



Capital Southwest Corporation Investor Presentation

February 2018

Forward-Looking Statements

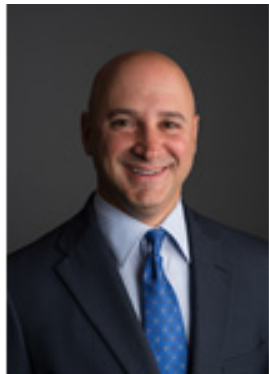
- This presentation contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 relating to, among other things, the business, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and its subsequent filings with the Securities and Exchange Commission. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.
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CSWC Senior Management



Bowen S. Diehl

- Joined Capital Southwest in March 2014
- Former Senior Investment Professional at American Capital (2001 – 2014)
- Co-Head of Sponsor Finance Group at American Capital (2007 – 2014)
- 15 years of investing experience in middle market debt and equity
- BE – Vanderbilt University. MBA – UT Austin
- Lives in Dallas with wife and three children



Michael S. Sarner

- Joined Capital Southwest in June 2015
- Former SVP Treasurer at American Capital (2000 – 2015)
- 20 years of financial, treasury and BDC experience
- BA – James Madison. MBA – George Washington University
- Certified Public Accountant
- Lives in Dallas with wife and three children

CSWC Company Overview

CSWC is a middle-market lending firm focused on supporting the acquisition and growth of middle-market companies across the capital structure

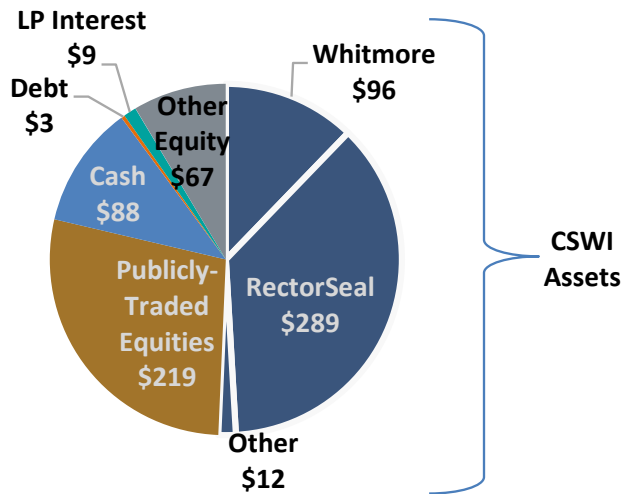
- CSWC was formed in 1961, and became a BDC in 1988
- Publicly-traded on Nasdaq under CSWC (Common Stock) and CSWCL (Notes) tickers
- Internally Managed BDC with RIC status for tax purposes
- 18 employees based in Dallas, Texas
- Relaunched CSWC as a middle market lending firm in January 2015
 - ✓ Implemented credit strategy that fits extensive track record of investment team
 - ✓ Liquidated majority of legacy equity assets
 - ✓ Completed tax free spin off of wholly-owned industrial assets in September 2015
- Total Balance Sheet Assets of \$403 MM as of December 31, 2017
- Manage I-45 Senior Loan Fund (“I-45 SLF”) in partnership with Main Street Capital (Nasdaq: MAIN)

Pre-2015 Challenges

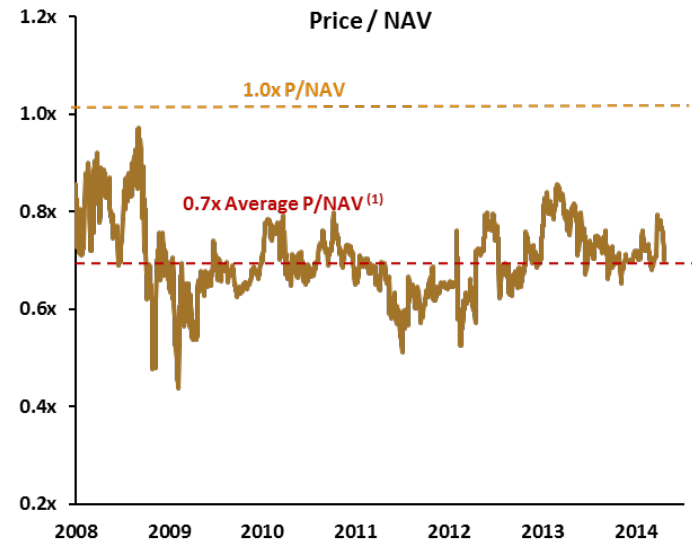
- Until spin off announcement, CSWC traded at a significant discount to NAV
 - ✓ Virtually 100% of CSWC's portfolio was invested in equity
 - ✓ There was significant concentration in two industrial companies, with very large embedded capital gains
 - ✓ Did not pay meaningful dividend

Asset Allocation – 6/30/14

(\$ in millions)



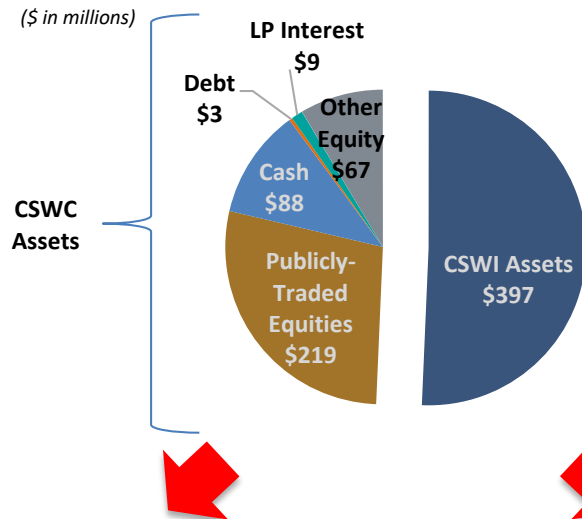
Significant Market Discount to NAV



(1) Average P/NAV from 1/2/08 to 9/30/14

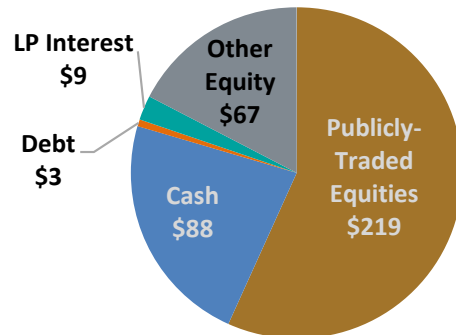
Solution: 2015 Tax Free Spin of Industrial Assets

CSWC Pre-Spinoff - 6/30/14



CSWC Portfolio - 6/30/2014 ⁽¹⁾

(\$ in millions)



CSW Industrials, Inc. ⁽²⁾

NASDAQ Ticker	CSWI
Market Cap	\$745.0 million
Debt	\$53.9 million
Revenue	\$351.2 million
EBITDA	\$60.4 million
EV/EBITDA Multiple	12.8x

(1) 6/30/2014 portfolio mix is pro forma for the spin off of the CSW Industrials companies

(2) Data from CapitalIQ on 2/5/2018.

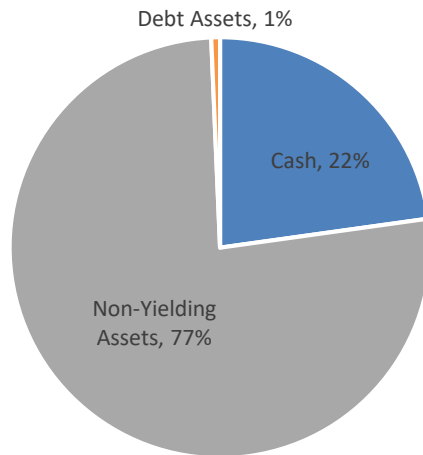
Portfolio Rotation to Income Generation

Since June 2014, CSWC has transformed its investment portfolio increasing income earning assets from 1% of the investable portfolio to 89%

- Exited 22 legacy portfolio equity investments, generating \$228 MM in proceeds
- Invested \$340 MM in 44 middle-market credit investments on balance sheet
- Invested \$385 MM in 81 middle-market credits within I-45 Senior Loan Fund (“I-45 SLF”)

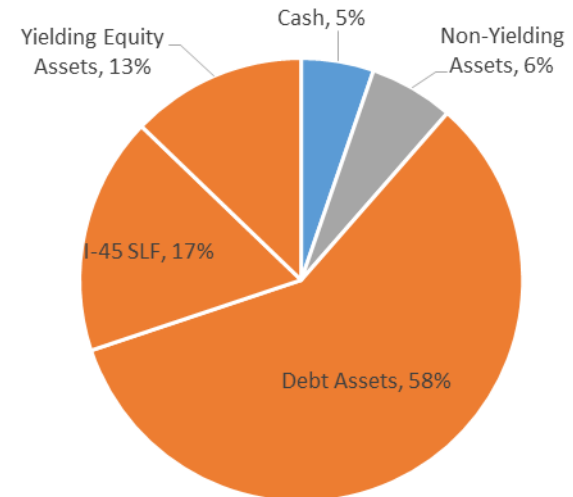
6/30/2014 (excl. CSWI Companies)

1% of Total Assets Generating Recurring Income



12/31/2017 Investable Assets

89% of Total Assets Generating Recurring Income



Two Pronged Investment Strategy

CORE: Lower Middle Market (“LMM”): CSWC led or Club Deals

- Companies with EBITDA between \$3 MM and \$15 MM
- Typical leverage of 2x – 4x Debt to EBITDA through CSWC debt
- Commitment size up to \$20 MM with hold sizes generally \$10 to \$15 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien

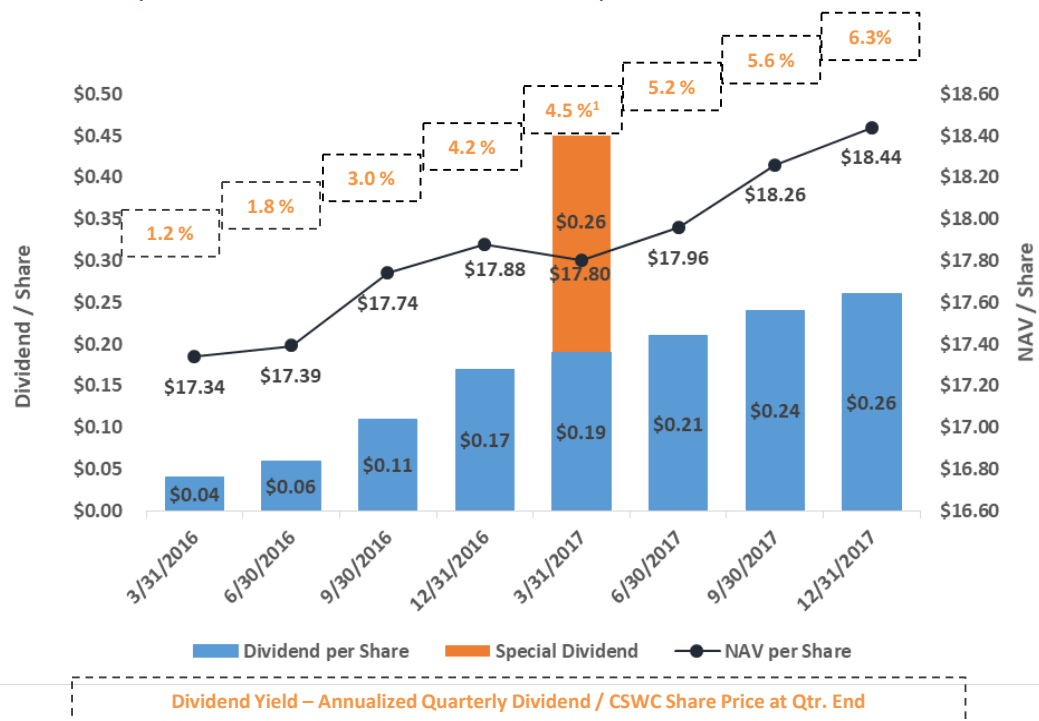
- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 to \$10 MM
- Floating Rate First and Second Lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

Key Highlights since launch of Credit Strategy

- Built investment and finance teams made up of people with long track records of investing in the middle market
 - ✓ Of the 18 employees, 15 joined CSWC since launching the middle market lending strategy
- Invested \$340 MM in 44 middle-market credit assets on balance sheet
 - ✓ Credit portfolio consists of \$226 MM investments at fair value (79% 1st Lien)
 - ✓ No non-accruals, debt marked at 99% of par
 - ✓ Generated 19% weighted average IRR on 17 exits
- Invested \$385 MM in 81 middle-market credits assets within the I-45 SLF
 - ✓ I-45 portfolio consists of \$218 MM investments at fair value (96% 1st Lien)
 - ✓ Raised \$165 MM in Deutsche Bank credit facility at I-45
 - ✓ No non-accruals, debt marked at 99.8% of par
 - ✓ Generated 12.8% weighted average IRR on 32 exits
- Raised \$180 MM in ING-led credit facility
- Raised \$57.5 MM in Notes Offering (NASDAQ: CSWCL)

Track Record of Dividend and NAV Growth Continues

- Over the past four quarters, CSWC has generated \$0.96 per share in Pre-Tax NII and paid out \$0.90 per share in regular dividends
 - ✓ LTM dividend coverage of 107% of Pre-Tax NII
 - ✓ Eight consecutive quarters of dividend per share growth
- In addition, paid out a Special Dividend of \$0.26 in Q4 2017 generated primarily from realized gains earned over prior 12 months
- Dividend Yield increased to 6.3% at 12/31/17 from 1.2% at 3/31/16
- NAV has increased to \$18.44 per share at 12/31/17 from \$17.34 per share at 3/31/16



(1) The Special Dividend of \$0.26 is not included in the Dividend Yield calculation

CSWC Portfolio Asset Mix by Market

Lower Middle Market 1st Lien portfolio growth continues

Investment Portfolio - Statistics at 12/31/17		
US\$ in 000s	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	17	11
Total Cost	\$185,821	\$69,449
Total Fair Value	\$229,889	\$70,074
Average Hold Size (at Cost)	\$10,931	\$6,314
% First Lien Investments (at Cost)	73.4%	59.7%
% Second Lien Investments (at Cost)	0.0%	40.3%
% Subordinated Debt Investments (at Cost)	10.2%	0.0%
% Equity (at Cost)	16.4%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	11.5%	10.2%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$8.9	\$88.1
Wtd. Avg. Leverage through CSWC Security ^{(3) (4)}	3.4x	4.3x

Note: All metrics above exclude the I-45 Senior Loan Fund

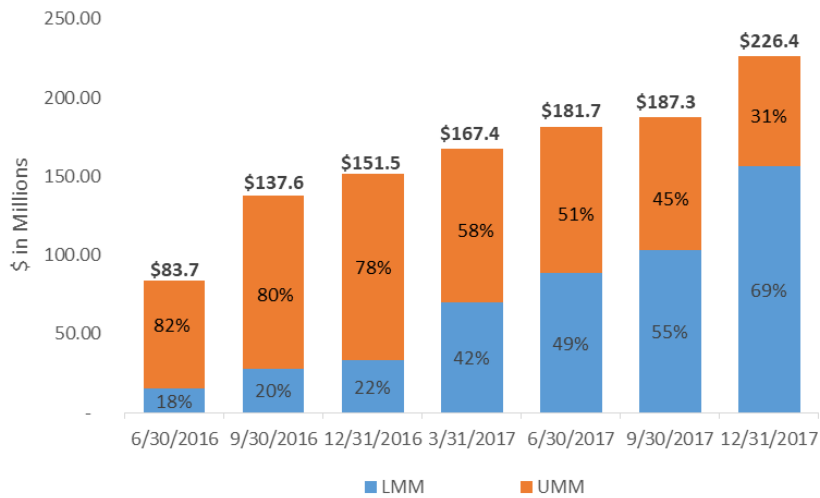
1. At December 31, 2017, we had equity ownership in approximately 70.6% of our LMM investments
2. The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2017, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. As of December 31, 2017, there were no investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
3. Weighted average metrics are calculated using investment cost basis weighting
4. Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Management uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment

Robust Lower Middle Market First Lien Portfolio

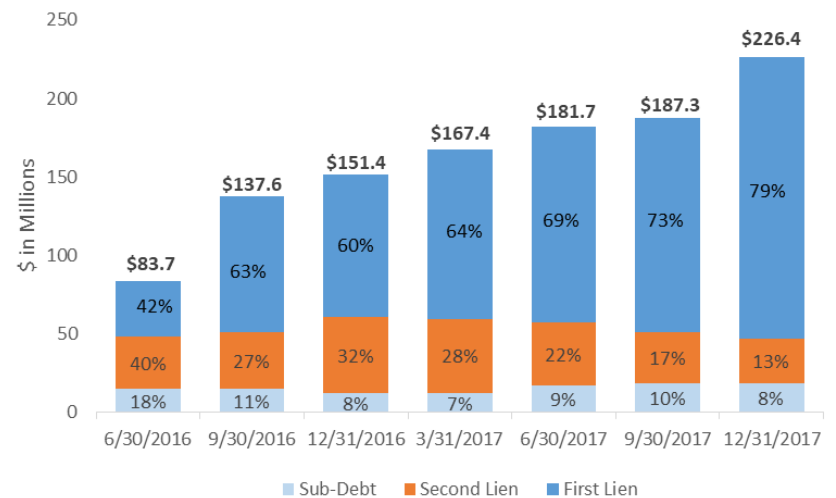
CSWC Balance Sheet Portfolio continues to migrate to LMM and 1st Lien Investments

- LMM Investments have increased to 69% of the credit portfolio at 12/31/17 from 18% at 6/30/16
- First Lien Investments have increased to 79% of the credit portfolio at 12/31/17 from 42% at 6/30/16

Robust LMM Portfolio Growth



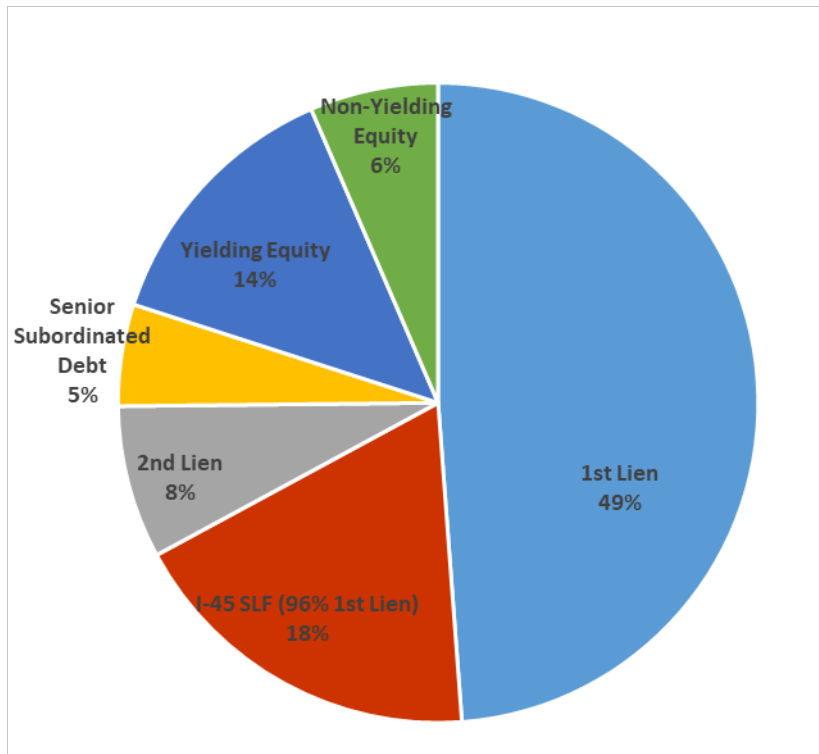
Originations Heavily Weighted to First Lien



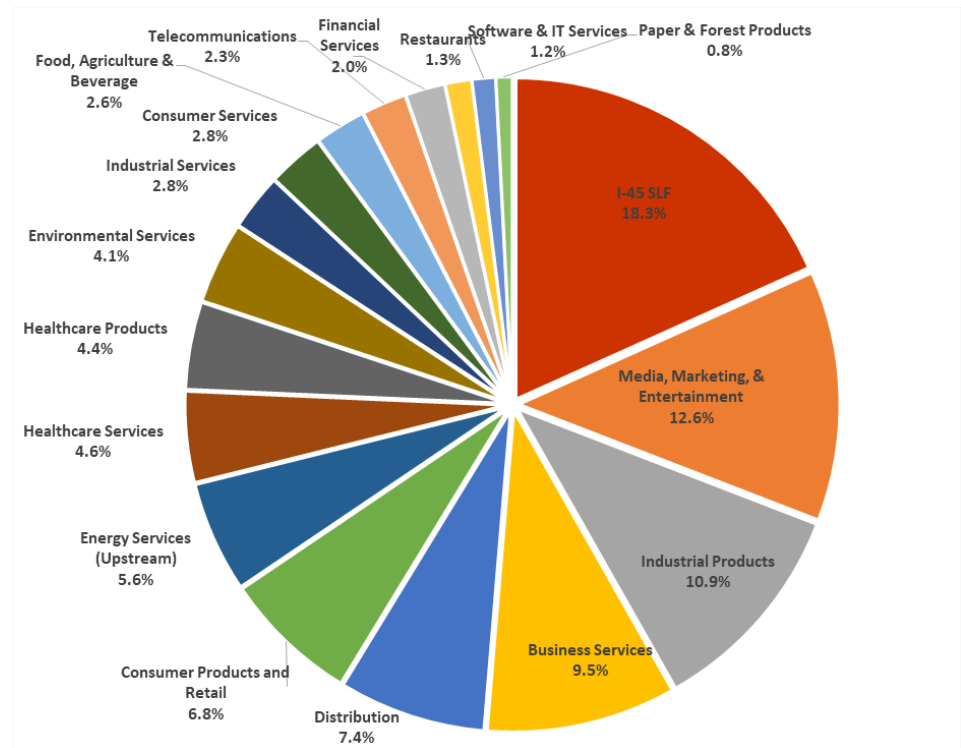
CSWC Portfolio Mix as of 12/31/17 at Fair Value

Current Investment Portfolio of \$367 MM continues to be granular and diverse

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



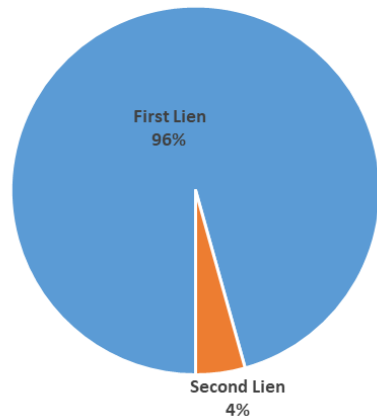
Senior Loan Fund (“I-45”)

- Joint Venture with Main Street Capital Corporation (NASDAQ: MAIN)
- Fund invests in predominately Upper Middle Market first lien loans
- Total target fund size of \$250 MM
 - ✓ Total Equity Commitment of \$85 MM from CSWC (80%) and MAIN (20%)
 - ✓ Total Debt Commitment of \$165 MM through Credit Facility led by Deutsche Bank
- Recurring Run-rate ROE to CSWC of over 13%, paid quarterly, with upside through fees and accelerated OID on prepayments
- CSWC and MAIN jointly control Board of Managers
 - ✓ Capital raising, fund tracking, monitoring, and financial reporting are managed by CSWC
 - ✓ Origination capabilities are a joint effort between CSWC and MAIN
 - ✓ All credit decisions are joint/unanimous between CSWC and MAIN
- I-45 fully disclosed in CSWC financials, but “off-balance sheet” for purposes of 1:1 BDC Leverage Test

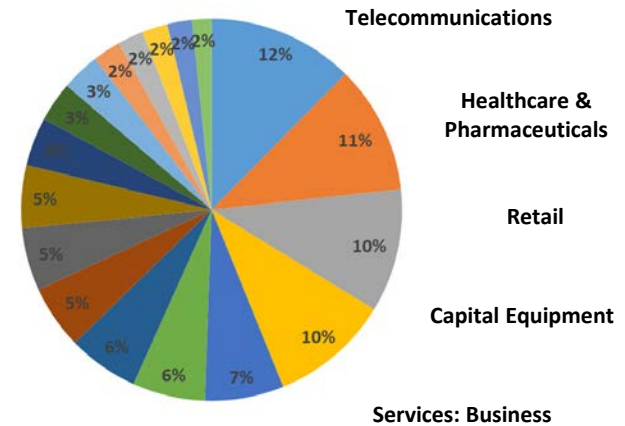
I-45 Portfolio Overview

I-45 loan portfolio of \$218 MM is 96% first lien with average hold size of 2.3%

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics

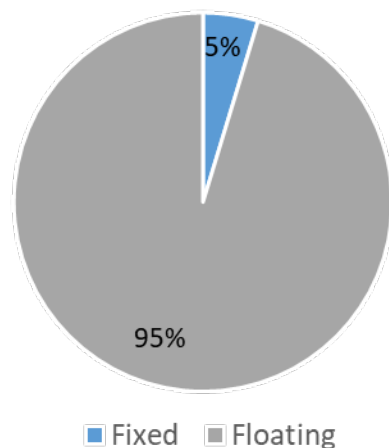
	<u>3/31/2017</u>	<u>6/30/2017</u>	<u>9/30/2017</u>	<u>12/31/2017</u>
Total Debt Investments at Fair Value	\$200,243	\$209,863	\$223,807	\$217,964
Number of Issuers	43	46	46	44
Wtd. Avg. Issuer EBITDA	\$81,417	\$80,909	\$79,009	\$73,392
Avg. Investment Size as a % of Portfolio	2.3%	2.2%	2.2%	2.3%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.0x	3.5x	3.5x	3.3x
Wtd. Avg. Yield	7.9%	7.9%	7.7%	7.4%
Wtd. Avg. Duration (Yrs)	4.3	4.9	4.8	4.7

(1) Through I-45 Security

Interest Rate Sensitivity

Debt Portfolio Exposure at 12/31/17 Well-Positioned for Rising Interest Rate Environment

Fixed vs. Floating Portfolio Composition (1)



Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
50 bps	\$1,214,016	\$0.08
100bps	\$2,428,032	\$0.15
150bps	\$3,642,047	\$0.23
200bps	\$4,856,063	\$0.30

(1) Portfolio Composition includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in NII is based on a projection of CSWC's existing debt investments as of 12/31/17, adjusted only for changes in Base Rates. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities.

CSWC Capitalization

- \$180 MM Credit Facility: led by ING (eight banks)
 - ✓ Includes accordion up to \$250 MM
 - ✓ \$35 MM drawn as of 12/31/2017
 - ✓ Matures November 2021; L + 300 with step-down to L + 275
- \$57.5 MM December 2022 Notes: Trades under the ticker “CSWCL”
 - ✓ Matures December 2022
 - ✓ 5.95% Fixed Notes
- Balance Sheet Cash: Approximately \$21 MM of cash and cash equivalents as of 12/31/17
- Regulatory Leverage (Debt/Equity): 0.3x to 1.0x
 - ✓ Well below the 1:1 regulatory limitation
- \$165 MM I-45 Credit Facility: led by DB (four banks)
 - ✓ \$134 MM drawn as of 12/31/17
 - ✓ Matures July 2022; L + 240

Funded Path to Target Leverage

Capitalization in place today to achieve target leverage of 0.75x - 0.85x

- \$145 MM currently undrawn on credit facility (\$180 MM total committed)
- Significant potential NII growth without additional capital required to be raised

Current Capitalization (12/31/17)	Debt Outstanding (\$MM)
Credit Facility Drawn	\$35.0
December 2022 Notes Outstanding	\$55.2
Total Debt Outstanding	\$90.2

Current Leverage (12/31/17)	0.30X
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Committed Availability on Credit Facility	\$145.0
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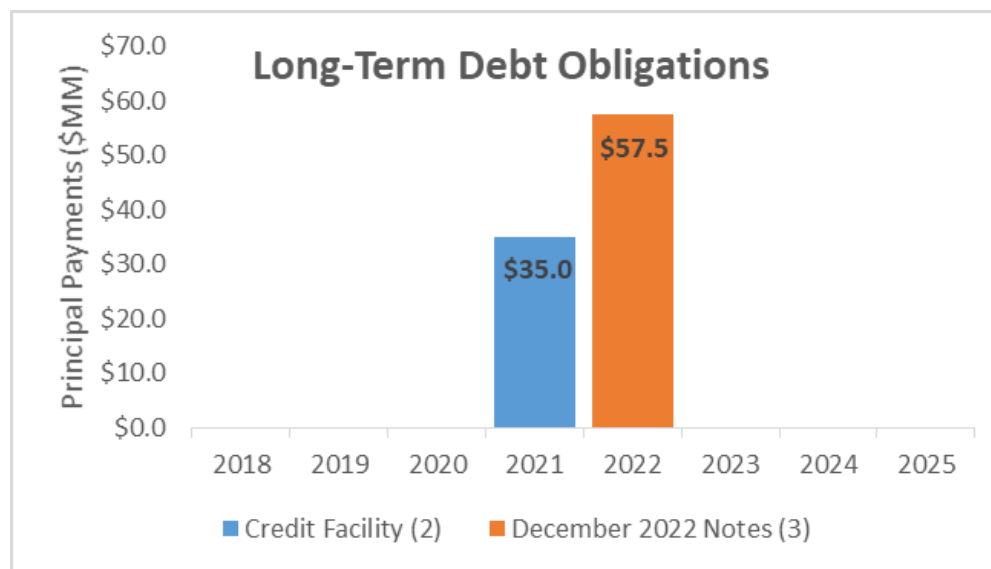
Pro Forma Leverage with Credit Availability Invested	0.79X
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Target Leverage	0.75X - 0.85X
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Debt Capital Structure with Long-Term Duration

Earliest Debt Maturity occurs in November 2021

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn
Credit Facility ⁽¹⁾	\$180.0 MM	L + 3.00% with Step-Down	November 2021	\$35.0 MM
December 2022 Notes ("NASDAQ: CSWCL")	\$57.5 MM	5.95%	December 2022	\$57.5 MM



(1) As of December 31, 2017, CSWC's credit facility had \$180.0 MM in total commitments, with an accordion feature which could increase total commitments up to \$250.0 MM

(2) Based upon outstanding balances as of December 31, 2017

(3) Issued in December 2017; redeemable at CSWC's option beginning December 2019

Advantages of the Internally Managed BDC Structure

- Management interests are directly aligned with all Stakeholders
 - ✓ Both the asset manager and the managed investment assets are consolidated and therefore all stakeholders have an interest in both entities
 - ✓ Management owns equity directly in the BDC
 - ✓ All management activities flow to the benefit of all stakeholders
- Operating expenses of an internally managed BDC typically offer a lower fee structure than an externally managed BDC (Opex as a % of Assets)
 - ✓ Average of 2.2% for Internally Managed BDCs vs. 3.6% for similarly sized Externally Managed BDCs
- CSWC continues to thoughtfully manage expense structure to offer a lower fee structure (Opex as a % of Assets)
 - ✓ Senior personnel and corporate infrastructure already in place
 - ✓ Operating leverage will greatly benefit shareholders as CSWC fully invests towards target leverage
- Historically, performing Internally Managed BDCs have traded at 0.5x price to book premiums versus Externally Managed peers

Corporate Information

Board of Directors

Inside Directors

Bowen S. Diehl

Independent Directors

David R. Brooks

Jack D. Furst

T. Duane Morgan

William R. Thomas

John H. Wilson

Senior Management

Bowen S. Diehl

President & Chief Executive Officer

Michael S. Sarner

Chief Financial Officer, Secretary & Treasurer

Fiscal Year End

March 31

Independent Auditor

RSM US

Chicago, IL

Investor Relations

Michael S. Sarner

Capital Southwest

214-884-3829

msarner@capitalsouthwest.com

Corporate Counsel

Jones Day / Eversheds Sutherland

Corporate Offices & Website

5400 LBJ Freeway

13th Floor

Dallas, TX 75240

<http://www.capitalsouthwest.com>

Transfer Agent

American Stock Transfer & Trust Company, LLC

800-937-5449

www.amstock.com

Securities Listing

NASDAQ: CSWC (Common Stock)

NASDAQ: CSWCL (Notes)

Industry Analyst Coverage

Firm	Analyst	Contact Information
National Securities Corporation	Christopher R. Testa	Direct: 212-417-7447
Ladenburg Thalmann	Mickey M. Schleien, CFA	Direct: 305-572-4131
Janney Montgomery Scott, LLC	Mitchel Penn, CFA	Direct: 410-583-5976

Appendix A: Investment and Finance Teams

Investment Team with Strong Credit Experience

- CSWC has assembled an investment team made up of individuals with extensive track records in middle market lending

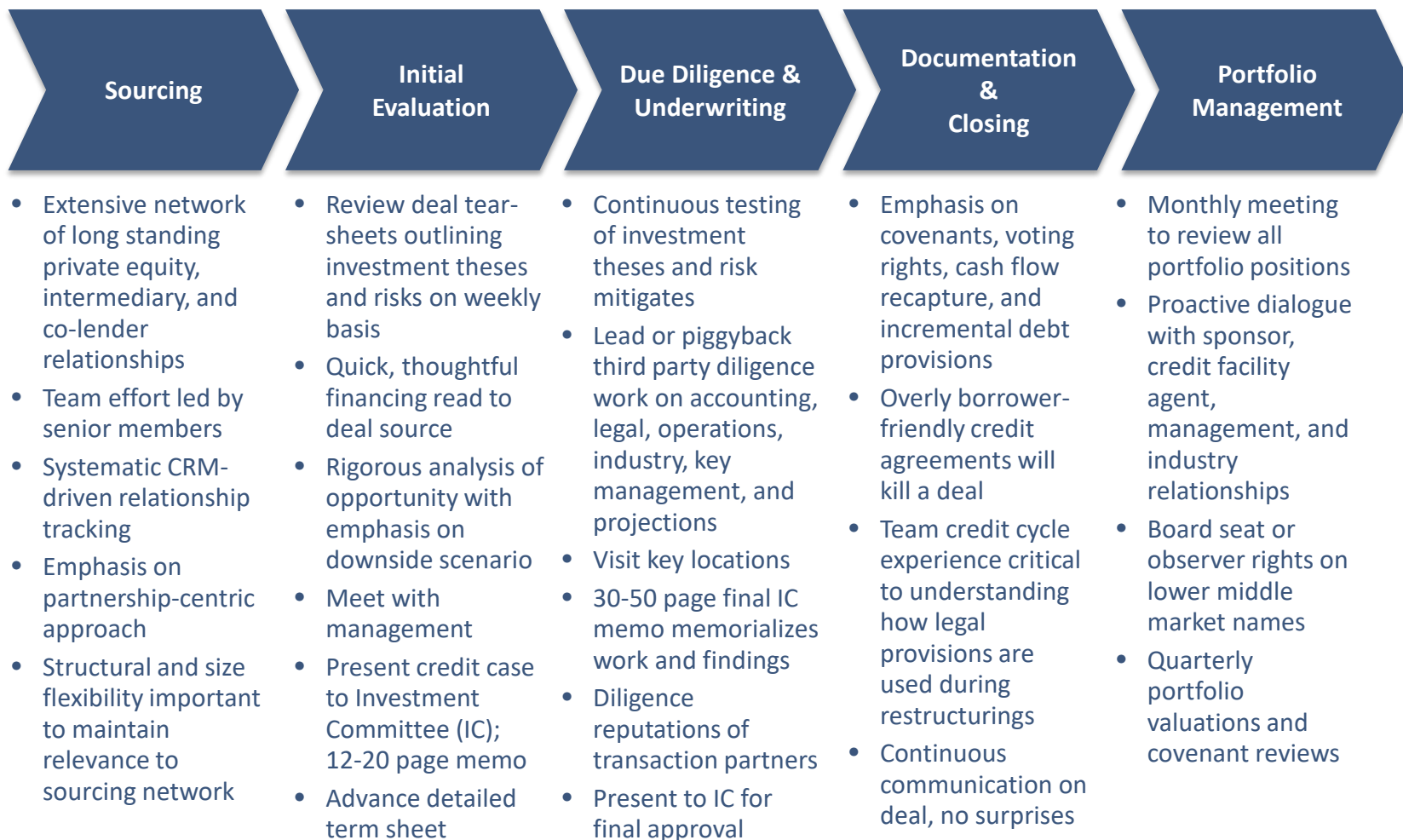
Name	Title	Years Experience	Year Joined CSWC	Relevant Experience
Bowen Diehl	Chief Executive Officer / CIO	22	2014	<ul style="list-style-type: none"> - Managing Director and Co-Head of Sponsor Finance at American Capital - Merrill Lynch Investment Banking - Chase Securities Investment Banking
Douglas Kelley	Managing Director	20	2015	<ul style="list-style-type: none"> - Managing Director of Sponsor Finance at American Capital - Investment banking at J.P. Morgan, The Beacon Group, Credit Suisse First Boston
Josh Weinstein	Managing Director	17	2015	<ul style="list-style-type: none"> - Principal at H.I.G. WhiteHorse - VP at WhiteHorse Capital Partners - Analyst at Morgan Stanley and Citigroup
Bill Ashbaugh	Managing Director Business Development	40	2001	<ul style="list-style-type: none"> - Managing Director in Corporate Finance at Hoak, Principal and Southwest Securities - VP of Corporate Finance at Rauscher Pierce Refsnes (now RBC Dain Rauscher)
Curtis Harrison	Principal	14	2017	<ul style="list-style-type: none"> - VP at Goldman Sachs Specialty Lending Group (GSSLG) - MD at Kelly & Cornell, LLC
Ryan Kelly	Vice President	10	2010	<ul style="list-style-type: none"> - Analyst at Houlihan Lokey
Matt Darrah	Vice President	14	2016	<ul style="list-style-type: none"> - CFO of Rocket Learning - PM at Perot Investments (family office credit strategy) - Associate at American Capital - Analyst at Citigroup and Challenger Capital
Rachael Bazan	Associate	4	2016	<ul style="list-style-type: none"> - Analyst at ING
Spencer Klein	Associate	4	2015	<ul style="list-style-type: none"> - Analyst at J.P. Morgan
Michael Knapp	Associate	5	2015	<ul style="list-style-type: none"> - Analyst at Jefferies

Appendix B: Underwriting & Portfolio Management

Disciplined Investment Process: Investment Criteria

Experienced Management Team with Meaningful Equity Ownership	<ul style="list-style-type: none">• Relevant experience and track record of success• Significant economic interest in the future success of the company
Sustainable Business Model	<ul style="list-style-type: none">• Differentiated product and/or service that gives company a sustainable reason to exist• Leverageable cash flow with ability to maintain or grow margins
Strong Competitive Position	<ul style="list-style-type: none">• Market leader in its business segments• Quantifiable competitive advantage versus their competitors with barriers to entry
Diversification of Customers and Suppliers	<ul style="list-style-type: none">• Inability for any one customer to significantly affect the company's financial performance and ability to service debt• Sustainability of supply and cost of inputs
Ability of Capital Structure to Sustain Economic Cycles	<ul style="list-style-type: none">• Capital structure appropriate for business model and industry• Downside scenario modeling proves ability to sustain economic cycles while servicing debt with leverage inside enterprise value
Significant Equity Value Supporting Debt	<ul style="list-style-type: none">• Significant underlying equity value to support debt in capital structure

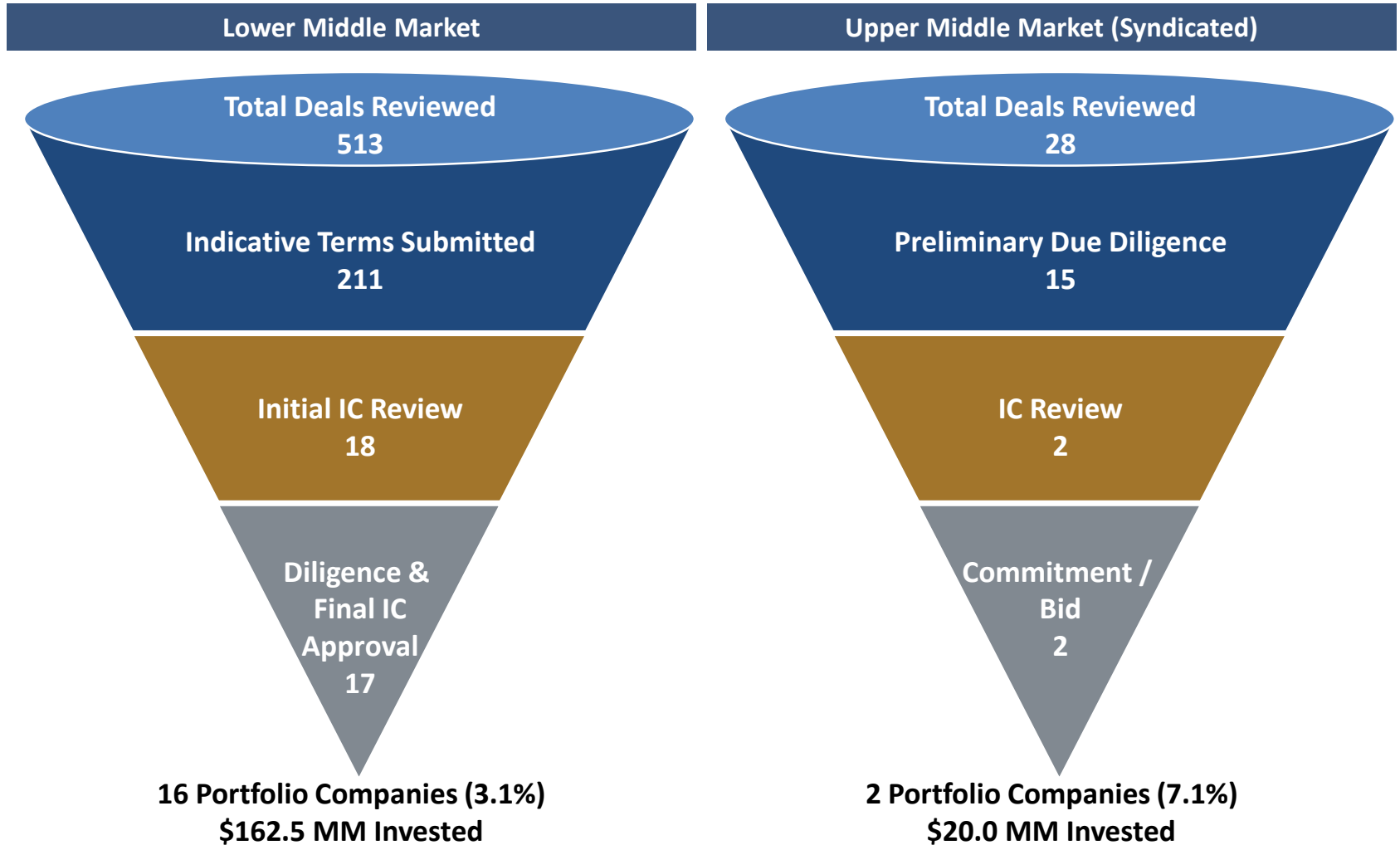
Disciplined Process: Focus on Capital Preservation



Consistent, Downside-Focused, Risk-Return Centric Credit Approach

Maintaining Investment Discipline as Pipeline Grows

541 Deals Reviewed, 18 deals or \$183 million closed in LTM ending 12/31/17



CSWC Taps Into a Broad Network of Deal Sources

Private Equity



Intermediaries and Lending Partners



Portfolio Monitoring Process

- Team-based approach with objectives to:

- Continually evaluate portfolio
- Identify potential problems early
- Prompt deal teams to proactively address issues

- Monitoring mechanisms

- Monthly/quarterly financials
- Regular communication with management/sponsor/agent
- Board observation/membership rights in direct deals

- Monthly investment team meeting

- Review package of credit portfolio tracker reports for each investment
- Discuss performance and issues for each deal
- Assign follow-up duties to team overseeing struggling positions

- Assign and monitor 1 to 4 Investment Rating for each debt investment

- 1 represents material outperformance, 4 represents material underperformance

- Senior executives will be involved day-to-day on workouts

Example Monthly Portfolio Tracker

ABC Corporation As of: 7/31/2017

(\$ in thousands)

Business Overview

Business Description

Headquarters: City, State **Financial Update?** Yes

Website: [www.website.com](#)

CEO: Name 1: 123 456 7891 **Link:**

CFO: Name 2: 123 456 7890 **Link:**

Board of Directors:

CWIC Coverage: MD, VP, Associate

Investment Summary

Security:	Sub Debt	Total Facility:	\$10,000	Agent:	Capita Southwest
Closing Date:	6/1/2015	CWIC:	\$3,000	Financing Partner:	
LIBOR Floor:	n/a	Net OID:	\$4,900	Legal Counsel:	
Spread:	11.00%	Covenants:	Typical, L4%	Financials Timing:	Monthly
First Frequency:	Quarterly	Restr. Covenant:	Fixed Charge	Industry:	Distribution
OID:	\$8.00	Accrual:	\$7.0 acc line	Previous FY End:	7/31/2014
Yield (Interest):	11.00%	Maturity:	6/1/2021	Financials Delivery:	Within 30 days of each month
Net Yield (YTD):	11.15%	Ratings:	n/a		
Net Yield (to Maturity):	11.47%	Call Protection:	102 through 6/1/16		
Annual Inv. Income (\$k):	\$200		101 through 6/1/17		

Valuation Summary

	Cost Basis	FM Value	Change	Unreal. Gain	Investment Rating:
6/30/2017	\$3,000	6/30/2017 \$3,000	\$0	\$0	2
12/31/2017	\$3,000	12/31/2017 \$3,000	\$0	\$0	ASC 820 Hierarchy: Level 3
12/31/2016	\$3,000	12/31/2016 \$3,000	\$0	\$0	RIC Status: Qualifying
9/30/2016	\$3,000	9/30/2016 \$3,000	\$0	\$0	RBC Status: Qualifying
					SBC Status: Non-Qualifying
					Business MISC: n/a

Summary Financials

	Actual 7/31/14	Closing LTM 3/31/15	Actual 7/31/15	Actual 7/31/16	Current LTM 6/30/17	Mgmt. Bud. 7/31/17	Current YTD 6/30/17	Prior YTD 6/30/16	Budget YTD 6/30/17	YTD Variance Prior YTD Budget YTD
Income Statement										
Revenue	\$43,154	\$43,549	\$43,739	\$48,477	\$51,098	\$54,399	\$54,399	\$46,793	\$44,179	\$50,000
& Growth	1.3%		1.3%	4.4%	19.4%	29.4%	29.4%	19.4%	19.4%	5.6%
Gross Profit	\$30,168	\$30,389	\$30,450	\$31,511	\$34,314	\$36,688	\$36,688	\$31,330	\$29,524	\$33,742
% Margin	69.8%	69.8%	69.8%	65.1%	67.2%	67.4%	67.4%	67.0%	66.8%	67.5%
Operating Expenses	\$14,473	\$14,669	\$14,559	\$16,159	\$16,770	\$18,457	\$18,457	\$16,111	\$15,500	\$17,831
% of Revenue	34.2%	34.2%	34.1%	34.1%	34.4%	34.0%	34.0%	34.5%	37.7%	37.7%
Adjusted EBITDA	\$27,724	\$27,669	\$27,690	\$28,372	\$27,321	\$27,810	\$27,810	\$26,751	\$25,750	\$27,362
% Margin	12.7%	12.4%	12.4%	12.1%	12.1%	14.4%	14.4%	14.4%	13.0%	14.7%
Covered EBITDA			\$8,440	\$7,286	\$7,321					
% Margin			14.1%	12.0%	14.4%					
Free Cash Flow	\$2,509	\$639	\$1,754	\$1,727	\$3,821	\$4,197	\$4,197			
% of EBITDA	49.7%	12.3%	28.6%	27.1%	32.0%	33.7%	33.7%			
Balance Sheet										
Cash	\$818	\$140	\$537	\$291	\$311					
Other Current Assets	\$12,448	\$12,957	\$14,211	\$15,717	\$17,711					
PP&E	\$3,125	\$3,444	\$4,301	\$4,923	\$4,509					
Other Assets	\$9,301	\$9,401	\$10,241	\$14,132	\$14,384					
Total Assets	\$25,692	\$25,942	\$29,310	\$35,064	\$36,915					
Current Liabilities	\$3,281	\$2,978	\$2,815	\$4,051	\$3,421					
Senior Debt - Comerica	\$10,500	\$8,951	\$9,557	\$12,428	\$10,548					
Subordinated Debt	\$0	\$0,000	\$0,000	\$0,000	\$0,000					
Senior Note	\$0	\$0,000	\$1,331	\$2,901	\$2,379					
Other Liabilities	\$558	\$498	\$578	\$528	\$570					
Equity	\$11,344	\$12,544	\$15,028	\$17,135	\$19,000					
Total Liabilities & Equity	\$25,692	\$25,942	\$29,310	\$35,064	\$36,915					
Credit Stats										
Senior Debt / EBITDA	1.89x	1.59x	1.48x	1.71x	1.49x					
Total Debt / EBITDA	1.89x	1.11x	1.39x	1.21x	1.28x					
Net Senior Debt / EBITDA	1.89x	1.55x	1.40x	1.67x	1.39x					
Net Total Debt / EBITDA	1.89x	1.09x	1.25x	1.17x	1.27x					

Commentary

> June 2017 financials have been received:

- >> YTD revenue is down 6.5% relative to budget (comparison versus the prior year is not apples to apples given the recent acquisitions)
- >> Gross profit is down 1.8% compared to budget, and slightly above the budgeted gross margin.
- >> Adjusted EBITDA is down 3.3% compared to budget.
- >> Company xyz has elected to proceed with another mezzanine debt provider and CWIC is likely to be taken out sometime in September.

Notes

- 2014 reflect actual results and do not include FF adjustments from the Q4 report.
- Closing LTM reflects FF adjustments in the Q4E report
- 2014 results exclude FF adjustments for acquisitions completed during the period

Valuation Process Overview

- 3rd Party Valuation Consultants are an integral part of our valuation process
- Our 3rd Party Valuation Consultants value our portfolio based on the following guidelines:
 - All Lower Middle Market investments are valued at least 2x per year
 - Underperforming investments are generally valued 4x per year



Appendix C: Financial Statements

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017
Assets				
Portfolio Investments	\$286,880	\$306,582	\$321,860	\$367,120
Cash & Cash Equivalents	\$22,386	\$12,359	\$33,329	\$20,527
Deferred Tax Asset	\$2,017	\$1,858	\$1,846	\$2,080
Other Assets	\$14,469	\$10,391	\$11,635	\$13,123
Total Assets	\$325,752	\$331,190	\$368,670	\$402,850
Liabilities				
December 2022 Notes	\$0	\$0	\$0	\$55,236
Credit Facility	\$25,000	\$25,000	\$56,000	\$35,000
Payable for Unsettled Transaction	\$0	\$9,263	\$0	\$0
Other Liabilities	\$15,680	\$9,500	\$20,156	\$14,084
Total Liabilities	\$40,680	\$43,763	\$76,156	\$104,320
Shareholders Equity				
Net Asset Value	\$285,072	\$287,427	\$292,514	\$298,530
NAV per Share	\$17.80	\$17.96	\$18.26	\$18.44
Debt to Equity	0.09x	0.09x	0.19x	0.30x
Shares Outstanding at Period End	16,011	16,006	16,019	16,187

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 3/31/17	Quarter Ended 6/30/17	Quarter Ended 9/30/17	Quarter Ended 12/31/17
Investment Income				
Interest Income	\$4,113	\$4,520	\$5,282	\$5,566
Dividend Income	\$3,002	\$3,004	\$3,088	\$3,149
Fees and Other Income	\$611	\$200	\$139	\$304
Total Investment Income	\$7,726	\$7,724	\$8,509	\$9,019
Expenses				
Cash Compensation	\$1,704	\$1,638	\$1,606	\$1,885
Share Based Compensation	\$382	\$368	\$384	\$479
General & Administrative	\$1,360	\$1,228	\$1,364	\$907
Spin-off Related Expenses	\$172	\$172	\$173	\$172
Total Expenses (excluding Interest)	\$3,618	\$3,406	\$3,527	\$3,443
Interest Expense	\$543	\$738	\$911	\$1,275
Pre-Tax Net Investment Income	\$3,565	\$3,580	\$4,071	\$4,301
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	(\$284)	(\$144)	(\$134)	\$362
Net realized gain (loss) on investments	\$4,098	\$624	\$210	\$617
Net increase (decrease) in unrealized appreciation of investments	(\$1,402)	\$1,384	\$4,496	\$4,963
Net increase (decrease) in net assets resulting from operations	\$5,977	\$5,444	\$8,643	\$10,243
Weighted Average Diluted Shares Outstanding	16,044	16,072	16,078	16,176
Pre-Tax Net Investment Income Per Dil. Weighted Average Share	\$0.22	\$0.22	\$0.25	\$0.27
Quarterly Dividends per Share	\$0.19	\$0.21	\$0.24	\$0.26

Portfolio Statistics

Continuing to build a well performing credit portfolio with no non-accruals

	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017
Portfolio Statistics				
Fair Value of Debt Investments	\$167,447	\$181,725	\$187,316	\$226,441
Average Debt Investment Hold Size	\$6,698	\$7,269	\$7,805	\$8,709
Fair Value of Debt Investments as a % of Par	99%	99%	99%	99%
% of Debt Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	0.0%	0.0%
Weighted Average Investment Rating ⁽¹⁾	1.9	2.0	2.0	2.0
Weighted Average Yield on Debt Investments	10.28%	10.51%	10.71%	10.95%
Total Fair Value of Portfolio Investments	\$286,880	\$306,582	\$321,860	\$367,120
Weighted Average Yield on all Portfolio Investments ⁽²⁾	10.49%	10.43%	10.65%	10.55%
Investment Mix (Debt vs. Equity) ⁽³⁾⁽⁴⁾	75% / 25%	76% / 24%	74% / 26%	75% / 25%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	95% / 5%	95% / 5%	94% / 6%	94% / 6%

(1) CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2

(2) Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund

(3) Excludes CSWC equity investment in I-45 Senior Loan Fund

(4) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

- Recurring cash interest income continues to grow quarter over quarter
- Higher non-recurring prepayment fees in Q3 2018 versus previous quarter
- PIK income remains a minor portion of NII

<i>(In Thousands)</i>	Quarter Ended 3/31/17	Quarter Ended 6/30/17	Quarter Ended 9/30/17	Quarter Ended 12/31/17
Investment Income Breakdown				
Cash Interest	\$3,913	\$4,264	\$5,082	\$5,357
Cash Dividends	\$3,002	\$3,004	\$3,018	\$3,076
PIK Income	\$63	\$73	\$70	\$72
Amortization of purchase discounts and fees	\$136	\$183	\$200	\$209
Management/Admin Fees	\$115	\$128	\$139	\$146
Prepayment Fees & Other Income	\$497	\$72	\$0	\$159
Total Investment Income	\$7,726	\$7,724	\$8,509	\$9,019
Key Metrics				
Cash Income as a % of Investment Income	97%	97%	97%	97%
% of Total Investment Income that is Recurring ⁽¹⁾	90%	93%	97%	95%

(1) Non-Recurring income principally made up of acceleration of unamortized OID and prepayment fees

Financial Highlights

Solid Earnings Growth as portfolio continues to perform

	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017	Quarter Ended 12/31/2017
Financial Highlights				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.22	\$0.22	\$0.25	\$0.27
Annualized Pre-Tax Net Investment Income Return on Equity (ROE)	4.97%	5.00%	5.64%	5.82%
Realized Earnings Per Wtd Avg Diluted Share	\$0.46	\$0.25	\$0.26	\$0.33
Annualized Realized Earnings ROE	10.29%	5.68%	5.75%	7.15%
Earnings Per Wtd Avg Diluted Share	\$0.37	\$0.34	\$0.54	\$0.63
Annualized Earnings Return on Equity (ROE)	8.33%	7.61%	11.97%	13.87%
Quarterly Dividends Per Share	\$0.19	\$0.21	\$0.24	\$0.26
Special Dividends per Share	\$0.26	\$0.00	\$0.00	\$0.00
NAV Per Share	\$17.80	\$17.96	\$18.26	\$18.44