

CARLYLE

Carlyle Secured Lending, Inc.  
Quarterly Earnings Presentation

June 30, 2022

# Disclaimer and Forward-Looking Statement

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# Q2 2022 Quarterly Results

## Second Quarter Results

- Net investment income was \$0.40 per share<sup>(1)</sup>, exceeding our guidance and in line with our prior quarter core earnings
- NAV per share was \$16.81 per share at 2Q22 down 1.8% as compared to the prior quarter while remaining 1.5% higher than our 4Q19 NAV of \$16.56
- The decline in our NAV was almost entirely driven by net unrealized losses from the impact of widening market yields
- Continued net improvement in the credit quality of our watchlist assets with a portion of Derm Growth returning to accrual status in 3Q22

## Portfolio & Investment Activity

- Total investments at fair value were \$1.9 billion at 2Q22, essentially flat compared to 1Q22
- An attractive deal environment during the quarter resulted in the closing of new investments totaling \$199 million with a weighted average yield on debt investments of 8.3%
- Total repayments and strategic sales during the quarter were \$161 million with a weighted average yield on debt investments of 7.9%

## Dividend & Capital Activity

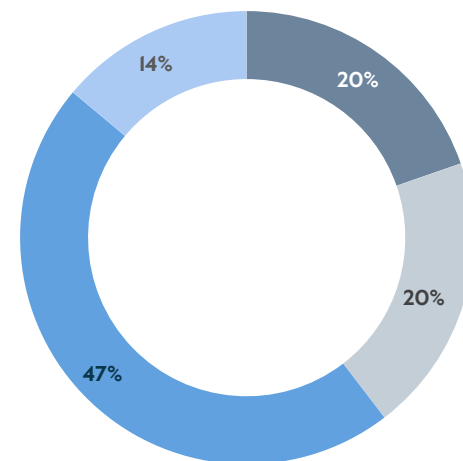
- Paid a 2Q22 base dividend of \$0.32 plus a supplemental dividend of \$0.08 per share, resulting in a LTM dividend yield of 9.3% based on the 2Q22 NAV
- Declared a 3Q22 base dividend of \$0.34, an increase of 6.3%, plus a supplemental dividend of \$0.06. Based on the strong growth in our earnings potential, our expectation is that we may continue to increase the base dividend rate over the coming quarters
- Share repurchases in 2Q22 totaled 0.5 million shares for \$7.0 million, contributing \$0.03 per share of accretion to net asset value
- 2Q22 net financial leverage of 1.05x remains at the lower end of our 1.0x-1.4x target range

*(1) Per share amounts within this presentation apply to common shares of the Company unless otherwise noted*

# Portfolio Highlights

Total Investments and Commitments (\$mm)	\$2,105
Unfunded Commitments <sup>(1)</sup> (\$mm)	\$216
Total Investments at Fair Value (\$mm)	\$1,889
Yield of Debt Investments at Cost <sup>(2)</sup> (%)	8.37%
Yield of Debt Investments at Fair Value <sup>(2)</sup> (%)	8.71%
Number of Investments	161
Number of Portfolio Companies	125
Floating / Fixed <sup>(3)</sup> (%)	98.5% / 1.5%

- Top 10 Investments
- Next 11-25 Investments
- Remaining Investments
- Investment Funds



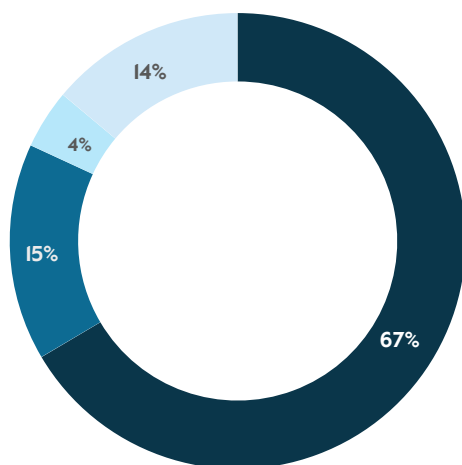
## KEY STATISTICS

## ASSET MIX

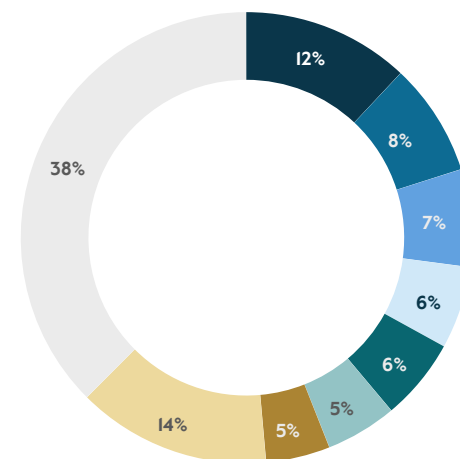
## DIVERSIFICATION BY BORROWER

## INDUSTRY

- First Lien Debt
- Second Lien Debt
- Equity Investments
- Investment Funds



- Healthcare & Pharmaceuticals
- Aerospace & Defense
- High Tech Industries
- Hotel, Gaming & Leisure
- Software
- Business Services
- Banking, Finance, Insurance & Real Estate
- Investment Funds
- All Others



Note: Totals may not sum due to rounding. (1) Excludes the Company's commitments to fund capital to Middle Market Credit Fund, LLC ("Credit Fund"), which is not consolidated with the Company. (2) 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 CSL do not include CSL's investment in Credit Fund or Credit Fund II. (3) % of fair value of first and second lien debt.

# Financial Performance Summary

<i>(Dollar amounts in thousands, except per share data)</i>	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net Investment Income <sup>(1)</sup>	\$ 0.38	\$ 0.39	\$ 0.40	\$ 0.47	\$ 0.40
Net Realized & Unrealized Gains (Losses)	0.39	0.48	0.22	0.09	(0.33)
Net Income (Loss) <sup>(1)</sup>	0.77	0.87	0.62	0.56	0.07
Dividends Paid	0.36	0.38	0.39	0.40	0.40
Impact of Share Repurchases	0.02	0.02	0.03	0.03	0.03
<b>Net Asset Value</b>	<b>\$ 16.14</b>	<b>\$ 16.65</b>	<b>\$ 16.91</b>	<b>\$ 17.11</b>	<b>\$ 16.81</b>
<b>Common Shares Outstanding (in thousands)</b>					
Weighted Average Shares Outstanding for the Period	54,538	53,955	53,466	52,892	52,421
Shares Outstanding at End of Period	54,210	53,714	53,142	52,647	52,148
<b>Portfolio Highlights</b>					
Total Investments at Fair Value	\$1,872,311	\$1,948,206	\$1,913,052	\$1,873,183	\$1,889,276
Number of Portfolio Companies	118	123	117	117	125
Average Size of Investment in Portfolio Company (Notional) <sup>(2)</sup>	\$16,533	\$16,358	\$16,800	\$15,660	\$15,682
Weighted Average all-in Yield on Debt Investments at Amortized Cost <sup>(3)</sup>	7.73%	7.69%	7.68%	7.72%	8.37%
Weighted Average all-in Yield on Debt Investments at Fair Value <sup>(3)</sup>	8.01%	7.92%	7.87%	7.96%	8.71%
<b>Financial Position (at Quarter End)</b>					
Net Assets	\$924,831	\$944,394	\$948,804	\$950,540	\$926,493
Debt	1,001,234	1,061,815	1,044,022	996,141	1,079,954
<b>Net Financial Leverage <sup>(4)</sup></b>	<b>1.03x</b>	<b>1.07x</b>	<b>1.02x</b>	<b>0.98x</b>	<b>1.05x</b>
<b>Statutory Debt To Equity <sup>(5)</sup></b>	<b>1.21x</b>	<b>1.25x</b>	<b>1.22x</b>	<b>1.16x</b>	<b>1.29x</b>

*Note: The net asset value per share and dividends declared per share are based on the common shares outstanding at each respective quarter-end. Net investment income per common share and net change in realized and unrealized appreciation (depreciation) per common share are based on the weighted average number of common shares outstanding for the period. Totals may not sum due to rounding. (1) Net of the preferred dividend. (2) Excludes equity investments. (3) 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. (4) Reflects cumulative convertible preferred securities as equity, net of excess cash held at period end, which was \$113.1 million on June 30, 2022. (5) Reflects cumulative convertible preferred securities as debt. These securities are considered "senior securities" for the purposes of calculating asset coverage pursuant to the Investment Company Act.*

# Origination Activity Detail

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

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Originations and Net Investment Activity</b>					
Investment Fundings	\$ 215,426	\$ 276,955	\$ 236,010	\$ 111,663	\$ 199,106
Unfunded Commitments, Net Change	27,255	6,582	(2,491)	57,398	(22,341)
Sales and Repayments	(202,624)	(215,120)	(272,529)	(144,581)	(161,352)
<b>Net Investment Activity</b>	<b>\$ 40,057</b>	<b>\$ 68,417</b>	<b>\$ (39,010)</b>	<b>\$ 24,480</b>	<b>\$ 15,413</b>
<b>Originations by Asset Type <sup>(1)</sup></b>					
First Lien Debt	85.2 %	78.6 %	83.1 %	99.0 %	99.8%
Second Lien Debt	5.8%	21.3%	5.8%	0.2%	0.2%
Equity Investments	9.0%	0.2%	11.1%	0.7%	—%
<b>Total Investment Portfolio at Fair Value <sup>(2)</sup></b>					
First Lien Debt	66.5%	65.5%	64.4%	65.4%	66.5%
Second Lien Debt	16.7%	18.1%	17.9%	16.2%	15.4%
Equity Investments	2.9%	2.7%	4.0%	4.2%	4.2%
Investment Funds	13.9%	13.7%	13.7%	14.2%	13.9%

(1) Excludes activity related to the Investment Funds. (2) At quarter end.

# Quarterly Operating Results Detail

(Dollar amounts in thousands, except per share data)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Investment Income</b>					
Interest income	\$ 30,443	\$ 33,039	\$ 32,225	\$ 34,028	\$ 31,682
Payment-In-Kind interest income	2,318	2,441	2,462	3,721	3,728
Income from Credit Funds	7,488	7,523	7,524	7,524	7,524
Other income	2,407	759	1,761	2,236	1,634
<b>Total investment income</b>	<b>\$ 42,656</b>	<b>\$ 43,762</b>	<b>\$ 43,972</b>	<b>\$ 47,509</b>	<b>\$ 44,568</b>
<b>Expenses</b>					
Management fees	\$ 6,991	\$ 7,233	\$ 7,319	\$ 7,050	\$ 7,113
Incentive fees	4,420	4,516	4,487	5,228	4,458
Interest expense and credit facility fees	7,560	7,954	7,745	7,616	9,170
Other expenses	1,909	1,810	1,616	1,743	1,781
Excise tax expense	139	163	356	353	176
<b>Net expenses</b>	<b>\$ 21,019</b>	<b>\$ 21,676</b>	<b>\$ 21,523</b>	<b>\$ 21,990</b>	<b>\$ 22,698</b>
Preferred stock dividend	875	875	875	875	875
<b>Net investment income <sup>(1)</sup></b>	<b>\$ 20,762</b>	<b>\$ 21,211</b>	<b>\$ 21,574</b>	<b>\$ 24,644</b>	<b>\$ 20,995</b>
Net realized and change in unrealized gains (losses)	21,231	25,534	11,512	5,164	(17,205)
<b>Net income (loss) <sup>(1)</sup></b>	<b>\$ 41,993</b>	<b>\$ 46,745</b>	<b>\$ 33,086</b>	<b>\$ 29,808</b>	<b>\$ 3,790</b>
<b>Net investment income per Share</b>	<b>\$ 0.38</b>	<b>\$ 0.39</b>	<b>\$ 0.40</b>	<b>\$ 0.47</b>	<b>\$ 0.40</b>
<b>Net income (loss) per Share</b>	<b>\$ 0.77</b>	<b>\$ 0.87</b>	<b>\$ 0.62</b>	<b>\$ 0.56</b>	<b>\$ 0.07</b>

(1) Net of the preferred dividend.

# Quarterly Balance Sheet Detail

<i>(Dollar amounts in thousands, except per share data)</i>	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
<b>Assets</b>					
Investments—non-controlled/non-affiliated, at fair value	\$ 1,579,256	\$ 1,643,584	\$ 1,607,731	\$ 1,576,247	\$ 1,593,901
Investments—non-controlled/affiliated, at fair value	28,562	30,410	30,286	30,771	32,697
Investments—controlled/affiliated, at fair value	264,493	274,212	275,035	266,165	262,678
Total investments, at fair value	1,872,311	1,948,206	1,913,052	1,873,183	1,889,276
Cash, cash equivalents and restricted cash	59,404	46,164	93,074	69,512	39,291
Receivable for investment sold/repaid	5,769	23,235	530	13,060	89,445
Deferred financing costs	3,386	3,256	3,066	2,882	4,044
Interest Receivable from non-controlled/non-affiliated Investments	11,388	13,486	11,011	15,284	12,875
Interest Receivable from non-controlled/affiliated Investments	578	581	611	611	615
Interest and Dividend Receivable from controlled/affiliated Investments	7,961	7,866	8,522	9,212	8,565
Prepaid expenses and other assets	1,369	1,376	1,484	2,214	1,842
<b>Total assets</b>	<b>\$ 1,962,166</b>	<b>\$ 2,044,170</b>	<b>\$ 2,031,350</b>	<b>\$ 1,985,958</b>	<b>\$ 2,045,953</b>
<b>Liabilities &amp; Net Assets</b>					
Secured borrowings	\$ 365,060	\$ 425,545	\$ 407,655	\$ 359,679	\$ 443,395
2015-IR Notes payable, net of unamortized debt issuance costs	446,659	446,721	446,783	446,844	446,906
Senior Notes, net of unamortized debt issuance costs	189,515	189,549	189,584	189,618	189,653
Payable for investments purchased	875	68	323	328	322
Interest and credit facility fees payable	2,463	3,045	2,467	2,727	3,198
Dividend payable	19,502	20,388	20,705	21,035	20,840
Base management and incentive fees payable	11,391	11,752	11,819	12,304	11,581
Administrative service fees payable	373	661	482	825	938
Other accrued expenses and liabilities	1,497	2,047	2,728	2,058	2,627
<b>Total liabilities</b>	<b>\$ 1,037,335</b>	<b>\$ 1,099,776</b>	<b>\$ 1,082,546</b>	<b>\$ 1,035,418</b>	<b>\$ 1,119,460</b>
<b>Net assets</b>	<b>\$ 924,831</b>	<b>\$ 944,394</b>	<b>\$ 948,804</b>	<b>\$ 950,540</b>	<b>\$ 926,493</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 1,962,166</b>	<b>\$ 2,044,170</b>	<b>\$ 2,031,350</b>	<b>\$ 1,985,958</b>	<b>\$ 2,045,953</b>
<b>Net Asset Value Per Common Share</b>	<b>\$16.14</b>	<b>\$16.65</b>	<b>\$16.91</b>	<b>\$17.11</b>	<b>\$16.81</b>



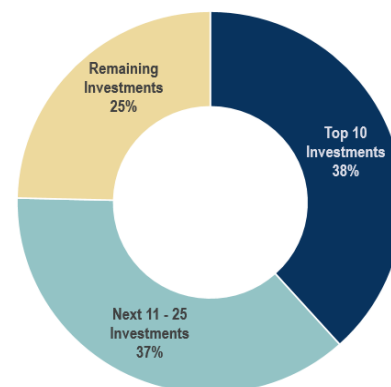
# Overview of Investment Funds

## Key Statistics - Credit Fund

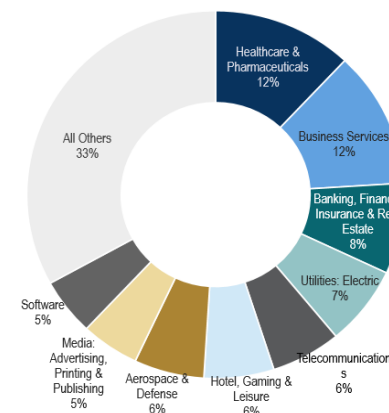
Total Investments and Commitments (\$mm)	\$958
Unfunded Commitments (\$mm)	\$46
Total Investments at Fair Value (\$mm)	\$912
Yield of Debt Investments (%) <sup>(1)</sup>	7.1%
Number of Investments	42
First Lien Exposure (%)	100%
Floating / Fixed (%) <sup>(2)</sup>	100.0% / 0.0%
Dividend Yield to CSL	10%

## Portfolio Composition - Credit Fund

### Diversification by Borrower



### Industry

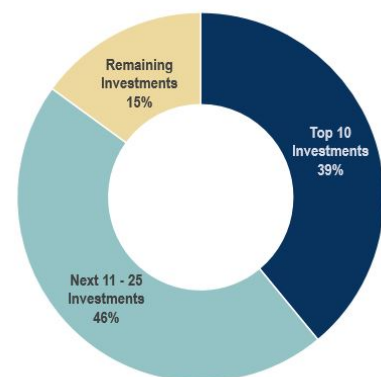


## Key Statistics - Credit Fund II

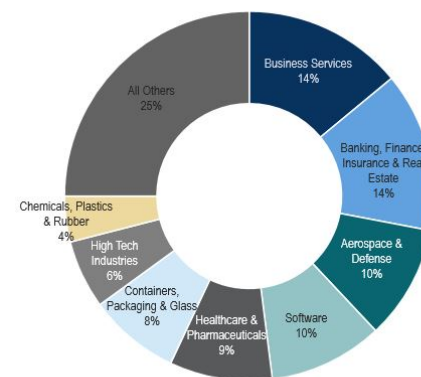
Total Investments and Commitments (\$mm)	\$237
Total Investments at Fair Value (\$mm)	\$237
Yield of Debt Investments (%) <sup>(1)</sup>	8.2%
Number of Investments	34
First Lien Exposure (%)	89%
Floating / Fixed (%) <sup>(2)</sup>	97.8% / 2.2%
Dividend Yield to CSL	13%

## Portfolio Composition - Credit Fund II

### Diversification by Borrower



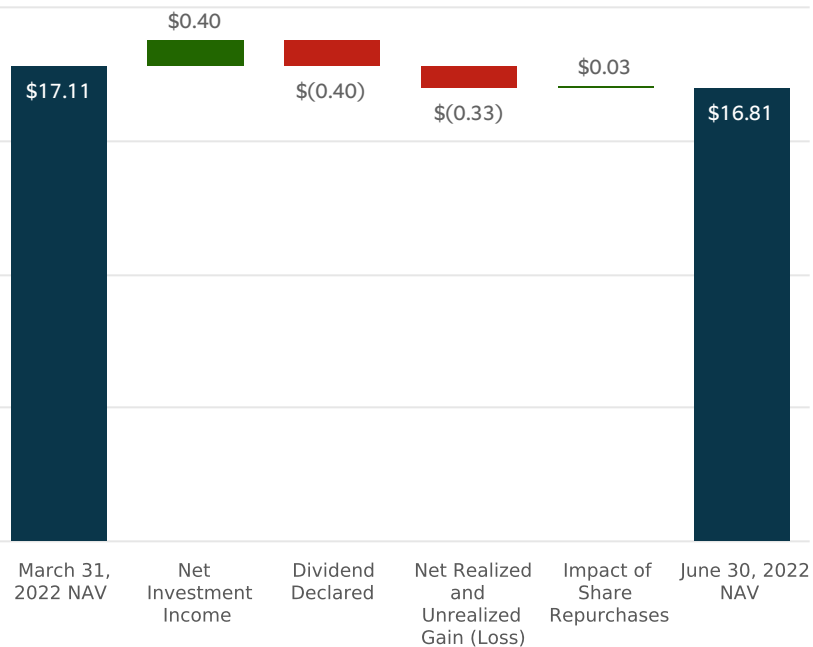
### Industry



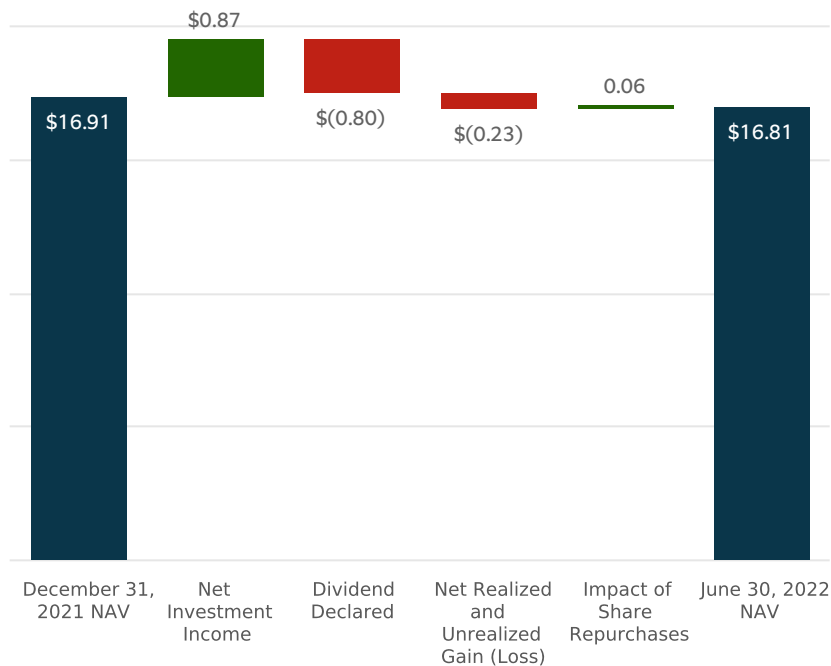
<sup>(1)</sup> Weighted average yields at cost of the debt investments include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of period end. Actual yields earned over the life of each investment could differ materially from the yields presented above. <sup>(2)</sup> % of fair value of first and second lien debt.

# Net Asset Value Per Share Bridge

Q2 2022



YTD Q2 2022



*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. Net investment income is also net of the preferred dividend. Totals may not sum due to rounding.*

# Risk Rating Distribution

- As of June 30, 2022, three borrowers were on non-accrual status, representing 4.0% of total investments at fair value and 4.4% at amortized cost.

Portfolio Risk Ratings					
<i>(Dollar amounts in millions)</i>					
Internal Risk Rating	March 31, 2022			June 30, 2022	
	Fair Value	% of Fair Value		Fair Value	% of Fair Value
1	\$ 16.9	1.1%		\$ 60.1	3.9%
2	1,152.0	75.4%		1,124.5	72.7%
3	290.3	19.0%		288.5	18.6%
4	28.0	1.8%		30.0	1.9%
5	41.1	2.7%		45.0	2.9%
<b>Total</b>	<b>\$ 1,528.3</b>	<b>100.0%</b>		<b>\$ 1,548.0</b>	<b>100.0%</b>

Rating	Definition
1	Borrower is operating above expectations, and the trends and risk factors are generally favorable.
2	Borrower is operating generally as expected or at an acceptable level of performance. The level of risk to our initial cost bases is similar to the risk to our initial cost basis at the time of origination. This is the initial risk rating assigned to all new borrowers.
3	Borrower is operating below expectations and level of risk to our cost basis has increased since the time of origination. The borrower may be out of compliance with debt covenants. Payments are generally current although there may be higher risk of payment default.
4	Borrower is operating materially below expectations and the loan's risk has increased materially since origination. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due, but generally not by more than 120 days. It is anticipated that we may not recoup our initial cost basis and may realize a loss of our initial cost basis upon exit.
5	Borrower is operating substantially below expectations and the loan's risk has increased substantially since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. It is anticipated that we will not recoup our initial cost basis and may realize a substantial loss of our initial cost basis upon exit.

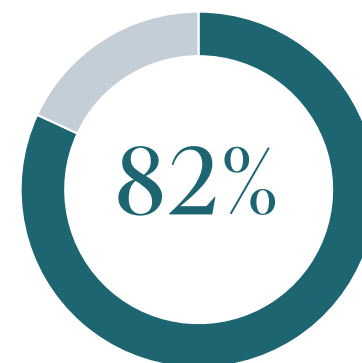
# Funding and Capital Management Overview

- As of June 30, 2022, total debt outstanding was \$1,080 with a weighted average effective interest rate of 3.32% for the second quarter. This compared to total debt outstanding of \$996 and a weighted average effective interest rate of 2.88% in the prior quarter.

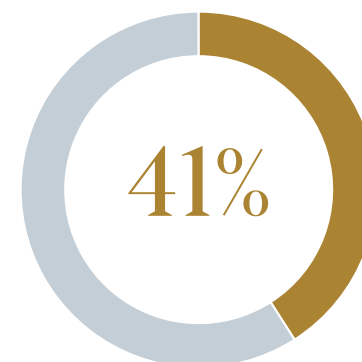
## Overview of Balance Sheet Financing Facilities

	Size	Original Tenor / Maturity Date	Pricing
<b>Credit Facility <sup>(1)</sup></b>	\$688 million	5 years (4 year revolving); maturity date 5/25/27	SOFR+1.875% <sup>(2)</sup> / 37.5 bps unused fee
<b>2015-IR Notes <sup>(1) (3)</sup></b>	\$449 million	10/15/2031	3.14% <sup>(4)</sup>
<b>2019 Senior Unsecured Notes</b>	\$115 million	12/31/2024	4.75% Fixed
<b>2020 Senior Unsecured Notes</b>	\$75 million	12/31/2024	4.50% Fixed

## % of Committed Balance Sheet Leverage Utilized



## % of Utilized Balance Sheet Leverage Mark-To-Market



## Cumulative Convertible Preferred Stock

Price	Shares Outstanding	Dividend	Convertible Feature
\$25 per share / \$50 million total	2,000,000	7.0% Cash or 9.0% PIK	Convertible at the option of the holder at the Liquidation Preference divided by \$9.40

(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 (subject to certain concentration limitations) and may be net of certain other indebtedness that the Company may incur in accordance with the terms of the facility. (2) Interest rates are also subject to a credit spread adjustment. (3) Carlyle Direct Lending CLO 2015-1R LLC, the issuer, is a wholly-owned and consolidated subsidiary of the Company. (4) Weighted average interest rate, including amortization of debt issuance costs on the 2015-1R Notes for the quarter ended June 30, 2022.