

FS | KKR

FSK | FS KKR Capital Corp.

FSKR | FS KKR Capital Corp. II

FS KKR BDC Franchise

Investor Presentation

SEPTEMBER 2020

FS | KKR

FSK | FS KKR Capital Corp.

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FS KKR Advisor & Market Overview



FS KKR: at a Glance

FS | KKR

Size & Scale

- Two BDCs (FSK and FSKR) totalling ~\$15bn in assets integrated within KKR's \$72bn credit platform
- ~130 dedicated KKR Credit investment professionals

Market Reach

- Global financial sponsor and corporate borrower relationships
- Investment and leadership team with significant industry experience

Scope

- Primarily focused on upper middle market companies (\$50–100mm in EBITDA)
- Focused on U.S. senior secured debt financings

FS KKR: Competitive Advantages

~\$15bn
of assets in the
combined FS KKR
BDC franchise

Ability to make
individual investments
up to **\$1bn**

Direct access to full
KKR
investment
network

Lead, Co-lead or Sole
Lender in **>95%**
of total deals¹

Cumulative
KKR Credit
commitments
of approximately
\$32bn²

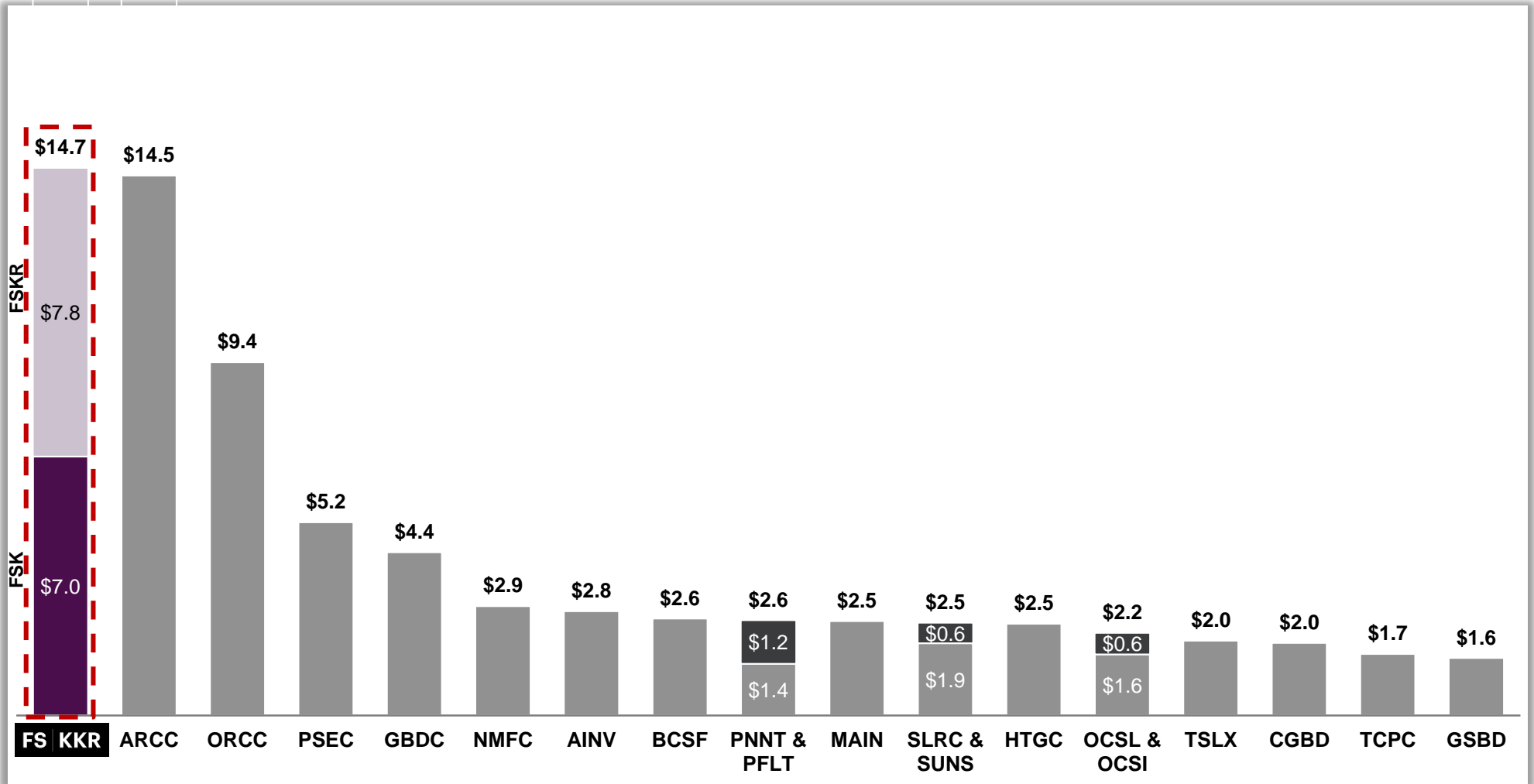
Below average default
and above average
total recovery rates of
1.2% and
72.6%^{3,4}

Note: As of June 30, 2020 unless otherwise noted.

1. ___ Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.
2. Gross dollars invested inclusive of new transactions, follow-ons, and delayed draws and represents the aggregate amount of capital that has been invested by all of KKR Credit's investment vehicles in private credit strategies and is used as a measure of investment activity for KKR Credit in a given period.
3. Stats from 2011–Q2 2020, includes KKR origination activity & defaults for Corporate Capital Trust, Inc. ("CCT"), Corporate Capital Trust II ("CCT II"), KKR Lending Partners ("KLP"), KKR Lending Partners II ("KLP II"), KKR Lending Partners III ("KLP III") since inception date and FSK, FSKR, FS Investment Corp. III ("FSIC III"), FS Investment Corp. IV ("FSIC IV") from 2Q'18–2Q'20.
4. KKR total recovery calculated as local currency cash on cash for both 1) life of defaulted investment plus 2) any defensive investments made after default; for 2011–2Q'20; number includes interest, fees, principal proceeds, and related expenses. Default is constant default rate for 2011–2Q'20.

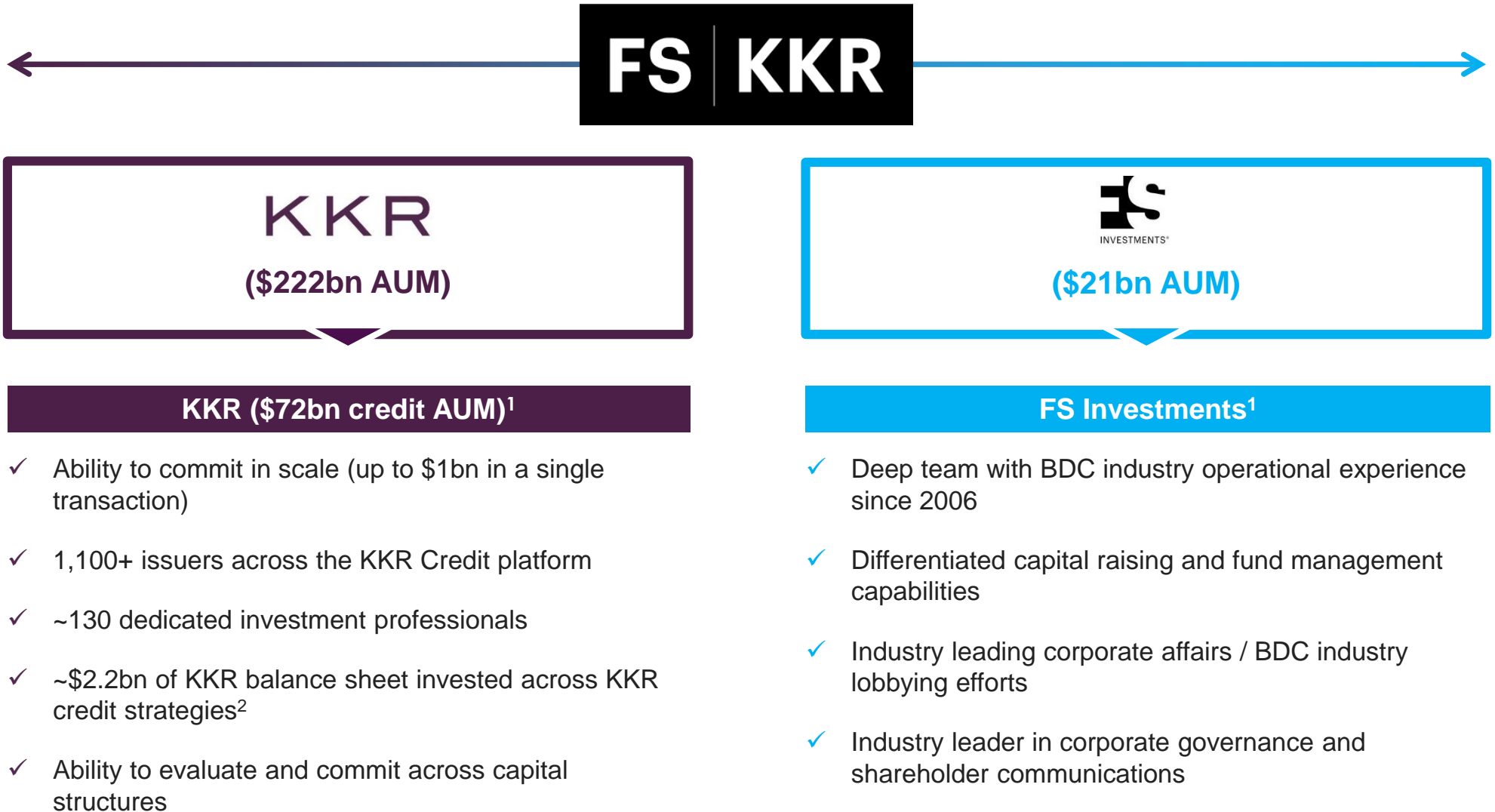
FS KKR: Market Leading BDC Franchise

Total Assets Under Management Ranked by BDC Advisor/Manager (\$bn)¹



1. As of June 30, 2020, for informational and illustrative purposes only.

FS KKR Advisor Overview




1. As of June 30, 2020.

2. As of June 30, 2020. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicle listed on the New York Stock Exchange and various collateralized loan obligation vehicles.

KKR is a Leading Alternative Asset Manager


Established in 1976, KKR is a Leading Investment Firm with over Four Decades of Investing Experience

KKR at a Glance




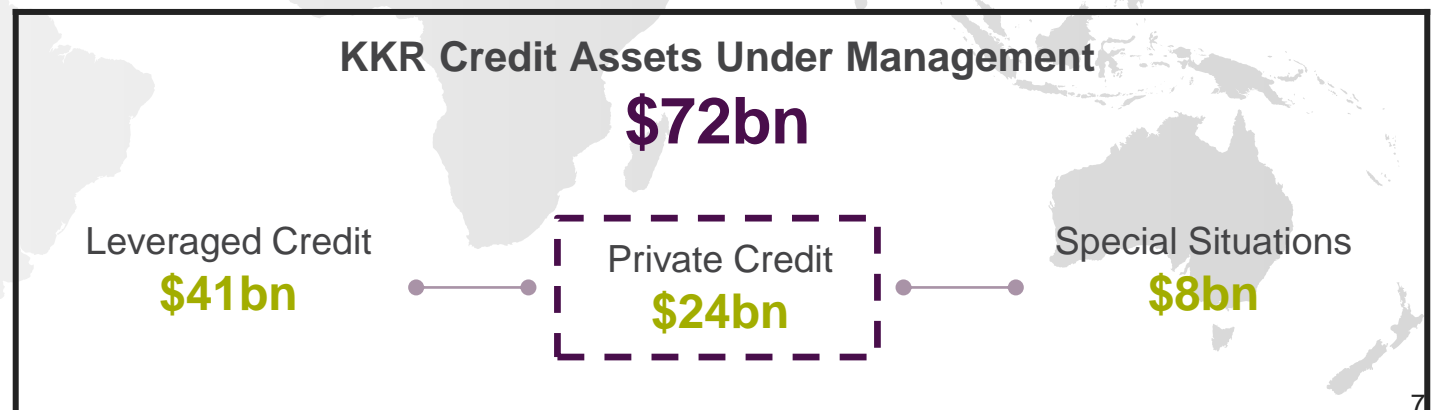
20 Offices
in 16 countries &
4 continents

~\$21bn
balance sheet invested
in KKR strategies
alongside our clients



475+
investment
professionals
(~130 KKR Credit)

Aligned Interests
results-driven economic
incentives with \$2.2bn of
KKR's balance sheet
committed across KKR
credit strategies¹

Note: AUM figures as of June 30, 2020. Please see "Important Information" for important information regarding the calculation of AUM.

1. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicle listed on the New York Stock Exchange and various collateralized loan obligation vehicles.

Key KKR Credit Platform Highlights

Large, Scalable Platform	<ul style="list-style-type: none">• \$72bn of credit AUM• ~130 dedicated KKR investment professionals across 9 cities and 7 countries• 1,100+ issuers across the KKR credit platform
Disciplined Investment Process	<ul style="list-style-type: none">• “PE-style” KKR-led due diligence standard• Fundamental credit investment philosophy based on rigorous financial analysis• Assets pass through multiple credit committee reviews prior to final approval
Proven Track Record	<ul style="list-style-type: none">• \$32bn+ originated over the last seven years across Direct Lending & Private Opportunistic Credit¹• Strong credit performance evidenced by annualized default rate of 1.2% and total recovery of 72.6%^{2,3,4}
Exemptive Relief Across BDCs & Other Funds	<ul style="list-style-type: none">• Credit exposure is shared ratably across KKR Credit, including BDCs, private funds and SMAs• Scale allows the KKR credit platform to speak for significant capital commitments without compromising the benefits of diversification
Team Structure	<ul style="list-style-type: none">• Meaningful focus over last several years to build out and institutionalize the private credit platform• Ability to capitalize on full KKR credit origination platform
Benefits of KKR	<ul style="list-style-type: none">• KKR Credit actively utilizes KKR resources including Private Equity, KCM, KKR Macro Team, and KKR Capstone• Size and scale of broader firm important to BDC franchise

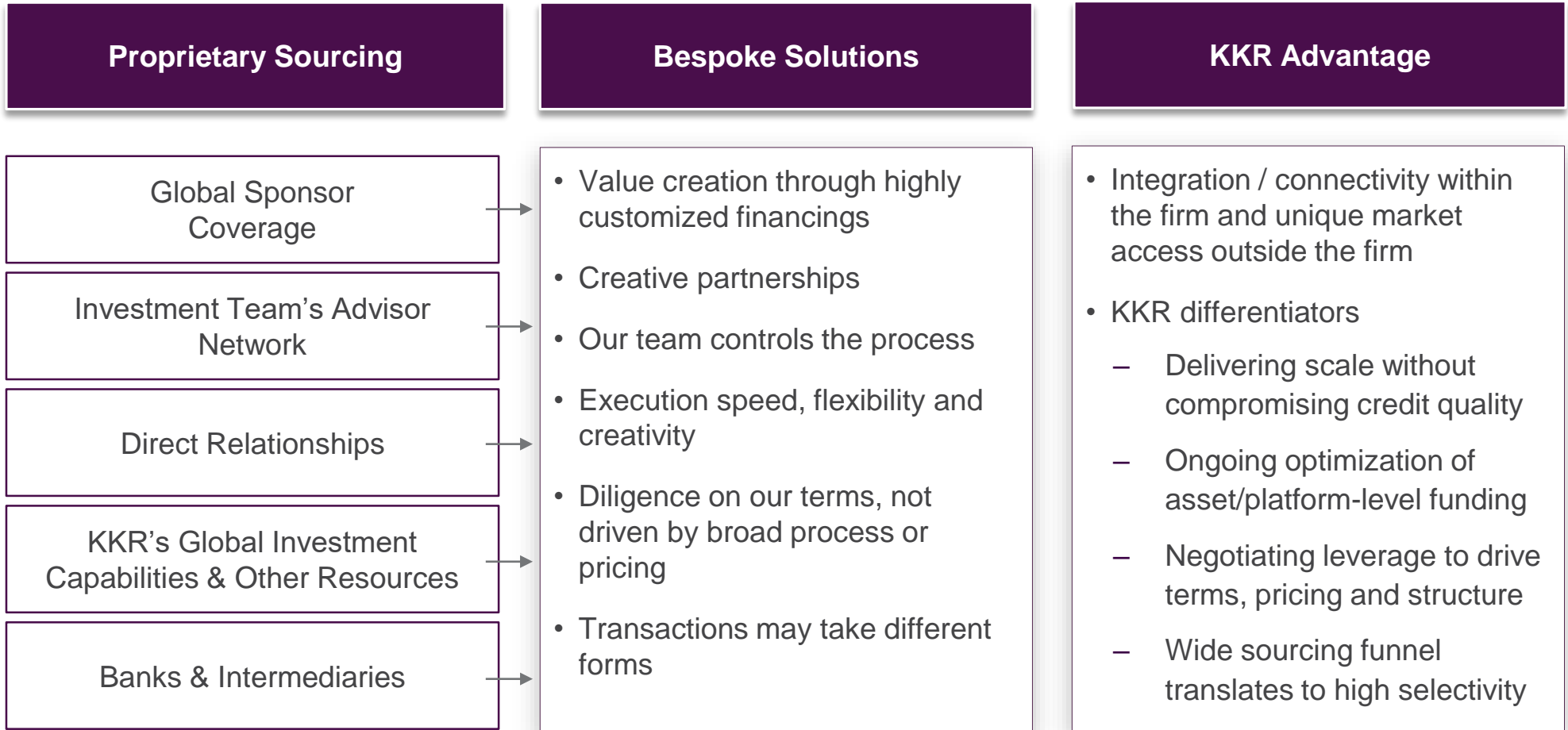
1. Gross dollars invested inclusive of new transactions, follow-ons, and delayed draws and represents the aggregate amount of capital that has been invested by all of KKR Credit's investment vehicles in private credit strategies and is used as a measure of investment activity for KKR Credit in a given period.

2. Stats from 2011–Q2 2020, includes KKR origination activity & defaults for CCT, CCT II, KLP, KLP II, KLP III since inception date and FSK, FSKR, FSIC III, FSIC IV from 2Q'18–2Q'20.

3. KKR total recovery is calculated as local currency cash on cash for both 1) the life of the defaulted investment plus 2) any defensive investments which were made after default. This number includes interest, fees, principal proceeds, and related expenses.

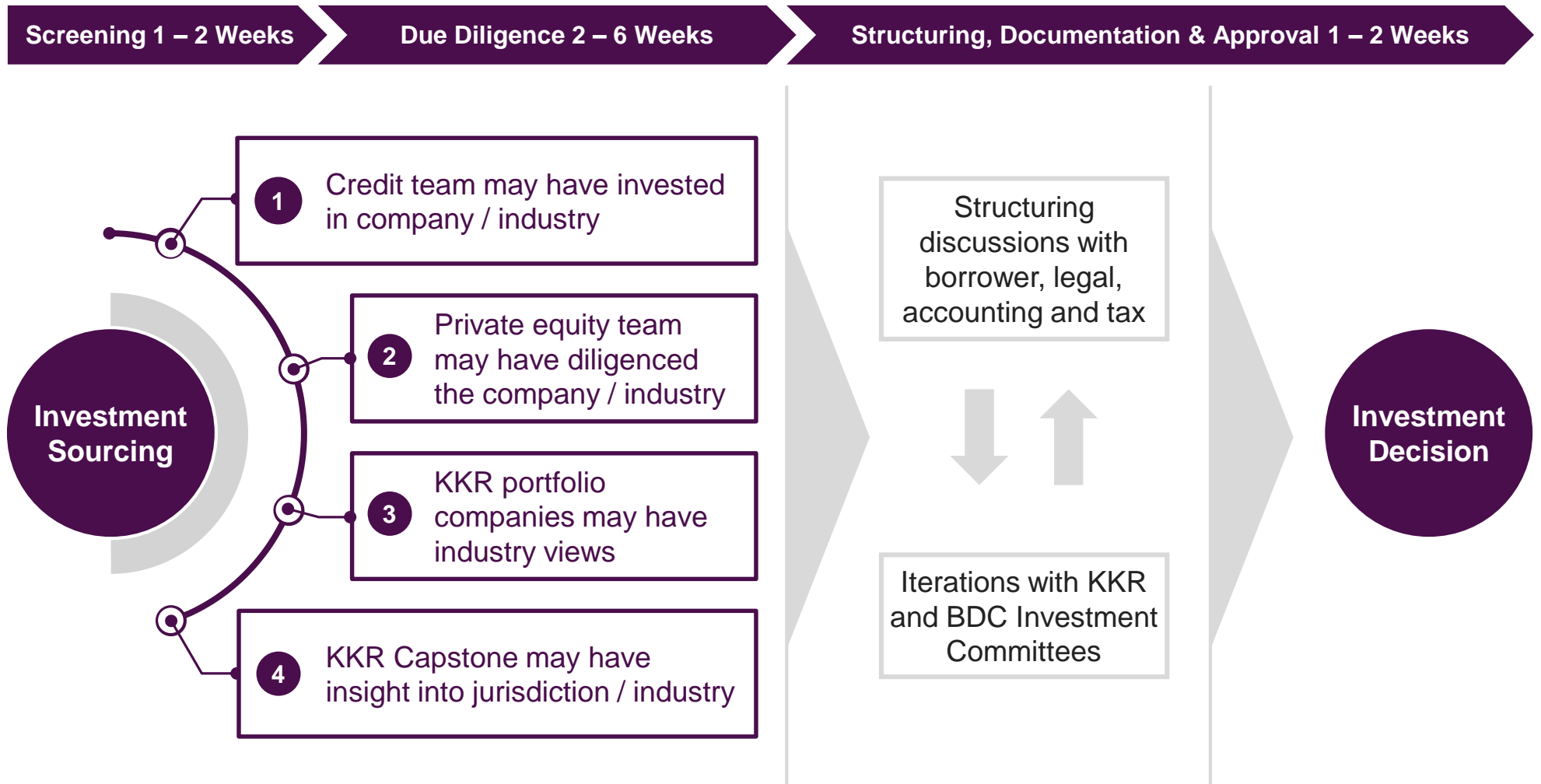
4. KKR default is calculated as the constant default rate for 2011–Q2 2020.

KKR's Proprietary Origination Network



KKR's team is constantly mining for the best relative value opportunities and striving to excel in structuring, executing and scaling investments

Rigorous Investment Review Process



KKR's investment process combines multiple touchpoints within the firm

Highly Selective and Disciplined Origination

Recent Sourcing Activities ¹					BDC Franchise Activity ²	
	2017	2018	2019	1H 2020		2019
Evaluated	~760	~1,240	~1,360	~645	Originated Deals Funded	\$5.5bn
Discussed in Investment Committee	~175	~210	~320	~85	Originated Sales and Paydowns	\$4.1bn
New Deals Closed	39	39	40	14	Net Originated Activity	\$1.4bn
Close Rate	~5%	~3%	~3%	~2%		

KKR's deep origination network generates significant investment opportunities

Note: Does not look through to activity within FSK's investment in SCJV and FSKR's investment in COP. SCJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust ("SCRS"). COP is a joint venture between FSKR and SCRS. Originated investments with more than \$25mm of purchases.

1. Number of deals funded includes new investments made across KKR private credit funds as well as portfolios and excludes add-ons.

2. Originated investments with more than \$25mm of purchases.

KKR Credit Platform: Tangible Results

Commit In Size



- Committed \$363mm to an \$800mm Second Lien Term Loan
- Provided \$182mm of a \$600mm Preferred Equity Tranche



- Sole Lender
- Committed to a \$415mm First Lien Term Loan with a \$200mm Delayed Draw Term Loan

Find Hidden Value



- Supported Sycamore's carveout of the Canadian business
- No direct competitor, Amazon penetration significantly lower, stable cash flow with ability to de-lever



- KKR uniquely positioned to analyze business; industry knowledge created structuring advantage
- Leveraged KKR Partner General Petraeus and the KKR Global Institute

Be Creative



- U.S. residential bridge loan purchasing company
- Built de novo platform backing seasoned management team



- Short maturity and elevated amortization
- Significant pricing premium to comps
- Ability to lead large transactions

Navigate Challenging Situations

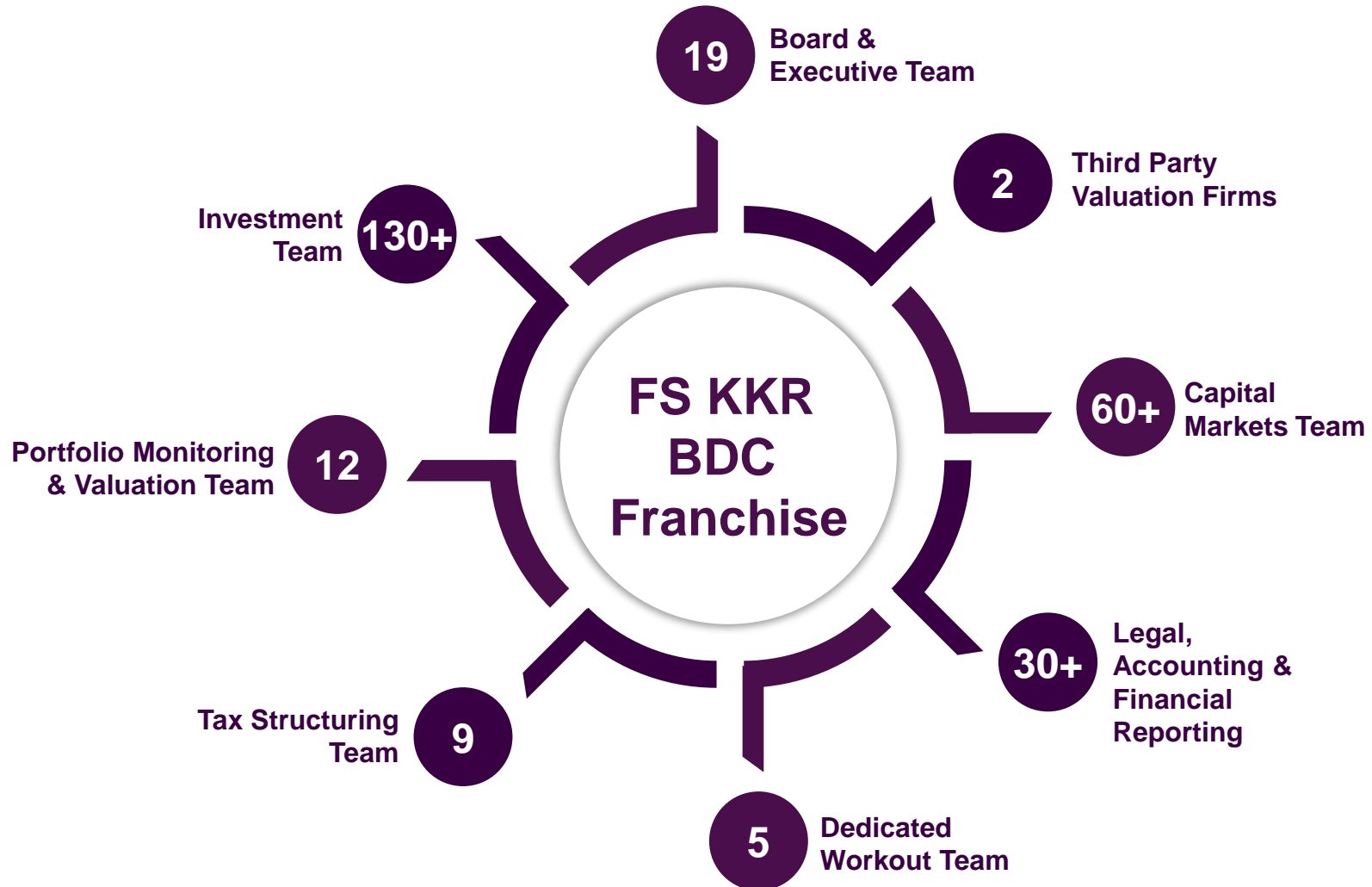


- Exited through lender prewired sale / refi process with milestones and penalties



- Drove out-of-court restructuring with advantageous outcome and board representation

FS KKR Operating Approach



The FS KKR BDC franchise has direct involvement of over 250 professionals

Exemptive Relief Aligns Stakeholders' Interests

Targeted Investments

Asset Classes

- Senior Secured
- *First Lien*
- *Second Lien*
- Asset Based Finance

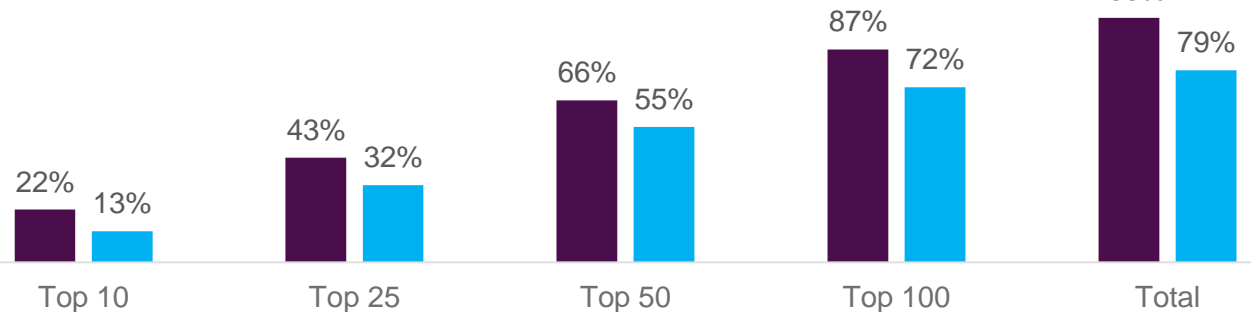
Uses of Capital

- Growth
- M&A
- LBOs
- Carve-outs
- Recapitalizations

Portfolio Overlap between FSK and FSKR¹

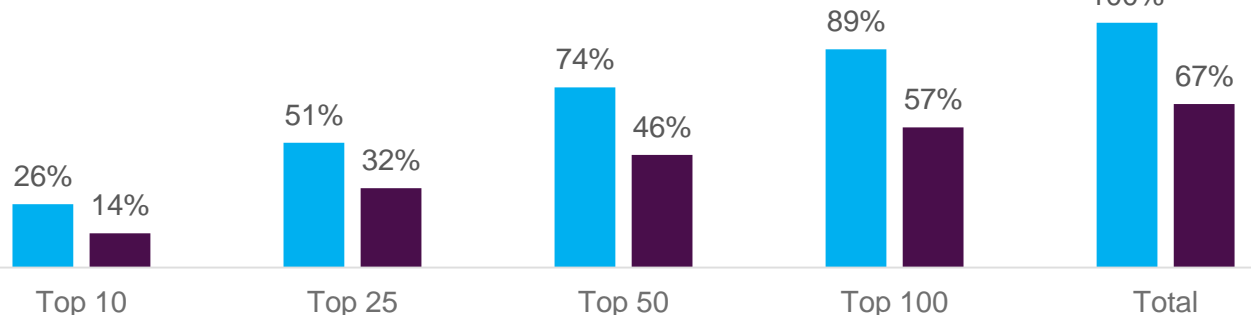
FSK Top Holdings
(as % of Portfolio FMV)

■ FSK ■ FSKR



FSKR Top Holdings
(as % of Portfolio FMV)

■ FSKR ■ FSK



- SEC exemptive relief across KKR Credit platform ensures strong alignment of interest
- FS / KKR Advisor is fully incentivized to deliver strong risk-adjusted returns across the Private Credit / BDC platform
- Investment allocation across vehicles occurs on a formulaic basis depending on investment mandate and capital availability

Note: All stats as of June 30, 2020 unless otherwise noted.

1. Excludes impact of FSK's investment in SCJV and FSKR's investment in COP.

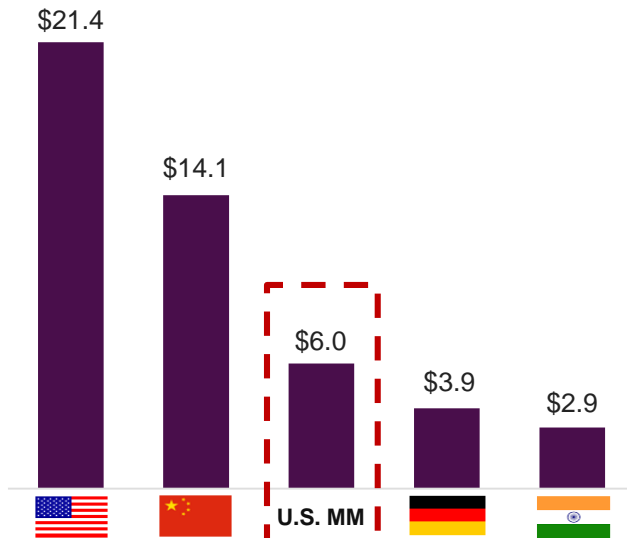
Comparable Portfolio Statistics: FSK & FSKR

Average metric	FSK		FSKR	
	1 st lien	2 nd lien	1 st lien	2 nd lien
Average Portfolio Company EBITDA	\$68mm	\$130mm	\$71mm	\$162mm
Median Portfolio Company EBITDA	\$59mm	\$80mm	\$61mm	\$94mm
Average Leverage	5.8x	6.1x	5.4x	4.9x
Median Leverage	5.4x	5.7x	5.2x	4.9x

Note: Statistics shown for directly originated investments only. Statistics at June 30, 2020

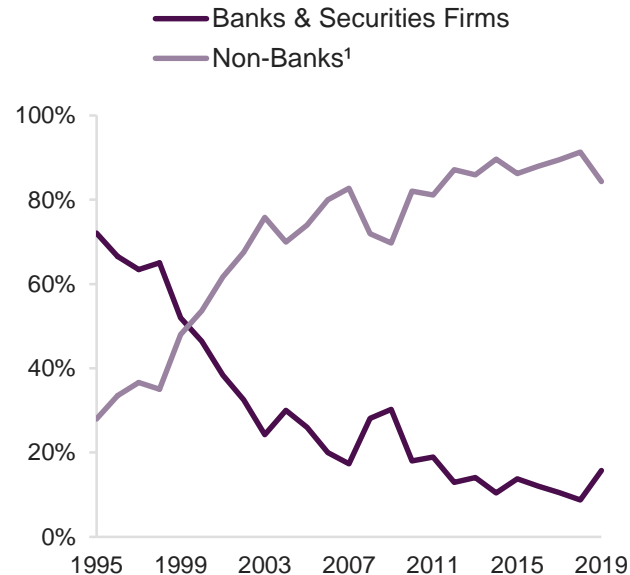
Overview of U.S. Middle Market Lending

Leading World Economies (\$tn)



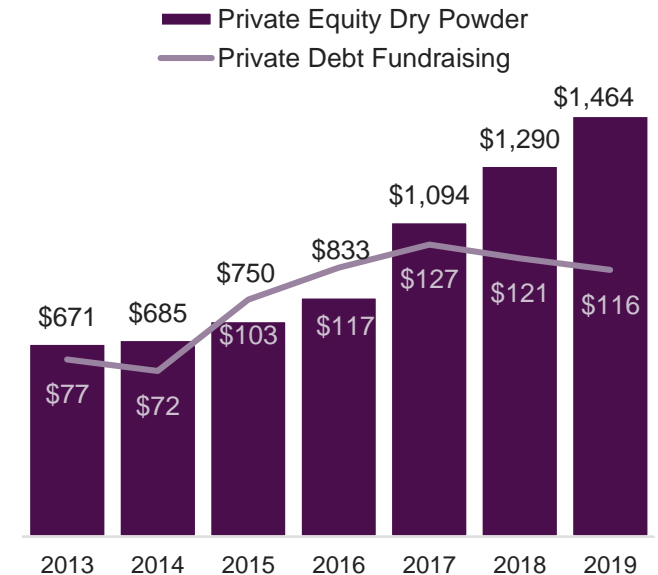
Source: International Monetary Fund (IMF)

Leveraged Lending Market Share



Note: Financial data as of December 31, 2019.
Source: S&P Capital IQ; ¹ Institutional investors and finance companies.

Private Equity Dry Powder (\$bn)



Note: Financial data as of December 31, 2019.
Source: Preqin Pro

Opportunity

- ✓ Private transactions allow for more customized structures than syndicated deals
- ✓ Pricing 200-300 bps above syndicated market
- ✓ The middle market provides attractive investment yields on an absolute and relative basis
- ✓ Investor-friendly structures include first lien collateral positions, call provisions, upfront fees, and financial covenants
- ✓ Management teams and financial sponsors have “skin in the game,” which helps align interests

Primary Focus: The Upper Middle Market

Competitive Dynamics

Market Participants

Lower MM	Middle MM	Upper MM	BSL Market
\$3–25mm EBITDA	\$25–50mm EBITDA	\$50–100mm EBITDA	\$100mm+ EBITDA
<ul style="list-style-type: none"> Limited balance sheets Single scope product offerings Extreme competition 	<ul style="list-style-type: none"> Highly structured financings with specific covenants Ability to finance across capital structures Less competition given size and scale required 	<ul style="list-style-type: none"> Highly structured financings with specific covenants Ability to finance across capital structures Less competition given size and scale required 	<ul style="list-style-type: none"> Commoditized financing structures and product offerings Tradable, liquid credit
<ul style="list-style-type: none"> Hundreds of community banks and “local” banks 40-45 smaller BDCs Numerous small, private funds 	<ul style="list-style-type: none"> Limited number of large BDCs Non-BDC market participants on an ad hoc basis 	<ul style="list-style-type: none"> Limited number of large BDCs Non-BDC market participants on an ad hoc basis 	<ul style="list-style-type: none"> Bulge bracket banks CLO funds Loan mutual funds Insurance companies

FSK | FS KKR Capital Corp.

FSK Overview

FSK Investment Portfolio Composition

173

Portfolio companies

22%

FV in top-10 portfolio companies¹

67%

of investments in senior secured debt²

\$66mm / 5.4x

Median portfolio company EBITDA & leverage

86%

of debt investments are floating rate³

8.7%

Wtd. avg. annual yield on accruing debt investments⁴

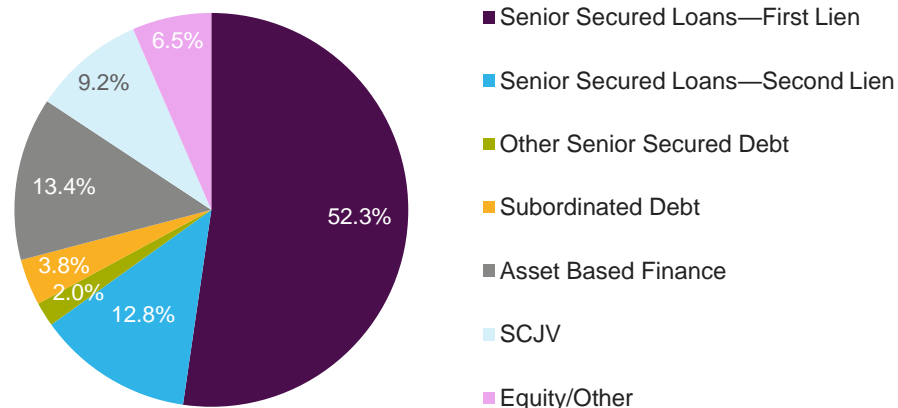
3.8%

Non-accrual rate at FV

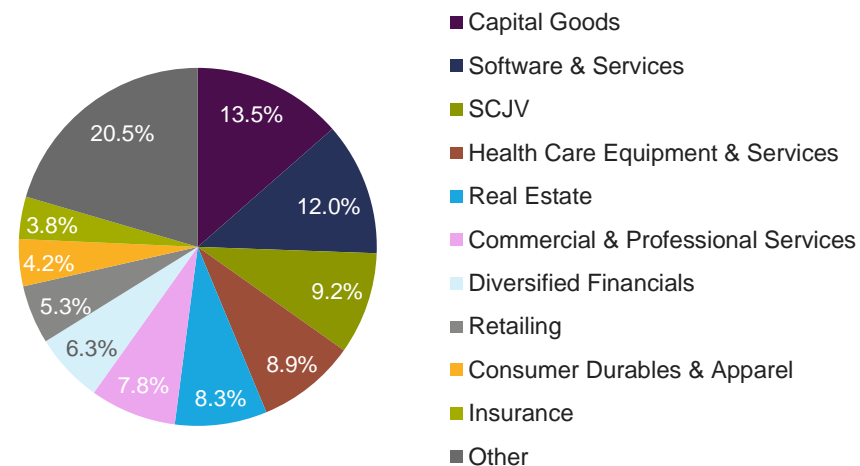
>95%

Lead, co-lead, or sole origination⁵

Security Exposure (by fair value)



Sector Exposure (by fair value)



Total Investments at Fair Value: \$6,624mm

Note: All stats as of June 30, 2020 unless otherwise noted.

1. Does not look through to FSK's portfolio companies held solely in SCJV.

2. Figure excludes the impact of FSK's investment in SCJV.

3. See FSK's Quarterly Report on Form 10-Q for its definition of debt investments.

4. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments.

5. Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.

FSK Quarterly Investment Activity

Portfolio Roll (\$ in millions)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Investment Purchases	\$513	\$698	\$1,147	\$1,296	\$253
Sales and Redemptions ¹	(692)	(723)	(929)	(914)	(470)
Net Investment Activity	(\$179)	(\$25)	\$218	\$382	(\$217)
Net Sales to SCJV	-	274	376	102	126
Adjusted Net Investment Activity	(\$179)	\$249	\$594	\$484	(\$91)

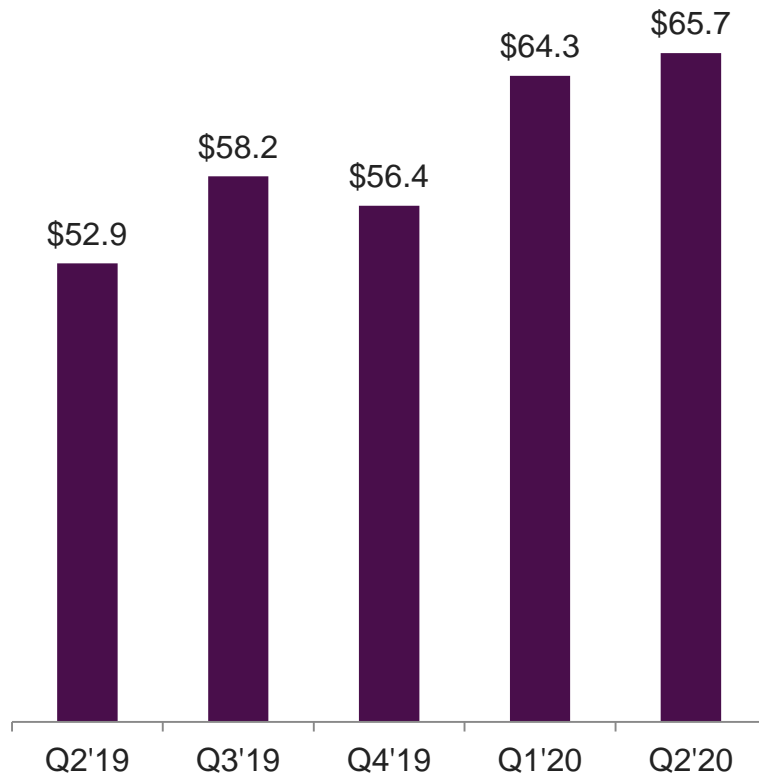
Asset Mix of New Purchases ²	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
First Lien Senior Secured Loans	69%	53%	72%	73%	52%
Second Lien Senior Secured Loans	1%	14%	8%	0%	0%
Other Senior Secured Debt	6%	0%	0%	0%	0%
Subordinated Debt	3%	0%	0%	4%	0%
Asset Based Finance	21%	14%	11%	10%	11%
Investment in SCJV	0%	19%	6%	13%	36%
Equity/Other	0%	0%	3%	0%	0%

1. Includes net sales to SCJV.

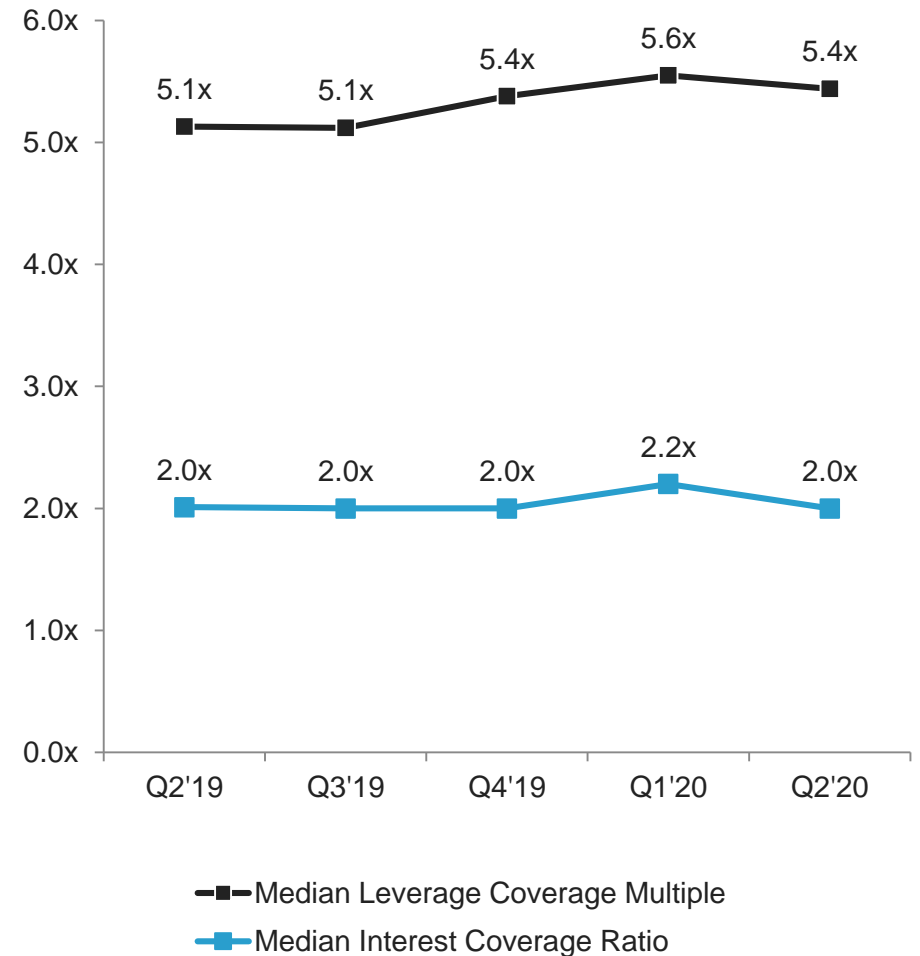
2. Zero represents an amount less than 0.5%.

FSK Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company Median EBITDA



Direct Origination Portfolio Company Coverage Ratios

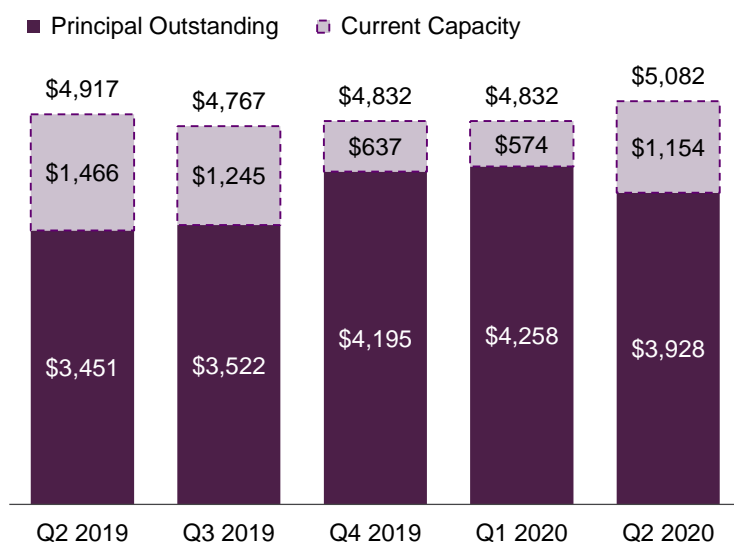


Note: Information based on statistics as of June 30, 2020 Direct Origination financial information.

FSK Funding and Liquidity Management

- Mature capital structure with diversified funding sources and no near-term maturities
- Short term flexibility of \$1,154mm of undrawn debt capacity
- Unsecured debt represents approximately 46% of drawn debt

Leverage over Time (\$mm)



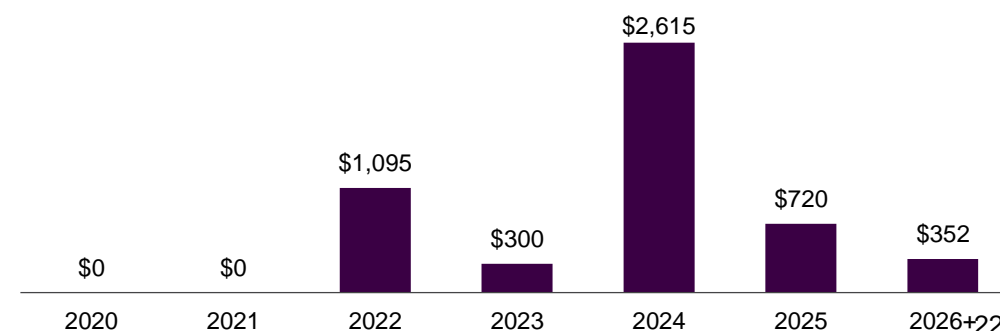
Cash (\$mm)⁽¹⁾	288.0	126.0	106.0	193.0	95.0
Gross D/E	0.84x	0.88x	1.09x	1.41x	1.36x
Net D/E⁽²⁾	0.76x	0.78x	0.89x	1.28x	1.29x
Asset Coverage	219%	214%	192%	171%	174%

1. Includes Cash, Restricted Cash, and Cash denominated in foreign currency.
2. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
3. Weighted average as of June 30, 2020. Includes the effect of non-usage fees.

Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Maturity	Wtd. Avg. Rate ⁽³⁾
Senior Secured Revolver	2,215	1,124	11/7/24	L+2.00%
JPM Revolver	400	371	9/28/22	L+2.50%
SMBC Revolver	300	266	6/2/23	L+1.75%
Total Revolver – 57.4%	2,915	1,761		
4.750% Notes	450	450	5/15/22	4.75%
5.000% Notes	245	245	6/28/22	5.00%
4.625% Notes	400	400	7/15/24	4.63%
4.125% Notes	470	470	2/1/25	4.13%
8.625% Notes	250	250	5/15/25	8.63%
Total Unsecured - 35.7%	1,815	1,815		
FS KKR MM CLO 1	352	352	7/15/30	L+1.82%
Total CLO – 6.9%	352	352		
Total	\$5,082	\$3,928		3.86%

Maturity Profile (\$mm)



FSK's Joint Venture Overview

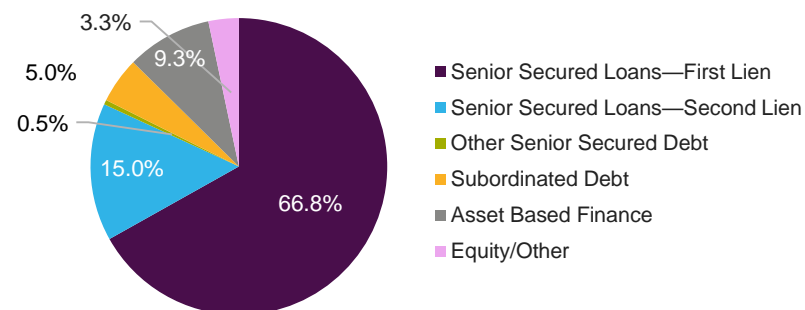


- **Primarily senior secured assets**
- **Key Portfolio Benefits**
 - Allows FSK to access the full capabilities of KKR platform
 - Yield enhancing
- **Key Terms of the Partnership**
 - FSK and SCRS share voting control 50% / 50%
 - Equity ownership 87.5% FSK / 12.5% SCRS
 - FSK provides day-to-day administrative oversight

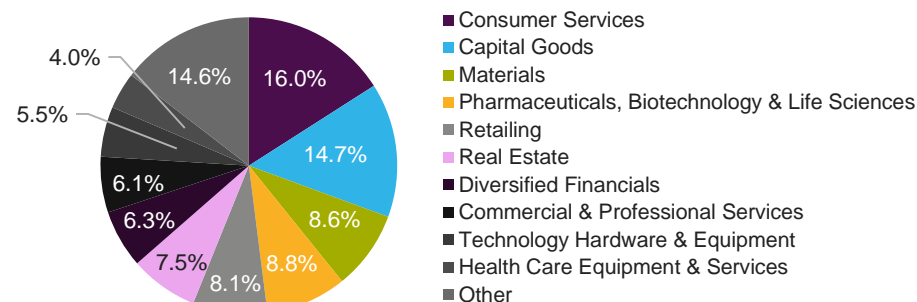
June 30, 2020 update:

- **Portfolio**
 - Fair value of investments was \$1,447mm
- **Key stats**
 - NAV of \$699mm (FSK's equity of SCJV was \$612mm)
 - \$129mm net purchases in Q2
 - \$134mm of uncalled equity capital (\$117mm allocated to FSK)
 - 1.07x net debt-to-equity ratio^{1,2}
 - \$15.8mm dividend declared to FSK in Q2 (\$18.0mm total dividend)

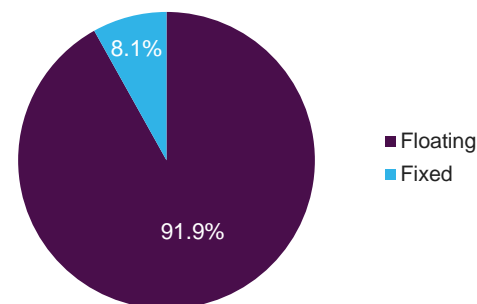
Security Exposure (by fair value)



Sector Exposure (by fair value)

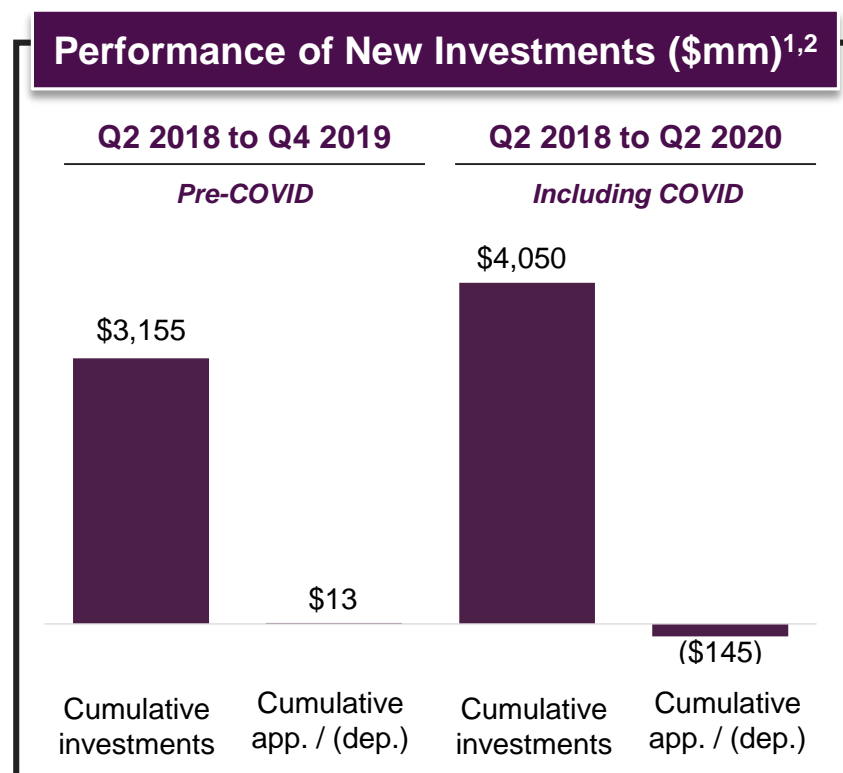
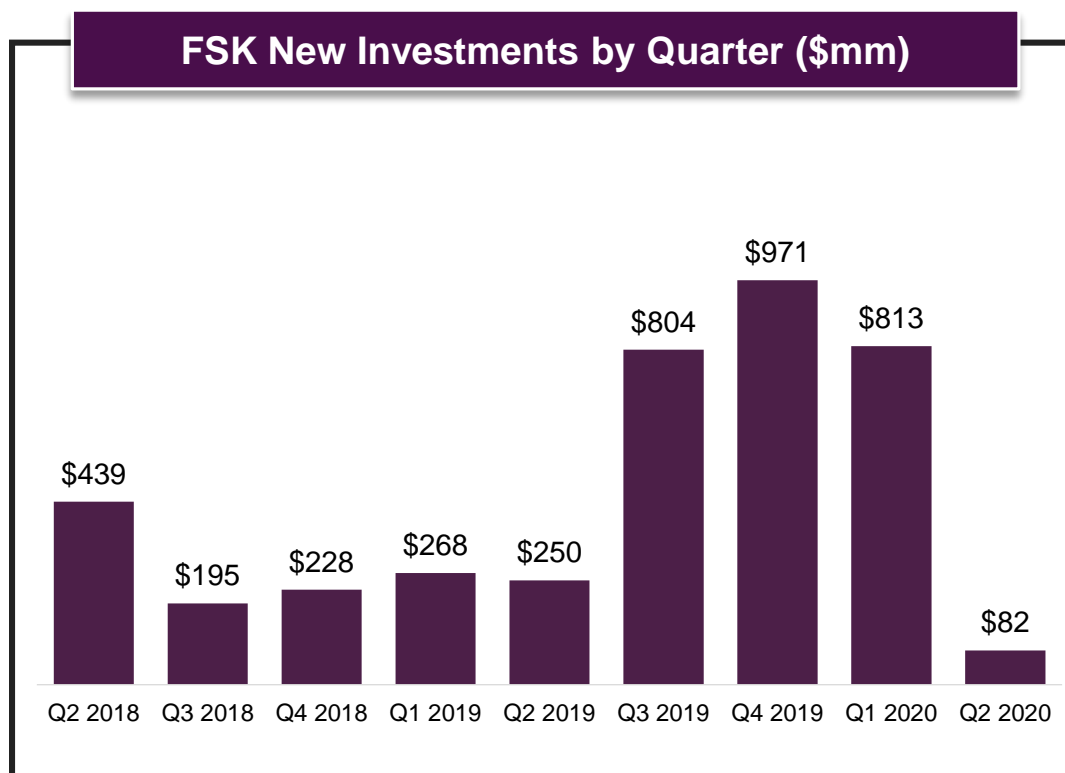


Fixed / Floating – Debt Investments



1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
 2. Net debt-to-equity ratio expected to decline as capital calls are issued in connection with the settlement of outstanding trades.

FS / KKR Advisor Performance



- Cumulative appreciation totaled 0.42% as of December 31, 2019
- Cumulative depreciation totaled 3.58% on investments totaling \$4.1bn as of June 30, 2020

Note: Advisor formed in April 2018.

1. Looks through to FSK's portfolio companies held solely in SCJV.

2. Appreciation and depreciation is the sum of realized gains/ losses over the period and unrealized gains/losses as of the end of the period in accordance with GAAP. As a result, the positive impacts of net amortization and depreciation recorded in our P&L is excluded from app/ dep.

FSKR | FS KKR Capital Corp. II

FSKR Overview

FSKR Investment Portfolio Composition

164

Portfolio companies

26%

FV in top-10 portfolio companies¹

77%

of investments in senior secured debt²

\$66mm / 5.1x

Median portfolio company EBITDA & leverage

88%

of debt investments are floating rate³

8.7%

Wtd. avg. annual yield on accruing debt investments⁴

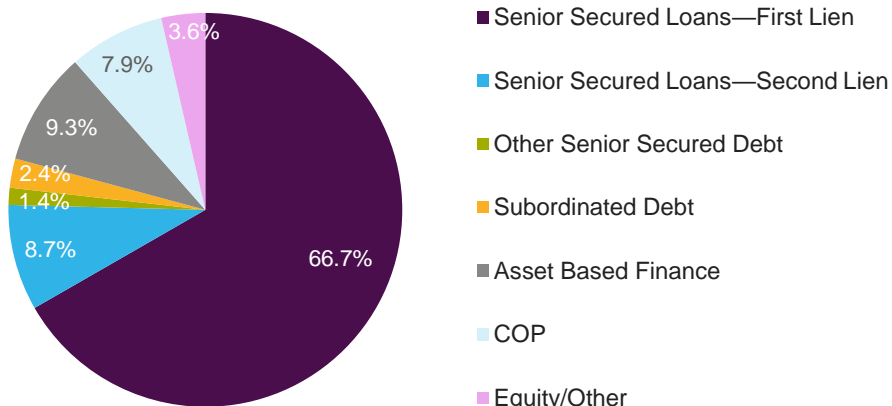
5.4%

Non-accrual rate at FV

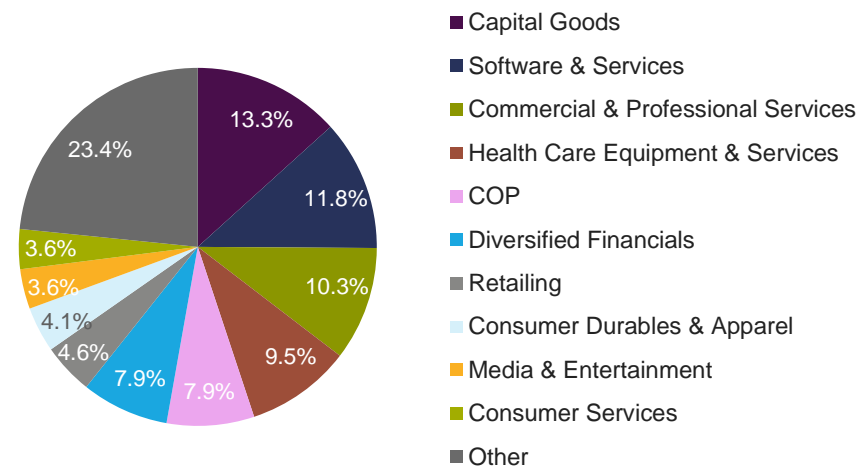
>95%

Lead, co-lead, or sole origination⁵

Security Exposure (by fair value)



Sector Exposure (by fair value)



Total Investments at Fair Value: \$7,281mm

Note: All stats as of June 30, 2020 unless otherwise noted.

1. Does not look through to FSKR's portfolio companies held solely in COP or the TRS.

2. Figure excludes the impact of FSKR's investment in COP and the TRS.

3. See FSKR's Quarterly Report on Form 10-Q for its definition of debt investments.

4. See FSKR's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments.

5. Figure based on count of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations / structuring are all considered when determining the Origination Role.

FSKR Quarterly Investment Activity

Portfolio Roll (\$ in millions)	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Investment Purchases	\$276	\$428	\$1,276	\$1,317	\$182
Sales and Redemptions ¹	(870)	(141)	(1,326)	(1,643)	(367)
Net Investment Activity	(\$594)	\$287	(\$50)	(\$326)	(\$185)
Net Sales to COP	-	-	503	253	-
Adjusted Net Investment Activity	(\$594)	\$287	\$453	(\$73)	(\$185)

Asset Mix of New Purchases ²	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
First Lien Senior Secured Loans	62%	69%	46%	82%	13%
Second Lien Senior Secured Loans	1%	17%	11%	3%	8%
Other Senior Secured Debt	15%	0%	0%	0%	0%
Subordinated Debt	6%	4%	0%	4%	0%
Asset Based Finance	16%	10%	8%	11%	21%
Investment in COP	0%	0%	34%	0%	48%
Equity/Other	0%	0%	1%	0%	10%

1. Includes net sales to COP.

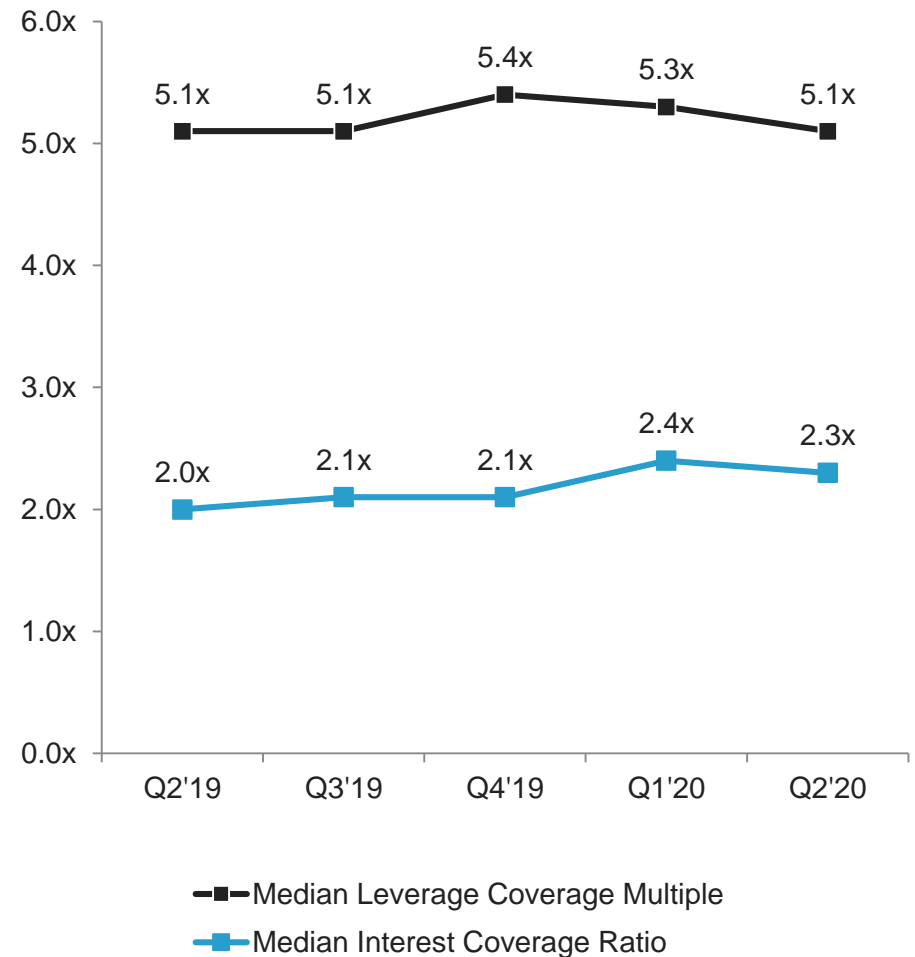
2. Zero represents an amount less than 0.5%.

FSKR Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company
Median EBITDA



Direct Origination Portfolio Company
Coverage Ratios

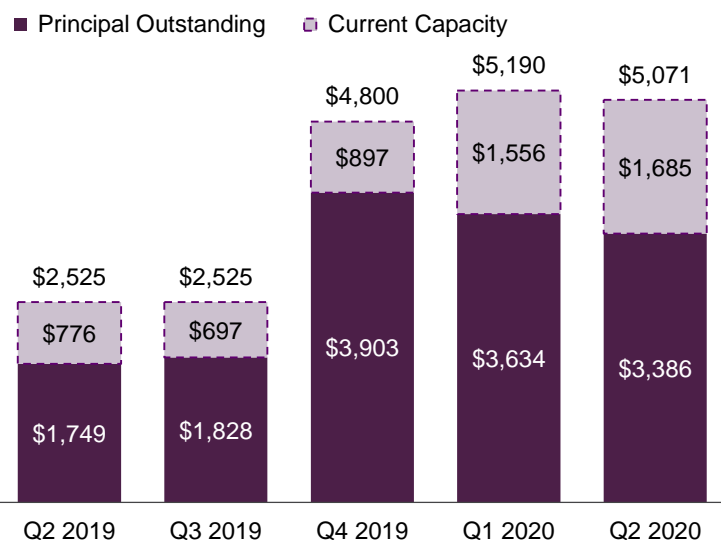


Note: Information based on statistics as of June 30, 2020 Direct Origination financial information.

FSKR Funding and Liquidity Management

- Short term flexibility of \$1,685mm of undrawn debt capacity
- Partially repaid \$125mm of the GS Term Loan in Q3; remaining \$175mm facility scheduled to be repaid in December 2020
- Unsecured debt represents approximately 14% of drawn debt

Leverage over Time (\$mm)



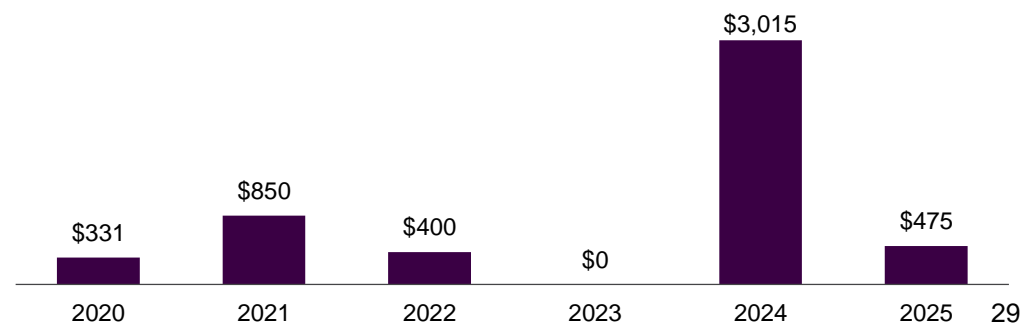
Cash (\$mm) ¹	302.6	109.7	167.0	232.0	295.0
Gross D/E	0.68x	0.73x	0.77x	0.87x	0.81x
Net D/E ²	0.58x	0.70x	0.74x	0.76x	0.75x
Asset Coverage	246%	237%	231%	215%	224%

1. Includes Cash, Restricted Cash, and Cash denominated in foreign currency.
2. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
3. Weighted average as of June 30, 2020. Includes the effect of non-usage fees.

Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Maturity	Wtd. Avg. Rate ⁽³⁾
Senior Secured Revolver	1,765	748	11/7/24	L+2.00%
BNP Prime Brokerage	31	30	12/26/20	L+1.25%
JPM Revolver – 1	850	680	10/11/21	L+2.45%
JPM Revolver – 2	400	320	7/15/22	L+2.50%
DB Revolvers	750	555	2/26/24	L+1.98%
Ally Revolver	200	118	11/22/24	L+2.25%
MS Revolver	300	160	11/22/24	L+2.25%
Total Revolver – 84.7%	4,296	2,611		
GS Term Loan	300	300	12/15/20	L+2.50%
Total Term Loan - 5.9%	300	300		
4.250% Notes	475	475	2/14/25	4.25%
Total Unsecured - 9.4%	475	475		
Total	\$5,071	\$3,386		3.54%

Maturity Profile (\$mm)



FSKR's Joint Venture Overview

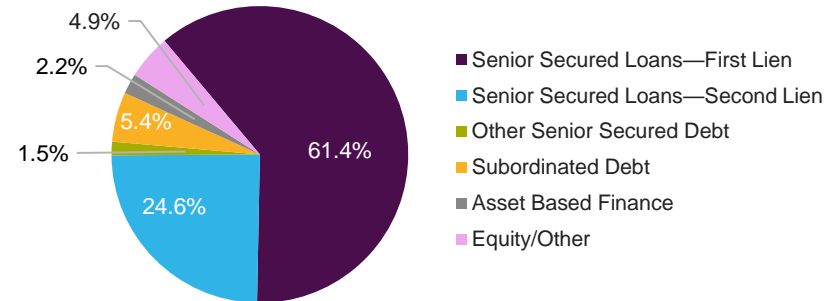


- **Primarily senior secured assets**
- **Key Portfolio Benefits**
 - Allows FSKR to access the full capabilities of KKR platform
 - Yield enhancing
- **Key Terms of the Partnership**
 - FSKR and SCRS share voting control 50% / 50%
 - Equity ownership 87.5% FSKR / 12.5% SCRS
 - FSKR provides day-to-day administrative oversight

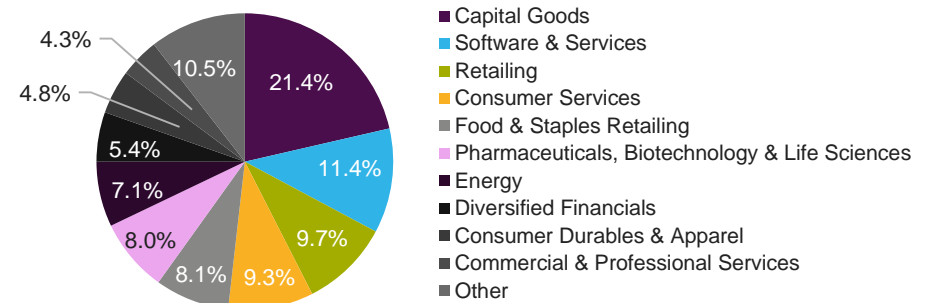
June 30, 2020 update:

- **Portfolio**
 - Fair value of investments was \$1,106mm
- **Key stats**
 - NAV of \$657mm (FSKR's equity of SCJV was \$575mm)
 - \$3mm net purchases in Q2
 - \$325mm of uncalled equity capital (\$284mm allocated to FSKR)
 - 0.67x net debt-to-equity ratio^{1,2}
 - \$18.4mm dividend declared to FSKR in Q2 (\$21.0mm total dividend)

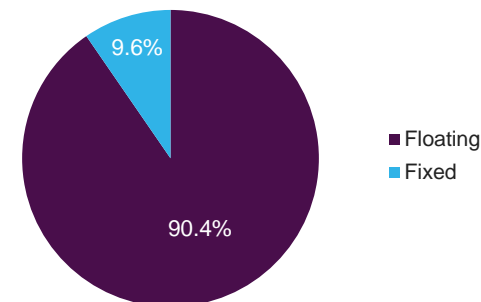
Security Exposure (by fair value)



Sector Exposure (by fair value)



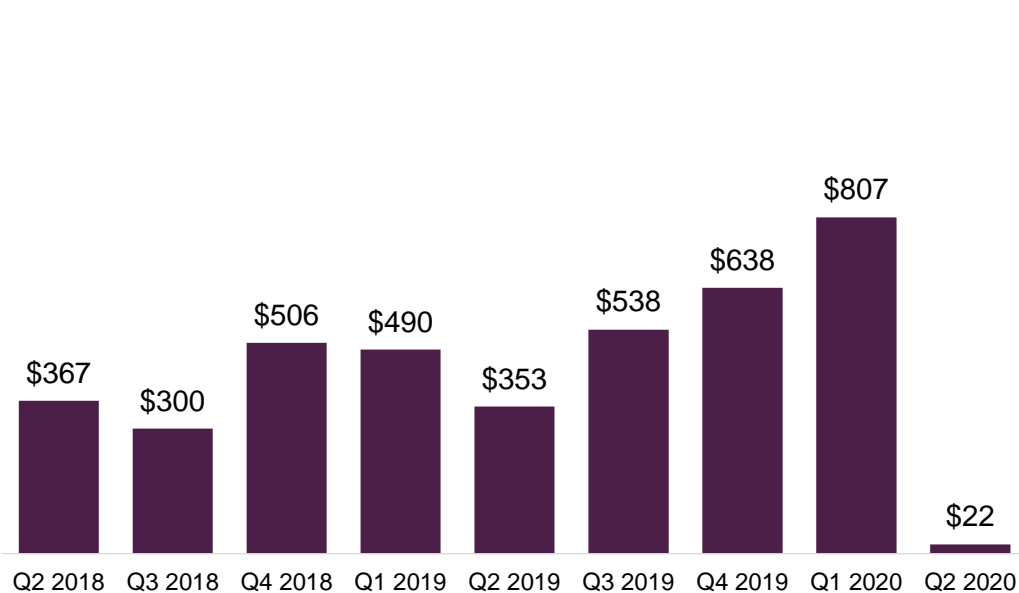
Fixed / Floating – Debt Investments



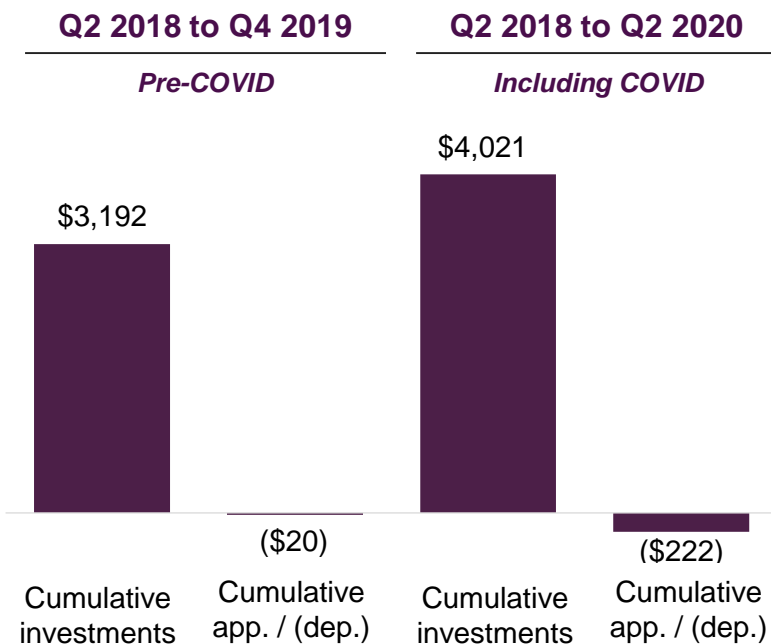
1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
 2. Net debt-to-equity ratio expected to decline as capital calls are issued in connection with the settlement of outstanding trades.

FS / KKR Advisor Performance

FSKR New Investments by Quarter (\$mm)



Performance of new investments (\$mm)^{1,2}



- Cumulative depreciation totaled 0.62% as of December 31, 2019
- Cumulative depreciation totaled 5.52% on investments totaling \$4.0bn as of June 30, 2020

Note: Advisor formed in April 2018.

1. Looks through to FSKR's portfolio companies held solely in COP.

2. Appreciation and depreciation is the sum of realized gains/ losses over the period and unrealized gains/losses as of the end of the period in accordance with GAAP. As a result, the positive impacts of net amortization and depreciation recorded in our P&L is excluded from app/ dep.

FS | KKR

FSK | FS KKR Capital Corp.

FSKR | FS KKR Capital Corp. II

Appendix



FSK Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
NII per share ⁽¹⁾	\$0.77	\$0.89	\$0.79	\$0.78	\$0.62
Adjusted NII per share ^{(1) (2)}	\$0.77	\$0.89	\$0.83	\$0.78	\$0.62
Net realized and unrealized gains (losses) per share ⁽¹⁾	\$0.00	(\$0.34)	(\$1.00)	(\$6.36)	(\$1.08)
Net increase (decrease) in net assets resulting from operations (earnings per share) ⁽¹⁾	\$0.77	\$0.55	(\$0.21)	(\$5.59)	(\$0.44)
Stockholder distributions per share ⁽¹⁾	\$0.76	\$0.76	\$0.76	\$0.76	\$0.60
Net asset value per share at period end ⁽¹⁾	\$31.51	\$31.42	\$30.54	\$24.36	\$23.37
Weighted average shares outstanding (in millions) ⁽¹⁾	130.5	128.6	127.2	125.9	123.8
Shares outstanding, end of period (in millions) ⁽¹⁾	130.1	128.1	126.6	124.3	123.8
Total investments at fair value	\$7,283	\$7,218	\$7,357	\$6,945	\$6,624
Total assets	\$7,744	\$7,774	\$8,216	\$7,439	\$6,956
Cash ⁽³⁾	\$288	\$126	\$106	\$193	\$95
Total debt ⁽⁴⁾	\$3,451	\$3,522	\$4,195	\$4,258	\$3,928
Debt-to-equity, Net ⁽⁵⁾	0.76x	0.78x	0.89x	1.28x	1.29x
Adjusted NII / total recurring dividend	102%	117%	111%	103%	103%

1. The share and per share amounts reflect FSK's reverse stock split, effective as of June 15, 2020 (the "FSK Reverse Stock Split"), on a retroactive basis.
2. See the Appendix for a reconciliation between NII and Adjusted NII.
3. Includes cash, restricted cash, and cash denominated in foreign currency.
4. Principal amount outstanding.
5. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

FSK Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Investment at Fair Value:					
First Lien Senior Secured Loans	52.8%	50.8%	50.6%	54.4%	52.3%
Second Lien Senior Secured Loans	15.8%	17.0%	16.3%	13.1%	12.8%
Other Senior Secured Debt	3.8%	3.8%	3.2%	2.4%	2.0%
Subordinated Debt	5.4%	5.4%	5.6%	5.0%	3.8%
Asset Based Finance	9.9%	9.7%	10.0%	11.2%	13.4%
Strategic Credit Opportunities Partners	4.0%	5.9%	6.5%	7.7%	9.2%
Equity/Other	8.3%	7.4%	7.8%	6.2%	6.5%
Total Investments	\$7,283	\$7,218	\$7,357	\$6,945	\$6,624
Number of portfolio companies ⁽¹⁾	197	201	210	184	173
Interest Rate Type:⁽²⁾					
% Floating Rate	80.9%	81.3%	81.7%	84.4%	85.8%
% Fixed Rate	19.1%	18.7%	18.3%	15.6%	14.2%
Net Interest Margin:					
Weighted average annual yield on accruing debt investments ⁽³⁾	10.5%	10.1%	9.7%	9.0%	8.7%
Weighted average interest rate on borrowings ⁽⁴⁾	4.6%	4.4%	4.0%	3.7%	3.9%

1. Does not look through to FSK's portfolio companies held solely in SCJV. SCJV is a joint venture between FSK and SCRS.

2. Represents interest rates on Debt Investments (see FSK's Quarterly Report on Form 10-Q for the definition of Debt Investments) at US\$ Fair Value FV. Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.

3. FSK's weighted average annual yield on all debt investments was 7.4% as of June 30, 2020. See FSK's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.

4. Includes the effect of non-usage fees.

FSK Net Asset Value Bridge



1. Per share data derived using the weighted average shares outstanding during the period. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis.

FSK Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Total investment income	\$199	\$199	\$186	\$179	\$150
Net expenses	(98)	(84)	(79)	(81)	(73)
Net investment income before taxes	\$101	\$115	\$107	\$98	\$77
Excise taxes	-	-	(7)	-	-
GAAP Net investment income	\$101	\$115	\$100	\$98	\$77
Plus: excise taxes	-	-	7	-	-
Plus: one-time expenses ⁽¹⁾	-	(1)	-	-	-
Adjusted net investment income⁽²⁾	\$101	\$114	\$107	\$98	\$77
Total net unrealized and realized gains (losses)	0	(44)	(127)	(801)	(132)
Net increase (decrease) in net assets resulting from operations	\$101	\$71	(\$27)	(\$703)	(\$55)
Per Share:⁽³⁾					
Net investment income	\$0.77	\$0.89	\$0.79	\$0.78	\$0.62
Adjusted net investment income ⁽²⁾	\$0.77	\$0.89	\$0.83	\$0.78	\$0.62
Net increase (decrease) in net assets results from operations	\$0.77	\$0.55	(\$0.21)	(\$5.59)	(\$0.44)
Stockholder distributions	\$0.76	\$0.76	\$0.76	\$0.76	\$0.60
Weighted average shares outstanding (millions)	130.5	129.4	127.2	125.9	123.8
Shares outstanding, end of period (millions)	130.1	128.1	126.6	124.3	123.8

1. FSK's one-time expenses for the three months ended September 30, 2019 consist of a reversal of \$1 million resulting from a reduction in the estimate for deferred taxes.

2. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSK's normal course of business (referred to herein as one-time expenses). FSK uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

3. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis.

FSK Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Investment income:					
Interest income	\$156	\$163	\$133	\$131	\$112
Payment-in-kind interest income	12	11	21	16	15
Fee income	8	7	16	12	6
Total dividend and other income	23	18	16	20	17
Total investment income	\$199	\$199	\$186	\$179	\$150
Operating expenses:					
Investment advisory fees & expenses	28	28	30	30	26
Interest expense	41	42	43	46	42
Incentive fees	25	8	-	-	-
Other operating expenses	4	6	6	5	5
Total operating expenses	\$98	\$84	\$79	\$81	\$73
Net investment income before taxes	101	115	107	98	77
Income taxes, including excise taxes	-	-	(7)	-	-
Net investment income	\$101	\$115	\$100	\$98	\$77
Total net unrealized and realized gains (losses)	0	(44)	(127)	(801)	(132)
Net increase in net assets resulting from operations	\$101	\$71	(\$27)	(\$703)	(\$55)

FSK Balance Sheet

(Dollar amounts in millions, except per share data)	As of				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Assets					
Total investments, at fair value	\$7,283	\$7,218	\$7,357	\$6,945	\$6,624
Cash	264	115	93	179	87
Foreign currency, at fair value	24	11	13	14	8
Receivable for investments sold and repaid	86	328	657	204	137
Income receivable	77	84	82	79	78
Unrealized appreciation on foreign currency forward contracts	3	9	1	3	3
Deferred financing costs	5	6	10	10	13
Prepaid expenses and other assets	2	3	3	5	6
Total Assets	\$7,744	\$7,774	\$8,216	\$7,439	\$6,956
Liabilities					
Payable for investments purchased	\$17	\$71	\$15	\$10	\$21
Debt	3,441	3,508	4,173	4,238	3,903
Unrealized depreciation on derivative instruments	3	1	-	-	-
Shareholders' distributions payable	100	98	96	95	75
Interest Payable	26	29	23	32	34
Other liabilities ⁽¹⁾	59	43	43	36	32
Total Liabilities	\$3,646	\$3,750	\$4,350	\$4,411	\$4,065
Total Net Assets	\$4,098	\$4,024	\$3,866	\$3,028	\$2,891
Net Asset Value per Share⁽²⁾	\$31.51	\$31.42	\$30.54	\$24.36	\$23.37

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

2. The share and per share amounts reflect the FSK Reverse Stock Split on a retroactive basis.

FSK Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Realized gain/loss					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$51)	(\$17)	(\$31)	(\$92)	(\$48)
Non-controlled/affiliated investments	(8)	29	11	(34)	(5)
Controlled/affiliated investments	-	5	(1)	-	(17)
Net realized gain (loss) on swap contracts	(11)	-	(1)	-	-
Net realized gain (loss) on foreign currency forward contracts	2	2	6	-	-
Net realized gain (loss) on foreign currency	1	2	(1)	(4)	1
Total net realized gain (loss)	(\$67)	\$21	(\$17)	(\$130)	(\$69)
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	\$49	(\$73)	(\$51)	(\$367)	(\$8)
Non-controlled/affiliated investments	24	(15)	(7)	(137)	(28)
Controlled/affiliated investments	(12)	12	(26)	(191)	(21)
Net change in unrealized appreciation (depreciation) on swap contracts	10	1	1	-	-
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	(2)	7	(8)	2	-
Net change in unrealized gain (loss) on foreign currency	(2)	3	(19)	22	(6)
Total net unrealized gain (loss)	\$67	(\$65)	(\$110)	(\$671)	(\$63)
Total net realized and unrealized gain (loss)	\$0	(\$44)	(\$127)	(\$801)	(\$132)

FSKR Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
NII per share ⁽¹⁾	\$0.70	\$0.72	\$0.67	\$0.55	\$0.44
Adjusted NII per share ^{(1) (2)}	\$0.70	\$0.72	\$0.68	\$0.55	\$0.48
Net realized and unrealized gains (losses) per share ⁽¹⁾	(\$0.19)	(\$0.99)	(\$0.67)	(\$4.72)	(\$0.30)
Net increase (decrease) in net assets resulting from operations (earnings per share) ⁽¹⁾	\$0.52	(\$0.27)	-	(\$4.17)	\$0.13
Stockholder distributions per share ⁽¹⁾	\$0.75	\$0.75	\$0.75	\$0.60	\$0.60
Net asset value per share at period end ⁽¹⁾	\$31.37	\$30.34	\$29.46	\$24.68	\$24.22
Weighted average shares outstanding (in millions) ⁽¹⁾	81.1	81.8	94.0	169.6	171.6
Shares outstanding, end of period (in millions) ⁽¹⁾	81.6	82.4	169.6	169.6	172.9
Total investments	\$4,401	\$4,255	\$8,591	\$7,464	\$7,281
Total assets	\$4,409	\$4,446	\$8,970	\$8,184	\$7,758
Cash ⁽³⁾	\$303	\$110	\$167	\$232	\$295
Total debt ⁽⁴⁾	\$1,749	\$1,828	\$3,809	\$3,634	\$3,386
Debt-to-equity, Net ⁽⁵⁾	0.58x	0.70x	0.73x	0.76x	0.74x
Adjusted NII / total recurring dividend	93%	96%	90%	91%	80%

1. The share and per share amounts reflect FSKR's reverse stock split, effective as of June 10, 2020 (the "FSKR Reverse Stock Split"), on a retroactive basis.

2. See the Appendix for a reconciliation between NII and Adjusted NII.

3. Includes cash, restricted cash, and cash denominated in foreign currency.

4. Principal amount outstanding.

5. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

FSKR Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Investment at Fair Value:					
First Lien Senior Secured Loans	70.9%	70.1%	66.5%	68.5%	66.7%
Second Lien Senior Secured Loans	9.2%	10.3%	9.4%	9.3%	8.7%
Other Senior Secured Debt	5.2%	4.8%	2.7%	2.0%	1.4%
Subordinated Debt	5.4%	5.6%	5.7%	3.1%	2.4%
Asset Based Finance	2.3%	2.9%	5.7%	7.9%	9.3%
Credit Opportunities Partners	0.0%	0.0%	5.9%	5.8%	7.9%
Equity/Other	7.0%	6.3%	4.1%	3.4%	3.6%
Total Investments	\$4,041	\$4,255	\$8,591	\$7,464	\$7,281
Number of portfolio companies ⁽¹⁾	164	174	213	179	164
Interest Rate Type:⁽²⁾					
% Floating Rate	84.7%	85.4%	83.2%	85.6%	87.8%
% Fixed Rate	15.3%	14.6%	16.8%	14.4%	12.2%
Net Interest Margin:					
Weighted average annual yield on accruing debt investments ⁽³⁾	10.0%	9.9%	9.5%	8.9%	8.7%
Weighted average interest rate on borrowings ⁽⁴⁾	5.2%	4.8%	4.3%	3.9%	3.5%

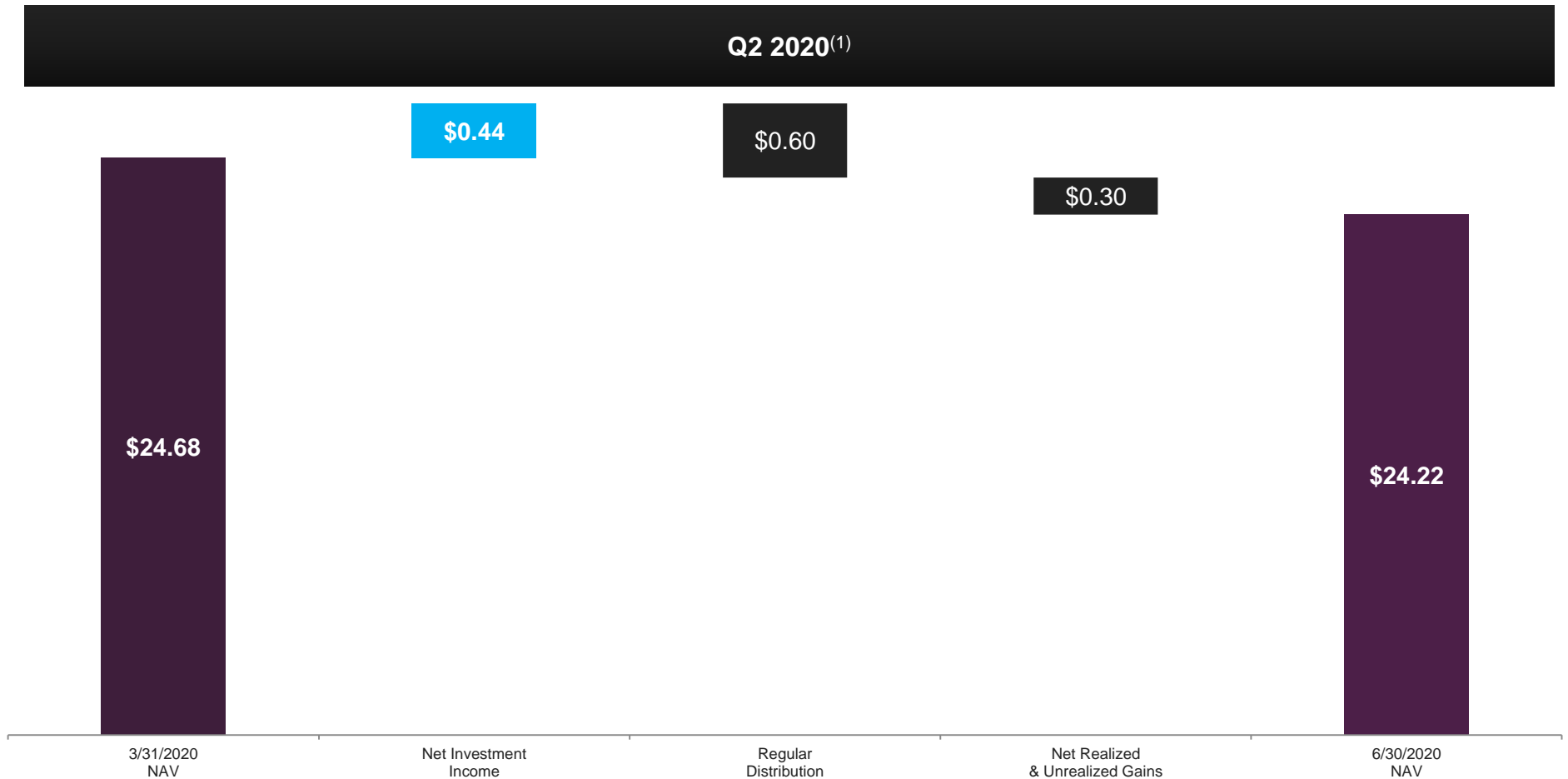
1. Does not look through to FSKR's portfolio companies held solely in COP. COP is a joint venture between FSKR and SCRS.

2. Represents interest rates on Debt Investments (see FSKR's Quarterly Report on Form 10-Q for the definition of Debt Investments) at US\$ Fair Value FV. Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.

3. FSKR's weighted average annual yield on all debt investments was 7.4% as of June 30, 2020. See FSKR's Quarterly Report on Form 10-Q for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments.

4. Includes the effect of non-usage fees.

FSKR Net Asset Value Bridge – Q2 2020



1. Per share data derived using the weighted average shares outstanding during the period. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis.

FSKR Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Total investment income	\$111	\$108	\$121	\$195	\$168
Net expenses	(54)	(49)	(57)	(102)	(93)
Net investment income before taxes	\$57	\$59	\$64	\$93	\$75
Excise taxes	-	-	(1)	-	-
GAAP Net investment income	\$57	\$59	\$63	\$93	\$75
Plus: excise taxes	-	-	1	-	-
Plus: one-time expenses ⁽¹⁾	-	-	-	-	7
Adjusted net investment income⁽²⁾	\$57	\$59	\$64	\$93	\$82
Total net unrealized and realized gains (losses)	(15)	(81)	(63)	(801)	(53)
Net increase (decrease) in net assets resulting from operations	\$42	(\$22)	-	(\$708)	22
Per Share:⁽³⁾					
Net investment income	\$0.70	\$0.72	\$0.67	\$0.55	\$0.44
Adjusted net investment income ⁽²⁾	\$0.70	\$0.72	\$0.68	\$0.55	\$0.48
Net increase (decrease) in net assets results from operations	\$0.52	(\$0.27)	-	(\$4.17)	\$0.13
Stockholder distributions	\$0.75	\$0.75	\$0.75	\$0.60	\$0.60
Weighted average shares outstanding (millions)	81.1	81.8	94.0	169.6	171.6
Shares outstanding, end of period (millions)	81.6	82.4	169.6	169.6	172.9

1. FSKR's one-time expenses for the three months ended June 30, 2020 consist of advisory fees in connection with the listing of its shares on the New York Stock Exchange.

2. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSKR's normal course of business (referred to herein as one-time expenses). FSKR uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

3. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis.

FSKR Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Investment income:					
Interest income	\$101	\$95	\$102	\$151	\$126
Payment-in-kind interest income	4	7	7	14	16
Fee income	6	5	12	15	7
Total dividend and other income	-	1	-	15	19
Total investment income	\$111	\$108	\$121	\$195	\$168
Operating expenses:					
Investment advisory fees & expenses	17	17	20	33	29
Interest expense	25	24	27	40	35
Incentive fees	9	5	5	23	19
Other operating expenses	3	3	5	6	10
Total operating expenses	\$54	\$49	\$57	\$102	\$93
Net investment income before taxes	57	59	64	93	75
Income taxes, including excise taxes	-	-	(1)	-	-
Net investment income	\$57	\$59	\$63	\$93	\$75
Total net unrealized and realized gains (losses)	(15)	(81)	(63)	(801)	(53)
Net increase in net assets resulting from operations	\$42	(\$22)	-	(\$708)	\$22

FSKR Balance Sheet

(Dollar amounts in millions, except per share data)	As of				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Assets					
Total investments, at fair value	\$4,041	\$4,255	\$8,591	\$7,464	\$7,281
Cash	291	107	163	225	289
Foreign currency, at fair value	12	3	4	7	6
Receivable for investments sold and repaid	6	12	23	321	13
Income receivable	37	42	84	88	92
Unrealized appreciation on foreign currency forward contracts	-	-	-	1	0
Deferred financing costs	7	7	12	11	13
Prepaid expenses and other assets	15	20	93	67	64
Total Assets	\$4,409	\$4,446	\$8,970	\$8,184	\$7,758
Liabilities					
Payable for investments purchased	\$35	\$54	\$37	\$114	\$42
Debt	1,747	1,827	3,809	3,629	3,382
Unrealized depreciation on derivative instruments	12	14	30	59	59
Shareholders' distributions payable	12	12	-	102	-
Interest Payable	15	14	30	26	27
Other liabilities ⁽¹⁾	29	26	68	68	62
Total Liabilities	\$1,850	\$1,947	\$3,974	\$3,998	\$3,572
Total Net Assets	\$2,559	\$2,499	\$4,996	\$4,186	\$4,186
Net Asset Value per Share⁽²⁾	\$31.37	\$30.34	\$29.46	\$24.68	\$24.22

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

2. The share and per share amounts reflect the FSKR Reverse Stock Split on a retroactive basis.

FSKR Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Realized gain/loss					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$22)	(\$8)	(\$9)	(\$217)	(\$34)
Non-controlled/affiliated investments	0	0	(3)	0	(109)
Controlled/affiliated investments	-	-	-	-	-
Net realized gain (loss) on swap contracts	-	(0)	(2)	(4)	(3)
Net realized gain (loss) on foreign currency forward contracts	-	-	-	0	-
Net realized gain (loss) on foreign currency	0	1	-	1	-
Total net realized gain (loss)	(\$22)	(\$7)	(\$14)	(\$220)	(\$146)
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	\$6	(\$80)	\$72	(\$429)	(\$22)
Non-controlled/affiliated investments	9	5	(114)	(96)	84
Controlled/affiliated investments	-	-	6	(80)	59
Net change in unrealized appreciation (depreciation) on swap contracts	(6)	(2)	5	(27)	(1)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	-	-	(1)	2	(1)
Net change in unrealized gain (loss) on foreign currency	(1)	3	(17)	49	(26)
Total net unrealized gain (loss)	\$8	(\$74)	(\$49)	(\$581)	\$93
Total net realized and unrealized gain (loss)	(\$14)	(\$81)	(\$63)	(\$801)	(\$53)

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Certain figures in this presentation have been rounded.

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- The S&P LSTA US Leveraged Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet the inclusion criteria and that have marks from the LSTA/LPC mark-to-market service. The inclusion criteria consist of the following: i) syndicated term loan instruments consisting of term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans; ii) secured; iii) U.S. dollar denominated; iv) minimum term of one year at inception; and v) minimum initial spread of LIBOR plus 1.25%.
- The Barclays Aggregate Bond Index is a broad-based benchmark that measures the investment grade, fixed-rate bond market, such as Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

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