
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 814-01132

Crescent Capital BDC, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

47-3162282
(I.R.S. Employer
Identification No.)

11100 Santa Monica Blvd., Suite 2000, Los Angeles, CA
(Address of Principal Executive Offices)

90025
(Zip Code)

Registrant's Telephone Number, Including Area Code: (310) 235-5900

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.001 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-Accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of shares of the Registrant's common stock, \$.001 par value per share, outstanding at March 22, 2019 was 14,705,426.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the 2019 annual meeting of stockholders are incorporated by reference in Part III.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current or prospective portfolio investments, our industry, our beliefs, and our assumptions. We believe that it is important to communicate our future expectations to our investors. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “would,” “should,” “targets,” “projects,” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and are difficult to predict, that could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements.

The following factors and factors listed under “Risk Factors” in this report and other documents Crescent Capital BDC, Inc. has filed with the Securities and Exchange Commission, or SEC, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. The occurrence of the events described in these risk factors and elsewhere in this report could have a material adverse effect on our business, results of operation and financial position. The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- Potential fluctuation in quarterly operating results
- Potential impact of economic recessions or downturns
- Adverse developments in the credit markets
- Operation in a highly competitive market for investment opportunities
- Regulations governing our operation as a business development company
- Financing investments with borrowed money
- Lack of liquidity in investments
- Defaults by portfolio companies
- Uncertainty as to the value of certain portfolio investments
- Potential resignation of the Advisor and or the Administrator
- Changes in interest rates may affect our cost of capital and net investment income
- Potential adverse effects of price declines and illiquidity in the corporate debt markets
- Risks associated with original issue discount (“OID”) and payment-in-kind (“PIK”) interest income
- Risks regarding distributions
- Potential adverse effects of new or modified laws and regulations

Although we believe that the assumptions on which these forward-looking statements are based upon are reasonable, some of those assumptions are based on the work of third parties and any of those assumptions could prove to be inaccurate; as a result, forward-looking statements based on those assumptions also could prove to be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans and objectives will be achieved. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this report. We do not undertake any obligation to update or revise any forward-looking statements or any other information contained herein, except as required by applicable law. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The safe harbor provisions of Section 21E of the 1934 Act, which preclude civil liability for certain forward-looking statements, do not apply to the forward-looking statements in this report because we are an investment company.

See accompanying notes.

PART I

In this Annual Report, except where the context suggests otherwise, the terms “CBDC,” “we,” “us,” “our,” and “the Company” refer to Crescent Capital BDC, Inc. The term “Advisor” refers to CBDC Advisors, LLC, a Delaware limited liability company. The term “Administrator” refers to CBDC Administration, LLC, a Delaware limited liability company. The term “CCG LP” refers to Crescent Capital Group LP and its affiliates.

Item 1. Business

General

Crescent Capital BDC, Inc. (the “Company”) was formed on February 5, 2015 (“Inception”) as a Delaware corporation structured as an externally managed, closed-end, non-diversified management investment company. The Company commenced investment operations on June 26, 2015 (“Commencement”). The Company has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, the Company has elected to be treated for U.S. federal income tax purposes as a regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a RIC, the Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements.

The Company is managed by CBDC Advisors, LLC (the “Advisor”), an investment adviser that is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). CBDC Administration, LLC (the “Administrator”) provides the administrative services necessary for the Company to operate. Company management consists of investment and administrative professionals from the Advisor and Administrator along with the Company’s Board of Directors (the “Board”). The Advisor directs and executes the investment operations and capital raising activities of the Company subject to oversight from the Board, which sets the broad policies of the Company. The Board has delegated investment management of the Company’s investment assets to the Advisor. The Board consists of five directors, three of whom are independent.

A portion of the outstanding shares of the Company’s common stock are owned by Crescent Capital Group LP (“CCG LP”). CCG LP is also the majority member of the Advisor and sole member of the Administrator. The Company has entered into a license agreement with CCG LP under which CCG LP granted the Company a non-exclusive, royalty-free license to use the name “Crescent Capital”. The Advisor has entered into a resource sharing agreement with CCG LP.

The Company’s primary investment objective is to maximize the total return to the Company’s stockholders in the form of current income and capital appreciation through debt and related equity investments. The Company will seek to achieve its investment objectives by investing primarily in secured debt (including senior secured, unitranche and second lien debt) and unsecured debt (including senior unsecured, mezzanine and subordinated debt), as well as related equity securities of private U.S. middle-market companies. By “middle-market companies,” we mean companies that have annual earnings before interest, income taxes, depreciation and amortization (“EBITDA”), which we believe is a useful proxy for cash flow, of \$10 million to \$250 million. We may on occasion invest in larger or smaller companies. Our investments may include non-cash income features, including payment-in-kind (“PIK”) interest and original issue discount (“OID”). We may also invest in securities that are rated below investment grade (*e.g.*, junk bonds) by rating agencies or that would be rated below investment grade if they were rated. As a BDC, we may also invest up to 30% of our portfolio opportunistically in “non-qualifying” portfolio investments. See “*Item 1(c). Description of Business—Regulation as a Business Development Company—Qualifying Assets.*”

The Company’s investment objective is accomplished through:

- accessing the origination channels that have been developed and established by CCG LP;
- originating investments in what we believe to be middle-market companies with strong business fundamentals, generally controlled by private equity investors that require capital for growth, acquisitions, recapitalizations, refinancings and leveraged buyouts;
- applying the underwriting standards of CCG LP; and
- leveraging the experience and resources of CCG LP to monitor our investments.

Our investment philosophy emphasizes capital preservation through credit selection and risk mitigation. We expect our targeted portfolio to provide downside protection through conservative cash flow and asset coverage requirements, priority in the capital structure and information requirements.

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As a BDC under the Act and a RIC under the Code, our portfolio is subject to diversification and other requirements. See “—*Certain U.S. Federal Income Tax Consequences.*”

Our operations comprise only a single reportable segment. On July 23, 2015, the Company formed CBDC Universal Equity, Inc., a wholly-owned subsidiary. This subsidiary allows the Company to hold equity securities of a portfolio company organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code. On February 25, 2016, the Company formed Crescent Capital BDC Funding, LLC (“CBDC SPV”), a Delaware limited liability company and wholly owned subsidiary. The financial statements of these two entities are consolidated into the financial statements of the Company.

We may borrow money from time to time within the levels permitted by the 1940 Act (which generally allows us to incur leverage for up to one-half of our assets). In determining whether to borrow money, we will analyze the maturity, covenant package and rate structure of the proposed borrowings as well as the risks of such borrowings compared to our investment outlook. The use of borrowed funds or the proceeds of preferred stock offerings to make investments would have its own specific set of benefits and risks, and all of the costs of borrowing funds or issuing preferred stock would be borne by holders of our common stock. See “*Item 1A. Risk Factors—Risks Relating to Our Business and Structure—Financing Investments With Borrowed Money*”

The Investment Advisor

The Advisor, a Delaware limited liability company and an affiliate of CCG LP, will act as our investment adviser. The Advisor is a registered investment adviser under the Advisers Act. Our investment activities are managed by the Advisor, which is responsible for originating prospective investments, conducting research and due diligence investigations on potential investments, analyzing investment opportunities, negotiating and structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. The Advisor has entered into a Resource Sharing Agreement (the “Resource Sharing Agreement”) with CCG LP, pursuant to which CCG LP provides the Advisor with experienced investment professionals (including the members of the Advisor’s investment committee) and access to the resources of CCG LP so as to enable the Advisor to fulfill its obligations under the Investment Advisory Agreement. Through the Resource Sharing Agreement, the Advisor capitalizes on the deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of CCG LP’s investment professionals.

About CCG LP

Crescent Capital Corporation, a predecessor to the business of CCG LP, was formed in 1991 by Mark Attanasio and Jean-Marc Chapus as an asset management firm specializing in below-investment grade debt securities. In 1995, Crescent Capital Corporation was acquired by The TCW Group, Inc. (“TCW”) and rebranded as TCW’s Leveraged Finance Group. On January 1, 2011, Messrs. Attanasio and Chapus, along with the entire investment team, spun out of TCW and formed CCG LP, an employee-owned, registered investment adviser. With its headquarters in Los Angeles, CCG LP has over 160 employees based in four offices in the U.S. and Europe. Messrs. Attanasio and Chapus head CCG LP’s management committee, which oversees all of CCG LP’s operations.

The Board of Directors

Our business and affairs are managed under the direction of our Board of Directors (the “Board”). Our Board consists of five members, three of whom are not “interested persons” of CBDC, the Advisor, the Administrator or their respective affiliates as defined in Section 2(a)(19) of the 1940 Act. We refer to these individuals as our “Independent Directors.” The Independent Directors compose a majority of our Board. Our Board elects our officers, who serve at the discretion of our Board. The responsibilities of our Board include quarterly determinations of the fair value of our assets, corporate governance activities, oversight of our financing arrangements and oversight of our investment activities.

Investment Strategy

We intend to follow CCG LP’s approach to investing, which is based upon fundamental credit research and risk analysis. This approach reflects CCG LP’s view that the cornerstone of successful investing is fundamental credit analysis.

Specifically, we will pursue an investment strategy targeting companies primarily in the middle-market. We believe that the middle-market is attractive as a result of the lack of available lending sources to smaller companies. We believe many financing providers have chosen to focus on large corporate clients and managing capital markets transactions rather than lending to middle-market businesses. Further, many financial institutions and traditional lenders are faced with constrained balance sheets and are requiring existing borrowers to reduce leverage. We also believe hedge funds and collateralized debt obligation/collateralized loan obligation managers are less likely to pursue investment opportunities in our target market as a result of reduced liquidity for new investments. Specifically, CCG LP’s sourcing platform should enable it, on our behalf and through our Advisor, to identify and invest in creditworthy borrowers. In addition, to take advantage of investment opportunities in middle-market companies that are identified for us by CCG LP, we may invest alongside other pools of capital, including bank debt, high-yield and mezzanine funds managed by

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CCG LP. See “*Item 7. Certain Relationships and Relation Transactions, and Director Independence*” for a discussion of certain conflicts of interest of CCG LP and certain limitations on our ability to co-invest with other accounts advised by CCG LP.

We expect to target investments in companies that exhibit one or more of the following characteristics:

- businesses with strong franchises and sustainable competitive advantages;
- businesses operating in industries with barriers to entry;
- businesses in industries with positive long-term dynamics;
- businesses with cash flows that are dependable and predictable;
- businesses with management teams with demonstrated track records and economic incentives; or
- businesses controlled by private equity investors that require capital for growth, acquisitions, and leveraged buyouts.

We will seek to create a diversified portfolio of investments across various industries as a method to manage risk and capitalize on specific sector trends, although our investments may be concentrated in a small number of industries.

Investment Focus

Generally, we focus on investing in secured debt (including senior secured, unitranche and second lien debt) and unsecured debt (including senior unsecured, mezzanine and subordinated debt), as well as related equity securities of private U.S. middle-market companies. By “middle-market companies,” we mean companies that have annual EBITDA, which we believe is a useful proxy for cash flow, of \$10 million to \$250 million. We may on occasion invest in larger or smaller companies.

We generally invest in securities that are rated below investment grade (e.g., junk bonds) by rating agencies or that would be rated below investment grade if they were rated. See “*Item 1A. Risk Factors—Risks Relating to Our Investments—Lack of Liquidity in Investments*” Our investments may include non-cash income features, including PIK interest and OID. See “*Item 1A. Risk Factors—Risks Relating to Our Investments—Risks Associated with OID and PIK Interest Income.*”

Our business model is focused on the direct origination of loans to middle-market companies. The companies in which we invest use our capital to support organic growth, acquisitions, market or product expansion and recapitalizations. We expect to generate revenues primarily in the form of interest income from the investments we hold in addition to income from dividends on direct equity investments, capital gains on the sales of loans and debt and equity securities and various loan origination and other fees.

We may purchase interests in loans or make debt investments, either (i) directly from our target companies as primary market or private credit investments (i.e., private credit transactions), or (ii) primary or secondary market bank loan or high yield transactions in the broadly syndicated “over-the-counter” market (i.e., broadly syndicated loans and bonds). Although our focus is to invest in less liquid private credit transactions, broadly syndicated loans and bonds are generally more liquid than and complement our private credit transactions. In addition, and because we often receive more attractive financing terms on broadly syndicated loans and bonds than we do on our less liquid assets, we are able to leverage the broadly syndicated portfolio in such a way that can maximize the levered return potential of our portfolio.

“Unitranche” loans are first lien loans that may extend deeper in a company’s capital structure than traditional first lien debt and may provide for a waterfall of cash flow priority among different lenders in the unitranche loan. In certain instances, the Company may find another lender to provide the “first out” portion of such loan and retain the “last out” portion of such loan, in which case, the “first out” portion of the loan would generally receive priority with respect to payment of principal, interest and any other amounts due thereunder over the “last out” portion that the Company would continue to hold. In exchange for the greater risk of loss, the “last out” portion earns a higher interest rate. The term “mezzanine” refers to an investment in a company that, among other factors, includes debt that generally ranks senior to a borrower’s equity securities and junior in right of payment to such borrower’s other indebtedness. We may make multiple investments in the same portfolio company.

Investment Decision Process

Through the resources of CCG LP, the Advisor will have access to origination capabilities and research resources, experienced investment professionals, internal information systems and a credit analysis framework and investment process. Over the years, CCG LP has designed its investment process to seek those investments which it believes have the most attractive risk/reward characteristics. The process involves several levels of review and is coordinated in an effort to identify risks in potential investments. Our Advisor will apply CCG LP’s expertise to screen many of our investment opportunities as described below. Depending on the type of the investment and the obligor, Advisor may apply all or some of these levels of review, in its discretion. Based upon a favorable outcome of the diligence process described below, our Advisor’s investment committee will make a final decision on such investment and such investment will only be funded after approval.

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Private Credit Originations: New private credit investment opportunities will initially be reviewed by a senior investment professional to determine whether additional consideration is warranted. Factors influencing this decision include fundamental business considerations, including borrower industry, borrower financial leverage and quality of management as well as private equity sponsor involvement (if any). In the event of a positive review, potential investments will be further reviewed with senior and junior investment professionals. If the team agrees on the fundamental attractiveness of the investment, the review phase will proceed with preliminary strategic and financial analyses. At this point, CCG LP will utilize its credit analysis methodology to outline credit and operating statistics and identify key business characteristics through a dialogue with the proposed portfolio company's management. Following this analysis, CCG LP will develop an initial structure and pricing proposal for the investment and preliminarily inform the investment committee of such proposal.

After satisfactory preliminary analysis and review, a due diligence phase will begin, including completion of credit analysis, on-site due diligence (if deemed necessary), visits and meetings with management, reference checks and could include consultation with third-party experts. The credit analysis is a detailed, bottom-up analysis on the proposed portfolio company that generally includes an assessment of its market, competition, products, management and the equity sponsor or owner. Detailed financial analysis will also be performed at this stage with a focus on historical financial results. Projected financial information developed by the proposed portfolio company is analyzed and sensitized by CCG LP based upon the portfolio company's historical results and CCG LP's assessment of the portfolio company's future prospects. The sensitivity analysis will highlight the variability of revenues and earnings, "worst case" debt service coverage and available sources of liquidity. As part of the overall evaluation, comparisons are made to similar companies to help assess a portfolio company's asset coverage of debt, interest servicing capacity and competitive strength within its industry and market. At the completion of due diligence, the investment committee will complete a checklist to verify that all identified issues have been covered or mitigated. Additionally during this stage, CCG LP will typically work with the management of the proposed portfolio company and its other capital providers to develop the structure of an investment, including negotiating among these parties on how our investment is expected to perform relative to the other forms of capital in its capital structure.

Syndicated Investments: For syndicated investments, CCG LP seeks to pursue an investment process based upon evaluation of the credit fundamentals of issuers. The foundation of this process is the "bottom-up" credit research process that CCG LP employs across multiple strategies. In selecting investments, CCG LP's investment professionals perform comprehensive analysis of credit worthiness, including an assessment of the business, an evaluation of management, an analysis of business strategy and industry trends, an examination of financial results and projections and a review of the security's proposed terms. Credit research is a critical component of the investment process. In selecting investments, CCG LP's respective portfolio management teams will analyze opportunities with an emphasis on principal preservation (i.e., an issuer's ability to service its debt and maintain cash flow).

Investment Funding

Upon completion of the investment decision process described above, the investment team working on an investment delivers a memorandum to the Advisors' investment committee. Once an investment has been approved by the investment committee, the Advisor moves through a series of steps with the respective investment team towards negotiation of final documentation. Upon completion of final documentation, a loan is funded upon the execution of an investment committee memorandum by members of the Advisors' investment committee.

Investment Monitoring

The Advisor monitors our portfolio companies on an ongoing basis by monitoring the financial trends of each portfolio company to determine if it is meeting its business plans and to assess the appropriate course of action for each company. We consider board observation rights, where appropriate, regular dialogue with company management and equity sponsors and detailed internally generated monitoring reports to be critical to the Company's performance. As part of the monitoring process, the Advisor regularly assesses the risk profile of each of our investments and, on a quarterly basis, grades each investment on a risk scale of 1 to 5. Risk assessment is not standardized in our industry and our risk assessment may not be comparable to ones used by our competitors. Our assessment is based on the following categories:

- 1 Involves the least amount of risk in our portfolio. The investment/borrower is performing above expectations since investment, and the trends and risk factors are generally favorable, which may include the financial performance of the borrower or a potential exit.
- 2 Involves an acceptable level of risk that is similar to the risk at the time of investment. The investment/borrower is generally performing as expected, and the risk factors are neutral to favorable.

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- 3 Involves an investment/borrower performing below expectations and indicates that the investment's risk has increased somewhat since investment. The borrower's loan payments are generally not past due and more likely than not the borrower will remain in compliance with debt covenants. An investment rating of 3 requires closer monitoring.
- 4 Involves an investment/borrower performing materially below expectations and indicates that the loan's risk has increased materially since investment. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due). Placing loans on non-accrual status should be considered for investments rated 4.
- 5 Involves an investment/borrower performing substantially below expectations and indicates that the loan's risk has substantially increased since investment. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 5 are not anticipated to be repaid in full and the fair market value of the loan should be reduced to the anticipated recovery amount. Loans with an investment rating of 5 should be placed on non-accrual status.

Investment Advisory Agreement; Administration Agreement; License Agreement

Our investment activities are managed by our Advisor, which is responsible for originating prospective investments, conducting research and due diligence investigations on potential investments, analyzing investment opportunities, negotiating and structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. On June 2, 2015, we entered into an investment advisory agreement (the "Investment Advisory Agreement") with the Advisor, pursuant to which we have agreed to pay the Advisor a base management fee and an incentive fee for its services. The cost of both the base management fee and the incentive fee are ultimately borne by our stockholders.

The base management fee is calculated at an annual rate of 1.5% of our gross assets, including assets purchased with borrowed funds or other forms of leverage but excluding cash and cash equivalents. For services rendered under the Investment Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter. Base management fees for any partial month or quarter will be appropriately pro-rated. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper maturing within one year of purchase. The Advisor, however, during periods prior to a Qualified IPO (as defined below) will agree to waive its right to receive management fees in excess of the sum of (i) 0.25% of the aggregate committed but undrawn capital and (ii) 0.75% of the aggregate gross assets excluding cash (including capital drawn to pay the Company's expenses). A "Qualified IPO" is an initial public offering of the Company's common stock that results in an unaffiliated public float of at least the lower of \$75 million or 15% of the aggregate capital commitments received prior to the date of such initial public offering. The Advisor will not be permitted to recoup any waived amounts at any time and the waiver agreement may only be modified or terminated prior to a Qualified IPO with the approval of the Board.

We will pay the Advisor an incentive fee. The incentive fee will consist of two parts—an incentive fee based on income and an incentive fee based on capital gains. The first part, the income incentive fee, which is described in more detail in the bullet points below, is calculated and payable quarterly in arrears and (a) equals 100% of the excess of our pre-incentive fee net investment income for the immediately preceding calendar quarter, over a preferred return of 1.5% per quarter (6% annualized), (the "Hurdle"), and a catch-up feature, until the Advisor has received, (i) prior to a Qualified IPO, 15%, or (ii) after a Qualified IPO, 17.5%, of the pre-incentive fee net investment income for the current quarter up to, (i) prior to a Qualified IPO, 1.7647%, or (ii) after a Qualified IPO, 1.8182% (the "Catch-up"), and (b) (i) prior to a Qualified IPO, 15% or (ii) after a Qualified IPO, 17.5%, of all remaining pre-incentive fee net investment income above the "Catch-up." The second part, the capital gains incentive fee, is determined and payable in arrears as of the end of each fiscal year (or upon a Qualified IPO or termination of the Investment Advisory Agreement), (i) prior to a Qualified IPO, 15%, or (ii) after a Qualified IPO, 17.5%, of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of the fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

Pre-incentive fee net investment income 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 that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature such as market discount, OID, debt instruments with PIK interest, preferred stock with PIK dividends and zero-coupon securities, accrued income that we have not yet received in cash. See *Item 1A. Risk Factors—Risks Relating to Our Business and Structure—Incentive Fee Structure Relating to the Advisor.*

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Pre-incentive fee net investment income does not include any realized or unrealized capital gains or losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss. For example, if we receive pre-incentive fee net investment income in excess of the Hurdle rate for a quarter, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses.

Pre-incentive fee net investment income is compared to a “Hurdle Amount” equal to the product of (i) the Hurdle rate of 1.50% per quarter (6.00% annualized) and (ii) our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period), at the end of the immediately preceding calendar quarter. If market interest rates rise, we may be able to invest our funds in debt instruments that provide for a higher return, which would increase our pre-incentive fee net investment income and make it easier for the Advisor to surpass the fixed Hurdle rate and receive an incentive fee based on such net investment income. PIK interest and OID will also increase our pre-incentive fee net investment income and make it easier to surpass the fixed Hurdle rate. Our pre-incentive fee net investment income used to calculate this part of the incentive fee is also included in the amount of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts) used to calculate the 1.5% base management fee.

Prior to the occurrence of a Qualified IPO, the Company will pay the income incentive fee in each calendar quarter as follows:

- no income incentive fee in any calendar quarter in which the Company’s pre-incentive fee net investment income does not exceed the Hurdle Amount;
- 100% of the Company’s pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the Hurdle Amount but is less than or equal to an amount (the “Pre-Qualified IPO Catch-Up Amount”) determined on a quarterly basis by multiplying 1.7647% by the Company’s net assets (as defined above) at the beginning of each applicable calendar quarter. The Pre-Qualified IPO Catch-Up Amount is intended to provide the Advisor with an incentive fee of 15% on all of the Company’s pre-incentive fee net investment income when the Company’s pre-incentive fee net investment income reaches the Pre-Qualified IPO Catch-Up Amount in any calendar quarter; and
- for any calendar quarter in which the Company’s pre-incentive fee net investment income exceeds the Pre-Qualified IPO Catch-Up Amount, the income incentive fee shall equal 15% of the amount of the Company’s pre-incentive fee net investment income for the calendar quarter.

On and after the occurrence of a Qualified IPO, the Company will pay the income incentive fee in each calendar quarter as follows:

- no income incentive fee in any calendar quarter in which the Company’s pre-incentive fee net investment income does not exceed the Hurdle Amount;
- 100% of the Company’s pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the Hurdle Amount but is less than or equal to an amount (the “Post-Qualified IPO Catch-Up Amount”) determined on a quarterly basis by multiplying 1.8182% by the Company’s net assets (as defined above) at the beginning of each applicable calendar quarter. The Post-Qualified IPO Catch-Up Amount is intended to provide the Advisor with an incentive fee of 17.5% on all of the Company’s pre-incentive fee net investment income when the Company’s pre-incentive fee net investment income reaches the Post-Qualified IPO Catch-Up Amount in any calendar quarter; and
- for any calendar quarter in which the Company’s pre-incentive fee net investment income exceeds the Post-Qualified IPO Catch-Up Amount, the income incentive fee shall equal 17.5% of the amount of the Company’s pre-incentive fee net investment income for the calendar quarter.

These calculations will be appropriately pro-rated for any period of less than three months and adjusted for any share issuances or repurchases by the Company during the current quarter. The Company does not currently have a share repurchase program and share repurchases will be effected only in extremely limited circumstances in accordance with applicable law. If the Qualified IPO occurs on a date other than the first day of a calendar quarter, the income incentive fee shall be calculated for such calendar quarter at a weighted rate calculated based on the fee rates applicable before and after a Qualified IPO based on the number of days in such calendar quarter before and after a Qualified IPO.

At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the end of the Commitment Period to the earlier of (i) a Qualified IPO or (ii) June 30, 2020. In exchange for the Commitment Period extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the income incentive fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

The second part of the incentive fee is a capital gains incentive fee that is determined and payable in arrears in cash as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals (i) 15% of our realized capital gains as of the end of the fiscal year prior to a Qualified IPO, and (ii) 17.5% of our realized capital gains as of the end of the fiscal year after a Qualified IPO. In determining the capital gains incentive fee payable to the Advisor, we calculate the

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cumulative aggregate realized capital gains and cumulative aggregate realized capital losses since our inception, and the aggregate unrealized capital depreciation as of the date of the calculation, as applicable, with respect to each of the investments in our portfolio. For this purpose, cumulative aggregate realized capital gains, if any, equals the sum of the differences between the net sales price of each investment, when sold, and the original cost of such investment since our inception. Cumulative aggregate realized capital losses equals the sum of the amounts by which the net sales price of each investment, when sold, is less than the original cost of such investment since our inception. Aggregate unrealized capital depreciation equals the sum of the difference, if negative, between the valuation of each investment as of the applicable calculation date and the original cost of such investment. At the end of the applicable year, the amount of capital gains that serves as the basis for our calculation of the capital gains incentive fee equals the cumulative aggregate realized capital gains less cumulative aggregate realized capital losses, less aggregate unrealized capital depreciation, with respect to our portfolio of investments. If this number is positive at the end of such year, then the capital gains incentive fee for such year will equal 15% or 17.5%, as applicable, of such amount, less the aggregate amount of any capital gains incentive fees paid in respect of our portfolio in all prior years as calculated in accordance with the below after a Qualified IPO.

If a Qualified IPO occurs on a date other than the first day of a fiscal year, a capital gains incentive fee shall be calculated as of the day before the Qualified IPO, with such capital gains incentive fee paid to the Advisor following the end of the fiscal year in which the Qualified IPO occurred. For the avoidance of doubt, such capital gains incentive fee shall be equal to 15.0% of the Company's realized capital gains on a cumulative basis from inception through the day before the Qualified IPO, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gains incentive fees. Following a Qualified IPO, solely for the purposes of calculating the capital gains incentive fee, the Company will be deemed to have previously paid capital gains incentive fees prior to a Qualified IPO equal to the product obtained by multiplying (a) the actual aggregate amount of previously paid capital gains incentive fees for all periods prior to a Qualified IPO by (b) the percentage obtained by dividing (x) 17.5% by (y) 15.0%. In the event that the Investment Advisory Agreement shall terminate as of a date that is not a fiscal year end, the termination date shall be treated as though it were a fiscal year end for purposes of calculating and paying a capital gains incentive fee.

At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the deadline to consummate a Qualified IPO (the "Qualified IPO Deadline"). The Qualified IPO Deadline was extended to June 30, 2022. In exchange for the Qualified IPO Deadline extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the capital gain incentive fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

Our Board will monitor the mix and performance of our investments over time and will seek to satisfy itself that the Advisor is acting in our interests and that our fee structure appropriately incentivizes the Advisor to do so.

On June 2, 2015, we also entered into an administration agreement (the "Administration Agreement") with the Administrator, an affiliate of CCG LP, pursuant to which the Administrator will provide the administrative services necessary for us to operate, and we will utilize the Administrator's office facilities, equipment and recordkeeping services. Pursuant to the Administration Agreement, the Administrator has agreed to oversee our public reporting requirements and tax reporting and monitor our expenses and the performance of professional services rendered to us by others. The Administrator has also hired a sub-administrator to assist in the provision of administrative services. We will reimburse the Administrator for its costs and expenses and our allocable portion of overhead incurred by it in performing its obligations under the Administration Agreement, including compensation paid to or compensatory distributions received by our officers (including our Chief Compliance Officer and Chief Financial Officer) and any of their respective staff who provide services to us, operations staff who provide services to us, and any other staff, to the extent they perform a role in our Sarbanes-Oxley internal control assessment. Our allocable portion of overhead is determined by the Administrator, which expects to use various methodologies such as allocation based on the percentage of time certain individuals devote, on an estimated basis, to the business and affairs of the Company, and is subject to oversight by the Board. The sub-administrator is paid its compensation for performing its sub-administrative services under the sub-administration agreement. The Administrator will waive its right to be reimbursed in the event that any such reimbursements would cause any distributions to our stockholders to constitute a return of capital. See "Fees and Expenses." In addition, the Advisor is permitted to delegate its duties under the Administration Agreement to affiliates or third parties and we will reimburse the expenses of these parties incurred and paid by the Advisor on our behalf.

Both the Investment Advisory Agreement and the Administration Agreement have been approved by our Board. Unless earlier terminated as described below, both the Investment Advisory Agreement and the Administration Agreement will remain in effect for a period of two years from their effective date and will remain in effect from year to year thereafter if approved annually by (i) the vote of our Board, or by the vote of a majority of our outstanding voting securities, and (ii) the vote of a majority of our Independent Directors. The Investment Advisory Agreement and the Administration Agreement will automatically terminate in the event of assignment. Both the Investment Advisory Agreement and the Administration Agreement may be terminated by either party without penalty upon not less than 60 days' written notice to the other. See "Item 1A. Risk Factors—Risks Relating to Our Business and Structure—Dependence Upon Key Personnel of CCG LP."

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Under the Investment Advisory Agreement, the Advisor has not assumed any responsibility to us other than to render the services called for under that agreement. It will not be responsible for any action of our Board in following or declining to follow the Advisor's advice or recommendations. Under the Investment Advisory Agreement, the Advisor, its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor, including, without limitation, the Administrator, and any person controlling or controlled by the Advisor will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that the Advisor owes to us under the Investment Advisory Agreement. In addition, as part of the Investment Advisory Agreement, we have agreed to indemnify the Advisor and each of its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor, including, without limitation, and the Administrator, from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the Investment Advisory Agreement. These protections may lead the Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

United States federal and state securities laws may impose liability under certain circumstances on persons who act in good faith. Nothing in the Investment Advisory Agreement constitutes a waiver or limitation of any rights that the Company may have under any applicable federal or state securities laws.

We have also entered into a license agreement with CCG LP under which CCG LP has agreed to grant us anon-exclusive, royalty-free license to use the name "Crescent Capital."

Competition

Our primary competitors in providing financing to middle-market companies include public and private funds, other business development companies, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy to maintain our qualification as a RIC.

We expect to use the expertise of the investment professionals of CCG LP to which we will have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we expect that the relationships of the senior members of CCG LP will enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we seek to invest. For additional information concerning the competitive risks we face, see "*Item 1A. Risk Factors—Risks Relating to our Business and Structure—Operation in a Highly Competitive Market for Investment Opportunities.*"

Fees and Expenses

Our primary operating expenses will include the payment of fees to the Advisor under the Investment Advisory Agreement, our allocable portion of overhead expenses under the Administration Agreement with our Administrator, operating costs associated with our sub-administration, custodian and transfer agent agreements with State Street Bank and Trust Company (the "Sub-Administration Agreements") and other operating costs described below. We will bear all other out-of-pocket costs and expenses of our operations and transactions, including:

- allocated organization costs from the Advisor incurred prior to the commencement of our operations up to a maximum of \$1.5 million;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- independent directors' fees and expenses;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, rent

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and the allocable portion of the cost of certain professional services provided to the Company, including but not limited to, our chief compliance officer, chief financial officer and their respective staffs);

- U.S. federal, state and local taxes;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- brokerage commissions;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws;
- debt service and other costs of borrowings or other financing arrangements; and
- all other expenses reasonably incurred by us in connection with making investments and administering our business.

We have agreed to repay the Advisor for initial organization costs and equity offering costs incurred prior to the commencement of operations up to a maximum of \$1.5 million on a pro rata basis over the first \$350 million of invested capital not to exceed 3 years from the initial capital commitment. The Advisor is responsible for organization and private equity offering costs in excess of \$1.5 million.

We expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines. Incentive Fees and costs relating to future offerings of securities would be incremental.

Capital Resources and Borrowings

We anticipate cash to be generated from our current private offering of common shares (the “Private Offering”) and other future offerings of securities (including a Qualified IPO), and cash flows from operations, including interest earned from the temporary investment of cash in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less. Additionally, we are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. Furthermore, while any indebtedness and senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. In connection with borrowings, our lenders may require us to pledge assets, investor commitments to fund capital calls and/or the proceeds of those capital calls. In addition, the lenders may ask us to comply with positive or negative covenants that could have an effect on our operations.

For more information on our debt, see “ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—Financial Condition, Liquidity and Capital Resources.”

Dividend Reinvestment Plan

Prior to the listing of the Company’s shares on an exchange (a “Listing”), stockholders who “opt in” to the Company’s dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of the Company’s common stock, rather than receiving cash dividends and distributions.

Subsequent to a Listing, stockholders who do not “opt out” of the Company’s dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of the Company’s common stock, rather than receiving cash dividends and distributions.

Stockholders can elect to “opt in” or “opt out” of the Company’s dividend reinvestment plan in their Subscription Agreements. We have adopted a dividend reinvestment plan that will provide for reinvestment of our dividends and other distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board authorizes, and we declare, a cash dividend or other distribution, then (i) prior to a Listing, stockholders who “opt in” to the Company’s dividend reinvestment plan and (ii) subsequent to a Listing, stockholders who do not “opt out” of the Company’s dividend reinvestment plan, will have their cash dividends and distributions automatically reinvested in additional shares of the Company’s common stock, rather than receiving cash dividends and distributions. The elections of stockholders that make an election prior to a Listing shall remain effective after the Listing.

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Resource Sharing Agreement

We do not currently have any employees. We depend on the diligence, skill and network of business contacts of the investment professionals of the Advisor to achieve our investment objective. The Advisor is an affiliate of CCG LP and depends upon access to the investment professionals and other resources of CCG LP and its affiliates to fulfill its obligations to us under the Investment Advisory Agreement. The Advisor also depends upon CCG LP to obtain access to deal flow generated by the investment professionals of CCG LP and its affiliates. Each officer of the Company will also be an employee of the Advisor, CCG LP or its affiliates.

Pursuant to its Resource Sharing Agreement with CCG LP, the Advisor will have access to the individuals who comprise our Advisor's investment committee, and a team of additional experienced investment professionals who, collectively, comprise the Advisor's investment team. The Advisor may hire additional investment professionals to provide services to us, based upon its needs.

Regulation as a Business Development Company

We are regulated as a BDC under the 1940 Act. A BDC must be organized in the United States for the purpose of investing in or lending to primarily private companies and making significant managerial assistance available to them. A BDC may use capital provided by public stockholders and from other sources to make long-term, private investments in businesses. A publicly-traded BDC provides stockholders the ability to retain the liquidity of a publicly-traded stock while sharing in the possible benefits, if any, of investing in primarily privately owned companies. Until a Qualified IPO, we do not intend to list our common stock on a stock exchange and it will not be publicly traded. We will only pursue a Qualified IPO if and when the Advisor believes market conditions are appropriate for the Company to conduct a Qualified IPO and list its shares on an exchange. At such time, the Advisor will recommend that the Board approve such Qualified IPO. There can be no guarantee that a Qualified IPO will take place and investors should not rely on a Qualified IPO for liquidity.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of the outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

As with other companies regulated by the 1940 Act, a BDC must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not interested persons, as that term is defined in the 1940 Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we will be prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

As a BDC, we will generally be required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our total assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 200% after each issuance of senior securities. We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, prior approval by the SEC through an exemptive relief order (other than in certain limited situations pursuant to current regulatory guidance).

We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds, we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of investment companies in the aggregate. The portion of our portfolio invested in securities issued by investment companies ordinarily will subject our stockholders to additional expenses. Our investment portfolio is also subject to diversification requirements by virtue of our intention to be a RIC for U.S. tax purposes.

We will generally not be able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if our Board determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. In addition, we may generally issue new shares of our common stock at a price below net asset value in rights offerings to existing stockholders, in payment of dividends and in certain other limited circumstances.

We are subject to periodic examinations by the SEC for compliance with the 1940 Act.

As a BDC, we are subject to certain risks and uncertainties. See "*Item 1A. Risk Factors.*"

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Qualifying Assets

We may invest up to 30% of our portfolio opportunistically in “non-qualifying assets”. However, under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as “qualifying assets,” unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC’s total assets. The principal categories of qualifying assets relevant to our business are the following:

1. Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. The principal categories of qualifying assets relevant to our business are the following:
 - a) Issuer is organized under the laws of, and has its principal place of business in, the United States;
 - b) Issuer is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
 - c) Issuer satisfies any of the following:
 - i. does not have any class of securities that is traded on a national securities exchange;
 - ii. has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;
 - iii. is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or
 - iv. is a small and solvent company having total assets of not more than \$4.0 million and capital and surplus of not less than \$2.0 million.
2. Securities of any eligible portfolio company which we control.
3. Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
4. Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
5. Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
6. Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

Managerial Assistance to Portfolio Companies

A BDC must be operated for the purpose of making investments in the types of securities described under “Qualifying Assets” above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where the BDC purchases such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors or officers, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Monitoring Investments

In most cases, we will not have board influence over portfolio companies. In some instances, the Advisor’s investment professionals may obtain board representation or observation rights in conjunction with our investments. In conjunction with our Advisor’s investment committee and our Board, the Advisor will take an active approach in monitoring all investments, which includes reviews of financial performance on at least a quarterly basis and may include discussions with management and/or the equity sponsor. The monitoring process will begin with structuring terms and conditions which require the timely delivery and access to critical financial and business information regarding portfolio companies.

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Temporary Investments

Pending investment in other types of “qualifying assets,” as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as “temporary investments,” so that 70% of our assets are qualifying assets. See “*Item I. Certain U.S. Federal Income Tax Consequences—Election to be Taxed as a RIC*” Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our gross assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our Advisor will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions. Our Advisor will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage, see “*Item 1A. Risk Factors—Risks Relating to Our Business and Structure—Financing Investments With Borrowed Money.*”

The Small Business Credit Availability Act (“SBCAA”), which was signed into law on March 23, 2018, among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to a BDC from 200% to 150% so long as the BDC meets certain disclosure requirements and obtains certain approvals. The reduced asset coverage requirement would permit a BDC to have a ratio of total consolidated assets to outstanding indebtedness of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement. As of December 31, 2018, the Company had not yet sought to obtain either approval and, as a result, remained subject to the 200% asset coverage requirement under Section 61(a)(1) of the 1940 Act.

The 1940 Act imposes limitations on a BDC’s issuance of preferred shares, which are considered “senior securities” and thus are subject to the 200% asset coverage requirement described above. In addition, (i) preferred shares must have the same voting rights as the common stockholders (one share, one vote); and (ii) preferred stockholders must have the right, as a class, to appoint directors to the board of directors.

Code of Ethics

As required by Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisers Act, respectively, we and the Adviser have adopted codes of ethics which apply to, among others, our and our Adviser’s executive officers, including our Chief Executive Officer and Chief Financial Officer, as well as our Adviser’s officers, directors and employees. Our codes of ethics generally will not permit investments by our and the Adviser’s personnel in securities that may be purchased or sold by us.

We hereby undertake to provide a copy of the codes to any person, without charge, upon request. Requests for a copy of the codes may be made in writing addressed to the Secretary of the Company, George Hawley, Crescent Capital BDC, Inc., 11100 Santa Monica Boulevard, Suite 2000, Los Angeles, California, 90025, Attention: CBDC Investor Relations, or by emailing us at investor.relations@crescentcap.com.

Compliance Policies and Procedures

We and our Adviser have adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws and we are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation and designate a Chief Compliance Officer to be responsible for administering the policies and procedures. Joseph Hanlon currently serves as our Chief Compliance Officer.

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Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the 1934 Act, our principal executive officer and principal financial officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the 1934 Act, our management must prepare an annual report regarding its assessment of our internal control over financial reporting and (once we cease to be an emerging growth company under the JOBS Act or, if later, for the year following our first annual report required to be filed with the SEC) must obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the 1934 Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Proxy Voting Policies and Procedures

We will delegate our proxy voting responsibility to our Advisor. The Proxy Voting Policies and Procedures of the Advisor are set forth below. The guidelines are reviewed periodically by the Advisor and our non-interested directors, and, accordingly, are subject to change.

An investment adviser registered under the Advisers Act has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, the Advisor recognizes that it must vote portfolio securities in a timely manner free of conflicts of interest and in the best interests of its clients.

These policies and procedures for voting proxies are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

The Advisor will vote all proxies based upon the guiding principle of seeking to maximize the ultimate long-term economic value of our stockholders' holdings, and ultimately all votes are cast on a case-by-case basis, taking into consideration the contractual obligations under the relevant advisory agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Advisor will review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although the Advisor will generally vote against proposals that may have a negative impact on our portfolio securities, the Advisor may vote for such a proposal if there exists compelling long-term reasons to do so.

The Advisor's proxy voting decisions are made by our Advisor's investment committee. To ensure that the vote is not the product of a conflict of interest, the Advisor will require that: (1) anyone involved in the decision making process disclose to our Advisor's investment committee, and disinterested directors, any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) employees involved in the decision making process or vote administration are prohibited from revealing how the Advisor intends to vote on a proposal in order to reduce any attempted influence from interested parties.

Privacy Principles

We are committed to maintaining the privacy of our stockholders and to safeguarding their non-public personal information. The following information is provided to help investors understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Pursuant to our privacy policy, we will not disclose any non-public personal information concerning any of our stockholders who are individuals unless the disclosure meets certain permitted exceptions under Regulation S-P. We generally will not use or disclose any stockholder information for any purpose other than as required by law.

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We may collect non-public information about investors from our Subscription Agreements or other forms, such as name, address, account number and the types and amounts of investments, and information about transactions with us or our affiliates, such as participation in other investment programs, ownership of certain types of accounts or other account data and activity. We may disclose the information that we collect from our stockholders or former stockholders, as described above, only to our affiliates and service providers and only as allowed by applicable law or regulation. Any party that receives this information will use it only for the services required by us and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose. To protect the non-public personal information of individuals, we permit access only by authorized personnel who need access to that information to provide services to us and our stockholders. In order to guard our stockholders' non-public personal information, we maintain physical, electronic and procedural safeguards that are designed to comply with applicable law. Non-public personal information that we collect about our stockholders will generally be stored on secured servers. An individual stockholder's right to privacy extends to all forms of contact with us, including telephone, written correspondence and electronic media, such as the Internet.

Pursuant to our privacy policy, we will provide a clear and conspicuous notice to each investor that details our privacy policies and procedures at the time of the investor's subscription.

Reporting Obligations

We will furnish our stockholders with annual reports containing audited financial statements, quarterly reports, and such other periodic reports as we determine to be appropriate or as may be required by law. We are required to comply with all periodic reporting, proxy solicitation and other applicable requirements under the 1934 Act.

Stockholders and the public may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. The SEC also maintains a website (www.sec.gov) that contains such information.

Election to be Taxed as a RIC

The Company qualifies and intends to continue to qualify annually, as a RIC under Subchapter M of the Code, commencing with our taxable year ending on December 31, 2015. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any income or gains that we timely distribute to our stockholders as dividends. Rather, dividends we distribute generally will be taxable to our stockholders, and any net operating losses, foreign tax credits and other of our tax attributes generally will not pass through to our stockholders, subject to special rules for certain items such as net capital gains and qualified dividend income we recognize. See "*Taxation of U.S. Stockholders*" and "*Taxation of Non-U.S. Stockholders*" below.

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, to qualify as a RIC, we must timely distribute to our stockholders at least 90% of our investment company taxable income (determined without regard to the dividends paid deduction), which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, if any, for each taxable year (the "Annual Distribution Requirement").

Taxation as a RIC

As a RIC and if we satisfy the Annual Distribution Requirement, then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (generally, net long-term capital gain in excess of net short-term capital loss) that we timely distribute (or are deemed to timely distribute) to our stockholders. We are subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to our stockholders.

We generally are subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending October 31 in that calendar year and (3) any net ordinary income and capital gains in excess of capital losses recognized, but not distributed, in preceding years (the "Excise Tax Avoidance Requirement"). We will not be subject to the U.S. federal excise tax on amounts on which we are required to pay U.S. federal income tax (such as retained net capital gains). Depending upon the level of taxable income earned in a year, we may choose to carry forward taxable income for distribution in the following year and pay the applicable U.S. federal excise tax.

To maintain our status as a RIC for U.S. federal income tax purposes, we must, among other things:

- qualify and have in effect an election to be treated as a BDC under the 1940 Act at all times during each taxable year;

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- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities, net income derived from an interest in a “qualified publicly traded partnership” (as defined in the Code), or other income derived with respect to our business of investing in such stock or securities (the “90% Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year:
 - i. at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
 - ii. no more than 25% of the value of our assets is invested in (a) the securities, other than U.S. government securities or securities of other RICs, of one issuer or of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (b) the securities of one or more qualified publicly traded partnerships (the “Diversification Tests”).

For U.S. federal income tax purposes, we will include in our taxable income certain amounts that we have not yet received in cash. For example, if we hold debt obligations that are treated under applicable U.S. federal income tax rules as having OID (such as debt instruments with PIK interest or, in certain cases, that have increasing interest rates or are issued with warrants), we must include in our taxable income in each year a portion of the OID that accrues over the life of the obligation, regardless of whether we receive cash representing such income in the same taxable year. We may also have to include in our taxable income other amounts that we have not yet received in cash, such as accruals on a contingent payment debt instrument or deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. Because such OID or other amounts accrued are included in our investment company taxable income for the year of accrual, we may be required to make distributions to our stockholders in order to satisfy the Annual Distribution Requirement and/or the Excise Tax Avoidance Requirement, even though we will have not received any corresponding cash payments. Accordingly, to enable us to make distributions to our stockholders that will be sufficient to enable us to satisfy the Annual Distribution Requirement, we may need to sell some of our assets at times and/or at prices that we would not consider advantageous, we may need to raise additional equity or debt capital or we may need to forego new investment opportunities or otherwise take actions that are disadvantageous to our business (or be unable to take actions that are advantageous to our business). If we are unable to obtain cash from other sources to enable us to satisfy the Annual Distribution Requirement, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax (and any applicable state and local taxes).

Because we expect to use debt financing, we may be prevented by financial covenants contained in our debt financing agreements from making distributions to our stockholders in certain circumstances. In addition, under the 1940 Act, we are generally not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. Limits on our distributions to our stockholders may prevent us from satisfying the Annual Distribution Requirement and, therefore, may jeopardize our qualification for taxation as a RIC, or subject us to the 4% U.S. federal excise tax.

Although we do not presently expect to do so, we may borrow funds and sell assets in order to make distributions to our stockholders that are sufficient for us to satisfy the Annual Distribution Requirement. However, our ability to dispose of assets may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous. Alternatively, although we currently do not intend to do so, to satisfy the Annual Distribution Requirement, we may declare a taxable dividend payable in our stock or cash at the election of each stockholder. In such case, for U.S. federal income tax purposes, the amount of the dividend paid in our common stock will generally be equal to the amount of cash that could have been received instead of our stock. See “—*Taxation of Stockholders*” below for a discussion of the tax consequences to stockholders upon receipt of such dividends.

Distributions we make to our stockholders may be made from our cash assets or by liquidation of our investments, if necessary. We may recognize gains or losses from such liquidations. In the event we recognize net capital gains from such transactions, investors may receive a larger capital gain distribution than they would have received in the absence of such transactions.

Failure to Qualify as a RIC

If we fail to satisfy the 90% Income Test for any taxable year or the Diversification Tests for any quarter of a taxable year, we might nevertheless continue to qualify as a RIC for such year if certain relief provisions of the Code applied (which might, among other things, require us to pay certain corporate-level U.S. federal taxes or to dispose of certain assets). If we failed to qualify for treatment as a RIC and such relief provisions did not apply to us, we would be subject to U.S. federal income tax on all of our taxable income at regular corporate U.S. federal income tax rates (and we also would be subject to any applicable state and local taxes), regardless of whether we make any distributions to our stockholders. We would not be able to deduct distributions to our stockholders, nor would distributions to our stockholders be required to be made for U.S. federal income tax purposes. Any distributions we make generally

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would be taxable to our U.S. stockholders as ordinary dividend income and, subject to certain limitations under the Code, would be eligible for the 20% maximum rate applicable to individuals and other non-corporate U.S. stockholders, to the extent of our current or accumulated earnings and profits. Subject to certain limitations under the Code, U.S. stockholders that are corporations for U.S. federal income tax purposes would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's adjusted tax basis, and any remaining distributions would be treated as a capital gain.

Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that re-qualify as a RIC no later than the second year following the non-qualifying year, we could be subject to U.S. federal income tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized during the 10-year period after our requalification as a RIC, unless we made a special election to pay corporate-level U.S. federal income tax on such net built-in gains at the time of our requalification as a RIC. We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

Item 1A. Risk Factors

Investing in our common stock involves a number of significant risks. Before an investor invests in our common stock, the investor should be aware of various risks, including those described below. The investor should carefully consider these risk factors, together with all of the other information included in our Registration Statement, before the investor decides whether to make an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, the net asset value of our common stock could decline, and an investor may lose all or part of his or her investment.

Risks Relating to our Business and Structure

Limited Operating History

We were formed in February 2015 and commenced operations on June 26, 2015. As a result of our limited operating history, we are subject to the business risks and uncertainties associated with recently formed businesses, including the risk that we will not achieve our investment objective and that the value of an investor's investment could decline substantially.

Dependence Upon Key Personnel of CCG LP

We do not have any internal management capacity or employees. We will depend on the diligence, skill and network of business contacts of the senior professionals of CCG LP to achieve our investment objectives. We expect that these senior professionals will evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of our Investment Advisory Agreement. We can offer no assurance, however, that senior professionals of CCG LP will continue to provide investment advice to us. If these individuals do not maintain their existing relationships with CCG LP and do not develop new relationships with other sources of investment opportunities available to us, we may not be able to grow our investment portfolio. In addition, individuals with whom the senior professionals of CCG LP have relationships are not obligated to provide us with investment opportunities. Therefore, we can offer no assurance that such relationships will generate investment opportunities for us.

The Advisor is an affiliate of CCG LP and will depend upon access to the investment professionals and other resources of CCG LP to fulfill its obligations to us under the Investment Advisory Agreement. The Advisor will also depend upon such investment professionals to obtain access to deal flow generated by CCG LP. Under a Resource Sharing Agreement entered into between CCG LP and the Advisor, CCG LP has agreed to provide the Advisor with the resources necessary to fulfill its obligations under the Investment Advisory Agreement. The Resource Sharing Agreement provides that CCG LP will make available to the Advisor experienced investment professionals and access to the resources of CCG LP for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. Although we are a third-party beneficiary of the Resource Sharing Agreement, we cannot assure investors that CCG LP will fulfill its obligations under the agreement. We cannot assure investors that the Advisor will enforce the Resource Sharing Agreement if CCG LP fails to perform, that such agreement will not be terminated by either party or that we will continue to have access to the investment professionals of CCG LP and its affiliates or their information and deal flow.

The Advisor's investment committee, which provides oversight over our investment activities, is provided to us by the Advisor under the Investment Advisory Agreement. The loss of any member of the Advisor's investment committee or of other senior professionals of CCG LP would limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operations and cash flows.

Dependence on Strong Referral Relationships

We depend upon CCG LP to maintain its relationships with private equity sponsors, placement agents, investment banks, management groups and other financial institutions, and we expect to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If CCG LP fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom CCG LP has relationships are not obligated to provide us with investment opportunities, and we can offer no assurance that these relationships will generate investment opportunities for us in the future.

No Guarantee to Replicate Historical Results Achieved by CCG LP

Our primary focus in making investments may differ from those of existing investment funds, accounts or other investment vehicles that are or have been managed by members of the Advisor's investment committee or by CCG LP. We may consider co-investing in

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portfolio investments with other investment funds, accounts or investment vehicles managed by members of the Advisor's investment committee or by CCG LP. Any such investments will be subject to regulatory limitations and approvals by directors who are not "interested persons," as defined in the 1940 Act. We can offer no assurance, however, that we will be able to obtain such approvals or develop opportunities that comply with such limitations. There can be no guarantee that we will replicate the historical results achieved by members of the Advisor's investment committee or by CCG LP, and we caution investors that our investment returns could be substantially lower than the returns achieved by them in prior periods. Additionally, all or a portion of the prior results may have been achieved in particular market conditions which may never be repeated. Moreover, current or future market volatility and regulatory uncertainty may have an adverse impact on our future performance.

Ability to Manage Our Business Effectively

Our ability to achieve our investment objective will depend on our ability to manage our business and to grow our investments and earnings. This will depend, in turn, on CCG LP's ability to identify, invest in and monitor portfolio companies that meet our investment criteria. The achievement of our investment objectives on a cost-effective basis will depend upon CCG LP's execution of our investment process, its ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. CCG LP's investment professionals will have substantial responsibilities in connection with the management of other investment funds, accounts and investment vehicles. The personnel of CCG LP may be called upon to provide managerial assistance to our portfolio companies. These activities may distract them from servicing new investment opportunities for us or slow our rate of investment. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Potential Conflicts of Interest

As a result of our arrangements with CCG LP, the Advisor and the Advisor's investment committee, there may be times when the Advisor or such persons have interests that differ from those of our stockholders, giving rise to a conflict of interest.

Conflicts Related to Obligations of CCG LP or the Advisor's Investment Committee

The members of the Advisor's investment committee serve, or may serve, as officers, directors, members, or principals of entities that operate in the same or a related line of business as we do, or of investment funds, accounts, or investment vehicles managed by CCG LP and/or its affiliates. Similarly, CCG LP and its affiliates may have other clients with similar, different or competing investment objectives.

In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. For example, CCG LP has, and will continue to have management responsibilities for other investment funds, accounts and investment vehicles. There is a potential that we will compete with these funds, and other entities managed by CCG LP and its affiliates, for capital and investment opportunities. As a result, members of the Advisor's investment committee who are affiliated with CCG LP will face conflicts in the allocation of investment opportunities among us, and other investment funds, accounts and investment vehicles managed by CCG LP and its affiliates. CCG LP intends to allocate investment opportunities among eligible investment funds, accounts and investment vehicles in a manner that is fair and equitable over time and consistent with its allocation policy. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time. We expect that CCG LP and the Advisor will agree with our Board that, subject to applicable law, allocations among us and other investment funds, accounts and investment vehicles managed by CCG LP will generally be made based on capital available for investment in the asset class being allocated and the respective governing documents of such investment funds, accounts and investment vehicles. We expect that available capital for our investments will be determined based on the amount of cash on-hand, existing commitments and reserves, if any, the targeted leverage level, targeted asset mix and diversification requirements and other investment policies and restrictions set by our Board or as imposed by applicable laws, rules, regulations or interpretations. However, there can be no assurance that we will be able to participate in all investment opportunities that are suitable to us.

Possession of Material Non-Public Information by Principals and Employees of CCG LP

Principals and other employees of CCG LP, including members of the Advisor's investment committee, may serve as directors of, or in a similar capacity with, portfolio companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

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Incentive Fee Structure Relating to the Advisor

In the course of our investing activities, we will pay management and incentive fees to the Advisor. We have entered into an Investment Advisory Agreement with the Advisor that provides that these fees are based on the value of our gross assets. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because these fees are based on the value of our gross assets, the Advisor will benefit when we incur debt or use leverage. Additionally, under the incentive fee structure, the Advisor may benefit when capital gains are recognized and, because the Advisor will determine when to sell a holding, the Advisor will control the timing of the recognition of such capital gains. As a result of these arrangements, there may be times when the management team of the Advisor has interests that differ from those of our stockholders, giving rise to a conflict. Furthermore, there is a risk the Advisor will make more speculative investments in an effort to receive this payment.

Our Board is charged with protecting our interests by monitoring how the Advisor addresses these and other conflicts of interests associated with its services and compensation. While they are not expected to review or approve each investment decision or incurrence of leverage, our independent directors will periodically review the Advisor’s services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate.

The part of the incentive fee payable to the Advisor relating to our net investment income is computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may give rise to a conflict of interest for the Advisor to the extent that it encourages the Advisor to favor debt financings that provide for deferred interest, rather than current cash payments of interest. The Advisor may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities. This risk could be increased because, under our Investment Advisory Agreement, the Advisor is not obligated to reimburse us for incentive fees it receives even if we subsequently incur losses or never receive in cash the deferred income that was previously accrued.

Conflict of Interest Created by Valuation Process for Certain Portfolio Holdings

We expect to make many of our portfolio investments in the form of loans and securities that are not publicly traded and for which no market based price quotation is available. As a result, our Board will determine the fair value of these loans and securities in good faith as described below in “Risk Factors—Risks Relating to Our Business and Structure—Uncertainty as to the Value of Certain Portfolio Investments.” In connection with that determination, investment professionals from CCG LP may provide our Board with valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. While the valuation for each portfolio investment will be reviewed by an independent valuation firm at least once annually, the ultimate determination of fair value is made by our Board and not by such third-party valuation firm. In addition, each of the interested members of our Board has an indirect pecuniary interest in the Advisor. The participation of the Advisor’s investment professionals in our valuation process, and the pecuniary interest in the Advisor by certain members of our Board, could result in a conflict of interest as the Advisor’s management fee is based, in part, on the value of our gross assets, and our incentive fees will be based, in part, on realized gains and realized and unrealized losses.

Conflicts Related to Other Arrangements With CCG LP and the Advisor’s Other Affiliates

We have entered into a license agreement with CCG LP under which CCG LP has agreed to grant us anon-exclusive, royalty-free license to use the name “Crescent Capital”. See “Item 1(c). Description of Business—General—Investment Advisory Agreement; Administration Agreement; License Agreement.” In addition, we have entered into an Administration Agreement with the Administrator pursuant to which we are required to pay to the Administrator our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under such Administration Agreement, such as rent and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. This will create conflicts of interest that our Board will monitor. For example, under the terms of the license agreement, we will be unable to preclude CCG LP from licensing or transferring the ownership of the “Crescent Capital” name to third parties, some of whom may compete against us. Consequently, we will be unable to prevent any damage to goodwill that may occur as a result of the activities of CCG LP or others. Furthermore, in the event the license agreement is terminated, we will be required to change our name and cease using “Crescent Capital” as part of our name. Any of these events could disrupt our recognition in the market place, damage any goodwill we may have generated and otherwise harm our business.

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Negotiation of the Investment Advisory Agreement with the Advisor and the Administration Agreement with the Administrator

The Investment Advisory Agreement and the Administration Agreement were negotiated between related parties. Consequently, their terms, including fees payable to the Advisor, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights and remedies under these agreements because of our desire to maintain our ongoing relationship with the Advisor, the Administrator and their respective affiliates. Any such decision, however, could breach our fiduciary obligations to our stockholders.

Limited Liability and Indemnification of the Advisor

Under the Investment Advisory Agreement, the Advisor has not assumed any responsibility to us other than to render the services called for under that agreement. It will not be responsible for any action of our Board in following or declining to follow the Advisor's advice or recommendations. Under the Investment Advisory Agreement, the Advisor, its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor, including, without limitation, its general partner and the Administrator, and any person controlling or controlled by the Advisor will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that the Advisor owes to us under the Investment Advisory Agreement. In addition, as part of the Investment Advisory Agreement, we have agreed to indemnify the Advisor and each of its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Advisor, including, without limitation, its general partner and the Administrator, from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the Investment Advisory Agreement. These protections may lead the Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

Restricted Ability to Enter Into Transactions with Affiliates

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to such affiliate without the prior approval of our independent directors. We consider the Advisor and its affiliates, including CCG LP, to be our affiliates for such purposes. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company, without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC.

We may, however, invest alongside CCG LP's investment funds, accounts and investment vehicles in certain circumstances where doing so is consistent with our investment strategy as well as applicable law and SEC staff interpretations. For example, we may invest alongside such investment funds, accounts and investment vehicles consistent with guidance promulgated by the SEC staff to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that CCG LP, acting on our behalf and on behalf of such investment funds, accounts and investment vehicles, negotiates no term other than price. We may also invest alongside CCG LP's investment funds, accounts and investment vehicles as otherwise permissible under regulatory guidance, applicable regulations and CCG LP's allocation policy. If the Company is prohibited by applicable law from investing alongside CCG LP's investment funds, accounts and investment vehicles with respect to an investment opportunity, the Company will not participate in such investment opportunity. This allocation policy provides that allocations among us and investment funds, accounts and investment vehicles managed by CCG LP and its affiliates will generally be made pro rata based on capital available for investment, as determined, in our case, by our Board as well as the terms of our governing documents and those of such investment funds, accounts and investment vehicles. It is our policy to base our determinations on such factors as: the amount of cash on-hand, existing commitments and reserves, if any, our targeted leverage level, our targeted asset mix and diversification requirements and other investment policies and restrictions set by our Board or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for investment funds, accounts and investment vehicles managed by CCG LP. However, we can offer no assurance that investment opportunities will be allocated to us fairly or equitably in the short-term or over time.

In situations where co-investment with investment funds, accounts and investment vehicles managed by CCG LP is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer or where the different investments could be expected to result in a conflict between our interests and those of CCG LP's clients, subject to the limitations described in the preceding paragraph, CCG LP will need to decide which client will proceed with the investment. Moreover, except in certain limited circumstances as permitted by the 1940 Act, such as when the only term being negotiated is price, we will be unable to invest in any

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issuer in which an investment fund, account or investment vehicle managed by CCG LP has previously invested. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. These restrictions will limit the scope of investment opportunities that would otherwise be available to us.

We, the Advisor and CCG LP have been granted exemptive relief from the SEC which permits greater flexibility to negotiate the terms of co-investments if our Board determines that it would be advantageous for us to co-invest with investment funds, accounts and investment vehicles managed by CCG LP in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and investment funds, accounts and investment vehicles managed by CCG LP may afford us additional investment opportunities and an ability to achieve a more varied portfolio. Accordingly, our exemptive order permits us to invest with investment funds, accounts and investment vehicles managed by CCG LP in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. The exemptive relief permitting co-investments only applies if our independent directors review and approve each co-investment.

Restriction on Ability to Sell or Otherwise Exit Investments Also Invested in by Other CCG LP Investment Vehicles

We may be considered affiliates with respect to certain of our portfolio companies because certain investment funds, accounts or investment vehicles managed by CCG LP also hold interests in these portfolio companies and as such these interests may be considered a joint enterprise under the 1940 Act. To the extent that our interests in these portfolio companies may need to be restructured in the future or to the extent that we choose to exit certain of these transactions, our ability to do so will be limited. We intend to seek exemptive relief in relation to certain joint transactions; however, there is no assurance that we will obtain relief that would permit us to negotiate future restructurings or other transactions that may be considered a joint enterprise.

Operation in a Highly Competitive Market for Investment Opportunities

A number of entities compete with us to make the types of investments that we plan to make. We will compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source-of-income, asset diversification and distribution requirements we must satisfy to maintain our RIC qualification. The competitive pressures we face may have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective.

With respect to the investments we make, we will not seek to compete based primarily on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with investment funds, accounts and investment vehicles managed by CCG LP. Although CCG LP will allocate opportunities in accordance with its policies and procedures, allocations to such investment funds, accounts and investment vehicles will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders. Moreover, the performance of investments will not be known at the time of allocation. See "*Item 1A. Risk Factors—Risks Relating to Our Business and Structure—Potential Conflicts of Interest*" and "*—Conflicts Related to Obligations of CCG LP or the Advisor's investment committee.*"

Possibility of Corporate-Level Income Tax

To qualify as a RIC under the Code, we must meet certain source-of-income, asset diversification and distribution requirements. The distribution requirement for a RIC is satisfied if we distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. We will be subject, to the extent we use debt financing, to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of our qualifications as a RIC. Because most of our investments will be in private or thinly traded public companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distributions to our stockholders and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and our stockholders.

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Above Average Degree of Risk Associated with an Investment in Our Common Stock

The investments we make in accordance with our investment objective may result in a higher amount of risk, and higher volatility or loss of principal, than alternative investment options. Our investments in portfolio companies may be speculative and, therefore, an investment in our common stock may not be suitable for someone with lower risk tolerance.

Possibility of the Need to Raise Additional Capital

We may need additional capital to fund new investments and grow our portfolio of investments once we have fully invested the net proceeds of the Private Offering. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we will be required to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to maintain our qualification as a RIC. As a result, these earnings will not be available to fund new investments. An inability on our part to access the capital markets successfully could limit our ability to grow our business and execute our business strategy fully and could decrease our earnings, if any, which would have an adverse effect on the value of our securities.

Required Distributions and the Recognition of Income

For U.S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accretion of OID. This may arise if we receive warrants in connection with the making of a loan and in other circumstances, or through contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such OID, which could be significant relative to our overall investment activities, or increases in loan balances as a result of contracted PIK arrangements, will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to maintain our qualification as a RIC. In such a case, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain such cash from other sources, we may fail to qualify as a RIC and thus be subject to corporate-level income tax.

Potential Adverse Tax Consequences as a Result of Not Being Treated as a “Publicly Offered Regulated Investment Company”

We will be treated as a “publicly offered regulated investment company” (within the meaning of Section 67 of the Code) if either (i) shares of our common stock and our preferred stock (if any) collectively are held by at least 500 persons at all times during a taxable year, (ii) shares of our common stock are treated as regularly traded on an established securities market or (iii) shares of our common stock are continuously offered pursuant to a public offering (within the meaning of Section 4 of the Securities Act). We cannot assure investors that we will be treated as a publicly offered regulated investment company for all years. If we are not treated as a publicly offered regulated investment company for any calendar year, each U.S. stockholder that is an individual, trust or estate will be treated as having received a dividend from us in the amount of such U.S. stockholder’s allocable share of the management and incentive fees paid to our Investment Advisor and certain of our other expenses for the calendar year, and these fees and expenses will be treated as miscellaneous itemized deductions of such U.S. stockholder. Miscellaneous itemized deductions generally are deductible by a U.S. stockholder that is an individual, trust or estate only to the extent that the aggregate of such U.S. stockholder’s miscellaneous itemized deductions exceeds 2% of such U.S. stockholder’s adjusted gross income for U.S. federal income tax purposes, are not deductible for purposes of the alternative minimum tax and are subject to the overall limitation on itemized deductions under the Code.

Withholding of U.S. Federal Income Tax on Dividends for Non-U.S. Stockholders

Distributions by a BDC generally are treated as dividends for U.S. tax purposes, and will be subject to U.S. income or withholding tax unless the stockholder receiving the dividend qualifies for an exemption from U.S. tax, or the distribution is subject to one of the special look-through rules described below. Distributions paid out of net capital gains can qualify for a reduced rate of taxation in the hands of an individual U.S. stockholder, and an exemption from U.S. tax in the hands of a non-U.S. stockholder.

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Under an exemption recently made permanent by Congress, properly reported dividend distributions by RICs paid out of certain interest income (such distributions, “interest-related dividends”) are generally exempt from U.S. withholding tax for non-U.S. stockholders. Under such exemption, a non-U.S. stockholder generally may receive interest-related dividends free of U.S. withholding tax if the stockholder would not have been subject to U.S. withholding tax if it had received the underlying interest income directly. No assurance can be given as to whether any of our distributions will be eligible for this exemption from U.S. withholding tax or, if eligible, will be designated as such by us. In particular, the exemption does apply to distributions paid in respect of a RIC’s non-U.S. source interest income, its dividend income or its foreign currency gains. In the case shares of our common stock held through an intermediary, the intermediary may withhold U.S. federal income tax even if we designate the payment as a dividend eligible for the exemption. Also, because our common stock will be subject to significant transfer restrictions, and an investment in our common stock will generally be illiquid, non-U.S. stockholders whose distributions on our common stock are subject to U.S. withholding tax may not be able to transfer their shares of our common stock easily or quickly or at all.

PIK Interest Payments

Certain of our debt investments may contain provisions providing for the payment of PIK interest. Because PIK interest results in an increase in the size of the loan balance of the underlying loan, the receipt by us of PIK interest will have the effect of increasing our assets under management. As a result, because the base management fee that we pay to the Advisor is based on the value of our gross assets, the receipt by us of PIK interest will result in an increase in the amount of the base management fee payable by us. In addition, any such increase in a loan balance due to the receipt of PIK interest will cause such loan to accrue interest on the higher loan balance, which will result in an increase in our pre-incentive fee net investment income and, as a result, an increase in incentive fees that are payable by us to the Advisor. The Advisor may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities.

Regulations Governing Our Operation as a BDC

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted as a BDC to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of our gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous to us in order to repay a portion of our indebtedness. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our Board determines that such sale is in our best interests, and if our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and stockholders may experience dilution.

Potential Default or Other Issues Under a Credit Facility

We intend to enter into one or more Credit Facilities. The closing of a Credit Facility is contingent on a number of conditions including, without limitation, the negotiation and execution of definitive documents relating to such Credit Facility. If we are successful in securing a Credit Facility, we intend to use borrowings under such Credit Facility to make additional investments and for other general corporate purposes. However, there can be no assurance that we will be able to close a Credit Facility or obtain other financing.

In the event we default under a Credit Facility or any other future borrowing facility, our business could be adversely affected as we may be forced to sell a portion of our investments quickly and prematurely at what may be disadvantageous prices to us in order to meet our outstanding payment obligations and/or support working capital requirements under such Credit Facility or such future borrowing facility, any of which would have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under the relevant Credit Facility or such future borrowing facility could assume control of the disposition of any or all of our assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on our business, financial condition, results of operations and cash flows. As part of certain Credit Facilities, the right to make capital calls of stockholders may be pledged as collateral to the lender, which will be able to call for capital contributions upon the occurrence of an event of default under such Credit Facility. To the extent such an event of default does occur, stockholders could therefore be required to fund any shortfall up to their remaining capital commitments, without regard to the underlying value of their investment.

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Potential Limited Ability To Invest in Public Companies

To maintain our status as a BDC, we are not permitted to acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a common equity market capitalization that is less than \$250 million at the time of such investment.

Financing Investments With Borrowed Money

The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. However, we intend to borrow from, and may in the future issue debt securities to, banks, insurance companies and other lenders. Lenders of these funds will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments we may enter into with lenders. In addition, under the terms of a Credit Facility and any borrowing facility or other debt instrument we may enter into, we are likely to be required to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make dividend payments on our common stock or preferred stock. Our ability to service any debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as we expect that the base management fee payable to the Advisor will be payable based on the value of our gross assets, including those assets acquired through the use of leverage, the Advisor will have a financial incentive to incur leverage, which may not be consistent with our stockholders’ interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the base management fee payable to the Advisor.

As a BDC, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 200%. If this ratio declines below 200%, we will not be able to incur additional debt and could be required to sell a portion of our investments to repay some debt when it is otherwise disadvantageous for us to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on the Advisor’s and our Board’s assessment of market and other factors at the time of any proposed borrowing. We cannot assure investors that we will be able to obtain credit at all or on terms acceptable to us.

In addition, a Credit Facility will, and our future debt facilities may, impose financial and operating covenants that restrict our business activities, including limitations that hinder our ability to finance additional loans and investments or to make the distributions required to maintain our qualification as a RIC under the Code.

Changes in Interest Rates May Affect Our Cost of Capital and Net Investment Income

To the extent we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates would not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

In addition, a rise in the general level of interest rates typically leads to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may result in an increase of the amount of our pre-incentive fee net investment income and, as a result, an increase in incentive fees payable to the Advisor.

Potential Limits Under a Credit Facility or Any Other Future Borrowing Facility

Each Credit Facility, and any future borrowing facility, may be backed by all or a portion of our loans and securities on which the lenders may have a security interest. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instrument we enter into with lenders. We expect that any security interests we grant will be set forth in a pledge and security agreement and evidenced by the filing of financing statements by the agent for the lenders. In addition, we expect that the custodian for our securities serving as collateral for such loan would include in its electronic systems notices indicating the existence of such security interests and, following notice of occurrence of an event of default, if any, and during its continuance, will only accept transfer instructions with respect to any such securities from the lender or its designee. If we were to default under the terms of any debt instrument, the agent for the applicable lenders would be able to assume control of the timing of disposition of any or all of our assets securing such debt, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, any security interests as well as negative covenants a Credit Facility or any other borrowing facility may provide may limit our ability to create liens on assets to secure additional debt and may make it difficult for us to restructure or refinance indebtedness at or prior to maturity or obtain additional debt or equity financing. In addition, if our borrowing base under a Credit Facility or any other borrowing facility were to decrease, we would be required to secure additional assets in an amount equal to any borrowing base deficiency. In the event that all of our assets are secured at the time of such a borrowing base deficiency, we could be required to repay advances under the relevant Credit Facility or any other borrowing facility or make deposits to a collection account, either of which could have a material adverse impact on our ability to fund future investments and to pay dividends.

In addition, we expect that under a Credit Facility we will be subject to limitations as to how borrowed funds may be used, which may include restrictions on geographic and industry concentrations, loan size, payment frequency and status, average life, collateral interests and investment ratings, as well as regulatory restrictions on leverage which may affect the amount of funding that may be obtained. There may also be certain requirements relating to portfolio performance, including required minimum portfolio yield and limitations on delinquencies and charge-offs, a violation of which could limit further advances and, in some cases, result in an event of default. An event of default under a Credit Facility or any other borrowing facility could result in an accelerated maturity date for all amounts outstanding thereunder, which could have a material adverse effect on our business and financial condition. This could reduce our revenues and, by delaying any cash payment allowed to us under the relevant Credit Facility or any other borrowing facility until the lenders have been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our qualification as a RIC.

Adverse Developments in the Credit Markets

During the economic downturn in the United States that began in mid-2007, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited refinancing and loan modification transactions and reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. If these conditions recur, it may be difficult for us to enter into a new borrowing facility (including a Credit Facility), obtain other financing to finance the growth of our investments, or refinance any outstanding indebtedness on acceptable economic terms, or at all.

Investing a Sufficient Portion of Assets in Qualifying Assets

As a BDC, we may not acquire any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See—“*Item 1(c). Description of Business—Qualifying Assets.*”

We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe to be attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could violate the 1940 Act provisions applicable to BDCs. As a result of such violation, specific rules under the 1940 Act could prevent us, for example, from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we do not maintain our status as a BDC, we would be subject to regulation as a registered closed-end investment company under the 1940 Act. As a registered closed-end investment company, we would be subject to substantially more regulatory restrictions under the 1940 Act which would significantly decrease our operating flexibility.

Uncertainty as to the Value of Certain Portfolio Investments

We expect that many of our portfolio investments will take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable, and we will value these investments at fair value as determined in good faith by our Board, including to reflect significant events affecting the value of our investments. Most, if not all, of our investments (other than cash and cash equivalents) will be classified as Level 3 under the FASB Accounting Standards Codification, Fair Value Measurements and Disclosures (ASC Topic 820). This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these loans and securities. The types of factors that the Board may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly-traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities.

We will adjust quarterly the valuation of our portfolio to reflect our Board's determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation.

The interest rates of our term loans to our portfolio companies that extend beyond 2021 might be subject to change based on recent regulatory changes.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities. Although there have been a few issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it is unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR. If LIBOR ceases to exist, we may need to renegotiate any credit agreements extending beyond 2021 with our prospective portfolio companies that utilize LIBOR as a factor in determining the interest rate. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined.

The United Kingdom referendum decision to leave the European Union may create significant risks and uncertainty for global markets and our investments.

The decision made in the United Kingdom referendum to leave the European Union has led to volatility in global financial markets, and in particular in the markets of the United Kingdom and across Europe, and may also lead to weakening in consumer, corporate and financial confidence in the United Kingdom and Europe. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. In particular, the decision made in the United Kingdom referendum may lead to a call for similar referenda in other European jurisdictions which may cause increased economic volatility and uncertainty in the European and global markets. This volatility and uncertainty may have an adverse effect on the economy generally and on our ability, and the ability of our portfolio companies, to execute our respective strategies and to receive attractive returns.

In particular, currency volatility may mean that our returns and the returns of our portfolio companies will be adversely affected by market movements and may make it more difficult, or more expensive, for us to implement appropriate currency hedging. Potential declines in the value of the British Pound and/or the euro against other currencies, along with the potential downgrading of the United Kingdom's sovereign credit rating, may also have an impact on the performance of any of our portfolio companies located in the United Kingdom or Europe.

Potential Fluctuations in Quarterly Operating Results

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the loans and debt securities we acquire, the default rate on such loans and securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

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Potential Adverse Effects of New or Modified Laws or Regulations

We and our portfolio companies will be subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business.

Additionally, changes to the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth therein and may shift our investment focus from the areas of expertise of CCG LP to other types of investments in which CCG LP may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of an investor's investment.

Shadow Banking Regulatory Changes

There has been increasing commentary amongst regulators and intergovernmental institutions, including the Financial Stability Board and International Monetary Fund, on the topic of so called "shadow banking" (a term generally taken to refer to credit intermediation involving entities and activities outside the regulated banking system). The Company is an entity outside the regulated banking system and certain of the activities of the Company may be argued to fall within this definition and, in consequence, may be subject to regulatory developments. As a result, the Company and the Advisor could be subject to increased levels of oversight and regulation. This could increase costs and limit operations. In an extreme eventuality, it is possible that such regulations could render the continued operation of the Company unviable and lead to its premature termination or restructuring.

Potential Changes in Investment Objective, Operating Policies or Strategies Without Prior Notice or Stockholder Approval

Our Board has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. Under Delaware law, we also cannot be dissolved without prior stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders.

Potential Deterrence of Takeover Attempts

The General Corporation Law of the State of Delaware (the "DGCL") contains provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. Our Certificate of Incorporation and bylaws contain provisions that limit liability and provide for indemnification of our directors and officers. These provisions and others which we may adopt also may have the effect of deterring hostile takeovers or delaying changes in control or management. We are subject to Section 203 of the DGCL, the application of which is subject to any applicable requirements of the 1940 Act. This section generally prohibits us from engaging in mergers and other business combinations with stockholders that beneficially own 15% or more of our voting stock, either individually or together with their affiliates, unless our directors or stockholders approve the business combination in the prescribed manner. Our Board has adopted a resolution exempting from Section 203 of the DGCL any business combination between us and any other person, subject to prior approval of such business combination by our Board, including approval by a majority of our directors who are not "interested persons." If our Board later repeals such resolution exempting business combinations, or if our Board does not approve a business combination, Section 203 of the DGCL may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our Certificate of Incorporation that classify our Board in three classes serving staggered three-year terms, and provisions of our Certificate of Incorporation authorizing our Board to classify or reclassify shares of our preferred stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our Certificate of Incorporation, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions we have adopted in our Certificate of Incorporation and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

Potential Resignation of the Advisor and/or the Administrator

The Advisor has the right under the Investment Advisory Agreement to resign as our Investment Advisor at any time upon not less than 60 days' written notice, whether we have found a replacement or not. Similarly, the Administrator has the right under the administration agreement to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If the Advisor or the Administrator were to resign, we may not be able to find a new investment adviser or administrator, as applicable, or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions to our stockholders are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment or administrative activities, as applicable, is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by the Advisor or the Administrator, as applicable. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

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Incurrence of Significant Costs as a Result of Being a 1934 Act Reporting Company

As a 1934 Act reporting company, we will incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the 1934 Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 and other rules implemented by the SEC.

Dependence on Information Systems and Potential Systems Failures

Our business is highly dependent on the communications and information systems of CCG LP, to which we have access through our administrator, CBDC Administration. In addition, certain of these systems are provided to CCG LP by third-party service providers. Any failure or interruption of such systems, including as a result of the termination of an agreement with any such third-party service provider, could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and/or damage to our business relationships

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. We face risks posed to our information systems, both internal and those provided to us by third-party service providers. We, our Adviser and its affiliates have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident.

Third parties with which we do business (including those that provide services to us) may also be sources or targets of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information and assets, as well as certain investor, counterparty, employee and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

Small Business Investment Company License

Principals of CCG LP may apply for a license to form a SBIC for the BDC. If the application is approved and the SBA so permits, the SBIC license will be transferred to a wholly-owned subsidiary of ours. Following such transfer, the SBIC subsidiary will be allowed to issue SBA-guaranteed debentures, subject to the required capitalization of the SBIC subsidiary. SBA guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. We cannot assure investors that the principals of CCG LP will be successful in receiving an SBIC license from the SBA or that the SBA will permit such license to be transferred to us. If we do receive an SBIC license, there is no minimum amount of SBA-guaranteed debentures that must be allocated to us.

Risks Related to our Investments

Potential Impact of Economic Recessions or Downturns

Many of the portfolio companies in which we expect to make investments are likely to be susceptible to economic slowdowns or recessions and may be unable to repay our loans during such periods. Therefore, the number of our non-performing assets is likely to increase and the value of our portfolio is likely to decrease during such periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and debt securities and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

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A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the loans and debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower's business or exercise control over a borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors, even though we may have structured our investment as senior secured debt. The likelihood of such a re-characterization would depend on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company.

Potential Material and Adverse Effects of Market Conditions on Debt and Equity Capital Markets

From 2007 through 2009, the global capital markets experienced a period of disruption resulting in increasing spreads between the yields realized on riskier debt securities and those realized on risk-free securities and a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated market. These events, along with the deterioration of the housing market, illiquid market conditions, declining business and consumer confidence and the failure of major financial institutions in the United States, led to a decline of general economic conditions. This economic decline materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and to financial firms in particular during that time. These conditions may recur, in which case, to the extent that we wish to use debt to fund our investments, the debt capital that will be available to us, if at all, may be at a higher cost, and on terms and conditions that may be less favorable, than what we expect, which could negatively affect our financial performance and results. A prolonged period of market illiquidity may cause us to reduce the volume of loans and debt securities we originate and/or fund and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Investments in Leveraged Portfolio Companies

Investment in leveraged companies involves a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position.

Volatility of Loans and Debt Securities of Leveraged Companies

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by a portfolio company may adversely and permanently affect the company. If the proceeding is converted to a liquidation, the value of the portfolio company may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

Investments in Private and Middle-Market Portfolio Companies

Investment in private and middle-market companies involves a number of significant risks. Generally, little public information exists about these companies, and we will rely on the ability of CCG LP's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to

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competitors' actions and market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on one or more of the portfolio companies we invest in and, in turn, on us. Middle-market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and Investment Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in portfolio companies.

Lack of Liquidity in Investments

All of our assets may be invested in illiquid loans and securities, and a substantial portion of our investments in leveraged companies will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. Some of our debt investments may contain interest rate reset provisions that may make it more difficult for the borrowers to make periodic interest payments to us. In addition, some of our debt investments may not pay down principal until the end of their lifetimes, which could result in a substantial loss to us if the portfolio companies are unable to refinance or repay their debts at maturity.

Below Investment Grade Securities (i.e., "junk" bonds)

We may also invest in debt securities which will not be rated by any rating agency and, if they were rated, would be rated as below investment grade quality. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.

Potential Adverse Effects of Price Declines and Illiquidity in the Corporate Debt Markets

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our Board. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

a comparison of the portfolio company's securities to publicly-traded securities;

the enterprise value of a portfolio company;

the nature and realizable value of any collateral;

the portfolio company's ability to make payments and its earnings and discounted cash flow;

the markets in which the portfolio company does business;

appraisals and reviews by third-party valuation firms; and

changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Proportion of Assets that May Be Invested in Securities of a Single Issuer

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification. To the extent that we assume large positions in the securities of a small number of issuers or our investments are concentrated in relatively few industries, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

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Potential Failure to Make Follow-On Investments in Portfolio Companies

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as “follow-on” investments, in seeking to:

increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company;

exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or

preserve or enhance the value of our investment.

We have discretion to make follow-on investments, subject to the availability of capital resources. Failure on our part to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with BDC requirements of the 1940 Act or the desire to maintain our qualification as a RIC. Our ability to make follow-on investments may also be limited by CCG LP’s allocation policy.

Potential Impact of Not Holding Controlling Equity Interests in Portfolio Companies

We do not currently hold controlling equity positions in any of our portfolio companies and, although we may do so in the future, we do not currently intend to hold controlling equity positions in our portfolio companies. As a result, we will be subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we expect to hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

Defaults By Portfolio Companies

A portfolio company’s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company’s ability to meet its obligations under the loans or debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Prepayments of Debt Investments by Portfolio Companies

We will be subject to the risk that the debt investments we make in our portfolio companies may be repaid prior to maturity. We expect that our investments will generally allow for repayment at any time subject to certain penalties. When this occurs, we intend to generally reinvest these proceeds in temporary investments, pending their future investment in accordance with our investment strategy. These temporary investments will typically have substantially lower yields than the debt being prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elects to prepay amounts owed to us. Additionally, prepayments could negatively impact our ability to pay, or the amount of, dividends on our common stock, which could result in a decline in the market price of our shares.

Potential Incurrence of Debt by Portfolio Companies That Ranks Equally With, or Senior to, Our Investments

We intend to invest a portion of our capital in second lien and subordinated loans issued by our portfolio companies. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the loans in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the loans in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, a portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with loans in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

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Additionally, certain loans that we may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens:

the ability to cause the commencement of enforcement proceedings against the collateral;

the ability to control the conduct of such proceedings;

the approval of amendments to collateral documents;

releases of liens on the collateral; and

waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

Subordinated Investments

We may make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

Contingent Liabilities Resulting from the Disposition of Investments

We currently expect that substantially all of our investments will involve loans and private securities. In connection with the disposition of an investment in loans and private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

Additional Risks of Hedging Transactions and/or Investments in Foreign Securities

The 1940 Act generally requires that 70% of our investments be in issuers each of whom is organized under the laws of, and has its principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. However, our portfolio may include debt securities of non-U.S. companies, including emerging market issuers, to the limited extent such transactions and investments would not cause us to violate the 1940 Act. We expect that these investments would focus on the same secured debt, unsecured debt and related equity security investments that we make in U.S. middle-market companies and, accordingly, would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in loans and securities of emerging market issuers involves many risks including economic, social, political, financial, tax and security conditions in the emerging market, potential inflationary economic environments, regulation by foreign governments, different accounting standards and political uncertainties. Economic, social, political, financial, tax and security conditions also could negatively affect the value of emerging market companies. These factors could include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations or judgments or foreclosing on collateral, lack of uniform accounting and auditing standards and greater price volatility.

Engaging in either hedging transactions or investing in foreign loans and securities would entail additional risks to our stockholders. We could, for example, use instruments such as interest rate swaps, caps, collars and floors and, if we were to invest in foreign loans and securities, we could use instruments such as forward contracts or currency options and borrow under a credit facility in currencies selected to minimize our foreign currency exposure. In each such case, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price.

While we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible for us to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those loans and securities would likely fluctuate as a result of factors not related to currency fluctuations.

Realizing Gains From Equity Investments

When we invest in loans and debt securities, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and, may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Risks Associated with OID and PIK Interest Income

Our investments may include OID and PIK instruments. To the extent OID and PIK interest income constitute a portion of our income, we will be exposed to risks associated with such income being required to be included in an accounting income and taxable income prior to receipt of cash, including the following:

OID instruments and PIK securities may have unreliable valuations because the accretion of OID as interest income and the continuing accruals of PIK securities require judgments about their collectability and the collectability of deferred payments and the value of any associated collateral.

OID instruments may create heightened credit risks because the inducement to the borrower to accept higher interest rates in exchange for the deferral of cash payments typically represents, to some extent, speculation on the part of the borrower.

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For accounting purposes, cash distributions to shareholders that include a component of accreted OID income do not come from paid-in capital, although they may be paid from the offering proceeds. Thus, although a distribution of accreted OID income may come from the cash invested by the stockholders, the 1940 Act does not require that shareholders be given notice of this fact.

The higher interest rates on PIK securities reflects the payment deferral and increased credit risk associated with such instruments and PIK securities generally represent a significantly higher credit risk than coupon loans.

The presence of accreted OID income and PIK interest income create the risk of non-refundable cash payments to the Advisor in the form of incentive fees on income based on non-cash accreted OID income and PIK interest income accruals that may never be realized.

Even if accounting conditions are met, borrowers on such securities could still default when the Company's actual collection is expected to occur at the maturity of the obligation.

PIK interest has the effect of generating investment income and increasing the incentive fees payable at a compounding rate. In addition, the deferral of PIK interest also reduces the loan-to-value ratio at a compounding rate.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We maintain our principal executive office at 11100 Santa Monica Boulevard, Suite 2000, Los Angeles, California 90025. We do not own any real estate.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under loans to or other contracts with our portfolio companies. We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Until the completion of a Qualified IPO, our outstanding common stock will be offered and sold in transactions exempt from registration under the Securities Act under Section 4(a)(2) and Regulation D, as well as under Regulation S under the Securities Act. There is no established public trading market for our common stock currently, nor can we give any assurance that one will develop.

Shareholders

We have entered into separate Subscription Agreements with a number of investors for the Private Offering. Investors will be required to make capital contributions to purchase shares of the Company's common stock each time the Company delivers a drawdown notice, which will be delivered at least 10 business days prior to the required funding date, in an aggregate amount not to exceed their respective capital commitments. All purchases will generally be made pro rata in accordance with the investors' capital commitments, at a per-share price as determined by the Company's Board (including any committee thereof) as of the end of the most recent calendar quarter or such other date determined by the Board prior to the date of the applicable drawdown notice. The per-share price shall be at least equal to the net asset value per share in accordance with the limitations under Section 23 of the 1940 Act. The Board may set the per-share price above the net asset value per share based on a variety of factors, including without limitation the total amount of the Company's organizational and other expenses. Upon the earlier to occur of (i) a Qualified IPO, and (ii) the fourth anniversary of the Initial Closing, investors will be released from any further obligation to purchase additional shares, subject to certain exceptions contained herein and in the Subscription Agreement. Prior to a Qualified IPO, no investor who participated in the Private Offering will be permitted to sell, assign, transfer or otherwise dispose of its shares or capital commitment unless the Company provides its prior written consent and the transfer is otherwise made in accordance with applicable law.

The Initial Closing was June 26, 2015. Additional closings have occurred from time to time since the Initial Closing. As the Company enters into a Subscription Agreement with one or more investors after the initial drawdown, each such investor will be required to make purchases of shares of common stock (each, a "Catch-up Purchase") on one or more dates to be determined by the Company. The aggregate purchase price of the Catch-up Purchases will be equal to an amount necessary to ensure that, upon payment of the aggregate purchase price, such investor will have contributed the same percentage of its capital commitment to the Company as all investors whose subscriptions were accepted at previous closings. Catch-up Purchases will be made at a per-share price as determined by the Company's Board (including any committee thereof) as of the end of the most recent calendar quarter or such other date determined by the Board prior to the date of the applicable drawdown notice. The per-share price shall be at least equal to the net asset value per share of the Company's common stock in accordance with the limitations under Section 23 of the 1940 Act. The Board may set the per-share price above the net asset value per share based on a variety of factors, including without limitation the total amount of the Company's organizational and other expenses. At December 31, 2018, we had received capital commitments totaling \$405.6 million, of which \$10.0 million was from CCG LP.

Except as provided below, following June 30, 2020 (such period starting from the Initial Closing, "Commitment Period"), investors in the Private Offering will be released from any further obligation to purchase additional shares of common stock, except to the extent necessary to (a) pay Company expenses, including management fees, any amounts that may become due under any borrowings or other financings or similar obligations and any other liabilities, contingent or otherwise, in each case to the extent they relate to the Commitment Period, (b) complete investments in any transactions for which there are binding written agreements as of the end of the Commitment Period (including investments that are funded in phases), (c) fund follow-on investments made in existing portfolio companies within three years from the end of the Commitment Period that, in the aggregate, do not exceed 5% of total commitments, (d) fund obligations under any Company guarantee or indemnity made during the Commitment Period and/or (e) fund any defaulted commitments. The Commitment Period shall terminate earlier upon a Qualified IPO and investors will be released from any further obligation to purchase additional shares of common stock. The Company reserves the right to conduct new or additional offerings of securities in the future.

At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the end of the Commitment Period to the earlier of (i) a Qualified IPO and (ii) June 30, 2020. In exchange for the Commitment Period extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the income incentive fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

Holders

As of December 31, 2018, there were approximately 68 holders of record of our common stock.

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Distribution Policy

To the extent that we have taxable income available, we distribute quarterly dividends to our stockholders. The amount of our dividends, if any, are determined by our Board of Directors. Dividends and distributions are recorded on the record date. The amount to be paid out as a dividend is determined by the Board each quarter and is generally based upon the earnings estimated by management. Distributions will generally be paid from net investment income. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment. If we do not generate sufficient net investment income during a year, all or part of a distribution may constitute a return of capital. The specific tax characteristics of our dividends and other distributions will be reported to stockholders after the end of each calendar year. Any dividends to our stockholders will be declared out of assets legally available for distribution.

The Company has elected to be treated as a BDC under the 1940 Act. The Company also has elected to be treated as a RIC under the Internal Revenue Code. So long as the Company maintains its status as a RIC, it will generally not pay corporate-level U.S. federal income or excise taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. As a result, any tax liability related to income earned and distributed by the Company represents obligations of the Company's stockholders and will not be reflected in the consolidated financial statements of the Company.

In order for the Company not to be subject to federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its ordinary income (taking into account certain deferrals and elections), (ii) 98.2% of its net capital gains from the current year and (iii) any undistributed ordinary income and net capital gains from preceding years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders. The Company will accrue excise tax on estimated undistributed taxable income as required.

We intend to make distributions in cash unless a stockholder elects to receive dividends and/or long-term capital gains distributions in additional shares of common stock. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the Investment Company Act or if distributions are limited by the terms of any of our borrowings.

The following tables summarize the Company's dividends declared and payable for the periods ended December 31, 2018, December 31, 2017, December 31, 2016 and December 31, 2015(1):

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Amount</u>	<u>Total Amount</u>
March 29, 2018	March 30, 2018	April 13, 2018	\$ 0.32	\$3,035,614
June 19, 2018	June 20, 2018	July 13, 2018	\$ 0.37	\$3,876,874
September 27, 2018	September 28, 2018	October 12, 2018	\$ 0.38	\$4,464,639
December 31, 2018	December 31, 2018	January 15, 2019	\$ 0.40	\$5,343,316

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Amount</u>	<u>Total Amount</u>
March 30, 2017	March 31, 2017	April 13, 2017	\$ 0.28	\$1,994,047
June 29, 2017	June 30, 2017	July 14, 2017	\$ 0.29	\$2,169,823
September 28, 2017	September 29, 2017	October 13, 2017	\$ 0.30	\$2,470,579
December 28, 2017	December 29, 2017	January 12, 2018	\$ 0.31	\$2,707,232

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Amount</u>	<u>Total Amount</u>
March 30, 2016	March 31, 2016	April 15, 2016	\$ 0.24	\$1,130,001
June 29, 2016	June 30, 2016	July 15, 2016	\$ 0.22	\$1,164,992
September 29, 2016	September 30, 2016	October 14, 2016	\$ 0.26	\$1,543,640
December 12, 2016	December 13, 2016	December 19, 2016	\$ 0.11	\$ 650,000
December 29, 2016	December 30, 2016	January 13, 2017	\$ 0.27	\$1,750,000

<u>Date Declared</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Amount</u>	<u>Total Amount</u>
September 29, 2015	September 30, 2015	October 15, 2015	\$ 0.04	\$ 151,009
December 29, 2015	December 30, 2015	January 15, 2016	\$ 0.23	\$ 924,998

(1) The Company was formed on February 5, 2015 and commenced operations on June 26, 2015.

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Dividend Reinvestment Plan

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of the Company's stockholders for those stockholders electing not to receive cash. As a result, if the Board authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have "opted in" to the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend.

Recent Sales of Unregistered Securities and Use of Proceeds

Except as previously reported by the Company on its current reports on Form 8-K, we did not sell any securities during the period covered by this Form 10-K that were not registered under the Securities Act.

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ITEM 6. SELECTED FINANCIAL DATA

The tables below set forth our selected consolidated historical financial data for the periods indicated. The selected consolidated historical financial data for the years ended December 31, 2018, December 31, 2017 and December 31, 2016, and for the period from February 5, 2015 (Inception) to December 31, 2015 have been derived from our audited consolidated financial statements, which are included in “*Consolidated Financial Statements and Supplementary Data*” in Part II, Item 8 of this Form 10-K.

The selected consolidated financial information and other data presented below should be read in conjunction with the information contained in Part II, Item 7 of this Form 10-K “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” the audited consolidated financial statements and the notes thereto included in Part II, Item 8 of this Form 10-K, “*Consolidated Financial Statements and Supplementary Data*”.

	<u>December 31, 2018</u>	<u>For the years ended December 31, 2017</u>	<u>December 31, 2016</u>	<u>For the period from February 5, 2015 (Inception) to December 31, 2015 (1)</u>
Consolidated Statements of Operations Data				
Income				
Total investment income	\$ 33,295,124	\$ 22,291,677	\$ 13,887,777	\$ 3,302,668
Expenses				
Net expenses and income and excise taxes	15,567,285	12,384,112	7,479,618	2,400,667
Net investment income (loss)	\$ 17,727,839	\$ 9,907,565	\$ 6,408,159	\$ 902,001
Net realized gain (loss) on investments—non-controlled/non-affiliated (2)	(545,881)	(345,718)	(83,952)	(73,241)
Net change in unrealized appreciation (depreciation) on investments—non-controlled/non-affiliated	(8,997,011)	(289,512)	5,444,486	(2,983,802)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	17,406	—	—	—
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	(87,779)	(217,149)	—	—
Net increase (decrease) in net asset resulting from operations	<u>\$ 8,114,574</u>	<u>\$ 9,055,186</u>	<u>\$ 11,768,693</u>	<u>\$ (2,155,042)</u>
Per Common Share Data				
Net asset value	\$ 19.43	\$ 20.10	\$ 20.08	\$ 19.13
Earnings Per Share (3)				
Net investment income	1.65	1.31	1.23	0.55
Net realized gain (loss) on investments	(0.05)	(0.04)	(0.01)	(0.05)
Net change in unrealized appreciation (depreciation) on investments	(0.84)	(0.07)	1.05	(1.82)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	0.00	—	—	—
Net increase (decrease) in net assets resulting from operations (basic and diluted)	0.76	1.20	2.27	(1.32)
Per share distributions declared (4)				
From net investment income	1.47	1.18	1.10	0.27
From capital gains	—	—	—	—
From return of capital	—	—	—	—
Dollar amount of distributions declared	16,720,443	9,341,681	6,238,633	1,076,007
From net investment income	16,720,443	9,341,681	6,238,633	1,076,007
From capital gains	—	—	—	—
From return of capital	—	—	—	—

(1) The Company was formed on February 5, 2015 and commenced operations on June 26, 2015.

(2) Includes foreign exchange translation activity.

(3) Earnings per share data is divided by the weighted average shares outstanding for the applicable periods.

(4) The per share data for distributions per share reflects the actual amount of distributions declared per share for the applicable periods.

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	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Consolidated Statements of Assets and Liabilities Data				
Investments—non-controlled/non-affiliated, at fair value	\$ 493,341,724	\$ 319,126,672	\$ 217,920,952	\$ 138,068,497
Cash, cash equivalents and foreign currency	10,368,823	9,270,912	5,119,325	4,767,556
Total assets	505,119,956	329,817,175	225,564,977	143,539,305
Debt	237,403,185	151,703,970	94,650,509	54,710,850
Total liabilities	245,541,116	157,017,186	97,508,949	65,953,067
Total net assets	259,578,840	172,799,989	128,056,028	77,586,238
Other Data:				
Number of portfolio companies at year end	86	80	95	102
Average funded investments in portfolio companies (at fair value)	\$ 5,736,532	\$ 3,989,083	\$ 2,293,905	\$ 1,278,412
Total return based on net asset value (1)	4.1%	6.0%	10.7%	(3.0)%
Weighted average yield of debt investments at fair value (2)	9.2%	8.0%	7.3%	7.2%
Weighted average yield of debt investments at amortized cost (2)	9.0%	8.3%	7.5%	7.1%

- (1) Total return based on net asset value is calculated as the change in net asset value per share during the period plus declared dividends per share, divided by the beginning net asset value per share.
- (2) Weighted average yield on debt investments at fair value is computed as (a) the annual stated interest rate or yield earned plus additional interest, if any, as a result of arrangements between us and other lenders in any syndication plus the net annual amortization of original issue discount and market discount earned on accruing debt investments, divided by (b) total debt investments at fair value. Weighted average yield on debt investments at amortized cost is computed as (a) the annual stated interest rate or yield earned plus additional interest, if any, as a result of arrangements between us and other lenders in any syndication plus the net annual amortization of original issue discount and market discount earned on accruing debt investments, divided by (b) total debt investments at amortized cost.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis should be read in conjunction with ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "ITEM 1A. RISK FACTORS." Actual results may differ materially from those contained in any forward-looking statements.

OVERVIEW

We are a specialty finance company focused on lending to middle-market companies and are incorporated under the laws of the State of Delaware on February 5, 2015 (Inception). We have elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, the Company has elected to be treated for U.S. federal income tax purposes as a regulated investment company (a "RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As such, we are required to comply with various regulatory requirements, such as the requirement to invest at least 70% of our assets in "qualifying assets," source of income limitations, asset diversification requirements, and the requirement to distribute annually at least 90% of our taxable income and tax-exempt interest.

The Company is managed by CBDC Advisors, LLC (the "Advisor"), an investment adviser that is registered with the Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940. CBDC Administration, LLC (the "Administrator") provides the administrative services necessary for the Company to operate. Company management consists of investment and administrative professionals from the Advisor and Administrator along with the Company's Board of Directors (the "Board"). The Advisor directs and executes the investment operations and capital raising activities of the Company subject to oversight from the Board, which sets the broad policies of the Company. The Board has delegated investment management of the Company's investment assets to the Advisor. The Board consists of five directors, three of whom are independent.

From February 5, 2015 (Inception) through June 25, 2015, the Company devoted substantially all of its efforts to establishing the business and raising capital commitments from private investors. On June 26, 2015, the Company entered into subscription agreements with several investors, including Crescent Capital Group LP and its affiliates (CCG LP), providing for the private placement of the Company's common stock. The Company commenced investment operations on June 26, 2015 (Commencement).

The Company's primary investment objective is to maximize the total return to the Company's stockholders in the form of current income and capital appreciation through debt and related equity investments. The Company seeks to achieve its investment objectives by investing primarily in secured debt (including senior secured first-lien, unitranche and senior secured second-lien debt) and unsecured debt (including senior unsecured, mezzanine and subordinated debt), as well as related equity securities of private U.S. middle-market companies. We may purchase interests in loans or make debt investments, either (i) directly from its target companies as primary market or private credit investments (*i.e.*, private credit transactions), or (ii) primary or secondary market bank loan or high yield transactions in the broadly syndicated "over-the-counter" market (*i.e.*, broadly syndicated loans and bonds). Although our focus is to invest in less liquid private credit transactions, broadly syndicated loans and bonds are generally more liquid than and complement our private credit transactions.

"Unitranche" loans are first lien loans that may extend deeper in a company's capital structure than traditional first lien debt and may provide for a waterfall of cash flow priority among different lenders in the unitranche loan. In certain instances, the Company may find another lender to provide the "first out" portion of such loan and retain the "last out" portion of such loan, in which case, the "first out" portion of the loan would generally receive priority with respect to payment of principal, interest and any other amounts due thereunder over the "last out" portion that the Company would continue to hold. In exchange for the greater risk of loss, the "last out" portion earns a higher interest rate. The term "mezzanine" refers to an investment in a company that, among other factors, includes debt that generally ranks senior to a borrower's equity securities and junior in right of payment to such borrower's other indebtedness. The Company may make multiple investments in the same portfolio company.

KEY COMPONENTS OF OPERATIONS

Investments

We expect our investment activity to vary substantially from period to period depending on many factors, the general economic environment, the amount of capital we have available to us, the level of merger and acquisition activity for middle-market companies, including the amount of debt and equity capital available to such companies and the competitive environment for the type of investments we make. In addition, as part of our risk strategy on investments, we may reduce certain levels of investments through partial sales or syndication to additional investors.

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We must not invest in any assets other than “qualifying assets” specified in the 1940 Act, unless, at the time the investments are made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” Pursuant to rules adopted by the SEC, “eligible portfolio companies” include certain companies that do not have any securities listed on a national securities exchange and public companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million.

The Investment Advisor

Our investment activities are managed by the Advisor, which will be responsible for originating prospective investments, conducting research and due diligence investigations on potential investments, analyzing investment opportunities, negotiating and structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. The Advisor has entered into a Resource Sharing Agreement (the “Resource Sharing Agreement”) with Crescent Capital Group LP (“CCG LP”), pursuant to which CCG LP will provide the Advisor with experienced investment professionals (including the members of the Advisor’s investment committee) and access to the resources of CCG LP so as to enable the Advisor to fulfill its obligations under the Investment Advisory Agreement. Through the Resource Sharing Agreement, the Advisor intends to capitalize on the deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of CCG LP’s investment professionals.

In connection with the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the period during which capital may be called from stockholders (the “Commitment Period”). The Commitment Period was extended to the earlier of (i) that date of an initial public offering of the Company’s common stock that results in an unaffiliated public float of at least the lower of (i) \$75 million and (ii) 15% of the aggregate capital commitments received by the Company prior to the date of such initial public offering (a “Qualified IPO”) and (ii) June 30, 2020. In exchange for the Commitment Period extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the Income Incentive Fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

Revenues

We generate revenue primarily in the form of interest income on debt investments and, to a lesser extent, capital gains and distributions, if any, on equity securities that we may acquire in portfolio companies. Certain investments may have contractual PIK interest or dividends. PIK represents accrued interest or accumulated dividends that are added to the loan principal of the investment on the respective interest or dividend payment dates rather than being paid in cash and generally becomes due at maturity or upon being called by the issuer. PIK is recorded as interest or dividend income, as applicable.

Dividend income from preferred equity securities is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income from common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

In addition, we may receive fees for services provided to portfolio companies by the Advisor under the Investment Advisory Agreement. The services that the Advisor provides vary by investment, but generally include syndication, structuring or diligence fees, and fees for providing managerial assistance to our portfolio companies. We also generate revenue in the form of commitment or origination fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts into income over the life of the loan. Fees for providing managerial assistance to our portfolio companies are generally non-recurring and are recognized as revenue when services are provided. In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, all or a portion of any loan fees received by the Company in such situations will be deferred and amortized over the investment’s life using the effective yield method.

Expenses

Our primary operating expenses include the payment of Management fees and Incentive fees to the Advisor under the Investment Advisory Agreement, our allocable portion of overhead expenses under the administration agreement with our Administrator (the “Administration Agreement”), operating costs associated with our sub-administration, custodian and transfer agent agreements with State Street Bank and Trust Company (the “Sub-Administration Agreements”) and other operating costs described below. The Management and Incentive fees compensate our investment adviser for its work in identifying, evaluating, negotiating, closing and monitoring our investments. We bear all other out-of-pocket costs and expenses of our operations and transactions, including:

- allocated organization costs from the Advisor incurred prior to the commencement of our operations up to a maximum of \$1.5 million;

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- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- fidelity bond, directors' and officers' liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- independent directors' fees and expenses;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, rent and the allocable portion of the cost of certain professional services provided to the Company, including but not limited to, our chief compliance officer, chief financial officer and their respective staffs);
- U.S. federal, state and local taxes;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- brokerage commissions;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws;
- debt service and other costs of borrowings or other financing arrangements; and
- all other expenses reasonably incurred by us in connection with making investments and administering our business.

We have agreed to repay the Advisor for initial organization costs and equity offering costs incurred prior to the commencement of operations up to a maximum of \$1.5 million on a pro rata basis over the first \$350 million of invested capital not to exceed 3 years from the initial capital commitment. The Advisor has agreed to extend the reimbursement period for the initial organization costs and equity offering costs to June 30, 2019. The Advisor is responsible for organization and private equity offerings costs in excess of \$1.5 million.

We expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines. Incentive Fees and costs relating to future offerings of securities would be incremental.

Leverage

Our financing facilities allow us to borrow money and lever our investment portfolio, subject to the limitations of the 1940 Act, with the objective of increasing our yield. This is known as "leverage" and could increase or decrease returns to our stockholders. The use of leverage involves significant risks. As a BDC, with certain limited exceptions, we will only be permitted to borrow amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% after such borrowing. Short-term credits necessary for the settlement of securities transactions and arrangements with respect to securities lending will not be considered borrowings for these purposes. The amount of leverage that we employ will depend on our Advisor's and our Board assessment of market conditions and other factors at the time of any proposed borrowing.

The Small Business Credit Availability Act ("SBCAA"), which was signed into law on March 23, 2018, among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to a BDC from 200% to 150% so long as the BDC meets certain disclosure requirements and obtains certain approvals. The reduced asset coverage requirement would permit a BDC to have a ratio of total consolidated assets to outstanding indebtedness of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement. As of December 31, 2018, the Company had not yet sought to obtain either approval and, as a result, remained subject to the 200% asset coverage requirement under Section 61(a)(1) of the 1940 Act.

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PORTFOLIO INVESTMENT ACTIVITY

We seek to create a broad and varied portfolio that generally includes senior secured first-lien, unitranche, senior secured second lien and subordinated loans and minority equity securities of U.S. middle market companies. The size of our individual investments will vary proportionately with the size of our capital base. We generally invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities have speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. In addition, many of our debt investments have floating interest rates that reset on a periodic basis and typically do not fully pay down principal prior to maturity.

As of December 31, 2018 and 2017, our portfolio at fair value was comprised of the following:

(\$ in millions)	December 31, 2018		December 31, 2017	
	Fair Value (1)	Percentage	Fair Value (1)	Percentage
Senior secured first-lien	\$ 294.4	59.7%	\$ 191.0	59.8%
Unitranche	84.9	17.2	42.5	13.3
Senior secured second-lien	75.8	15.3	70.1	22.0
Unsecured	7.2	1.5	5.6	1.8
Equity & Other	31.0	6.3	9.9	3.1
Total investments	\$ 493.3	100.0%	\$ 319.1	100.0%

(1) Excludes unfunded commitments at fair value of \$55.4 million and \$21.6 million as of December 31, 2018 and 2017, respectively.

The following table shows the asset mix of our new investment commitments for the years ended December 31, 2018, 2017, and 2016:

(\$ in millions)	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
	Cost	Percentage	Cost	Percentage	Cost	Percentage
Senior secured first-lien	\$183.7	58.3%	\$104.6	63.1%	\$100.3	69.7%
Unitranche	78.4	24.9	16.3	9.8	19.4	13.5
Senior secured second-lien	22.8	7.2	38.3	23.1	22.3	15.5
Unsecured	1.5	0.5	0.6	0.4	—	—
Equity & Other	28.5	9.1	6.0	3.6	1.9	1.3
Total investments	\$314.9	100.0%	\$165.8	100.0%	\$143.9	100.0%

For the year ended December 31, 2018, we had principal repayments of \$106.8 million. For this period, we had sales of securities in five portfolio companies aggregating approximately \$3.1 million in net proceeds. For the year ended December 31, 2018, we had a net of unfunded commitments portfolio increase of \$183.5 million aggregate principal amount (amortized cost).

For the year ended December 31, 2017, we had principal repayments of \$42.8 million. For this period, we had sales of securities in sixteen portfolio companies aggregating approximately \$11.3 million in net proceeds. For the year ended December 31, 2017, we had a net of unfunded commitments portfolio increase of \$101.0 million aggregate principal amount (amortized cost).

For the year ended December 31, 2016, we had principal repayments of \$35.0 million. For this period, we had sales of securities in twenty one portfolio companies aggregating approximately \$25.9 million in net proceeds. For the year ended December 31, 2016, we had a net of unfunded commitments portfolio increase of \$75.1 million aggregate principal amount (amortized cost).

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The following table presents certain selected information regarding our investment portfolio at fair value as of December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
Weighted average total yield to maturity of debt and income producing securities (at fair value)	9.2%	8.0%
Weighted average total yield to maturity of debt and income producing securities (at cost)	9.0%	8.3%
Weighted average interest rate of debt and income producing securities	8.5%	7.9%
Percentage of debt bearing a floating rate	95.2%	91.3%
Percentage of debt bearing a fixed rate	4.8%	8.7%
Number of portfolio companies	86	80

The following table shows the amortized cost of our performing and non-accrual investments as of December 31, 2018 and 2017.

(\$ in millions)	December 31, 2018		December 31, 2017	
	Amortized Cost	Percentage	Amortized Cost	Percentage
Performing	\$ 488.1	97.5%	\$ 317.2	100.0%
Non-accrual	12.6	2.5	—	—
Total assets	\$ 500.7	100.0%	\$ 317.2	100.0%

Loans are generally placed on non-accrual status when there is reasonable doubt that principal or interest will be collected in full. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management's judgment, are likely to remain current. Management may determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection.

As of December 31, 2018, the Company had one portfolio company with two investment positions on non-accrual status, which represented 2.5% and 1.4% of the total investments at cost and fair value, respectively. As of December 31, 2017, no loans had been placed on non-accrual status by the Company.

The remaining debt investments were performing and current on their interest payments as of December 31, 2018 and 2017.

The Advisor monitors our portfolio companies on an ongoing basis. The Advisor monitors the financial trends of each portfolio company to determine if it is meeting its business plans and to assess the appropriate course of action for each company. The Advisor has a number of methods of evaluating and monitoring the performance and fair value of our investments, which may include the following:

- assessment of success of the portfolio company in adhering to its business plan and compliance with covenants;
- review of monthly and quarterly financial statements and financial projections for portfolio companies.
- contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- comparisons to other companies in the industry; and
- possible attendance at, and participation in, board meetings.

As part of the monitoring process, the Advisor regularly assesses the risk profile of each of our investments and, on a quarterly basis, grades each investment on a risk scale of 1 to 5. Risk assessment is not standardized in our industry and our risk assessment may not be comparable to ones used by our competitors. Our assessment is based on the following categories:

- 1 Involves the least amount of risk in our portfolio. The investment/borrower is performing above expectations since investment, and the trends and risk factors are generally favorable, which may include the financial performance of the borrower or a potential exit.
- 2 Involves an acceptable level of risk that is similar to the risk at the time of investment. The investment/borrower is generally performing as expected, and the risk factors are neutral to favorable.

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- 3 Involves an investment/borrower performing below expectations and indicates that the investment's risk has increased somewhat since investment. The borrower's loan payments are generally not past due and more likely than not the borrower will remain in compliance with debt covenants. An investment rating of 3 requires closer monitoring.
- 4 Involves an investment/borrower performing materially below expectations and indicates that the loan's risk has increased materially since investment. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due). Placing loans on non-accrual status should be considered for investments rated 4.
- 5 Involves an investment/borrower performing substantially below expectations and indicates that the loan's risk has substantially increased since investment. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 5 are not anticipated to be repaid in full and the fair market value of the loan should be reduced to the anticipated recovery amount. Loans with an investment rating of 5 should be placed on non-accrual status.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of December 31, 2018 and December 31, 2017. Investment performance ratings are accurate only as of those dates and may change due to subsequent developments relating to a portfolio company's business or financial condition, market conditions or developments, and other factors.

Investment Performance Rating	December 31, 2018		December 31, 2017	
	Investments at Fair Value (\$ in millions)	Percentage of Total Portfolio	Investments at Fair Value (\$ in millions)	Percentage of Total Portfolio
1	\$ 4.4	0.9%	\$ 0.8	0.3%
2	441.1	89.4	275.1	86.2
3	40.9	8.3	43.2	13.5
4	6.9	1.4	—	—
5	—	—	—	—
Total	<u>\$ 493.3</u>	<u>100.0%</u>	<u>\$ 319.1</u>	<u>100.0%</u>

As of December 31, 2018, the Company had one portfolio company with two investment positions on non-accrual status, which represented 2.5% and 1.4% of the total investments at cost and fair value, respectively. As of December 31, 2017, no loans had been placed on non-accrual status by the Company.

The remaining debt investments were performing and current on their interest payments as of December 31, 2018 and 2017.

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Operating results for the years ended December 31, 2018, 2017, and 2016 were as follows

	For the years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Total investment income	\$ 33,295,124	\$ 22,291,677	\$ 13,887,777
Less: Total expenses	15,445,841	12,358,638	7,478,018
Net investment income before taxes	\$ 17,849,283	\$ 9,933,039	\$ 6,409,759
Income and excise taxes	121,444	25,474	1,600
Net investment income	17,727,839	9,907,565	6,408,159
Net realized gain (loss) on investments (1)	(545,881)	(345,718)	(83,952)
Net unrealized appreciation (depreciation) on investments (1)	(8,997,011)	(289,512)	5,444,486
Net unrealized appreciation (depreciation) on foreign currency forward contracts	17,406	—	—
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	(87,779)	(217,149)	—
Net increase in net assets resulting from operations	\$ 8,114,574	\$ 9,055,186	\$ 11,768,693

(1) Includes foreign exchange translation activity.

Investment Income

	For the years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Interest from investments	\$ 32,062,801	\$ 22,054,029	\$ 13,805,623
Dividend income	590,947	—	—
Other investment income	641,376	237,648	82,154
Total investment income	\$ 33,295,124	\$ 22,291,677	\$ 13,887,777

Interest from investments, which includes amortization of upfront fees and prepayment fees, increased from \$22.1 million for the year ended December 31, 2017 to \$32.1 million for the year ended December 31, 2018, due to the increase in the size of our portfolio. The average size of our total investment portfolio increased from \$275.0 million during the year ended December 31, 2017 to \$398.2 million during the year ended December 31, 2018. Included in interest from investments for the year ended December 31, 2018 is \$0.2 million in prepayment fees and \$1.0 million in accelerated accretion of upfront fees. Dividend income increased from zero for the year ended December 31, 2017 to \$0.6 million for the year ended December 31, 2018 and relates to our investment in GACP II. Other investment income relates to the amortization of loan administration fees earned as the administration agent and other miscellaneous fee income.

Interest from investments, which includes amortization of upfront fees and prepayment fees, increased from \$13.8 million for the year ended December 31, 2016 to \$22.1 million for the year ended December 31, 2017, due to the increase in the size of our portfolio. The average size of our total investment portfolio increased from \$183.0 million during the year ended December 31, 2016 to \$275.0 million during the year ended December 31, 2017. Included in interest from investments for the year ended December 31, 2017 is \$0.1 million in prepayment fees and \$0.5 million in accelerated accretion of upfront fees. We did not have dividend income for the year ended December 31, 2017. Other investment income relates to the amortization of loan administration fees earned as the administration agent and other miscellaneous fee income.

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Expenses

	For the years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Interest and credit facility expenses	\$ 8,450,514	\$ 5,302,910	\$ 2,706,828
Management fees	3,384,980	2,717,199	1,701,168
Income incentive fees	554,978	1,622,836	525,493
Directors' fees	290,000	290,000	288,042
Professional fees	759,974	713,672	688,663
Organization expenses	154,143	73,015	73,015
Other general and administrative expenses	1,851,252	1,639,006	1,494,809
Net expenses	<u>\$ 15,445,841</u>	<u>\$ 12,358,638</u>	<u>\$ 7,478,018</u>

Interest and Credit Facility Expenses

Interest and credit facility expenses include interest, amortization of deferred financing costs, upfront commitment fees and unused fees on the Revolving Credit Facility, Revolving Credit Facility II and SPV Asset Facility. The Company first drew on the Revolving Credit Facility in July 2015, on the SPV Asset Facility in April 2016, and on the Revolving Credit Facility II in June 2017. Interest and credit facility expenses increased from \$5.3 million for the year ended December 31, 2017 to \$8.5 million for the year ended December 31, 2018. This increase was primarily due to an increase 1) in the weighted average debt outstanding from \$133.5 million for the year ended December 31, 2017 to \$182.3 million for the year ended December 31, 2018 and 2) an increase in the average interest rate (excluding deferred upfront financing costs and unused fees) on the weighted average debt outstanding from 3.2% for the year ended December 31, 2017 to 4.1% for the year ended December 31, 2018.

Interest and credit facility expenses increased from \$2.7 million for the year ended December 31, 2016 to \$5.3 million for the year ended December 31, 2017. This increase was primarily due to an increase 1) in the weighted average debt outstanding from \$78.3 million for the year ended December 31, 2016 to \$133.5 million for the year ended December 31, 2017 and 2) an increase in the average interest rate (excluding deferred upfront financing costs and unused fees) on the weighted average debt outstanding from 2.4% for the year ended December 31, 2016 to 3.2% for the year ended December 31, 2017.

Management fees

Management fees are calculated and payable quarterly in arrears at an annual rate of 1.5% of our gross assets, including assets acquired through the incurrence of debt but excluding any cash and cash equivalents. The Advisor, however, has agreed to waive its right to receive management fees in excess of the sum of (i) 0.25% of the aggregate committed but undrawn capital and (ii) 0.75% of the aggregate gross assets excluding cash and cash equivalents (including capital drawn to pay the Company's expenses) during any period prior to a Qualified IPO. Management fees, net of waived management fees, increased from \$2.7 million for the year ended December 31, 2017 to \$3.4 million for the year ended December 31, 2018 due to the increase in total assets, which increased from an average of \$287.6 million for year ended December 31, 2017 to an average of \$409.4 million for the year ended December 31, 2018. Waived management fees for the years ended December 31, 2018 and December 31, 2017 were approximately \$2.6 million and \$1.5 million, respectively.

Management fees, net of waived management fees, increased from \$1.7 million for the year ended December 31, 2016 to \$2.7 million for the year ended December 31, 2017 due to the increase in total assets, which increased from an average of \$186.1 million for year ended December 31, 2016 to an average of \$287.6 million for the year ended December 31, 2017. Waived management fees for the years ended December 31, 2017 and December 31, 2016 were approximately \$1.5 million and \$1.0 million, respectively. The Advisor is not permitted to recoup any waived amounts at any time.

Income incentive fees

Income incentive fees decreased from \$1.6 million for the year ended December 31, 2017 to \$0.6 million for the year ended December 31, 2018. The decrease was due to the Advisor agreeing to waive its rights to income incentive fees effective April 1, 2018. Income incentive fees increased from \$0.5 million for the year ended December 31, 2016 to \$1.6 million for the year ended December 31, 2017, due to the Pre-Incentive Fee Net Investment Income (as defined below), expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) as of the preceding quarter, exceeding 1.5% per quarter (the hurdle rate). For the year ended December 31, 2018, income incentive fees as a percentage of Pre-Incentive Fee Net Investment Income was 3.0% compared to 14.1% for the year ended December 31, 2017 and 7.6% for the year ended December 31, 2016. "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and

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any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies, but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and the Administration Agreement and any interest expense, but excluding the Incentive fee). Pre-Incentive Fee Net Investment Income includes accrued income that we have not yet received in cash, such as debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities.

Professional Fees and Other General and Administrative Expenses

Professional fees generally include expenses from independent auditors, tax advisors, legal counsel and third party valuation agents. Other general and administrative expenses generally include expenses from the Sub-Administration Agreements, insurance premiums, overhead and staffing costs allocated from the Administrator and other miscellaneous general and administrative costs associated with the operations and investment activity of the Company. Professional fees increased from \$0.7 million for the year ended December 31, 2017 to \$0.8 million for the year ended December 31, 2018, while other general and administrative expenses increased from \$1.6 million for the year ended December 31, 2017 to \$1.9 million for the year ended December 31, 2018. Professional fees remained flat at \$0.7 million for the years ended December 31, 2017 and December 31, 2016, respectively, while other general and administrative expenses increased from \$1.5 million for the year ended December 31, 2016 to \$1.6 million for the year ended December 31, 2017. The net increase in costs was due to an increase in costs associated with servicing a growing investment portfolio.

Organization expenses

We have agreed to repay the Advisor for the organization costs and offering costs (not to exceed \$1.5 million) on a pro rata basis over the first \$350 million of capital contributed to the Company. For the year ended December 31, 2018, we called \$95.0 million and the Advisor allocated \$0.2 million of organization costs to the Company, which was included in the Consolidated Statements of Operations. For the year ended December 31, 2018, the Advisor also allocated \$0.2 million of equity offering costs to the Company that was recorded as an offset to Paid-in capital in excess of par value on the Consolidated Statement of Assets and Liabilities.

During the year ended December 31, 2017, we called \$45.0 million and the Advisor allocated \$0.1 million of organization costs to the Company, which was included in the Consolidated Statements of Operations. For the year ended December 31, 2017, the Advisor also allocated \$0.1 million of equity offering costs to the Company that was recorded as an offset to Paid-in capital in excess of par value on the Consolidated Statement of Assets and Liabilities.

During the year ended December 31, 2016, we called \$45.0 million and the Advisor allocated \$0.1 million of organization costs to the Company, which was included in the Consolidated Statements of Operations. During the year ended December 31, 2016, the Advisor also allocated \$0.1 million of equity offering costs to the Company that was recorded as an offset to Paid-in capital in excess of par value on the Consolidated Statement of Assets and Liabilities.

Income Tax Expense, Including Excise Tax

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, we must generally (among other requirements) timely distribute to our stockholders at least 90% of our investment company taxable income, as defined by the Code, for each year. In order to maintain our RIC status, we intend to make the requisite distributions to our stockholders which will generally relieve us from corporate-level income taxes.

In order for the Company not to be subject to federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its ordinary income (taking into account certain deferrals and elections), (ii) 98.2% of its net capital gains from the current year and (iii) any undistributed ordinary income and net capital gains from preceding years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders. The Company will accrue excise tax on estimated undistributed taxable income as required. For the year ended December 31, 2018, the Company expensed an excise tax of \$112,001, of which \$111,921 remained payable. For the year ended December 31, 2017 the Company expensed an excise tax of \$22,985, of which \$22,985 remained payable. There were no excise tax expenses or payables for the years ended December 31, 2016.

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Net Realized and Unrealized Gains and Losses

We value our portfolio investments quarterly and any changes in fair value are recorded as unrealized appreciation (depreciation) on investments. For the years ended December 31, 2018, December 31, 2017 and December 31, 2016, net realized gains (losses) and net unrealized appreciation (depreciation) on our investment portfolio were comprised of the following:

	For the years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Realized losses on investments	\$ (481,806)	\$ (408,678)	\$ (470,072)
Realized gains on investments	15,159	65,700	348,383
Realized gains on foreign currency transactions	(77,552)	985	59,738
Realized losses on foreign currency transactions	(1,682)	(3,725)	(22,001)
Net realized gains (losses)	\$ (545,881)	\$ (345,718)	\$ (83,952)
Change in unrealized depreciation on investments	\$ (11,407,259)	\$ (2,977,202)	\$ 3,090,088
Change in unrealized appreciation on investments	2,297,197	2,595,811	2,520,264
Change in unrealized depreciation on foreign currency translation	267,298	57,283	(854,220)
Change in unrealized appreciation on foreign currency translation	(154,247)	34,596	688,354
Change in unrealized appreciation on foreign currency forwards	17,406	—	—
Net unrealized appreciation (depreciation)	\$ (8,979,605)	\$ (289,512)	\$ 5,444,486

Hedging

We may, but are not required to, enter into interest rate, foreign exchange or other derivative agreements to hedge interest rate, currency, credit or other risks. Generally, we do not intend to enter into any such derivative agreements for speculative purposes. Any derivative agreements entered into for speculative purposes are not expected to be material to the Company's business or results of operations. These hedging activities, which are in compliance with applicable legal and regulatory requirements, may include the use of various instruments, including futures, options and forward contracts. We bear the costs incurred in connection with entering into, administering and settling any such derivative contracts. There can be no assurance any hedging strategy we employ will be successful.

During the year ended December 31, 2018, the Company's average USD notional exposure to foreign currency forward contracts was \$7,974,709. We did not enter into any interest rate, foreign exchange or other derivative agreements during the years ended December 31, 2017 and December 31, 2016.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018, we had \$10.4 million in cash on hand. The primary uses of our cash and cash equivalents are for (1) investments in portfolio companies and other investments and to comply with certain portfolio diversification requirements; (2) the cost of operations (including paying our Advisor); (3) debt service, repayment, and other financing costs; and, (4) cash distributions to the holders of our common shares.

We expect to generate additional cash from (1) future offerings of our common or preferred shares; (2) borrowings from our Revolving Credit Facility II, SPV Asset Facility and from other banks or lenders; and, (3) cash flows from operations.

Cash on hand of \$10.4 million combined with our uncalled capital commitments of \$139.6 million, \$7.2 million undrawn amount on our Revolving Credit Facility II and \$15.4 million undrawn amount on our SPV Asset Facility, is expected to be sufficient for our investing activities and to conduct our operations for the foreseeable future.

Capital Share Activity

Since June 26, 2015 (Commencement), we have entered into subscription agreements (collectively, the "Subscription Agreements") with several investors, including CCG LP, providing for the private placement of our common shares. Under the terms of the Subscription Agreements, investors are required to fund drawdowns to purchase our common shares up to the amount of their respective capital commitments on an as-needed basis with a minimum of 10 business days' prior notice. At December 31, 2018, we had received capital commitments totaling \$405.6 million, of which \$10.0 million was from CCG LP.

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Since June 26, 2015 (Commencement), pursuant to the Subscription Agreements, we have delivered seventeen capital drawdown notices to our investors relating to the issuance of 13,358,289 of our common shares for an aggregate offering of \$266.0 million. Proceeds from the issuance were used to fund our investing activities and for other general corporate purposes. As of December 31, 2018, the Company received all amounts relating to the seventeen capital drawdown notices.

During the year ended December 31, 2018, we issued 29,914 shares of our common stock to investors who have opted into our dividend reinvestment plan for proceeds of \$600,356. During the year ended December 31, 2017, we issued 6,520 shares of our common stock to investors who have opted into our dividend reinvestment plan for proceeds of \$132,600. During the year ended December 31, 2016, we issued 2,148 shares of our common stock to investors who have opted into our dividend reinvestment plan for proceeds of \$41,874.

Debt

Debt consisted of the following as of December 31, 2018 and 2017:

(\$ in millions)	December 31, 2018			
	Aggregate Principal Amount Committed	Drawn Amount (4)	Amount Available (1)	Carrying Value (2)
SPV Asset Facility	\$ 175.0	\$ 159.6	\$ 15.4	\$ 159.6
Revolving Credit Facility	—	—	—	—
Revolving Credit Facility II (3)(5)	85.0	78.3	7.2	77.8
Total Debt	\$ 260.0	\$ 237.9	\$ 22.6	\$ 237.4

(\$ in millions)	December 31, 2017			
	Aggregate Principal Amount Committed	Drawn Amount (4)	Amount Available (1)	Carrying Value (2)
SPV Asset Facility	\$ 125.0	\$ 86.6	\$ 38.4	\$ 86.6
Revolving Credit Facility	—	—	—	—
Revolving Credit Facility II (3)(5)	75.0	65.3	9.9	65.1
Total Debt	\$ 200.0	\$ 151.9	\$ 48.3	\$ 151.7

- (1) The amount available is subject to any limitations related to the respective debt facilities' borrowing bases and foreign currency translation adjustments.
- (2) The difference between the drawn amount and the carrying value is attributable to the effect of foreign currency rates as of the balance sheet dates versus foreign currency rates at the time of the respective non-USD borrowings.
- (3) The Company had outstanding debt denominated in Pound Sterling (GBP) of 2.5 million and Euro (EUR) of 1.8 million on its Revolving Credit Facility, and Revolving Credit Facility II.
- (4) For borrowings in non-USD, the drawn amount represents the USD equivalent at the time of borrowing (i.e. cost).
- (5) Total drawn amount payable after the effect of foreign currency translation as of December 31, 2018 and 2017, was \$77,751,742 and \$65,044,546, respectively.

SPV Asset Facility

On March 28, 2016 Crescent Capital BDC Funding, LLC ("CBDC SPV"), a Delaware limited liability company and wholly owned and consolidated subsidiary of the Company, entered into a loan and security agreement (the "SPV Asset Facility") with the Company as the collateral manager, seller and equityholder, CBDC SPV as the borrower, the banks and other financial institutions from time to time party thereto as lenders, and Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent, collateral agent, and lender. The SPV Asset Facility is effective as of March 28, 2016. On February 8, 2017 the Company amended the SPV Asset Facility increasing the facility limit from \$75 million to \$125 million. On September 28, 2018 the Company further amended the SPV Asset Facility increasing the facility limit from \$125 million to \$175 million and extending the maturity date to September 28, 2023.

The maximum commitment amount under the SPV Asset Facility is \$175 million, and may be increased with the consent of Wells Fargo or reduced upon request of the Company. Proceeds of the Advances under the SPV Asset Facility may be used to acquire portfolio investments, to make distributions to the Company in accordance with the SPV Asset Facility, and to pay related expenses. The maturity date is the earlier of: (a) the date the borrower voluntarily reduces the commitments to zero, (b) the Facility Maturity Date (September 28, 2023) and (c) the date upon which Wells Fargo declares the obligations due and payable after the occurrence of an Event of Default. Borrowings under the SPV Asset Facility bear interest at London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor. The Company pays unused facility fees of 0.50% per annum on committed but undrawn amounts under the SPV Asset Facility. The SPV Asset Facility includes customary covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature.

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Also on March 28, 2016, the Company, as seller, and CBDC SPV, as purchaser, entered into a loan sale agreement whereby the Company will sell certain assets to CBDC SPV. We consolidate CBDC SPV in our consolidated financial statements and no gain or loss is expected to result from the sale of assets to CBDC SPV. We retain a residual interest in assets contributed to or acquired by CBDC SPV through our 100% ownership of CBDC SPV. The facility size is subject to availability under the borrowing base, which is based on the amount of CBDC SPV's assets from time to time, and satisfaction of certain conditions, including an asset coverage test and certain concentration limits.

Revolving Credit Facility II

On June 29, 2017, the Company entered into the "Revolving Credit Facility II" with Capital One, National Association ("CONA"), as Administrative Agent, Lead Arranger, Managing Agent and Committed Lender. Proceeds from the Revolving Credit Facility II may be used for investment activities, expenses, working capital requirements and general corporate purposes. The maximum principal amount of the Revolving Credit Facility II is \$75 million, subject to availability under the borrowing base.

Borrowings under the Revolving Credit Facility II bear interest at London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor. The Company may elect either the LIBOR or prime rate at the time of draw-down, and loans may be converted from one rate to another at any time, subject to certain conditions. The Company pays unused facility fees of 0.20% per annum on committed but undrawn amounts under the Revolving Credit Facility II. Interest is payable monthly in arrears. On June 28, 2018, the Company amended the Revolving Credit Facility II increasing the facility limit from \$75 million to \$85 million and extending the maturity date to June 29, 2019. Any amounts borrowed under the Revolving Credit Facility II, and all accrued and unpaid interest, will be due and payable, on June 29, 2019.

Revolving Credit Facility

On June 29, 2015, we entered into the Revolving Credit Facility with Natixis, New York Branch ("Natixis") as administrative agent (the "Administrative Agent"), and Natixis and certain of its affiliates as lenders. Proceeds from the Revolving Credit Facility may be used for investment activities, expenses, working capital requirements and general corporate purposes. The maximum principal amount of the Revolving Credit Facility is \$75 million, subject to availability under the borrowing base. On October 23, 2015, the Company amended the Revolving Credit Facility to include a multi-currency tranche allowing the Company to borrow up to 15% of the principal amount committed under an alternative currency including Euro, Canadian Dollar and Pound Sterling (GBP). On June 29, 2016, the Company amended the Revolving Credit Facility decreasing the facility limit from \$75 million to \$50 million and extending the maturity date to June 29, 2017. The Company paid down in full and terminated the Revolving Credit Facility on June 29, 2017.

Borrowings under the Revolving Credit Facility bore interest at either (i) London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor or (ii) at lenders' cost of funds plus a margin. The Company paid unused facility fees of 0.20% per annum on committed but undrawn amounts under the Revolving Credit Facility. Interest was payable monthly in arrears.

The summary information regarding the SPV Asset Facility, Revolving Credit Facility, and the Revolving Credit Facility II for the years ended December 31, 2018, December 31, 2017 and December 31, 2016, were as follows:

	For the years ended		
	December 31, 2018	December 31, 2017	December 31, 2016
Borrowing interest expense	\$ 7,502,040	\$ 4,308,034	\$ 1,915,615
Unused facility fees	187,364	227,331	182,240
Amortization of upfront commitment fees	642,362	620,269	385,560
Amortization of deferred financing costs	118,748	147,276	223,413
Total interest and credit facility expenses	\$ 8,450,514	\$ 5,302,910	\$ 2,706,828
Weighted average interest rate	4.11%	3.23%	2.45%
Weighted average outstanding balance	\$ 182,328,466	\$ 133,486,128	\$ 78,294,459

To the extent we determine that additional capital would allow us to take advantage of additional investment opportunities, if the market for debt financing presents attractively priced debt financing opportunities, or if our Board otherwise determines that leveraging our portfolio would be in our best interest and the best interests of our stockholders, we may enter into credit facilities in addition to our Revolving Credit Facility II and SPV Asset Facility. We would expect any such credit facilities may be secured by certain of our assets and may contain advance rates based upon pledged collateral. The pricing and other terms of any such facilities

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would depend upon market conditions when we enter into any such facilities as well as the performance of our business, among other factors. In accordance with applicable SEC staff guidance and interpretations, as a BDC, with certain limited exceptions, we are only permitted to borrow amounts such that our asset coverage ratio, as defined in the 1940 Act, is at least 2 to 1 after such borrowing. As of December 31, 2018 and December 31, 2017, our asset coverage ratio was 2.08 to 1 and 2.13 to 1, respectively. We may also refinance or repay any of our indebtedness at any time based on our financial condition and market conditions. See Note 6. Debt to our consolidated financial statements for more detail on the debt facilities.

OFF BALANCE SHEET ARRANGEMENTS

Information on our off balance sheet arrangements is contained in Note 8. Commitments, Contingencies and Indemnifications to our consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ materially. The critical accounting policies should be read in connection with our risk factors as disclosed herein and in our Registration Statement on Form 10.

In addition to the discussion below, our critical accounting policies are further described in Note 2. Summary of Significant Accounting Policies to our consolidated financial statements.

Investment Valuation

The Company applies Financial Accounting Standards Board ASC 820, *Fair Value Measurement* (ASC 820), as amended, which establishes a framework for measuring fair value in accordance with GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, the Company considers its principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in the determination of fair value. In accordance with ASC 820, these levels are summarized below:

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In addition to using the above inputs in investment valuations, the Company applies the valuation policy approved by its Board that is consistent with ASC 820. Consistent with the valuation policy, the Company evaluates the source of inputs, including any markets in which its investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. When a security is valued based on prices provided by reputable dealers or pricing services (that is, broker quotes), the Company subjects those prices to various criteria in making the determination as to whether a particular investment would qualify for classification as a Level 2 or Level 3 investment. For example, the Company reviews pricing methodologies provided by dealers or pricing services in order to determine if observable market information is being used, versus unobservable inputs. Some additional factors considered include the number of prices obtained as well as an assessment as to their quality. Transfers between levels, if any, are recognized at the beginning of the period in which the transfers occur. During the year ended December 31, 2018, the Company recorded \$0 in transfers from Level 3 to Level 2 and \$27,126,293 in transfers from Level 2 to Level 3 due to a decrease in observable inputs in market data. During the year ended December 31, 2017, the Company recorded \$5,197,500 in transfers from Level 3 to Level 2 and \$11,793,693 in transfers from Level 2 to Level 3 due to an increase and a decrease in observable inputs in market data, respectively.

Investments for which market quotations are readily available are typically valued at those market quotations. To validate market quotations, the Company utilizes a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Board, based on, among other things, the input of the Advisor, the Company’s Audit Committee and independent third-party valuation firms engaged at the direction of the Board.

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The Board oversees and supervises a multi-step valuation process, which includes, among other procedures, the following:

- The valuation process begins with each investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with the portfolio management team.
- The Advisor's management reviews the preliminary valuations with the investment professionals. Agreed upon valuation recommendations are presented to the Audit Committee.
- The Audit Committee reviews the valuations presented and recommends values for each investment to the Board.
- The Board reviews the recommended valuations and determines the fair value of each investment; valuations that are not based on readily available market quotations are valued in good faith based on, among other things, the input of the Advisor, Audit Committee and, where applicable, other third parties.

The Company currently conducts this valuation process on a quarterly basis.

In connection with debt and equity securities that are valued at fair value in good faith by the Board, the Board will engage independent third-party valuation firms to perform certain limited procedures that the Board has identified.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein. See Note 4. Investments and Note 5. Fair Value of Financial Instruments for additional information on the Company's investment portfolio.

Equity Offering and Organization Expenses

The Company has agreed to repay the Advisor for initial organization costs and equity offering costs incurred prior to the commencement of its operations up to a maximum of \$1.5 million on a pro rata basis over the first \$350 million of invested capital not to exceed 3 years from the initial capital commitment on June 26, 2015. To the extent such costs relate to equity offerings, these costs are charged as a reduction of capital upon the issuance of common shares. To the extent such costs relate to organization costs, these costs are expensed in the Consolidated Statements of Operations upon the issuance of common shares. The Advisor is responsible for organization and private equity offerings costs in excess of \$1.5 million. At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the period during which capital may be called from stockholders (the "Commitment Period"). The Commitment Period was extended to the earlier of (i) a Qualified IPO and (ii) June 30, 2020. With the approval of the Commitment Period extension, the Advisor agreed to extend the reimbursement period for the initial organization costs and equity offering costs to June 30, 2019. See Note 8. Commitments, Contingencies and Indemnifications for additional discussion of certain related party transactions with the Advisor.

The Advisor incurred costs on behalf of the Company of \$794,450 of equity offering costs and \$567,895 of organization costs through Commencement. For the year ended December 31, 2018, the Advisor allocated to the Company \$215,636 of equity offering costs and \$154,143 of organization costs, of which \$136,235 was included in Due to Advisor on the Consolidated Statements of Assets and Liabilities at December 31, 2018. Since June 26, 2015 (Commencement), the Advisor has allocated to the Company \$603,782 of equity offering costs and \$431,600 of organization costs.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the amortization of purchase discounts and premiums. Discounts and premiums to par value on securities purchased are accreted or amortized into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion and amortization of discounts and premiums, if any. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees and unamortized discounts are recorded as interest income.

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Dividend income from preferred equity securities is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income from common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

Certain investments have contractual payment-in-kind (“PIK”) interest or dividends. PIK represents accrued interest or accumulated dividends that are added to the loan principal or cost basis of the investment on the respective interest or dividend payment dates rather than being paid in cash and generally becomes due at maturity or upon being called by the issuer. PIK is recorded as interest or dividend income, as applicable. If at any point the Company believes PIK is not expected to be realized, the investment generating PIK will be placed on non-accrual status. Accrued PIK interest or dividends are generally reversed through interest or dividend income, respectively, when an investment is placed on non-accrual status.

Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management’s judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management’s judgment, are likely to remain current. Management may determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2018, the Company had one portfolio company with two investment positions on non-accrual status, which represented 2.5% and 1.4% of the total investments at cost and fair value, respectively. As of December 31, 2017, no loans had been placed on non-accrual status by the Company.

Income Taxes

The Company has elected to be treated as a BDC under the 1940 Act. The Company also has elected to be treated as a RIC under the Internal Revenue Code. So long as the Company maintains its status as a RIC, it will generally not pay corporate-level U.S. federal income or excise taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. As a result, any tax liability related to income earned and distributed by the Company represents obligations of the Company’s stockholders and will not be reflected in the consolidated financial statements of the Company.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold are reversed and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Company accounts for income taxes in conformity with ASC Topic 740—*Income Taxes* (“ASC Topic 740”). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements.

As of December 31, 2018, all tax filings of the Company since the inception on February 5, 2015 remain subject to examination by federal tax authorities. No such examinations are currently pending.

In order for the Company not to be subject to federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its ordinary income (taking into account certain deferrals and elections), (ii) 98.2% of its net capital gains from the current year and (iii) any undistributed ordinary income and net capital gains from preceding years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders. The Company will accrue excise tax on estimated undistributed taxable income as required. For the year ended December 31, 2018, the Company expensed an excise tax of \$112,001, of which \$111,921 remained payable. For the year ended December 31, 2017 the Company expensed an excise tax of \$22,985, of which \$22,985 remained payable. There were no excise tax expenses or payables for the years ended December 31, 2016.

CBDC Universal Equity, Inc. is a taxable entity (the “Taxable Subsidiary”). The Taxable Subsidiary permits the Company to hold equity investments in portfolio companies which are “pass through” entities for tax purposes and continue to comply with the “source income” requirements contained in RIC tax provisions of the Code. The Taxable Subsidiary is not consolidated with the Company for income tax purposes and may generate income tax expense, benefit, and the related tax assets and liabilities, as a result of its ownership of certain portfolio investments. The income tax expense, or benefit, if any, and related tax assets and liabilities are

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reflected in the Company's consolidated financial statements. For the year ended December 31, 2018, the Company recognized a benefit/(provision) for income taxes of \$(87,779) on unrealized appreciation/(depreciation) on investments and net operating losses and federal tax credits related to the Taxable Subsidiary. As of December 31, 2018, there is a corresponding net deferred tax liability of \$304,928 related to the Taxable Subsidiary, which was the net effect of (i) a deferred tax liability of \$604,402 resulting from unrealized appreciation on investments held by the Taxable Subsidiary and (ii) a deferred tax asset of \$299,474 resulting from unrealized depreciation on investments and net operating losses and federal tax credits from the Taxable Subsidiary.

For the year ended December 31, 2017, the Company recognized a benefit/(provision) for income taxes of \$(217,149), which was the net effect of a deferred tax liability of \$285,381 resulting from unrealized appreciation on investments held by the Taxable Subsidiary and a deferred tax asset of \$68,232 resulting from unrealized depreciation on investments of the Taxable Subsidiary. There were no deferred tax assets or liabilities related to the taxable Subsidiary at December 31, 2016.

The Company intends to comply with the applicable provisions of the Code, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. As of December 31, 2018, all tax filings of the Company since the inception on February 5, 2015 remain subject to examination by federal tax authorities. No such examinations are currently pending.

New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers (Topic 606)." The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in ASU 2014-09 were effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. This standard did not have a material impact on the consolidated financial statements, primarily because the majority of the Company's revenue is accounted for under FASB ASC Topic 320, "Investments – Debt and Equity Securities", which is scoped out of this standard.

In August 2018, the FASB issued ASU 2018-13 "Changes to the Disclosure for Fair Value Measurement" which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. The adoption of this guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including valuation risk, interest rate risk and currency risk.

Valuation Risk

We have invested, and plan to continue to invest, in illiquid debt and equity securities of private companies. These investments will generally not have a readily available market price, and we will value these investments at fair value as determined in good faith by our Board in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that 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 we make. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize amounts that are different from the amounts presented and such differences could be material. See Note 2. Summary of Significant Account Policies to our consolidated financial statements for more details on estimates and judgments made by us in connection with the valuation of our investments.

Interest Rate Risk

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. We also fund a portion of our investments with borrowings and our net investment income will be affected by the difference between the rate at which we invest and the rate at which we borrow. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate-sensitive assets to our interest rate-sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

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As of December 31, 2018, 95.2% of the investments at fair value in our portfolio were at variable rates, subject to interest rate floors. The Revolving Credit Facility II and SPV Asset Facility also bear interest at variable rates.

Assuming that our Consolidated Statements of Assets and Liabilities as of December 31, 2018 were to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates (considering interest rate floors for floating rate instruments):

(\$ in millions)

Basis Point Change	Interest Income	Interest Expense	Increase (decrease) in net assets resulting from operations
Up 300 basis points	\$ 14.2	\$ 7.1	\$ 7.1
Up 200 basis points	\$ 9.5	\$ 4.7	\$ 4.8
Up 100 basis points	\$ 4.7	\$ 2.4	\$ 2.3
Down 25 basis points	\$ (1.2)	\$ (0.6)	\$ (0.6)
Down 100 basis points	\$ (4.7)	\$ (2.4)	\$ (2.3)

Although we believe that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit market, credit quality, the size and composition of the assets in our portfolio and other business developments that could affect our net income. Accordingly, we cannot assure you that actual results would not differ materially from the analysis above.

We may in the future hedge against interest rate fluctuations by using hedging instruments such as interest rate swaps, futures, options and forward contracts. While hedging activities may mitigate our exposure to adverse fluctuations in interest rates, certain hedging transactions that we may enter into in the future, such as interest rate swap agreements, may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio investments.

Currency Risk

From time to time, we may make investments that are denominated in a foreign currency. These investments are converted into U.S. dollars at the balance sheet date, exposing us to movements in foreign exchange rates. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us. We may seek to utilize instruments such as, but not limited to, forward contracts to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates. We also have the ability to borrow in certain foreign currencies under our Revolving Credit Facility II, and may borrow in those respective currencies to establish natural hedges against our loans or investments. To the extent the loan or investment is based on a floating rate other than a rate under which we can borrow under our Revolving Credit Facility II, we may seek to utilize interest rate derivatives to hedge our exposure to changes in the associated rate. As of December 31, 2018, we had £2.5 million and €1.8 million outstanding on the Revolving Credit Facility II as a natural hedge against a £3.0 million investment and €1.8 million investment, respectively. Also as of December 31, 2018, we had £5.9 million notional exposure to foreign currency forward contracts related to a £6.1 million investment.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CRESCENT CAPITAL BDC, INC.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Crescent Capital BDC, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of Crescent Capital BDC, Inc. (the “Company”), including the consolidated schedules of investments, as of December 31, 2018 and 2017, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations, changes in its net assets, and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of the Company’s internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 and 2017, by correspondence with the custodian, syndication agents and underlying investee companies, or by other appropriate auditing procedures where confirmation was not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2015.

Los Angeles, CA
March 22, 2019

[Table of Contents](#)**Crescent Capital BDC, Inc.****Consolidated Statements of Assets and Liabilities**

	As of December 31, 2018	As of December 31, 2017
Assets		
Investments, non-controlled and non-affiliated, at fair value (cost of \$500,680,681 and \$317,215,906, respectively)	\$493,341,724	\$319,126,672
Cash and cash equivalents	9,809,812	8,791,778
Cash denominated in foreign currency (cost of \$580,874 and \$452,924, respectively)	559,011	479,134
Receivable for investments sold	37,427	11,957
Interest receivable	1,334,535	1,333,277
Unrealized appreciation on foreign currency forward contracts	17,406	—
Prepaid expenses and other assets	20,041	74,357
Total assets	<u>\$505,119,956</u>	<u>\$329,817,175</u>
Liabilities		
Debt (net of deferred financing costs of \$1,695,193 and \$856,042, respectively)	\$235,707,992	\$150,847,928
Payable for investments purchased	299,570	—
Distributions payable	5,343,316	2,707,232
Management fees payable - affiliate	963,009	734,504
Income incentive fee payable - affiliate	—	504,295
Due to Advisor - affiliate	136,235	38,924
Due to Administrator - affiliate	178,461	232,779
Professional fees payable	254,929	289,899
Directors' fees payable	62,063	57,063
Interest and other debt financing costs payable	1,849,983	1,018,332
Deferred tax liability	304,928	217,149
Accrued expenses and other liabilities	440,630	369,081
Total liabilities	<u>\$245,541,116</u>	<u>\$157,017,186</u>
Commitments and Contingencies (Note 8)		
Net Assets		
Preferred stock, par value \$0.001 per share (10,000 shares authorized, zero outstanding, respectively)	\$ —	\$ —
Common stock, par value \$0.001 per share (200,000,000 shares authorized, 13,358,289 and 8,597,116 shares issued and outstanding, respectively)	13,358	8,597
Paid-in capital in excess of par value	266,023,849	170,755,891
Distributable earnings (accumulated loss)	(6,458,367)	2,035,501
Total Net Assets	<u>\$259,578,840</u>	<u>\$172,799,989</u>
Total Liabilities and Net Assets	<u>\$505,119,956</u>	<u>\$329,817,175</u>
Net asset value per share	\$ 19.43	\$ 20.10

See accompanying notes

[Table of Contents](#)**Crescent Capital BDC, Inc.****Consolidated Statements of Operations**

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Investment Income:			
Interest income from non-controlled and non-affiliated investments	\$32,250,699	\$22,226,725	\$13,873,168
Paid-in-kind interest	453,478	64,952	14,609
Dividend income	590,947	—	—
Total investment income	<u>33,295,124</u>	<u>22,291,677</u>	<u>13,887,777</u>
Expenses:			
Interest and other debt financing costs	8,450,514	5,302,910	2,706,828
Management fees (net of waiver of \$2,602,190, \$1,548,858 and \$1,048,618, respectively)	3,384,980	2,717,199	1,701,168
Income incentive fees (net of waiver of \$2,187,445, \$0 and \$0, respectively)	554,978	1,622,836	525,493
Directors' fees	290,000	290,000	288,042
Professional fees	759,974	713,672	688,663
Organization expenses	154,143	73,015	73,015
Other general and administrative expenses	1,851,252	1,639,006	1,494,809
Total expenses	<u>15,445,841</u>	<u>12,358,638</u>	<u>7,478,018</u>
Net investment income before taxes	<u>17,849,283</u>	<u>9,933,039</u>	<u>6,409,759</u>
Income and excise taxes	121,444	25,474	1,600
Net investment income after taxes	<u>17,727,839</u>	<u>9,907,565</u>	<u>6,408,159</u>
Net realized and unrealized gains (losses) on investments:			
Net realized gain (loss) on investments	(466,647)	(342,979)	(121,691)
Net realized gain (loss) on foreign currency transactions	(79,234)	(2,739)	37,739
Net change in unrealized appreciation (depreciation) on investments and foreign currency translation	(8,997,011)	(289,512)	5,444,486
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	17,406	—	—
Net realized and unrealized gains (losses) on investments	<u>(9,525,486)</u>	<u>(635,230)</u>	<u>5,360,534</u>
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	(87,779)	(217,149)	—
Net increase in net assets resulting from operations	<u>\$ 8,114,574</u>	<u>\$ 9,055,186</u>	<u>\$11,768,693</u>
Per Common Share Data:			
Net increase in net assets resulting from operations per share (basic and diluted):	\$ 0.76	\$ 1.20	\$ 2.27
Net investment income per share (basic and diluted):	\$ 1.65	\$ 1.31	\$ 1.23
Weighted average shares outstanding (basic and diluted):	10,719,485	7,562,447	5,191,589

See accompanying notes

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Crescent Capital BDC, Inc.

Consolidated Statements of Changes in Net Assets

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Increase (decrease) in net assets resulting from operations:			
Net investment income	\$ 17,727,839	\$ 9,907,565	\$ 6,408,159
Net realized loss on investments and foreign currency transactions	(545,881)	(345,718)	(83,952)
Net change in unrealized appreciation (depreciation) on investments, foreign currency forward contracts and foreign currency translation	(8,979,605)	(289,512)	5,444,486
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	(87,779)	(217,149)	—
Net increase in net assets resulting from operations	8,114,574	9,055,186	11,768,693
Distributions to shareholders	(16,720,443)	(9,341,681)	(6,238,633)
Capital transactions:			
Issuance of common stock	95,000,000	45,000,000	45,000,000
Issuance of common stock pursuant to dividend reinvestment plan	600,356	132,600	41,874
Equity offering costs	(215,636)	(102,144)	(102,144)
Net increase in net assets resulting from capital transactions	95,384,720	45,030,456	44,939,730
Total increase in net assets	86,778,851	44,743,961	50,469,790
Net assets at beginning of period	172,799,989	128,056,028	77,586,238
Net assets at end of period	\$259,578,840	\$172,799,989	\$128,056,028
Changes in Shares			
Common stock, at beginning of period	8,597,116	6,376,850	4,056,316
Issuance of common stock	4,731,259	2,213,746	2,318,386
Issuance of common stock pursuant to dividend reinvestment plan	29,914	6,520	2,148
Common stock, at end of period	13,358,289	8,597,116	6,376,850
Distributions declared per share:	\$ 1.47	\$ 1.18	\$ 1.10

See accompanying notes

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Crescent Capital BDC, Inc.
Consolidated Statements of Cash Flows

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	\$ 8,114,574	\$ 9,055,186	\$ 11,768,693
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities:			
Purchases of investments	(291,155,086)	(154,205,536)	(135,601,867)
Paid-in-kind interest income	(453,478)	(64,952)	(14,609)
Proceeds from sales of investments and principal repayments	109,697,025	54,117,980	60,820,469
Net realized (gain) loss on investments	466,647	342,979	121,691
Net change in unrealized (appreciation) depreciation on investments and foreign currency translation	8,997,011	289,512	(5,444,486)
Net change in unrealized (appreciation) depreciation on foreign currency forward contracts	(17,406)	—	—
Amortization of premium and accretion of discount, net	(2,019,883)	(1,166,779)	(413,896)
Amortization of deferred financing costs	761,110	767,545	608,973
Change in operating assets and liabilities:			
(Increase) decrease in receivable for investments sold	(25,470)	981,769	(993,726)
(Increase) decrease in interest receivable	(1,258)	144,944	(1,048,611)
(Increase) decrease in prepaid expenses and other assets	54,316	(21,604)	2,620
Increase (decrease) in payable for investments purchased	299,570	—	(9,179,625)
Increase (decrease) in management fees payable - affiliate	228,505	212,638	185,686
Increase (decrease) in income incentive fees payable - affiliate	(504,295)	42,758	461,537
Increase (decrease) in due to Advisor - affiliate	97,311	11,677	(19,462)
Increase (decrease) in due to Administrator - affiliate	(54,318)	78,376	(28,949)
Increase (decrease) in professional fees payable	(34,970)	144,045	63,354
Increase (decrease) in directors' fees payable	5,000	8,688	8,792
Increase (decrease) in interest and credit facility fees and expenses payable	831,651	568,520	343,666
Increase (decrease) in deferred tax liability	87,779	217,149	—
Increase (decrease) in accrued expenses and other liabilities	71,549	89,861	(63,904)
Net cash provided by (used for) operating activities	<u>(164,554,116)</u>	<u>(88,385,244)</u>	<u>(78,423,654)</u>
Cash flows from financing activities:			
Issuance of common stock	95,000,000	45,000,000	45,000,000
Financing costs paid related to revolving credit facilities	(1,600,261)	(643,713)	(1,370,578)
Distributions paid	(13,484,003)	(8,251,849)	(5,371,757)
Equity offering costs	(215,636)	(102,144)	(102,144)
Borrowings on debt	223,300,000	149,582,075	121,928,014
Repayments on debt	(137,300,000)	(93,082,075)	(81,300,000)
Net cash provided by (used for) financing activities	<u>165,700,100</u>	<u>92,502,294</u>	<u>78,783,535</u>
Effect of exchange rate changes on cash denominated in foreign currency	(48,073)	34,537	(8,112)
Net increase (decrease) in cash, cash equivalents and foreign currency	1,097,911	4,151,587	351,769
Cash, cash equivalents and foreign currency, beginning of period	<u>9,270,912</u>	<u>5,119,325</u>	<u>4,767,556</u>
Cash, cash equivalents and foreign currency, end of period	<u>\$ 10,368,823</u>	<u>\$ 9,270,912</u>	<u>\$ 5,119,325</u>
Supplemental and non-cash financing activities:			
Cash paid during the period for interest	\$ 6,857,753	\$ 3,752,350	\$ 1,605,516
Issuance of common stock pursuant to distribution reinvestment plan	\$ 600,356	\$ 132,600	\$ 41,874
Accrued but unpaid equity offering costs	\$ 79,445	\$ 22,699	\$ 15,889
Accrued but unpaid distributions	\$ 5,343,316	\$ 2,707,232	\$ 1,750,000

See accompanying notes

CRESCENT CAPITAL BDC, INC.
Consolidated Schedule of Investments
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	Investment Type	Spread Above Index *	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Percentage of Net Assets **	Fair Value	
Investments(1)									
United States									
Debt Investments									
Automobiles & Components									
	AP Exhaust Acquisition, LLC(2)	Senior Secured Second Lien	L + 850(3)	11.41%	05/2025	\$ 9,072,563	\$ 8,800,463	2.9%	\$ 7,607,476
	Auto-Vehicle Parts, LLC(2)	Senior Secured First Lien	L + 450(4)	7.01%	01/2023	4,857,500	4,795,943	1.9	4,857,500
	Auto-Vehicle Parts, LLC(2) (5) (6)	Senior Secured First Lien			01/2023	—	(7,211)	—	—
	Continental Battery Company(2)	Senior Secured First Lien	L + 450(4)	7.02%	12/2022	4,013,625	3,954,779	1.5	4,013,625
	Continental Battery Company(2) (5) (6)	Senior Secured First Lien			12/2022	—	(11,755)	—	—
	Continental Battery Company(2) (5)	Senior Secured First Lien	L + 450(4)	7.02%	12/2022	2,881,415	2,835,581	1.1	2,881,415
	Empire Auto Parts, LLC(2)	Senior Secured First Lien	L + 550(3)	8.25%	09/2024	2,493,750	2,446,027	1.0	2,493,750
	Empire Auto Parts, LLC(2) (5) (6)	Senior Secured First Lien			09/2024	—	(7,569)	—	—
	POC Investors, LLC(2)	Senior Secured First Lien	L + 550(3)	8.32%	11/2021	6,000,204	5,939,037	2.3	6,000,204
	POC Investors, LLC(2) (5) (6)	Senior Secured First Lien			11/2021	—	(6,597)	—	—
						<u>29,319,057</u>	<u>28,738,698</u>	<u>10.7</u>	<u>27,853,970</u>
Capital Goods									
	Alion Science and Technology Corporation	Senior Secured First Lien	L + 450(4)	7.02%	08/2021	3,000,000	3,000,000	1.2	2,998,605
	Alion Science and Technology Corporation(2)	Unsecured Debt		11.00%	08/2022	6,542,905	6,407,624	2.5	6,542,905
	Midwest Industrial Rubber(2)	Senior Secured First Lien	L + 550(3)	8.30%	12/2021	5,467,312	5,404,426	2.1	5,467,312
	Midwest Industrial Rubber(2) (5)	Senior Secured First Lien	L + 550(3)	8.32%	12/2021	87,500	81,734	—	87,500
	Potter Electric Signal Company(2) (5)	Senior Secured First Lien	P + 350(7)	9.00%	12/2022	78,750	74,289	—	76,500
	Potter Electric Signal Company(2)	Senior Secured First Lien	L + 450(8)	7.27%	12/2023	2,530,875	2,503,862	1.0	2,518,220
	Potter Electric Signal Company(2) (5) (6)	Senior Secured First Lien			12/2023	—	(6,939)	—	(3,500)
						<u>17,707,342</u>	<u>17,464,996</u>	<u>6.8</u>	<u>17,687,542</u>
Commercial & Professional Services									
	Advantage Sales & Marketing, Inc.	Senior Secured First Lien	L + 325(4)	5.77%	07/2021	820,025	820,221	0.3	728,453
	Advantage Sales & Marketing, Inc.	Senior Secured Second Lien	L + 650(4)	9.02%	07/2022	500,000	501,967	0.1	396,043
	Allied Universal Holdco, LLC(2)	Senior Secured Second Lien	L + 850(4)	11.02%	07/2023	750,000	717,248	0.3	723,460
	ASP MCS Acquisition Corp.	Senior Secured First Lien	L + 475(4)	7.27%	05/2024	5,294,375	5,272,970	1.7	4,341,387
	BFC Solmetex LLC & Bonded Filter Co. LLC(2) (5)	Senior Secured First Lien	L + 625(3)	9.05%	04/2023	150,000	135,628	0.1	157,500
	BFC Solmetex LLC & Bonded Filter Co. LLC(2)	Senior Secured First Lien	L + 625(3)	9.05%	09/2023	6,671,500	6,541,771	2.5	6,738,216
	BFC Solmetex LLC & Bonded Filter Co. LLC(2) (5) (6)	Senior Secured First Lien			09/2023	—	(8,049)	—	8,500
	CHA Holdings, Ind(2)	Senior Secured First Lien	L + 450(3)	7.30%	04/2025	4,903,929	4,881,407	1.9	4,897,799
	CHA Holdings, Ind(2) (5) (6)	Senior Secured First Lien			04/2025	—	(4,813)	—	(1,339)
	DFS Intermediate Holdings, LLC(2)	Senior Secured First Lien	L + 525(4)	7.77%	03/2022	8,887,200	8,766,354	3.4	8,887,200
	DFS Intermediate Holdings, LLC(2) (5)	Senior Secured First Lien	L + 525(4)	7.77%	03/2022	3,618,977	3,529,500	1.4	3,618,977
	GH Holding Company(2)	Senior Secured First Lien	L + 450(4)	7.02%	02/2023	1,488,750	1,482,380	0.6	1,488,750

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GI Revelation Acquisition LLC	Senior Secured First Lien	L + 500(4)	7.52%	04/2025	\$ 7,471,228	\$ 7,435,645	2.8%	\$ 7,368,499
Hepaco, LLC(2) (5) (6)	Senior Secured First Lien			08/2023	—	(3,286)	—	—
Hepaco, LLC(2)	Senior Secured First Lien	L + 475(4)	7.27%	08/2024	5,204,250	5,157,182	2.0	5,204,250
Hepaco, LLC(2) (5)	Senior Secured First Lien	L + 475(4)	7.21%	08/2024	3,433,020	3,392,304	1.3	3,433,020
Jordan Healthcare Inc.(2)	Senior Secured First Lien	L + 550(3)	8.30%	07/2022	4,062,476	4,030,903	1.6	4,062,476
Jordan Healthcare Inc.(2) (5)	Senior Secured First Lien	L + 550(3)	8.30%	07/2022	705,218	694,965	0.3	705,218
Jordan Healthcare, Inc.(2) (5)	Senior Secured First Lien	L + 550(3)	8.30%	07/2022	90,000	86,709	—	90,000
MHS Acquisition Holdings, LLC(2)	Senior Secured Second Lien	L + 875(3)	11.55%	03/2025	8,101,633	7,905,202	2.9	7,605,814
MHS Acquisition Holdings, LLC(2) (5)	Senior Secured Second Lien	L + 875(3)	11.55%	03/2025	466,576	448,746	0.2	402,206
MHS Acquisition Holdings, LLC(2)	Unsecured Debt	L + 1350 PIK(3)	13.50%	03/2026	624,285	615,675	0.2	540,006
MHS Acquisition Holdings, LLC(2)	Unsecured Debt	L + 1350 PIK(3)	13.50%	03/2026	208,011	205,222	0.1	179,930
SavATree, LLC(2) (5)	Senior Secured First Lien	P + 425(7)	9.75%	06/2022	195,545	190,769	0.1	195,545
SavATree, LLC(2)	Senior Secured First Lien	L + 525(3)	8.05%	06/2022	3,646,625	3,596,594	1.4	3,646,625
SavATree, LLC(2) (5) (6)	Senior Secured First Lien			06/2022	—	(7,518)	—	—
TecoStar Holdings, Inc.(2)	Senior Secured Second Lien	L + 850(4)	10.89%	11/2024	5,000,000	4,895,359	1.9	5,032,782
USAGM HoldCo LLC	Senior Secured Second Lien	L + 850(4)	11.02%	07/2023	10,000,000	9,733,031	3.7	9,525,000
USAGM HoldCo LLC(2)	Senior Secured Second Lien		11.00%	07/2023	2,380,952	2,342,426	0.9	2,296,699
Valet Waste Holdings, Inc.	Senior Secured First Lien	L + 400(4)	6.52%	09/2025	14,962,500	14,926,164	5.7	14,700,656
Xcentric Mold and Engineering Acquisition Company, LLC(2)	Senior Secured First Lien	L + 550(4)	7.88%	01/2022	4,961,625	4,897,993	1.9	4,986,433
Xcentric Mold and Engineering Acquisition Company, LLC(2) (5)	Senior Secured First Lien	L + 550(4)	7.88%	01/2022	612,500	604,082	0.2	616,000
					<u>105,211,200</u>	<u>103,784,751</u>	<u>39.5</u>	<u>102,576,105</u>
Consumer Durables & Apparel								
EiKo Global, LLC(2)	Senior Secured First Lien	L + 600(3)	8.80%	06/2023	2,487,500	2,442,612	0.9	2,487,500
EiKo Global, LLC(2) (5)	Senior Secured First Lien	L + 600(3)	8.80%	06/2023	135,000	127,055	0.1	135,000
					<u>2,622,500</u>	<u>2,569,667</u>	<u>1.0</u>	<u>2,622,500</u>
Consumer Services								
Counsel On Call, LLC(2)	Senior Secured First Lien	L + 550(4)	8.03%	09/2022	2,731,125	2,706,868	1.1	2,758,436
Counsel On Call, LLC(2) (5) (6)	Senior Secured First Lien			09/2022	—	(3,134)	—	4,000
Counsel On Call, LLC(2) (5)	Senior Secured First Lien	L + 550(4)	8.03%	09/2022	299,247	295,490	0.1	303,739
Iconic Group, Inc(2)	Senior Secured First Lien	L + 500(4)	7.51%	05/2024	1,093,661	1,083,587	0.4	1,093,661
Iconic Group, Inc.(2) (5) (6)	Senior Secured First Lien			05/2024	—	(2,261)	—	—
Learn-It Systems, LLC(2)	Senior Secured First Lien	L + 525(4)	7.78%	07/2023	4,242,384	4,182,523	1.6	4,242,384
Learn-It Systems, LLC(2) (5)	Senior Secured First Lien	L + 525(4)	7.78%	07/2023	120,000	115,889	—	120,000
New Mountain Learning(2)	Senior Secured First Lien	L + 550(3)	8.30%	03/2024	2,217,583	2,178,153	0.8	2,077,413
New Mountain Learning(2) (5) (6)	Senior Secured First Lien			03/2024	—	(10,407)	—	(37,925)

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NS Intermediate Holdings, LLC(2)	Senior Secured First Lien	L + 500(4)	7.52%	09/2021	\$ 3,152,852	\$ 3,118,298	1.2%	\$ 3,152,852
NS Intermediate Holdings, LLC(2) (5) (6)	Senior Secured First Lien			09/2021	—	(2,398)	—	—
Pre-Paid Legal Services, Inc.	Senior Secured First Lien	L + 300(4)	5.52%	05/2025	3,630,548	3,613,866	1.4	3,562,475
Pre-Paid Legal Services, Inc.	Senior Secured Second Lien	L + 750(4)	10.02%	05/2026	7,301,075	7,233,544	2.8	7,209,812
SkillSoft Corporation	Senior Secured First Lien	L + 475(4)	7.27%	04/2021	964,694	956,074	0.3	785,821
Teaching Strategies LLC(2)	Senior Secured First Lien	L + 600(3)	8.80%	05/2024	9,328,125	9,114,470	3.6	9,328,125
Teaching Strategies LLC(2) (5) (6)	Senior Secured First Lien			05/2024	—	(14,065)	—	—
United Language Group, Inc(2)	Senior Secured First Lien	L + 500(4)	7.52%	12/2021	4,736,625	4,660,897	1.8	4,736,625
United Language Group, Inc(2) (5)	Senior Secured First Lien	L + 500(4)	7.52%	12/2021	360,000	352,400	0.1	360,000
Vistage Worldwide, Inc.(2)	Senior Secured First Lien	L + 400(4)	6.46%	02/2025	8,554,358	8,561,675	3.2	8,426,042
Wrench Group LLC(2) (5) (6)	Senior Secured First Lien			12/2023	—	(4,397)	—	—
Wrench Group LLC(2)	Senior Secured First Lien	L + 450(9)	7.12%	12/2024	4,715,055	4,671,635	1.9	4,715,055
Wrench Group LLC(2) (5) (6)	Senior Secured First Lien			12/2024	—	(1,341)	—	—
					<u>53,447,332</u>	<u>52,807,366</u>	<u>20.3</u>	<u>52,838,515</u>
Diversified Financials								
Vanguard Holdings Corp(2)	Senior Secured First Lien	L + 550(4)	8.02%	09/2023	11,820,375	11,595,080	4.5	11,820,375
Vanguard Holdings Corp(2) (5) (6)	Senior Secured First Lien			09/2023	—	(13,533)	—	—
Vanguard Holdings Corp(2) (5)	Senior Secured First Lien	L + 550(4)	8.02%	09/2023	964,083	939,725	0.4	964,083
					<u>12,784,458</u>	<u>12,521,272</u>	<u>4.9</u>	<u>12,784,458</u>
Energy								
Murray Energy Corporation	Senior Secured First Lien	L + 725(3)	9.78%	10/2022	347,952	339,353	0.1	296,629
Food & Staples Retailing								
Isagenix International, LLC	Senior Secured First Lien	L + 575(3)	8.55%	06/2025	6,825,000	6,789,139	2.6	6,637,313
Food, Beverage & Tobacco								
Mann Lake Ltd.(5)	Senior Secured First Lien	L + 500(4)	7.52%	10/2024	210,000	192,731	0.1	210,000
Mann Lake Ltd.(2)	Senior Secured First Lien	L + 500(4)	7.52%	10/2024	3,300,000	3,236,078	1.3	3,300,000
					<u>3,510,000</u>	<u>3,428,809</u>	<u>1.4</u>	<u>3,510,000</u>
Health Care Equipment & Services								
Ameda, Inc.(2)	Senior Secured First Lien	L + 700(4)	9.51%	09/2022	2,616,875	2,579,200	1.0	2,555,418
Ameda, Inc.(2) (5)	Senior Secured First Lien	L + 700(4)	9.51%	09/2022	187,500	183,363	0.1	180,455
Avalign Technologies, Inc.(2)	Senior Secured First Lien	L + 450(4)	6.98%	12/2025	15,000,000	14,850,281	5.7	14,887,500
Beaver-Visitec International, Inc(2) (10)	Senior Secured First Lien	L + 400(9)	6.62%	08/2023	11,360,792	11,299,272	4.3	11,289,787
Carestream Health, Inc.	Senior Secured First Lien	L + 575(4)	8.27%	02/2021	214,464	214,501	0.1	209,424
Carestream Health, Inc.	Senior Secured Second Lien	L + 950(4)	12.02%	06/2021	154,612	154,612	0.1	154,290
CDRH Parent, Inc.	Senior Secured First Lien	L + 425(3)	7.01%	07/2021	361,471	362,976	0.1	327,697
Centauri Health Solutions, Inc.(2)	Senior Secured First Lien	L + 575(4)	8.27%	01/2022	13,431,794	13,234,266	5.3	13,566,112
Centauri Health Solutions, Inc.(2) (5) (6)	Senior Secured First Lien			01/2022	—	(12,950)	—	15,750

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CRA MSO, LLC(2) (5) (6)	Senior Secured First Lien			12/2023	\$ —	\$ (11,341)	—%	\$ (11,908)
CRA MSO, LLC(2)	Senior Secured First Lien	L + 475(4)	7.21%	12/2023	1,250,000	1,225,573	0.5	1,237,596
ExamWorks Group, Inc.(2)	Senior Secured Second Lien	L + 725(4)	9.77%	07/2024	5,735,294	5,601,303	2.2	5,735,294
GrapeTree Medical Staffing, LLC(2)	Senior Secured First Lien	L + 500(4)	7.52%	10/2022	1,678,750	1,655,597	0.7	1,690,022
GrapeTree Medical Staffing, LLC(2) (5) (6)	Senior Secured First Lien			10/2022	—	(5,982)	—	3,022
Ivory Merger Sub, Inc.	Senior Secured First Lien	L + 350(4)	5.95%	03/2025	8,919,598	8,920,109	3.3	8,562,814
MDVIP, Inc.(2)	Senior Secured First Lien	L + 425(4)	6.75%	11/2024	9,757,679	9,757,679	3.7	9,696,694
NMN Holdings III Corp.(2) (5) (6)	Senior Secured Second Lien			11/2026	—	(24,581)	—	—
NMN Holdings III Corp.(2)	Senior Secured Second Lien	L + 775(4)	10.18%	11/2026	7,222,222	7,007,975	2.8	7,222,222
NMSC Holdings, Inc.(2)	Senior Secured Second Lien	L + 1000(8)	12.59%	10/2023	4,307,480	4,180,873	1.6	4,199,793
Professional Physical Therapy(2)	Senior Secured First Lien	L + 750 PIK(4)	9.85%	12/2022	8,609,366	8,167,277	2.4	6,299,473
PT Network, LLC(2)	Senior Secured First Lien	L + 550(3)	7.93%	11/2021	4,698,827	4,685,091	1.7	4,513,844
PT Network, LLC(2) (5)	Senior Secured First Lien	P + 450(7)	10.00%	11/2021	200,000	198,835	0.1	184,253
PT Network, LLC(2) (5) (6)	Senior Secured First Lien			11/2021	—	(4,005)	—	(72,831)
Smile Brands, Inc.(2) (5)	Senior Secured First Lien	P + 350(7)	9.00%	10/2023	50,000	47,137	—	48,500
Smile Brands, Inc.(2) (5)	Senior Secured First Lien	L + 450(4)	7.13%	10/2024	200,533	192,837	0.1	196,533
Smile Brands, Inc.(2)	Senior Secured First Lien	L + 450(3)	7.13%	10/2024	2,100,000	2,079,639	0.8	2,089,500
Smile Doctors LLC(2) (5)	Senior Secured First Lien	L + 575(3)	8.56%	10/2022	296,000	295,169	0.1	299,083
Smile Doctors LLC(2)	Senior Secured First Lien	L + 575(3)	8.55%	10/2022	3,205,253	3,169,711	1.2	3,237,305
Smile Doctors LLC(2) (5)	Senior Secured First Lien	L + 575(3)	8.54%	10/2022	492,832	488,169	0.2	513,388
Upstream Rehabilitation, Inc.(2)	Senior Secured First Lien	L + 425(4)	6.77%	01/2024	2,128,500	2,119,355	0.8	2,128,500
Upstream Rehabilitation, Inc.(2) (5) (6)	Senior Secured First Lien			01/2024	—	(834)	—	—
					<u>104,179,842</u>	<u>102,611,107</u>	<u>38.9</u>	<u>100,959,530</u>
Household & Personal Products								
Tranzonic(2)	Senior Secured First Lien	L + 475(4)	7.26%	03/2023	3,171,223	3,143,727	1.2	3,171,223
Tranzonic(2) (5)	Senior Secured First Lien	P + 375(7)	9.25%	03/2023	121,000	116,343	0.1	121,000
					<u>3,292,223</u>	<u>3,260,070</u>	<u>1.3</u>	<u>3,292,223</u>
Insurance								
Comet Acquisition, Inc.	Senior Secured Second Lien	L + 750(3)	10.28%	10/2026	4,632,123	4,620,692	1.8	4,655,283
Integro Parent Inc.(2)	Senior Secured First Lien	L + 575(3)	8.46%	10/2022	485,142	479,502	0.2	486,937
Integro Parent Inc.(2)	Senior Secured Second Lien	L + 925(3)	11.96%	10/2023	2,915,493	2,874,873	1.1	2,915,493
Integro Parent Inc.(2)	Senior Secured Second Lien	L + 925(3)	12.05%	10/2023	380,282	375,693	0.1	380,282
					<u>8,413,040</u>	<u>8,350,760</u>	<u>3.2</u>	<u>8,437,995</u>
Materials								
Emerald Performance Materials, LLC	Senior Secured First Lien	L + 350(4)	6.02%	08/2021	957,596	959,572	0.4	932,062
Kestrel Parent, LLC(2) (5) (6)	Senior Secured First Lien			11/2023	—	(21,182)	—	—

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Kestrel Parent, LLC(2)	Senior Secured First Lien	L + 600(3)	8.41%	11/2025	\$ 6,791,045	\$ 6,623,713	2.6%	\$ 6,791,045
Maroon Group, LLC(2)	Senior Secured First Lien	L + 600(3)	8.80%	08/2022	2,437,736	2,416,508	0.9	2,437,736
Maroon Group, LLC(2) (5)	Senior Secured First Lien	L + 600(3)	8.74%	08/2022	42,000	39,023	—	42,000
Maroon Group, LLC(2) (5) (6)	Senior Secured First Lien			08/2022	—	(10,633)	—	—
					10,228,377	10,007,001	3.9	10,202,843
Media								
Tribune Media Company(10)	Senior Secured First Lien	L + 300(4)	5.52%	12/2020	155,650	155,962	0.1	154,969
Vivid Seats Ltd.(2)	Senior Secured Second Lien	L + 875(4)	11.27%	06/2025	540,541	512,994	0.2	551,351
					696,191	668,956	0.3	706,320
Pharmaceuticals, Biotechnology & Life Sciences								
Amyris, Inc.(2) (10)	Senior Secured First Lien	P + 900(7)	14.25%	07/2021	5,000,000	4,956,238	1.9	5,000,000
Trinity Partners, LLC(2)	Senior Secured First Lien	L + 525(4)	7.78%	02/2023	3,228,979	3,186,669	1.3	3,228,979
Trinity Partners, LLC(2) (5) (6)	Senior Secured First Lien			02/2023	—	(7,452)	—	—
					8,228,979	8,135,455	3.2	8,228,979
Retailing								
Slickdeals Holdings, LLC(2) (5) (6)	Senior Secured First Lien			06/2023	—	(17,777)	—	—
Slickdeals Holdings, LLC(2)	Senior Secured First Lien	L + 625(3)	9.03%	06/2024	10,854,565	10,577,699	4.2	10,854,565
Strategic Partners, Inc.(2)	Senior Secured First Lien	L + 375(4)	6.27%	06/2023	6,386,858	6,375,082	2.4	6,354,924
					17,241,423	16,935,004	6.6	17,209,489
Software & Services								
Ansira Partners, Inc.(2) (5)	Senior Secured First Lien	L + 575(4)	8.27%	12/2022	236,455	231,384	0.1	234,070
Ansira Partners, Inc.(2)	Senior Secured First Lien	L + 575(4)	8.27%	12/2022	6,936,743	6,887,670	2.7	6,919,402
Avaap USA LLC(2)	Senior Secured First Lien	L + 475(4)	7.26%	03/2023	1,836,125	1,804,355	0.7	1,836,125
Avaap USA LLC(2) (5) (6)	Senior Secured First Lien			03/2023	—	(2,954)	—	—
Avaap USA LLC(2) (5)	Senior Secured First Lien	L + 475(4)	7.26%	03/2023	61,250	55,343	—	61,250
Benesys, Inc.(2) (5)	Senior Secured First Lien	L + 425(4)	6.76%	10/2024	39,000	36,840	—	37,931
Benesys, Inc.(2)	Senior Secured First Lien	L + 425(4)	6.78%	10/2024	1,346,625	1,327,100	0.5	1,337,023
C-4 Analytics, LLC(2)	Senior Secured First Lien	L + 525(4)	7.77%	08/2023	10,418,125	10,270,886	4.1	10,522,306
C-4 Analytics, LLC(2) (5) (6)	Senior Secured First Lien			08/2023	—	(8,118)	—	6,000
List Partners, Inc.(2)	Senior Secured First Lien	L + 500(3)	7.80%	01/2023	3,717,500	3,654,847	1.4	3,754,675
List Partners, Inc.(2) (5) (6)	Senior Secured First Lien			01/2023	—	(11,032)	—	14,000
Mediaocean LLC	Senior Secured First Lien	L + 425(4)	6.78%	08/2022	8,371,719	8,328,179	3.2	8,308,931
Merrill Communications, LLC(2)	Senior Secured First Lien	L + 525(3)	7.78%	06/2022	392,087	392,898	0.2	392,087
SMS Systems Maintenance Services, Inc.(2) (11)	Senior Secured Second Lien	L + 850(4)	10.85%	10/2024	4,703,478	4,313,436	0.9	2,426,847
SMS Systems Maintenance Services, Inc.(2) (11)	Senior Secured Second Lien		10.00%	10/2024	9,015,000	8,304,363	1.7	4,462,504
Transportation Insight, LLC(2) (5)	Senior Secured First Lien	L + 450(4)	7.02%	12/2024	107,143	99,920	—	103,393
Transportation Insight, LLC(2) (5) (6)	Senior Secured First Lien			12/2024	—	(12,176)	—	(6,450)

See accompanying notes

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Transportation Insight, LLC(2)	Senior Secured First Lien	L + 450(4)	7.02%	12/2024	\$ 5,246,850	\$ 5,196,293	2.0%	\$ 5,220,616
Winxnet Holdings LLC(2) (5) (6)	Senior Secured First Lien			06/2023	—	(3,591)	—	—
Winxnet Holdings LLC(2)	Senior Secured First Lien	L + 600(4)	8.52%	06/2023	1,990,000	1,953,574	0.8	1,990,000
Winxnet Holdings LLC(2) (5) (6)	Senior Secured First Lien			06/2023	—	(7,185)	—	—
Zoom Information, Inc.(2)	Senior Secured First Lien	L + 600(3) (12)	8.81%	08/2022	16,600,000	16,260,731	6.5	16,766,000
					<u>71,018,100</u>	<u>69,072,763</u>	<u>24.8</u>	<u>64,386,710</u>
Technology Hardware & Equipment								
Onvoy, LLC(2)	Senior Secured Second Lien	L + 1050(3)	13.30%	02/2025	2,635,052	2,529,037	0.9	2,294,995
Transportation								
Pilot Air Freight, LLC(2) (5)	Senior Secured First Lien	L + 475(4)	7.27%	10/2022	1,220,722	1,220,722	0.5	1,220,722
Pilot Air Freight, LLC(2)	Senior Secured First Lien	L + 475(4)	7.27%	10/2022	5,472,251	5,439,753	2.1	5,472,251
Pilot Air Freight, LLC(2) (5) (6)	Senior Secured First Lien			07/2024	—	(6,026)	—	—
					<u>6,692,973</u>	<u>6,654,449</u>	<u>2.6</u>	<u>6,692,973</u>
Total Debt Investments								
United States					<u>\$ 464,401,041</u>	<u>\$456,668,653</u>	<u>173.0%</u>	<u>\$449,219,089</u>
Equity Investments								
Automobiles & Components								
AP Centrid(2) (13)	Common Stock				927	927,437	0.2	476,394
Capital Goods								
Alion Science and Technology Corporation(2)(13)	Common Stock				745,504	766,483	0.3	741,183
Commercial & Professional Services								
MHS Acquisition Holdings, LLC(2)(13)	Common Stock				913	912,639	0.2	551,368
TecoStar Holdings, Inc.(2)(13)	Common Stock				500,000	500,000	0.2	618,010
Universal Services Equity Investments(2)(13)	Common Stock				1,000,000	1,000,000	0.7	1,714,350
USAGM HoldCo LLC(2)(13)	Common Stock				346,956	558,223	0.4	956,990
					<u>1,847,869</u>	<u>2,970,862</u>	<u>1.5</u>	<u>3,840,718</u>
Consumer Services								
Legalsield(2)(13)	Common Stock				527	526,882	0.2	684,610
Diversified Financials								
Gaep II LP(5) (10) (14)	Partnership Interest				16,861,308	16,861,308	6.6	17,178,308
Health Care Equipment & Services								
ExamWorks Group, Inc.(2) (13)	Common Stock				7,500	750,000	0.5	1,190,734
MDVIP, Inc.(2) (13)	Common Stock				46,807	666,667	0.2	661,916
NMN Holdings LP(2) (13)	Common Stock				11,111	1,111,111	0.4	1,111,111
					<u>65,418</u>	<u>2,527,778</u>	<u>1.1</u>	<u>2,963,761</u>
Insurance								
Integro Equity(2) (13)	Common Stock				4,468	454,072	0.2	597,124
Materials								
Kestrel Upperco, LLC(2) (13)	Common Stock, Class A				41,791	208,955	0.1	208,955
Media								
Vivid Seats Ltd.(2) (13)	Common Stock				608,108	608,108	0.2	567,468
Vivid Seats Ltd.(2) (13)	Preferred Stock				1,891,892	1,891,892	0.9	2,270,352
					<u>2,500,000</u>	<u>2,500,000</u>	<u>1.1</u>	<u>2,837,820</u>
Retailing								
Slickdeals Holdings, LLC(2) (13)	Common Stock				109	1,090,911	0.5	1,241,478

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Software & Services									
	SMS Systems Maintenance Services, Inc. (2) (13)	Common Stock			1,142,789	\$ 1,144,520	— %	\$ —	
Technology Hardware & Equipment									
	Onvoy, LLC(2)(13)	Common Stock, Class A			3,649	364,948	0.1	214,700	
	Onvoy, LLC(2)(13)	Common Stock, Class B			2,536	—	—	—	
					6,185	364,948	0.1	214,700	
Total Equity Investments United States					<u>\$ 23,216,895</u>	<u>\$ 30,344,156</u>	<u>11.9%</u>	<u>\$ 30,985,051</u>	
Total United States						<u>\$487,012,809</u>	<u>184.9%</u>	<u>\$480,204,140</u>	
France									
Debt Investments									
Technology Hardware & Equipment									
	Parkeon, Inc.(10)	Senior Secured First Lien	L + 475 (15)	4.75%	04/2023	€ 1,994,499	2,102,500	0.9	2,275,736
Total Debt Investments France					<u>€ 1,994,499</u>	<u>\$ 2,102,500</u>	<u>0.9%</u>	<u>\$ 2,275,736</u>	
Total France						<u>\$ 2,102,500</u>	<u>0.9%</u>	<u>\$ 2,275,736</u>	
United Kingdom									
Debt Investments									
Commercial & Professional Services									
	Crusoe Bidco Limited(2) (10)	Senior Secured First Lien	L + 625 (16)	7.27%	12/2025	£ 6,067,416	7,375,927	2.9	7,495,636
	Crusoe Bidco Limited(2) (5) (10)	Senior Secured First Lien			12/2025	—	—	(0.1)	(150,256)
						6,067,416	7,375,927	2.8	7,345,380
Software & Services									
	CB-SDG Limited(2) (10)	Senior Secured First Lien	L + 650,0.50%(17)	7.30%	07/2022	£ 1,987,393	3,019,379	1.0	2,531,142
	CB-SDG Limited(2) (5) (10)	Senior Secured First Lien	L + 650,0.50%(17)	7.30%	07/2022	773,654	1,170,066	0.4	985,326
Total Debt Investments United Kingdom					<u>£ 8,828,463</u>	<u>\$ 11,565,372</u>	<u>4.2%</u>	<u>\$ 10,861,848</u>	
Total United Kingdom						<u>\$ 11,565,372</u>	<u>4.2%</u>	<u>\$ 10,861,848</u>	
Total Investments						<u>\$500,680,681</u>	<u>190.0%</u>	<u>\$493,341,724</u>	

* The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) or Prime (“P”) and which reset daily, monthly, quarterly or semiannually. For each, the Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at December 31, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.

** Percentage is based on net assets of \$259,578,840 as of December 31, 2018.

- (1) All positions held are non-controlled/non-affiliated investments as defined by the Investment Company Act of 1940, as amended (“1940 Act”). Non-controlled/non-affiliated investments are investments that are neither controlled investments nor affiliated investments.
- (2) The fair value of the investment was determined using significant unobservable inputs. See Note 2 “Summary of Significant Accounting Policies”.
- (3) The interest rate on these loans is subject to the greater of a LIBOR floor or 3 month LIBOR plus a base rate. The 3 month LIBOR as of December 31, 2018 was 2.81%.
- (4) The interest rate on these loans is subject to the greater of a LIBOR floor or 1 month LIBOR plus a base rate. The 1 month LIBOR as of December 31, 2018 was 2.50%.
- (5) Position or portion thereof is an unfunded loan commitment, and no interest is being earned on the unfunded portion. See Note 8 “Commitments and Contingencies”.
- (6) The negative cost, if applicable, is the result of the capitalized discount or unfunded commitment being greater than the principal amount outstanding on the loan. The negative fair value, if applicable, is the result of the capitalized discount or unfunded commitment on the loan.

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- (7) The interest rate on these loans is subject to the U.S. Prime rate, which as of December 31, 2018 was 5.50%.
- (8) The interest rate on these loans is subject to the greater of a LIBOR floor or 6 month LIBOR plus a base rate. The 6 month LIBOR as of December 31, 2018 was 2.88%.
- (9) The interest rate on these loans is subject to the greater of a LIBOR floor or 2 month LIBOR plus a base rate. The 2 month LIBOR as of December 31, 2018 was 2.61%.
- (10) Investment is not a qualifying investment as defined under section 55 (a) of the Investment Company Act of 1940. Qualifying assets must represent at least 70% of total assets at the time of acquisition.
- (11) The investment is on non-accrual status as of December 31, 2018.
- (12) These loans are first lien/last-out term loans. In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders whereby the loan has been allocated to “first-out” and “last-out” tranches, whereby the “first-out” tranche will have priority as to the “last-out” tranche with respect to payments of principal, interest and any amounts due thereunder. The Company holds the “last-out” tranche.
- (13) Non-income producing securities.
- (14) This investment was valued using net asset value as a practical expedient for fair value. Consistent with FASB guidance under ASC 820, these investments are excluded from the hierarchical levels.
- (15) The interest rate on these loans is subject to the greater of a EURIBOR floor or 3 month EURIBOR plus a base rate. The 3 month EURIBOR as of December 31, 2018 was (0.31)%.
- (16) The interest rate on these loans is subject to the greater of a GBP LIBOR floor or 6 month GBP LIBOR plus a base rate. The 6 month GBP LIBOR as of December 31, 2018 was 1.03%.
- (17) The interest rate on these loans is subject to the greater of a GBP LIBOR floor or 3 month GBP LIBOR plus a base rate. The 3 month GBP LIBOR as of December 31, 2018 was 0.91%.

**Foreign Currency Exchange
Contracts**

<u>Counterparty</u>	<u>Currency Purchased</u>	<u>Currency Sold</u>	<u>Settlement</u>	<u>Unrealized Appreciation (Depreciation)</u>
Wells Fargo Bank, N.A.	USD 7,974,709	GBP 5,885,394	12/01/2023	\$ 17,406

GBP Great British Pound
PIK Payment In-Kind
USD United States Dollar

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Investments (1)								
United States								
Debt Investments								
Automobiles & Components								
AP Exhaust Acquisition, LLC	Senior Secured Second Lien	L + 850(2)	10.07%	05/2025	\$ 9,072,563	\$ 8,772,269	5.1%	\$ 8,755,023
Continental Battery Company (3)(4)(5)	Senior Secured First Lien			12/2022	—	(14,728)	—	(8,417)
Continental Battery Company (4)	Senior Secured First Lien	L + 450(2)	5.97%	12/2022	3,500,000	3,439,279	2.0	3,465,339
POC Investors, LLC (4)	Senior Secured First Lien	L + 550(2)	7.19%	11/2021	5,455,000	5,386,590	3.1	5,455,000
POC Investors, LLC (3)(4)	Senior Secured First Lien	P + 450(6)	9.00%	11/2021	291,666	282,750	0.2	291,666
					<u>18,319,229</u>	<u>17,866,160</u>	<u>10.4</u>	<u>17,958,611</u>
Capital Goods								
Alion Science and Technology Corporation (4)	Unsecured Debt		11.00%	08/2022	5,000,000	4,888,189	2.9	5,000,000
MB Aerospace Holdings Inc. (7)	Senior Secured First Lien	L + 550(8)	7.13%	12/2022	4,316,796	4,285,785	2.5	4,316,796
Midwest Industrial Rubber (4)	Senior Secured First Lien	L + 550(2)	7.19%	12/2021	4,059,000	4,001,434	2.4	4,059,000
Midwest Industrial Rubber (3)(4)(5)	Senior Secured First Lien			12/2021	—	(5,829)	—	—
Potter Electric Signal Company (3)(4)	Senior Secured First Lien	P + 350(6)	8.00%	12/2022	45,000	39,415	—	40,525
Potter Electric Signal Company (3)(4)(5)	Senior Secured First Lien			12/2023	—	(8,688)	—	(6,962)
Potter Electric Signal Company (4)	Senior Secured First Lien	L + 450(2)	6.11%	12/2023	2,550,000	2,518,322	1.5	2,524,637
Pro Mach Group, Inc.	Senior Secured First Lien	L + 375(8)	5.32%	10/2021	731,156	734,727	0.4	736,822
					<u>16,701,952</u>	<u>16,453,355</u>	<u>9.7</u>	<u>16,670,818</u>
Commercial & Professional Services								
ADMI Corp.	Senior Secured First Lien	L + 375(2)	5.13%	04/2022	975,000	982,876	0.6	985,667
Advantage Sales & Marketing, Inc.	Senior Secured First Lien	L + 325(2)	4.63%	07/2021	828,589	828,859	0.5	809,946
Advantage Sales & Marketing, Inc.	Senior Secured Second Lien	L + 650(2)	7.88%	07/2022	500,000	502,431	0.3	470,000
ASP MCS Acquisition Corp.	Senior Secured First Lien	L + 475(8)	6.25%	05/2024	5,348,125	5,323,240	3.1	5,388,236
Brickman Group Ltd. LLC	Senior Secured Second Lien	L + 650(8)	7.99%	12/2021	234,042	234,832	0.1	235,652
DFS Intermediate Holdings, LLC (3)(4)	Senior Secured First Lien	L + 525(8)	6.82%	03/2022	551,400	509,092	0.3	551,400
DFS Intermediate Holdings, LLC (4)	Senior Secured First Lien	L + 525(8)	6.61%	03/2022	7,294,875	7,168,177	4.2	7,294,875
Hepaco, LLC (3)(4)	Senior Secured First Lien	P + 400(6)	8.50%	08/2021	125,000	120,465	0.1	125,000
Hepaco, LLC (4)	Senior Secured First Lien	L + 500(2)	6.67%	08/2022	5,257,250	5,205,291	3.0	5,257,250
Hepaco, LLC (3)(4)	Senior Secured First Lien	L + 500(2)	6.49%	08/2022	190,571	176,591	0.1	190,571
Jordan Healthcare Inc. (3)(4)(5)	Senior Secured First Lien			07/2022	—	(13,197)	—	—
Jordan Healthcare Inc. (4)	Senior Secured First Lien	L + 600(2)	7.69%	07/2022	4,103,615	4,064,096	2.4	4,103,615
Jordan Healthcare Inc. (3)(4)(5)	Senior Secured First Lien			07/2022	—	(3,999)	—	—
MHS Acquisition Holdings, LLC (4)	Senior Secured Second Lien	L + 875(2)	10.44%	03/2025	8,101,633	7,881,618	4.5	7,878,838
MHS Acquisition Holdings, LLC (3)(4)	Senior Secured Second Lien	L + 875(2)	10.44%	03/2025	466,576	445,780	0.2	437,651
MHS Acquisition Holdings, LLC (4)			13.50					
MHS Acquisition Holdings, LLC (4)	Unsecured Debt		PIK%	03/2026	545,279	536,003	0.3	509,835
MHS Acquisition Holdings, LLC (4)	Unsecured Debt		13.50%	03/2026	140,887	138,336	0.1	131,730

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PowerTeam Services, LLC	Senior Secured First Lien	L + 325(2)	4.94%	05/2020	\$ 975,408	\$ 974,174	0.6%	\$ 979,680
SavATree, LLC (4)	Senior Secured First Lien	L + 525(2)	6.94%	06/2022	3,683,625	3,620,467	2.1	3,683,625
SavATree, LLC (3)(4)(5)	Senior Secured First Lien			06/2022	—	(9,717)	—	—
SavATree, LLC (3)(4)(5)	Senior Secured First Lien			06/2022	—	(6,183)	—	—
TecoStar Holdings, Inc. (4)	Senior Secured Second Lien	L + 850(2)	9.88%	11/2024	5,000,000	4,882,850	3.0	5,150,000
USAGM HoldCo LLC (4)	Senior Secured Second Lien		11.00%	07/2023	2,000,000	1,957,275	1.2	2,051,324
USAGM HoldCo LLC	Senior Secured Second Lien	L + 850(2)	9.88%	07/2023	10,000,000	9,689,631	5.8	9,991,700
Valet Waste Holdings, Inc. (4)	Senior Secured First Lien	L + 700(8)	8.57%	09/2021	4,790,761	4,742,306	2.8	4,832,273
Valet Waste Holdings, Inc. (3)(4)(5)	Senior Secured First Lien			09/2021	—	(5,253)	—	4,709
Vencore, Inc.	Senior Secured First Lien	L + 475(2)	6.44%	11/2019	481,973	482,292	0.3	487,169
William Morris Endeavor Entertainment, LLC	Senior Secured Second Lien	L + 725(2)	8.63%	05/2022	166,667	163,744	0.1	167,500
Xcentric Mold and Engineering Acquisition Company, LLC (4)	Senior Secured First Lien	L + 550(8)	6.88%	01/2022	5,012,125	4,929,254	2.9	5,012,125
Xcentric Mold and Engineering Acquisition Company, LLC (3)(4)	Senior Secured First Lien	L + 550(8)	6.88%	01/2022	175,000	163,783	0.1	175,000
					<u>66,948,401</u>	<u>65,685,114</u>	<u>38.7</u>	<u>66,905,371</u>
Consumer Durables & Apparel								
C.F. Stinson, LLC (4)	Senior Secured First Lien	L + 600(8)(9)	7.88%	06/2021	3,000,000	2,956,173	1.8	3,030,000
Consumer Services								
Catapult Learning, LLC (4)	Senior Secured First Lien	L + 650(2)(9)	7.88%	07/2020	4,934,211	4,906,471	2.8	4,884,868
Counsel On Call, LLC (3)(4)(5)	Senior Secured First Lien			09/2022	—	(6,979)	—	(7,001)
Counsel On Call, LLC (4)	Senior Secured First Lien	L + 550(8)	7.07%	09/2022	1,197,000	1,185,060	0.7	1,185,028
NS Intermediate Holdings, LLC (3)(4)(5)	Senior Secured First Lien			09/2021	—	(3,273)	—	2,238
NS Intermediate Holdings, LLC (4)	Senior Secured First Lien	L + 550(8)	7.07%	09/2021	2,532,110	2,497,657	1.5	2,554,778
Oncourse Learning Corporation (3)(4)	Senior Secured First Lien	L + 650(2)	7.83%	09/2021	13,190,175	13,033,704	7.6	13,190,175
SkillSoft Corporation	Senior Secured First Lien	L + 475(8)	6.32%	04/2021	969,713	957,665	0.5	936,292
Teaching Company, LLC (4)	Senior Secured First Lien	L + 475(2)	6.44%	02/2023	4,962,500	4,918,925	2.9	5,012,125
Wrench Group LLC (3)(4)(5)	Senior Secured First Lien			03/2022	—	(5,753)	—	—
Wrench Group LLC (4)	Senior Secured First Lien	L + 450(2)	6.19%	03/2022	3,772,222	3,730,704	2.2	3,772,222
Wrench Group LLC (3)(4)(5)	Senior Secured First Lien			12/2024	—	(2,615)	—	—
Wrench Group LLC (4)	Senior Secured First Lien	L + 450(2)	6.19%	12/2024	850,000	844,099	0.5	850,000
					<u>32,407,931</u>	<u>32,055,665</u>	<u>18.7</u>	<u>32,380,725</u>
Diversified Financials								
Edelman Financial Group, The	Senior Secured First Lien	L + 425(2)	5.65%	11/2024	3,485,500	3,476,920	2.0	3,531,247
Energy								
Murray Energy Corporation	Senior Secured First Lien	L + 725(2)	8.94%	04/2020	351,585	339,560	0.2	311,446
Food & Staples Retailing								
Good Source Solutions, Inc. (4)	Senior Secured First Lien	L + 725(2)	8.94%	07/2021	2,598,346	2,578,786	1.5	2,619,644

See accompanying notes

CRESCENT CAPITAL BDC, INC.
Consolidated Schedule of Investments
December 31, 2017

	Investment Type	Spread Above Index *	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Percentage of Net Assets **	Fair Value
HLF Financing S.a r.l. (7)	Senior Secured First Lien	L + 550(8)	7.07%	02/2023	\$ 4,718,750	\$ 4,635,945	2.7%	\$ 4,718,019
					7,317,096	7,214,731	4.2	7,337,663
Food, Beverage & Tobacco								
Shearer's Foods, Inc.	Senior Secured First Lien	L + 425(2)	5.94%	06/2021	735,000	730,176	0.4	736,837
Health Care Equipment & Services								
Ameda, Inc. (4)	Senior Secured First Lien	L + 600(8)	7.35%	09/2022	2,643,375	2,596,923	1.5	2,610,648
Ameda, Inc. (3)(4)(5)	Senior Secured First Lien			09/2022	—	(5,242)	—	(3,714)
Beaver-Visitec International, Inc. (7)	Senior Secured First Lien	L + 500(2)	6.69%	08/2023	9,396,174	9,333,914	5.4	9,396,174
CDRH Parent, Inc.	Senior Secured First Lien	L + 425(2)	5.75%	07/2021	365,246	367,319	0.2	321,051
Centauri Health Solutions, Inc (3)(4)	Senior Secured First Lien	L + 550(8)	6.87%	01/2022	1,181,250	1,164,103	0.7	1,197,000
Centauri Health Solutions, Inc (4)	Senior Secured First Lien	L + 550(8)	6.87%	01/2022	8,237,750	8,099,349	4.8	8,320,127
ExamWorks Group, Inc. (4)	Senior Secured Second Lien	L + 1050(2)	10.50%	07/2024	5,000,000	4,868,280	3.0	5,150,000
GrapeTree Medical Staffing, LLC (4)	Senior Secured First Lien	L + 500(8)	6.37%	10/2022	1,695,750	1,667,116	1.0	1,695,750
GrapeTree Medical Staffing, LLC (3)(4)(5)	Senior Secured First Lien			10/2022	—	(7,556)	—	—
MDVIP, Inc. (4)	Senior Secured Second Lien	L + 800(2)	9.41%	11/2025	5,333,333	5,161,946	3.1	5,333,333
NMSC Holdings, Inc. (4)	Senior Secured Second Lien	L + 1000(2)	11.69%	10/2023	4,307,480	4,162,549	2.5	4,307,480
NVA Holdings, Inc.	Senior Secured First Lien	L + 350(2)	5.19%	08/2021	4,013,697	3,943,661	2.3	4,052,168
Onex Carestream Finance LP (7)	Senior Secured First Lien	L + 400(2)	5.69%	06/2019	214,464	214,583	0.1	215,134
Onex Carestream Finance LP (7)	Senior Secured Second Lien	L + 850(2)	10.19%	12/2019	153,081	153,081	0.1	151,168
Professional Physical Therapy	Senior Secured First Lien	P + 500(6)	9.50%	12/2022	7,944,750	7,881,928	4.5	7,825,579
PT Network, LLC (3)(4)(5)	Senior Secured First Lien			11/2021	—	(6,944)	—	—
PT Network, LLC (4)	Senior Secured First Lien	L + 550(2)	6.86%	11/2021	4,770,793	4,752,367	2.8	4,770,793
Smile Doctors LLC (3)(4)	Senior Secured First Lien	P + 475(6)	9.25%	10/2022	58,333	55,952	—	58,333
Smile Doctors LLC (4)	Senior Secured First Lien	L + 575(2)	7.32%	10/2022	1,596,000	1,580,685	0.9	1,596,000
Smile Doctors LLC (3)(4)	Senior Secured First Lien	L + 575(2)	7.11%	10/2022	296,060	280,351	0.2	296,060
Snow Companies LLC (4)	Senior Secured First Lien	L + 600(8)	7.35%	01/2022	9,256,500	9,101,027	5.4	9,256,500
Zest Holdings, LLC	Senior Secured First Lien	L + 425(8)	5.82%	08/2023	4,912,875	4,881,278	2.9	4,965,074
					71,376,911	70,246,670	41.4	71,514,658
Household & Personal Products								
Paris Presents Incorporated	Senior Secured First Lien	L + 500(8)	6.57%	12/2020	1,723,494	1,710,533	1.0	1,723,494
Paris Presents Incorporated	Senior Secured Second Lien	L + 875(8)	10.32%	12/2021	504,468	496,189	0.3	501,946
					2,227,962	2,206,722	1.3	2,225,440
Insurance								
Integro Parent Inc.	Senior Secured First Lien	L + 575(2)	7.13%	10/2022	455,883	449,455	0.3	454,743
Integro Parent Inc.	Senior Secured First Lien	L + 575(2)	7.31%	10/2022	34,259	33,768	—	34,174
Integro Parent Inc.	Senior Secured Second Lien	L + 925(2)	10.63%	10/2023	2,408,451	2,367,126	1.4	2,360,282

See accompanying notes

CRESCENT CAPITAL BDC, INC.
Consolidated Schedule of Investments
December 31, 2017

	Investment Type	Spread Above Index *	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Percentage of Net Assets **	Fair Value
Integro Parent Inc.	Senior Secured Second Lien	L + 925(2)	10.61%	10/2023	\$ 380,282	\$ 374,743	0.2%	\$ 372,676
					<u>3,278,875</u>	<u>3,225,092</u>	<u>1.9</u>	<u>3,221,875</u>
Materials								
Emerald Performance Materials, LLC	Senior Secured First Lien	L + 350(8)	5.07%	08/2021	966,381	969,084	0.5	974,842
IBC Capital Limited (7)	Senior Secured First Lien	L + 375(2)	5.29%	09/2021	828,697	820,264	0.5	829,836
Tank Holding Corp.	Senior Secured First Lien	L + 425(2)	5.59%	03/2022	858,427	864,170	0.5	864,599
					<u>2,653,505</u>	<u>2,653,518</u>	<u>1.5</u>	<u>2,669,277</u>
Media								
Acosta Holdco, Inc.	Senior Secured First Lien	L + 325(8)	4.82%	09/2021	975,253	975,914	0.5	861,475
Tribune Media Company (7)	Senior Secured First Lien	L + 300(8)	4.57%	12/2020	155,650	156,110	0.1	156,072
Vivid Seats Ltd.(4)	Senior Secured Second Lien	L + 875(8)	10.32%	06/2025	2,500,000	2,359,918	1.4	2,476,663
					<u>3,630,903</u>	<u>3,491,942</u>	<u>2.0</u>	<u>3,494,210</u>
Real Estate								
DTZ U.S. Borrower, LLC (7)	Senior Secured Second Lien	L + 825(2)	9.63%	11/2022	425,532	420,617	0.3	426,596
Retailing								
Academy, Ltd.	Senior Secured First Lien	L + 400(2)	5.57%	07/2022	920,172	923,909	0.4	728,661
Petco Animal Supplies, Inc.	Senior Secured First Lien	L + 300(2)	4.38%	01/2023	163,750	161,376	0.1	124,348
Strategic Partners, Inc.	Senior Secured First Lien	L + 450(8)	6.07%	06/2023	6,435,122	6,421,364	3.7	6,475,341
					<u>7,519,044</u>	<u>7,506,649</u>	<u>4.2</u>	<u>7,328,350</u>
Software & Services								
Ansira Partners, Inc. (4)	Senior Secured First Lien	L + 650(2)	8.19%	12/2022	6,480,000	6,424,409	3.7	6,431,400
Ansira Partners, Inc. (3)(4)	Senior Secured First Lien	L + 650(2)	8.19%	12/2022	526,850	518,968	0.3	519,710
C-4 Analytics, LLC (4)	Senior Secured First Lien	L + 525(8)	6.60%	08/2023	10,523,625	10,348,612	6.1	10,523,625
C-4 Analytics, LLC (3)(4)(5)	Senior Secured First Lien			08/2023	—	(9,867)	—	—
Epicor Software Corporation	Senior Secured First Lien	L + 375(8)	5.32%	06/2022	968,400	969,651	0.6	972,032
Informatica Corporation (7)	Senior Secured First Lien	L + 350(2)	5.19%	08/2022	819,327	820,167	0.5	823,350
Mediaocean LLC	Senior Secured First Lien	L + 425(8)	5.82%	08/2022	8,457,689	8,402,969	4.9	8,499,977
Merrill Communications, LLC	Senior Secured First Lien	L + 525(2)	6.63%	06/2022	874,992	877,258	0.5	882,649
Ministry Brands Intermediate, LLC (3)	Senior Secured First Lien	L + 500(2)	6.38%	12/2022	406,144	401,553	0.2	406,144
Ministry Brands Intermediate, LLC	Senior Secured First Lien	L + 500(2)	6.38%	12/2022	5,200,325	5,155,302	3.1	5,200,325
SMS Systems Maintenance Services, Inc. (4)	Senior Secured Second Lien	L + 850(2)	9.75%	10/2024	4,703,478	4,562,956	2.3	4,009,934
SMS Systems Maintenance Services, Inc. (4)	Senior Secured Second Lien		10.00%	10/2024	9,015,000	8,751,579	4.4	7,528,573
Transportation Insight, LLC (4)	Senior Secured First Lien	L + 525(8)	6.82%	09/2019	2,127,655	2,114,282	1.2	2,127,655
Zoom Information, Inc. (4)	Senior Secured First Lien	L + 600(2)(9)	9.56%	08/2022	9,000,000	8,774,982	5.3	9,180,000
					<u>59,103,485</u>	<u>58,112,821</u>	<u>33.1</u>	<u>57,105,374</u>
Technology Hardware & Equipment								
Onvoy, LLC (4)	Senior Secured Second Lien	L + 1050(2)	12.19%	02/2025	2,635,052	2,518,250	1.3	2,307,906

See accompanying notes

CRESCENT CAPITAL BDC, INC.
Consolidated Schedule of Investments
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	Investment Type	Spread Above Index *	Interest Rate	Maturity Date	Principal Amount, Par Value or Shares	Cost	Percentage of Net Assets **	Fair Value	
Transportation									
	Kenan Advantage Group, Inc.	Senior Secured First Lien	L + 300(8)	4.57%	07/2022	\$ 776,460	\$ 778,044	0.5%	\$ 780,016
	Pilot Air Freight, LLC (4)	Senior Secured First Lien	L + 525(8)	6.82%	10/2022	3,316,500	3,288,946	1.9	3,316,500
						<u>4,092,960</u>	<u>4,066,990</u>	<u>2.4</u>	<u>4,096,516</u>
Total Debt Investments United States						<u>\$ 306,210,923</u>	<u>\$301,227,125</u>	<u>175.5%</u>	<u>\$303,252,920</u>
Equity Investments									
Automobiles & Components									
	AP Centric (4)(10)	Common Stock				927	927,437	0.5	890,572
Capital Goods									
	Alion Science and Technology Corp. (4)(10)	Common Stock				535,714	535,714	0.2	425,403
Commercial & Professional Services									
	MHS Acquisition Holdings, LLC (4)(10)	Common Stock				891	890,485	0.4	646,655
	TecoStar Holdings Inc. (4)(10)	Common Stock				500,000	500,000	0.3	500,000
	Universal Services Equity Investments(4)(10)	Common Stock				1,000,000	1,000,000	1.1	1,823,696
	USAGM HoldCo, LLC (4)(10)	Common Stock				238,095	238,095	0.2	434,213
						<u>1,738,986</u>	<u>2,628,580</u>	<u>2.0</u>	<u>3,404,564</u>
Health Care Equipment & Services									
	ExamWorks Group, Inc. (4)(10)	Common Stock				7,500	750,000	0.4	755,805
	MDVIP, Inc. (4)(10)	Common Stock				46,807	666,667	0.4	666,667
						<u>54,307</u>	<u>1,416,667</u>	<u>0.8</u>	<u>1,422,472</u>
Insurance									
	Integro Equity (4)(10)	Common Stock				4,225	422,535	0.3	437,407
Media									
	Vivid Seats Ltd. (4)(10)	Common Stock				608,108	608,108	0.3	488,893
	Vivid Seats Ltd. (4)(10)	Preferred Stock				1,891,892	1,891,892	1.1	2,011,108
						<u>2,500,000</u>	<u>2,500,000</u>	<u>1.4</u>	<u>2,500,001</u>
Software & Services									
	SMS Systems Maintenance Services, Inc. (4)(10)	Common Stock				1,142,789	1,144,520	0.3	552,848
Technology Hardware & Equipment									
	Onvoy, LLC (4)(10)	Common Stock, Class A				3,649	364,948	0.2	301,172
	Onvoy, LLC (4)(10)	Common Stock, Class B				2,536	—	—	—
						<u>6,185</u>	<u>364,948</u>	<u>0.2</u>	<u>301,172</u>
Total Equity Investments United States						<u>\$ 5,983,133</u>	<u>\$ 9,940,401</u>	<u>5.7%</u>	<u>\$ 9,934,439</u>
Total United States							<u>\$311,167,526</u>	<u>181.2%</u>	<u>\$313,187,359</u>
France									
Debt Investments									
Technology Hardware & Equipment									
	Parkeon, Inc. (7)	Senior Secured First Lien	L + 575(11)	5.75%	04/2023	€ 1,994,499	2,069,877	1.4	2,383,020
Total Debt Investments France						<u>€ 1,994,499</u>	<u>\$ 2,069,877</u>	<u>1.4%</u>	<u>\$ 2,383,020</u>
Total France							<u>\$ 2,069,877</u>	<u>1.4%</u>	<u>\$ 2,383,020</u>
United Kingdom									
Debt Investments									
Software & Services									
	CB-SDG Limited (4)(7)	Senior Secured First Lien	L + 650, 0.5% PIK(12)	7.50%	07/2022	£ 1,983,314	3,006,739	1.6	2,682,927
	CB-SDG Limited (3)(4)(7)	Senior Secured First Lien	L + 650 0.5% PIK(12)	7.00%	07/2022	645,624	971,764	0.5	873,366
Total Debt Investments United Kingdom						<u>£ 2,628,938</u>	<u>\$ 3,978,503</u>	<u>2.1%</u>	<u>\$ 3,556,293</u>
Total United Kingdom							<u>\$ 3,978,503</u>	<u>2.1%</u>	<u>\$ 3,556,293</u>
Total Investments							<u>\$317,215,906</u>	<u>184.7%</u>	<u>\$319,126,672</u>

See accompanying notes

CRESCENT CAPITAL BDC, INC.
Consolidated Schedule of Investments
December 31, 2017

- * The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate (“LIBOR” or “L”) or Prime (“P”) and which resets daily, monthly, quarterly or semiannually. For each, the Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.
- ** Percentage is based on net assets of \$172,799,989 as of December 31, 2017.
- (1) All positions held are non-controlled/non-affiliated investments as defined by the Investment Company Act of 1940, as amended (“1940 Act”). Non-controlled/non-affiliated investments are investments that are neither controlled investments nor affiliated investments.
 - (2) The interest rate on these loans is subject to the greater of a LIBOR floor or 3 month LIBOR plus a base rate. The 3 month LIBOR as of December 31, 2017 was 1.69%. For some of these loans, the interest rate is based on the last reset date.
 - (3) Position or portion thereof is an unfunded loan commitment, and no interest is being earned on the unfunded portion. See Note 8 “Commitments and Contingencies”.
 - (4) The fair value of the investment was determined using significant unobservable inputs. See Note 2 “Summary of Significant Accounting Policies”.
 - (5) The negative cost, if applicable, is the result of the capitalized discount or unfunded commitment being greater than the principal amount outstanding on the loan. The negative fair value, if applicable, is the result of the capitalized discount or unfunded commitment on the loan.
 - (6) The interest rate on these loans is subject to the U.S. Prime rate, which as of December 31, 2017 was 4.50%.
 - (7) Investment is not a qualifying investment as defined under section 55 (a) of the Investment Company Act of 1940. Qualifying assets must represent at least 70% of total assets at the time of acquisition.
 - (8) The interest rate on these loans is subject to the greater of a LIBOR floor or 1 month LIBOR plus a base rate. The 1 month LIBOR as of December 31, 2017 was 1.56%. For some of these loans, the interest rate is based on the last reset date.
 - (9) These loans are first lien/last-out term loans. In addition to the interest earned based on the stated interest rate of this loan, which is the amount reflected in this schedule, the Company is entitled to receive additional interest as a result of an agreement among lenders whereby the loan has been allocated to “first-out” and “last-out” tranches, whereby the “first-out” tranche will have priority as to the “last-out” tranche with respect to payments of principal, interest and any amounts due thereunder. The Company holds the “last-out” tranche.
 - (10) Non-income producing security.
 - (11) The interest rate on these loans is subject to the greater of a EURIBOR floor or 3 month EURIBOR plus a base rate. The 3 month EURIBOR as of December 31, 2017 was (0.33)%. For some of these loans, the interest rate is based on the last reset date.
 - (12) The interest rate on these loans is subject to the greater of a GBP LIBOR floor or 3 month GBP LIBOR plus a base rate. The 3 month GBP LIBOR as of December 31, 2017 was 0.52%. For some of these loans, the interest rate is based on the last reset date.

PIK Payment In-Kind

See accompanying notes

CRESCENT CAPITAL BDC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

Note 1. Organization and Basis of Presentation

Crescent Capital BDC, Inc. (the “Company”) was formed on February 5, 2015 (“Inception”) as a Delaware corporation structured as an externally managed, closed-end, non-diversified management investment company. The Company commenced investment operations on June 26, 2015 (“Commencement”). The Company has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, the Company has elected to be treated for U.S. federal income tax purposes as a regulated investment company (a “RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a RIC, the Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements.

The Company is managed by CBDC Advisors, LLC (the “Advisor”), an investment adviser that is registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended. CBDC Administration, LLC (the “Administrator”) provides the administrative services necessary for the Company to operate. Company management consists of investment and administrative professionals from the Advisor and Administrator along with the Company’s Board of Directors (the “Board”). The Advisor directs and executes the investment operations and capital raising activities of the Company subject to oversight from the Board, which sets the broad policies of the Company. The Board has delegated investment management of the Company’s investment assets to the Advisor. The Board consists of five directors, three of whom are independent.

On July 23, 2015, the Company formed CBDC Universal Equity, Inc., a wholly-owned subsidiary. This subsidiary allows the Company to hold equity securities of portfolio companies organized as a pass-through entity while continuing to satisfy the requirements of a RIC under the Code. On February 25, 2016, the Company formed Crescent Capital BDC Funding, LLC (“CBDC SPV”), a Delaware limited liability company and wholly owned subsidiary. The financial statements of these two entities are consolidated into the financial statements of the Company. All intercompany balances and transactions have been eliminated.

The Company’s primary investment objective is to maximize the total return to the Company’s stockholders in the form of current income and capital appreciation through debt and related equity investments. The Company will seek to achieve its investment objectives by investing primarily in secured debt (including senior secured, unitranche and second lien debt) and unsecured debt (including senior unsecured, mezzanine and subordinated debt), as well as related equity securities of private U.S. middle-market companies. The Company may purchase interests in loans or make debt investments, either (i) directly from its target companies as primary market or private credit investments (*i.e.*, private credit transactions), or (ii) primary or secondary market bank loan or high yield transactions in the broadly syndicated “over-the-counter” market (*i.e.*, broadly syndicated loans and bonds). Although the Company’s focus is to invest in private credit transactions, in certain circumstances it will also invest in broadly syndicated loans and bonds.

“Unitranche” loans are first lien loans that may extend deeper in a company’s capital structure than traditional first lien debt and may provide for a waterfall of cash flow priority among different lenders in the unitranche loan. In certain instances, the Company may find another lender to provide the “first out” portion of such loan and retain the “last out” portion of such loan, in which case, the “first out” portion of the loan would generally receive priority with respect to payment of principal, interest and any other amounts due thereunder over the “last out” portion that the Company would continue to hold. In exchange for the greater risk of loss, the “last out” portion earns a higher interest rate. The term “mezzanine” refers to an investment in a company that, among other factors, includes debt that generally ranks senior to a borrower’s equity securities and junior in right of payment to such borrower’s other indebtedness. The Company may make multiple investments in the same portfolio company.

Basis of Presentation

The Company’s functional currency is the United States dollar and these consolidated financial statements have been prepared in that currency. The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to Regulation S-X.

Additionally, the accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-K and Article 6 of Regulation S-X.

The Company is an investment company and, therefore, applies the specialized accounting and reporting guidance in Accounting Standards Codification (“ASC”) Topic 946, *Financial Services – Investment Companies*.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that may affect the amounts reported in the consolidated financial statements and accompanying notes. These consolidated financial statements reflect adjustments that in the opinion of management are necessary for the fair statement of the results for the periods presented. Although management believes that the estimates and assumptions are reasonable, changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and highly liquid investments (e.g., money market funds, U.S. Treasury notes, and similar type instruments) with original maturities of three months or less. Cash and cash equivalents other than money market mutual funds, are carried at cost plus accrued interest, which approximates fair value. Money market mutual funds are carried at their net asset value, which approximates fair value. The Company deposits its cash and cash equivalents with highly-rated banking corporations and, at times, cash deposits may exceed the insured limits under applicable law.

Investment Transactions

Investments purchased on a secondary market are recorded on the trade date. Loan originations are recorded on the date of the binding commitment. Realized gains or losses are recorded on the First In, First Out (“FIFO”) method as the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment without regard to unrealized gains or losses previously recognized, and include investments written off during the period, net of recoveries. The net change in unrealized gains or losses primarily reflects the change in investment fair values as of the last business day of the reporting period and also includes the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period.

Investment Valuation

Investments for which market quotations are readily available are typically valued at those market quotations. To validate market quotations, the Company utilizes a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Board, based on, among other things, the input of the Advisor, the Company’s Audit Committee and independent third-party valuation firms engaged at the direction of the Board.

The Board oversees and supervises a multi-step valuation process, which includes, among other procedures, the following:

- The valuation process begins with each investment being initially valued by the investment professionals responsible for the portfolio investment in conjunction with the portfolio management team.
- The Advisor’s management reviews the preliminary valuations with the investment professionals. Agreed upon valuation recommendations are presented to the Audit Committee.
- The Audit Committee reviews the valuations presented and recommends values for each investment to the Board.
- The Board reviews the recommended valuations and determines the fair value of each investment; valuations that are not based on readily available market quotations are valued in good faith based on, among other things, the input of the Advisor, Audit Committee and, where applicable, other third parties.

The Company applies Financial Accounting Standards Board ASC 820, *Fair Value Measurement* (ASC 820), as amended, which establishes a framework for measuring fair value in accordance with GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, the Company considers its principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in the determination of fair value. In accordance with ASC 820, these levels are summarized below:

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

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Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments in investment companies are valued at fair value. Fair values are generally determined utilizing the net asset value (“NAV”) supplied by, or on behalf of, management of each investment company, which is net of management and incentive fees or allocations charged by the investment company and is in accordance with the “practical expedient”, as defined by ASC 820. NAVs received by, or on behalf of, management of each investment company are based on the fair value of the investment company’s underlying investments in accordance with policies established by management of each investment company, as described in each of their financial statements and offering memorandum. Investments which are valued using NAV as a practical expedient are excluded from the above hierarchy.

The Company has invested in Great American Capital Partners II LP (“GACP II”) which is an investment company and measured using the net asset value per share as a practical expedient for fair value. The investment in GACP II is not redeemable. As of December 31, 2018 and December 31, 2017, the Company had an unfunded commitment to GACP II of \$8,138,692 and \$0, respectively.

In addition to using the above inputs in investment valuations, the Company applies the valuation policy approved by its Board that is consistent with ASC 820. Consistent with the valuation policy, the Company evaluates the source of inputs, including any markets in which its investments are trading (or any markets in which securities with similar attributes are trading), in determining fair value. When a security is valued based on prices provided by reputable dealers or pricing services (that is, broker quotes), the Company subjects those prices to various criteria in making the determination as to whether a particular investment would qualify for classification as a Level 2 or Level 3 investment. For example, the Company reviews pricing methodologies provided by dealers or pricing services in order to determine if observable market information is being used, versus unobservable inputs. Some additional factors considered include the number of prices obtained as well as an assessment as to their quality. Transfers between levels, if any, are recognized at the beginning of the period in which the transfers occur. During the year ended December 31, 2018, the Company recorded \$0 in transfers from Level 3 to Level 2 and \$27,126,293 in transfers from Level 2 to Level 3 due to a decrease in observable inputs in market data. During the year ended December 31, 2017, the Company recorded \$5,197,500 in transfers from Level 3 to Level 2 and \$11,793,693 in transfers from Level 2 to Level 3 due to an increase and a decrease in observable inputs in market data, respectively.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company’s investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein. See Note 4. Investments and Note 5. Fair Value of Financial Instruments for additional information on the Company’s investment portfolio.

Foreign Currency

Foreign currency amounts are translated into U.S. dollars on the following basis:

- cash and cash equivalents, fair value of investments, outstanding debt on revolving credit facilities, other assets and liabilities: at the spot exchange rate on the last business day of the period; and
- purchases and sales of investments, borrowings and repayments of such borrowings, income and expenses: at the rates of exchange prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Gains or losses on foreign currency transactions are included with net realized gain (loss) on foreign currency transactions on the Consolidated Statements of Operations. Fluctuations arising from the translation of foreign currency on cash, investments and borrowings are included with net change in unrealized appreciation (depreciation) on investments and foreign currency translation on the Consolidated Statements of Operations.

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The Company's approach to hedging the foreign currency exposure in its non-U.S. dollar denominated investments is to borrow local currency under the Company's revolving credit facility to partially or fully fund the investment or by entering into foreign currency forward contracts.

Foreign currency forward contracts

The Company may enter into foreign currency forward contracts to reduce the Company's exposure to foreign currency exchange rate fluctuations in the value of foreign currencies. In a foreign currency forward contract, the Company agrees to receive or deliver a fixed quantity of one currency for another, at a pre-determined price at a future date. Forward foreign currency contracts are marked-to-market at the applicable forward rate. Unrealized appreciation (depreciation) on foreign currency forward contracts are recorded on the Consolidated Statements of Assets and Liabilities by counterparty on a net basis, not taking into account collateral posted which is recorded separately, if applicable. Notional amounts and the gross fair value of foreign currency forward contract assets and liabilities are presented separately on the Consolidated Schedules of Investments. Purchases and sales of foreign currency forward contracts having the same notional value, settlement date and counterparty are generally settled net (which results in a net foreign currency position of zero with the counterparty) and any realized gains or losses are recognized on the settlement date.

The Company does not utilize hedge accounting and as such, the Company recognizes its derivatives at fair value with changes in the net unrealized appreciation (depreciation) on foreign currency forward contracts recorded on the Consolidated Statements of Operations.

Equity Offering and Organization Expenses

The Company has agreed to repay the Advisor for initial organization costs and equity offering costs incurred prior to the commencement of its operations up to a maximum of \$1.5 million on a pro rata basis over the first \$350 million of invested capital not to exceed 3 years from the initial capital commitment on June 26, 2015. To the extent such costs relate to equity offerings, these costs are charged as a reduction of capital upon the issuance of common shares. To the extent such costs relate to organization costs, these costs are expensed in the Consolidated Statements of Operations upon the issuance of common shares. The Advisor is responsible for organization and private equity offerings costs in excess of \$1.5 million. At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the period during which capital may be called from stockholders (the "Commitment Period"). The Commitment Period was extended to the earlier of (i) a Qualified IPO and (ii) June 30, 2020. With the approval of the Commitment Period extension, the Advisor agreed to extend the reimbursement period for the initial organization costs and equity offering costs to June 30, 2019. See Note 8. Commitments, Contingencies and Indemnifications for additional discussion of certain related party transactions with the Advisor. Since June 26, 2015 (Commencement), the Advisor has allocated to the Company \$603,782 of equity offering costs and \$431,600 of organization costs.

Debt Issuance Costs

The Company records costs related to issuance of debt obligations as deferred financing costs. These costs are deferred and amortized using the effective yield method for revolving credit facilities, over the stated maturity life of the obligation. As of December 31, 2018 and December 31, 2017, there were \$1,695,193 and \$856,042, respectively, of deferred financing costs netted against debt balances on the Company's Consolidated Statements of Assets and Liabilities.

Interest and Dividend Income Recognition

Interest income is recorded on an accrual basis and includes the amortization of purchase discounts and premiums. Discounts and premiums to par value on securities purchased are accreted or amortized into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion and amortization of discounts and premiums, if any. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees and unamortized discounts are recorded as interest income.

Dividend income from preferred equity securities is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income from common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly-traded portfolio companies.

Certain investments have contractual payment-in-kind ("PIK") interest or dividends. PIK represents accrued interest or accumulated dividends that are added to the loan principal or cost basis of the investment on the respective interest or dividend payment dates rather than being paid in cash and generally becomes due at maturity or upon being called by the issuer. PIK is recorded as interest or dividend income, as applicable. If at any point the Company believes PIK is not expected to be realized, the investment generating PIK will be placed on non-accrual status. Accrued PIK interest or dividends are generally reversed through interest or dividend income, respectively, when an investment is placed on non-accrual status.

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Loans are generally placed on non-accrual status when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected in full. Accrued and unpaid interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid current and, in management's judgment, are likely to remain current. Management may determine to not place a loan on non-accrual status if the loan has sufficient collateral value and is in the process of collection. As of December 31, 2018, the Company had one portfolio company with two investment positions on non-accrual status, which represented 2.5% and 1.4% of the total investments at cost and fair value, respectively. As of December 31, 2017, no loans had been placed on non-accrual status by the Company.

Other Income

From time to time, the Company may receive fees for services provided to portfolio companies by the Advisor under the Investment Advisory Agreement. The fees for services that the Advisor provides vary by investment, but generally include syndication, structuring or diligence fees, and fees for providing managerial assistance to the portfolio companies. The Company may also generate revenue in the form of commitment or origination fees. Loan origination fees, original issue discount and market discount or premium are capitalized; such amounts are accreted or amortized into income over the life of the loan. Fees for providing managerial assistance to the portfolio companies are generally non-recurring and are recognized as revenue when services are provided.

In certain instances where the Company is invited to participate as a co-lender in a transaction and does not provide significant services in connection with the investment, all or a portion of any loan fees received by the Company in such situations will be deferred and amortized over the investment's life using the effective yield method.

Income Taxes

The Company has elected to be treated as a BDC under the 1940 Act. The Company also has elected to be treated as a RIC under the Internal Revenue Code. So long as the Company maintains its status as a RIC, it will generally not pay corporate-level U.S. federal income or excise taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. As a result, any tax liability related to income earned and distributed by the Company represents obligations of the Company's stockholders and will not be reflected in the consolidated financial statements of the Company.

The Company evaluates tax positions taken or expected to be taken in the course of preparing its consolidated financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are reversed and recorded as a tax benefit or expense in the current year. All penalties and interest associated with income taxes are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Company accounts for income taxes in conformity with ASC Topic 740—*Income Taxes* ("ASC Topic 740"). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements.

The Company intends to comply with the applicable provisions of the Code, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. As of December 31, 2018, all tax filings of the Company since the inception on February 5, 2015 remain subject to examination by federal tax authorities. No such examinations are currently pending.

In order for the Company not to be subject to federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its ordinary income (taking into account certain deferrals and elections), (ii) 98.2% of its net capital gains from the current year and (iii) any undistributed ordinary income and net capital gains from preceding years. The Company, at its discretion, may carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders. The Company will accrue excise tax on estimated undistributed taxable income as required. For the year ended December 31, 2018, the Company expensed an excise tax of \$112,001, of which \$111,921 remained payable. For the year ended December 31, 2017 the Company expensed an excise tax of \$22,985, of which \$22,985 remained payable. There were no excise tax expenses or payables for the years ended December 31, 2016.

CBDC Universal Equity, Inc. is a taxable entity (the "Taxable Subsidiary"). The Taxable Subsidiary permits the Company to hold equity investments in portfolio companies which are "pass through" entities for tax purposes and continue to comply with the "source income" requirements contained in RIC tax provisions of the Code. The Taxable Subsidiary is not consolidated with the Company for income tax purposes and may generate income tax expense, benefit, and the related tax assets and liabilities, as a result of its ownership of certain portfolio investments. The income tax expense, or benefit, if any, and related tax assets and liabilities are reflected in the Company's consolidated financial statements. For the year ended December 31, 2018, the Company recognized a

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benefit/(provision) for income taxes of \$(87,779) on unrealized appreciation/(depreciation) on investments and net operating losses and federal tax credits related to the Taxable Subsidiary. As of December 31, 2018, there is a corresponding net deferred tax liability of \$304,928 related to the Taxable Subsidiary, which was the net effect of (i) a deferred tax liability of \$604,402 resulting from unrealized appreciation on investments held by the Taxable Subsidiary and (ii) a deferred tax asset of \$299,474 resulting from unrealized depreciation on investments and net operating losses and federal tax credits from the Taxable Subsidiary.

For the year ended December 31, 2017, the Company recognized a benefit/(provision) for income taxes of \$(217,149), which was the net effect of a deferred tax liability of \$285,381 resulting from unrealized appreciation on investments held by the Taxable Subsidiary and a deferred tax asset of \$68,232 resulting from unrealized depreciation on investments of the Taxable Subsidiary. There were no deferred tax assets or liabilities related to the taxable Subsidiary at December 31, 2016.

Dividends and Distributions

Dividends and distributions to common stockholders are recorded on the record date. The amount to be paid out as a dividend is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of any distributions the Company declares in cash on behalf of the Company's stockholders for those stockholders electing not to receive cash. As a result, if the Board authorizes, and the Company declares, a cash dividend, then the Company's stockholders who have "opted in" to the Company's dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of the Company's common stock, rather than receiving the cash dividend.

New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers (Topic 606)." The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in ASU 2014-09 were effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. This standard did not have a material impact on the consolidated financial statements, primarily because the majority of the Company's revenue is accounted for under FASB ASC Topic 320, "Investments – Debt and Equity Securities", which is scoped out of this standard.

In August 2018, the FASB issued ASU 2018-13 "Changes to the Disclosure for Fair Value Measurement" which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. The adoption of this guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

Note 3. Agreements and Related Party Transactions

Administration Agreement

On June 2, 2015, the Company entered into the Administration Agreement with the Administrator. Under the terms of the Administration Agreement, the Administrator provides administrative services to the Company. These services include providing office space, equipment and office services, maintaining financial records, preparing reports to stockholders and reports filed with the SEC, and managing the payment of expenses and the performance of administrative and professional services rendered by others. Certain of these services are reimbursable to the Administrator under the terms of the Administration Agreement. In addition, the Administrator is permitted to delegate its duties under the Administration Agreement to affiliates or third parties. To the extent the Administrator outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis, without incremental profit to the Administrator. The Administration Agreement may be terminated by either party without penalty on 60 days' written notice to the other party.

For the years ended December 31, 2018 and 2017 and 2016, the Company incurred administrative services expenses of \$652,390, \$566,359 and \$523,047, respectively, which are included in other general and administrative expenses on the Consolidated Statements of Operations, under the terms of the Administration Agreement, of which \$178,461 and \$232,779, respectively, were payable at December 31, 2018 and 2017.

No person who is an officer, director or employee of the Administrator or its affiliates and who serves as a director of the Company receives any compensation from the Company for his or her services as a director. However, the Company reimburses the Administrator (or its affiliates) for an allocable portion of the compensation paid by the Administrator or its affiliates to the

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Company's Chief Compliance Officer, Chief Financial Officer, and other professionals who spend time on such related activities (based on the percentage of time those individuals devote, on an estimated basis, to the business and affairs of the Company). The allocable portion of the compensation for these officers and other professionals are included in the administration expenses paid to Administrator. Directors who are not affiliated with the Administrator or its affiliates receive compensation for their services and reimbursement of expenses incurred to attend meetings, which are included as Directors' fees on the Consolidated Statements of Operations.

On June 5, 2015, the Company entered into sub-administration, accounting, transfer agent, and custodian agreements with State Street Bank and Trust Company ("SSB") to perform certain administrative, custodian, transfer agent and other services on behalf of the Company. The sub-administration agreements with SSB had an initial term of three years ending June 5, 2018 and shall automatically renew for 1-year terms unless a written notice of non-renewal is delivered by the Company or SSB. The Company does not reimburse the Administrator for any services for which it pays a separate sub-administrator and custodian fee to SSB. For the years ended December 31, 2018 and 2017, and 2016, the Company incurred expenses of \$777,761 and \$667,788 and \$622,673, respectively, which are included in other general and administrative expenses on the Consolidated Statements of Operations, under the terms of the sub-administration agreements, of which \$204,602 and \$174,043, respectively, were payable at December 31, 2018 and 2017.

Investment Advisory Agreement

On June 2, 2015, the Company entered into the Investment Advisory Agreement with the Advisor. Under the terms of the Investment Advisory Agreement, the Advisor will provide investment advisory services to the Company and its portfolio investments. The Advisor's services under the Investment Advisory Agreement are not exclusive, and the Advisor is free to furnish similar or other services to others so long as its services to the Company are not impaired. Under the terms of the Investment Advisory Agreement, the Company will pay the Advisor the Base Management Fee, as discussed below, and may also pay certain Incentive Fees, as discussed below.

The Base Management Fee is calculated and payable quarterly in arrears at an annual rate of 1.5% of the Company's gross assets, including assets acquired through the incurrence of debt but excluding any cash and cash equivalents. The Base Management Fee is calculated based on the average value of gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter.

The Advisor, however, has agreed to waive its right to receive management fees in excess of the sum of (i) 0.25% of the aggregate committed but undrawn capital and (ii) 0.75% of the aggregate gross assets excluding cash and cash equivalents (including capital drawn to pay the Company's expenses) during any period prior to a qualified initial public offering, as defined by the Investment Advisory Agreement ("Qualified IPO"). The Advisor will not be permitted to recoup any waived amounts at any time and the waiver agreement may only be modified or terminated prior to a Qualified IPO with the approval of the Board. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper maturing within one year of purchase.

For the years ended December 31, 2018, 2017 and 2016, the Company incurred management fees, which are net of waived amounts, of \$3,384,980, \$2,717,199 and \$1,701,168, respectively, of which \$963,009 and \$734,504, respectively, were payable at December 31, 2018 and 2017.

The Advisor has voluntarily waived its right to receive management fees on the investment in GACP II for any period in which GACP II remains in the investment portfolio. For the year ended December 31, 2018 management fees of \$59,894 was waived attributable to the Company's investment in GACP II.

The Incentive Fees consists of two parts. The first part, the income incentive fee, is calculated and payable quarterly in arrears and (a) equals 100% of the excess of the pre-incentive fee net investment income for the immediately preceding calendar quarter, over a preferred return of 1.5% per quarter (6% annualized) (the "Hurdle"), and a catch-up feature until the Advisor has received, (i) prior to a Qualified IPO, 15%, or (ii) after a Qualified IPO, 17.5%, of the pre-incentive fee net investment income for the current quarter up to, (i) prior to a Qualified IPO, 1.7647%, or (ii) after a Qualified IPO, 1.8182% (the "Catch-up"), and (b) (i) prior to a Qualified IPO, 15% or (ii) after a Qualified IPO, 17.5%, of all remaining pre-incentive fee net investment income above the "Catch-up."

Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during each calendar quarter, minus operating expenses for such quarter (including the base management fee, expenses payable under the Administration Agreement and any interest expense and distributions paid on any issued and outstanding debt or preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as market discount, OID, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities), accrued income that the Company has

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not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income will be compared to a “Hurdle Amount” equal to the product of (i) the Hurdle rate of 1.50% per quarter (6.00% annualized) and (ii) our net assets (defined as total assets less indebtedness, before taking into account any incentive fees payable during the period), at the end of the immediately preceding calendar quarter, subject to a “catch-up” provision incurred at the end of each calendar quarter.

At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the end of the Commitment Period to the earlier of (i) a Qualified IPO and (ii) June 30, 2020. In exchange for the Commitment Period extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the income incentive fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

Upon a Qualified IPO and the Advisor begins to earn income incentive fees, the Advisor will voluntarily waive the income incentive fees attributable to the investment income accrued by the Company as a result of its investment in GACP II.

For the years ended December 31, 2018, 2017 and 2016, the Company incurred income incentive fees, which are net of waived amounts, of \$554,978, \$1,622,836 and \$525,493, respectively, of which \$0 and \$504,295 were payable at December 31, 2018 and 2017.

The second part, the capital gains incentive fee, is determined and payable in arrears as of the end of each fiscal year (or upon a Qualified IPO or termination of the Investment Advisory Agreement), (i) prior to a Qualified IPO, 15.0%, or (ii) after a Qualified IPO, 17.5% of the Company’s realized capital gains, if any, on a cumulative basis from inception through the end of the fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. If a Qualified IPO occurs on a date other than the first day of a calendar quarter, the income incentive fee shall be calculated for such calendar quarter at a weighted rate calculated based on the fee rates applicable before and after a Qualified IPO based on the number of days in such calendar quarter before and after a Qualified IPO. If a Qualified IPO occurs on a date other than the first day of a fiscal year, a capital gains incentive fee shall be calculated as of the day before the Qualified IPO, with such capital gains incentive fee paid to the Advisor following the end of the fiscal year in which the Qualified IPO occurred. For the avoidance of doubt, such capital gains incentive fee shall be equal to 15.0% of the Company’s realized capital gains on a cumulative basis from inception through the day before the Qualified IPO, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gains incentive fees. Following a Qualified IPO, solely for the purposes of calculating the capital gains incentive fee, the Company will be deemed to have previously paid capital gains incentive fees prior to a Qualified IPO equal to the product obtained by multiplying (a) the actual aggregate amount of previously paid capital gains incentive fees for all periods prior to a Qualified IPO by (b) the percentage obtained by dividing (x) 17.5% by (y) 15.0%. In the event that the Investment Advisory Agreement shall terminate as of a date that is not a fiscal year end, the termination date shall be treated as though it were a fiscal year end for purposes of calculating and paying a capital gains incentive fee.

At the 2018 Annual Meeting of Stockholders, the Company received shareholder approval to extend the deadline to consummate a Qualified IPO (the “Qualified IPO Deadline”). The Qualified IPO Deadline was extended to June 30, 2022. In exchange for the Qualified IPO Deadline extension, the Advisor agreed to waive its rights under the Investment Advisory Agreement to the capital gain incentive fee for the period from April 1, 2018 through the earlier of (i) the date of a Qualified IPO or (ii) the dissolution and wind down of the Company.

No capital gains incentive fees were incurred for the years ended December 31, 2018, 2017 and 2016.

From time to time, the Advisor may pay amounts owed by the Company to third-party providers of goods or services, including the Board, and the Company will subsequently reimburse the Advisor for such amounts paid on its behalf. Amounts payable to the Advisor are settled in the normal course of business without formal payment terms. See Note 8. Commitments, Contingencies and Indemnifications for additional discussion of certain related party transactions with the Advisor.

A portion of the outstanding shares of the Company’s common stock are owned by Crescent Capital Group LP (“CCG LP”). CCG LP is also the majority member of the Advisor and sole member of the Administrator. The Company has entered into a license agreement with CCG LP under which CCG LP granted the Company a non-exclusive, royalty-free license to use the name “Crescent Capital”. The Advisor has entered into a resource sharing agreement with CCG LP. CCG LP will provide the Advisor with the resources necessary for the Advisor to fulfill its obligations under the Investment Advisory Agreement.

Directors Fees

Each of the Company’s independent directors receive (i) an annual fee of \$75,000, and (ii) \$2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each regular Board meeting and \$500 each special meeting. The Company’s independent directors also receive \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in

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connection with each committee meeting attended. The Chairman of the Audit Committee receives an additional annual fee of \$7,500. The Chairperson of the Nominating and Corporate Governance Committee and the Compensation Committee receive an additional annual fee of \$2,500 and \$2,500, respectively. The Company has obtained directors' and officers' liability insurance on behalf of the Company's directors and officers. For the years ended December 31, 2018, 2017 and 2016, the Company recorded directors' fees of \$290,000, \$290,000 and \$288,042, respectively, of which \$62,063 and \$57,063, respectively, were payable at December 31, 2018 and 2017.

Note 4. Investments

The Company's investments at any time may include securities and other financial instruments or other assets of any sort, including, without limitation, corporate and government bonds, convertible securities, collateralized loan obligations, term loans, trade claims, equity securities, privately negotiated securities, direct placements, working interests, warrants and investment derivatives (including, but not limited to credit default swaps, recovery swaps, total return swaps, options, forward contracts, and futures) (all of the foregoing collectively referred to in these consolidated financial statements as "investments").

Under the 1940 Act, the Company is required to separately identify non-controlled investments where it owns 5% or more of a portfolio company's outstanding voting securities and/or has the power to exercise control over the management or policies of such portfolio company as investments in "affiliated" companies. In addition, under the 1940 Act, the Company is required to separately identify investments where it owns more than 25% of a portfolio company's outstanding voting securities and/or has the power to exercise control over the management or policies of such portfolio company as investments in "controlled" companies. Detailed information with respect to the Company's non-controlled, non-affiliated; non-controlled, affiliated; and controlled affiliated investments is contained in the accompanying consolidated financial statements, including the Consolidated Schedule of Investments. The information in the tables below is presented on an aggregate portfolio basis, without regard to whether they are non-controlled non-affiliated, non-controlled affiliated or controlled affiliated investments. As of December 31, 2018 and December 31, 2017, all investments held are non-controlled/non-affiliated investments.

Certain Risk Factors

In the ordinary course of business, the Company manages a variety of risks including market risk and liquidity risk. The Company identifies, measures and monitors risk through various control mechanisms, including trading limits and diversifying exposures and activities across a variety of instruments, markets and counterparties.

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions, including as a result of changes in the credit quality of a particular issuer, credit spreads, interest rates, and other movements and volatility in security prices or commodities. In particular, the Company may invest in issuers that are experiencing or have experienced financial or business difficulties (including difficulties resulting from the initiation or prospect of significant litigation or bankruptcy proceedings), which involves significant risks. The Company manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

The Company's investments may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

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Investments at fair value consisted of the following at December 31, 2018:

Investment Type	Cost	Fair Value	Unrealized Appreciation/ (Depreciation)
Senior Secured First Lien	\$ 380,078,748	\$ 379,296,186	\$ (782,562)
Senior Secured Second Lien	83,029,256	75,797,646	(7,231,610)
Unsecured Debt	7,228,521	7,262,841	34,320
Preferred Stock	1,891,892	2,270,352	378,460
Common Stock	28,452,264	28,714,699	262,435
Total Investments	<u>\$ 500,680,681</u>	<u>\$ 493,341,724</u>	<u>\$ (7,338,957)</u>

Investments at fair value consisted of the following at December 31, 2017:

Investment Type	Cost	Fair Value	Unrealized Appreciation/ (Depreciation)
Senior Secured First Lien	\$ 230,985,313	\$ 233,486,423	\$ 2,501,110
Senior Secured Second Lien	70,727,664	70,064,245	(663,419)
Unsecured Debt	5,562,528	5,641,565	79,037
Preferred Stock	1,891,892	2,011,108	119,216
Common Stock & Other	8,048,509	7,923,331	(125,178)
Total Investments	<u>\$ 317,215,906</u>	<u>\$ 319,126,672</u>	<u>\$ 1,910,766</u>

The industry composition of investments at fair value at December 31, 2018 and December 31, 2017 is as follows:

Industry	Fair Value December 31, 2018	Percentage of Fair Value	Fair Value December 31, 2017	Percentage of Fair Value
Automobiles & Components	\$ 28,330,364	5.74%	\$ 18,849,183	5.91%
Capital Goods	18,428,725	3.74	17,096,221	5.36
Commercial & Professional Services	113,762,203	23.06	70,309,935	22.03
Consumer Durables & Apparel	2,622,500	0.53	3,030,000	0.95
Consumer Services	53,523,125	10.85	32,380,725	10.15
Diversified Financials	29,962,766	6.07	3,531,247	1.11
Energy	296,629	0.06	311,446	0.10
Food & Staples Retailing	6,637,313	1.35	7,337,663	2.30
Food, Beverage & Tobacco	3,510,000	0.71	736,837	0.23
Health Care Equipment & Services	103,923,291	21.06	72,937,130	22.85
Household & Personal Products	3,292,223	0.67	2,225,440	0.70
Insurance	9,035,119	1.83	3,659,282	1.15
Materials	10,411,798	2.11	2,669,277	0.84
Media	3,544,140	0.72	5,994,211	1.88
Pharmaceuticals, Biotechnology & Life Sciences	8,228,979	1.67	426,596	0.13
Retailing	18,450,967	3.74	7,328,350	2.29
Software & Services	67,903,178	13.76	61,214,515	19.18
Technology Hardware & Equipment	4,785,431	0.97	4,992,098	1.56
Transportation	6,692,973	1.36	4,096,516	1.28
Total Investments	<u>\$ 493,341,724</u>	<u>100.00%</u>	<u>\$ 319,126,672</u>	<u>100.00%</u>

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The geographic composition of investments at fair value at December 31, 2018 and December 31, 2017 is as follows:

Geographic Region	Fair Value December 31, 2018	Percentage of Fair Value	Fair Value December 31, 2017	Percentage of Fair Value
United States	\$ 480,204,140	97.34%	\$ 313,187,359	98.14%
United Kingdom	10,861,848	2.20	3,556,293	1.11
France	2,275,736	0.46	2,383,020	0.75
Total Investments	<u>\$ 493,341,724</u>	<u>100.00%</u>	<u>\$ 319,126,672</u>	<u>100.00%</u>

Note 5. Fair Value of Financial Instruments

Investments

The following table presents fair value measurements of investments as of December 31, 2018:

	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Senior Secured First Lien	\$ —	\$ 62,191,471	\$ 317,104,715	\$ 379,296,186
Senior Secured Second Lien	—	21,940,428	53,857,218	75,797,646
Unsecured Debt	—	—	7,262,841	7,262,841
Preferred Stock	—	—	2,270,352	2,270,352
Common Stock	—	—	11,536,391	11,536,391
Subtotal	<u>\$ —</u>	<u>\$ 84,131,899</u>	<u>\$ 392,031,517</u>	<u>\$ 476,163,416</u>
Investment Measured at NAV ⁽¹⁾				17,178,308
Total Investments				<u>\$ 493,341,724</u>

- (1) In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. These investments are generally not redeemable. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

The following table presents fair value measurements of investments as of December 31, 2017:

	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
Senior Secured First Lien	\$ —	\$ 79,571,639	\$ 153,914,784	\$ 233,486,423
Senior Secured Second Lien	—	23,432,543	46,631,702	70,064,245
Unsecured Debt	—	—	5,641,565	5,641,565
Preferred Stock	—	—	2,011,108	2,011,108
Common Stock	—	—	7,923,331	7,923,331
Total Investments	<u>\$ —</u>	<u>\$ 103,004,182</u>	<u>\$ 216,122,490</u>	<u>\$ 319,126,672</u>

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The following table provides a reconciliation of the beginning and ending balances for total investments that use Level 3 inputs for the year ended December 31, 2018, based off of the fair value hierarchy at December 31, 2018:

	Senior Secured First Lien	Senior Secured Second Lien	Unsecured Debt	Preferred Stock	Common Stock	Total
Balance as of January 1, 2018	\$153,914,784	\$ 46,631,702	\$5,641,565	\$2,011,108	\$ 7,923,331	\$216,122,490
Amortized discounts/premiums	1,320,775	440,148	23,862	—	—	1,784,785
Paid in-kind interest	347,393	—	104,554	—	—	451,947
Net realized gain (loss)	(97,532)	(6,245)	—	—	—	(103,777)
Net change in unrealized appreciation (depreciation)	(682,154)	(5,980,739)	(44,718)	259,244	70,614	(6,377,753)
Purchases	223,929,702	22,630,106	1,537,578	—	3,542,446	251,639,832
Sales/return of capital/principal repayments/paydowns	(77,266,565)	(21,345,735)	—	—	—	(98,612,300)
Transfers in	15,638,312	11,487,981	—	—	—	27,126,293
Transfers out	—	—	—	—	—	—
Balance as of December 31, 2018	<u>\$317,104,715</u>	<u>\$ 53,857,218</u>	<u>\$7,262,841</u>	<u>\$2,270,352</u>	<u>\$11,536,391</u>	<u>\$392,031,517</u>
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2018	<u>\$ 471,869</u>	<u>\$ (5,724,061)</u>	<u>\$ (44,718)</u>	<u>\$ 259,244</u>	<u>\$ 70,614</u>	<u>\$ (4,967,052)</u>

During the year ended December 31, 2018, the Company recorded \$0 in transfers from Level 3 to Level 2 and \$27,126,293 in transfers from Level 2 to Level 3 due to a decrease in observable inputs in market data.

The following table provides a reconciliation of the beginning and ending balances for total investments that use Level 3 inputs for the year ended December 31, 2017, based off of the fair value hierarchy at December 31, 2017:

	Senior Secured First Lien	Senior Secured Second Lien	Unsecured Debt	Preferred Stock	Common Stock	Total
Balance as of January 1, 2017	\$ 65,399,107	\$21,353,680	\$4,950,000	\$ —	\$3,943,634	\$ 95,646,421
Amortized discounts/premiums	382,200	147,981	18,154	—	—	548,335
Paid in-kind interest	8,880	—	56,072	—	—	64,952
Net realized gain (loss)	1,298	17,407	—	—	—	18,705
Net change in unrealized appreciation (depreciation)	2,196,350	(1,685,300)	(146)	119,216	(137,469)	492,651
Purchases	91,955,892	28,774,442	618,473	1,891,892	4,993,670	128,234,369
Sales/return of capital/principal repayments/paydowns	(12,625,136)	(1,976,508)	(988)	—	(876,504)	(15,479,136)
Transfers in	11,793,693	—	—	—	—	11,793,693
Transfers out	(5,197,500)	—	—	—	—	(5,197,500)
Balance as of December 31, 2017	<u>\$153,914,784</u>	<u>\$46,631,702</u>	<u>\$5,641,565</u>	<u>\$2,011,108</u>	<u>\$7,923,331</u>	<u>\$216,122,490</u>
Net change in unrealized appreciation (depreciation) from investments still held as of December 31, 2017	<u>\$ 2,267,678</u>	<u>\$ (1,667,401)</u>	<u>\$ (146)</u>	<u>\$ 119,216</u>	<u>\$ (137,469)</u>	<u>\$ 581,878</u>

During the year ended December 31, 2017, the Company recorded \$5,197,500 in transfers from Level 3 to Level 2 and \$11,793,693 in transfers from Level 2 to Level 3 due to a decrease in observable inputs in market data.

The following tables present the fair value of Level 3 investments and the ranges of significant unobservable inputs used to value the Company's Level 3 investments as of December 31, 2018 and December 31, 2017. These ranges represent the significant unobservable inputs that were used in the valuation of each type of investment. These inputs are not representative of the inputs that could have been used in the valuation of any one investment. For example, the highest market yield presented in the table for senior secured first lien investments is appropriate for valuing a specific investment but may not be appropriate for valuing any other investment. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Company's Level 3 investments.

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Quantitative information about Level 3 Fair Value Measurements

	Fair value as of December 31, 2018	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Senior Secured First Lien	\$ 237,842,174	Discounted Cash Flows	Discount Rate	6.8%-11.8% (8.4%)
	\$ 6,299,473	Enterprise Value	Comparable EBITDA Multiple	9.1x
	\$ 73,111,885	Broker Quoted	Broker Quote	N/A
Senior Secured Second Lien	\$ 53,857,218	Discounted Cash Flows	Discount Rate	7.2%-28.6% (13.8%)
Unsecured Debt	\$ 7,262,841	Discounted Cash Flows	Discount Rate	11.0%-16.8% (11.6%)
Preferred Stock	\$ 2,270,352	Market Multiple	Comparable EBITDA Multiple	15.0x
Common Stock	\$ 11,536,391	Market Multiple	Comparable EBITDA Multiple	7.2x-15.1x (12.4x)

Quantitative information about Level 3 Fair Value Measurements

	Fair value as of December 31, 2017	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Senior Secured First Lien	\$ 153,914,784	Discounted Cash Flows	Discount Rate	5.6%-9.5% (6.9%)
Senior Secured Second Lien	\$ 46,631,702	Discounted Cash Flows	Discount Rate	8.0%-14.3% (11.0%)
Unsecured Debt	\$ 5,641,565	Discounted Cash Flows	Discount Rate	11.0%-14.9% (11.4%)
Preferred Stock	\$ 2,011,108	Market Multiple	Comparable EBITDA Multiple	15.8x
Common Stock	\$ 7,923,331	Market Multiple	Comparable EBITDA Multiple	7.4x-15.8x (11.7x)

As noted above, the discounted cash flows and market multiple approaches were used in the determination of fair value of certain Level 3 assets as of December 31, 2018 and December 31, 2017. The significant unobservable inputs used in the discounted cash flow approach is the discount rate used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. An increase in the discount rate would result in a decrease in the fair value. Included in the consideration and selection of discount rates is risk of default, rating of the investment, call provisions and comparable company investments. The significant unobservable inputs used in the market multiple approach are the multiples of similar companies' earnings before income taxes, depreciation and amortization ("EBITDA") and comparable market transactions. Increases or decreases in market EBITDA multiples would result in an increase or decrease in the fair value.

Financial Instruments Not Carried at Fair Value

Debt

The carrying value of the Company's debt, as of December 31, 2018 and December 31, 2017, approximates its fair value as the debt, issued at market terms, includes variable interest rates, as discussed in Note 6.

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Note 6. Debt

Debt consisted of the following as of December 31, 2018 and December 31, 2017:

	December 31, 2018			
	Aggregate Principal Amount Committed	Drawn Amount ⁽⁴⁾	Amount Available ⁽¹⁾	Carrying Value ⁽²⁾
SPV Asset Facility	\$ 175,000,000	\$159,628,575	\$15,371,425	\$159,628,575
Revolving Credit Facility	—	—	—	—
Revolving Credit Facility II ⁽³⁾⁽⁵⁾	85,000,000	78,309,591	7,248,258	77,774,610
Total Debt	<u>\$ 260,000,000</u>	<u>\$237,938,166</u>	<u>\$22,619,683</u>	<u>\$237,403,185</u>
	December 31, 2017			
	Aggregate Principal Amount Committed	Drawn Amount ⁽⁴⁾	Amount Available ⁽¹⁾	Carrying Value ⁽²⁾
SPV Asset Facility	\$ 125,000,000	\$ 86,628,575	\$38,371,425	\$ 86,628,575
Revolving Credit Facility	—	—	—	—
Revolving Credit Facility II ⁽³⁾⁽⁵⁾	75,000,000	65,309,591	9,955,454	65,075,395
Total Debt	<u>\$ 200,000,000</u>	<u>\$151,938,166</u>	<u>\$48,326,879</u>	<u>\$151,703,970</u>

- (1) The amount available reflects any limitations related to the respective debt facilities' borrowing bases and foreign currency translation adjustments.
- (2) The difference between drawn amount and the carrying value is attributable to the effect of foreign currency translation adjustments.
- (3) The Company had outstanding debt denominated in Pound Sterling (GBP) of 2.5 million and Euro (EUR) of 1.8 million on its Revolving Credit Facility and Revolving Credit Facility II.
- (4) For borrowings in non-USD, the drawn amount represents the USD equivalent at the time of borrowing (i.e. cost).
- (5) Total drawn amount payable after the effect of foreign currency translation as of December 31, 2018 and December 31, 2017, was \$77,751,742 and \$65,044,546, respectively.

As of December 31, 2018 and December 31, 2017, the Company was in compliance with the terms and covenants of its debt arrangements.

SPV Asset Facility

On March 28, 2016 Crescent Capital BDC Funding, LLC ("CBDC SPV"), a Delaware limited liability company and wholly owned and consolidated subsidiary of the Company, entered into a loan and security agreement (the "SPV Asset Facility") with the Company as the collateral manager, seller and equityholder, CBDC SPV as the borrower, the banks and other financial institutions from time to time party thereto as lenders, and Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent, collateral agent, and lender. The SPV Asset Facility is effective as of March 28, 2016. On February 8, 2017, the Company amended the SPV Asset Facility increasing the facility limit from \$75 million to \$125 million. On September 28, 2018, the Company further amended the SPV Asset Facility increasing the facility limit from \$125 million to \$175 million and extending the maturity date to September 28, 2021.

The maximum commitment amount under the SPV Asset Facility is \$175 million, and may be increased with the consent of Wells Fargo or reduced upon request of the Company. Proceeds of the advances under the SPV Asset Facility may be used to acquire portfolio investments, to make distributions to the Company in accordance with the SPV Asset Facility, and to pay related expenses. The maturity date is the earlier of: (a) the date the Borrower voluntarily reduces the commitments to zero, (b) the Facility Maturity Date (September 28, 2021) and (c) the date upon which Wells Fargo declares the obligations due and payable after the occurrence of an Event of Default. Borrowings under the SPV Asset Facility bear interest at London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor. The Company pays unused facility fees of 0.50% per annum on committed but undrawn amounts under the SPV Asset Facility. The SPV Asset Facility includes customary covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature.

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Also on March 28, 2016, the Company, as Seller, and CBDC SPV, as Purchaser, entered into a loan sale agreement whereby the Company will sell certain assets to CBDC SPV. CBDC SPV will be consolidated into the Company's financial statements and no gain or loss is expected to result from the sale of assets to CBDC SPV. The Company retains a residual interest in assets contributed to or acquired by CBDC SPV through its 100% ownership of CBDC SPV. The facility size is subject to availability under the borrowing base, which is based on the amount of CBDC SPV's assets from time to time, and satisfaction of certain conditions, including an asset coverage test and certain concentration limits.

Costs incurred in connection with obtaining the SPV Asset Facility have been recorded as deferred financing costs and are being amortized over the life of the SPV Asset Facility on an effective yield basis. As of December 31, 2018 and December 31, 2017, deferred financing costs related to the SPV Asset Facility were \$1,636,402 and \$776,117, respectively, and were included in debt on the Consolidated Statements of Assets and Liabilities.

Revolving Credit Facility II

On June 29, 2017, the Company entered into the "Revolving Credit Facility II" with Capital One, National Association ("CONA"), as Administrative Agent, Lead Arranger, Managing Agent and Committed Lender. Proceeds from the Revolving Credit Facility II may be used for investment activities, expenses, working capital requirements and general corporate purposes. The Company's obligations to the Committed Lender are secured by a first priority security interest in the unused capital commitments (See Note 8. Commitments, Contingencies and Indemnifications) and certain investments and cash held by the Company. The Revolving Credit Facility II contains certain covenants, including, but not limited to maintaining an asset coverage ratio of total assets to total borrowings of at least 2 to 1. The maximum principal amount of the Revolving Credit Facility II is \$75 million, subject to availability under the borrowing base.

Borrowings under the Revolving Credit Facility II bear interest at the London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor. The Company may elect either the LIBOR or prime rate at the time of draw-down, and loans may be converted from one rate to another at any time, subject to certain conditions. The Company pays unused facility fees of 0.20% per annum on committed but undrawn amounts under the Revolving Credit Facility II. Interest is payable monthly in arrears. On June 28, 2018, the Company amended the Revolving Credit Facility II increasing the facility limit from \$75 million to \$85 million and extending the maturity date to June 29, 2019. Any amounts borrowed under the Revolving Credit Facility II, and all accrued and unpaid interest, will be due and payable, on June 29, 2019.

Costs incurred in connection with obtaining the Revolving Credit Facility II have been recorded as deferred financing costs and are being amortized over the life of the Revolving Credit Facility II on an effective yield basis. As of December 31, 2018 and December 31, 2017, deferred financing costs related to the Revolving Credit Facility II were \$58,791 and \$79,925, respectively, and were included in debt on the Consolidated Statements of Assets and Liabilities.

Revolving Credit Facility

On June 29, 2015, the Company entered into the "Revolving Credit Facility" with Natixis, New York Branch ("Natixis"), as administrative agent (the "Administrative Agent"), and Natixis and certain of its affiliates as lenders. Proceeds from the Revolving Credit Facility may be used for investment activities, expenses, working capital requirements and general corporate purposes. The Company's obligations to the lenders are secured by a first priority security interest in the unused capital commitments (See Note 8. Commitments, Contingencies and Indemnifications) and certain investments and cash held by the Company. The Revolving Credit Facility contains certain covenants, including, but not limited to maintaining an asset coverage ratio of total assets to total borrowings of at least 2 to 1. The maximum principal amount of the Revolving Credit Facility is \$75 million, subject to availability under the borrowing base. On October 23, 2015, the Company amended the Revolving Credit Facility to include a multi-currency tranche allowing the Company to borrow up to 15% of the principal amount committed under an alternative currency including Euro, Canadian Dollar and Pound Sterling (GBP). On June 29, 2016, the Company amended the Revolving Credit Facility decreasing the facility limit from \$75 million to \$50 million and extending the maturity date to June 29, 2017. The Company paid down in full and terminated the Revolving Credit Facility on June 29, 2017.

Borrowings under the Revolving Credit Facility bore interest at either (i) London Interbank Offered Rate ("LIBOR") plus a margin with no LIBOR floor or (ii) at lenders' cost of funds plus a margin. The Company paid unused facility fees of 0.20% per annum on committed but undrawn amounts under the Revolving Credit Facility. Interest was payable monthly in arrears.

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The summary information regarding the SPV Asset Facility, Revolving Credit Facility, and the Revolving Credit Facility II for the years ended December 31, 2018, 2017 and 2016, were as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Borrowing interest expense	\$ 7,502,040	\$ 4,308,034	\$ 1,915,615
Facility fees	187,364	227,331	182,240
Amortization of financing costs	761,110	767,545	608,973
Total	<u>\$ 8,450,514</u>	<u>\$ 5,302,910</u>	<u>\$ 2,706,828</u>
Weighted average interest rate	4.11%	3.23%	2.45%
Average outstanding balance	\$182,328,466	\$133,486,128	\$ 78,294,459

Note 7. Derivatives

The Company enters into foreign currency forward contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies.

In order to better define its contractual rights and to secure rights that will help the Company mitigate its counterparty risk, the Company may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or a similar agreement with its derivative counterparties. An ISDA Master Agreement is a bilateral agreement between the Company and a counterparty that governs OTC derivatives, including foreign currency forward contracts, and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of a default (close-out netting) or similar event, including the bankruptcy or insolvency of the counterparty.

For financial reporting purposes, cash collateral that has been pledged to cover obligations of the Company and cash collateral received from the counterparty, if any, is included in the Consolidated Statement of Assets and Liabilities as due to/due from broker. There has been no cash collateral received or paid from the counterparty. The Company minimizes counterparty credit risk by only entering into agreements with counterparties that they believe to be of good standing and by monitoring the financial stability of those counterparties.

For the period from December 7, 2018 to December 31, 2018, the Company's average USD notional exposure to foreign currency forward contracts was \$7,974,709. The Company did not hold any derivative instruments prior to December 7, 2018.

The following table sets forth the Company's net exposure to foreign currency forward contracts that are subject to ISDA Master Agreements or similar agreements as of December 31, 2018.

Counterparty	Gross Amount of Assets on the Consolidated Statements of Assets and Liabilities	Gross Amount of (Liabilities) on the Consolidated Statements of Assets and Liabilities	Net Amount of Assets or (Liabilities) Presented on the Consolidated Statements of Assets and Liabilities	Collateral (Received) Pledged (1)	Net Amounts (2)
Wells Fargo Bank, N.A.	\$ 17,406	\$ —	\$ 17,406	\$ —	\$ 17,406
Total	<u>\$ 17,406</u>	<u>\$ —</u>	<u>\$ 17,406</u>	<u>\$ —</u>	<u>\$ 17,406</u>

(1) Amount excludes excess cash collateral paid.

(2) Net amount represents the net amount due (to) from counterparty in the event of a default based on the contractual setoff rights under the agreement. Net amount excludes any over-collateralized amounts.

The Company did not hold any derivative instruments as of December 31, 2017.

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The effect of transactions in derivative instruments to the Consolidated Statements of Operations for the year ended December 31, 2018 was as follows:

	For the year ended December 31, 2018
Net realized gain (loss) on foreign currency forward contracts	\$ —
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	17,406
Total net realized and unrealized gains (losses) on foreign currency forward contracts	\$ 17,406

The Company did not hold any derivative instruments during the years ended December 31, 2017 and 2016.

Note 8. Commitments, Contingencies and Indemnifications

The Company's investment portfolio may contain debt investments that are in the form of lines of credit and unfunded delayed draw commitments, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying loan agreements. As of December 31, 2018 and December 31, 2017, the Company had unfunded commitments denominated in USD totaling \$50,145,587 and \$21,116,031, respectively, under loan and financing agreements. The Company also had outstanding an unfunded commitment denominated in GBP totaling £4,183,722 and £377,841 at December 31, 2018 and December 31, 2017, respectively.

Other Commitments and Contingencies

As of December 31, 2018, the Company had \$405.6 million in total capital commitments from investors. Of this amount, \$10.0 million was from Crescent Capital Group LP ("CCG LP") and its affiliates. The remaining unfunded capital commitments totaled \$139.6 million as of December 31, 2018.

Up to June 25, 2015, the Company's efforts had been limited to organizational activities, the cost of which has been borne by the Advisor. The Company has agreed to repay the Advisor for initial organization costs and equity offering costs incurred prior to the commencement of its operations up to a maximum of \$1.5 million on a pro rata basis over the first \$350 million of invested capital not to exceed 3 years from the initial capital commitment. The Advisor incurred costs on behalf of the Company of \$794,450 of equity offering costs and \$567,895 of organization costs through Commencement. For the year ended December 31, 2018, the Advisor allocated to the Company \$215,636 of equity offering costs and \$154,143 of organization costs, of which \$136,235 was included in Due to Advisor on the Consolidated Statements of Assets and Liabilities at December 31, 2018. Since June 26, 2015 (Commencement) through December 31, 2018, the Advisor has allocated to the Company \$603,782 of equity offering costs and \$431,600 of organization costs.

In the normal course of business, the Company enters into contracts which provide a variety of representations and warranties, and that provide general indemnifications. Such contracts include those with certain service providers, brokers and trading counterparties. Any exposure to the Company under these arrangements is unknown as it would involve future claims that may be made against the Company; however, based on the Company's experience, the risk of loss is remote and no such claims are expected to occur. As such, the Company has not accrued any liability in connection with such indemnifications.

Note 9. Stockholders' Equity

Since commencement, the Company has entered into subscription agreements (collectively, the "Subscription Agreements") with several investors, including CCG LP and its affiliates, providing for the private placement of the Company's common stock. Under the terms of the Subscription Agreements, investors are required to fund capital drawdowns to purchase the Company's common stock up to the amount of their respective capital commitments on an as-needed basis as determined by the Company with a minimum of 10 business days' prior notice. The remaining unfunded capital commitments related to these Subscription Agreements totaled \$139.6 million and \$220.7 million as of December 31, 2018 and 2017, respectively.

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The following table summarizes the total shares issued and amount received related to capital drawdowns delivered pursuant to the Subscription Agreements during the years ended December 31, 2018, 2017 and 2016:

<u>Quarter Ended</u>	<u>For the year ended December 31, 2018</u>	
	<u>Shares</u>	<u>Amount</u>
December 31, 2018	1,747,841	\$35,000,000
September 30, 2018	1,249,626	25,000,000
June 30, 2018	991,916	20,000,000
March 31, 2018	741,876	15,000,000
Total Capital Drawdowns	4,731,259	\$95,000,000

<u>Quarter Ended</u>	<u>For the year ended December 31, 2017</u>	
	<u>Shares</u>	<u>Amount</u>
December 31, 2017	490,822	\$10,000,000
September 30, 2017	488,138	10,000,000
June 30, 2017	490,701	10,000,000
March 31, 2017	744,085	15,000,000
Total Capital Drawdowns	2,213,746	\$45,000,000

<u>Quarter Ended</u>	<u>For the year ended December 31, 2016</u>	
	<u>Shares</u>	<u>Amount</u>
December 31, 2016	352,627	\$ 7,000,000
September 30, 2016	613,121	12,000,000
June 30, 2016	728,256	14,000,000
March 31, 2016	624,382	12,000,000
Total Capital Drawdowns	2,318,386	\$45,000,000

Prior to the listing of the Company's shares on an exchange, stockholders who "opt in" to the Company's dividend reinvestment plan will have their cash dividends and distributions automatically reinvested in additional shares of the Company's common stock, rather than receiving cash dividends and distributions. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the cash dividend or distribution payable to a stockholder by the net asset value per share of the common stock as of the last day of the Company's fiscal quarter or such other date and price per share as determined by the Board preceding the date such dividend was declared.

The Company has authorized 200,000,000 shares of its common stock with a par value of \$0.001 per share. The Company has authorized 10,000 shares of its preferred stock with a par value of \$0.001 per share. Shares of preferred stock have not been issued. On February 5, 2015, the Company issued 1,000 common shares to CCG LP. On April 15, 2015, CCG LP contributed \$499,000 of additional paid-in-capital to the Company. On June 29, 2015, CCG LP exchanged its 1,000 shares issued on February 5, 2015 for 25,000 common shares, which were subsequently redeemed on June 30, 2015.

At December 31, 2018 and 2017, CCG LP and its affiliates owned 2.50% and 3.32%, respectively, of the outstanding common shares of the Company.

For the year ended December 31, 2018, distributions made by the Company are as follows:

<u>Quarter Ended</u>	<u>Total Amount</u>	<u>Per Share Amount</u>
December 31, 2018	\$ 5,343,316	\$ 0.40
September 30, 2018	\$ 4,464,639	\$ 0.38
June 30, 2018	\$ 3,876,874	\$ 0.37
March 31, 2018	\$ 3,035,614	\$ 0.32

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For the year ended December 31, 2017, distributions made by the Company are as follows:

<u>Quarter Ended</u>	<u>Total Amount</u>	<u>Per Share Amount</u>
December 31, 2017	\$ 2,707,232	\$ 0.31
September 30, 2017	\$ 2,470,579	\$ 0.30
June 30, 2017	\$ 2,169,823	\$ 0.29
March 31, 2017	\$ 1,994,047	\$ 0.28

For the year ended December 31, 2016 distributions made by the Company are as follows:

<u>Quarter Ended</u>	<u>Total Amount</u>	<u>Per Share Amount</u>
December 31, 2016	\$ 2,400,000	\$ 0.38
September 30, 2016	\$ 1,543,640	\$ 0.26
June 30, 2016	\$ 1,164,992	\$ 0.22
March 31, 2016	\$ 1,130,001	\$ 0.24

Note 10. Earnings Per Share

In accordance with the provisions of ASC Topic 260 – *Earnings per Share* (“ASC 260”), basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. As of December 31, 2018 and December 31, 2017, there are no dilutive shares.

The following table sets forth the computation of the weighted average basic and diluted net increase in net assets per share from operations for the following periods:

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>	<u>For the year ended December 31, 2016</u>
Net increase (decrease) in net assets resulting from operations	\$ 8,114,574	\$ 9,055,186	\$11,768,693
Weighted average common shares outstanding	10,719,485	7,562,447	5,191,589
Net increase (decrease) in net assets resulting from operations per common share-basic and diluted	\$ 0.76	\$ 1.20	\$ 2.27

Note 11. Income Taxes

The tax character of shareholder distributions attributable to the years ended December 31, 2018, 2017 and 2016, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Ordinary Income ⁽¹⁾	\$ 16,720,443	\$ 9,341,681	\$ 6,238,633
Capital Gains	—	—	—
Total	<u>\$ 16,720,443</u>	<u>\$ 9,341,681</u>	<u>\$ 6,238,633</u>

- (1) For years ended December 31, 2018, 2017 and 2016, 100%, 100% and 100%, respectively, of ordinary income qualified as interest related dividend which is exempt from U.S. withholding tax applicable to non U.S. shareholders.

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For the years ended December 31, 2018, 2017 and 2016, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Consolidated Statements of Assets and Liabilities by temporary and other book/tax differences, primarily relating to the tax treatment of wash sales, organizational expenses, partnership basis adjustments and defaulted bond income accruals is as follows:

	2018	2017	2016
Undistributed net investment income	\$ 2,454,033	\$ 774,114	68,766
Other temporary differences	(366,318)	(240,948)	(118,284)
Post October loss deferrals	—	—	(16,464)
Capital loss carryover	(916,424)	(441,103)	(70,653)
Unrealized appreciation (depreciation)	(7,629,658)	1,981,571	2,435,646
Components of tax distributable earnings at year end	<u>\$(6,458,367)</u>	<u>\$2,073,634</u>	<u>\$2,299,011</u>

Note: Taxable income is an estimate and is not fully determined until the Company's tax return is filed.

Taxable income generally differs from net increase (decrease) in net assets resulting from operations due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized.

The Company makes certain adjustments to the classification of stockholders' equity as a result of permanent book-to-tax differences, which include differences in the book and tax basis of certain assets and liabilities, and nondeductible federal taxes or losses among other items. To the extent these differences are permanent, they are charged or credited to additional paid in capital, undistributed net investment income or undistributed net realized gains on investments, as appropriate.

The Company neither has any uncertain tax positions that met the recognition or measurement criteria of ASC 740-10-25, *Income Taxes*, nor did the Company have any unrecognized tax benefits as of the periods presented herein. Although the Company files federal and state tax returns, our major tax jurisdiction is federal. Our inception-to-date federal tax returns remains subject to examination by the Internal Revenue Service.

Permanent differences between Investment Company Taxable Income ("ICTI") and net investment income for financial reporting purposes are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. For the years ended December 31, 2018, 2017 and 2016, the Company reclassified for book purposes amounts arising from permanent book/tax differences related to the different tax treatment of foreign currency gain/(loss), defaulted bonds and non-deductible-excise tax as follows:

	2018	2017	2016
Paid-in capital in excess of par value	\$(112,001)	\$ (22,985)	\$ —
Accumulated net realized gain (loss)	669,801	2,738	53,618
Distributions in excess of net investment income	(557,800)	20,247	(53,618)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The tax cost of the Company's investments as of December 31, 2018, approximates their amortized cost.

As of December 31, 2018, the Company's aggregate investment unrealized appreciation and depreciation for federal income tax purposes was:

Tax cost	<u>\$501,196,978</u>
Gross unrealized appreciation	\$ 8,332,193
Gross unrealized depreciation	<u>(16,187,447)</u>
Net unrealized investment depreciation	<u>\$ (7,855,254)</u>

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As of December 31, 2017, the Company's aggregate investment unrealized appreciation and depreciation for federal income tax purposes was:

Tax cost	\$317,447,028
Gross unrealized appreciation	\$ 5,965,295
Gross unrealized depreciation	(4,285,767)
Net unrealized investment appreciation	\$ 1,679,528

Note 12. Financial Highlights

Below is the schedule of financial highlights of the Company for the years ended December 31, 2018, 2017, 2016 and for the period from February 5, 2015 (Inception) to December 31, 2015, relating to the common shares issued through December 31, 2018 pursuant to the Subscription Agreements:

	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the period from February 5, 2015 (Inception) to December 31, 2015*
Per Share Data:⁽¹⁾				
Net asset value, beginning of period	\$ 20.10	\$ 20.08	\$ 19.13	\$ 20.00
Net investment income after tax	1.65	1.31	1.23	0.32
Net realized and unrealized gains (losses) on investments ⁽²⁾	(0.83)	(0.09)	0.84	(0.87)
Net increase (decrease) in net assets resulting from operations	0.82	1.22	2.07	(0.55)
Distributions declared from net investment income ⁽³⁾	(1.47)	(1.18)	(1.10)	(0.27)
Offering costs	(0.02)	(0.02)	(0.02)	(0.05)
Total increase (decrease) in net assets	(0.67)	0.02	0.95	(0.87)
Net asset value, end of period	\$ 19.43	\$ 20.10	\$ 20.08	\$ 19.13
Shares outstanding, end of period	13,358,289	8,597,116	6,376,850	4,056,316
Weighted average shares outstanding	10,719,485	7,562,447	5,191,589	2,855,996
Total return ⁽⁴⁾	4.06%	5.99%	10.70%	(3.00)% ⁽⁵⁾
Ratio/Supplemental Data:				
Net assets, end of period	\$ 259,578,840	\$ 172,799,989	\$ 128,056,028	\$ 77,586,238
Ratio of total expenses to average net assets ⁽⁶⁾	7.33%	8.02%	7.17%	7.65% ⁽⁷⁾
Ratio of expenses (without incentive fees and interest and other debt expenses) to average net assets	3.06%	3.53%	4.08%	5.53% ⁽⁷⁾
Ratio of net investment income to average net assets	8.48%	6.45%	6.14%	3.17% ⁽⁷⁾
Ratio of interest and credit facility expenses to average net assets	4.01%	3.44%	2.59%	2.12% ⁽⁸⁾
Ratio of incentive fees to average net assets	0.26%	1.05%	0.50%	— %
Portfolio turnover rate	27.89%	19.27%	34.36%	4.08% ⁽⁵⁾
Asset coverage ratio ⁽⁹⁾	2.08	2.13	2.35	2.42

* The Company was formed on February 5, 2015 and commenced operations on June 26, 2015.

(1) Based on actual number of shares outstanding at the end of the corresponding period or the weighted average shares outstanding for the period, unless otherwise noted, as appropriate.

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- (2) The amount shown does not correspond with the aggregate realized and unrealized gains (losses) on investment transactions for the period as it includes the effect of the timing of equity issuances.
- (3) The per share data for distributions per share reflects the actual amount of distributions declared per share for the applicable periods.
- (4) Total return based on net asset value is calculated as the change in net asset value per share during the period plus declared dividends per share during the period, divided by the beginning net asset value per share.
- (5) Not annualized.
- (6) The ratio of total expenses to average net assets in the table above reflects the Advisor's voluntary waivers of its right to receive a portion of the management fees and income incentive fees with respect to the Company's ownership in GACP II. Excluding the effects of waivers, the ratio of total expenses to average net assets would have been 7.36% for the year ended December 31, 2018. The GACP II investment was made in 2018, and as such, the 2017, 2016 and 2015 ratios were not affected.
- (7) Annualized except for organization expenses.
- (8) Annualized.
- (9) Asset coverage ratio is equal to (i) the sum of (A) net assets at end of period and (B) total debt outstanding at end of period, divided by (ii) total debt outstanding at the end of the period.

Note 13. Selected Quarterly Financial Data (Unaudited)

	Quarter Ended December 31, 2018	Quarter Ended September 30, 2018	Quarter Ended June 30, 2018	Quarter Ended March 31, 2018
Investment income	\$ 10,509,444	\$ 8,723,747	\$ 7,250,952	\$ 6,810,981
Total expenses	4,426,445	3,848,527	3,503,981	3,666,888
Net investment income before taxes	6,082,999	4,875,220	3,746,971	3,144,093
Income and excise taxes	113,743	880	7,600	(779)
Net investment income after taxes	5,969,256	4,874,340	3,739,371	3,144,872
Net realized and unrealized gains	(7,670,751)	(81,928)	(1,438,596)	(334,211)
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	(105,053)	11,775	(25,907)	31,406
Net increase in net assets resulting from operations after tax	\$ (1,806,548)	\$ 4,804,187	\$ 2,274,868	\$ 2,842,067
Net investment income per share (basic and diluted)	\$ 0.47	\$ 0.43	\$ 0.38	\$ 0.36
Net increase in net assets resulting from operations per share (basic and diluted)	\$ (0.14)	\$ 0.42	\$ 0.23	\$ 0.32
Weighted average shares outstanding	12,724,993	11,394,307	9,902,467	8,805,686
Net asset value per share	\$ 19.43	\$ 19.97	\$ 19.93	\$ 20.08
	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended June 30, 2017	Quarter Ended March 31, 2017
Investment income	\$ 6,348,868	\$ 6,186,137	\$ 5,291,948	\$ 4,464,724
Total expenses	3,467,413	3,330,110	3,017,321	2,543,794
Net investment income before taxes	2,881,455	2,856,027	2,274,627	1,920,930
Income and excise taxes	23,785	—	1,600	89
Net investment income after taxes	2,857,670	2,856,027	2,273,027	1,920,841
Net realized and unrealized gains	(2,823,346)	(124,870)	698,365	1,614,621
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	162,996	(380,145)	—	—
Net increase in net assets resulting from operations after tax	\$ 197,320	\$ 2,351,012	\$ 2,971,392	\$ 3,535,462
Net investment income per share (basic and diluted)	\$ 0.35	\$ 0.36	\$ 0.31	\$ 0.28
Net increase in net assets resulting from operations per share (basic and diluted)	\$ 0.03	\$ 0.30	\$ 0.40	\$ 0.52
Weighted average shares outstanding	8,195,337	7,848,043	7,446,092	6,741,198
Net asset value per share	\$ 20.10	\$ 20.40	\$ 20.41	\$ 20.30

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	Quarter Ended December 31, 2016	Quarter Ended September 30, 2016	Quarter Ended June 30, 2016	Quarter Ended March 31, 2016
Investment income	\$ 5,018,071	\$ 3,456,059	\$ 2,903,519	\$ 2,510,128
Total expenses	2,402,654	1,873,387	1,765,906	1,436,071
Net investment income before taxes	2,615,417	1,582,672	1,137,613	1,074,057
Income taxes	—	800	—	800
Net investment income after taxes	2,615,417	1,581,872	1,137,613	1,073,257
Net realized and unrealized gains	1,738,326	1,622,872	1,883,598	115,738
Benefit/(Provision) for taxes on unrealized appreciation (depreciation) on investments	—	—	—	—
Net increase in net assets resulting from operations after tax	\$ 4,353,743	\$ 3,204,744	\$ 3,021,211	\$ 1,188,995
Net investment income per share (basic and diluted)	\$ 0.43	\$ 0.29	\$ 0.23	\$ 0.25
Net increase in net assets resulting from operations per share (basic and diluted)	\$ 0.72	\$ 0.58	\$ 0.62	\$ 0.28
Weighted average shares outstanding	6,085,231	5,510,123	4,881,504	4,276,179
Net asset value per share	\$ 20.08	\$ 19.77	\$ 19.49	\$ 19.15

Note 14. Subsequent Events

The Company's management evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. Other than the items below, there have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the consolidated financial statements as of December 31, 2018 and for the year ended December 31, 2018.

The Company issued common shares and received gross proceeds of approximately \$26 million subsequent to December 31, 2018.

CBDC Senior Loan Fund LLC (Senior Loan Fund), an unconsolidated Delaware limited liability company, was formed on September 26, 2018. On January 11, 2019, the Company, along with Masterland Enterprise Holdings Ltd. (Masterland), executed an amended and restated LLC agreement for the Senior Loan Fund. The Senior Loan Fund's principal purpose is to make investments, either directly or indirectly through its wholly owned subsidiary, CBDC Senior Loan Sub LLC. The Senior Loan Fund is managed by a four member board of managers, on which the Company and Masterland have equal representation. Investment decisions generally must be unanimously approved by a quorum of the board of managers. The Company and Masterland have each committed to fund \$40 million to the Senior Loan Fund. The Senior Loan Fund commenced investment operations in March 2019 and the Company has funded \$17.5 million of its \$40 million commitment.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 under the Securities Exchange Act of 1934). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them to material information relating to the Company that is required to be disclosed by the Company in the reports we file or submit under the Securities Exchange Act of 1934.

There have been no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2019 annual meeting of stockholders. The Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Exchange Act.

ITEM 11. EXECUTIVE COMPENSATION

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2019 annual meeting of stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2019 annual meeting of stockholders.

ITEM 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTION, AND DIRECTOR INDEPENDENCE

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2019 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information in response to this item is incorporated by reference from our Proxy Statement relating to our 2019 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report:

1. Financial Statements—Financial statements are included in Item 8. See the Index to the Consolidated Financial Statements on pageF-1 of this annual report on Form 10-K.
2. Financial Statement Schedules—None. We have omitted financial statements schedules because they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes to the consolidated financial statements included in this annual report on Form 10-K.
3. Exhibits—The following is a list of all exhibits filed as a part of this annual report on Form 10-K, including those incorporated by reference.
- 3.1 [Amended and Restated Certificate of Incorporation \(incorporated by reference to Exhibit 3.1 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 3.2 [Bylaws \(incorporated by reference to Exhibit 3.2 to the Company’s Registration Statement on Form 10 \(File No.000-55380\) filed on June 5, 2015\).](#)
- 4.1 [Dividend Reinvestment Plan \(incorporated by reference to Exhibit 10.6 to the Company’s Registration Statement on Form 10 \(File No.000-55380\) filed on June 5, 2015\).](#)
- 10.1 [Investment Advisory Agreement, dated June 2, 2015, by and between the Company and the Advisor \(incorporated by reference to Exhibit 10.1 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.2 [Administration Agreement, dated June 2, 2015, by and between the Company and the Administrator \(incorporated by reference to Exhibit 10.2 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.3 [Trademark License Agreement, dated April 30, 2015, by and between the Company and CCG LP \(incorporated by reference to Exhibit 10.3 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.4 [Form of Advisory Fee Waiver Agreement by and between the Company and the Advisor \(incorporated by reference to Exhibit 10.4 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.5 [Form of Subscription Agreement \(incorporated by reference to Exhibit 10.5 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.6 [Custodian Agreement by and between the Company and State Street Bank and Trust Company \(incorporated by reference to Exhibit 10.7 to the Company’s Registration Statement on Form 10 \(File No. 000-55380\) filed on June 5, 2015\).](#)
- 10.7 [Revolving Credit Agreement, dated June 29, 2015, among the Company, as Borrower, Natixis, New York Branch, as Administrative Agent and Lender \(incorporated by reference to Exhibit 3.2 to the Company’s Registration Statement on Form 8-K filed on July 2, 2015\).](#)
- 10.8 [Loan and Security Agreement, dated March 28, 2016, among the Company as the Collateral Manager, Seller and Equityholder, Crescent Capital BDC Funding, LLC as the Borrower, the banks and other financial institutions from time to time party thereto as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, and Lender \(incorporated by reference to Exhibit 10.1 to the Company’s copy of the Loan and Security Agreement on Form 8-K filed on March 28, 2016\).](#)
- 10.9 [Revolving Credit Agreement, dated June 29, 2017, among the Company, as Borrower, Capital One, National Association, as Administrative Agent, Lead Arranger, Managing Agent and Committed Lender \(incorporated by reference to Exhibit 10.1 to the Company’s Registration Statement on Form 8-K filed on June 30, 2017\).](#)
- 10.10 [First Amendment to Revolving Credit Agreement, dated June 29, 2018, among the Company, as Borrower, Capital One, National Association, as Administrative Agent, Lead Arranger, Managing Agent and Committed Lender \(incorporated by reference to Exhibit 10.10 to the Company’s current report on Form 10-Q filed on August 10, 2018\).](#)

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- 10.11 [Amended and Restated Advisory Fee Waiver Agreement, dated August 7, 2018, by and between the Company and the Advisor \(incorporated by reference to Exhibit 10.11 to the Company's current report on Form 10-Q filed on August 10, 2018\).](#)
- 10.12 [Second Amendment to Loan and Security Agreement, dated September 28, 2018, among the Company as the Collateral Manager, Seller and Equityholder, Crescent Capital BDC Funding, LLC as the Borrower, the banks and other financial institutions from time to time party thereto as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, and Lender \(incorporated by reference to Exhibit 10.12 to the Company's current report on Form 10-Q filed on November 9, 2018\).](#)
- 24 [Power of attorney \(included on the signature page hereto\).](#)
- 31.1 [Certification of Chief Executive Officer, Pursuant to Rule 13a-14\(a\), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 31.2 [Certification of Chief Financial Officer, Pursuant to Rule 13a-14\(a\), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)
- 32 [Certification of Chief Executive Officer and Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(filed herewith\).](#)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Crescent Capital BDC, INC.

Date: March 22, 2019

By: /s/ Jason A. Breaux
Jason A. Breaux
Chief Executive Officer

Date: March 22, 2019

By: /s/ Mike L. Wilhelms
Mike L. Wilhelms
Chief Financial Officer

Each person whose signature appears below constitutes and appoints Jason A Breaux, Mike L. Wilhelms, George P. Hawley, Joseph A. Hanlon and Jonathan R. Insull, and each of them, such person's true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities, to sign one or more Annual Reports on Form 10-K for the fiscal year ended December 31, 2018, and any and all amendments thereto, and to file same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and each of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 22, 2019.

<u>Signature</u>	<u>Title</u>
<u>/s/ Jason A. Breaux</u> Jason A. Breaux	Chief Executive Officer
<u>/s/ Mike L. Wilhelms</u> Mike L. Wilhelms	Chief Financial Officer
<u>/s/ George G. Strong, Jr.</u> George G. Strong, Jr.	Director and Chairman of the Audit Committee
<u>/s/ Steven F. Strandberg</u> Steven F. Strandberg	Director
<u>/s/ Michael S. Segal</u> Michael S. Segal	Director

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Jason A. Breaux, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Crescent Capital BDC, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2019

By: /s/ Jason A. Breaux
Jason A. Breaux
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Mike L. Wilhelms, certify that:

- (1) I have reviewed this Annual Report on Form 10-K of Crescent Capital BDC, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2019

By: /s/ Mike L. Wilhelms
Mike L. Wilhelms
Chief Financial Officer

**Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Crescent Capital BDC, Inc. (the "Company") for the year ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, does hereby certify, to the best of such officer's knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason A. Breaux

Name: Jason A. Breaux
Title: Chief Executive Officer
Date: March 22, 2019

/s/ Mike L. Wilhelms

Name: Mike L. Wilhelms
Title: Chief Financial Officer
Date: March 22, 2019