

BARINGS



**Barings BDC, Inc.
Fourth Quarter 2019
Earnings Presentation**

February 27, 2020

Forward-Looking Statements

Cautionary Notice: Certain statements contained in this presentation may be "forward-looking" statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and which reflect management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially. Forward-looking statements include, but are not limited to, the ability of Barings LLC to manage Barings BDC, Inc. ("Barings BDC") and identify investment opportunities, and some of these factors are enumerated in the filings Barings BDC makes with the Securities and Exchange Commission (the "SEC"). These statements are subject to change at any time based upon economic, market or other conditions and may not be relied upon as investment advice or an indication of Barings BDC's investment intent. Important factors that could cause actual results to differ materially from plans, estimates or expectations included in this presentation include, among others, those risk factors detailed in Barings BDC's annual report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 27, 2020, and from time to time in Barings BDC's other filings with the SEC, including Barings BDC's quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC. In addition, there is no assurance that Barings BDC or any of its affiliates will purchase additional shares of Barings BDC at any specific discount levels or in any specific amounts. There is no assurance that the market price of Barings BDC's shares, either absolutely or relative to net asset value, will increase as a result of any share repurchases, or that any repurchase plan will enhance stockholder value over the long term. The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

Other Important Information

Any forecasts in this document are based upon Barings' opinion of the market at the date of preparation and are subject to change without notice, dependent upon many factors. Any prediction, projection or forecast is not necessarily indicative of the future or likely performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Past performance is no indication of current or future performance. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Any investment results, portfolio compositions and/or examples set forth in this document are provided for illustrative purposes only and are not indicative of any future investment results, future portfolio composition or investments. The composition, size of, and risks associated with an investment may differ substantially from any examples set forth in this document. No representation is made that an investment will be profitable or will not incur losses. Where appropriate, changes in the currency exchange rates may affect the value of investments. Prospective investors should read the relevant offering documents for the details and specific risk factors of any investment vehicle discussed in this document.

ERIC LLOYD

Chief Executive Officer, Barings BDC, Inc.

IAN FOWLER

President, Barings BDC, Inc.

JONATHAN BOCK

Chief Financial Officer, Barings BDC, Inc.

4Q 2019 HIGHLIGHTS (Lloyd)

What were the summary points of the quarter?

BBDC INVESTMENT PORTFOLIO (Fowler)

Update on the portfolio ramp.

THE MIDDLE-MARKET LANDSCAPE (Fowler)

What are the current conditions in the middle market?

BBDC FINANCIALS (Bock)

A walk through the balance sheet, income statement and NAV bridge.

1Q 2020 ORIGINATION PIPELINE (Bock)

What is the level of investment activity post-quarter end?

4Q 2019 Highlights

Fourth Quarter 2019 Highlights

NET ASSET VALUE

Net asset value (NAV) as of December 31, 2019 was \$11.66 per share

ORIGINATIONS

Total middle-market originations during the quarter were \$165 million (including \$12 million of add-ons), while sales and repayments totaled \$28 million

NET INVESTMENT INCOME

Net investment income for the quarter ended December 31, 2019 was \$0.15 per share

PORTFOLIO YIELD

The weighted average portfolio yield at fair value¹ as of December 31, 2019 was 5.6% for broadly-syndicated loans (BSL) and 7.2% for middle-market loans (MML)²

DIVIDEND

The Company announced a fourth quarter dividend of \$0.15 per share, paid on December 18, 2019 to shareholders of record as of December 11, 2019

CREDIT PERFORMANCE

There were no investments on non-accrual status as of quarter-end. There were no MML priced below 90% of cost, and 10.1% of BSL were priced below 90% of cost

Data as of December 31, 2019. Refer to slide 18 for fully-reconciled income statement including number of shares used to calculate per-share data.

1. Yield at fair value is calculated as current coupon (USD-equivalent) divided by current price.

2. Excludes short-term investments.

Selected Financial Highlights

Balance Sheet Highlights	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Investment Portfolio, at Fair Value	\$1,173.6	\$1,158.2	\$1,200.6	\$1,189.4	\$1,121.9
Total Debt Outstanding (Principal)	\$670.7	\$632.5	\$633.8	\$620.0	\$570.0
Total Net Assets (Equity)	\$570.9	\$572.4	\$583.1	\$584.2	\$563.0
Debt-to-Equity Ratio	1.17x	1.10x	1.09x	1.06x	1.01x
Net Debt-to-Equity Ratio ¹	0.90x	0.94x	1.01x	0.94x	0.92x
Income Statement Highlights					
Total Investment Income	\$18.4	\$19.3	\$19.6	\$18.3	\$16.6
Net Investment Income	\$7.2	\$8.0	\$7.4	\$8.0	\$8.2
Net Unrealized Appreciation / (Depreciation) ²	\$6.6	(\$1.8)	\$1.9	\$25.4	(\$52.3)
Net Income / (Loss)	\$10.6	\$5.2	\$9.2	\$33.2	(\$42.7)
Per-Share Data					
Net Asset Value per Share	\$11.66	\$11.58	\$11.59	\$11.52	\$10.98
Net Investment Income per Share (Basic and Diluted) ³	\$0.15	\$0.16	\$0.15	\$0.16	\$0.16
Net Income / (Loss) per Share (Basic and Diluted) ³	\$0.22	\$0.10	\$0.18	\$0.65	(\$0.83)
Dividend per share	\$0.15	\$0.14	\$0.13	\$0.12	\$0.10

Amounts in millions, except per-share data and ratios.

1. Net of cash and short-term investments and adjusted for unsettled transactions. Refer to slide 26 for reconciliation of Debt to Net Debt.

2. Adjusted to exclude three legacy TCAP restricted assets subject to participation agreements that were fully exited in 4Q18.

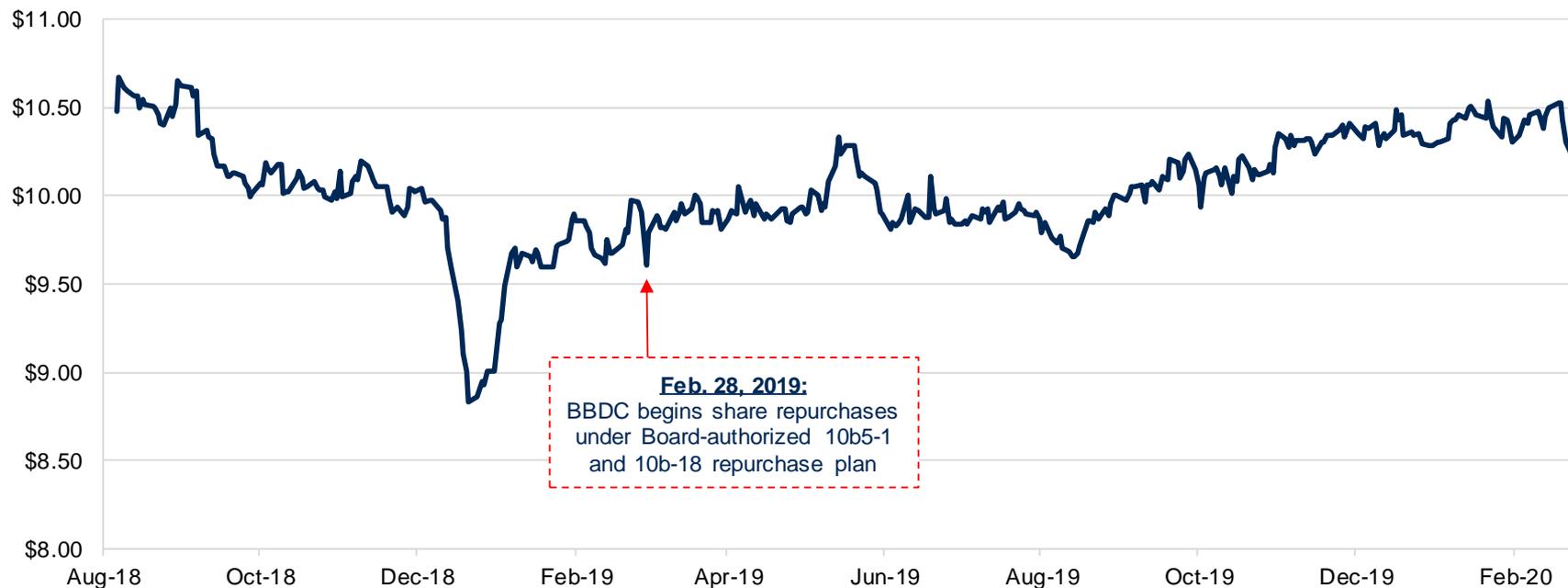
3. Refer to slide 18 for weighted-average shares outstanding for each period.

BBDC Repurchase Plan Update

BBDC completed its 2019 share repurchase plan and announced a new program for 2020, as we believe share repurchases remain an important part of any long-term capital allocation philosophy

- In 4Q19, BBDC repurchased a total of 467,739 shares at an average price of \$10.29/share compared to a 4Q19 NAV per share of \$11.66
- In 2019, BBDC repurchased a total of 2,333,261 shares at an average price of \$10.01/share, or 4.5% of the total share count as of our February 27, 2019 announcement
- BBDC announced a new share repurchase program for 2020 authorizing the Company to repurchase up to a maximum of 5.0% of the amount of shares outstanding as of February 27, 2020 if shares trade below NAV per share, subject to liquidity and regulatory constraints
- As of February 27, 2020, Barings LLC owns 13,639,681 shares, or 27.9% of shares outstanding

BBDC Equity Price since Externalization



BBDC Investment Portfolio

Investment Activity

Summary of investment activity during the quarter ended December 31, 2019

• Middle-Market Loans:

- Net increase in investments of \$137.5 million
 - Total MML fundings were \$165.3 million
 - Includes \$153.5 million in 15 new portfolio companies
 - Includes \$11.8 million from eight previously-committed Delayed-Draw Term Loans (DDTLs)
 - Sales and repayments totaled \$27.9 million, including \$25.9 million of sales to Joint Venture

• Broadly-Syndicated Loans:

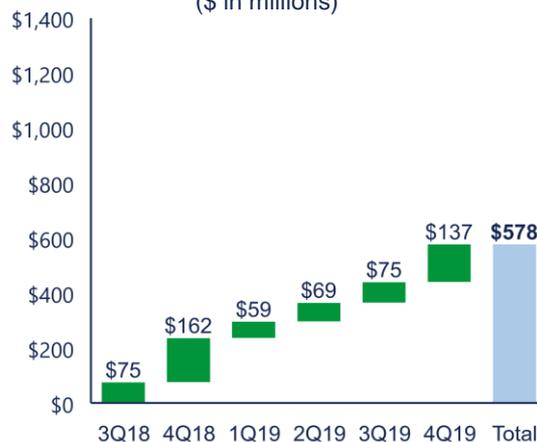
- Net decrease in investments of \$169.4 million
 - Purchases totaled \$16.5 million
 - Sales and repayments totaled \$185.9 million
- Net realized loss on sales of \$2.9 million

Net BBDC Fundings

(\$ in millions)



Broadly-Syndicated Loans



Middle-Market Loans¹



Total Fundings

All amounts in millions. 3Q18 amounts are for post-externalization period from August 3, 2018 to September 30, 2018. Excludes short-term investments.

1. Includes Joint Venture.

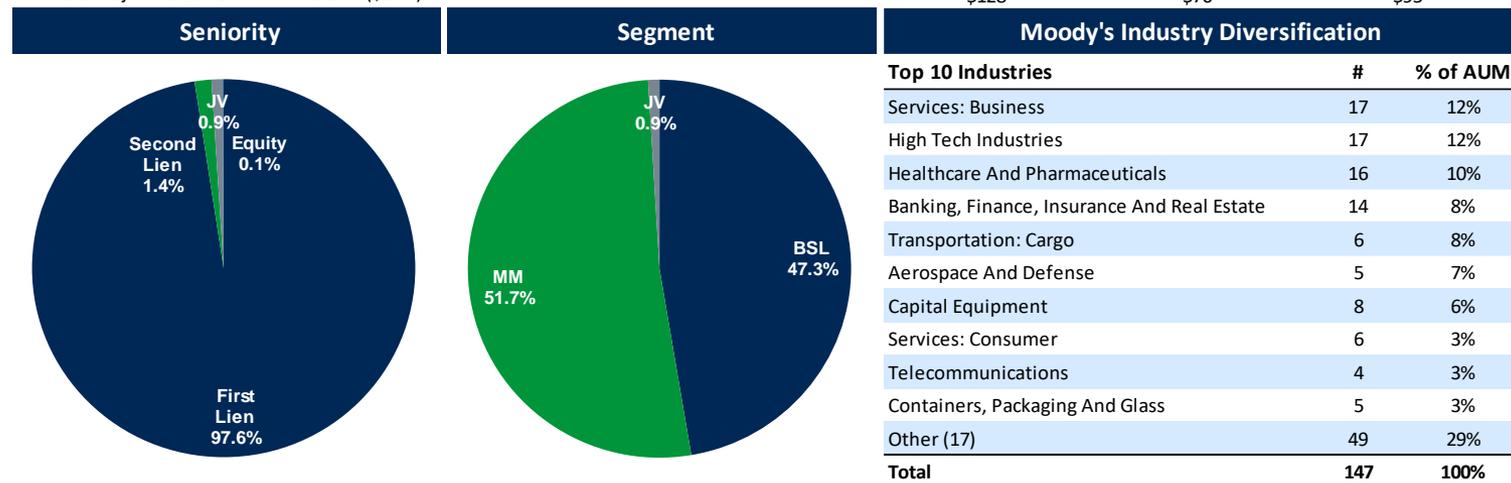
Total Portfolio Composition

A diverse portfolio of 98% senior secured, first lien assets, with middle-market loans now >50% of the portfolio

Aggregate Portfolio Characteristics (as of December 31, 2019)			
Investment Portfolio	BSL	Middle Market	Total ¹
Total Investments and Commitments (\$mm)	\$510	\$606	\$1,167
Unfunded Commitments (\$mm)	\$0	\$49	\$89
Total Investments at Fair Value (\$mm)	\$510	\$557	\$1,077
Assets on Non-Accrual	\$0	\$0	\$0
Assets Valued Below 90% of Cost	10.1%	0.0%	4.8%
Average Spread over LIBOR	349 bps	528 bps	443 bps
Yield at Fair Value of Investments (%) ²	5.6%	7.2%	6.4%

Portfolio Statistics

Number of Portfolio Companies	93	53	147
Weighted-Average Senior Leverage (Adjusted Debt/EBITDA)	5.1x	4.7x	4.9x
Weighted-Average Total Leverage (Adjusted Debt/EBITDA)	6.5x	5.2x	5.8x
Weighted-Average Interest Coverage	2.7x	2.7x	2.7x
Median Adjusted EBITDA - First Lien (\$mm)	\$283	\$29	\$168
Median Adjusted EBITDA - Second Lien (\$mm)	\$128	\$76	\$95



Data as of December 31, 2019. Excludes short-term investments.

1. Total Investments and Number of Portfolio Companies include Joint Venture.

2. Yield at Fair Value is calculated as coupon (spread plus U.S. LIBOR) divided by price.

Top 10 Investments

Top 10 Holdings (as of December 31, 2019)

Issuer	Moody's Industry	Segment	Principal Amount	Cost	Fair Value	% of Portfolio
BDP International, Inc.	Transportation: Cargo	MM	\$24,750,000	\$24,326,180	\$24,449,263	2.3%
Jade Bidco Limited	Aerospace and Defense	MM	24,682,099	23,945,108	24,025,938	2.2%
Accurus Aerospace Corporation	Aerospace and Defense	MM	24,750,000	24,442,153	23,423,629	2.2%
Professional Datasolutions, Inc. (PDI)	High Tech Industries	MM	23,158,008	23,120,723	22,879,936	2.1%
Transportation Insight, LLC	Transportation: Cargo	MM	22,286,485	22,088,329	22,245,067	2.1%
Holley Performance Products (Holley Purchaser, Inc.)	Automotive	MM	22,309,650	22,020,784	22,015,260	2.0%
1WorldSync, Inc.	High Tech Industries	MM	22,445,913	22,024,832	22,000,839	2.0%
Truck-Lite Co., LLC	Transportation: Cargo	MM	21,794,872	21,298,442	21,337,947	2.0%
Campaign Monitor Holdings Inc.	Media: Diversified and Production	MM	20,537,685	20,188,267	20,161,398	1.9%
Trystar, LLC	Energy: Electricity	MM	15,999,318	16,144,084	16,561,352	1.5%
Top 10			222,714,031	219,598,901	219,100,628	20.3%
Rest of Portfolio			876,917,623	876,446,089	857,974,240	79.7%
Total Portfolio			\$1,099,631,654	\$1,096,044,990	\$1,077,074,867	100.0%

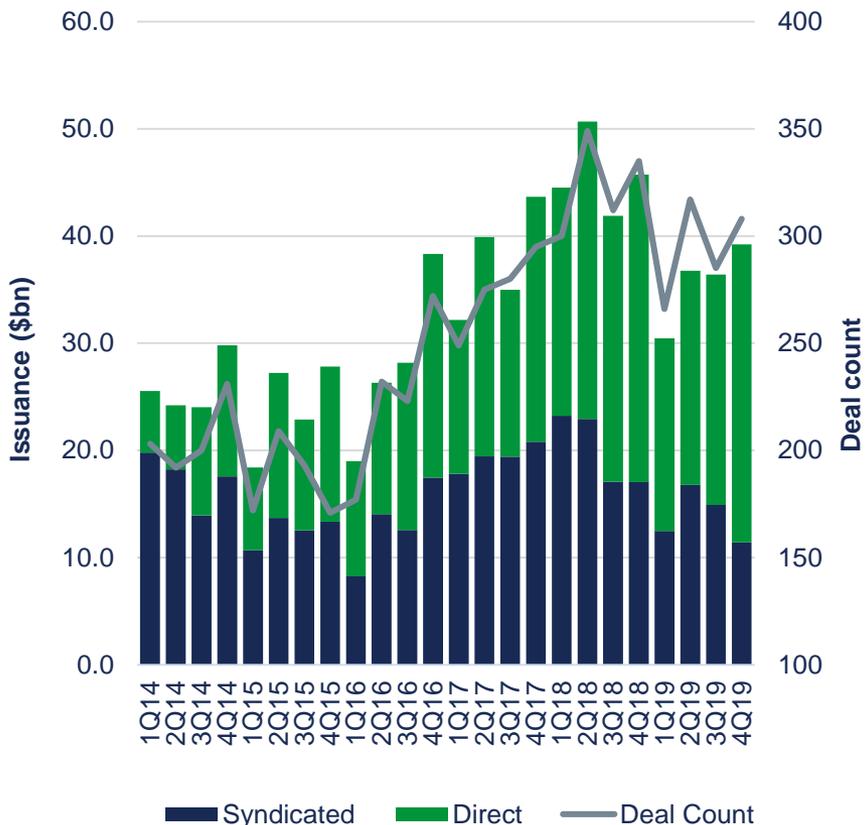
Data as of December 31, 2019. Excludes short-term investments. Totals may not foot due to rounding.

The Middle-Market Landscape

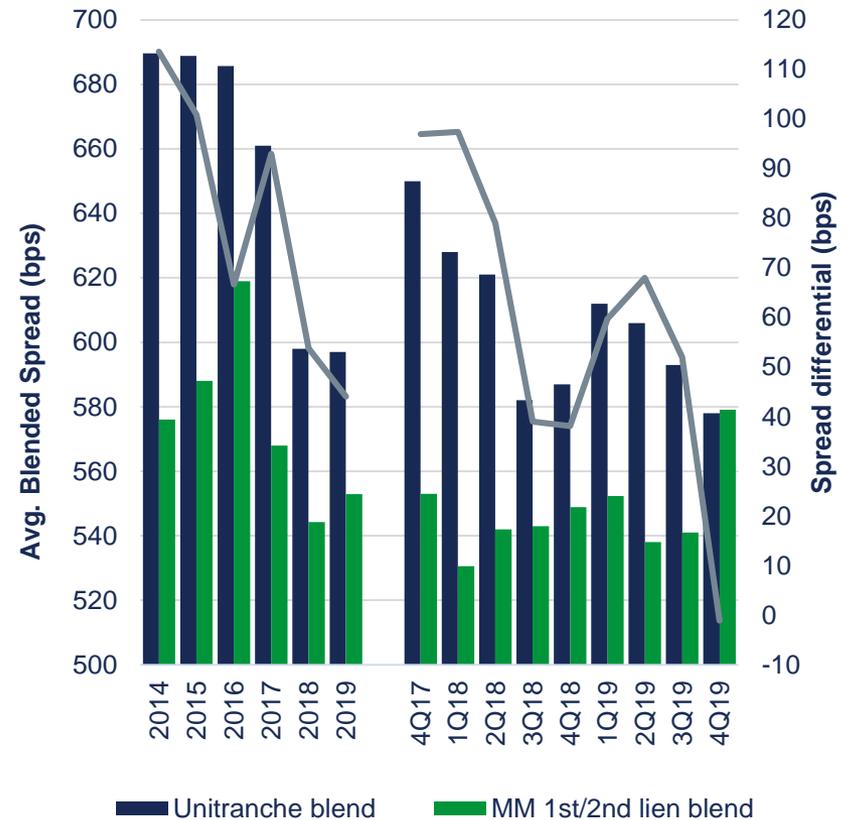
The Middle-Market Landscape: Direct Lending Volumes & Spread Differential

4Q19 was the worst quarter of the year for the bank-led syndicated middle market at only \$11.4bn, but it was the best quarter of the year for the direct lending market at \$27.8bn. Additionally, volatility in the 1L/2L institutional marketplace resulted in less favorable terms and conditions and caused sponsors to migrate to direct lending execution to eliminate risk, with a particular focus on unitranche

**QUARTERLY MM SPONSORED
LOAN VOLUME (\$ BILLIONS)**



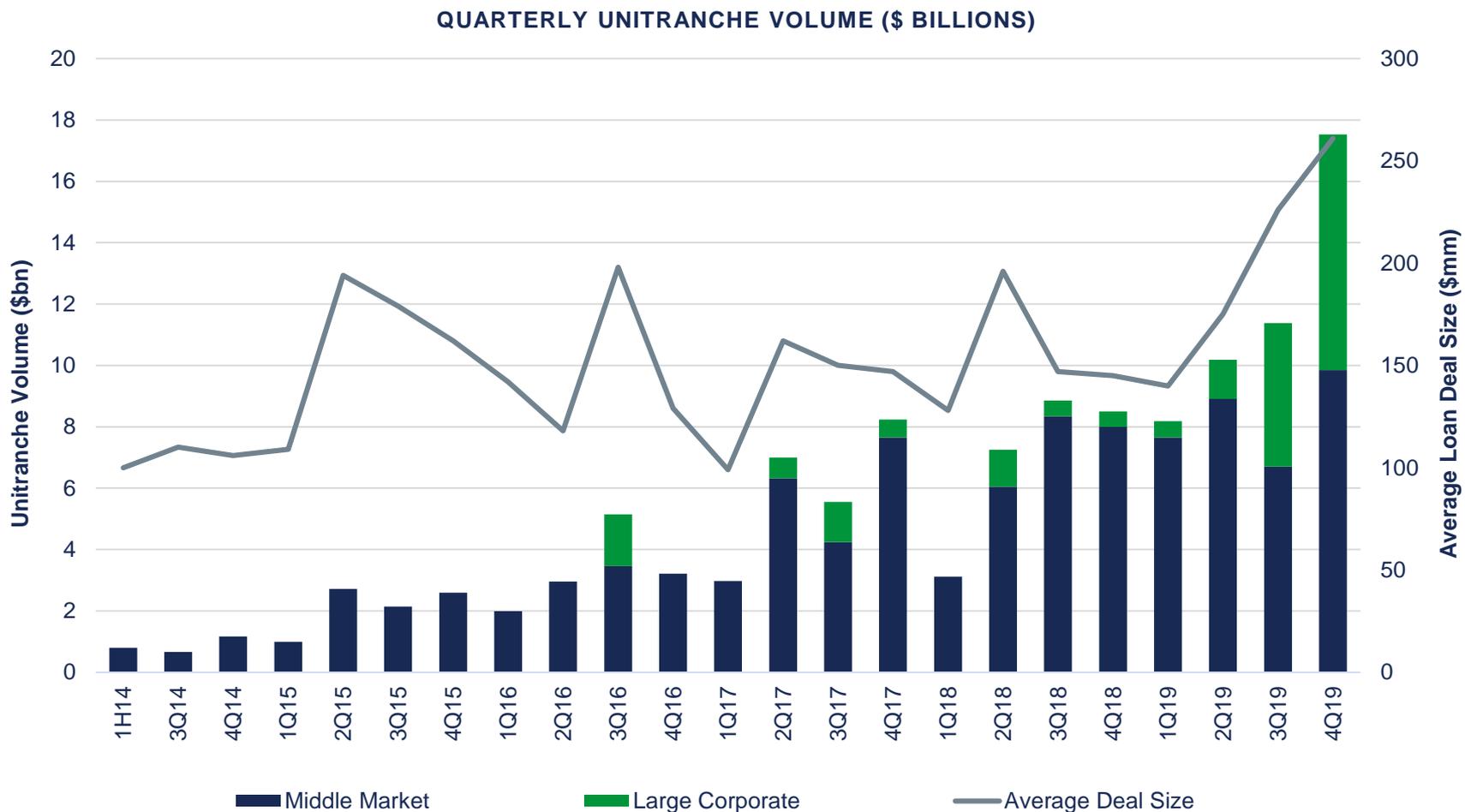
**SPREAD DIFFERENTIAL:
UNITRANCHE AND 1ST/2ND LIEN**



Source: Refinitiv LPC

The Middle-Market Landscape: Unitranche Executions

Volatility in the liquid markets led many capital-heavy managers to focus on very large unitranche executions, resulting in unitranche volumes hitting all-time highs

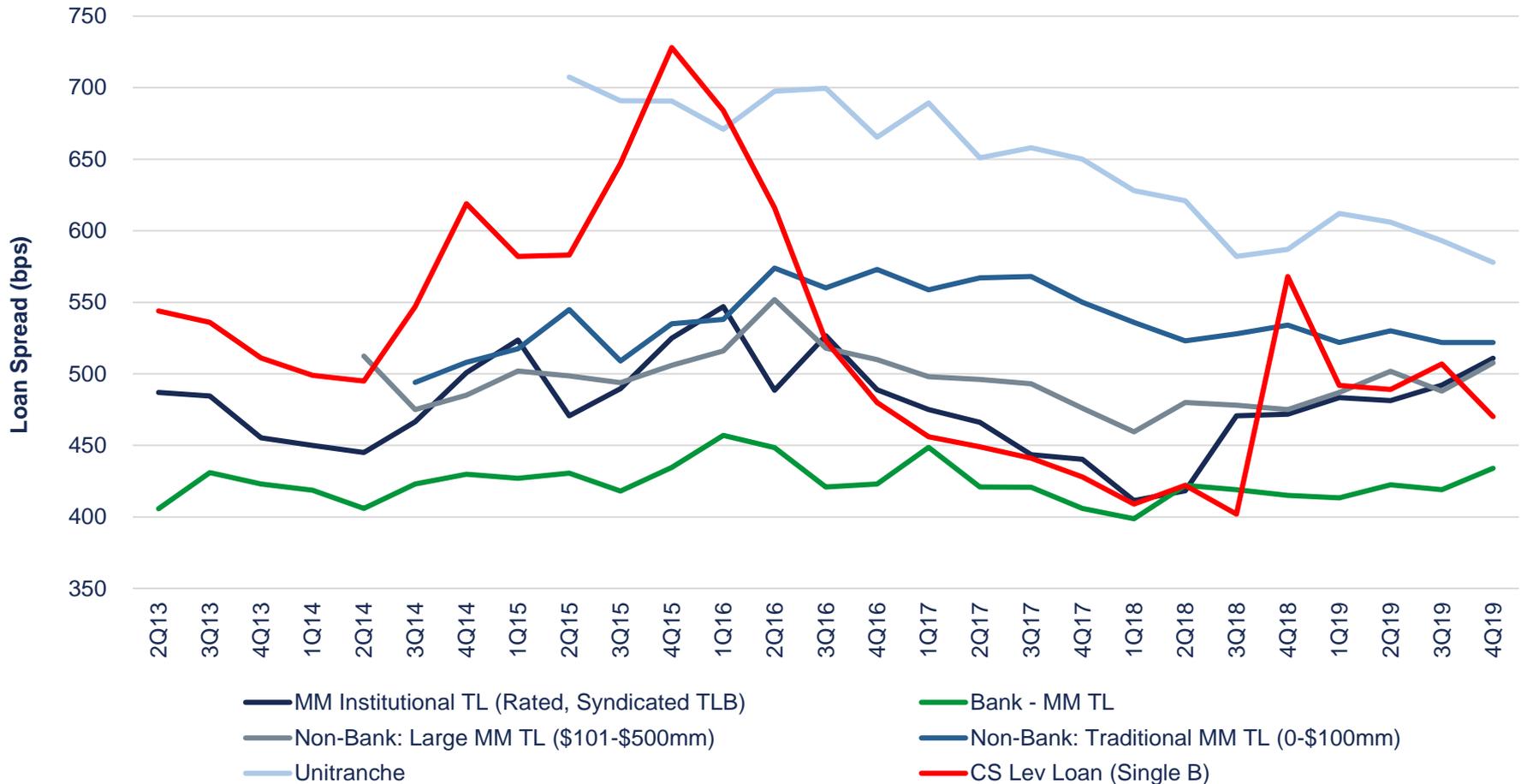


Source: Refinitiv LPC

The Middle-Market Landscape: Senior Spreads

Pricing stayed relatively stable in the direct lending world, though the gap between unitranche and traditional first lien continued to narrow

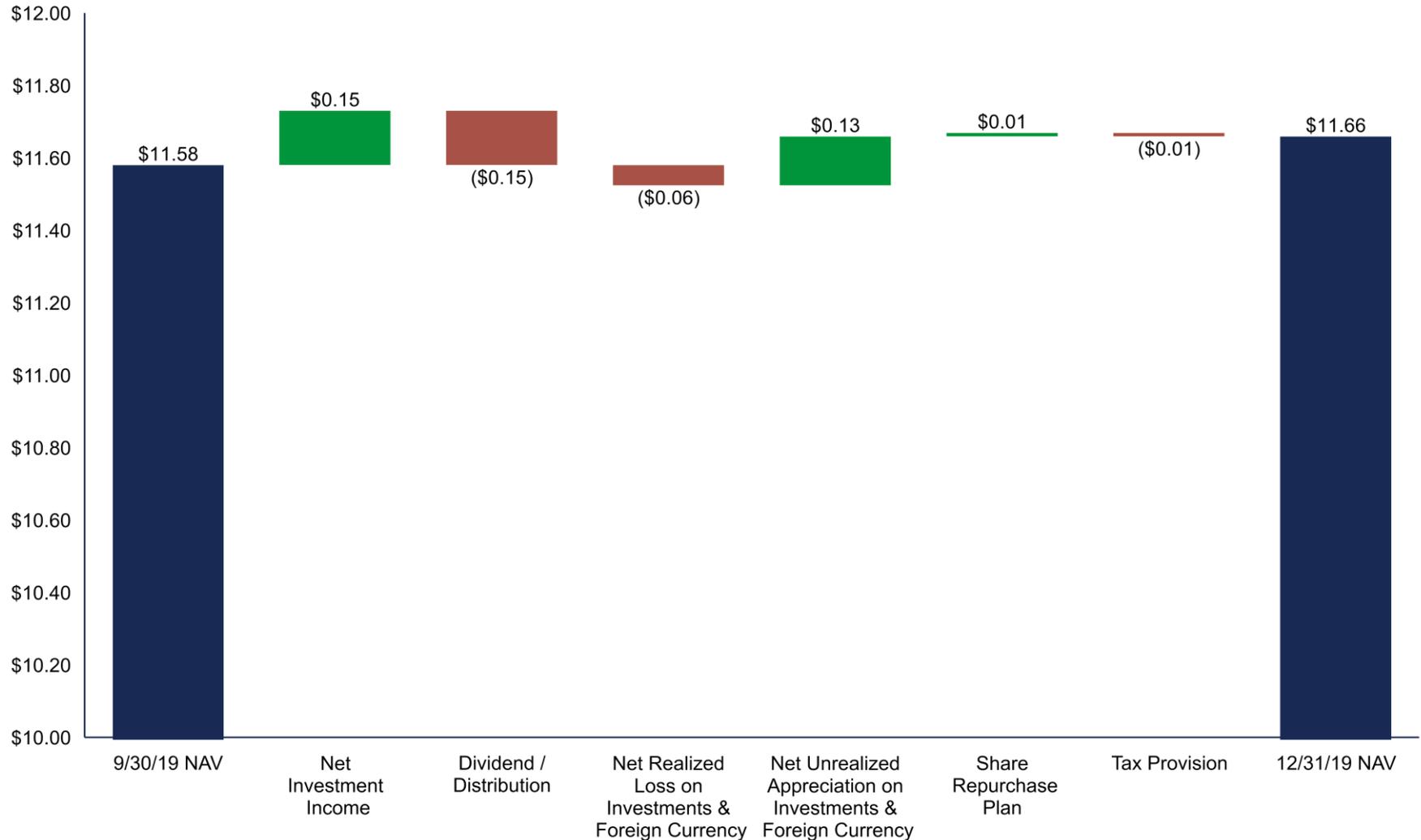
QUARTERLY MIDDLE-MARKET SPREADS ACROSS THE CAPITAL STRUCTURE



BBDC Financials

NAV Bridge – 3Q19 to 4Q19

Since September 30, 2019, BBDC's NAV per share increased to \$11.66 from \$11.58 primarily due to portfolio appreciation and accretive purchases through the share repurchase program, partially offset by net realized losses



Total may not foot due to rounding.

BBDC Income Statement

	4Q19	3Q19	2Q19	1Q19	4Q18
Investment income:					
Interest income	\$17,913,613	\$18,448,942	\$19,074,824	\$18,034,014	\$16,355,639
Dividend income	35,812	4,221	4,711	—	—
Fee and other income	447,001	848,792	519,970	301,057	233,606
Payment-in-kind interest income	5,413	—	—	—	—
Interest income from cash	953	2,152	2,183	4,687	12,406
Total investment income	18,402,792	19,304,107	19,601,688	18,339,758	16,601,651
Operating expenses:					
Interest and other financing fees	6,501,949	6,727,780	7,027,040	5,844,172	4,582,454
Base management fee	3,266,722	3,263,803	3,130,955	2,450,995	2,671,953
Compensation expenses	107,369	107,779	108,646	118,444	116,119
General and administrative expenses	1,332,500	1,217,570	1,922,165	1,968,860	1,517,878
Total operating expenses	11,208,540	11,316,932	12,188,806	10,382,471	8,888,404
Base management fee waived	—	—	—	—	(493,290)
Net operating expenses	11,208,540	11,316,932	12,188,806	10,382,471	8,395,114
Net investment income	7,194,252	7,987,175	7,412,882	7,957,287	8,206,537
Realized and unrealized gains (losses) on investments and FX:					
Net realized gains (losses)	(2,747,198)	(983,499)	50,024	(129,775)	3,320,776
Net unrealized appreciation (depreciation)	6,633,637	(1,794,828)	1,852,007	25,397,188	(55,953,537)
Net realized and unrealized gains (losses)	3,886,439	(2,778,327)	1,902,031	25,267,413	(52,632,761)
Loss on extinguishment of debt	(154,080)	(13,357)	(85,356)	(44,395)	—
Income tax benefit (provision)	(339,831)	—	17,493	(17,992)	1,745,939
Net increase (decrease) in net assets resulting from operations	\$10,586,780	\$5,195,491	\$9,247,050	\$33,162,313	(\$42,680,285)
Net investment income per share—basic and diluted	\$0.15	\$0.16	\$0.15	\$0.16	\$0.16
Net increase (decrease) in net assets resulting from operations per share—basic and diluted	\$0.22	\$0.10	\$0.18	\$0.65	(\$0.83)
Weighted average shares outstanding—basic and diluted	49,146,873	49,987,312	50,473,640	51,157,646	51,284,064

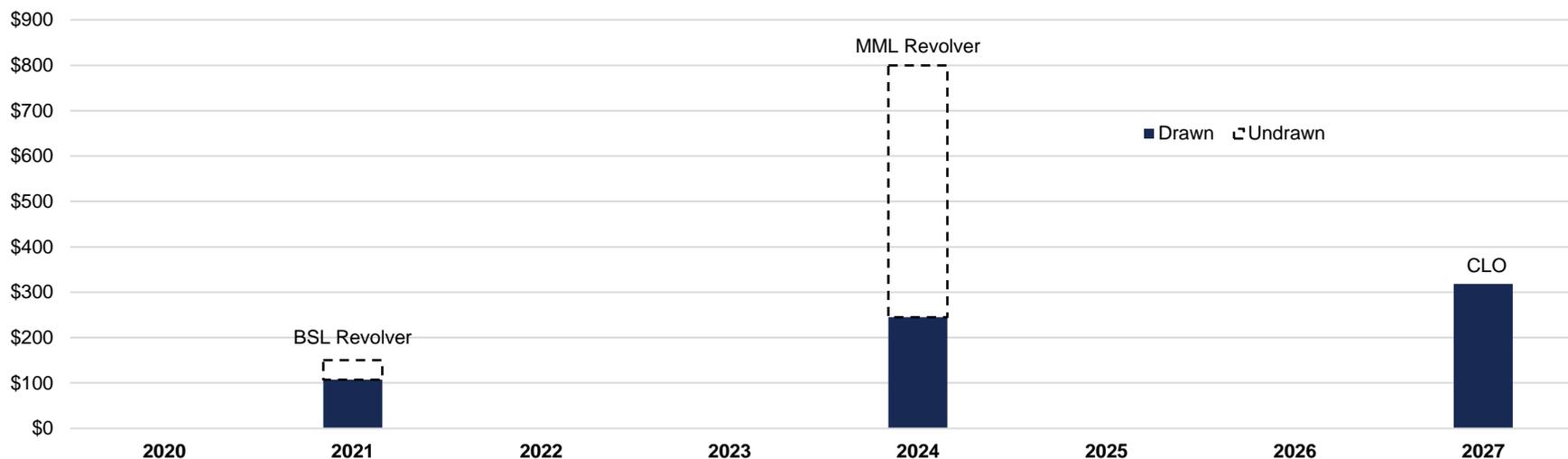
BBDC Balance Sheet

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Assets:					
Investments at fair value:					
Non-Control / Non-Affiliate investments	\$1,066,845,054	\$1,096,632,222	\$1,161,189,262	\$1,126,969,755	\$1,076,631,804
Affiliate investments	10,229,813	10,036,300	5,000,210	—	—
Short-term investments	96,568,940	51,552,247	34,423,491	62,414,373	45,223,941
Total investments at fair value	1,173,643,807	1,158,220,769	1,200,612,963	1,189,384,128	1,121,855,745
Cash	21,991,565	12,838,103	12,926,602	3,056,609	12,426,982
Receivable from unsettled transactions	45,254,808	30,322,297	115,302	4,124,686	22,909,998
Other assets	11,744,658	12,770,387	12,527,888	14,605,725	10,384,350
Total assets	\$1,252,634,838	\$1,214,151,556	\$1,226,182,755	\$1,211,171,148	\$1,167,577,075
Liabilities:					
Borrowings under credit facilities	\$352,488,419	\$291,767,549	\$285,500,000	\$620,000,000	\$570,000,000
Debt securitization	316,664,474	339,031,226	346,441,453	—	—
Payable from unsettled transactions	4,924,150	2,621,367	2,970,000	636,179	28,533,014
Other liabilities	7,683,086	8,286,434	8,191,597	6,373,655	6,076,774
Total liabilities	681,760,129	641,706,576	643,103,050	627,009,834	604,609,788
Total net assets	570,874,709	572,444,980	583,079,705	584,161,314	562,967,287
Total liabilities and net assets	\$1,252,634,838	\$1,214,151,556	\$1,226,182,755	\$1,211,171,148	\$1,167,577,075
Net asset value per share	\$11.66	\$11.58	\$11.59	\$11.52	\$10.98

Debt Summary and Maturity Profile

As BBDC opportunistically sells BSLs, it also continues to periodically reduce the size of its BSL revolver line; effective January 21, 2020, the size was reduced to \$80 million

	Borrower	Collateral	Maturity Date	As of 12/31/2019		As of 9/30/2019		As of 6/30/2019	
				Principal Amount Committed	Principal Amount Outstanding	Principal Amount Committed	Principal Amount Outstanding	Principal Amount Committed	Principal Amount Outstanding
Revolving Credit Facility - Class A-1	Barings BDC Senior Funding I, LLC	BSL	Aug-2021 ¹	150.0	107.2	177.0	169.0	250.0	210.5
Revolving Credit Facility	Barings BDC, Inc.	MML and BSL	Feb-2024	800.0	245.3	800.0	122.8	800.0	75.0
CLO Class A-1	Barings BDC Static CLO Ltd. 2019-I	BSL	Apr-2027	266.7	266.7	289.3	289.3	296.8	296.8
CLO Class A-2	Barings BDC Static CLO Ltd. 2019-I	BSL	Apr-2027	51.5	51.5	51.5	51.5	51.5	51.5
Total Debt				\$1,268.2	\$670.7	\$1,317.8	\$632.5	\$1,398.3	\$633.8



Note: Dollar amounts in millions. Excludes deferred financing fees.

1. Amendment to extend maturity to August 2021 closed in February 2020.

Quarterly Dividends

BBDC has declared a first quarter dividend of \$0.16 per share

BBDC DIVIDENDS DECLARED PER SHARE



1Q 2020 Origination Pipeline

Investment Activity Since Quarter End

Below is a summary of BBDC's investment activity since December 31, 2019

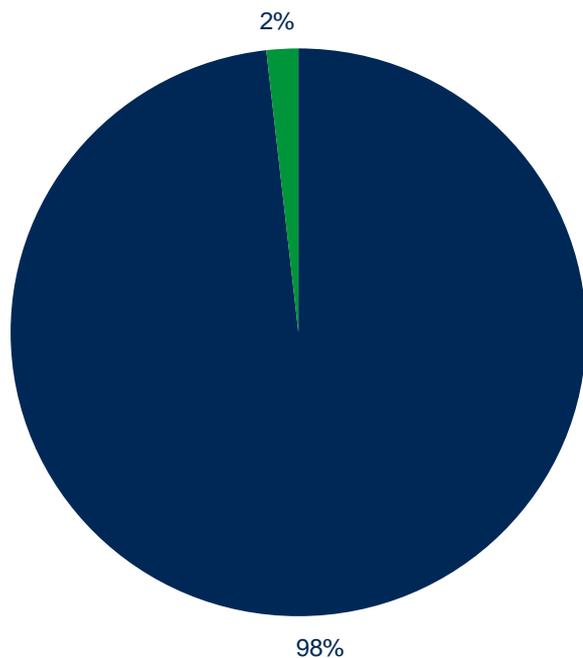
- From January 1, 2020 through February 26, 2020, BBDC made approximately \$107.5 million of new middle-market private debt commitments, of which approximately \$73.4 million closed and funded. In addition, BBDC funded \$4.9 million of previously-committed DDTLs
- Of the new Q1 commitments:
 - 99% are in first lien senior secured loans
 - 99% are floating rate
 - 36% are European originations
 - The weighted-average origination margin (DM-3) is 6.2%

Investment Pipeline

Below is a summary of Barings Global Private Finance probability-weighted pipeline

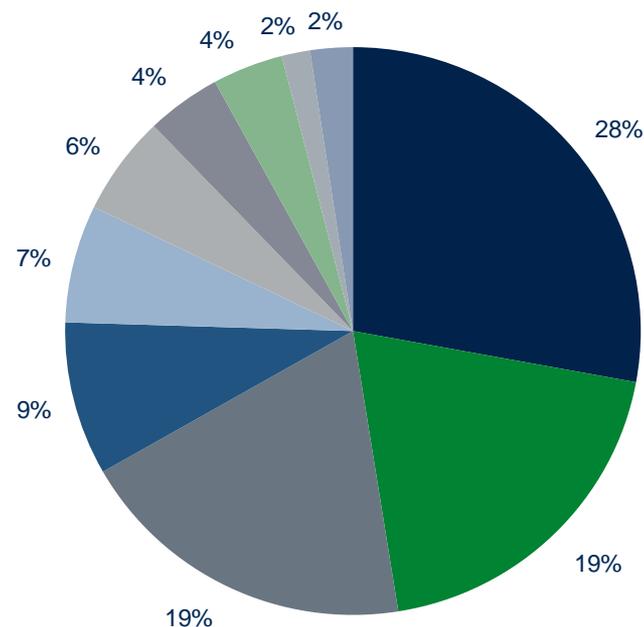
- As of February 26, 2020, Barings Global Private Finance group had a probability-weighted pipeline of approximately \$609 million¹
- The following is a breakdown of the pipeline by seniority and by industry

Asset Class



■ First Lien ■ Second Lien

Industry



■ IT Services ■ Healthcare
 ■ Financials ■ Technology
 ■ Consumer Staples ■ Materials
 ■ Consumer Discretionary ■ Industrials
 ■ Commercial Services & Supplies ■ Other

1. Represents pipeline applicable to all investment vehicles managed by Barings Global Private Finance. Not all deals may be suitable for Barings BDC. Barings BDC allocations to be determined in accordance with Barings Global Private Finance allocation policy.

Appendix

Appendix: Reconciliation of Debt to Net Debt and Calculation of Net Debt-to-Equity Ratio

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total debt (principal)	\$670,698,595	\$632,548,859	\$633,750,000	\$620,000,000	\$570,000,000
<i>minus: Cash</i>	(21,991,565)	(12,838,103)	(12,926,602)	(3,056,609)	(12,426,982)
<i>minus: Short-term investments</i>	(96,568,940)	(51,552,247)	(34,423,491)	(62,414,373)	(45,223,941)
<i>plus: Payable from unsettled transactions</i>	4,924,150	2,621,367	2,970,000	636,179	28,533,014
<i>minus: Receivable from unsettled transactions</i>	(45,254,808)	(30,322,297)	(115,302)	(4,124,686)	(22,909,998)
Total net debt	511,807,432	540,457,579	589,254,605	551,040,511	517,972,093
Total net assets	570,874,709	572,444,980	583,079,705	584,161,314	562,967,287
Total net debt-to-equity ratio	0.90x	0.94x	1.01x	0.94x	0.92x

Appendix: Barings BDC Corporate Data

Board of Directors

MICHAEL FRENO
Chairman of BBDC Board,
President of Barings, Head of
Investments at Barings

TOM FINKE
Chairman and CEO of
Barings

ERIC LLOYD
CEO of BBDC, Head of
Global Private Investments at
Barings

TOM OKEL
Former Executive Director of
Catawba Lands Conservancy,
a nonprofit land trust

JILL OLMSTEAD
Chief Human Resources
Officer at LendingTree

MARK MULHERN
Senior Vice President and
CFO at Highwoods Properties

JOHN SWITZER
Retired Managing Partner at
KPMG

Investment Committee

ERIC LLOYD
Chief Executive Officer

IAN FOWLER
President

JONATHAN BOCK
Chief Financial Officer

TOM MCDONNELL
Vice President

Corporate Officers

ERIC LLOYD
Chief Executive Officer

IAN FOWLER
President

JONATHAN BOCK
Chief Financial Officer

JANICE BISHOP
Secretary and Chief Legal
Officer

CHRIS CARY
Head of Stakeholder
Relations and Assistant
Treasurer

MICHAEL COWART
Chief Compliance Officer

JONATHAN LANDSBERG
Assistant Director of Finance

TOM MCDONNELL
Vice President

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Treasurer

ELIZABETH MURRAY
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