

CARLYLE

Carlyle Secured Lending, Inc.  
Quarterly Earnings Presentation

September 30, 2023

# Disclaimer and Forward-Looking Statement

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# Q3 2023 Quarterly Highlights

## Third Quarter Results

- **Net investment income per share was \$0.52 per common share**, consistent with our 2Q23 core earnings due to overall stability in portfolio performance and interest rates
- **NAV per share was \$16.86**, up 0.8% compared to our 2Q23 NAV of \$16.73 per share
- The change in NAV in 3Q23 was primarily driven by NII generated in excess of our 3Q23 dividend and net unrealized gains from our investments
- **We declared a \$0.37 base dividend plus a \$0.07 supplemental for 4Q23**, equating to an annualized dividend yield of over 12.0% based on our share price as of September 30, 2023

## Portfolio & Investment Activity

- As of September 30, 2023, **total fair value of the portfolio was \$1.9 billion** across 124 portfolio companies
- **New investment fundings during the quarter were \$58.8 million** with a weighted average yield of 13.4%
- **Total repayments and sales during the quarter were \$88.3 million** with a weighted average yield of 12.5%
- Non-accrual investments as of 3Q23 represented 3.2% and 2.0% of the total portfolio based on amortized cost and fair value, respectively, stable with the prior period
- The annualized dividend yield on our Investment Funds was 12.2% in 3Q23

## Liquidity & Capital Activity

- **We paid the 3Q23 base dividend of \$0.37 plus a supplemental dividend of \$0.07 per share**
- **Completed a \$45 million upside** on our credit facility bringing total commitments to \$790 million
- **3Q23 net investment income was 135%** of the \$0.37 base dividend declared for 4Q23
- **Net financial leverage decreased to 1.06x**, comfortably within our target range
- **Total liquidity at 3Q23 was \$392.8 million** in cash and undrawn debt capacity

# Quarterly Operating Results Detail

<i>(Dollar amounts in thousands, except per share data)</i>	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>SUMMARY INCOME STATEMENT</b>					
Total investment income	\$ 59,143	\$ 56,036	\$ 58,375	\$ 60,065	\$ 60,501
Total expenses <sup>(1)</sup>	(28,865)	(31,411)	(32,680)	(33,765)	(34,265)
<b>Net Investment Income<sup>(2)</sup></b>	<b>\$ 30,278</b>	<b>\$ 24,625</b>	<b>\$ 25,695</b>	<b>\$ 26,300</b>	<b>\$ 26,236</b>
Net realized and change in unrealized gains (losses)	6,677	(13,041)	1,417	(22,462)	2,876
<b>Net Income (Loss)<sup>(2)</sup></b>	<b>\$ 36,955</b>	<b>\$ 11,584</b>	<b>\$ 27,112</b>	<b>\$ 3,838</b>	<b>\$ 29,112</b>
Weighted average shares of common stock outstanding	51,863	51,310	50,887	50,795	50,795
<b>Net Investment Income per Share<sup>(2)</sup></b>	<b>\$ 0.58</b>	<b>\$ 0.48</b>	<b>\$ 0.50</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>
<b>Net Income (Loss) per Share<sup>(2)</sup></b>	<b>\$ 0.71</b>	<b>\$ 0.23</b>	<b>\$ 0.53</b>	<b>\$ 0.08</b>	<b>\$ 0.57</b>
<b>SUMMARY BALANCE SHEET</b>					
Total investments, at fair value	\$ 1,948,957	\$ 1,979,877	\$ 1,973,565	\$ 1,896,420	\$ 1,860,475
Cash, cash equivalents and restricted cash	68,644	30,506	42,873	54,150	55,218
Other assets	36,431	31,314	38,969	32,027	41,057
<b>Total Assets</b>	<b>\$ 2,054,032</b>	<b>\$ 2,041,697</b>	<b>\$ 2,055,407</b>	<b>\$ 1,982,597</b>	<b>\$ 1,956,750</b>
Debt and secured borrowings <sup>(3)</sup>	1,060,615	1,077,192	1,092,707	1,037,185	1,003,296
Accrued expenses and liabilities	57,766	47,082	44,507	45,731	47,010
Preferred stock	50,000	50,000	50,000	50,000	50,000
<b>Total Liabilities and Preferred Stock</b>	<b>\$ 1,168,381</b>	<b>\$ 1,174,274</b>	<b>\$ 1,187,214</b>	<b>\$ 1,132,916</b>	<b>\$ 1,100,306</b>
<b>Net Assets</b>	<b>\$ 935,651</b>	<b>\$ 917,423</b>	<b>\$ 918,193</b>	<b>\$ 899,681</b>	<b>\$ 906,444</b>
Preferred stock	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>Net Assets</b>	<b>\$ 885,651</b>	<b>\$ 867,423</b>	<b>\$ 868,193</b>	<b>\$ 849,681</b>	<b>\$ 856,444</b>
Common shares outstanding at end of period	51,617	51,060	50,795	50,795	50,795
<b>Net Asset Value per Common Share</b>	<b>\$ 17.16</b>	<b>\$ 16.99</b>	<b>\$ 17.09</b>	<b>\$ 16.73</b>	<b>\$ 16.86</b>
<b>LEVERAGE</b>					
<b>Net Financial Leverage<sup>(4)</sup></b>	<b>1.09x</b>	<b>1.16x</b>	<b>1.16x</b>	<b>1.11x</b>	<b>1.06x</b>
<b>Statutory Debt to Equity<sup>(5)</sup></b>	<b>1.26x</b>	<b>1.30x</b>	<b>1.32x</b>	<b>1.28x</b>	<b>1.23x</b>

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

(1) Includes the preferred stock dividend. (2) Presented net of the preferred stock dividend for the period. (3) Includes deferred financing costs. (4) Reflects cumulative convertible preferred securities as equity, net of excess cash held at period end, which was \$41.8 million on September 30, 2023. (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

<i>(Dollar amounts in thousands and based on par)</i>	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>NEW INVESTMENT FUNDINGS BY ASSET TYPE <sup>(1)</sup></b>					
First lien debt	\$ 267,262	\$ 126,400	\$ 53,164	\$ 44,511	\$ 56,025
Second lien debt	285	318	325	4,825	613
Equity <sup>(2)</sup>	14,623	1,868	2,361	1,630	2,166
<b>Total</b>	<b>\$ 282,170</b>	<b>\$ 128,586</b>	<b>\$ 55,850</b>	<b>\$ 50,966</b>	<b>\$ 58,804</b>
<b>Weighted Average Yield at Amortized Cost</b>	<b>10.0%</b>	<b>11.8%</b>	<b>12.7%</b>	<b>12.4%</b>	<b>13.4%</b>

<b>SALES &amp; REPAYMENTS BY ASSET TYPE <sup>(1)</sup></b>					
First lien debt	\$ (180,937)	\$ (87,352)	\$ (68,505)	\$ (106,038)	\$ (57,832)
Second lien debt	(31,500)	—	(6,954)	—	(28,891)
Equity <sup>(2)</sup>	—	(60)	(829)	(1,495)	(1,543)
<b>Total</b>	<b>\$ (212,437)</b>	<b>\$ (87,412)</b>	<b>\$ (76,288)</b>	<b>\$ (107,533)</b>	<b>\$ (88,266)</b>
<b>Weighted Average Yield at Amortized Cost</b>	<b>8.8%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>11.5%</b>	<b>12.5%</b>

<b>Net Investment Activity</b>	<b>\$ 69,733</b>	<b>\$ 41,174</b>	<b>\$ (20,438)</b>	<b>\$ (56,567)</b>	<b>\$ (29,462)</b>
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<b>TOTAL INVESTMENT PORTFOLIO BY ASSET TYPE <sup>(3)(4)</sup></b>					
First lien debt	68.2%	68.6%	68.5%	67.1%	68.4%
Second lien debt	13.5%	13.3%	13.1%	14.0%	12.7%
Equity	4.7%	4.8%	5.2%	5.4%	5.4%
Investment funds	13.6%	13.3%	13.2%	13.5%	13.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Weighted Average Yield on Debt Investments at Amortized Cost<sup>(5)</sup></b>	<b>10.4 %</b>	<b>11.7 %</b>	<b>12.0 %</b>	<b>12.6 %</b>	<b>12.8%</b>
<b>Weighted Average Yield on Debt and Income Producing Investments at Amortized Cost<sup>(5)</sup></b>	<b>10.6 %</b>	<b>11.8 %</b>	<b>12.1 %</b>	<b>12.6 %</b>	<b>12.7%</b>

Please refer to the Company's Form 10-Q for more information. No assurance is given that the Company will continue to achieve comparable results.

(1) Excludes activity related to the Investment Funds. (2) Based on cost/proceeds of equity activity. (3) At quarter end. (4) As a percentage of fair value. (5) Weighted average yields exclude investments placed on non-accrual status. Weighted average yields of income producing investments include Credit Fund and Credit Fund II, as well as income producing equity investments.

# Portfolio Highlights

Total funded debt investments at par (\$mm) <sup>(1)</sup>	\$1,874
Total unfunded debt investments at par (\$mm)	\$142
Total investments at fair value (\$mm)	\$1,860
Weighted Average Yield on Debt and Income Producing Investments at Amortized Cost <sup>(2)</sup>	12.7%
Number of investments	171
Number of portfolio companies	124
Average exposure by portfolio company	0.8%

Floating Rate  
**99%**

Senior Secured Exposure<sup>(3)</sup>  
**94%**

Company EBITDA<sup>(4)</sup>  
(Median)  
**\$80mm**

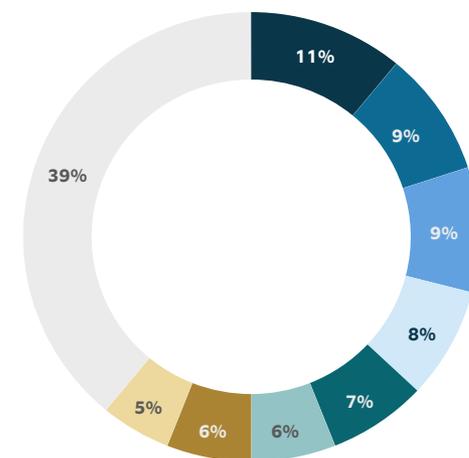
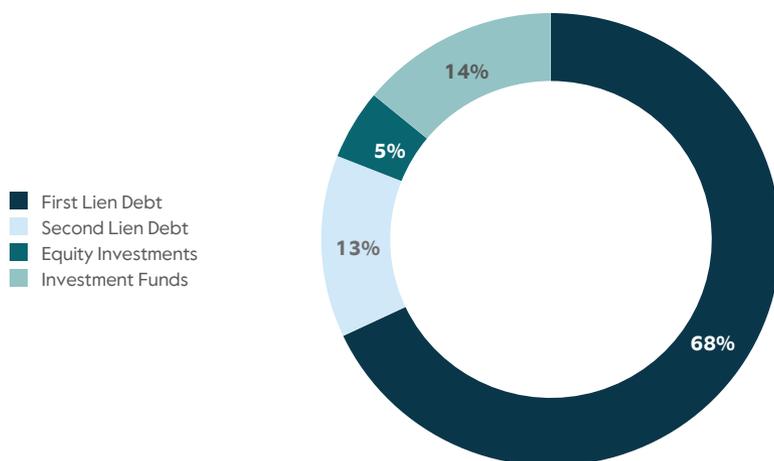
Sponsored  
**98%**

## Key Statistics

## Asset Mix<sup>(5)</sup>

## Portfolio

## Industry Exposure<sup>(3)(5)</sup>



(1) Includes investments in Credit Fund and Credit Fund II. (2) Weighted average yields of income producing investments include Credit Fund and Credit Fund II, as well as income producing equity investments. Weighted average yields exclude investments placed on non-accrual status. (3) Represents CSL's exposure to the respective underlying portfolio companies, including CSL's proportionate share of the portfolio companies held in the Investment Funds. (4) Excludes equity positions, loans on non-accrual, unfunded commitments, and certain asset-backed, asset-based, and recurring revenue loans. (5) As a percentage of fair value.

# Overview of Investment Funds

- Weighted average annualized dividend yield from Investment Funds was 12.2% for the quarter

## Key Statistics – Credit Fund

CSL Investment at cost (\$mm)	\$193
CSL ownership	50.0 %
Yield of debt investments at cost <sup>(1)</sup>	11.2 %
Leverage	1.4x
Effective cost of debt	SOFR +2.70%
Annualized dividend yield to CSL	11.4 %

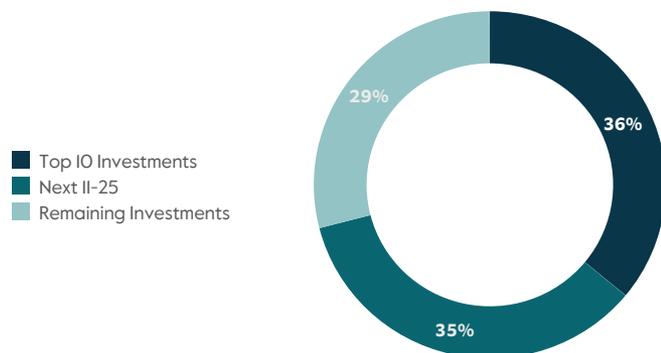
## Key Statistics – Credit Fund II

CSL Investment at cost (\$mm)	\$78
CSL ownership	84.1 %
Yield of debt investments at cost <sup>(1)</sup>	12.0 %
Leverage	2.0x
Effective cost of debt	SOFR + 2.88%
Annualized dividend yield to CSL	14.2 %

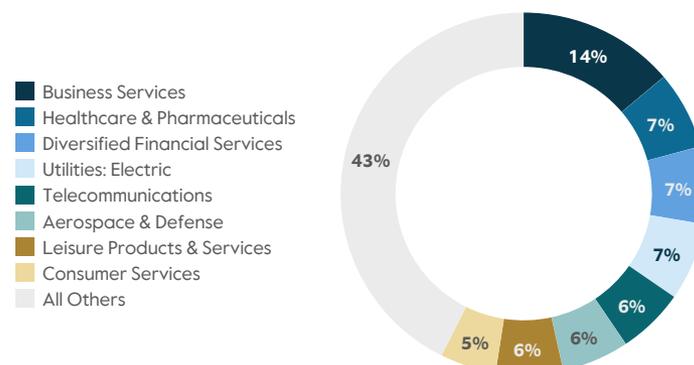
## Combined Investment Funds Portfolio

Portfolio Fair Value	Asset Yield	Floating Rate	First Lien	% of CSL Portfolio
<b>\$988</b>	<b>11.4%</b>	<b>99.5%</b>	<b>97.5%</b>	<b>13.5%</b>

## Diversification by Borrower



## Diversification by Industry



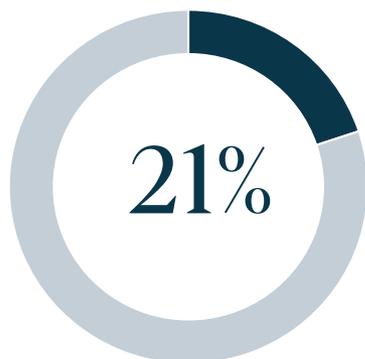
<sup>(1)</sup> Weighted average yields at cost of the debt investments include the effect of accretion of discounts and amortization of premiums and are based on interest rates as of period end. Weighted average yields exclude investments placed on non-accrual status. Actual yields earned over the life of each investment could differ materially from the yields presented above.

# Funding and Capital Management Overview

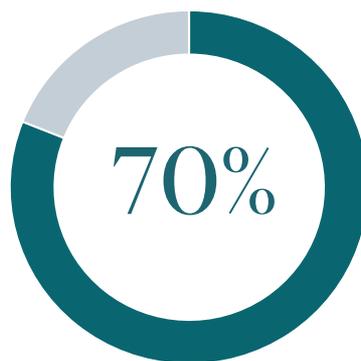
## Overview of Balance Sheet Financing Facilities

	Commitment	Outstanding	Maturity Date	Pricing <sup>(1)</sup>
Credit facility	\$790	\$366	5/25/2027 <sup>(2)</sup>	SOFR + 1.88%
2015-IR notes	\$449	\$449	10/15/2031	SOFR + 2.00% <sup>(3)(4)</sup>
2019 senior notes	\$115	\$115	12/31/2024	4.75%
2020 senior notes	\$75	\$75	12/31/2024	4.50%
<b>Total / Weighted Average<sup>(3)</sup></b>	<b>\$1,429</b>	<b>\$1,005</b>	<b>5.5 years</b>	<b>6.82%</b>

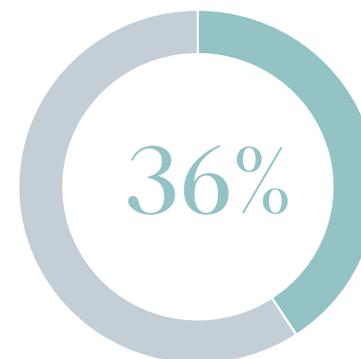
% of Utilized Balance Sheet  
Leverage Fixed



% of Committed Balance Sheet  
Leverage Utilized



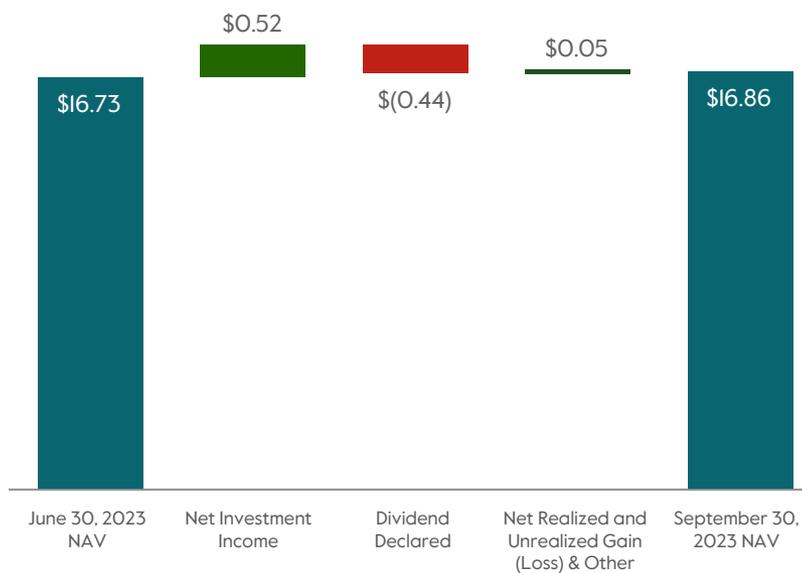
% of Utilized Balance Sheet  
Leverage Mark-To-Market



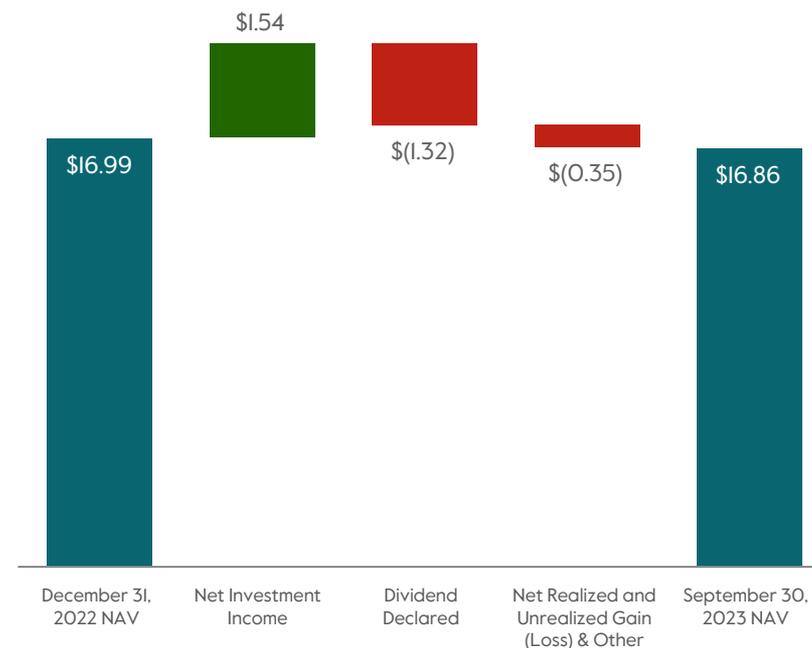
(1) SOFR borrowings are subject to an additional spread adjustment. (2) On May 25, 2026, \$135,000 of the \$790,000 in principal will terminate. (3) Represents the weighted average interest rate for the 2015-IR Notes over the various tranches of issued notes, excluding a \$25 million note that has a fixed interest rate of 4.56%. (4) Weighted average maturity and pricing amounts are calculated based on amount outstanding.

# Net Asset Value Per Share Bridge

## Q3 2023



## YTD Q3 2023



*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 realized and unrealized gain (loss) 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 September 30, 2023, three borrowers were on non-accrual status, representing 2.0% of total investments at fair value and 3.2% at amortized cost.

<i>(Dollar amounts in millions)</i>					
Internal Risk Rating	June 30, 2023			September 30, 2023	
	Fair Value	% of Fair Value		Fair Value	% of Fair Value
1	\$ 28.6	1.9%		\$ 27.1	1.8%
2	1,248.0	81.1%		1,187.9	78.8%
3	226.9	14.7%		256.3	17.0%
4	34.7	2.3%		36.6	2.4%
5	—	—%		—	—%
<b>Total</b>	<b>\$ 1,538.2</b>	<b>100.0%</b>		<b>\$ 1,507.9</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 basis 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.

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Appendix

An abstract graphic on the right side of the page, consisting of several overlapping circles of varying shades of blue and white, creating a sense of depth and movement.

# Quarterly Balance Sheet Detail

<i>(Dollar amounts in thousands, except per share data)</i>	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>ASSETS</b>					
Investments—non-controlled/non-affiliated, at fair value	\$ 1,642,494	\$ 1,671,488	\$ 1,661,414	\$ 1,588,732	\$ 1,556,390
Investments—non-controlled/affiliated, at fair value	41,863	45,367	50,996	51,668	52,670
Investments—controlled/affiliated, at fair value	264,600	263,022	261,155	256,020	251,415
<b>Total Investments, at Fair Value</b>	<b>1,948,957</b>	<b>1,979,877</b>	<b>1,973,565</b>	<b>1,896,420</b>	<b>1,860,475</b>
Cash, cash equivalents and restricted cash	68,644	30,506	42,873	54,150	55,218
Receivable for investments sold	4,884	1,528	6,908	1,396	3
Interest and dividend receivable	24,328	24,023	26,174	24,703	33,539
Prepaid expenses and other assets	7,219	5,763	5,887	5,928	7,515
<b>Total Assets</b>	<b>\$2,054,032</b>	<b>\$2,041,697</b>	<b>\$2,055,407</b>	<b>\$1,982,597</b>	<b>\$1,956,750</b>
<b>LIABILITIES &amp; NET ASSETS</b>					
Debt and secured borrowings, net of unamortized debt issuance costs	\$ 1,060,615	\$ 1,077,192	\$ 1,092,707	\$ 1,037,185	\$ 1,003,296
Payable for investments purchased	13,872	287	—	—	—
Interest and credit facility fees payable	5,240	6,749	6,782	7,097	7,340
Dividend payable	20,625	22,446	22,321	22,320	22,321
Base management and incentive fees payable	13,748	12,681	12,729	12,804	12,636
Administrative service fees payable	1,409	1,711	1,221	1,439	2,577
Other accrued expenses and liabilities	2,872	3,208	1,454	2,071	2,136
<b>Total Liabilities</b>	<b>\$1,118,381</b>	<b>\$1,124,274</b>	<b>\$1,137,214</b>	<b>\$1,082,916</b>	<b>\$1,050,306</b>
Preferred Stock	50,000	50,000	50,000	50,000	50,000
<b>Total Liabilities and Preferred Stock</b>	<b>\$1,168,381</b>	<b>\$1,174,274</b>	<b>\$1,187,214</b>	<b>\$1,132,916</b>	<b>\$1,100,306</b>
<b>Net Assets</b>	<b>\$885,651</b>	<b>\$867,423</b>	<b>\$868,193</b>	<b>\$849,681</b>	<b>\$856,444</b>
<b>Net Asset Value Per Common Share</b>	<b>\$ 17.16</b>	<b>\$ 16.99</b>	<b>\$ 17.09</b>	<b>\$ 16.73</b>	<b>\$ 16.86</b>

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

# Quarterly Income Statement Detail

<i>(Dollar amounts in thousands, except per share data)</i>	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>INVESTMENT INCOME</b>					
Interest income <sup>(1)</sup>	48,645	47,021	49,136	50,870	51,457
Income from credit funds	7,524	8,276	8,276	8,276	8,276
Other income	2,974	739	963	919	768
<b>Total Investment Income</b>	<b>\$ 59,143</b>	<b>\$ 56,036</b>	<b>\$ 58,375</b>	<b>\$ 60,065</b>	<b>\$ 60,501</b>
<b>EXPENSES</b>					
Management fees	\$ 7,262	\$ 7,378	\$ 7,236	\$ 7,185	\$ 7,080
Incentive fees	6,451	5,277	5,472	5,593	5,530
Interest expense and credit facility fees	11,937	15,238	17,281	17,873	18,222
Other expenses	1,891	1,792	1,293	1,589	1,708
Excise tax expense	449	851	523	650	850
<b>Net Expenses</b>	<b>\$ 27,990</b>	<b>\$ 30,536</b>	<b>\$ 31,805</b>	<b>\$ 32,890</b>	<b>\$ 33,390</b>
Preferred stock dividend	875	875	875	875	875
<b>Net Investment Income</b>	<b>\$ 30,278</b>	<b>\$ 24,625</b>	<b>\$ 25,695</b>	<b>\$ 26,300</b>	<b>\$ 26,236</b>
Net realized and change in unrealized gains (losses)	6,677	(13,041)	1,417	(22,462)	2,876
<b>Net Income (Loss)</b>	<b>\$ 36,955</b>	<b>\$ 11,584</b>	<b>\$ 27,112</b>	<b>\$ 3,838</b>	<b>\$ 29,112</b>
<b>Net Investment Income per Common Share</b>	<b>\$ 0.58</b>	<b>\$ 0.48</b>	<b>\$ 0.50</b>	<b>\$ 0.52</b>	<b>\$ 0.52</b>
<b>Net Income (Loss) per Common Share</b>	<b>\$ 0.71</b>	<b>\$ 0.23</b>	<b>\$ 0.53</b>	<b>\$ 0.08</b>	<b>\$ 0.57</b>

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 of the Company's Form 10-Q for additional details.

(1) Inclusive of payment-in-kind interest income.