



# TCG BDC INVESTOR PRESENTATION

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JUNE 2020

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**THE CARLYLE GROUP**

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TCG BDC is managed by Carlyle Global Credit Investment Management L.L.C. (the "Investment Adviser"), an SEC-registered investment adviser and a wholly owned subsidiary of The Carlyle Group Inc. (together with its affiliates, "Carlyle").

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# TCG BDC Is A Premier Publicly Traded U.S. Business Development Company

## TCG BDC Overview

- Middle-market lending focused BDC externally managed by The Carlyle Group <sup>(1)</sup>
- Current market capitalization of \$517 million<sup>(2)</sup> (NASDAQ listed; ticker: CGBD)
- Track record of consistent dividend delivery to shareholders – LTM dividend yield on quarter-end net asset value ("NAV") of 12.3%

## Investment Strategy

- Directly originate private credit investments, with a focus on U.S. private equity finance
- Maintain appropriately diversified, defensively oriented portfolio of primarily senior secured debt instruments
- Utilize Carlyle's extensive platform resources to generate differentiated results for TCG BDC shareholders

## Defensively Positioned Portfolio

- Well-diversified by issuer and industry: top 10 borrowers and top 3 industries 21% and 30% of exposure, respectively
- Heavy portfolio tilt to 1st lien loans: historically 70% of portfolio, of which, >90% contain a financial covenant <sup>(3)</sup>
- Approximately half the exposure of broader markets to cyclical industries

## Benefits of Carlyle

- Founded in 1987, Carlyle is a leading global investment firm with \$217 bn of AUM
- Carlyle's Global Credit segment, with \$49 bn of AUM, has a 20-year track record of successful credit investing
- Carlyle's broad capabilities, scaled capital base and depth of expertise create sustainable competitive advantages across market environments

Source: The Carlyle Group Inc. As of March 31, 2020 unless otherwise stated.

(1) TCG BDC is externally managed by the Investment Adviser, which is a wholly-owned subsidiary of The Carlyle Group Inc. (2) As of June 1, 2020 (3) LTM average of approximately 70% of fair value, and excludes loans categorized as first lien last out.

# Recent Results Highlight The Strength of TCG BDC Platform

## 1<sup>st</sup> Quarter Results

- Net investment income per share was \$0.42, and has exceeded the regular \$0.37 quarterly dividend each quarter since TCG BDC's IPO
- Net realized and unrealized losses totaled \$145 million, or approximately \$2.57 per share
- NAV per share declined 14.4% to \$14.18 (from \$16.56 at 4Q19), driven principally by the mark-to-market impact of widening pricing benchmarks

## Portfolio & Investment Activity

- Total investments at fair value down to \$2.0 billion from \$2.1 billion last quarter
- New fundings totaled \$328 million with a yield of 9.95%
- Repayment/sale activity totaled \$288 million with a yield of 8.95%
- Robust financing environment slowed materially in March, leading to slowing origination and repayment activity

## Dividend & Capital Activity

- Paid Q1 regular dividend of \$0.37, resulting in a LTM dividend yield of 12.3% based on quarter-end NAV
- Continued share repurchase pace with an additional 1.46 million shares, or \$16.0 million in the quarter, which contributed \$0.14 per share in NAV accretion
- Since quarter end, we have taken proactive actions – including select asset sales and issuance of \$50 million in preferred equity – to reestablish net leverage within target range of 1.0-1.4x and further strengthen our balance sheet

# Active Approach To Balance Sheet Management Positions CGBD To Perform In An Uncertain Environment

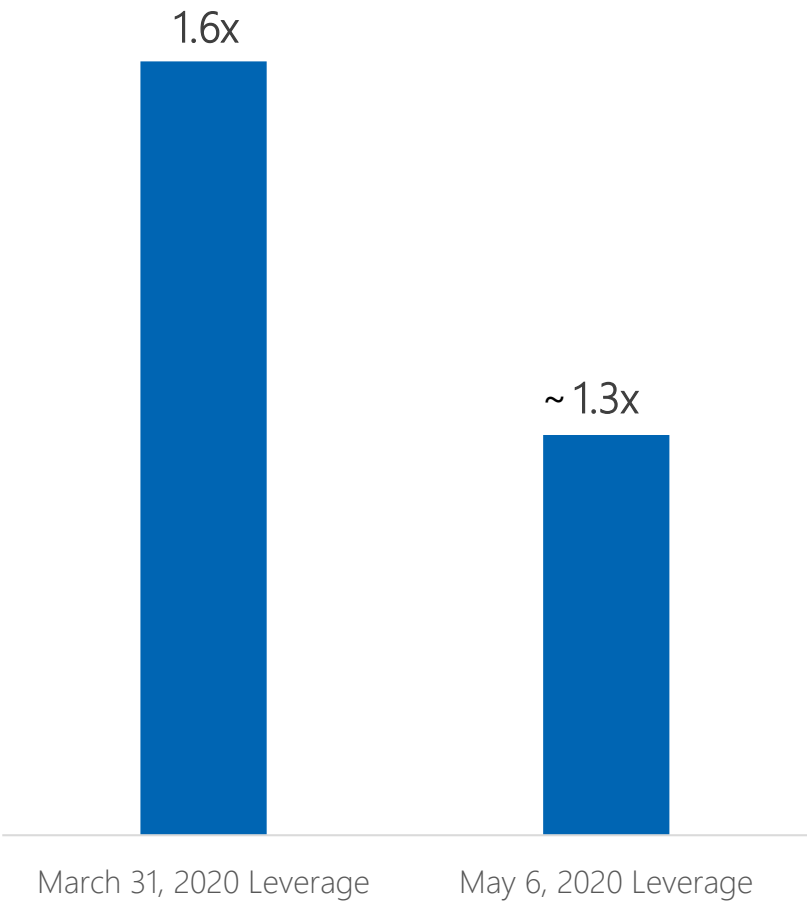
## Actions Taken Since Quarter End...

- Actively sold over \$150 million of assets at attractive valuations and used the proceeds to reduce outstanding debt
- Raised \$50 million of preferred equity on compelling terms, further enhancing balance sheet flexibility without significant dilution



These actions have allowed CGBD to rapidly re-establish net financial leverage<sup>1</sup> within our target range of 1.0x-1.4x despite the Q1 2020 mark to market impact

## ...Positively Impacted CGBD's Leverage Ratio

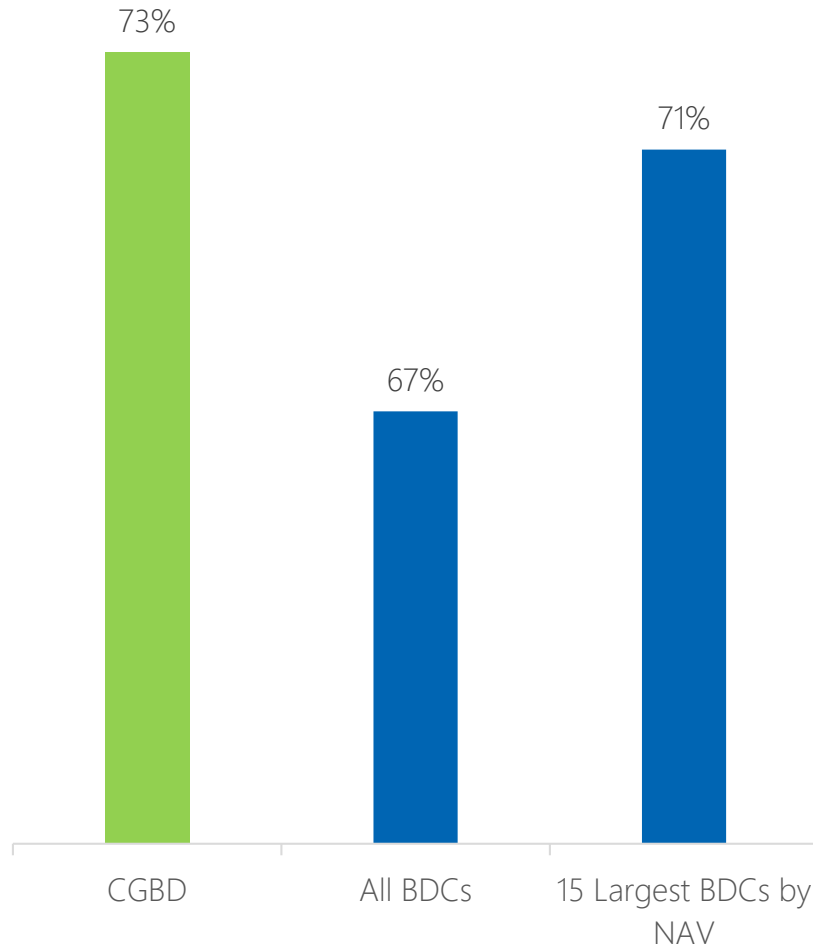


*Note: Leverage used within is based on Generally Accepted Accounting Principles for purposes of calculation*

# CGBD Manages A Senior, First Lien Centric Portfolio

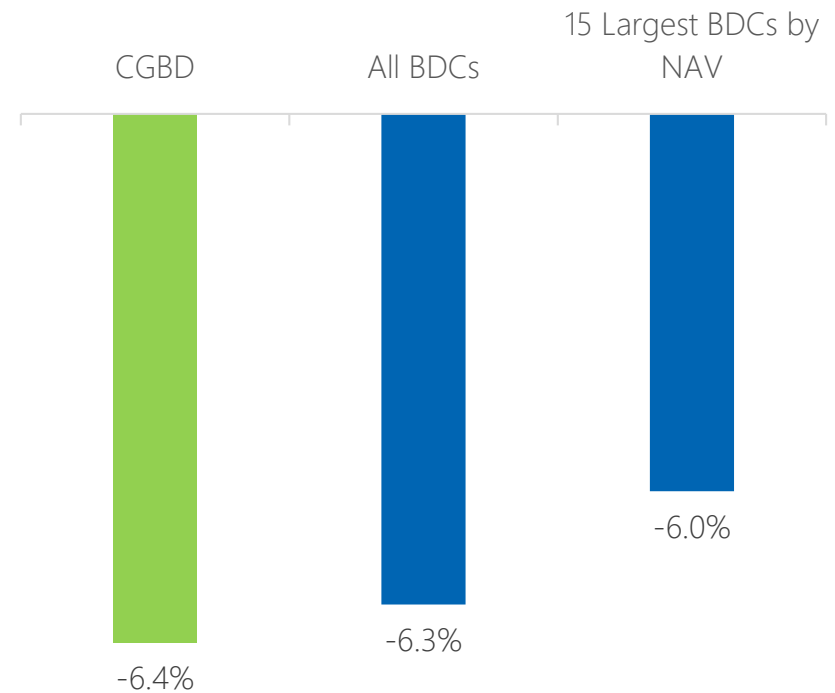
## CGBD Portfolio Weighted More Heavily to 1L

% of First Lien Securities in Investment Portfolio



## Similar First Quarter Credit Performance

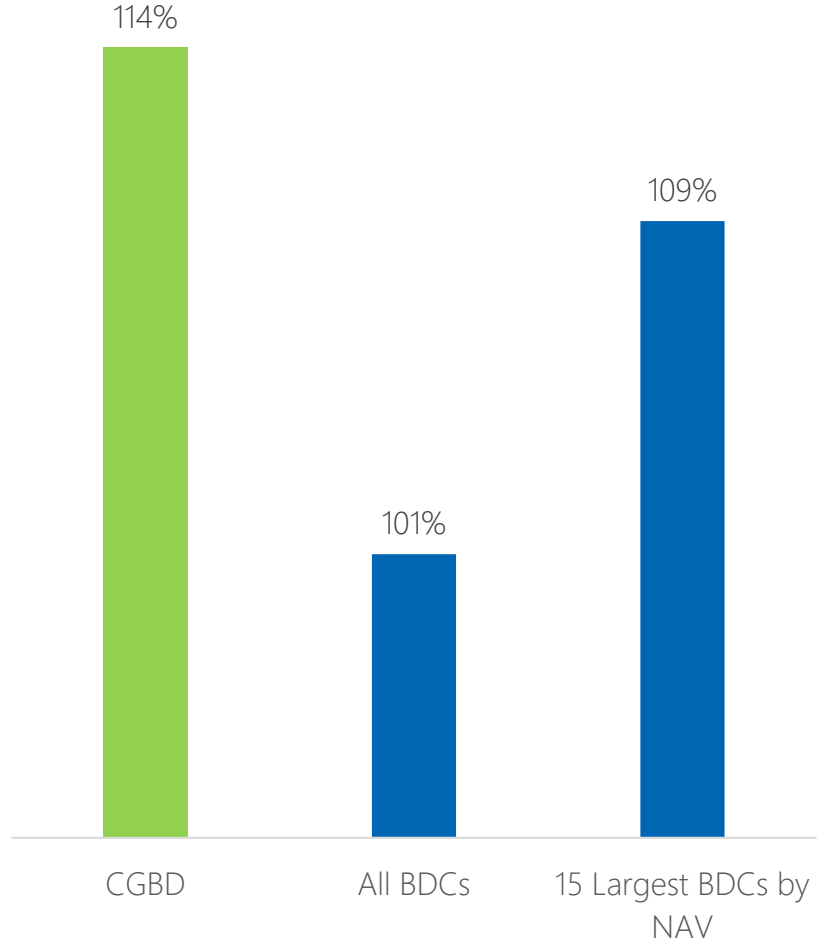
Reflects change in the ratio of fair value to cost during Q1



# CGBD Well Positioned Entering The Crisis From a Dividend Generation Perspective

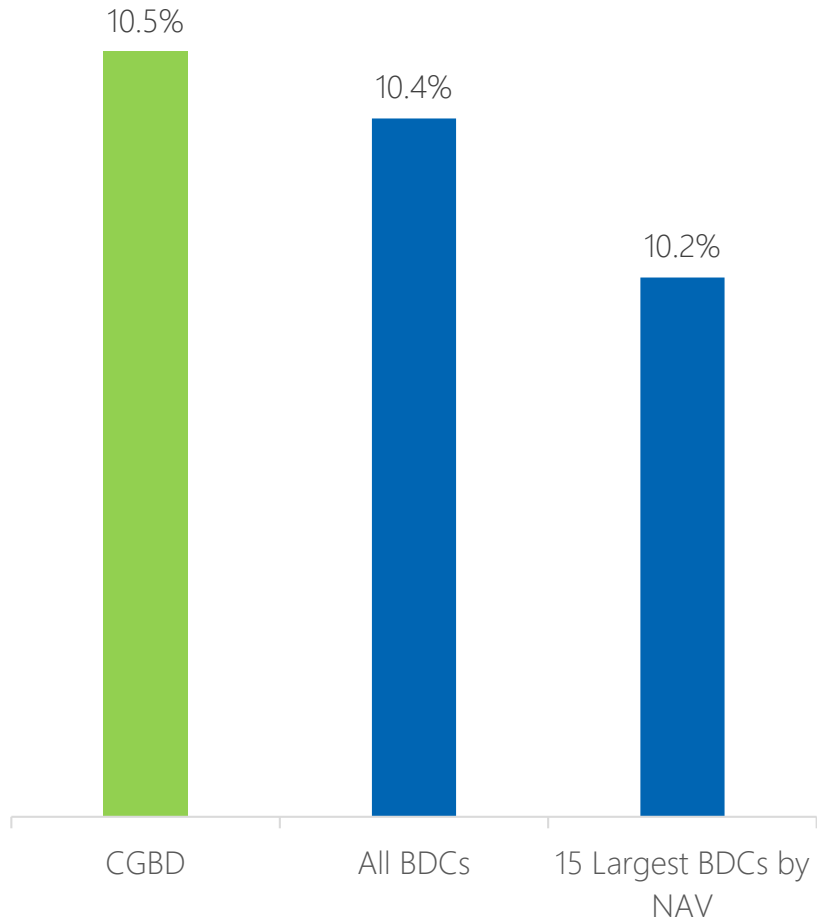
## 1Q Dividend Coverage Ahead Of Peers

NII/Share as a % of regular dividend, as of Q1 2020



## 1Q20 Dividend Yield on NAV In-Line With Group

Annualized regular dividend to Q1 2020 NAV

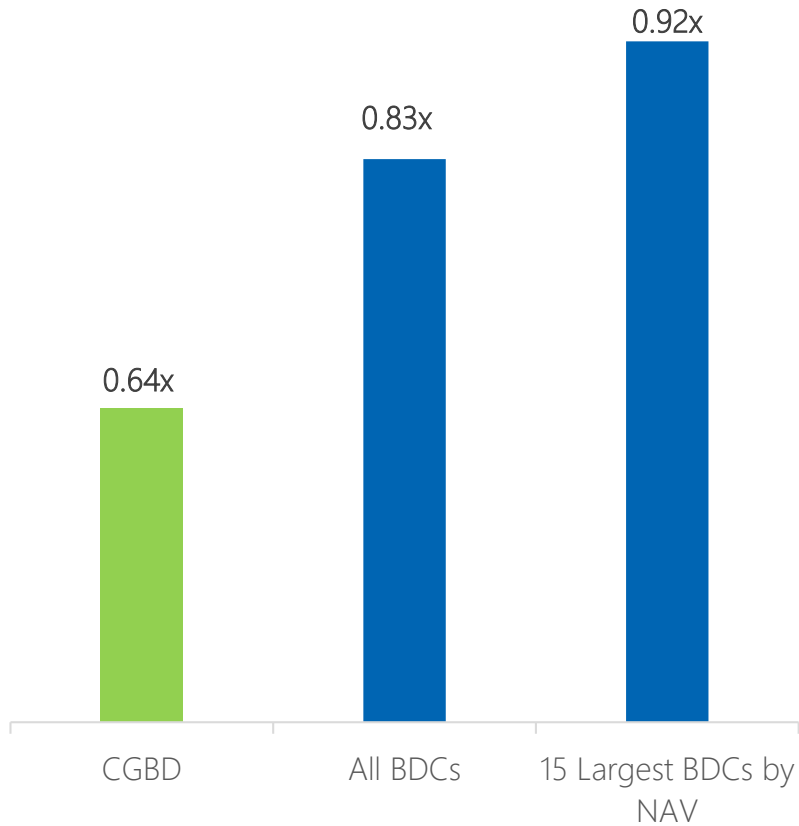


Source: Factset, company reports. Note: Note: 15 largest BDCs by NAV include AINV, ARCC, BCSF, CGBD, FSK, GBDC, HTGC, MAIN, NMFC, OCSL, ORCC, PSEC, SLRC, TCPC, TSLX.

# CGBD Stock Offers Material Upside In Current Environment

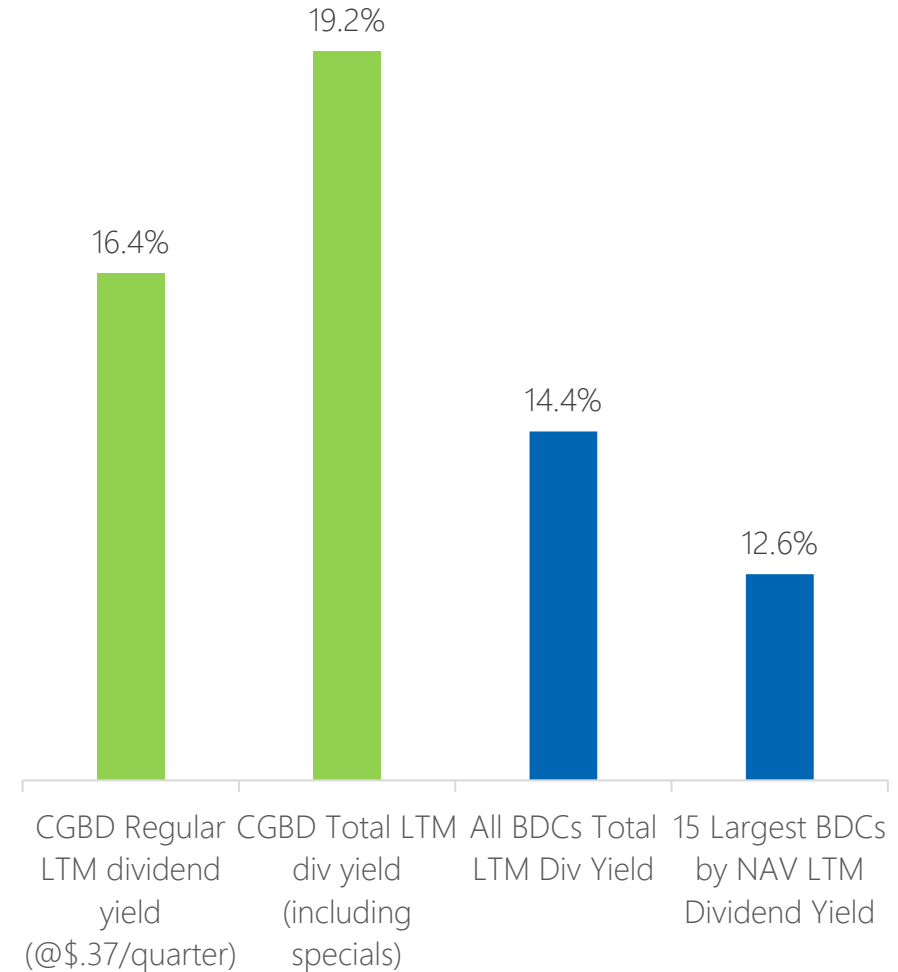
## CGBD Trades At A Material Discount To Group

Current share price to Q1 2020 Net Asset Value/Share



## CGBD LTM Dividend Yield Higher Than Peers

Dividend to current share price



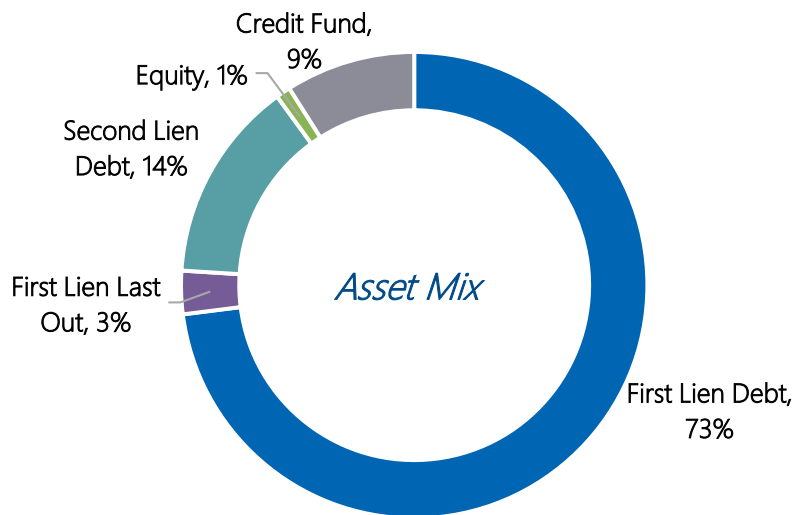


# TCG BDC 1Q20 FINANCIAL RESULTS

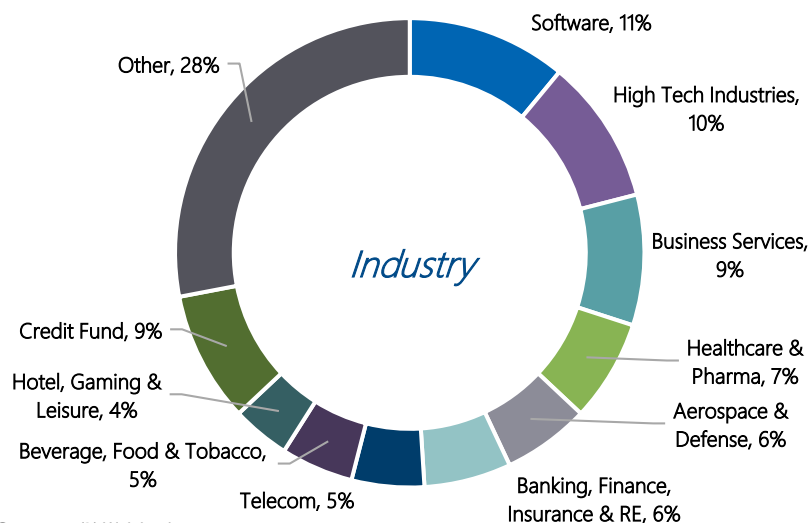
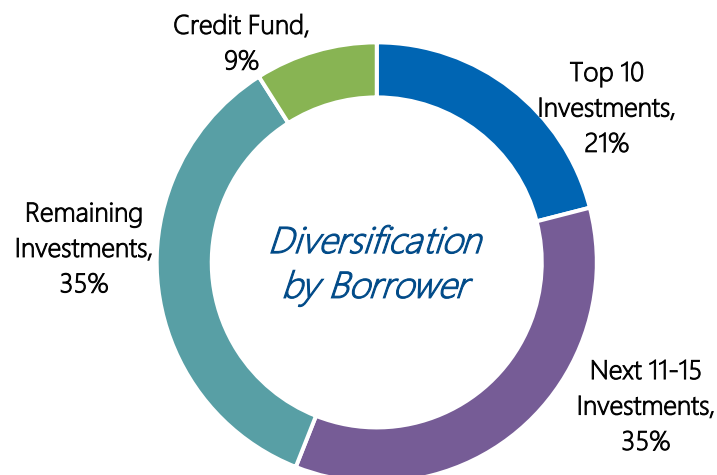
# CGBD Investment Portfolio Highlights

## Key Statistics <sup>(1)</sup>

|  |              |
|--|--------------|
| Total Investments and Commitments (\$mm)                   | \$2,128      |
| Unfunded Commitments <sup>(1)</sup> (\$mm)                 | \$104        |
| Investments at Fair Value (\$mm)                           | \$2,024      |
| Yield of Debt Investments at Cost <sup>(2)</sup> (%)       | 7.74%        |
| Yield of Debt Investments at Fair Value <sup>(2)</sup> (%) | 8.56%        |
| Number of Investments                                      | 138          |
| Number of Portfolio Companies                              | 110          |
| Floating / Fixed <sup>(3)</sup> (%)                        | 99.2% / 0.8% |



## Portfolio Composition <sup>(1)</sup>



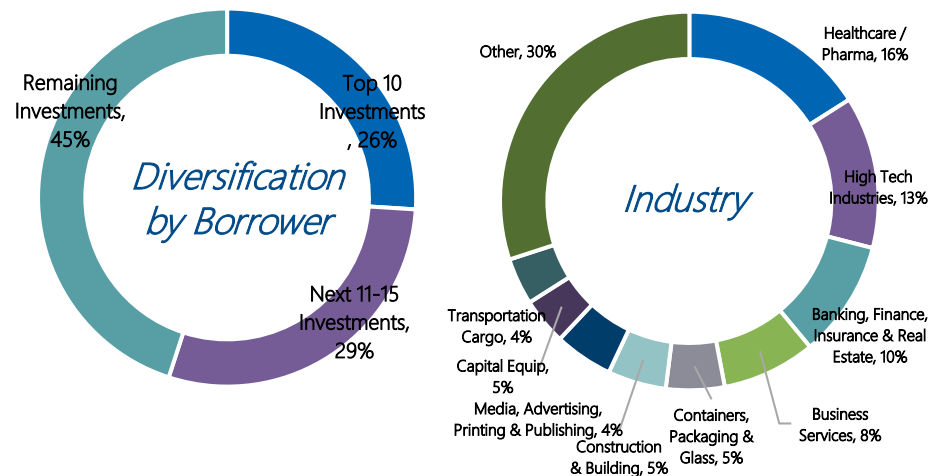
<sup>(1)</sup> Excludes the Company's commitments to fund capital to Middle Market Credit Fund, LLC ("Credit Fund"), which is not consolidated with the Company. <sup>(2)</sup> Weighted average yields of the debt investments include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of period end. Actual yields earned over the life of each investment could differ materially from the yields presented above. Weighted average yields for TCG BDC do not include TCG BDC's investment in Credit Fund. <sup>(3)</sup> % of fair value of first and second lien debt.

# Credit Fund Update (9% of TCG BDC Portfolio)

## Credit Fund Key Statistics

|  |              |
|--|--------------|
| Total Investments and Commitments (\$mm)     | \$1,258      |
| Unfunded Commitments (\$mm)                  | \$59         |
| Investments at Fair Value (\$mm)             | \$1,199      |
| Yield of Debt Investments (%) <sup>(1)</sup> | 6.01%        |
| Number of Investments                        | 63           |
| First Lien Exposure (%) <sup>(2)</sup>       | 96%          |
| Floating / Fixed (%) <sup>(3)</sup>          | 98.2% / 1.8% |
| Dividend Yield to TCG BDC                    | 11%          |

## Portfolio Composition



(Dollar amounts in thousands and based on par/principal)

Q1 2019      Q2 2019      Q3 2019      Q4 2019      Q1 2020

## Credit Fund Originations and Net Investment Activity

|                                  |               |                 |                 |                 |              |
|----------------------------------|---------------|-----------------|-----------------|-----------------|--------------|
| Investment Fundings              | 137,478       | \$ 121,117      | 93,821          | 139,134         | 179,383      |
| Unfunded Commitments, Net Change | 13,655        | (16,635)        | 1,429           | 11,101          | (33,615)     |
| Sales and Repayments             | (58,312)      | (43,351)        | (154,969)       | (165,292)       | (141,762)    |
| <b>Net Investment Activity</b>   | <b>92,821</b> | <b>\$61,131</b> | <b>(59,719)</b> | <b>(15,057)</b> | <b>4,006</b> |

(1) Weighted average yields at cost of the debt investments include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of period end. Actual yields earned over the life of each investment could differ materially from the yields presented above. (2) First lien, excluding loans categorized as first lien last out, as a % of fair value. (3) % of fair value of first and second lien debt.

# Financial Performance Summary

(Dollar amounts in thousands, except per share data)

|   | Q1 2019            | Q2 2019            | Q3 2019            | Q4 2019            | Q1 2020            |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Net Investment Income Per Share   | \$ 0.45            | \$ 0.46            | \$0.45             | \$0.43             | \$0.42             |
| Net Realized & Unrealized Appreciation (Depreciation) Per Share               | 0.09               | (0.29)             | (0.60)             | 0.02               | (2.57)             |
| Net Income (Loss) Per Share   | 0.54               | 0.16               | (0.15)             | 0.46               | (2.15)             |
| Dividends Paid Per Share  | 0.37               | 0.45               | 0.37               | 0.55               | 0.37               |
| Impact of Share Repurchases Per Share   | 0.04               | 0.04               | 0.04               | 0.06               | 0.14               |
| <b>Net Asset Value Per Share</b>  | <b>\$ 17.30</b>    | <b>\$17.06</b>     | <b>\$16.58</b>     | <b>\$16.56</b>     | <b>\$14.18</b>     |
| Weighted Average Shares Outstanding for the Period (in thousands)             | 61,773             | 60,596             | 59,588             | 58,785             | 57,112             |
| Shares Outstanding at End of Period (in thousands)                            | 61,272             | 60,182             | 59,013             | 57,764             | 56,309             |
| Total Fair Value of Investments   | \$ 2,155,209       | \$ 2,075,614       | \$2,126,688        | \$2,123,964        | \$2,024,277        |
| Number of Portfolio Companies   | 103                | 106                | 110                | 112                | 110                |
| Average Size of Investment in Portfolio Company (Notional) <sup>(1)</sup>     | \$ 21,880          | \$ 20,563          | \$20,828           | \$19,848           | \$18,403           |
| Weighted Average all-in Yield on Investments at Amortized Cost <sup>(2)</sup> | 9.51 %             | 8.97 %             | 8.88 %             | 8.22 %             | 7.74 %             |
| Weighted Average all-in Yield on Investments at Fair Value <sup>(2)</sup>     | 9.85 %             | 9.32 %             | 9.33 %             | 8.50 %             | 8.56 %             |
| <b>Net Assets</b>   | <b>\$1,060,187</b> | <b>\$1,026,592</b> | <b>\$978,601</b>   | <b>\$956,471</b>   | <b>\$798,534</b>   |
| <b>Debt</b>   | <b>\$1,107,064</b> | <b>\$1,095,563</b> | <b>\$1,202,739</b> | <b>\$1,177,832</b> | <b>\$1,262,960</b> |
| <b>Debt To Equity at Quarter End</b>  | <b>1.04x</b>       | <b>1.07x</b>       | <b>1.23x</b>       | <b>1.23x</b>       | <b>1.58x</b>       |

Note: The net asset value per share and dividends declared per share are based on the shares outstanding at each respective quarter-end. Net investment income per share and net change in realized and unrealized appreciation (depreciation) per share are based on the weighted average number of shares outstanding for the period.

(1) For equity investments with no stated par amount, includes total funded amount. (2) Weighted average yields include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of each respective period end. Actual yields earned over the life of each investment could differ materially from the yields presented above.

# Origination Activity Detail

(Dollar amounts in thousands and based on par/principal)

|  | Q1 2019           | Q2 2019            | Q3 2019          | Q4 2019            | Q1 2020        |
|--|-------------------|--------------------|------------------|--------------------|----------------|
| <b>TCG BDC Originations and Net Investment Activity</b>                |                   |                    |                  |                    |                |
| Investment Fundings  | \$ 249,713        | \$ 231,361         | \$ 237,004       | \$ 289,763         | 328,119        |
| Unfunded Commitments, Net Change                                       | (6,772)           | 24,789             | 719              | (23,963)           | (45,902)       |
| Sales and Repayments   | (69,866)          | (305,398)          | (165,672)        | (319,882)          | (288,190)      |
| <b>Net Investment Activity</b>   | <b>\$ 173,075</b> | <b>\$ (49,248)</b> | <b>\$ 72,051</b> | <b>\$ (54,082)</b> | <b>(5,973)</b> |
| <b>TCG BDC Originations by Asset Type</b>                              |                   |                    |                  |                    |                |
| First Lien Debt  | 65.58 %           | 74.65 %            | 68.10 %          | 87.80 %            | 43.87 %        |
| First Lien, Last-out Unitranche Debt                                   | 10.89 %           | 7.64 %             | 12.25 %          | 3.50 %             | — %            |
| Second Lien Debt   | 22.51 %           | 17.43 %            | 19.32 %          | 7.92 %             | 50.03 %        |
| Equity Investments   | 1.02 %            | 0.29 %             | 0.33 %           | 0.78 %             | 6.10 %         |
| <b>TCG BDC Total Investment Portfolio at Fair Value <sup>(1)</sup></b> |                   |                    |                  |                    |                |
| First Lien Debt  | 67.84 %           | 69.51%             | 68.05 %          | 74.63 %            | 73.02 %        |
| First Lien, Last-out Unitranche Debt                                   | 9.34 %            | 10.08%             | 10.04 %          | 3.68 %             | 2.79 %         |
| Second Lien Debt   | 10.62 %           | 9.79%              | 10.92 %          | 11.04 %            | 13.59 %        |
| Equity Investments   | 1.32 %            | 1.40%              | 1.44 %           | 1.02 %             | 1.45 %         |
| Investment Fund / Credit Fund  | 10.88 %           | 9.22%              | 9.55 %           | 9.63 %             | 9.15 %         |

Please refer to the Company's Form 10-Q for the period ended March 31, 2020 ("Form 10-Q") for more information. No assurance is given that the Company will continue to achieve comparable results.

(1) At quarter end.

# Quarterly Balance Sheet Detail

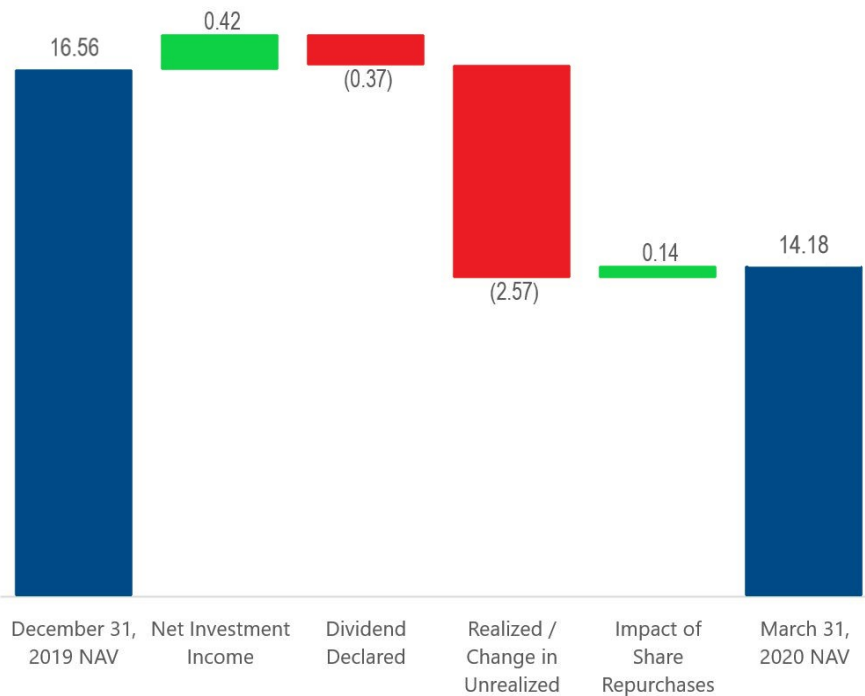
(Dollar amounts in thousands, except per share data)

|   | Q1 2019            | Q2 2019            | Q3 2019            | Q4 2019            | Q1 2020            |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>   |                    |                    |                    |                    |                    |
| Investments—non-controlled/non-affiliated, at fair value                      | \$1,899,537        | \$1,840,979        | \$1,893,216        | \$1,897,057        | \$1,826,422        |
| Investments—non-controlled/affiliated, at fair value                          | 21,081             | 20,925             | 6,607              | —                  | —                  |
| Investments—controlled/affiliated, at fair value                              | 234,591            | 213,710            | 226,865            | 226,907            | 197,855            |
| Total investments, at fair value  | 2,155,209          | 2,075,614          | 2,126,688          | 2,123,964          | 2,024,277          |
| Cash and cash equivalents   | 40,071             | 62,324             | 70,281             | 36,751             | 65,525             |
| Receivable for investment sold  | —                  | 14,854             | 5,725              | 6,162              | 15,655             |
| Deferred financing costs  | 4,069              | 4,869              | 4,687              | 4,032              | 4,026              |
| Interest Receivable from Non-Controlled/Non-Affiliated/Affiliated Investments | 7,666              | 8,300              | 11,561             | 9,462              | 10,406             |
| Interest and Dividend Receivable from Controlled/Affiliated Investments       | 7,256              | 6,652              | 6,951              | 6,845              | 6,350              |
| Prepaid expenses and other assets   | 8                  | 143                | 97                 | 317                | 587                |
| <b>Total assets</b>   | <b>\$2,214,279</b> | <b>\$2,172,756</b> | <b>\$2,225,990</b> | <b>\$2,187,533</b> | <b>\$2,126,826</b> |
| <b>Liabilities</b>  |                    |                    |                    |                    |                    |
| Payable for investments purchased   | \$—                | \$—                | \$11               | \$—                | \$24,345           |
| Secured borrowings  | 660,959            | 649,397            | 756,511            | 616,543            | 701,609            |
| 2015-1 Notes payable, net of unamortized debt issuance costs                  | 446,105            | 446,166            | 446,228            | 446,289            | 446,351            |
| Senior Notes  | —                  | —                  | —                  | 115,000            | 115,000            |
| Due to Investment Adviser   | 169                | 228                | 142                | —                  | —                  |
| Interest and credit facility fees payable                                     | 7,994              | 7,563              | 7,680              | 6,764              | 6,100              |
| Dividend payable  | 22,681             | 27,082             | 21,825             | 31,760             | 20,824             |
| Base management and incentive fees payable                                    | 13,531             | 13,846             | 13,726             | 13,236             | 12,333             |
| Administrative service fees payable   | 139                | 128                | 66                 | 77                 | 98                 |
| Other accrued expenses and liabilities  | 2,514              | 1,754              | 1,200              | 1,393              | 1,632              |
| <b>Total liabilities</b>  | <b>1,154,092</b>   | <b>1,146,164</b>   | <b>1,247,389</b>   | <b>1,231,062</b>   | <b>1,328,292</b>   |
| <b>Net assets</b>   | <b>1,060,187</b>   | <b>1,026,592</b>   | <b>978,601</b>     | <b>956,471</b>     | <b>798,534</b>     |
| <b>Total liabilities &amp; net assets</b>                                     | <b>\$2,214,279</b> | <b>\$2,172,756</b> | <b>\$2,225,990</b> | <b>\$2,187,533</b> | <b>\$2,126,826</b> |
| <b>Net Asset Value Per Share</b>  | <b>\$17.30</b>     | <b>\$17.06</b>     | <b>\$16.58</b>     | <b>\$16.56</b>     | <b>\$14.18</b>     |

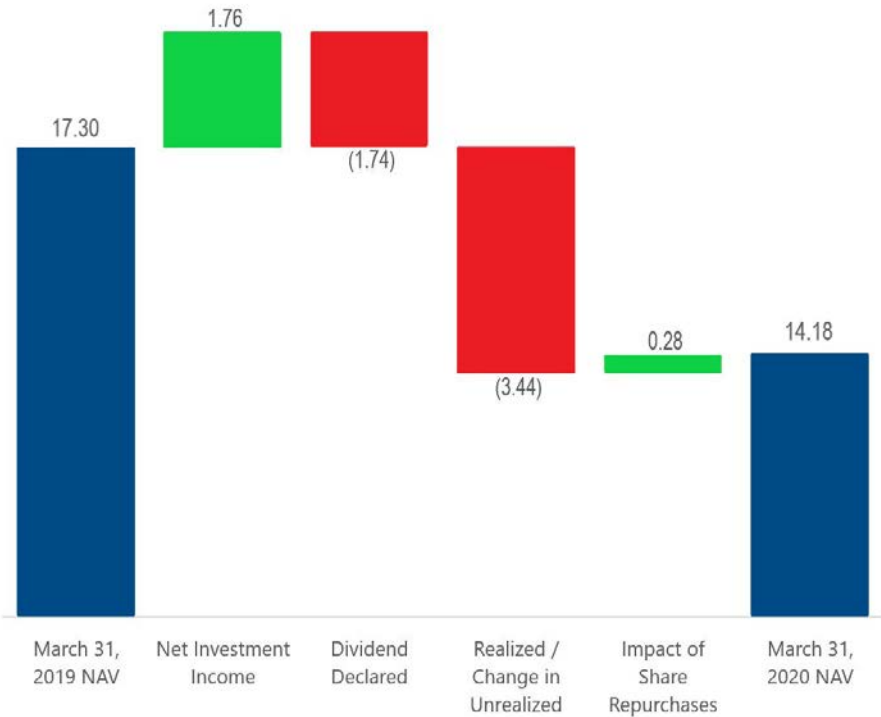
Please refer to the Company's Form 10-Q for more information.

# Net Asset Value Per Share Bridge

## First Quarter 2020



## LTM 1Q 2020



*Note: The net asset value per share and dividends declared per share are based on the shares outstanding at each respective quarter-end. Net investment income per share and net change in realized and unrealized appreciation (depreciation) per share are based on the weighted average number of shares outstanding for the period. The sum of the individual numbers may not add up due to rounding.*

## Risk Rating Distribution

- As of March 31, 2020, 5 borrowers were on non-accrual status, representing 2.2% of total investments at fair value and 5.4% at amortized cost

### Portfolio Risk Ratings

(Dollar amounts in millions)

| Internal Risk Rating | September 30, 2019 |                 | December 31, 2019 |                 | March 31, 2020   |                 |
|----------------------|--------------------|-----------------|-------------------|-----------------|------------------|-----------------|
|                      | Fair Value         | % of Fair Value | Fair Value        | % of Fair Value | Fair Value       | % of Fair Value |
| 1                    | \$92.5             | 4.89 %          | \$39.2            | 2.07 %          | \$38.6           | 2.13 %          |
| 2                    | 1,402.9            | 74.11 %         | 1,501.4           | 79.12 %         | 1,392.5          | 76.94 %         |
| 3                    | 184.4              | 9.74 %          | 132.9             | 7.00 %          | 205.8            | 11.37 %         |
| 4                    | 187.6              | 9.91 %          | 159.0             | 8.38 %          | 96.6             | 5.34 %          |
| 5                    | 24.5               | 1.29 %          | 65.2              | 3.43 %          | 32.6             | 1.80 %          |
| 6                    | 1.0                | 0.05 %          | 0.0               | — %             | 43.8             | 2.42 %          |
| <b>Total</b>         | <b>\$1,892.9</b>   | <b>100.00 %</b> | <b>\$1,897.7</b>  | <b>100.00 %</b> | <b>\$1,809.8</b> | <b>100.00 %</b> |

### Rating Definition

|   |  |
|---|--|
| 1 | <b>Performing – Low Risk:</b> Borrower is operating more than 10% ahead of the Base Case   |
| 2 | <b>Performing – Stable Risk:</b> Borrower is operating within 10% of the Base Case (above or below). This is the initial rating assigned to all new borrowers  |
| 3 | <b>Performing – Management Notice:</b> Borrower is operating more than 10% below the Base Case. A financial covenant default may have occurred, but there is a low risk of payment default   |
| 4 | <b>Watch List:</b> Borrower is operating more than 20% below the Base Case and there is a high risk of covenant default, or it may have already occurred. Payments are current although subject to greater uncertainty, and there is moderate to high risk of payment default  |
| 5 | <b>Watch List – Possible Loss:</b> Borrower is operating more than 30% below the Base Case. At the current level of operations and financial condition, the borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Payment default is very likely or may have occurred. Loss of principal is possible  |
| 6 | <b>Watch List – Probable Loss:</b> Borrower is operating more than 40% below the Base Case, and at the current level of operations and financial condition, the borrower does not have the ability to service and ultimately repay or refinance all outstanding debt on current terms. Payment default is very likely or may have already occurred. Additionally, the prospects for improvement in the borrower's situation are sufficiently negative that impairment of some or all principal is probable |



# Funding and Liability Management Overview

## Overview of Financing Facilities

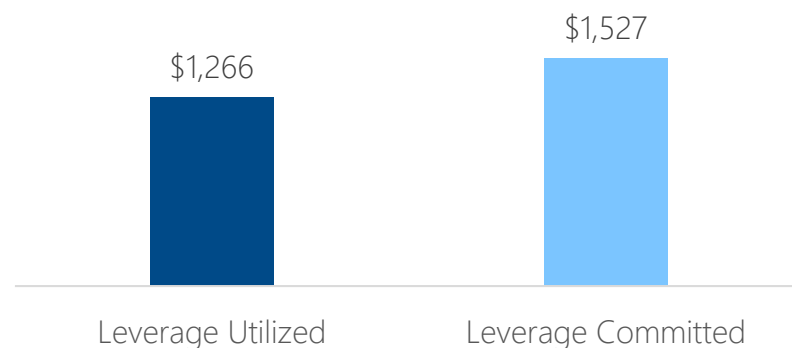
|                                | Credit Facility <sup>(1)</sup>                      | SPV Credit Facility <sup>(1)</sup>                   | 2015-1R Notes <sup>(1) (5)</sup> | Senior Unsecured Notes |
|--------------------------------|---|--|----------------------------------|------------------------|
| Size                           | \$688 million                                       | \$275 million  | \$449 million                    | \$115 million          |
| Original Tenor / Maturity Date | 5 years (4 year revolving); maturity date 6/14/2024 | 5 years (3 years revolving); maturity date 5/23/2023 | 10/15/2031                       | 12/31/2024             |
| Pricing                        | L + 225 bps / 37.5 bps unused fee                   | L + 200bps / 50-75bps unused fee                     | 385 bps <sup>(2)</sup>           | 475 bps Fixed          |

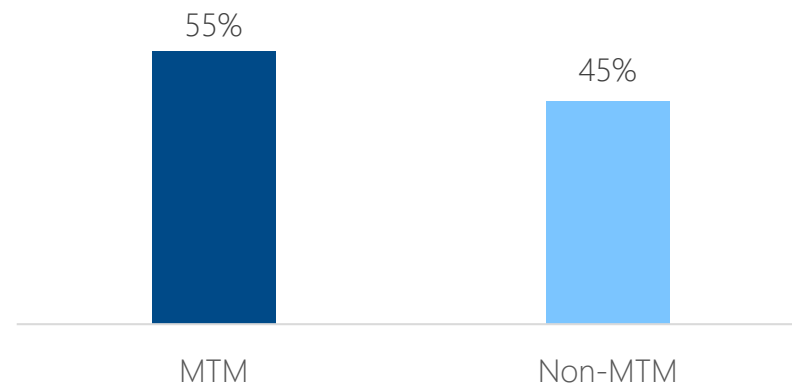
|                                | Credit Fund Sub Facility <sup>(1) (3)</sup>          | 2017-1 Notes <sup>(3)</sup>                          | 2019-2 Notes <sup>(4)</sup>                          | Credit Fund Warehouse II Facility <sup>(6)</sup>     |
|--------------------------------|--|--|--|--|
| Size                           | \$640 million  | \$194 million outstanding (\$352 million at closing) | \$298 million outstanding (\$352 million at closing) | \$150 million  |
| Original Tenor / Maturity Date | 6 years (3 years revolving); maturity date 5/22/2024 | 1/15/2028  | 4/15/2029  | 3 years (2 years revolving); maturity date 8/16/2022 |
| Pricing                        | L + 225 bps / 50-75 bps unused fee                   | 414 bps <sup>(2)</sup>                               | 436 bps <sup>(2)</sup>                               | L + 105 bps  |

## Debt on Company's Balance Sheet

(dollar amounts in millions)



## Mark to Market vs. Non-Mark to Market Debt



(1) Size represents maximum principal amount of the facility and is subject to availability under the facility, which is based on certain advance rates multiplied by the value of certain portfolio investments of the Company or Credit Fund (subject to certain concentration limitations) and may be net of certain other indebtedness that the Company or Credit Fund may incur in accordance with the terms of the facility. Middle Market Credit Fund SPV, LLC (the "Credit Fund Sub"), a Delaware limited liability company, was formed on April 5, 2016. Credit Fund Sub is a wholly-owned subsidiary of Credit Fund and is consolidated in Credit Fund's consolidated financial statements commencing from the date of its formation. (2) Weighted average interest rate, including amortization of debt issuance costs on the 2015-1R Notes, 2017-1 Notes and 2019-2 Notes, respectively, for the quarter ended March 31, 2020. (3) MMCF CLO 2017-1 LLC, the issuer, is a wholly-owned and consolidated subsidiary of Credit Fund. (4) MMCF CLO 2019-2 LLC, the issuer, is a wholly-owned and consolidated subsidiary of Credit Fund. (5) Carlyle Direct Lending CLO 2015-1R LLC, the issuer, is a wholly-owned and consolidated subsidiary of the Company. (6) MMCF Warehouse II, LLC, is a wholly-owned and consolidated subsidiary of Credit Fund. Refer to Notes 6 and 7 to the consolidated financial statements included in Part I, Item 1 of the Company's Form 10-Q for additional details.