



Callidus Capital Corporation Investor Presentation

May 2015

CALLIDUS
CAPITAL

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.

What is Callidus?



Specialty Asset-Based Lender

Focus on Canadian and select U.S. companies

Target borrowers who are unable to obtain adequate financing from conventional lenders



Value-Based Lending

Top of the balance sheet

First lien

Senior secured

Fully collateralized

Actively monitor loans and collateral



Flexible & Innovative Loan Structuring

Tailored to borrowers' needs

Dominion over cash (blocked accounts)

Frequent collateral monitoring

Demand loans



Strong Track Record

Gross loans receivable of \$906 million⁽¹⁾ up 117% Y/Y

Average loan portfolio outstanding of \$864 million⁽²⁾, up 20% Q/Q and 113% Y/Y

Typical loan pipeline of ~\$450 – \$600 million with a recent increase to \$1.1 billion⁽³⁾ vs. ~\$300 million at IPO

Expansion of loan product – continued success of Callidus Lite

Continued growth in Canada and the U.S.



High Degree of Expertise

In-house team and proprietary systems

Ongoing, hands-on approach

Highly streamlined credit approval process

Strong relationship with Catalyst

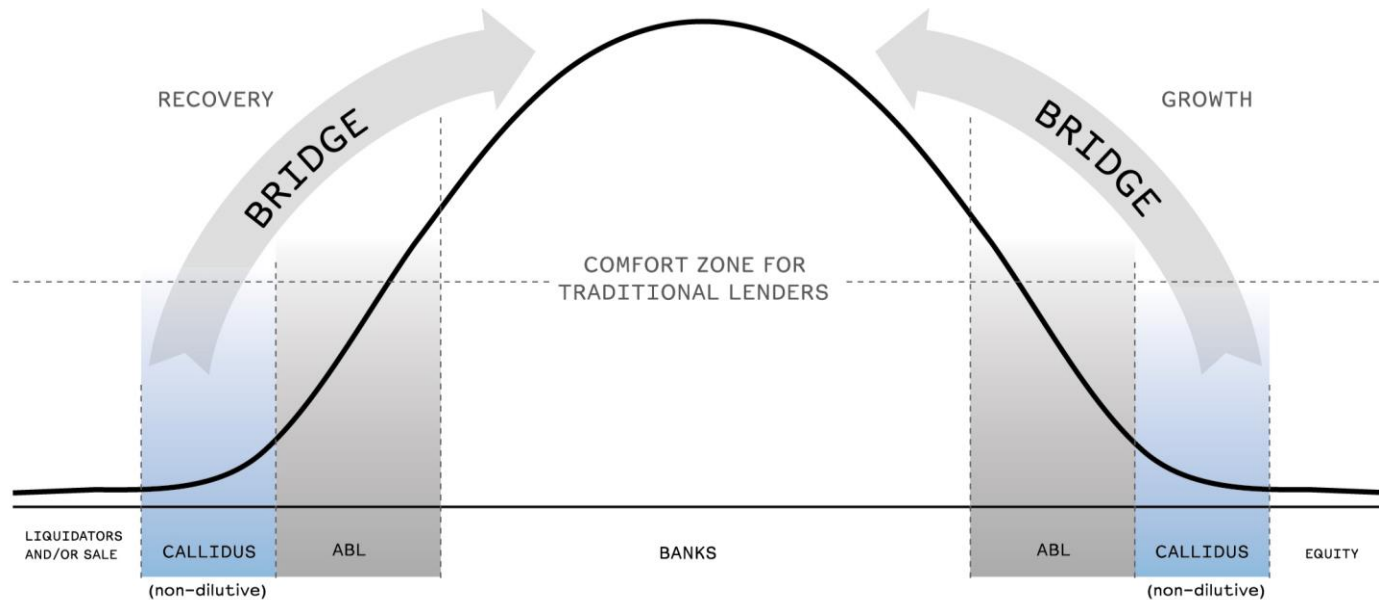
1. March 31, 2015

2. Quarter ended March 31, 2015

3. May 11, 2015

Who is a Callidus Borrower?

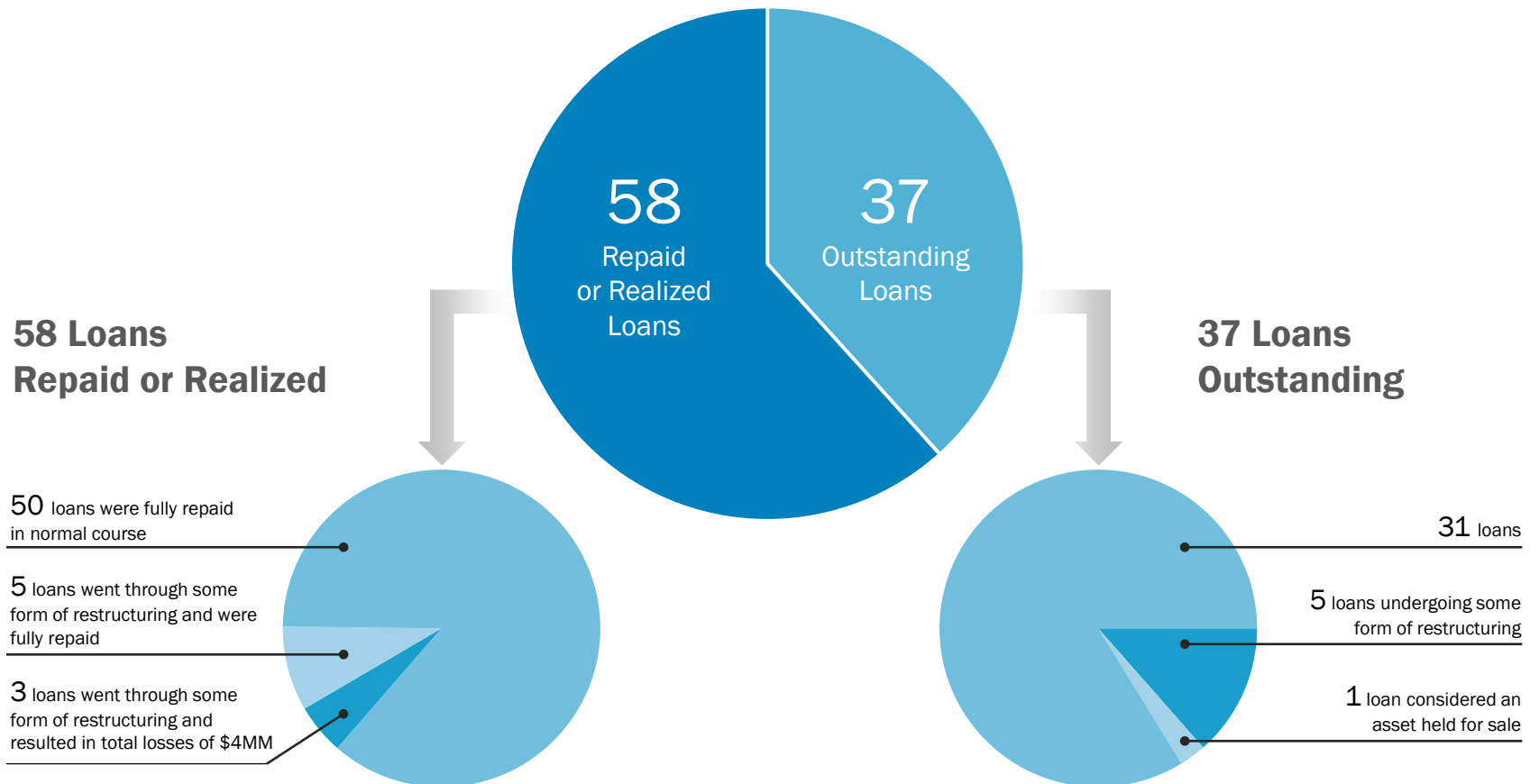
- Callidus is a lender focused on companies that have lost access to conventional lending markets due to short term financial difficulties, industry focus or high growth/strategic changes



Loan History

95 Loans (\$1.8 billion)

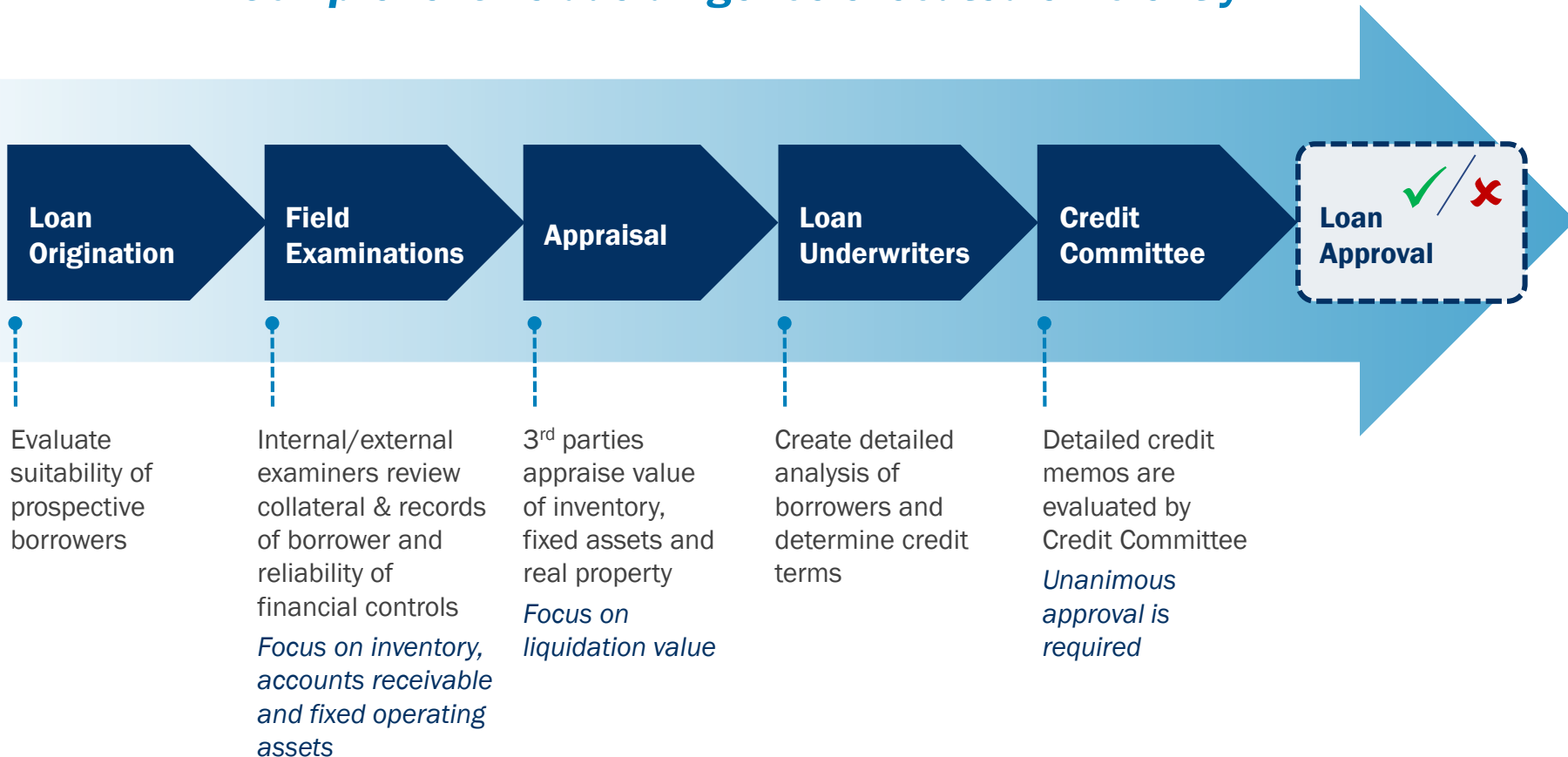
Since 2006



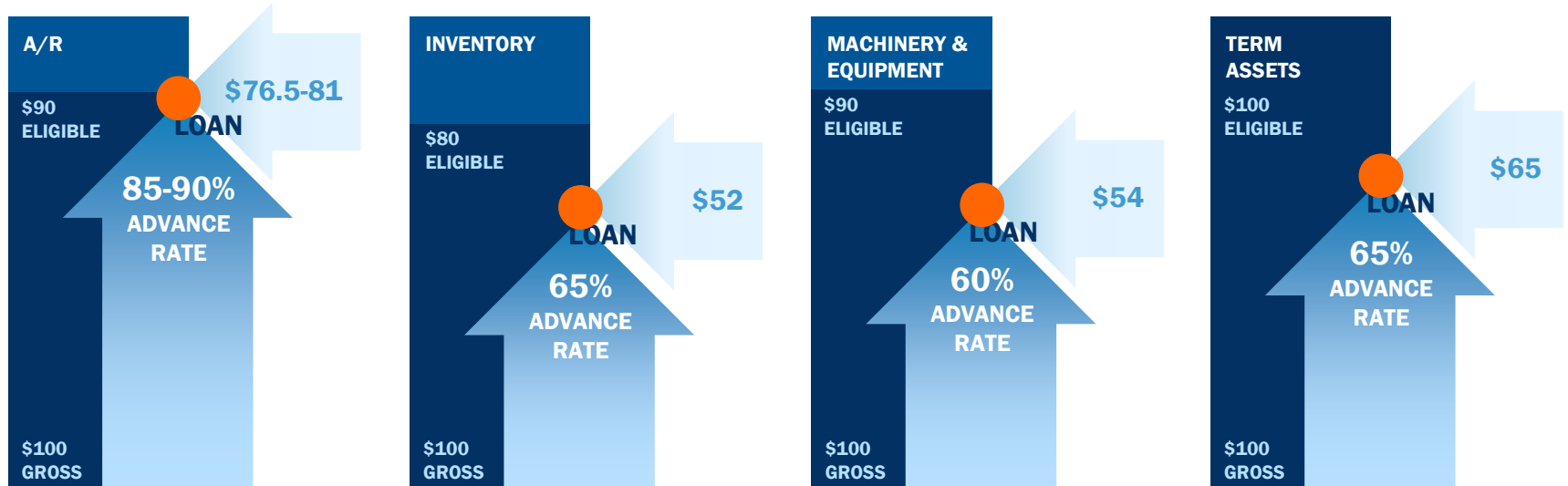
As at May 11, 2015

Differentiated Business Model – Lending Review

Comprehensive due diligence executed efficiently



Advance Rates / Collateral



- We margin or lend a percentage of asset value, representing the estimated realizable value of the asset

Accounts Receivable:

Haircut gross A/R to eligible A/R and then lend a percentage of that

Example: \$100 gross; \$90 eligible; 85-90% advance rate = \$76.5-\$81 loan against a gross \$100 asset

Inventory:

Obtain 3rd party professional appraisal and lend against NOLV of eligible assets

Example: \$100 gross; \$80 eligible appraised NOLV; 65% advance = \$52 loan against a gross \$100 asset

Machinery & Equipment:

Obtain 3rd party professional appraisal and lend against the NOLV of eligible assets

Example: Lending 60%-70% of NOLV

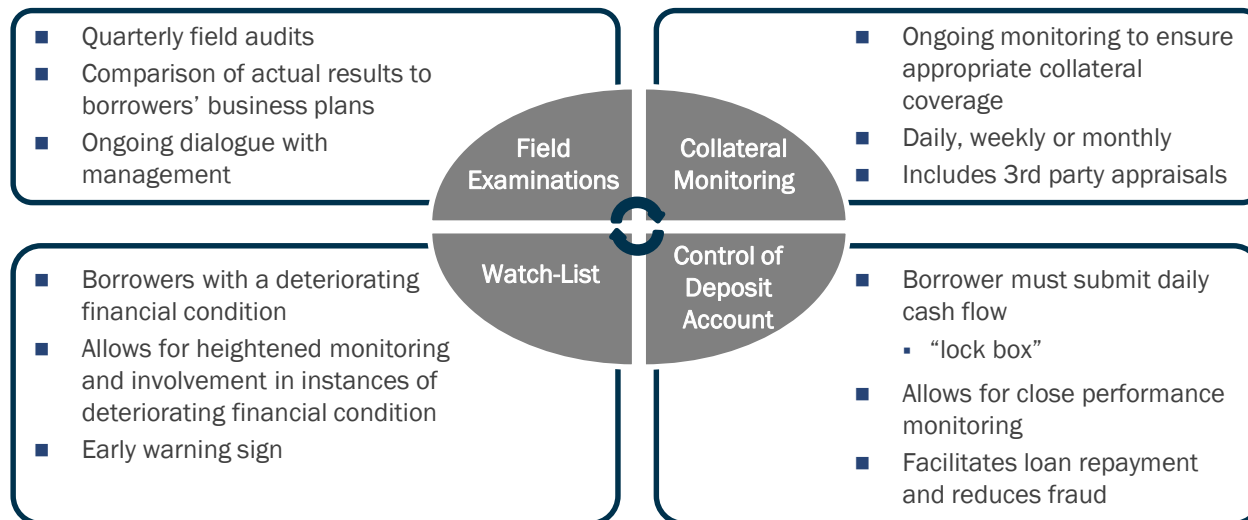
Term Assets:

Longer term assets such as real estate – appraised and margined

Obtain 3rd party professional appraisal and lend a percentage of appraised value

Prudent Risk Management

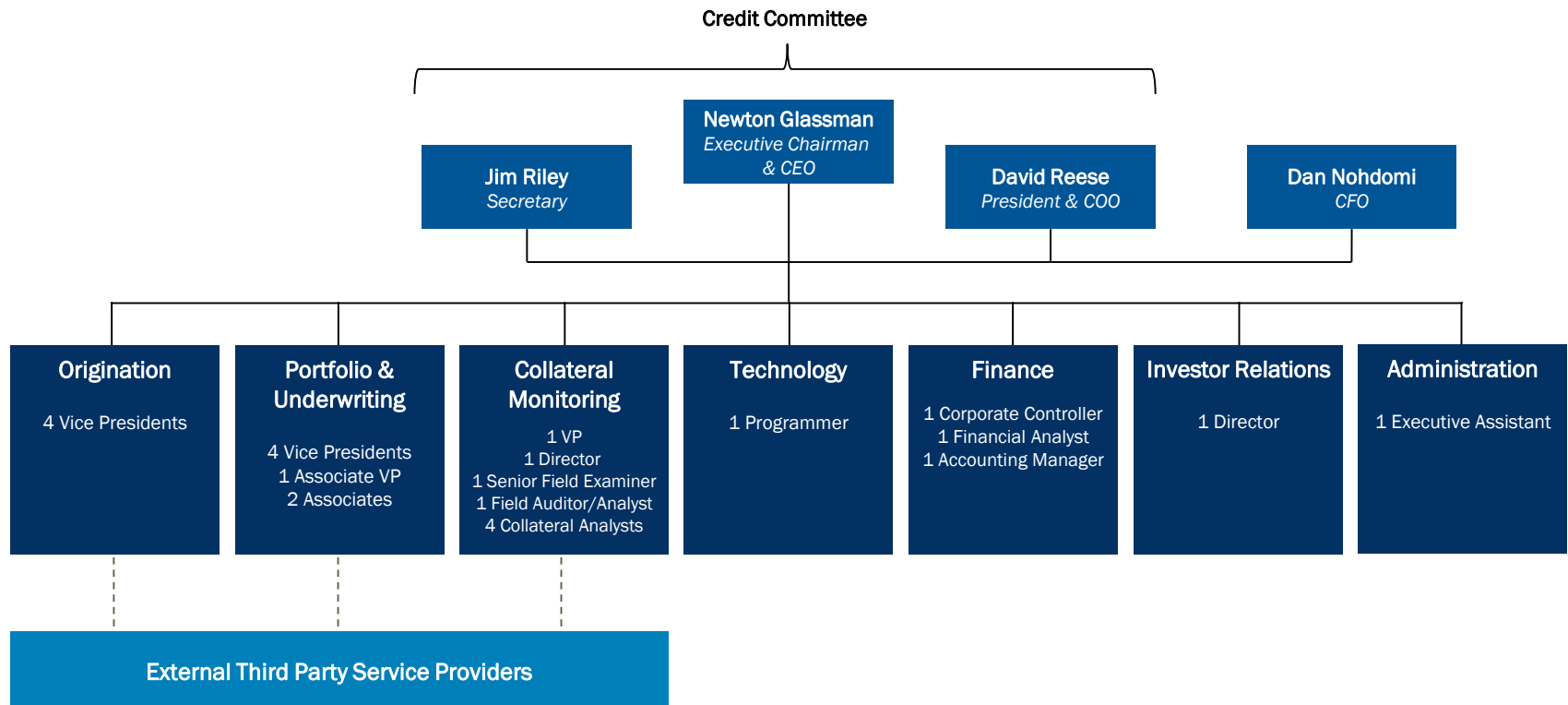
- Continual Credit Committee involvement from prior to issuing a term sheet through to repayment
- Cash sweep mechanism (blocked accounts) gives Callidus dominion over borrowers' cash
- Borrowers with a potentially deteriorating financial condition are placed on the Watch-List
 - Monitored with enhanced scrutiny and supervision
 - Established to allow Callidus to take a proactive approach to ensuring borrowers' compliance with loan obligations
 - A loan is placed on the Watch-List if (i) the loan has been demanded, (ii) Callidus has taken a specific provision, (iii) the borrower undergoes restructuring or (iv) if management believes there is any other reason for heightened monitoring



Management of risk through a stringent loan monitoring process

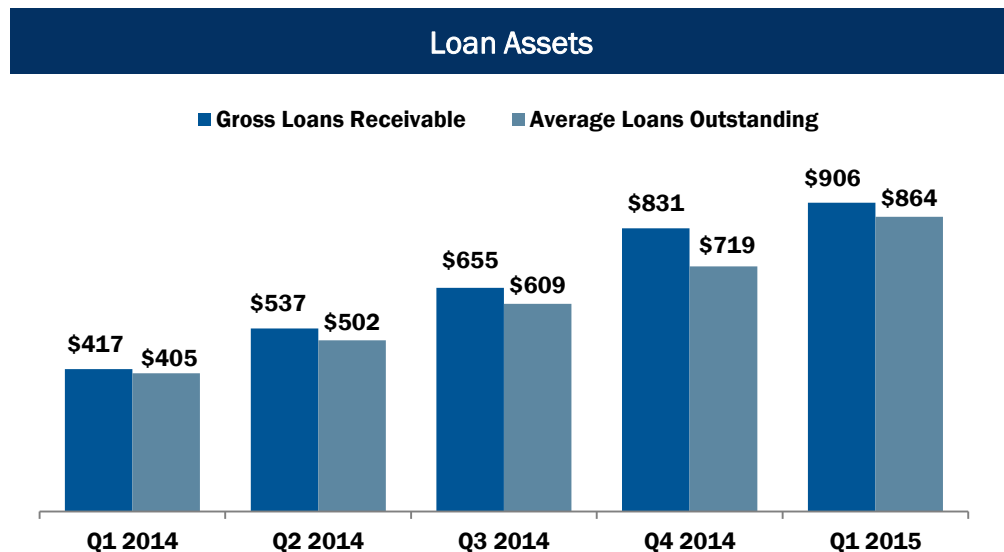
Organizational Structure

- Supported by extensive in-house team and proprietary systems
 - Experienced team of 29 professionals, including 4 originators, 4 loan underwriters and a team for collateral monitoring
 - Hiring is done well in advance of planned growth to ensure proper training
 - Current excess capacity of ~50% provides for prudent management of ~30 additional loans



Strong Loan Growth

- Strong growth in portfolio while maintaining solid credit quality
- Signed-back term sheets of \$208 million, up \$9 million from what was reported in Q4 2014
- Strong typical loan pipeline of \$450 - \$600 million, though it has recently increased dramatically to \$1.1 billion
- Estimated gross loans receivable of \$961 million following closings that management believes are imminent



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

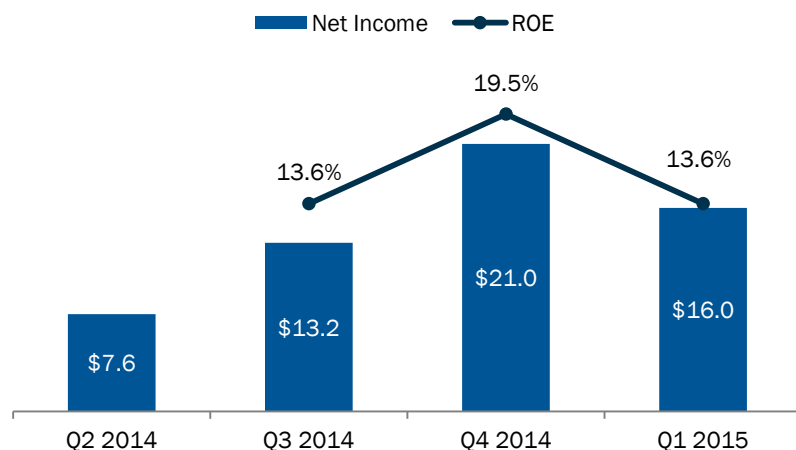
All figures in C\$ millions unless otherwise noted.

1. As at May 11, 2015

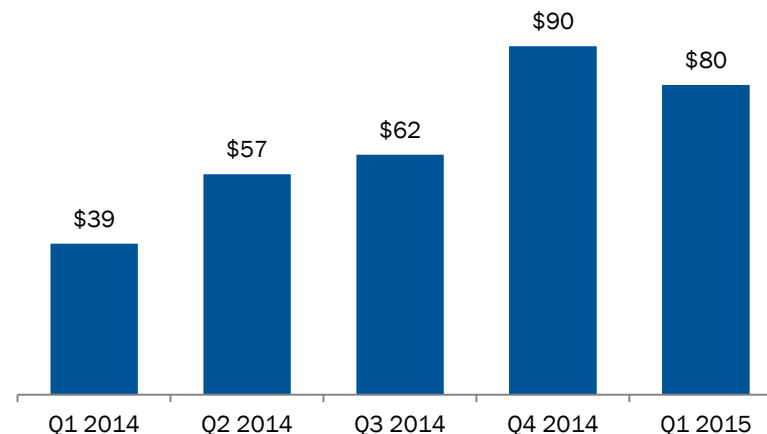
Strong Financial Performance

- ROE was 13.6% for the first quarter of 2015 compared with 19.5% in the fourth quarter of 2014. The decrease was primarily attributable to the positive net impact to ROE in Q4 2014 from the clarification of the Catalyst guarantee and the adoption of a collective allowance
 - Run rate ROE of 17% - 19% based on targeted leverage of between 50% and 60%, compared to current leverage of 43% as of May 11, 2015
- Net income in Q1 2015 was \$16.0 million, down from \$21 million in Q4 2014 and up significantly from a loss in the same period last year. The decrease was primarily attributable to the positive net impact to Q4 2014 net income of the clarification of the Catalyst guarantee and the adoption of the collective allowance noted previously
- Net income in Q1 2015 was affected by: (i) the difference between the statutory tax rate of 26.5% and our effective tax rate of 30% and (ii) a temporary one-time revenue adjustment of US\$1 million resulting from a State statutory issue that we anticipate will reverse in the future

Reported Net Income (C\$mm) and ROE



Run Rate Net Income (C\$mm)⁽¹⁾



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

Attractive Growth Opportunities

Organic Growth in Canada	<ul style="list-style-type: none">■ Two new originators hired in 2014 to expand geographic reach and increase penetration in Quebec and Western Canada■ Targeted \$50 - \$150 mm of net new loan growth per year, per originator
Expansion of “Callidus Lite”	<ul style="list-style-type: none">■ Expands addressable market by providing lower cost, longer duration loans to lower-risk borrowers while retaining improving credit quality borrowers■ Targets gross yields between 12% to 14% with lower credit risk■ Attractive ROE maintained through use of leverage by Callidus
Expansion in the United States	<ul style="list-style-type: none">■ Focus on underserved U.S. markets■ Seattle-based originator hired in 2014 to cover U.S. Pacific Coast and Western Canada■ Originated 6 new loans in the U.S. representing \$251 mm in commitments in 2014
Acquisitions of Loan Portfolios	<ul style="list-style-type: none">■ North American financial regulations that introduced higher capital requirements for banks issuing loans present attractive opportunities for Callidus to acquire asset-backed loan portfolios from traditional lenders■ Transactions in Canada and U.S. reviewed on an opportunistic basis
Purchase of Loan Assets from the Catalyst Funds	<ul style="list-style-type: none">■ Exclusive right to acquire current and future Catalyst Funds’ loan participation interests at par■ Principal guarantee on all participation interests acquired from Catalyst Funds

Callidus’ pipeline of potential new loans typically ranges \$450 mm to \$600 mm and is at \$1.1 billion as of May 11, 2015

Diversified Funding Strategy

- Callidus currently has immediate capital resources of \$176 million
- Net debt of \$391 million, or 43% 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 \$176 million consisting of \$54 million of cash and cash equivalents and \$122 million in available undrawn credit facilities. In addition, there is also up to \$156 million now available to acquire loan participation interest as a result of Catalyst Fund V's first closing (March 27, 2015)
- Fund V availability would increase to approximately \$360 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 interest

Relationship with Catalyst

- Strong relationship with The Catalyst Capital Group Inc., one of the world's leading private equity firms with a focus on distressed situations
 - Catalyst is Canada's second largest private equity firm
 - Recently achieved first close of US\$650 million for Catalyst Fund V, total targeted commitments of US\$1.25 billion with a hard cap of \$1.5 billion
 - Catalyst provides management services to Callidus pursuant to a Management Services Agreement
 - Newton Glassman, Executive Chairman and CEO
 - Jim Riley, Secretary
- Callidus benefits from a funding agreement with Catalyst via the Participation Agreement
 - Catalyst Funds hold a right to fund equity participation interest in the current Active Portfolio⁽¹⁾ based on a Funding Formula⁽²⁾
 - Currently, participation interest is expected to range from approximately 60% to 75%
 - Callidus has a right to purchase the participation interest at par when Catalyst chooses to sell
 - Agreement provides Callidus with a warehoused source of future loan growth
 - Loans acquired from Catalyst come with a guarantee

1. As defined in Callidus's Annual Information Form.

2. As defined in Callidus's Participation Agreement.

Catalyst Guarantee

- Following the purchase by Callidus of Catalyst’s participating interest in the loan portfolio, Catalyst will guarantee the repayment of principal for the participating interest sold
 - The percentage of gross loan portfolio guaranteed by Catalyst will increase upon acquisition of participating interest and subsequently decrease as loans are repaid or renewed

	Loans in Place @ IPO	Participation Agreement Purchase by Callidus	Other
Watch-List Loans	100% of principal in perpetuity (including any increases)	Pro rata Catalyst interest in perpetuity	No guarantee
Non-Watch-List Loans	100% of principal until next renewal (generally 1 year from initial advance)	Pro rata Catalyst interest until next renewal (generally 1 year from initial advance)	No guarantee

Note: If a guaranteed Non-Watch-List loan is put on the Watch-List prior to its renewal date, the loan will be guaranteed by Catalyst in perpetuity. Catalyst guarantees apply to loan principal only.

- Prudent provisioning policy
 - Accuracy of loan provision assessment enhanced by weekly borrowing base calculations, quarterly field audits and independent appraisals
 - Loan loss provisions are audited by KPMG and reviewed by the Audit and Risk Committee (Board of Directors)

Guarantee Coverage

At March 31, 2015	\$000s	%
Guarantee Coverage of Gross Loans Receivable		
Portion of gross loans receivable covered by a guarantee:		
Watch-List loans	\$ 197,346	22%
Non-Watch-List loans	200,136	22%
Portion of gross loans receivable not covered by a guarantee:		
Watch-List loans	33,735	4%
Non-Watch-List loans	474,365	52%
Total gross loans receivable	\$ 905,582	100%
Guarantee Coverage of Provision for Loan Losses		
Provision for loan losses covered by a guarantee:		
Watch-List loans	\$ 22,011	77%
Non-Watch-List loans	-	0%
Provision for loan losses not covered by a guarantee:		
Watch-List loans	351	1%
Non-Watch-List loans	6,362	22%
Total provision for loan losses	\$ 28,724	100%

Investment Highlights



An innovative specialty asset-backed lender with unique expertise and experience that is demonstrated by its success in an underserved loan market



A disciplined lender that employs proprietary credit processes and systems to originate and monitor loans



Zero realized losses on principal since 2011, prudently provisioning for future potential credit events



Diversified loan portfolio with attractive growth opportunities



Strong relationship with The Catalyst Capital Group Inc., one of the world's leading private equity firms with a focus on distressed situations



The introduction of new Catalyst Funds provide a warehoused source of growth as well as a principal guarantee on loans repurchased by Callidus



Excellent financial performance and a conservative capital structure



Appendix

Provision for Loan Losses

Specific Provisions:

- Applicable to Watch-List loans
- Computed by comparing outstanding loan balance to total collateral value
- Collateral values determined using:
 - Recovery rates based on NOLV; or
 - Enterprise value
- Specific provisions monitored on a weekly basis

Collective Allowance:

- Applicable to non-Watch-List loans
- To better reflect risk profile of growing loan portfolio
- Applied a loss rate model to derive a reasonable range. Model considers the following:
 - Probability of default (PD)
 - Loss given default (LGD)
 - Exposure at default (EAD)
 - Loss emergence period (LEP)
- No recovery under the Catalyst guarantee is applied to collective allowance value less costs to sell

- Accuracy of loan provision assessment enhanced by weekly borrowing base calculations, quarterly field audits and independent appraisals
- Loan loss provisions are audited by KPMG and reviewed by the Audit and Risk Committee (Board of Directors) and where appropriate, augmented by PWC's valuation team

Experienced Management Team

MANAGEMENT	PROFILE
Newton Glassman <i>Executive Chairman & Chief Executive Officer</i>	<ul style="list-style-type: none"> Over 22 years experience in private equity, distressed, ABL and under-valued situations in Canada Former Managing Director at Cerberus, which owned Ableco Finance Previously held operational, strategic, and financial roles at several firms
David Reese <i>President and Chief Operating Officer</i>	<ul style="list-style-type: none"> 30 years experience in building and managing teams focused on providing structured debt solutions Worked in corporate and investment banking with several Canadian and international financial institutions, including a structured credit boutique that he co-founded
Jim Riley <i>Secretary</i>	<ul style="list-style-type: none"> Managing Director and COO of CCGI, joined in 2011 Former partner and co-chair of Banking and Finance Law Group at Goodmans LLP Prior to Goodmans, was a founding partner of Toronto office of Ogilvy Renault (now Norton Rose Fulbright)
Dan Nohdomi <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> Former CFO of Greypoint Capital, a private debt fund based in Toronto, which he assisted in founding Former Corporate Treasurer of Western Forest Products (publicly traded Brookfield Asset Management portfolio company)
Craig Boyer <i>VP, Portfolio Management</i>	<ul style="list-style-type: none"> Extensive experience at the senior management level in both banking and industry Former Vice President, Underwriting at a Canadian chartered bank's ABL group
Jim Hall <i>VP, Portfolio Management</i>	<ul style="list-style-type: none"> Significant experience, knowledge and expertise in portfolio and investment management, high-risk banking, and challenging business operations and organizational situations Currently a director of Indigo Books & Music Inc., Immunovaccine Inc. and Atomic Energy of Canada Limited
Ellis Gaston <i>VP, Portfolio Management</i>	<ul style="list-style-type: none"> Over 20 years of experience serving Canadian corporate and mid-market borrowers Formerly held a number of senior positions with GE's Corporate Finance group including leading the commercial sales team
Bert Crossin <i>VP, Portfolio Management</i>	<ul style="list-style-type: none"> Nearly 20 years of experience in the private debt and ABL industry with Canadian and international financial institutions
Mark Wilk <i>VP, Origination</i>	<ul style="list-style-type: none"> Over 20 years of experience in providing financing solutions to companies in the U.S. and Canada Director of Association for Corporate Growth (Toronto Chapter) and member of Turnaround Management Association
Duane Morrison <i>VP, Origination</i>	<ul style="list-style-type: none"> Previously spent 10 years at Roynat Capital (merchant banking arm of a Canadian chartered bank), most recently as leader of Southwestern Ontario team in originating, underwriting and monitoring transactions
Steve Parker <i>VP, Origination</i>	<ul style="list-style-type: none"> Seasoned ABL lender based in Seattle, Washington
Sylvain Raymond <i>VP, Origination</i>	<ul style="list-style-type: none"> Corporate finance professional based in Montreal
Chris Dangerfield <i>VP, Operations</i>	<ul style="list-style-type: none"> Former VP & CFO of Alignvest Private Debt Ltd.



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