer <sup>(1)</sup>	Investment <sup>(2)</sup>	Principal Amount	Cost	Fair Value <sup>(3)</sup>	% of Net Assets
<b>CLO Equity <sup>(5)</sup></b>					
THL Credit Wind River 2013-2 CLO Ltd.	Class M Note (estimated yield of 0.00% due 1/18/26) <sup>(7)</sup>	1,275,000	-	279,596	0.10%
THL Credit Wind River 2013-2 CLO Ltd.	CLO Subordinated Note (estimated yield of 19.25% due 1/18/26)	11,462,250	7,560,252	7,404,988	2.57%
THL Credit Wind River 2014-1 CLO Ltd.	CLO Subordinated Note (estimated yield of 26.66% due 4/18/26)	11,800,000	6,809,354	7,689,811	2.67%
THL Credit Wind River 2014-2 CLO Ltd.	CLO Income Note (estimated yield of 17.30% due 7/15/26)	2,550,000	1,510,875	1,508,240	0.52%
THL Credit Wind River 2014-3 CLO Ltd.	CLO Subordinated Note (estimated yield of 19.46% due 1/22/27)	13,000,000	9,795,303	10,710,202	3.72%
THL Credit Wind River 2016-1 CLO Ltd.	CLO Subordinated Note (estimated yield of 18.61% due 7/15/28) <sup>(6)</sup>	13,050,000	11,608,894	13,112,025	4.55%
Voya CLO 2014-4, Ltd.	CLO Subordinated Note (estimated yield of 11.28% due 10/14/26)	10,000,000	7,718,188	6,721,624	2.33%
Zais CLO 3, Ltd.	CLO Subordinated Note (estimated yield of 36.42% due 7/15/27) <sup>(6)</sup>	11,750,000	7,708,513	9,454,950	3.28%
Zais CLO 5, Limited	CLO Subordinated Note (estimated yield of 22.53% due 10/15/28)	4,350,000	3,627,900	4,344,747	1.51%
		<u>555,513,591</u>	<u>398,879,529</u>	<u>385,595,367</u>	<u>133.86%</u>
<b>Loan Accumulation Facilities <sup>(9)</sup></b>					
Ares CLO Warehouse 2017-1 Ltd.	Loan Accumulation Facility (Preference shares)	7,600,000	7,600,000	7,600,000	2.64%
THL Credit Wind River 2016-3 CLO Ltd.	Loan Accumulation Facility (Convertible subordinated shares)	10,320,000	10,320,000	10,350,176	3.59%
			<u>17,920,000</u>	<u>17,950,176</u>	<u>6.23%</u>
<b>Total investments at fair value as of December 31, 2016</b>			<u>\$ 424,524,351</u>	<u>\$ 410,738,291</u>	<u>142.59%</u>
<b>Net assets above (below) fair value of investments</b>				<u>(122,690,956)</u>	
<b>Net assets as of December 31, 2016</b>				<u>\$ 288,047,335</u>	

(1) The Company does not "control" (as such term is defined in the Investment Company Act of 1940 (the "1940 Act")), any of the issuers listed. In general, under the 1940 Act, we would be presumed to "control" an issuer if we owned 25% or more of its voting securities.

(2) All investments categorized as structured finance securities.

(3) Fair value is determined in good faith in accordance with the Company's valuation policy and is approved by the Company's Board of Directors (the "Board").

(4) CLO debt positions reflect the coupon rates as of December 31, 2016.

(5) CLO subordinated notes, income notes, and M notes are considered CLO equity positions. CLO equity positions are entitled to recurring distributions which are generally equal to the remaining cash flow of payments made by underlying securities less contractual payments to debt holders and fund expenses. The effective yield is estimated based upon the current projection of the amount and timing of these recurring distributions in addition to the estimated amount of terminal principal payment. Cash flow projections utilized to determine effective yield are reviewed quarterly for existing CLO equity investments and modified for non-temporary changes, as needed. Effective yield for each CLO equity investment will be updated annually on the anniversary of the respective investment's issuance date or on a deal event such as a partial sale, add-on purchase or reset. The estimated yield and investment cost may ultimately not be realized.

(6) Fair value includes the Company's interest in fee rebates on CLO subordinated notes.

(7) As of December 31, 2016, investment cost has been fully amortized. Recurring distributions, once received, will be recognized as realized gain.

(8) As of December 31, 2016, the effective yield has been estimated to be 0%. The aggregate projected amount of recurring distributions is less than the amortized investment cost. Recurring distributions, once received, will be recognized solely as return of capital until the aggregate projected amount of recurring distributions exceeds the amortized investment cost.

(9) Loan accumulation facilities are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle.

*See accompanying notes to the consolidated financial statements*

Eagle Point Credit Company Inc. & Subsidiaries  
**Consolidated Statement of Operations**  
For the year ended December 31, 2016  
(expressed in U.S. dollars)

INVESTMENT INCOME	
Interest income	\$ 52,025,981
Other income	3,813,818
Total Investment Income	55,839,799
EXPENSES	
Interest expense:	
Interest expense on 7.75% Series A Term Preferred Stock due 2022	3,826,466
Interest expense on 7.75% Series B Term Preferred Stock due 2026	666,609
Interest expense on unsecured notes payable	3,443,014
Interest expense	7,936,089
Incentive fee	7,843,695
Management fee	4,980,413
Professional fees	933,687
Administration fees	789,334
Directors' fees	361,500
Other expenses	454,847
Total Expenses	23,299,565
NET INVESTMENT INCOME, BEFORE TAX EXPENSE	32,540,234
Tax expense, including excise taxes <sup>(1)</sup>	1,165,394
NET INVESTMENT INCOME	31,374,840
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized gain (loss) on investments	1,915,455
Net change in unrealized appreciation (depreciation) on investments	57,289,768
NET GAIN (LOSS) ON INVESTMENTS	59,205,223
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 90,580,063

<sup>(1)</sup> Tax expense includes \$600,000 in estimated excises taxes, \$384,794 in estimated U.S. federal and state income taxes, and \$180,600 in estimated Delaware franchise taxes.

*See accompanying notes to the consolidated financial statements*

**Eagle Point Credit Company Inc. & Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
(expressed in U.S. dollars, except share amounts)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Net increase (decrease) in net assets resulting from operations:		
Net investment income	\$ 31,374,840	\$ 26,069,657
Net realized gain (loss) on investments	1,915,455	265,277
Net change in unrealized appreciation (depreciation) on investments	57,289,768	(67,292,826)
Total net increase (decrease) in net assets resulting from operations	90,580,063	(40,957,892)
Common stock distributions paid to stockholders:		
Common stock distributions from net investment income	(31,374,840)	(26,069,657)
Common stock distributions from net realized gains on investments	(1,915,455)	(265,277)
Common stock distributions from return of capital	(3,160,204)	(6,822,840)
Total common stock distributions paid to stockholders	(36,450,499)	(33,157,774)
Capital share transactions:		
Issuance of shares of common stock upon the Company's follow-on public offerings, net of underwriting discounts, commissions and offering expenses	43,337,451	-
Issuance of shares of common stock in accordance with the Company's dividend reinvestment plan	973,235	162,291
Total capital share transactions	44,310,686	162,291
Total increase (decrease) in net assets	98,440,250	(73,953,375)
Net assets at beginning of period	189,607,085	263,560,460
Net assets at end of period	\$ 288,047,335	\$ 189,607,085
Capital share activity:		
Shares of common stock sold upon the Company's follow-on public offerings	2,597,553	-
Shares of common stock issued in accordance with the Company's dividend reinvestment plan	57,216	8,752
Total increase (decrease) in capital share activity	2,654,769	8,752

*See accompanying notes to the consolidated financial statements*

**Eagle Point Credit Company Inc. & Subsidiaries**  
**Consolidated Statement of Cash Flows**  
For the year ended December 31, 2016  
(expresses in U.S. dollars)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net increase (decrease) in net assets resulting from operations	\$ 90,580,063
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:	
Purchases of investments	(281,654,986)
Proceeds from sales or maturity of investments <sup>(1)</sup>	164,442,901
Net realized (gain) loss on investments	(1,915,455)
Net change in unrealized (appreciation) depreciation on investments	(57,289,768)
Net amortization (accretion) included in interest expense on 7.75% Series A Term Preferred Stock due 2022	294,077
Net amortization (accretion) included in interest expense on 7.75% Series B Term Preferred Stock due 2026	40,137
Net amortization (accretion) included in interest expense on unsecured notes payable	406,814
Net amortization (accretion) of premiums or discounts on CLO debt securities	(40,365)
Changes in assets and liabilities:	
Interest receivable	1,266,388
Prepaid expenses	59,215
Due from affiliates	30,000
Incentive fee payable	142,642
Management fee payable	505,795
Income and excise taxes payable	490,273
Professional fees payable	128,125
Administration fees payable	1,787
Payable for securities purchased	124,313
Directors' fees payable	43,750
Accrued interest on unsecured notes payable	(131,250)
Other expenses payable	98,981
	<hr/>
Net cash provided by (used in) operating activities	(82,376,563)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Common stock distributions paid to stockholders	(34,857,638)
Issuance of shares of common stock upon the Company's follow-on public offerings, net of underwriting discounts, commissions and offering expenses	43,337,451
Issuance of shares of common stock in accordance with the Company's dividend reinvestment plan	973,235
Issuance of 7.75% Series B Term Preferred Stock due 2026	46,000,000
Deferred debt issuance costs associated with 7.75% Series B Term Preferred Stock due 2026	(2,373,069)
Unsecured notes payable	34,998,750
Deferred debt issuance costs associated with unsecured notes	(1,389,162)
	<hr/>
Net cash provided by (used in) financing activities	86,689,567
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>4,313,004</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>21,941,373</b>
	<hr/>
<b>CASH, END OF PERIOD</b>	<b>\$ 26,254,377</b>
	<hr/> <hr/>
Supplemental disclosure of non-cash financing activities:	
Change in distributions declared on shares of common stock, not yet paid	\$ 1,592,861
	<hr/>
Supplemental disclosures:	
Cash paid for interest expense on 7.75% Series A Term Preferred Stock due 2022	\$ 3,522,390
Cash paid for interest expense on 7.75% Series B Term Preferred Stock due 2026	\$ 658,752
Cash paid for interest expense on unsecured notes payable	\$ 3,543,684
Cash paid for income taxes	\$ 675,121
	<hr/> <hr/>

<sup>(1)</sup> Proceeds from sales or maturity of investments includes \$33,970,401 of cash flows reflected as return of capital on portfolio investments.

*See accompanying notes to the consolidated financial statements*



Eagle Point Credit Company Inc. & Subsidiaries  
**Notes to Consolidated Financial Statements**  
December 31, 2016

**1. ORGANIZATION**

Eagle Point Credit Company Inc. (the “Company”) is an externally managed, non-diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company’s common stock is listed on the New York Stock Exchange (the “NYSE”) under the symbol “ECC.”

As of December 31, 2016, the Company had two wholly-owned subsidiaries: Eagle Point Credit Company Sub LLC, a Delaware limited liability company, and Eagle Point Credit Company Sub (Cayman) Ltd., a Cayman Islands exempted company.

The Company was initially formed on March 24, 2014 as Eagle Point Credit Company LLC, a Delaware limited liability company and a wholly-owned subsidiary of Eagle Point Credit Partners Sub Ltd., a Cayman Island exempted company (the “Sole Member”), which, in turn, is a subsidiary of Eagle Point Credit Partners LP (the “Private Fund”). The Private Fund is a master fund in a master feeder structure and has three feeder funds which invest substantially all of their assets in the Private Fund.

The Company commenced operations on June 6, 2014, the date the Sole Member contributed, at fair value, a portfolio of cash and securities to the Company.

For the period of June 6, 2014 to October 5, 2014, the Company was a wholly-owned subsidiary of the Sole Member, which in turn was a wholly-owned subsidiary of the Private Fund. As of October 5, 2014, the Company had 2,500,000 units issued and outstanding, all of which were held by the Sole Member.

On October 6, 2014, the Company converted from a Delaware limited liability company into a Delaware corporation (the “Conversion”). At the time of the Conversion, the Sole Member became a stockholder of Eagle Point Credit Company Inc. In connection with the Conversion, the Sole Member converted 2,500,000 units of the Delaware limited liability company into shares of common stock in the Delaware corporation at \$20 per share, resulting in 8,656,057 shares and an effective conversion rate of 3.4668 shares per unit. On October 7, 2014, the Company priced its initial public offering (the “IPO”) and, on October 8, 2014, the Company’s shares began trading on the NYSE.

See Note 5 “Common Stock” for further discussion relating to the Conversion and the IPO.

On July 20, 2016, the Company entered into a custody agreement with Wells Fargo Bank, National Association (“Wells Fargo”), pursuant to which the Company’s portfolio of securities are held by Wells Fargo. The principal business address of Wells Fargo is 9062 Old Annapolis Road, Columbia, Maryland 21045.

The Company intends to operate so as to qualify to be taxed as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), for federal income tax purposes.

Eagle Point Credit Management LLC (the “Adviser”) is the investment adviser of the Company and manages the investments of the Company subject to the supervision of the Company’s Board of Directors (the “Board”). The Adviser is registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended. Eagle Point Administration LLC, a wholly-owned subsidiary of the Adviser, is the administrator of the Company (the “Administrator”).

The Company’s primary investment objective is to generate high current income, with a secondary objective to generate capital appreciation. The Company seeks to achieve its investment objectives by investing primarily in equity and junior debt tranches of collateralized loan obligations (“CLOs”) that are collateralized by a portfolio consisting primarily of below investment grade U.S. senior secured loans. The CLO securities in which the Company will primarily seek to invest are unrated or rated below investment grade and are considered speculative with respect to timely payment of interest and repayment of principal. The Company may also invest in other securities and instruments related to these investments or that the Adviser believes are consistent with the Company’s investment objectives, including senior debt tranches of CLOs and loan accumulation facilities. From time to time, in connection with the acquisition of newly issued CLO equity, the Company may receive fee rebates from the CLO issuer. The majority of the Company’s interests in fee rebates are held in the name of Eagle Point Credit Company Sub LLC.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts have been eliminated upon consolidation. The Company is considered an investment company under accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 *Financial Services – Investment Companies*. Items included in the consolidated financial statements are measured and presented in United States dollars.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the reported amounts included in the consolidated financial statements and accompanying notes as of the reporting date. Actual results may differ from those estimated.

**Valuation of Investments**

The most significant estimate inherent in the preparation of the consolidated financial statements is the valuation of investments. In the absence of readily determinable fair values, fair value of the Company’s investments is determined in accordance with the Company’s valuation policy. Due to the uncertainty of valuation, this estimate may differ significantly from the value that would have been used had a ready market for the investments existed, and the differences could be material.

There is no single method for determining fair value in good faith. As a result, determining fair value requires judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments held by the Company.

The Company accounts for its investments in accordance with U.S. GAAP, and fair values its investment portfolio in accordance with the provisions of the FASB ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. Investments are reflected in the consolidated financial statements at fair value. Fair value is the estimated amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price). The Company’s fair valuation process is reviewed and approved by the Board.

The fair value hierarchy prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace (including the existence and transparency of transactions between market participants). Investments with readily available actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level I – Observable, quoted prices for identical investments in active markets as of the reporting date.
- Level II – Quoted prices for similar investments in active markets or quoted prices for identical investments in markets that are not active as of the reporting date.
- Level III – Pricing inputs are unobservable for the investment and little, if any, active market exists as of the reporting date. Fair value inputs require significant judgment or estimation from the Adviser.

In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on

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the lowest level of input significant to that fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment.

Investments for which observable, quoted prices in active markets do not exist are reported at fair value based on Level III inputs. The amount determined to be fair value may incorporate the Adviser's own assumptions (including assumptions the Adviser believes market participants would use in valuing investments and assumptions relating to appropriate risk adjustments for nonperformance and lack of marketability), as provided for in the Company's valuation policy and accepted by the Board.

An estimate of fair value is made for each investment at least monthly taking into account information available as of the reporting date. For financial reporting purposes, valuations are accepted by the Board on a quarterly basis.

See Note 3 "Investments" for further discussion relating to the Company's investments.

In valuing the Company's investments in CLO debt, CLO equity and loan accumulation facilities, the Adviser considers a variety of relevant factors as set forth in the Company's valuation policy, including price indications from multiple dealers, recent trading prices for specific investments, recent purchases and sales known to the Adviser in similar securities and output from a third-party financial model.

The third-party financial model contains detailed information on the characteristics of CLOs, including recent information about assets and liabilities, and is used to project future cash flows. Key inputs to the model, including assumptions for future loan default rates, recovery rates, prepayment rates, reinvestment rates and discount rates are determined by considering both observable and third-party market data and prevailing general market assumptions and conventions as well as those of the Adviser.

The Company engages a nationally recognized valuation firm as an input to the Company's evaluation of the fair value of its investments in CLO equity. The valuation firm's advice is only one factor considered by the Company in its evaluation of the fair value of such investments and is not determinative of the Company's assessment of such fair value.

**Investment Income Recognition**

Interest income from investments in CLO debt is recorded using the accrual basis of accounting to the extent such amounts are expected to be collected. Amortization of premium or accretion of discount is recognized using the effective interest method.

CLO equity investments and fee rebates recognize investment income for GAAP purposes on the accrual basis utilizing an effective interest methodology based upon an effective yield to maturity utilizing projected cash flows. ASC Topic 325-40, *Beneficial Interests in Securitized Financial Assets*, requires investment income from CLO equity investments and fee rebates to be recognized under the effective interest method, with any difference between the cash distribution and the amount calculated pursuant to the effective interest method being recorded as an adjustment to the cost basis of the investment.

Cash flow projections utilized to determine effective yield are reviewed quarterly for existing CLO equity and fee rebate investments and modified for non-temporary changes, as needed. Effective yield for each CLO equity and fee rebate investment will be updated annually on the anniversary of the respective investment's issuance date or on a deal event such as a partial sale, add-on purchase or reset.

Interest income from loan accumulation facilities is characterized and recorded based on information provided by the trustees of each loan accumulation facility.

**Other Income**

Other income may include the Company's share of income under the terms of class M notes and fee rebate agreements.

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**Interest Expense**

Interest expense includes the Company's distributions associated with its 7.75% Series A Term Preferred Stock due 2022 (the "Series A Term Preferred Stock") and its 7.75% Series B Term Preferred Stock due 2026 (the "Series B Term Preferred Stock," and collectively with the Series A Term Preferred Stock, the "Preferred Stock"), and interest, paid and accrued, associated with its 7.00% Unsecured Notes due 2020 (the "Series 2020 Notes").

For the year ended December 31, 2016, the Company was charged a total of \$4,493,075 in interest expense on the Preferred Stock, of which, \$0 was payable as of December 31, 2016. For the year ended December 31, 2016, the Company was charged a total of \$3,443,014 in interest expense on the Series 2020 Notes, of which \$0 was payable as of December 31, 2016.

Interest expense also includes the Company's amortization of deferred debt issuance costs associated with its Preferred Stock and its Series 2020 Notes, as well as amortization of original issue discount associated with its Series B Term Preferred Stock and its Series 2020 Notes.

See Note 6 "Mandatorily Redeemable Preferred Stock" and Note 7 "Unsecured Notes" for further discussion relating to the Preferred Stock issuances and the Series 2020 Notes issuance, respectively.

**Deferred Debt Issuance Costs**

Deferred debt issuance costs consist of fees and expenses incurred in connection with the issuances of the Preferred Stock and Series 2020 Notes, as well as unamortized original issue discount associated with the Series B Term Preferred Stock and the Series 2020 Notes. Deferred debt issuance costs were capitalized at the time of issuance and will be amortized on a straight-line basis, which approximates the effective interest method, over the respective terms of the Preferred Stock and Series 2020 Notes. Amortization of deferred debt issuance costs are reflected in the interest expense on mandatorily redeemable preferred stock and interest expense on unsecured notes payable balances in the Consolidated Statement of Operations. In the event of an early termination of the Company's Preferred Stock or its Series 2020 Notes, the remaining balance of unamortized deferred debt issuance costs associated with such debt will be accelerated into interest expense.

**Securities Transactions**

The Company records the purchases and sales of securities on trade date. Realized gains and losses on investments sold are recorded on the basis of the specific identification method.

**Cash and Cash Equivalents**

The Company has defined cash and cash equivalents as cash and short-term, highly liquid investments with original maturities of three months or less from the date of purchase. The Company maintains its cash in bank accounts, which, at times, may exceed federal insured limits. The Adviser monitors the performance of the financial institution where the accounts are held in order to manage any risk associated with such accounts. No cash equivalent balances were held as of December 31, 2016.

**Expense Recognition**

Expenses are recorded on the accrual basis of accounting.

**Prepaid Expenses**

Prepaid expenses consist primarily of insurance premiums and shelf registration expenses. Insurance premiums are amortized over the term of the current policy. Shelf registration expenses represent fees and expenses incurred in connection with maintaining the Company's shelf registration that have not been allocated to the Preferred Stock, the Series 2020 Notes and follow-on common stock offering costs.

**Federal and Other Taxes**

The Company intends to continue to operate so as to qualify to be taxed as a RIC under subchapter M of the Code and, as such, to not be subject to federal income tax on the portion of its taxable income and gains distributed to stockholders. To qualify for RIC tax treatment, among other requirements, the Company is required to distribute at least 90% of its investment company taxable income, as defined by the Code. Accordingly, the Company intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal income provision is required. The Company has adopted November 30 as its fiscal tax year end.

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The Company intends to file federal income and excise tax returns as well as any applicable state tax filings. The statute of limitations on the Company's tax return filings generally remain open for three years. The Company has analyzed its tax positions for its fiscal year ended December 31, 2016, including open tax years, and does not believe there are any uncertain tax positions requiring recognition in the Company's financial statements.

Because U.S. federal income tax regulations differ from U.S. GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for federal income tax purposes. The tax basis components of distributable earnings differ from the amounts reflected in the Consolidated Statement of Assets and Liabilities due to temporary book/tax differences arising primarily from partnerships and passive foreign investment company investments.

During the year ended December 31, 2016, there were no reclassifications made among the components of net assets.

For the tax year ended November 30, 2016, the estimated components of distributable earnings, on a tax basis, were as follows:

	<b>For the tax year ended November 30, 2016</b>
Undistributed ordinary income	\$ 13,715,584
Capital loss carryforward <sup>(1)</sup>	(10,347,685)
Unrealized depreciation	(83,584,364)

(1) As of the tax period ended November 30, 2016, the Company had \$2,794,948 of short-term capital losses and \$7,552,737 of long-term capital losses which can be carried forward for an unlimited period.

The tax character of distributions declared and paid for the tax year ended November 30, 2016 were ordinary dividends of \$38,751,382 and for the tax year ended November 30, 2015 were ordinary dividends of \$22,391,925 and return of capital of \$11,958,421.

As of December 31, 2016, the Company's tax cost for federal income tax purposes was \$494,322,655. Accordingly, accumulated net unrealized depreciation on investments held by the Company was \$(83,584,364), consisting of \$4,701,716 gross unrealized appreciation and \$(88,286,080) gross unrealized depreciation.

Eagle Point Credit Company Sub LLC, a wholly-owned subsidiary of the Company, has elected to be treated as a corporation for federal income tax purposes. For the year ended December 31, 2016, the Company incurred \$180,600 in Delaware franchise tax expense. Additionally, Eagle Point Credit Company Sub LLC incurred \$307,377 in federal income tax expense and \$77,417 in state income tax expense.

Depending on the level of taxable income earned in a tax year, the Company is permitted to carry forward taxable income (including net capital gains, if any) in excess of its current year distributions from the current tax year into the next tax year and pay a nondeductible 4% U.S. federal excise tax on such taxable income, as required.

To the extent that the Company has determined that its estimated current year annual taxable income will be in excess of estimated current year distributions from such income, the Company has accrued excise tax on estimated excess taxable income. The Company has accrued U.S. federal excise tax of \$600,000 for the year ended December 31, 2016. The U.S. federal excise tax is reported in the income and excise taxes payable balance in the Consolidated Statement of Assets and Liabilities.

**Distributions**

Distributions paid to common stockholders from net investment income and capital gains are determined in accordance with U.S. federal income tax regulations, which differ from U.S. GAAP. Distributions to common stockholders from net investment income, if any, are expected to be declared and paid quarterly. Distributions paid to common

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stockholders are recorded as a liability on declaration date and are automatically reinvested in full shares of the Company as of the payment date, in accordance with the Company's dividend reinvestment plan (the "DRIP"). The Company's common stockholders who opt-out of participation in the DRIP (including those common stockholders whose shares are held through a broker who has opted out of participation in the DRIP) will receive all distributions in cash.

In addition to the regular quarterly distributions, and subject to available taxable earnings of the Company, the Company may make periodic special distributions. A special distribution represents the excess of the Company's net taxable income over the Company's aggregate quarterly distributions paid during the year.

For the year ended December 31, 2016, the Company declared and paid distributions on common stock of \$2.40 per share, or \$36,450,499. The Company declared and paid distributions on common stock of \$2.40 per share, or \$33,157,774, for the year ended December 31, 2015.

For the years ended December 31, 2016 and December 31, 2015, the Company also declared and paid dividends on the Series A Term Preferred Stock of \$3,522,390 and \$2,181,924, respectively.

For the year ended December 31, 2016, the Company also declared and paid dividends on the Series B Term Preferred Stock of \$658,752.

The characterization of distributions paid to stockholders reflect estimates made by the Company for U.S. GAAP purposes. Such estimates are subject to re-characterization for federal income tax purposes at year-end.

### 3. INVESTMENTS

#### Fair Value Measurement

The following tables summarize the valuation of the Company's investments measured and reported at fair value under the fair value hierarchy levels described in Note 2 "Summary of Significant Accounting Policies" as of December 31, 2016:

Fair Value Measurement	Level I	Level II	Level III	Total
CLO Debt	\$ -	\$ -	\$ 7,192,748	\$ 7,192,748
CLO Equity	-	-	385,595,367	385,595,367
Loan Accumulation Facilities	-	-	17,950,176	17,950,176
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,738,291</u>	<u>\$ 410,738,291</u>

There were no transfers of investments between these levels during the year ended December 31, 2016.



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The changes in investments classified as Level III are as follows for the year ended December 31, 2016:

**Change in Investments Classified as Level III**

	<u>CLO Debt</u>	<u>CLO Equity</u>	<u>Loan Accumulation Facilities</u>	<u>Total</u>
Beginning Balance at January 1, 2016	\$ 5,843,523	\$ 182,953,024	\$ 45,484,071	\$ 234,280,618
Purchases of investments	1,318,617 <sup>(1)</sup>	196,191,369 <sup>(1)</sup>	84,145,000	281,654,986
Proceeds from sales or maturity of investments	(877,590)	(51,063,995)	(112,501,316) <sup>(1)</sup>	(164,442,901)
Net (amortization) accretion of premiums or discounts on CLO debt securities	40,365	-	-	40,365
Net realized gains (losses) and net change in unrealized appreciation (depreciation)	<u>867,833</u>	<u>57,514,969</u>	<u>822,421</u>	<u>59,205,223</u>
Balance as of December 31, 2016	<u>\$ 7,192,748</u>	<u>\$ 385,595,367</u>	<u>\$ 17,950,176</u>	<u>\$ 410,738,291</u>
Change in unrealized appreciation (depreciation) on investments still held as of December 31, 2016	<u>\$ 836,346</u>	<u>\$ 56,557,317</u>	<u>\$ (103,895)</u>	<u>\$ 57,289,768</u>

(1) Reflects \$845,820 and \$74,993,640 of proceeds from sales or maturity of investments in loan accumulation facilities transferred to purchases of investments in CLO debt and CLO equity, respectively.

The net realized gains (losses) recorded for Level III investments are reported in the net realized gain (loss) on investments balance in the Consolidated Statement of Operations. Net changes in unrealized appreciation (depreciation) are reported in the net change in unrealized appreciation (depreciation) on investments balance in the Consolidated Statement of Operations.

The change in unrealized appreciation on investments still held as of December 31, 2016 was \$57,289,768.

***Valuation of CLO Subordinated and Income Notes***

The Adviser gathers price indications from dealers, if available, as part of its valuation process as an input to estimate fair value of each CLO subordinated and income note investment. Dealer price indications are not firm bids and may not be representative of the actual value where trades can be consummated. In addition, the Adviser utilizes a third party financial model as an input to estimate the fair value of CLO subordinated and income note investments. The model contains detailed information on the characteristics of each CLO, including recent information about assets and liabilities from data sources such as trustee reports, and is used to project future cash flows to the CLO note tranches, as well as management fees.

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The following table summarizes the quantitative inputs and assumptions used for investments categorized in Level III of the fair value hierarchy as of December 31, 2016. In addition to the techniques and inputs noted in the table below, according to the Company's valuation policy, the Adviser may use other valuation techniques and methodologies when determining the Company's fair value measurements as provided for in the valuation policy and approved by the Board. The table below is not intended to be all-inclusive, but rather provides information on the significant Level III inputs as they relate to the Company's fair value measurements, as of December 31, 2016.

**Quantitative Information about Level III Fair Value Measurements**

<u>Assets</u>	<u>Fair Value as of December 31, 2016</u>	<u>Valuation Techniques/Methodologies</u>	<u>Unobservable Inputs</u>	<u>Range / Weighted Average</u>
CLO Equity	\$ 385,595,367	Discounted Cash Flows	Constant Default Rate	0.00% - 2.00%
			Constant Prepayment Rate <sup>(1)</sup>	25.00%
			Reinvestment Spread	3.50% - 3.95% / 3.78%
			Reinvestment Price	99.50%
			Reinvestment Floor <sup>(2)</sup>	1.00%
			Recovery Rate	68.93% - 70.00% / 69.74%
			Discount Rate to Maturity	9.30% - 40.81% / 13.54%

(1) Assumed 0% constant prepayment rate for already defaulted and performing assets trading below \$70 bid price

(2) Assumed 1% reinvestment floor for 2 years after purchase of asset and 0% thereafter

Increases (decreases) in the constant default rate, reinvestment price and discount rate in isolation would result in a lower (higher) fair value measurement. Increases (decreases) in the reinvestment spread, reinvestment floor and recovery rate in isolation would result in a higher (lower) fair value measurement. Changes in the constant prepayment rate may result in a higher (lower) fair value, depending on the circumstances. Generally, a change in the assumption used for the constant default rate may be accompanied by a directionally opposite change in the assumption used for the constant prepayment rate and recovery rate.

The Adviser categorizes CLO subordinated and income notes as Level III investments. Certain pricing inputs may be unobservable. An active market may exist, but not necessarily for investments the Company holds as of the reporting date. Additionally, unadjusted dealer quotes, when obtained for valuation purposes, are indicative.

***Valuation of CLO Debt***

The Company's CLO debt has been valued using unadjusted indicative broker dealer quotes. As a result, there were no unobservable inputs that have been internally developed by the Company in determining the fair values of these investments as of December 31, 2016.

The Adviser categorizes CLO debt as Level III investments. An active market may exist, but not necessarily for investments the Company holds as of the reporting date. Additionally, unadjusted dealer quotes, when obtained for valuation purposes, are indicative.

***Valuation of Loan Accumulation Facilities***

Loan accumulation facilities are typically short- to medium-term in nature and are entered into in contemplation of a specific CLO investment. Unless the loan accumulation facility documents contemplate transferring the underlying loans at a price other than original cost plus accrued interest or the Adviser determines the originally contemplated CLO is unlikely to be consummated, the fair value of the loan accumulation facility is based on the cost of the underlying loans plus accrued interest and realized gains (losses) reported by the trustee. In all other situations, the fair value of the loan accumulation facility is based on the market value of the underlying loans plus accrued interest and realized gains (losses) reported by the trustee.

The Adviser categorizes loan accumulation facilities as Level III investments. There is no active market and prices are unobservable.



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**Investment Risk Factors and Concentration of Investments**

**Market Risk**

Certain events particular to each market in which the Company's investments conduct operations, as well as general economic and political conditions, may have a significant negative impact on the operations and profitability of the Company's investments and/or on the fair value of the Company's investments. Such events are beyond the Company's control, and the likelihood they may occur and the potential effect on the Company cannot be predicted.

**Concentration Risk**

The Company is classified as "non-diversified" under the 1940 Act. As a result, the Company can invest a greater portion of its assets in obligations of a single issuer than a "diversified" fund. The Company may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. In particular, because the Company's portfolio of investments may lack diversification among CLO securities and related investments, the Company is susceptible to a risk of significant loss if one or more of these CLO securities and related investments experience a high level of defaults on the collateral they hold.

**Liquidity Risk**

The securities issued by CLOs generally offer less liquidity than below investment grade or high-yield corporate debt, and are subject to certain transfer restrictions imposed on certain financial and other eligibility requirements on prospective transferees. Other investments the Company may purchase through privately negotiated transactions may also be illiquid or subject to legal restrictions on their transfer. As a result of this illiquidity, the Company's ability to sell certain investments quickly, or at all, in response to changes in economic and other conditions and to receive a fair price when selling such investments may be limited, which could prevent the Company from making sales to mitigate losses on such investments. In addition, CLOs are subject to the possibility of liquidation upon an event of default, which could result in full loss of value to the CLO equity and junior debt investors. CLO equity tranches are the most likely tranche to suffer a loss of all of their value in these circumstances.

**Risks of Investing in CLOs**

The Company's investments consist in part of CLO securities and the Company may invest in other related structured finance securities. CLOs and structured finance securities are generally backed by an asset or a pool of assets (typically senior secured loans and other credit-related assets in the case of a CLO) which serve as collateral. The Company and other investors in CLO and structured finance securities ultimately bear the credit risk of the underlying collateral. If there are defaults or the relevant collateral otherwise underperforms, scheduled payments to senior tranches of such securities take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches take precedence over those to subordinated/equity tranches. Therefore, CLO and other structured finance securities may present risks similar to those of the other types of debt obligations and, in fact, such risks may be of greater significance in the case of CLO and other structured finance securities. In addition to the general risks associated with investing in debt securities, CLO securities carry additional risks, including, but not limited to: (1) the possibility that distributions from collateral assets will not be adequate to make interest or other payments; (2) the quality of the collateral may decline in value or default; (3) the fact that investments in CLO equity and junior debt tranches will likely be subordinate to other senior classes of CLO debt; and (4) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Additionally, changes in the collateral held by a CLO may cause payments on the instruments the Company holds to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which the Company invests, are less liquid than many other types of securities and may be more volatile than the assets underlying the CLOs the Company may target. In addition, CLO and other structured finance securities may be subject to prepayment risk.

**Risks of Investing in Loan Accumulation Facilities**

The Company invests in loan accumulation facilities, which are short- to medium-term facilities often provided by the bank that will serve as placement agent or arranger on a CLO transaction and which acquire loans on an interim basis which are expected to form part of the portfolio of a future CLO. Investments in loan accumulation facilities have risks similar to those applicable to investments in CLOs. In addition, there typically will be no assurance future CLOs will be consummated or that loans held in such a facility are eligible for purchase by the CLO. Furthermore, the Company likely will have no consent rights in respect of the loans to be acquired in such a facility and in the event the Company does have any consent rights, they will be limited. In the event a planned CLO is not consummated, or the loans are not

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eligible for purchase by the CLO, the Company may be responsible for either holding or disposing of the loans. This could expose the Company primarily to credit and/or mark-to-market losses, and other risks. Leverage is typically utilized in such a facility and as such the potential risk of loss will be increased for such facilities employing leverage.

#### **Interest Rate Risk**

The fair value of certain investments held by the Company may be significantly affected by changes in interest rates. Although senior secured loans are generally floating rate instruments, the Company's investments in senior secured loans through CLOs are sensitive to interest rate levels and volatility. Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO. Such a mismatch could have a negative effect on the amount of funds distributed to CLO equity investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses which may adversely affect the Company's cash flow, fair value of its assets and operating results. In the event the Company's interest expense was to increase relative to income, or sufficient financing became unavailable, return on investments and cash available for distribution would be reduced. In addition, future investments in different types of instruments may carry a greater exposure to interest rate risk.

#### **LIBOR Floor Risk**

An increase in LIBOR will increase the financing costs of CLOs. Since many of the senior secured loans within these CLOs have LIBOR floors, there may not be corresponding increases in investment income (if LIBOR increases but stays below the average LIBOR floor rate of such senior secured loans) resulting in smaller distribution payments to the equity investors in these CLOs.

#### **LIBOR Risk**

The CLOs in which the Company invests typically obtain financing at a floating rate based on LIBOR. Regulators and law-enforcement agencies from a number of governments, including entities in the United States, Japan, Canada and the United Kingdom, have conducted or are conducting civil and criminal investigations into potential manipulation of LIBOR. Several financial institutions have reached settlements with the Commodity Futures Trading Commission, the U.S. Department of Justice Fraud Section and the United Kingdom Financial Services Authority in connection with investigations by such authorities into submissions made by such financial institutions to the bodies whom set LIBOR and other interbank offered rates. Additional investigations remain ongoing with respect to other major banks. There can be no assurance there will not be additional admissions or findings of rate-setting manipulation or manipulations of LIBOR or other similar interbank offered rates will not be shown to have occurred. ICE Benchmark Administration Limited (formerly NYSE Euronext Rate Administration Limited) assumed administration of LIBOR on February 1, 2014. Any new administrator of LIBOR may make methodological changes to the way in which LIBOR is calculated or may alter, discontinue or suspend calculation or dissemination of LIBOR. Any such actions or other effects from the ongoing investigations could adversely affect the liquidity and value of the Company's investments. Further, additional admissions or findings of manipulation may decrease the confidence of the market in LIBOR and lead market participants to look for alternative, non-LIBOR based types of financing, such as fixed rate loans or bonds or floating rate loans based on non-LIBOR indices. An increase in alternative types of financing at the expense of LIBOR-based CLOs may impair the liquidity of the Company's investments. Additionally, it may make it more difficult for CLO issuers to satisfy certain conditions set forth in a CLO's offering documents.

#### **Historically Low Interest Rate Environment**

As of the date of the consolidated financial statements, interest rates in the United States are near historic lows, which may increase the Company's exposure to risks associated with rising interest rates. Moreover, interest rate levels are currently impacted by extraordinary monetary policy initiatives, the effect of which is impossible to predict with certainty.

#### **Leverage Risk**

The Company has incurred leverage through the issuances of the Preferred Stock and the Series 2020 Notes, and the Company may incur additional leverage, directly or indirectly, through one or more special purpose vehicles, including indebtedness for borrowed money and leverage in the form of derivative transactions, additional shares of preferred stock and other structures and instruments, in significant amounts and on terms the Adviser and the Board deem

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appropriate, subject to applicable limitations under the 1940 Act. Any such leverage does not include embedded or inherent leverage in CLO structures in which the Company invests or in derivative instruments in which the Company may invest. Accordingly, there may be a layering of leverage in overall structure. The more leverage is employed, the more likely a substantial change will occur in the Company's net asset value ("NAV"). Accordingly, any event adversely affecting the value of an investment would be magnified to the extent leverage is utilized.

**Highly Subordinated and Leveraged Securities Risk**

The Company's portfolio includes equity and junior debt investments in CLOs, which involve a number of significant risks. CLO equity and junior debt securities are typically very highly leveraged (with CLO equity securities typically being leveraged nine to thirteen times), and therefore the junior debt and equity tranches in which the Company is currently invested are subject to a higher degree of risk of total loss. In particular, investors in CLO securities indirectly bear risks of the collateral held by such CLOs. The Company will generally have the right to receive payments only from the CLOs, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO. While the CLOs the Company intends to initially target generally enable the investor to acquire interests in a pool of senior secured loans without the expenses associated with directly holding the same investments, the Company will generally pay a proportionate share of the CLOs' administrative, management and other expenses. In addition, the Company may have the option in certain CLOs to contribute additional amounts to the CLO issuer for purposes of acquiring additional assets or curing coverage tests, thereby increasing overall exposure and capital at risk to such CLO.

**Credit Risk**

If a CLO in which the Company invests, an underlying asset of any such CLO or any other type of credit investment in the Company's portfolio declines in price or fails to pay interest or principal when due because the issuer or debtor, as the case may be, experiences a decline in its financial status either or both the Company's income and NAV may be adversely impacted. Non-payment would result in a reduction of the Company's income, a reduction in the value of the applicable CLO security or other credit investment experiencing non-payment and, potentially, a decrease in the Company's NAV. With respect to investments in CLO securities and credit investments that are secured, there can be no assurance that any liquidation of collateral would satisfy the issuer's obligation in the event of non-payment for scheduled dividends, interest or principal. Also, there can be no assurance that any such collateral could be readily liquidated. In the event of bankruptcy of an issuer, the Company could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing a CLO security or credit investment. To the extent the credit rating assigned to a security in the Company's portfolio is downgraded, the market price and liquidity of such security may be adversely affected. In addition, if a CLO triggers an event of default as a result of failing to make payments when due or for other reasons, the CLO would be subject to the possibility of liquidation, which could result in full loss of value to the CLO equity and junior debt investors. CLO equity tranches are the most likely tranche to suffer a loss of all of their value in these circumstances.

**4. RELATED PARTY TRANSACTIONS**

**Investment Adviser**

On June 6, 2014, the Company entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser. Pursuant to the terms of the Advisory Agreement, the Company pays the Adviser a management fee and an incentive fee for its services.

The management fee is calculated and payable quarterly, in arrears, at an annual rate equal to 1.75% of the Company's "total equity base." "Total equity base" means the net asset value attributable to the common stock and the paid-in, or stated, capital of the Preferred Stock. The management fee for any partial quarter is pro-rated (based on the number of days actually elapsed at the end of such partial quarter relative to the total number of days in such calendar quarter). The Company was charged management fees of \$4,980,413 for the year ended December 31, 2016, of which \$1,546,408 was payable as of December 31, 2016.

The incentive fee is calculated and payable quarterly, in arrears, based on the pre-incentive fee net investment income (the "PNII") of the Company for the immediately preceding calendar quarter. For this purpose, PNII means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence and consulting fees or other fees the Company receives from an investment) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable

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under the Administration Agreement (as defined below) and any interest expense and distributions paid on any issued and outstanding preferred stock or issued and outstanding unsecured notes payable, but excluding the incentive fee). PNII includes accrued income the Company has not yet received in cash, including investments with a deferred interest feature (such as original issue discount, debt instruments with payment in-kind interest and zero coupon securities). PNII does not include any realized or unrealized capital gains or realized or unrealized capital losses.

PNII, expressed as a rate of return on the value of the Company's NAV at the end of the immediately preceding calendar quarter, is compared to a hurdle rate of 2.00% per quarter (8.00% annualized). The Company pays the Adviser an incentive fee with respect to the Company's PNII in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which the Company's PNII does not exceed the hurdle rate of 2.00%; (2) 100% of the Company's PNII with respect to that portion of such PNII, if any, exceeding the hurdle rate but equal to or less than 2.50% in any calendar quarter; and (3) 20% of the amount of the Company's PNII, if any, exceeding 2.50% in any calendar quarter. The Company incurred incentive fees of \$7,843,695 for the year ended December 31, 2016, of which \$2,303,677 was payable as of December 31, 2016.

**Administrator**

Effective June 6, 2014, the Company entered into an administration agreement (the "Administration Agreement") with the Administrator, a wholly-owned subsidiary of the Adviser. Pursuant to the Administration Agreement, the Administrator performs, or arranges for the performance of, the Company's required administrative services, which include being responsible for the financial records which the Company is required to maintain and preparing reports which are disseminated to the Company's stockholders. In addition, the Administrator provides the Company with accounting services, assists the Company in determining and publishing its net asset value, oversees the preparation and filing of the Company's tax returns, monitors the Company's compliance with tax laws and regulations, and prepares and assists the Company with any audits by an independent public accounting firm of the consolidated financial statements. The Administrator is also responsible for printing and disseminating reports to the Company's stockholders and maintaining the Company's website, providing support to investor relations; generally overseeing the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others, and providing such other administrative services as the Company may from time to time designate. Payments under the Administration Agreement are equal to an amount based upon the Company's allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and the Company's allocable portion of the compensation of the Company's chief financial officer, chief compliance officer and the Company's allocable portion of the compensation of any related support staff. To the extent the Administrator outsources any of its functions, the Company pays the fees on a direct basis, without profit to the Administrator. Certain accounting and other administrative services have been delegated by the Administrator to SS&C Technologies, Inc. ("SS&C"). The Administration Agreement may be terminated by the Company without penalty upon not less than sixty days' written notice to the Administrator and by the Administrator upon not less than ninety days' written notice to the Company. The Administration Agreement is approved by the Board, including by a majority of the Company's independent directors, on an annual basis, subject to an initial two-year term.

For the year ended December 31, 2016, the Company was charged a total of \$789,334 in administration fees consisting of \$612,961 and \$176,373, relating to services provided by the Administrator and SS&C, respectively, which are included in the Consolidated Statement of Operations and, of which, \$166,307 was payable as of December 31, 2016.

**Affiliated Ownership**

Certain directors, officers and other related parties, including members of the Company's management, hold 53.8% of the Company's common stock and 1.1% of the Series A Term Preferred Stock. This represents 44.1% of the total outstanding voting stock of the Company as of December 31, 2016. Additionally, certain officers of the Company hold 0.1% of the Series 2020 Notes as of December 31, 2016.

**Exemptive Relief**

On March 17, 2015, the SEC issued an order granting the Company exemptive relief to co-invest in certain negotiated investments with affiliated investment funds managed by the Adviser, subject to certain conditions.

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**5. COMMON STOCK**

In 2014, the Company converted from a Delaware limited liability company into a Delaware corporation, at which time the Sole Member of Eagle Point Credit Company LLC became a stockholder of Eagle Point Credit Company Inc. and was issued an aggregate of 8,656,057 shares of common stock, par value \$0.001 per share. Additionally, the Company priced its IPO and sold an additional 5,155,301 shares of its common stock at a public offering price of \$20 per share.

On May 18, 2016, the Company closed a follow-on, underwritten, public offering of 1,250,000 shares of its common stock at \$17.65 per share, resulting in net proceeds to the Company of \$20.8 million after payment of underwriting discounts, commissions and offering expenses.

On September 26, 2016, the Company closed the sale of 201,000 shares of its common stock in a direct placement to a single institutional investor at a price of \$17.45 per share, resulting in net proceeds to the Company of approximately \$3.4 million after payment of offering expenses.

On December 13, 2016, the Company closed a follow-on, underwritten, public offering of 1,000,000 shares of its common stock at \$17.35 per share, resulting in net proceeds to the Company of approximately \$16.6 million after payment of underwriting discounts, commissions and offering expenses. In addition, the underwriters partially exercised the overallotment option granted to them in connection with the offering, and purchased an additional 146,553 shares of the Company's common stock, resulting in additional net proceeds to the Company of approximately \$2.5 million after payment of underwriting discounts, commissions and offering expenses. The net proceeds from this sale of common stock are intended to be used to acquire investments in accordance with the Company's investment objectives and strategies and for general working capital purposes.

Underwriting discounts, commissions and offering expenses associated with the Company's issuances of its common stock were borne by all common stockholders of the Company as a charge to stockholders' equity.

For the years ended December 31, 2016 and December 31, 2015, 57,216 and 8,752 shares of common stock were issued in connection with the DRIP, respectively.

As of December 31, 2016, there were 100,000,000 shares of common stock authorized, of which 16,474,879 shares were issued and outstanding.

**6. MANDATORILY REDEEMABLE PREFERRED STOCK**

In 2015, the Company closed an underwritten, public offering of 1,818,000 shares, of its Series A Term Preferred Stock, at a public offering price of \$25 per share, resulting in net proceeds to the Company of \$43.3 million after payment of underwriting discounts, commissions and offering expenses.

On October 11, 2016, the Company closed an underwritten, public offering of 1,200,000 shares of its Series B Term Preferred Stock at a public offering price of \$25 per share, resulting in net proceeds to the Company of \$28.5 million, after payment of underwriting discounts, commissions and offering expenses.

Subsequently, the underwriters fully exercised the overallotment option granted to them in connection with the offering on October 11, 2016, and purchased an additional 180,000 shares of the Series B Term Preferred Stock, resulting in additional net proceeds to the Company of \$4.3 million, after payment of underwriting discounts and commissions.

On December 15, 2016, the Company closed a follow-on, underwritten, public offering of 400,000 shares of its Series B Term Preferred Stock at a public offering price of \$25 per share, resulting in net proceeds to the Company of approximately \$9.4 million, after payment of underwriting discounts, commissions and estimated offering expenses.

Subsequently, the underwriters fully exercised the overallotment option granted to them in connection with the offering, and purchased an additional 60,000 shares of the Series B Term Preferred Stock, resulting in additional net proceeds to the Company of approximately \$1.4 million, after payment of underwriting discounts and commissions.



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The Company is required to redeem all outstanding shares of the Series A Term Preferred Stock on June 30, 2022, at a redemption price of \$25 per share (the “Series A Liquidation Preference”), plus accumulated but unpaid dividends, if any. At any time on or after June 29, 2018, the Company may, at its sole option, redeem the outstanding shares of the Series A Term Preferred Stock, respectively, at a redemption price per share equal to the Series A Liquidation Preference, plus accumulated but unpaid dividends, if any.

The Company is required to redeem all outstanding shares of the Series B Term Preferred Stock on October 30, 2026, at a redemption price of \$25 per share (the “Series B Liquidation Preference”), plus accumulated but unpaid dividends, if any. At any time on or after October 29, 2021, the Company may, at its sole option, redeem the outstanding shares of the Series B Term Preferred Stock, respectively, at a redemption price per share equal to the Series B Liquidation Preference, plus accumulated but unpaid dividends, if any.

Except where otherwise stated in 1940 Act or the Company’s certification of incorporation, each holder of Preferred Stock will be entitled to one vote for each share of preferred stock held on each matter submitted to a vote of the Company’s stockholders. The Company’s preferred stockholders and common stockholders will vote together as a single class on all matters submitted to the Company’s stockholders. Additionally, the Company’s preferred stockholders will have the right to elect two Preferred Directors at all times, while the Company’s preferred stockholders and common stockholders, voting together as a single class, will elect the remaining members of the Board.

As of December 31, 2016, there were 20,000,000 shares of Series A Term Preferred Stock authorized, of which 1,818,000 shares were issued and outstanding, and 20,000,000 shares of Series B Term Preferred Stock authorized, of which 1,840,000 shares were issued and outstanding.

See Note 8 “Asset Coverage” for further discussion on the Company’s calculation of asset coverage with respect to its Preferred Stock.

## **7. UNSECURED NOTES**

In 2015, the Company closed an underwritten, public offering of \$25.0 million aggregate principal amount of its Series 2020 Notes, resulting in net proceeds to the Company of \$23.8 million, after payment of underwriting discounts, commissions and offering expenses.

On June 1, 2016, the Company closed a follow-on, underwritten, public offering of \$25.0 million aggregate principal amount of its Series 2020 Notes, resulting in net proceeds to the Company of approximately \$24.0 million, after payment of underwriting discounts, commissions and offering expenses.

On August 10, 2016, the Company closed another follow-on offering of \$10.0 million in aggregate principal amount of its Series 2020 Notes, resulting in net proceeds to the Company of \$9.9 million, after payment of offering expenses. The Series 2020 Notes were placed directly to certain investors, and issued under the same indenture and first supplemental indenture dated as of December 4, 2015, under which the previous offerings were issued.

The Series 2020 Notes were issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

The Series 2020 Notes will mature on December 31, 2020 and 100% of the aggregate principal amount will be paid at maturity. The Company may redeem the Series 2020 Notes in whole or in part at any time or from time to time at the Company’s option, on or after December 31, 2017.

As of December 31, 2016, there were 2,399,950 unsecured notes issued and outstanding.

See Note 8 “Asset Coverage” for further discussion on the Company’s calculation of asset coverage with respect to its Series 2020 Notes.

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**8. ASSET COVERAGE**

Under the provisions of the 1940 Act, the Company is permitted to issue senior securities, including debt securities and preferred stock, and borrow from banks or other financial institutions, provided that the Company satisfies certain asset coverage requirements.

With respect to senior securities that are stocks, such as the Preferred Stock, the Company is required to have asset coverage of at least 200%, as measured at the time of the issuance of any such shares of preferred stock and calculated as the ratio of the Company's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, over the aggregate amount of the Company's outstanding senior securities representing indebtedness plus the aggregate liquidation preference of any outstanding shares of preferred stock.

With respect to senior securities representing indebtedness, such as the Series 2020 Notes or any bank borrowings (other than temporary borrowings as defined under the 1940 Act), the Company is required to have asset coverage of at least 300%, as measured at the time of borrowing and calculated as the ratio of the Company's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, over the aggregate amount of the Company's outstanding senior securities representing indebtedness.

If the Company's asset coverage declines below 300% (or 200%, as applicable), the Company would be prohibited under the 1940 Act from incurring additional debt or issuing additional preferred stock and from making certain distributions to its stockholders. In addition, the terms of the Preferred Stock and the Series 2020 Notes require the Company to redeem shares of the Preferred Stock and/or a certain principal amount of the Series 2020 Notes, if such failure to maintain the applicable asset coverage is not cured by a certain date.

The following table summarizes the Company's asset coverage with respect to its Preferred Stock and Series 2020 Notes, as of December 31, 2016, and as of December 31, 2015:

**Asset Coverage of Preferred Stock and Debt Securities**

	<u>As of December 31, 2016</u>	<u>As of December 31, 2015</u>
Total assets	\$ 448,376,026	\$ 268,960,952
Less liabilities and indebtedness not represented by senior securities	<u>(15,071,707)</u>	<u>(12,074,430)</u>
Net total assets and liabilities	433,304,319	256,886,522
Preferred Stock	91,450,000	45,450,000
Series 2020 Notes	<u>59,998,750</u>	<u>25,000,000</u>
	151,448,750	70,450,000
Asset coverage of preferred stock <sup>(1)</sup>	<u>286%</u>	<u>365%</u>
Asset coverage of debt securities <sup>(2)</sup>	<u>722%</u>	<u>1028%</u>

(1) The asset coverage of preferred stock, which includes the Preferred Stock, is calculated in accordance with section 18(h) of the 1940 Act, as generally described above.

(2) The asset coverage ratio of debt securities, which includes the Series 2020 Notes, is calculated in accordance with section 18(h) of the 1940 Act, as generally described above.

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Information about the Company's senior securities, shown in the following table as of December 31, 2016, and as of December 31, 2015, have been derived from the consolidated financial statements. The Company had no senior securities outstanding as of December 31, 2014.

Class	Total Amount Outstanding Exclusive of Treasury Securities	Asset Coverage Per Unit <sup>(1)</sup>	Involuntary Liquidating Preference Per Unit <sup>(2)</sup>	Average Market Value Per Unit <sup>(3)</sup>
<b>For the year ended December 31, 2016</b>				
Preferred Stock	\$91,450,000	\$71.53	\$25	\$25.41
Series 2020 Notes	\$59,998,750	\$7,221.89	N/A	\$25.29
<b>For the year ended December 31, 2015</b>				
Preferred Stock	\$45,450,000	\$91.16	\$25	\$25.43
Series 2020 Notes	\$25,000,000	\$10,275.46	N/A	\$24.52

(1) The asset coverage per unit figure is the ratio of the Company's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate dollar amount of outstanding applicable senior securities, as calculated separately for each of the Preferred Stock and the Series 2020 Notes in accordance with section 18(h) of the 1940 Act. With respect to the Preferred Stock, the asset coverage per unit figure is expressed in terms of dollar amounts per share of outstanding preferred stock (based on a per share liquidation preference of \$25). With respect to the Series 2020 Notes, the asset coverage per unit figure is expressed in terms of dollar amounts per \$1,000 principal amount of such notes.

(2) The involuntary liquidating preference per unit is the amount to which a share of Preferred Stock would be entitled in preference to any security junior to it upon our involuntary liquidation.

(3) The average market value per unit is calculated by taking the average of the closing price of each of (a) a share of the Preferred Stock (NYSE: ECCA, ECCB) and (b) \$25 principal amount of the Series 2020 Notes (NYSE: ECCZ) for each day during the year ended December 31, 2016 and for the year ended December 31, 2015, for which the applicable security was listed on the NYSE.

## 9. COMMITMENTS AND CONTINGENCIES

The Company is not currently subject to any material legal proceedings. From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company's rights under contracts. While the outcome of these legal proceedings cannot be predicted with certainty, the Company does not expect these proceedings will have a material effect upon its financial condition or results of operations.

As of December 31, 2016, the Company had no unfunded commitments.

## 10. INDEMNIFICATIONS

Under the Company's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, during the normal course of business, the Company enters into contracts containing a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

## 11. RECENT ACCOUNTING AND TAX PRONOUNCEMENTS

As of the date of these consolidated financial statements, there were no accounting standards applicable to the Company that had been issued but not yet adopted by the Company.

In August 2016, FASB issued Accounting Standards Update No. 2016-15 ("ASU 2016-15"), "Statement of Cash Flows (Topic 230), a consensus of the FASB's Emerging Issues Task Force," which is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The issues addressed in ASU 2016-15 are debt prepayment or debt extinguished costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, distributions received from equity method investments, beneficial interests in securitization transactions; and, separately identifiable cash flows



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and application of the predominance principle. ASU 2016-15 is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact, if any, of applying this provision.

On September 27, 2016, the U.S. Internal Revenue Service issued proposed regulations that, if finalized, may result in the Company being subject to federal income tax on a portion of any excess distribution or gain from the disposition of shares held in passive foreign investment companies (“PFICs”), even if the Company distributes such income as a taxable dividend to its stockholders. These regulations will generally require the Company to recognize its share of the PFIC’s income for each year, regardless of whether the Company receives any distributions from such PFIC, and subsequently distribute such income to the Company’s stockholders, in order to maintain its status as a RIC. Furthermore, certain income derived by the Company from a PFIC with respect to which the Company has made a qualifying electing fund (“QEF”) election, would generally constitute as qualifying income for purposes of determining the Company’s ability to be subject to tax as a RIC, only to the extent that the PFIC makes distributions of that income to the Company.

Additionally, if the Company holds more than 10% of the interest treated as equity for U.S. federal income tax purposes in a foreign corporation that is treated as a controlled foreign corporation (“CFC”) (including equity tranche investments and certain debt tranche investments in a CLO treated as a CFC), the Company may be treated as receiving a deemed distribution (taxable as ordinary income) each year from such foreign corporation in an amount equal to our pro rata share of the corporation’s income for the tax year (including both ordinary earnings and capital gains). If the Company is required to include such deemed distributions from a CFC in its income, the Company will be required to distribute such income to maintain its RIC status regardless of whether or not the CFC makes an actual distribution during such year. Furthermore, certain income derived by the Company from a CFC would generally constitute qualifying income for purposes of determining the Company’s ability to be subject to tax as a RIC, only to the extent that the CFC makes distributions of that income to the Company.

Accordingly, the Company may be restricted in its ability to make QEF elections with respect to its holdings in issuers that could be treated as PFICs, and the Company may limit and/or manage its holdings in issuers that could be treated as CFCs, in order to limit its tax liability or to maximize its after-tax return from such investments.

It is unclear whether or in what form these regulations will be adopted or, if adopted, whether such regulations would have a significant impact on the income that could be generated by the Company. If adopted, the proposed regulations would apply to taxable years of the Company beginning on or after 90 days after the regulations are published as final. The Company is monitoring the status of the proposed regulations and is assessing the potential impact of the proposed tax regulation on its operations.

In October 2016, the SEC adopted new rules and amended existing rules (together, “final rules”) intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1, 2017. The Company is currently evaluating the impact that the adoption of the amendments to Regulation S-X will have on the Company’s consolidated financial statements and related disclosures.

In November 2016, FASB issued Accounting Standards Update No. 2016-18 (“ASU 2016-18”), “Statement of Cash Flows (Topic 230), a consensus of the FASB’s Emerging Issues Task Force,” which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. ASU 2016-18 is effective for interim and annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact, if any, of applying this provision.

As of the date of these consolidated financial statements, there were no additional accounting standards applicable to the Company that had been issued but not yet adopted by the Company.

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**12. SUBSEQUENT EVENTS**

The Company has recorded a common stock distribution payable of \$9,884,927 or \$0.60 per share, for distributions declared, but not yet paid, as of December 31, 2016. The distribution was subsequently paid to common stockholders on January 31, 2017.

On January 3, 2017, the Company declared three separate distributions of \$293,532 or \$0.161459 per share on its Series A Term Preferred Stock. The first distribution was paid on January 31, 2017 to holders of record on January 17, 2017. The additional distributions are payable on each of February 28, 2017 and March 31, 2017 to holders of record on February 15, 2017 and March 15, 2017, respectively.

On January 3, 2017, the Company declared three separate distributions of \$297,085 or \$0.161459 per share on its Series B Term Preferred Stock. The first distribution was paid on January 31, 2017 to holders of record on January 17, 2017. The additional distributions are payable on each of February 28, 2017 and March 31, 2017 to holders of record on February 15, 2017 and March 15, 2017, respectively.

In February 2017, the Company announced its conversion to a monthly common stock distribution program of \$0.20 per common share. On February 24, 2017, the Company declared \$0.20 per common share distribution payable on each of March 15, March 31, April 28 and May 31, to stockholders of record as of March 8, March 15, April 17 and May 15, respectively.

Management of the Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date of release of this report. Management has determined there are no events in addition to those described above which would require adjustment to or disclosure in the consolidated financial statements and related notes through the date of release of this report.

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**Financial Highlights**

Per Share Data	For the year ended December 31, 2016	For the year ended December 31, 2015	For the period from October 6, 2014 to December 31, 2014
Net asset value at beginning of period	\$ 13.72	\$ 19.08	\$ 20.00
Offering costs associated with the Company's initial public offering	-	-	(0.07)
Net asset value at beginning of period net of offering costs	13.72	19.08	19.93
Net investment income <sup>(1)(2)</sup>	2.14	1.89	0.32
Net realized gain (loss) and change in unrealized appreciation (depreciation) on investments <sup>(2)</sup>	3.88	(4.85)	(0.62)
Net income (loss) and net increase (decrease) in net assets resulting from operations <sup>(2)</sup>	6.02	(2.96)	(0.30)
Common stock distributions from net investment income <sup>(3)</sup>	(2.08)	(1.89)	(0.31)
Common stock distributions from net realized gains on investments <sup>(3)</sup>	(0.12)	(0.02)	-
Common stock distributions from return of capital <sup>(3)</sup>	(0.20)	(0.49)	(0.24)
Total common stock distributions declared to stockholders <sup>(3)</sup>	(2.40)	(2.40)	(0.55)
Effect of shares issued, net of underwriting expense <sup>(4)</sup>	0.18	-	-
Effect of offering costs associated with shares issued <sup>(4)</sup>	(0.04)	-	-
Net effect of shares issued <sup>(4)</sup>	0.14	-	-
Net asset value at end of period	\$ 17.48	\$ 13.72	\$ 19.08
Per share market value at beginning of period	\$ 16.43	\$ 20.10	\$ 19.93
Per share market value at end of period	\$ 16.71	\$ 16.43	\$ 20.10
Total return <sup>(5)</sup>	17.42%	-8.12%	0.85%
Shares of common stock outstanding at end of period	16,474,879	13,820,110	13,811,358
<b>Ratios and Supplemental Data:</b>			
Net asset value at end of period	\$ 288,047,335	\$ 189,607,085	\$ 263,560,460
Ratio of expenses to average net assets <sup>(6)(7)</sup>	10.69%	6.73%	2.13%
Ratio of net investment income to average net assets <sup>(6)(7)</sup>	13.72%	10.78%	6.84%
Portfolio turnover rate <sup>(8)</sup>	55.32%	39.07%	37.11%
Asset coverage of preferred stock	286%	365%	N/A
Asset coverage of debt securities	722%	1028%	N/A

- (1) Per share distributions paid to preferred stockholders and the aggregate amount of amortized deferred debt issuance costs associated with the Preferred Stock are reflected in net investment income, and totaled (\$0.28) and (\$0.02) per share of common stock, respectively, for the year ended December 31, 2016. Per share distributions paid to preferred stockholders and the aggregate amount of amortized deferred debt issuance costs associated with the Series A Term Preferred Stock are reflected in net investment income, and totaled (\$0.16) and (\$0.01) per share of common stock, respectively, for the year ended December 31, 2015.
- (2) Per share amounts are based on a quarterly weighted average of shares of common stock outstanding for the period.
- (3) Per share amounts are based on shares of common stock outstanding as of ex-dividend date.
- (4) Represents the net effect per share of the Company's May, September and December 2016 follow-on offerings, reflecting the excess of offering price over management's estimated NAV per share at the time of each respective offering.
- (5) Total return based on market value is calculated assuming shares of the Company's common stock were purchased at the market price as of the beginning of the period, and distributions paid to common stockholders during the period were reinvested at prices obtained by the Company's dividend reinvestment plan, and the total number of shares were sold at the closing market price per share on the last day of the period. Total return does not reflect any sales load. Total return for the period from October 6, 2014 to December 31, 2014 is not annualized.
- (6) Ratios for the period from October 6, 2014 to December 31, 2014 are annualized. Ratios include distributions paid to preferred stockholders.
- (7) Ratios for the year ended December 31, 2016 include interest expense on the Preferred Stock and the Series 2020 Notes of 3.47% of average net assets, as well as excise taxes of 0.26% of average net assets. Ratios for the year ended December 31, 2015 include interest expense on the Series A Term Preferred Stock and the Series 2020 Notes of 1.04% of average net assets.
- (8) The portfolio turnover rate is calculated as the total of investment sales executed during the period, divided by the average fair value of investments for the same period.

**Eagle Point Credit Company Inc. & Subsidiaries**  
**Financial Highlights**

Financial highlights for the period from June 6, 2014 (Commencement of Operations) to October 5, 2014 for the Sole Member are as follows:

Per Unit Data	For the period from June 6, 2014 (Commencement of Operations) to October 5, 2014
Net asset value at beginning of period	\$ 62.12
Net investment income	3.10
Net realized and unrealized capital gain (loss) on investments	0.56
Total from investment operations	3.66
Adjustment for additional cash contributions	3.56
Net asset value at end of period	\$ 69.34
Total return <sup>(1)</sup>	5.89%
<b><u>Ratios and Supplemental Data:</u></b>	
Net asset value at end of period	\$ 173,338,066
Ratio of total expenses to average net assets <sup>(1)</sup>	0.00%
Ratio of net investment income to average net assets <sup>(1)</sup>	4.74%
Portfolio turnover rate <sup>(2)</sup>	52.07%

(1) Total return and ratios for the period from June 6, 2014 (Commencement of Operations) to October 5, 2014 are not annualized.

(2) The portfolio turnover rate is calculated as the total of investment sales executed during the period from June 6, 2014 (Commencement of Operations) to October 5, 2014, divided by the average fair value of investments for the same period.

*Note: The above Financial Highlights for the period from June 6, 2014 (Commencement of Operations) to October 5, 2014 for the Sole Member represents the period when the Company was initially organized as a Delaware limited liability company and a wholly-owned subsidiary of Eagle Point Credit Partners Sub Ltd.*



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Eagle Point Credit Company Inc.:

We have audited the accompanying consolidated statement of assets and liabilities of Eagle Point Credit Company Inc. & Subsidiaries (the Fund), including the consolidated schedule of investments, as of December 31, 2016, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the two-year period then ended, the period from October 6, 2014 to December 31, 2014 and the period from June 6, 2014 (commencement of operations) to October 5, 2014. These consolidated financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodians or brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2016, and the results of its operations, cash flows, changes in net assets and financial highlights for the periods described in the first paragraph above, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

February 23, 2017

## Dividend Reinvestment Plan

The Company has established an automatic dividend reinvestment plan (“DRIP”). Each holder of at least one full share of our common stock will be automatically enrolled in the DRIP. Under the DRIP, distributions on shares of the Company’s common stock are automatically reinvested in additional shares of the Company’s common stock by American Stock Transfer and Trust Company, LLC (the “DRIP Agent”) unless a stockholder “opts-out” of the DRIP. Holders of the Company’s common stock who receive distributions in the form of additional shares of the Company’s common stock are nonetheless required to pay applicable federal, state or local taxes on the reinvested distribution but will not receive a corresponding cash distribution with which to pay any applicable tax. Holders of shares of the Company’s common stock who opt-out of participation in the DRIP (including those holders whose shares are held through a broker or other nominee who has opted out of participation in the DRIP) will receive all distributions in cash. Reinvested distributions increase the Company’s stockholders’ equity on which a management fee is payable to the Adviser.

If the Company declares a distribution payable in cash, the Company will issue shares of common stock to participants at a value equal to 95% of the market price per share of common stock at the close of regular trading on the payment date for such distribution unless the DRIP Agent otherwise purchases shares in the open market, as described below. The number of newly issued shares of common stock to be credited to each participant’s account will be determined by dividing the dollar amount of the distribution by 95% of the market price. Notwithstanding the foregoing, the Company reserves the right to purchase shares in the open market in connection with its implementation of the DRIP. The DRIP Agent may be instructed not to credit accounts with newly issued shares and instead to buy shares in the open market if (i) the price at which newly issued shares are to be credited does not exceed 110% of the last determined NAV of the shares; or (ii) the Company has advised the DRIP Agent that since such NAV was last determined, the Company has become aware of events that indicate the possibility of a material change in per share NAV as a result of which the NAV of the shares on the payment date might be higher than the price at which the DRIP Agent would credit newly issued shares to stockholders.

In the event that the DRIP Agent is instructed to buy shares of our common stock in the open market, the DRIP Agent (or the DRIP Agent’s broker) will have until the last business day before the next date on which the shares trade on an “ex-dividend” basis or 30 days after the payment date for the applicable distribution, whichever is sooner (the “Last Purchase Date”), to invest the distribution amount in shares acquired in the open market. Open market purchases may be made on any securities exchange where shares of our common stock are traded, in the over-the-counter market or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the DRIP Agent shall determine. If, before the DRIP Agent has completed its open market purchases, the market price per share of our common stock exceeds the NAV per share, the average per share purchase price paid by the DRIP Agent may exceed the NAV of the shares, resulting in the acquisition of fewer shares than if the distribution had been paid in newly issued shares of common stock on the applicable payment date. Because of the foregoing difficulty with respect to open market purchases, the DRIP provides that if the DRIP Agent is unable to invest the full distribution amount in open market purchases during the purchase period or if the market discount shifts to a market premium of 10% or more of NAV during the purchase period, the DRIP Agent may cease making open market purchases and may invest the uninvested portion of the distribution amount in newly issued shares of common stock at the NAV per share at the close of business on the Last Purchase Date provided that, if the NAV is less than or equal to 95% of the then current market price per share, the dollar amount of the distribution will be divided by 95% of the market price on the payment date.

There are no brokerage charges with respect to shares of common stock issued directly by the Company. However, whenever shares are purchased or sold on the NYSE or otherwise on the open market, each participant will pay a pro rata portion of brokerage trading fees, currently \$0.10 per share purchased or sold. Brokerage trading fees will be deducted from amounts to be invested.

Holders of the Company’s common stock can also sell shares held in the DRIP account at any time by contacting the DRIP Agent in writing at American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. The DRIP Agent will mail a check to such holder (less applicable brokerage trading fees) on the settlement date,

which is three business days after the shares have been sold. If a stockholder chooses to sell its shares through a broker, the holder will need to request that the DRIP Agent electronically transfer their shares to the broker through the Direct Registration System.

Stockholders participating in the DRIP may withdraw from the DRIP at any time by contacting the DRIP Agent in writing at American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. Such termination will be effective immediately if the notice is received by the DRIP Agent prior to any dividend or distribution record date; otherwise, such termination will be effective on the first trading day after the payment date for such dividend or distribution, with respect to any subsequent dividend or distribution. If a holder of the Company's common stock withdraws, full shares will be credited to their account, and the stockholder will be sent a check for the cash adjustment of any fractional share at the market value per share of the Company's common stock as of the close of business on the day the termination is effective, less any applicable fees. Alternatively, if the stockholder wishes, the DRIP Agent will sell their full and fractional shares and send them the proceeds, less a transaction fee of \$15.00 and less brokerage trading fees of \$0.10 per share. If a stockholder does not maintain at least one whole share of common stock in the DRIP account, the DRIP Agent may terminate such stockholder's participation in the DRIP Plan after written notice. Upon termination, stockholders will be sent a check for the cash value of any fractional share in the DRIP account, less any applicable broker commissions and taxes.

Stockholders who are not participants in the DRIP, but hold at least one full share of our common stock, may join the DRIP by notifying the DRIP Agent in writing at American Stock Transfer and Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. If received in proper form by the DRIP Agent before the record date of a dividend, the election will be effective with respect to all dividends paid after such record date. If a stockholders wishes to participate in the DRIP and their shares are held in the name of a brokerage firm, bank or other nominee, the stockholder should contact their nominee to see if it will participate in the DRIP. If a stockholder wishes to participate in the DRIP Plan, but the brokerage firm, bank or other nominee is unable to participate on their behalf, the stockholder will need to request that their shares be re-registered in their own name, or the stockholder will not be able to participate. The DRIP Agent will administer the DRIP on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in their name and held for their account by their nominee.

Experience under the DRIP Plan may indicate that changes are desirable. Accordingly, the Company and the DRIP Agent reserve the right to amend or terminate the DRIP upon written notice to each participant at least 30 days before the record date for the payment of any dividend or distribution by the Company.

All correspondence or additional information about the DRIP should be directed to American Stock Transfer and Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219.



## Additional Information

### Management

Our Board of Directors (the “Board”) is responsible for managing the Company’s affairs, including the appointment of advisers and sub-advisers. The Board has appointed officers who assist in managing the Company’s day-to-day affairs.

#### *The Board*

The Board currently consists of six members, four of whom are not “interested persons” (as defined in the Investment Company Act of 1940, as amended (the “1940 Act”)) of the Company. The Company refers to these directors as the Company’s “independent directors.”

Under our certificate of incorporation and bylaws, our board of directors is divided into three classes with staggered terms, with the term of only one of the three classes expiring at each annual meeting of our stockholders. The classification of the board across staggered terms may prevent replacement of a majority of the directors for up to a two-year period.

The directors and officers of the Company are listed below. Except as indicated, each individual has held the office shown or other offices with the same company for the last five years. Certain of the Company’s officers and directors also are officers or managers of our Adviser. None of our directors serves, nor have they served during the last five years, on the board of directors of another company registered under the Securities Exchange Act of 1934, as amended (or subject to the reporting requirements of Section 15(d) thereof), or registered under the 1940 Act (including any other companies in a fund complex with us).

Name, Address <sup>1</sup> and Age	Position(s) held with the Company	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years
<i><u>Interested Directors</u></i>			
Thomas P. Majewski Age: 42	Class III Director and Chief Executive Officer	Since inception; Term expires 2017	Managing Partner of Eagle Point Credit Management LLC since September 2012; Managing Director and US Head of CLO Banking at RBS Securities Inc. from September 2011 to September 2012; President of AMP Capital Investors (US) Ltd. from August 2010 to September 2011.
James R. Matthews Age: 49	Class II Director and Chairperson of the Board	Since inception; Term expires 2019	Principal of Stone Point Capital LLC since October 2011; Senior Managing Director and Co-Head of Private Equity for Evercore Partners Inc. from January 2007 to October 2011.
<i><u>Independent Directors</u></i>			
Scott W. Appleby Age: 52	Class I Director	Since inception; Term expires 2018	President of Appleby Capital, Inc. since April 2009.
Kevin F. McDonald Age: 50	Class III Director	Since inception; Term expires 2017	Director of Business Development of Folger Hill Asset Management, LP since December 2014; Principal of Taylor Investment Advisors, LP since March 2002; Chief Executive Officer of Taylor Investment Advisors, LP from 2006 to December 2014.
Paul E. Tramontano Age: 55	Class II Director	Since inception; Term expires 2019	Managing Director and Portfolio Manager at First Republic Investment Management since October 2015; Co-Chief Executive Officer of Constellation Wealth Advisors LLC from April 2007 to October 2015.
Jeffrey L. Weiss Age: 55	Class I Director	Since inception; Term expires 2018	Private Investor since June 2012; Global Head of Financial Institutions at Barclays from August 2008 to June 2012.

<sup>1</sup> The business address of each of our directors is c/o Eagle Point Credit Company Inc., 20 Horseneck Lane, Greenwich, Connecticut 06830.



<sup>2</sup> Mr. Majewski is an interested director due to his position with the Adviser. Mr. Matthews is an interested director due to his position with Stone Point Capital LLC, the investment manager to the Trident V Funds, which are the primary owners of the Adviser.

The Company's registration statement, prospectus and annual proxy statement include additional information about our directors. A copy of the prospectus and proxy statement is available free of charge at [www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com) or upon request by calling (844) 810-6501.

### Officers

Information regarding our officers who are not directors is as follows:

Name, Address <sup>1</sup> and Age	Positions Held with the Company	Term of Office and Length of Time Served <sup>2</sup>	Principal Occupation(s) During the Last Five Years
Kenneth P. Onorio Age: 49	Chief Financial Officer and Chief Operating Officer	Since July 2014	Chief Financial Officer of Eagle Point Credit Management LLC since July 2014; Chief Operating Officer of Eagle Point Credit Management LLC since August 2014; Executive Director of Private Equity and Hedge Fund Administration at JPMorgan Alternative Investment Services from September 2008 to July 2014.
Courtney B. Fandrick Age: 34	Secretary	Since August 2015	Deputy Chief Compliance Officer of Eagle Point Credit Management LLC since December 2014; Senior Compliance Associate, Bridgewater Associates, LP from August 2007 to December 2014.

<sup>1</sup> The business address of each of our officers is c/o Eagle Point Credit Company Inc., 20 Horseneck Lane, Greenwich, Connecticut 06830. All of our officers are officers or employees of the Adviser or affiliated companies.

<sup>2</sup> Each officer holds office until his or her successor is chosen and qualifies, or until his or her earlier resignation or removal.

### Director and Officer Compensation

Our directors received compensation from the Company in the amounts set forth in the following table during the fiscal year ended December 31, 2016.

Name	Aggregate Compensation from the Company <sup>1,2</sup>
Scott W. Appleby	\$92,000*
Kevin F. McDonald	\$87,000*
Paul E. Tramontano	\$87,500*
Jeffrey L. Weiss	\$51,250*
TOTAL	\$317,750*

\* Does not reflect \$49,250 relating to the year ended December 31, 2016 that was a payable to Mr. Weiss as of December 31, 2016.

<sup>1</sup> For a discussion of the independent directors' compensation, see below.

<sup>2</sup> The Company does not maintain a pension plan or retirement plan for any of our directors.

As compensation for serving on the Board, each independent director receives an annual fee of \$75,000. The chairman of the audit committee receives an additional annual fee of \$12,500 and the chairman of the nominating committee receives an additional annual fee of \$5,000 for their additional services in these capacities. In addition, each independent director receives \$1,750 for each regularly scheduled Board meeting attended, \$500 for each other Board meeting attended at which action is taken, and \$500 for each committee meeting attended at which action is taken (except that separate compensation for committee meetings is not received if such meeting is held on the same day as a meeting of the Board), as well as reasonable out-of-pocket expenses incurred in attending such meetings.

No compensation was, or is expected to be, paid by us to our directors who are “interested persons” of us, as such term is defined in the 1940 Act, or to our officers. Our officers, Mr. Majewski, Mr. Onorio and Ms. Fandrick, are compensated by the Adviser or one of its affiliates, as applicable.

### Stockholder Meeting Information

An annual meeting of stockholders of the Company was held on May 10, 2016. At the meeting, the two nominees for re-election as Class II directors, James R. Matthews and Paul E. Tramontano, were each elected to serve as a director for a term expiring at the Company’s 2019 annual meeting or until his successor is duly elected and qualified. A discussion regarding the voting at such meeting is available in our semiannual report for the period ended June 30, 2016. A copy of the semiannual report is available free of charge at [www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com), upon request by calling (844) 810-6501, or from the EDGAR Database on the SEC’s website ([www.sec.gov](http://www.sec.gov)).

### Investment Advisory Agreement

Subject to the overall supervision of our Board, the Adviser manages the day-to-day operations of, and provides investment advisory and management services to, us pursuant to an Investment Advisory Agreement (the “Advisory Agreement”). A discussion regarding the basis for the Board’s approval of the Advisory Agreement is available in our semiannual report for the period ended June 30, 2016. A copy of the semiannual report is available free of charge at [www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com), upon request by calling (844) 810-6501, or from the EDGAR Database on the SEC’s website ([www.sec.gov](http://www.sec.gov)).

### Portfolio Information

The Company files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Company’s Forms N-Q are available on the SEC’s website at <http://www.sec.gov>. The SEC’s Forms N-Q may be reviewed and copied at the SEC’s Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Company also makes its Form N-Q filings available on its website at [www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com).

### Proxy Information

The Company has delegated its proxy voting responsibility to Eagle Point. A description of these policies and procedures is available (1) without charge, upon request, by calling toll free (844) 810-6501; and (2) on the SEC’s website at <http://www.sec.gov>.

Information regarding how the Company voted proxies relating to portfolio securities for the 12-month period ending June 30, 2016 is available: (1) without charge, upon request, by calling toll free (844) 810-6501; and (2) on the SEC’s website at <http://www.sec.gov>. The Company also makes this information available on its website at [www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com).

### Tax Information

For our tax year ended November 30, 2016, the Company recorded distributions on our common stock equal to \$2.40 per share or \$34.9 million.

### Privacy Information

The Company is committed to protecting your privacy. This privacy notice explains privacy policies of Eagle Point Credit Company Inc. and its affiliated companies. The terms of this notice apply to both current and former stockholders.

The Company will safeguard, according to strict standards of security and confidentiality, all information it receives about you. With regard to this information, the Company maintains procedural safeguards that comply with federal standards.

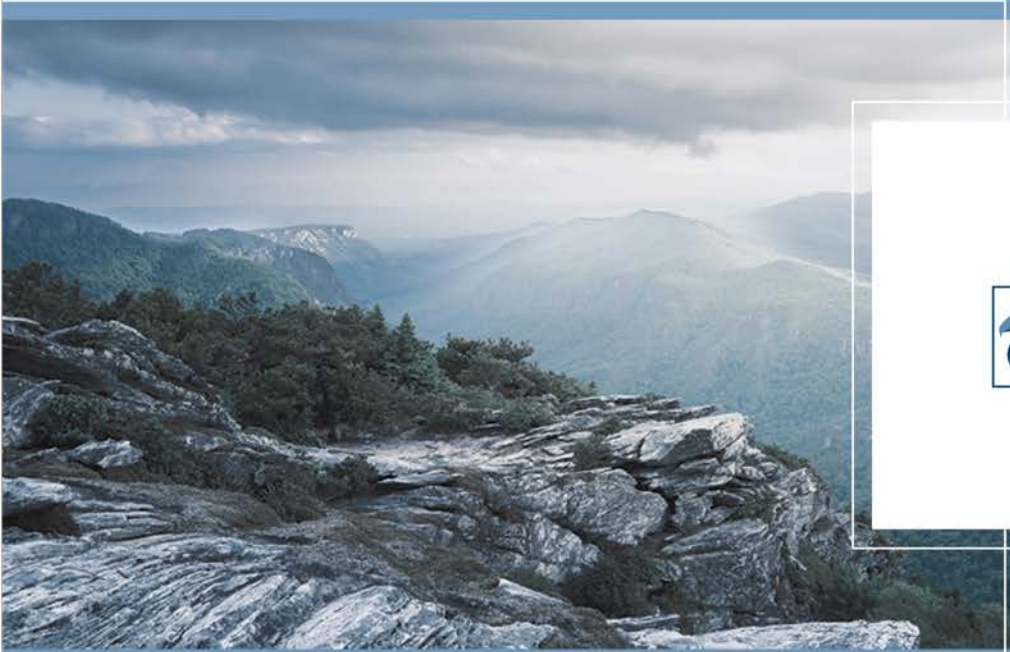
The Company's goal is to limit the collection and use of information about you. When you purchase shares of the Company's common stock, the transfer agent collects personal information about you, such as your name, address, social security number or tax identification number.

This information is used only so that the Company can send you annual and semiannual reports, proxy statements and other information required by law, and to send you information it believes may be of interest to you. The Company does not share such information with any non-affiliated third party except as described below:

- It is the Company's policy that only authorized employees of its investment adviser, Eagle Point Credit Management LLC, and its affiliates who need to know your personal information will have access to it.
- The Company may disclose stockholder-related information to unaffiliated third party financial service providers (which may include a custodian, transfer agent, accountant or financial printer) who need to know that information in order to provide services to you or to the Company. These companies are required to protect your information and use it solely for the purpose for which they received it.

If required by law, the Company may disclose stockholder-related information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed.

*[End of Annual Report. Back Cover Follows.]*



## **Eagle Point Credit Company Inc.**

20 Horseneck Lane  
Greenwich, CT 06830  
(203) 340 8500

## **Investment Adviser**

**Eagle Point Credit Management LLC**

20 Horseneck Lane  
Greenwich, CT 06830

## **Transfer Agent, Registrar, Dividend Disbursement and Stockholder Servicing Agent**

**American Stock Transfer and Trust Company, LLC**

6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
(800) 937 5449

[www.eaglepointcreditcompany.com](http://www.eaglepointcreditcompany.com)

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