



Private Credit: Cutting Through the Noise

A Balanced Perspective for Accredited Investors

Recent headlines have highlighted isolated stress within bank-led, asset-based finance credit markets, but private credit fundamentals remain stable. BPC maintains a focus on core middle market lending, supported by stable credit metrics and an attractive potential return profile relative to public credit markets.

INSIGHTS

“The report of my death was an exaggeration.”
– Mark Twain

Recent media narratives around private credit have echoed this sentiment. While headlines have focused on a handful of distressed situations—which do not reflect what Barings would consider private credit transactions—we do not believe these examples accurately reflect the broader health of the asset class or the positioning of Barings’ direct lending strategy.

At Barings, we believe our portfolios—including Barings Private Credit Corp (BPCC)—continue to demonstrate the characteristics investors often associate with private credit within diversified portfolios: exposure to private, senior secured loans, access to an illiquidity premium, and historically lower volatility relative to public credit markets. Of course, private credit involves risk, and future results may differ from historical performance.

BPCC Performance Remains Consistent

Over the one year, three year, and since-inception periods, BPCC’s annualized returns have been¹:

- 9.1% (1-year)
- 11.3% (3-year)
- 10.8% (since inception)

For context, select public credit indexes produced the following annualized returns over the same periods.

1. Source: Barings. As of January 31, 2026. BPCC inception: May 13, 2021.
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Figure 1: BPCC Has Outperformed Public Credit Indexes Since Inception

Manager	YTD Return ¹ –Jan 2026	1-YR Return ¹	3-YR Annualized Return ¹	Annualized Return Since Inception ¹	Annualized Distribution Rate/YTW ²	3-Yr Volatility (Risk) ^{1,3}	Volatility (Risk)— Since BPCC Inception ^{1,3}	3-Month Max NAV/ Share Drawdown ¹
Barings (BPCC)	0.5%	9.1%	11.3%	10.8%	10.3%	1.0%	1.9%	-1.4%
Broadly Syndicated Loans	-0.6%	5.9%	8.4%	6.2%	7.1%	2.2%	3.7%	-6.3%
U.S. Investment Grade Bonds	0.1%	6.8%	3.6%	0.2%	4.4%	5.8%	6.5%	-9.9%
U.S. High Yield Bonds	0.5%	7.7%	8.9%	4.4%	6.6%	4.4%	6.9%	-9.9%
U.S. Public Equities	1.2%	16.1%	21.0%	12.8%	1.3%	11.7%	15.3%	-16.4%

1. Data as of January 31, 2026. “YTD Returns” represent compounded monthly total returns, which are calculated by taking the change in NAV per share, plus distributions per share (assumes dividends and distributions are reinvested), and dividing the sum by the prior month’s NAV per share. “3-Yr Annualized Returns” and “Annualized Return Since Inception” assume reinvestment of dividends/interest and are calculated internally for BPCC and sourced from Bloomberg and Morningstar for indices. Data is since BPCC inception in May 13, 2021. **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**
2. Annualized distribution rate (BPCC & U.S. Public Equities) as of February 28, 2026 and does not contain any return of capital; YTW (Broadly Syndicated Loans, U.S. Investment Grade Bonds, and U.S. High Yield Bonds) as of January 31, 2026. “Annualized Distribution Rate” is calculated by multiplying the next payable dividend by 12 and dividing the product by the most recent quarter-end or month-end NAV; “YTW”—Yield-To-Worst—is a measure of the lowest expected yield on a debt asset if it is redeemed before its contractual maturity.
3. “3-Yr Volatility (Risk)” represents annualized standard deviation of monthly total returns for the last three years, as of January 31, 2026. This is calculated by multiplying the standard deviation of the monthly return sample by the square root of the number of reporting periods in a year, in this case 12.

BDCs are classified as having limited liquidity. One must apply for redemptions which are not guaranteed. Do not expect to sell your securities in the amount or at the time desired.

*Source: “Broadly Syndicated Loans”—Morningstar LSTA LL100; “Investment Grade Bonds”—Bloomberg U.S. Aggregate; “High Yield Bonds”—Bloomberg U.S. Corporate High Yield; “U.S. Public Equities”—S&P 500. **DISCLOSURE:** Index performance is shown for illustrative purposes only and to allow for comparison of BPCC’s performance to that of well-known and widely recognized indices. The indices are not subject to fees or expenses and it may not be possible to invest in the indices. The volatility and risk profile of the indices presented is likely to be materially different from that of BPCC. In addition, the indices employ different investment guidelines and criteria than BPCC and do not employ leverage; as a result, the holdings in BPCC and the liquidity of such holdings may differ significantly from the securities that comprise the indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. The indices are not necessarily the top performing indices in the given asset class and recipients should consider this when comparing the performance of any fund or investment to that of the indices.

These comparisons illustrate the historical illiquidity premium private credit has offered relative to public credit markets and highlight BPCC’s differentiated return profile. Past performance, as always, does not guarantee future results.

Why Some Recent Headlines Mischaracterize the Market

Recent articles have cited the situations at **Tricolor**, **First Brands**, **Renovo**, and other companies.

However, these examples share characteristics that place them **outside the scope of core middle market direct lending** and differentiate them from the type of private credit in which BPCC invests:

- Many were **bank originated, syndicated transactions**
- Several involved **complex capital structures**
- Many included **factoring or asset based lending facilities** with priority claims over collateral
- Large bank balance sheets, not private lenders, held significant exposures

For example, Tricolor’s structure reportedly included **substantial exposure on the balance sheet of J.P. Morgan**, underscoring that it was not representative of core direct lending.

BPCC did not have exposure to these companies.

By contrast, Barings' direct lending strategy focuses on:

- **Core middle market borrowers** (\$15M–\$75M of EBITDA)
- **Senior secured, first lien positions** (~40% Loan-to-Value)
- **Simple, transparent capital structures**
- Avoidance of businesses with **asset based lending or factoring facilities** that could prime term lenders

Style Drift in Parts of the Private Credit Market

As assets under management across private credit have grown, some managers have expanded underwriting practices in ways that increasingly resemble the public leveraged loan market.

In these cases, private credit exposure may resemble **public credit exposure in private form**. Portfolios constructed this way often behave similarly to broadly syndicated loans—a well-established and widely understood asset class. As a result, they may experience:

- A **lower return profile** that is more consistent with liquid credit
- The potential for **slightly higher losses given default**

Importantly, this does **not suggest a systemic risk to private credit** or an imminent market-wide downturn. These dynamics also do not apply to all managers. They do, however, underscore the **importance of manager selection** and a clear understanding of how different lenders deploy capital.

Since the inception of our Senior Loan Strategy in 2012, Barings has maintained a consistent focus on senior secured lending to high quality, middle market companies, without expanding the mandate in ways that would materially alter portfolio risk characteristics.

Market Data Does Not Indicate Broad-Based Stress

Despite heightened attention, we believe several key indicators suggest that private credit fundamentals remain stable across much of the market—including within BPCC.

Non accrual levels remain low.

- **BPCC non accruals at fair value were 0.4%** as of the most recent reporting period
- This compares with **0.7%** for the broader **Direct Lending Index**. As of September 30, 2025.

Payment-in-kind (PIK) usage remains modest and stable.

- BPCC's **PIK interest as a percentage of investment income was ~4%**. As of December 31, 2025.
- This level is consistent with previous years
- It remains **below industry averages**, which are generally in the 6–7% range (**See Figure 3**)

These metrics suggest that BPCC has not experienced elevated stress relative to historical levels or compared with broader private credit benchmarks. Of course, future credit conditions may differ.

INDUSTRY WIDE INDICATORS REMAIN CONSTRUCTIVE.

- Non accrual rates across private credit remain **below long term averages**
- PIK usage has **not shown a sustained upward trend**
- Middle market operating performance remains steady in many sectors

While private credit is not immune to economic cycles, available data does not indicate the type of broad deterioration implied by some recent headlines.

Figure 2: CDLI Non-Accrual Rates

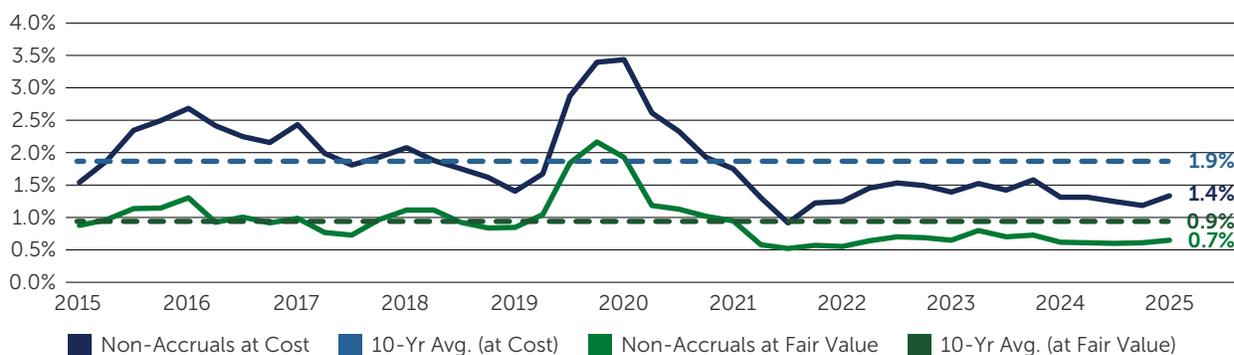


Figure 3: CDLI PIK Income as % of Total Investment Income

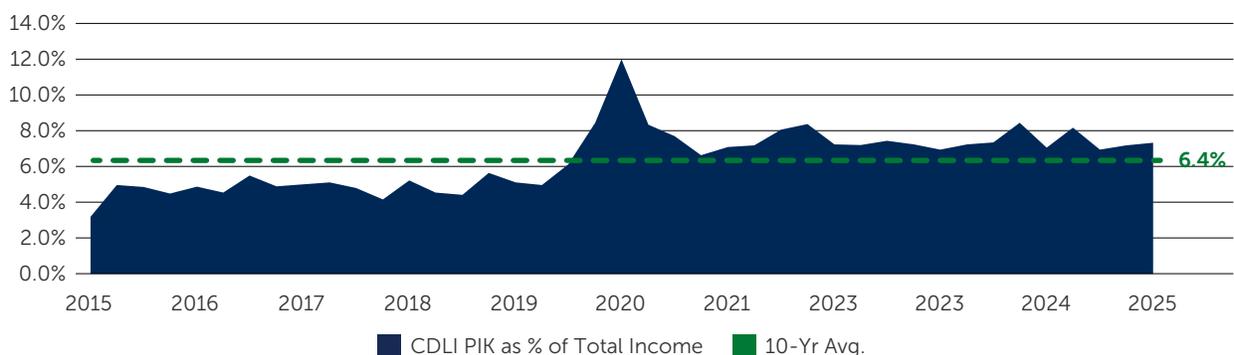
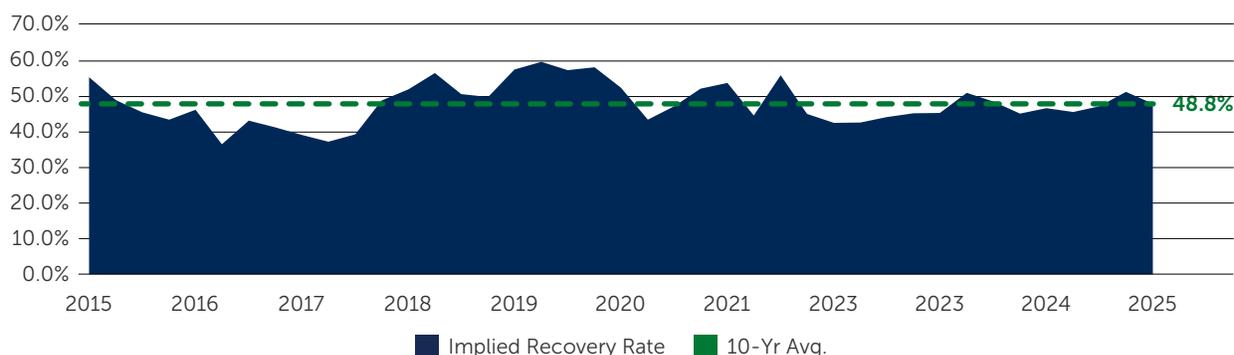


Figure 4: Implied Recovery Rate



Source: Cliffwater Direct Lending Index. As of September 30, 2025. The Cliffwater Direct Lending Index (CDLI) helps investors better understand asset class characteristics and benchmark manager performance. The CDLI is constructed quarterly using fair value asset valuation and an asset-weighted approach, consistent with that of other private asset indexes. The loans are valued quarterly following SFAS 157 guidance. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Conclusion: A Balanced Perspective

Recent commentary has raised questions about private credit, but we believe many of these **concerns stem from isolated situations** that do not reflect the profile of the broader asset class—or Barings’ direct lending approach.

Historically, BPCC has demonstrated:

- Exposure to senior secured loans of middle market companies
- A differentiated return profile relative to public credit indexes
- Lower historical volatility
- Limited non accruals
- Stable PIK utilization
- A consistent, risk aware underwriting process (only 3 bps of annualized losses since the inception of the Barings Senior Loan Strategy in 2012)

While private credit involves risks—including credit risk and illiquidity—the fundamentals across the Barings platform continue to reflect the disciplined approach we have taken since 2012.

As always, future results may vary, but we believe BPCC continues to demonstrate the characteristics that accredited investors often seek in private direct lending: **income, diversification, and exposure to privately negotiated, senior secured credit.**

Glossary of Terms

Illiquidity Premium: Potential premium to traded liquid loans that we view to be accessible through investing in directly originated private loans for which there are no active markets. In our view, this premium results from the fact that directly originated private loans are not exposed to the same technical factors (i.e. price volatility) that may affect traded liquid loan values.

3-Mo. Max. Drawdown: Largest % decline in NAV over any 3-month period since BPCC’s inception (May 13, 2021; April 30, 2021 is used as a surrogate for indices included in the comparative analysis).

Loan-to-value: Ratio of a portfolio company’s total debt to its total capital (i.e. total debt / (total debt + total equity)).

EBITDA: Defined as earnings excluding interest, taxes, depreciation, amortization, and other items as agreed in the underlying loan documentation or other corporate document for each individual issuer. Market participants often use this metric as a proxy for cash flows for a debt-free entity with no tax liabilities. There can be no assurance that actual issuer cash flows will equate to EBITDA and significant variances between these two metrics are possible.

Payment-in-kind (PIK): Contractual interest accrued to a loan’s principal balance in lieu of a periodic cash payment.

Implied Recovery Rate: Proportion of a defaulted loan that a lender is able to recoup.

IMPORTANT RISK INFORMATION/FUND RISKS

Barings Private Credit Corporation is regulated as a business development company (BDC) and a registered investment company (RIC) under the Investment Company Act of 1940. Past performance is not indicative of future results. **An investment in BPCC has significant risk, including the possible loss of principal.** Private credit investments are generally illiquid and are subject to credit risk, valuation uncertainty, and other risks. Comparisons to public indices are provided for context only; private credit portfolios differ from public markets in structure, liquidity, valuation, and risk characteristics. This material is for informational purposes only and is intended for accredited investors as defined under applicable securities regulations. It should not be construed as investment advice or a recommendation to buy or sell any security. Investors should consult their financial professional before making any investment decision.

AN INVESTMENT IN OUR SHARES WILL HAVE LIMITED LIQUIDITY

Our shares constitute illiquid investments for which there is not, and will likely not be, a secondary market at any time. Investing in the Company is suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in an investment in the Company.

Stockholders must be prepared to bear the economic risk of an investment in our shares for an extended period of time.

There is no guarantee that distributions will be paid or continually increase.

The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities.

SHARE REPURCHASE PROGRAM

We do not intend to list our shares of common stock on a securities exchange and we do not expect there to be a public market for our shares. As a result, if you purchase shares of our common stock, your ability to sell your shares will be limited.

Beginning no later than the first full calendar quarter after the one-year anniversary of the Initial Closing, and at the discretion of the Board, we intend to commence a share repurchase program in which we intend to offer to repurchase, in each quarter, up to 5% of our shares of common stock outstanding as of the close of the previous calendar quarter. The Board may amend, suspend or terminate the share repurchase program if it deems such action to be in our best interest and the best interest of our stockholders. As a result, share repurchases may not be available each quarter.

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