



# Quarterly Earnings Presentation

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December 31, 2019

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THE CARLYLE GROUP

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# Disclaimer and Forward-Looking Statement

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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”).

This Presentation contains information about the Company and certain of its affiliates and includes the Company’s historical performance. You should not view information related to the past performance of the Company as indicative of the Company’s future results, the achievement of which is dependent on many factors, many of which are beyond the control of the Company and the Investment Adviser and cannot be assured. There can be no assurances that future dividends will match or exceed historical rates or will be paid at all. Further, an investment in the Company is discrete from, and does not represent an interest in, any other Carlyle entity. Nothing contained herein shall be relied upon as a promise or representation whether as to the past or future performance of the Company or any other Carlyle entity.

# TCG BDC Highlights

## TCG BDC Overview

- Middle-market lending focused BDC externally managed by The Carlyle Group <sup>(1)</sup>
- Current market capitalization of \$760 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 10.5%

## 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

## Benefits of Carlyle

- Founded in 1987, Carlyle is a leading global alternative asset manager with \$224bn of AUM
- Carlyle's Global Credit segment, with \$49bn of AUM, has a 20-year track record successful credit investing
- Carlyle's broad capabilities, scaled capital base and depth of expertise create sustainable competitive advantages across market environments

## 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

Source: The Carlyle Group. As of December 31, 2019 unless otherwise stated.

(1) TCG BDC is externally managed by the Investment Adviser, which is a wholly-owned subsidiary of The Carlyle Group. (2) As of February 25, 2020. (3) LTM average of approximately 70% of fair value, and excludes loans categorized as first lien last out.

# Stock and Dividend Information

**CGBD**

*Ticker*

**\$760 Million**

*Market Cap <sup>(2)</sup>*

**Nasdaq**

*Exchange*

**\$2.1 billion**

*Current Portfolio Size*

**136**

*Unique Investments*

**70%**

*1<sup>st</sup> Lien Debt <sup>(3)</sup>*

**10.5%**

*LTM Dividend Yield*

**\$78 Million**

*Inception-to-date  
Share Repurchases*

## Historical Dividend Data



Note: Historical dividend data for dividends declared prior to the period shown are available on the Company's website at [tcgbd.com](http://tcgbd.com). There can be no assurance that the Company will continue to achieve comparable results.

(1) Last-twelve-month ("LTM") dividend yield is calculated by dividing the sum of the declared dividends for the most recent four quarters by the ending net asset value. (2) As of February 25, 2020 (3) LTM average of approximately 70% of fair value, and excludes loans categorized as first lien last out.

# Q4 2019 Quarterly Results

## 4<sup>th</sup> Quarter Results

- Net investment income per share was \$0.43, and has exceeded the regular \$0.37 quarterly dividend each quarter since TCG BDC's IPO
- Stable credit performance with net realized/unrealized gains of \$1.5 million, or approximately \$0.02 per share
- NAV essentially flat at \$16.56 (from \$16.58 at 3Q19)

## Portfolio & Investment Activity

- Total investments at fair value in-line with last quarter at \$2.1 billion
- Active origination quarter and strong new fundings of \$290 million with a yield of 8.23%
- Heavy repayments led to \$320 million of exits at a yield of 10.96%
- Effectively exited the Carlyle Unitranche Program ("CUP"), which had been an outsized driver of credit losses in recent periods

## Dividend & Capital Activity

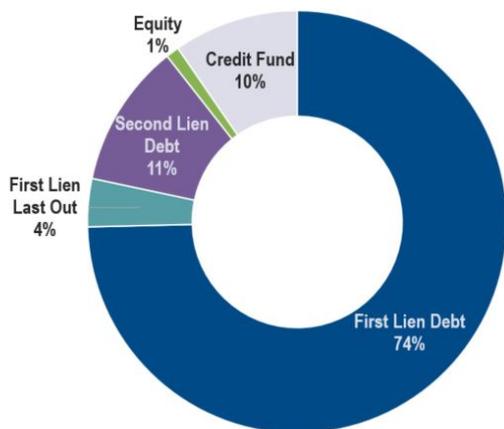
- Paid Q4 regular dividend of \$0.37 plus a special dividend of \$0.18 per share, resulting in a LTM dividend yield of 10.5% based on quarter-end NAV
- Continued share repurchase pace with an additional 1.25 million shares, or \$17 million, in the quarter, which contributed \$0.06 per share in NAV accretion
- Closed a private offering of \$115 million in aggregate principal amount of 4.750% senior unsecured notes on December 30th; establishing capital structure flexibility to comfortably operate in full target leverage range of 1.0x - 1.4x

# Portfolio Highlights

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

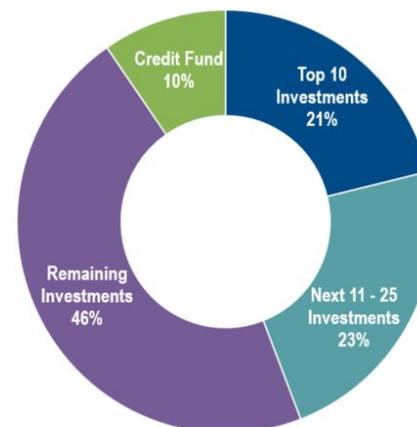
Total Investments and Commitments (\$mm)	\$2,274
Unfunded Commitments <sup>(1)</sup> (\$mm)	\$150
Investments at Fair Value (\$mm)	\$2,124
Yield of Debt Investments at Cost <sup>(2)</sup> (%)	8.22%
Yield of Debt Investments at Fair Value <sup>(2)</sup> (%)	8.50%
Number of Investments	136
Number of Portfolio Companies	112
Floating / Fixed <sup>(3)</sup> (%)	99.7% / 0.3%

## Asset Mix

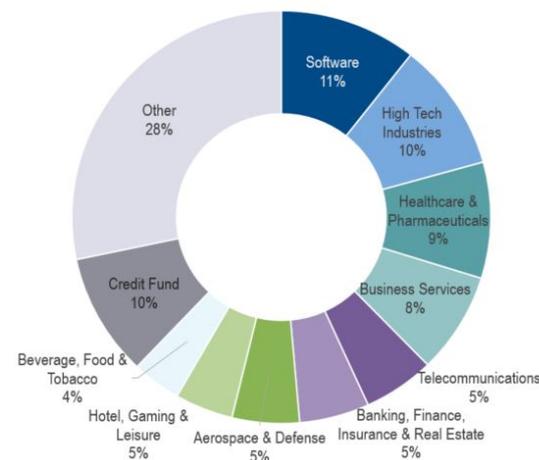


## Portfolio Composition <sup>(1)</sup>

### Diversification by Borrower



### Industry



(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 TCG BDC do not include TCG BDC's investment in Credit Fund. (3) % of fair value of first and second lien debt.

# Financial Performance Summary

(Dollar amounts in thousands, except per share data)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Net Investment Income Per Share	\$ 0.47	\$ 0.45	\$ 0.46	\$0.45	\$0.43
Net Realized & Unrealized Appreciation (Depreciation) Per Share	(0.49)	0.09	(0.29)	(0.60)	0.02
Net Income (Loss) Per Share	(0.02)	0.54	0.16	(0.15)	0.46
Dividends Paid Per Share	0.57	0.37	0.45	0.37	0.55
Impact of Share Repurchases Per Share	0.02	0.04	0.04	0.04	0.06
<b>Net Asset Value Per Share</b>	<b>\$ 17.09</b>	<b>\$ 17.30</b>	<b>\$17.06</b>	<b>\$16.58</b>	<b>\$16.56</b>
Weighted Average Shares Outstanding for the Period (in thousands)	62,496	61,773	60,596	59,588	58,785
Shares Outstanding at End of Period (in thousands)	62,230	61,272	60,182	59,013	57,764
Total Fair Value of Investments	\$ 1,972,157	\$ 2,155,209	\$ 2,075,614	\$2,126,688	\$2,123,964
Number of Portfolio Companies	96	103	106	110	112
Average Size of Investment in Portfolio Company (Notional) <sup>(1)</sup>	\$ 21,602	\$ 21,880	\$ 20,563	\$20,828	\$19,848
Weighted Average all-in Yield on Investments at Amortized Cost <sup>(2)</sup>	9.54%	9.51%	8.97%	8.88%	8.22%
Weighted Average all-in Yield on Investments at Fair Value <sup>(2)</sup>	9.94%	9.85%	9.32%	9.33%	8.50%
<b>Net Assets</b>	<b>\$1,063,218</b>	<b>\$1,060,187</b>	<b>\$1,026,592</b>	<b>\$978,601</b>	<b>\$956,471</b>
<b>Debt</b>	<b>\$960,678</b>	<b>\$1,107,064</b>	<b>\$1,095,563</b>	<b>\$1,202,739</b>	<b>\$1,177,832</b>
<b>Debt To Equity at Quarter End</b>	<b>0.90x</b>	<b>1.04x</b>	<b>1.07x</b>	<b>1.23x</b>	<b>1.23x</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)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>TCG BDC Originations and Net Investment Activity</b>					
Investment Fundings	\$ 328,112	\$ 249,713	\$ 231,361	\$ 237,004	\$ 289,763
Unfunded Commitments, Net Change	(28,104)	(6,772)	24,789	719	(23,963)
Sales and Repayments	(343,420)	(69,866)	(305,398)	(165,672)	(319,882)
<b>Net Investment Activity</b>	<b>\$ (43,412)</b>	<b>\$ 173,075</b>	<b>\$ (49,248)</b>	<b>\$ 72,051</b>	<b>\$ (54,082)</b>
<b>TCG BDC Originations by Asset Type</b>					
First Lien Debt	63.67%	65.58%	74.65%	68.10%	87.80%
First Lien, Last-out Unitranche Debt	2.64%	10.89%	7.64%	12.25%	3.50%
Second Lien Debt	33.44%	22.51%	17.43%	19.32%	7.92%
Equity Investments	0.25%	1.02%	0.29%	0.33%	0.78%
<b>TCG BDC Total Investment Portfolio at Fair Value <sup>(1)</sup></b>					
First Lien Debt	68.12%	67.84%	69.51%	68.05%	74.63%
First Lien, Last-out Unitranche Debt	10.29%	9.34%	10.08%	10.04%	3.68%
Second Lien Debt	9.07%	10.62%	9.79%	10.92%	11.04%
Equity Investments	1.25%	1.32%	1.40%	1.44%	1.02%
Investment Fund / Credit Fund	11.27%	10.88%	9.22%	9.55%	9.63%

Please refer to the Company's Form 10-K for the year ended December 31, 2019 ("Form 10-K") for more information. No assurance is given that the Company will continue to achieve comparable results.

(1) At quarter end.

# Quarterly Operating Results Detail

<i>(Dollar amounts in thousands)</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Investment Income</b>					
Interest Income	\$44,545	\$44,471	\$45,468	\$45,168	44,248
Payment-In-Kind Interest Income	1,332	1,150	2,140	2,396	910
Income From Credit Fund	7,710	7,538	6,993	6,459	7,028
Other Income	2,724	2,028	2,266	1,756	1,279
Total Investment Income	\$56,311	\$55,187	\$56,867	\$55,779	\$53,465
<i>(Dollar amounts in thousands)</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Expenses</b>					
Management Fees <sup>(1)</sup>	7,595	7,685	7,913	8,016	7,702
Incentive Fees <sup>(2)</sup>	6,239	5,846	5,933	5,710	5,383
Interest Expense & Credit Facility Fees	11,511	12,559	13,703	14,083	13,321
Other Expenses	1,395	1,475	1,287	1,166	1,447
Excise Tax Expense	160	60	60	49	235
Net Expenses	26,900	27,625	28,896	29,024	28,088
<b>Net Investment Income</b>	<b>29,411</b>	<b>27,562</b>	<b>27,971</b>	<b>26,755</b>	<b>25,377</b>
Net Realized and Change in Unrealized Gains (Losses)	(30,571)	6,164	(18,214)	(35,744)	1,459
<b>Net Income (Loss)</b>	<b>\$(1,160)</b>	<b>\$33,726</b>	<b>\$9,757</b>	<b>\$(8,989)</b>	<b>\$26,836</b>

*(1) Beginning October 1, 2017, the base management fee is calculated at an annual rate of 1.50% of the Company's gross assets, excluding cash and cash equivalents but including assets acquired through the use of leverage. In addition, on August 6, 2018, the Company's Board of Directors approved a one-third (0.50%) reduction in the 1.50% annual base management fee rate charged by the Investment Adviser on assets financed using leverage in excess of 1.0x debt to equity. Effective July 1, 2018, the reduced annual fee of 1.00% applies to the average value of the Company's gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (i) 200% and (ii) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters.*

*(2) Effective October 1, 2017, the Investment Adviser agreed to charge 17.5% instead of 20% with respect to the entire calculation of the incentive fee.*

*Note: There can be no assurance that we will continue to earn income at this rate and our income may decline. If our income declines, we may reduce the dividend we pay and the yield you earn may decline. Refer to the consolidated financial statements included in Part II, Item 8 of the Company's Form 10-K for additional details.*

# Quarterly Balance Sheet Detail

<i>(Dollar amounts in thousands, except per share data)</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Assets</b>					
Investments—non-controlled/non-affiliated, at fair value	\$1,731,319	\$1,899,537	\$1,840,979	\$1,893,216	\$1,897,057
Investments—non-controlled/affiliated, at fair value	18,543	21,081	20,925	6,607	—
Investments—controlled/affiliated, at fair value	222,295	234,591	213,710	226,865	226,907
Total investments, at fair value	1,972,157	2,155,209	2,075,614	2,126,688	2,123,964
Cash and cash equivalents	87,186	40,071	62,324	70,281	36,751
Receivable for investment sold	8,060	—	14,854	5,725	6,162
Deferred financing costs	3,950	4,069	4,869	4,687	4,032
Interest Receivable from Non-Controlled/Non-Affiliated/Affiliated Investments	5,856	7,666	8,300	11,561	9,462
Interest and Dividend Receivable from Controlled/Affiliated Investments	7,405	7,256	6,652	6,951	6,845
Prepaid expenses and other assets	129	8	143	97	317
<b>Total assets</b>	<b>\$2,084,743</b>	<b>\$2,214,279</b>	<b>\$2,172,756</b>	<b>\$2,225,990</b>	<b>\$2,187,533</b>
<b>Liabilities</b>					
Payable for investments purchased	\$1,870	\$—	\$—	\$11	\$—
Secured borrowings	514,635	660,959	649,397	756,511	616,543
2015-1 Notes payable, net of unamortized debt issuance costs	446,043	446,105	446,166	446,228	446,289
Senior Notes	—	—	—	—	115,000
Due to Investment Adviser	236	169	228	142	—
Interest and credit facility fees payable	7,500	7,994	7,563	7,680	6,764
Dividend payable	35,497	22,681	27,082	21,825	31,760
Base management and incentive fees payable	13,834	13,531	13,846	13,726	13,236
Administrative service fees payable	94	139	128	66	77
Other accrued expenses and liabilities	1,816	2,514	1,754	1,200	1,393
<b>Total liabilities</b>	<b>1,021,525</b>	<b>1,154,092</b>	<b>1,146,164</b>	<b>1,247,389</b>	<b>1,231,062</b>
<b>Net assets</b>	<b>1,063,218</b>	<b>1,060,187</b>	<b>1,026,592</b>	<b>978,601</b>	<b>956,471</b>
<b>Total liabilities &amp; net assets</b>	<b>\$2,084,743</b>	<b>\$2,214,279</b>	<b>\$2,172,756</b>	<b>\$2,225,990</b>	<b>\$2,187,533</b>
<b>Net Asset Value Per Share</b>	<b>\$17.09</b>	<b>\$17.30</b>	<b>\$17.06</b>	<b>\$16.58</b>	<b>\$16.56</b>

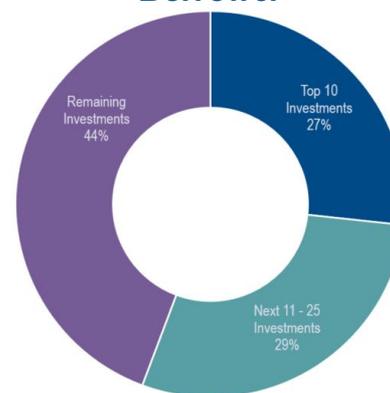
# Credit Fund Update (10% of TCG BDC Portfolio)

## Credit Fund Key Statistics

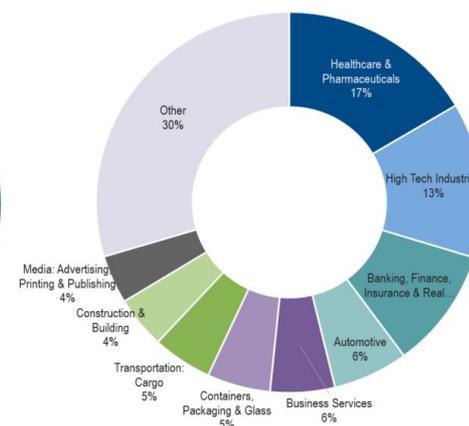
Total Investments and Commitments (\$mm)	\$1,340
Unfunded Commitments (\$mm)	\$93
Investments at Fair Value (\$mm)	\$1,247
Yield of Debt Investments (%) <sup>(1)</sup>	6.51%
Number of Investments	65
First Lien Exposure (%) <sup>(2)</sup>	96%
Floating / Fixed (%) <sup>(3)</sup>	98.3% / 1.7%
Dividend Yield to TCG BDC	13%

## Portfolio Composition

### Diversification by Borrower



### Industry



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

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Credit Fund Originations and Net Investment Activity</b>					
Investment Fundings	\$ 122,735	\$ 137,478	\$ 121,117	\$ 93,821	\$ 139,134
Unfunded Commitments, Net Change	(11,771)	13,655	(16,635)	1,429	11,101
Sales and Repayments	(122,197)	(58,312)	(43,351)	(154,969)	(165,292)
<b>Net Investment Activity</b>	<b>\$ (11,233)</b>	<b>\$ 92,821</b>	<b>\$61,131</b>	<b>\$ (59,719)</b>	<b>\$ (15,057)</b>

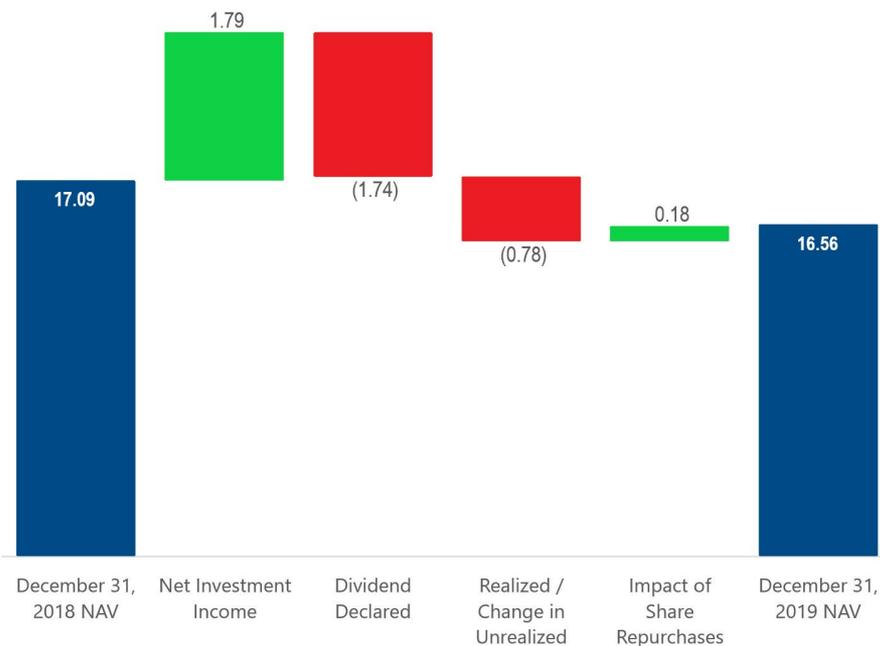
(1) Weighted average yields at cost of the debt investments include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of period end. Actual yields earned over the life of each investment could differ materially from the yields presented above. (2) First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

# Net Asset Value Per Share Bridge

## Fourth Quarter 2019



## Full Year 2019



*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 December 31, 2019, 4 borrowers were on non-accrual status, representing 2.5% of total investments at fair value and 4.6% at amortized cost

## Portfolio Risk Ratings

Internal Risk Rating	June 30, 2019		September 30, 2019		December 31, 2019	
	Fair Value	% of Fair Value	Fair Value	% of Fair Value	Fair Value	% of Fair Value
1	\$49.7	2.68%	\$92.5	4.89%	\$39.2	2.07%
2	1,431.2	77.15%	1,402.9	74.11%	1,501.4	79.12%
3	123.1	6.64%	184.4	9.74%	132.9	7.00%
4	197.2	10.63%	187.6	9.91%	159.0	8.38%
5	46.3	2.50%	24.5	1.29%	65.2	3.43%
6	7.6	0.41%	1.0	0.05%	—	—%
<b>Total</b>	<b>\$1,855.1</b>	<b>100.00%</b>	<b>\$1,892.9</b>	<b>100.00%</b>	<b>\$1,897.7</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

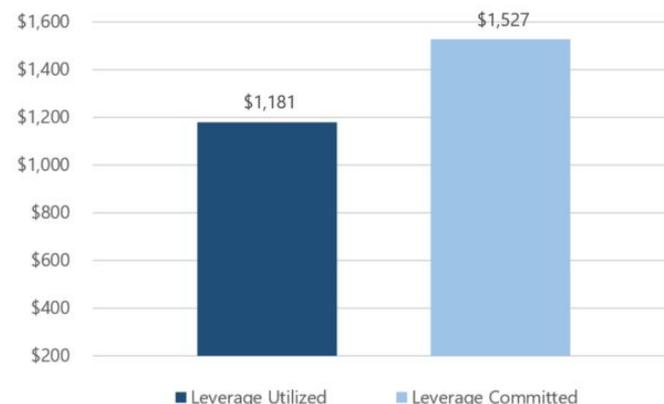
	Credit Facility <sup>(1)</sup>	SPV Credit Facility <sup>(1)</sup>	2015-1R Notes <sup>(1) (5)</sup>	Senior Unsecured Notes
Size	\$688 million	\$275 million	\$449 million	\$115 million
Original Tenor / Maturity Date	5 years (4 year revolving); maturity date 6/14/2024	5 years (3 years revolving); maturity 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	401 bps <sup>(2)</sup>	475 bps Fixed

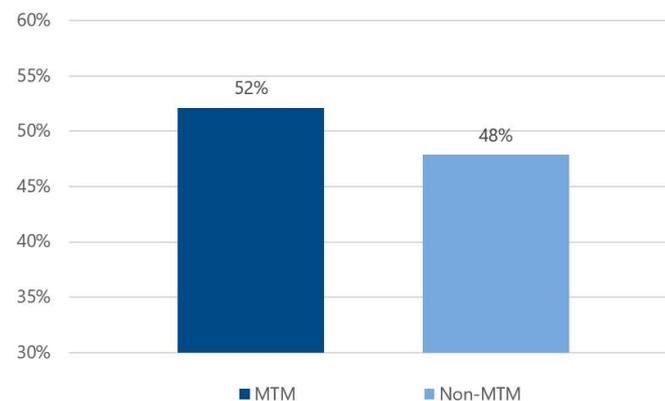
	Credit Fund Sub Facility <sup>(1) (3)</sup>	2017-1 Notes <sup>(3)</sup>	2019-2 Notes <sup>(4)</sup>	Credit Fund Warehouse II Facility <sup>(6)</sup>
Size	\$640 million	\$211 million outstanding (\$352 million at closing)	\$322 million outstanding (\$352 million at closing)	\$150 million
Original Tenor / 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	421 bps <sup>(2)</sup>	445 bps <sup>(2)</sup>	L + 105 bps

## Debt on Company's Balance Sheet

(dollar amounts in thousands)



## 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 December 31, 2019. (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 II, Item 8 of the Company's Form 10-K for additional details.