



# Callidus Capital Corporation – Q2 2015 Results

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# Disclaimers

## Forward-Looking Information

This document contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, forward-looking statements regarding Callidus and the industries in which it operates, including statements about, among other things, expectations, beliefs, plans, future loans and origination, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects and future events and performance. Sentences and phrases containing or modified by words such as “anticipate”, “plan”, “continue”, “estimate”, “intend”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targets”, “projects”, “is designed to”, “strategy”, “should”, “believe”, “contemplate” and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management’s expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements.

Specific forward-looking statements contained in this document include, among others, statements, management’s beliefs, expectations or intentions regarding the following: Callidus’ expected growth, including organic growth in the Canadian market; through acquisitions; expansion of the ‘Callidus Lite’ loan product; through expansion into the United States; and the purchase of Loan Assets from the Catalyst Funds; the targeted Gross Yields of the Callidus and ‘Callidus Lite’ loans; funding pursuant to the Participation Agreement and the relationships between Callidus, CCGI and the Catalyst Funds.

In making the forward-looking statements, the Corporation has made assumptions regarding: general economic conditions, reliance on debt financing, funding pursuant to the Participation Agreement, interest rates, continued lack of ABL regulation, continued operation of key systems, debt service, the expectation that the number of industry competitors in Callidus’ marketplace will continue to decline, bank lending to mid-market companies will continue to be constrained for at least several years, future capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Loan Portfolio and solvency of borrowers, limited loan prepayment, effective use of leverage, and such other risks or factors described in the final prospectus and from time to time in public disclosure documents of Callidus that are filed with securities regulatory authorities.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indicators of whether such events, performance or results will be achieved. Forward-looking statements are based on information available at the time and/or management’s expectations with respect to future events that involve a number of risks and uncertainties. Any forward-looking information concerning prospective results of operations, financial position, expectations of cash flows and future cash flows is based upon assumptions about future results, economic conditions and courses of action and is presented for the purpose of providing prospective purchasers with a more complete perspective on Callidus’ present and planned future operations. Such information may not be appropriate for other purposes and actual results may differ materially from those anticipated in such forward-looking statements.

To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlooks within the meaning of Canadian securities laws, such information has been prepared by the Corporation to provide a reasonable estimate of the potential earnings of the current loan portfolio, subject to (among other things) the assumptions and risks discussed in this MD&A, and readers are cautioned that this information should not be relied upon for any other purpose. Future-oriented financial information and financial outlooks are, without limitation, based on the assumptions and subject to the risks set out herein.

The Corporation discloses a number of financial measures in this document that are calculated and presented using methodologies other than in accordance with IFRS. The Corporation utilizes these measures in managing the business, including performance measurement and valuation purposes, and believes that providing these performance measures on a supplemental basis to its IFRS results is helpful to investors in assessing the overall performance of the business of the Corporation. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. The Corporation cautions readers that these non-IFRS financial measures may differ materially from the calculations disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within the company’s most recent MD&A. See also the sections entitled “Non-IFRS Measures” and “Outlook” in such MD&A.

# Q2 2015 Highlights

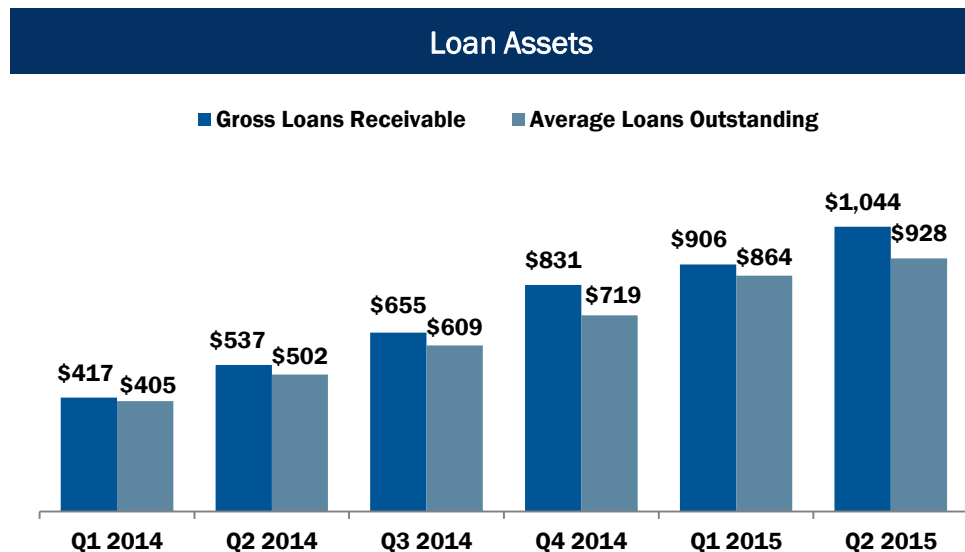
(Expressed in thousands of Canadian dollars, except per share information)	30-Jun-15	31-Mar-15	30-Jun-14	Q/Q Change	Y/Y Change
Gross loans receivable (before derecognition)	\$1,043,897	\$905,582	\$536,732	15%	94%
Average loan portfolio outstanding <sup>(1)</sup>	928,172	864,324	501,849	7%	85%
Total revenue (after derecognition)	39,329	35,091	22,974	12%	71%
Gross yield <sup>(1)</sup>	18.8%	17.9%	20.8%		
Net interest income	30,827	27,125	16,418	14%	88%
Net interest margin <sup>(1)</sup>	13.5%	12.7%	13.3%		
Net income (loss)	18,390	15,989	7,646	15%	141%
Earnings per share (diluted)	\$0.36	\$0.31	\$0.18	16%	100%
Return on equity	15.2%	13.6%	8.1%	1.6% <sup>(2)</sup>	7.1% <sup>(2)</sup>

1. Refer to "Description of Non-IFRS Measures" in the MD&A. These financial measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Therefore, they may not be comparable to similar measures used by other issuers.

2. Expressed as a difference in percentage points.

# Strong Loan Growth

- Strong growth in portfolio while maintaining solid credit quality
- Signed-back term sheets of \$400 million, up \$192 million from what was reported in Q1 2015
- Loan pipeline stands at approximately \$932 million



	Loan Pipeline	Signed-Back Term Sheets
Current <sup>(1)</sup>	\$932	\$400
Q1 2015	\$1,100	\$208
Q4 2014	\$450 - \$600	\$199
Q3 2014	\$500 - \$600	\$172
Q2 2014	\$500	\$175
Q1 2014	\$420	\$250

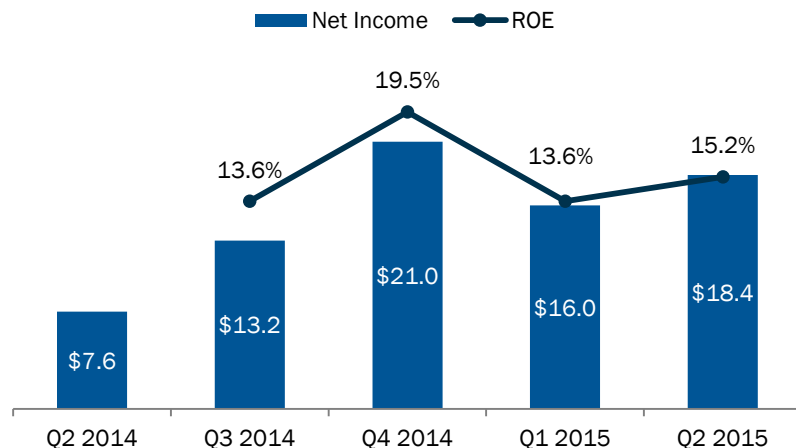
All figures in C\$ millions unless otherwise noted.

1. As at August 5, 2015

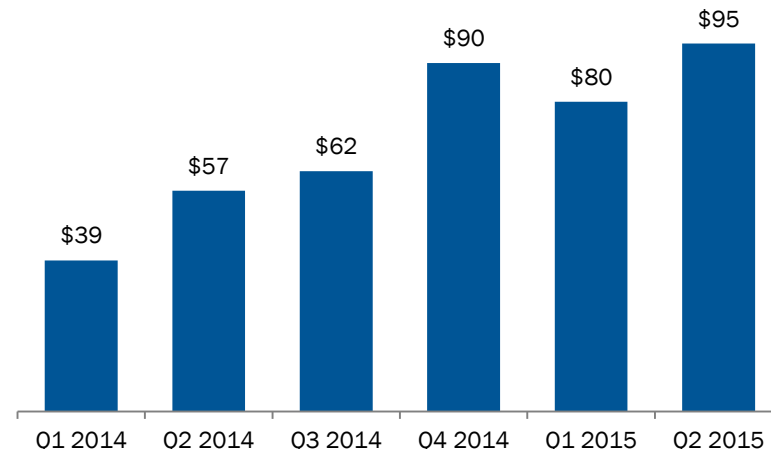
# Strong Financial Performance

- ROE was 15.2% for the second quarter of 2015 compared with 13.6% in the first quarter of 2015
- Net income in Q2 2015 was \$18.4 million, up \$2.4 million, or 15% from \$16.0 million in Q1 2015 and up from \$7.6 million in Q2 2014
- During the second quarter, 981,016 shares were acquired into treasury and cancelled under the normal course issuer bid
- Callidus announced a quarterly dividend of \$0.175 per common share

Reported Net Income (C\$m) and ROE



Run Rate Net Income (C\$m)<sup>(1)</sup>



1. Run Rate Net Income is a non-IFRS measure, see "Outlook" section in quarterly MD&A for assumptions.

# Loan Portfolio as at June 30, 2015

Gross Loans Receivable Continuity	Six Months Ended June 30			
	2015 (Number of Loans)	2014	2015 (\$millions)	2014
Balance, beginning of period	32	19	\$ 830,505	\$ 381,302
Originations	7	9	98,210	107,713
Full repayments	-	(2)	-	(20,372)
Net funding	-	-	115,182	67,591
<b>Balance, end of period</b>	<b>39</b>	<b>26</b>	<b>\$ 1,043,897</b>	<b>\$ 536,234</b>

- Loan facility size ranged from \$2 million to US\$95 million
- Loan portfolio distribution is 59% in Canada and 41% in the US by dollar amount funded
- 3 companies in the oil & gas sector (all service providers), representing 10% of the portfolio

# Diversified Funding Strategy

- As at August 5, 2015, Net debt of \$549 million, or 50% of gross loans receivable
  - Targeted leverage of 40% to 50% of loan portfolio, with the ability to increase leverage if required
- In April 2015, the company increased its revolving credit facility by US\$37.5 million to US\$300 million in aggregate
- Liquidity of \$67 million as at June 30, 2015, consisting of \$37 million of cash and cash equivalents and \$30 million in available undrawn credit facilities
- Fund V availability is expected to increase to approximately \$390 million, assuming Fund V achieves its “hard cap” of US\$1.5 billion, of which \$300 million could be used to acquire further loan participation interests

# Guarantee Coverage

At June 30, 2015	\$000s	%
<b>Guarantee Coverage of Gross Loans Receivable</b>		
Portion of gross loans receivable covered by a guarantee:		
Watch-List loans	\$ 212,999	20%
Non-Watch-List loans	188,514	18%
Portion of gross loans receivable not covered by a guarantee:		
Watch-List loans	36,851	4%
Non-Watch-List loans	605,533	58%
<b>Total gross loans receivable</b>	<b>\$ 1,043,897</b>	<b>100%</b>
<b>Guarantee Coverage of Provision for Loan Losses</b>		
Provision for loan losses covered by a guarantee:		
Watch-List loans	\$ 25,029	78%
Non-Watch-List loans	-	0%
Provision for loan losses not covered by a guarantee:		
Watch-List loans	548	2%
Non-Watch-List loans	6,362	20%
<b>Total provision for loan losses</b>	<b>\$ 31,939</b>	<b>100%</b>





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