



Callidus Capital Corporation Investor Presentation

November 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 \$1,193 million⁽¹⁾ up 82% Y/Y

Average loan portfolio outstanding of \$1,102 million⁽²⁾, up 19% Q/Q and 81% Y/Y

Loan pipeline of \$600 million⁽³⁾

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

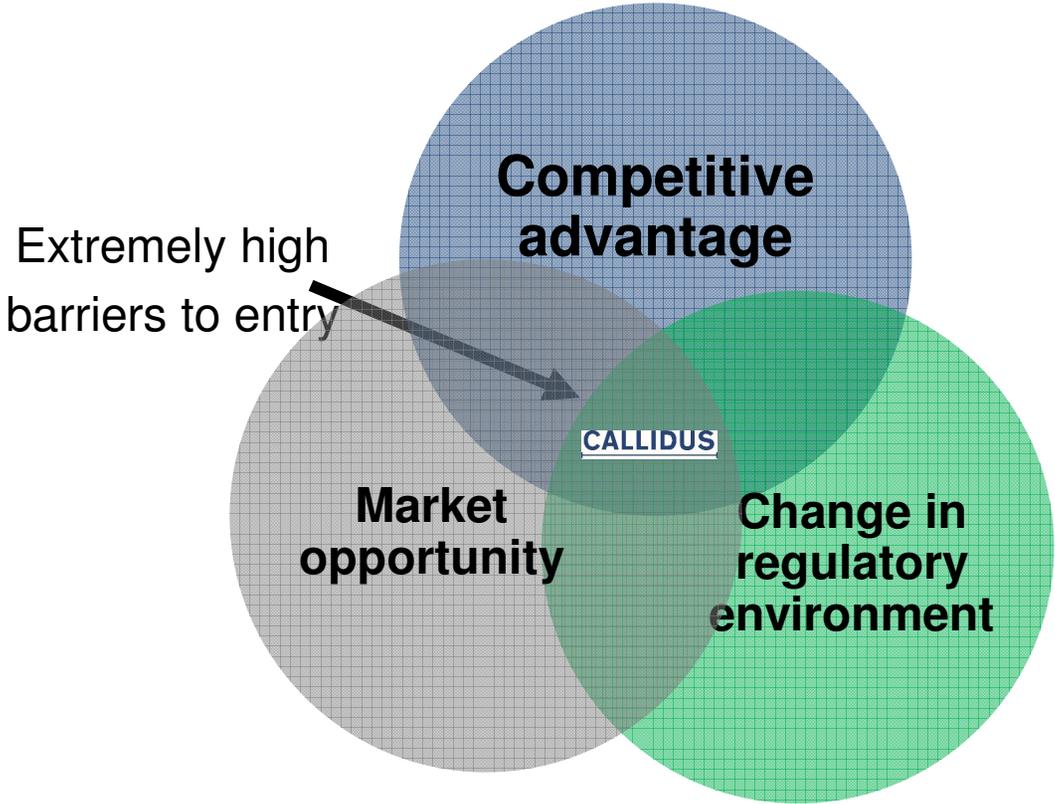
Strong relationship with Catalyst

1. September 30, 2015
2. Quarter ended September 30, 2015
3. November 5, 2015

About Callidus Capital Corporation (CBL)

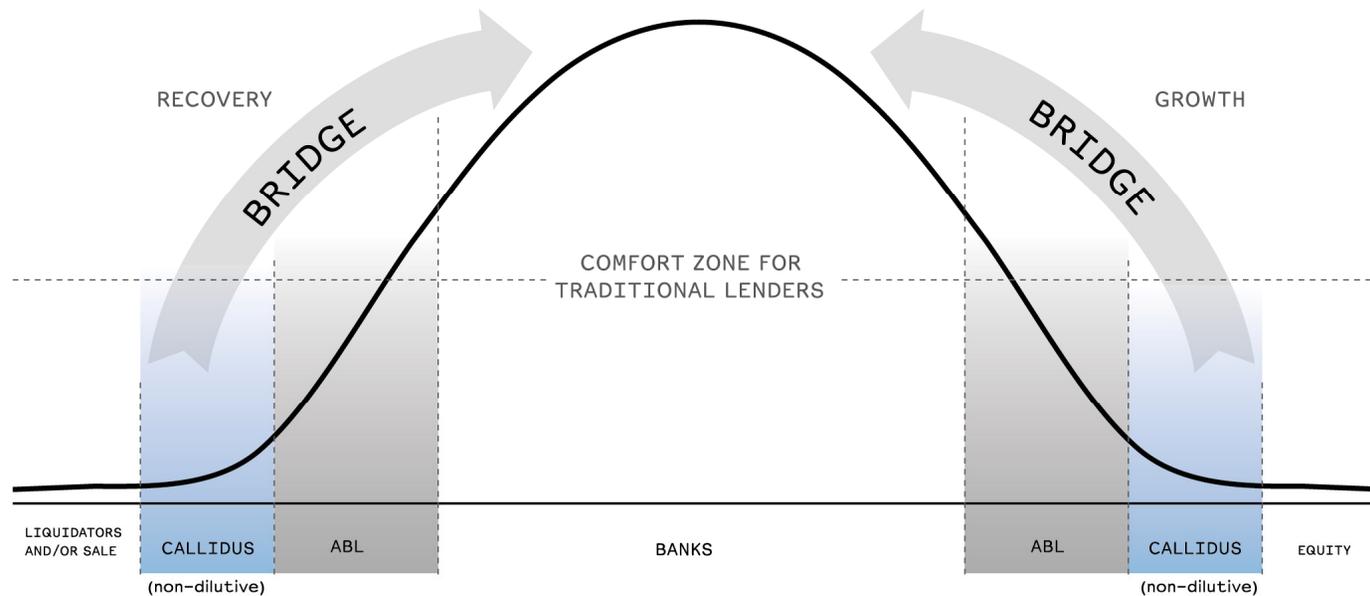
- Specializes in innovative and creative financing for companies unable to obtain adequate financing from conventional lending institutions
- While conventional lenders demand a long list of covenants and make credit decisions based on cash flow and projections, Callidus credit facilities have few, if any, covenants and are based on value of company's assets, enterprise value and borrowing needs
- Proprietary system of monitoring collateral and exercising control over cash inflow and outflow of each borrower, enabling Callidus to manage any risk of loss very effectively
- Regardless of a borrower's troubled situation, generally loans only available if **collateral value supports the loan**. If agreement is violated, Callidus takes appropriate steps to protect its collateral

The Callidus opportunity



Who is a Callidus Borrower?

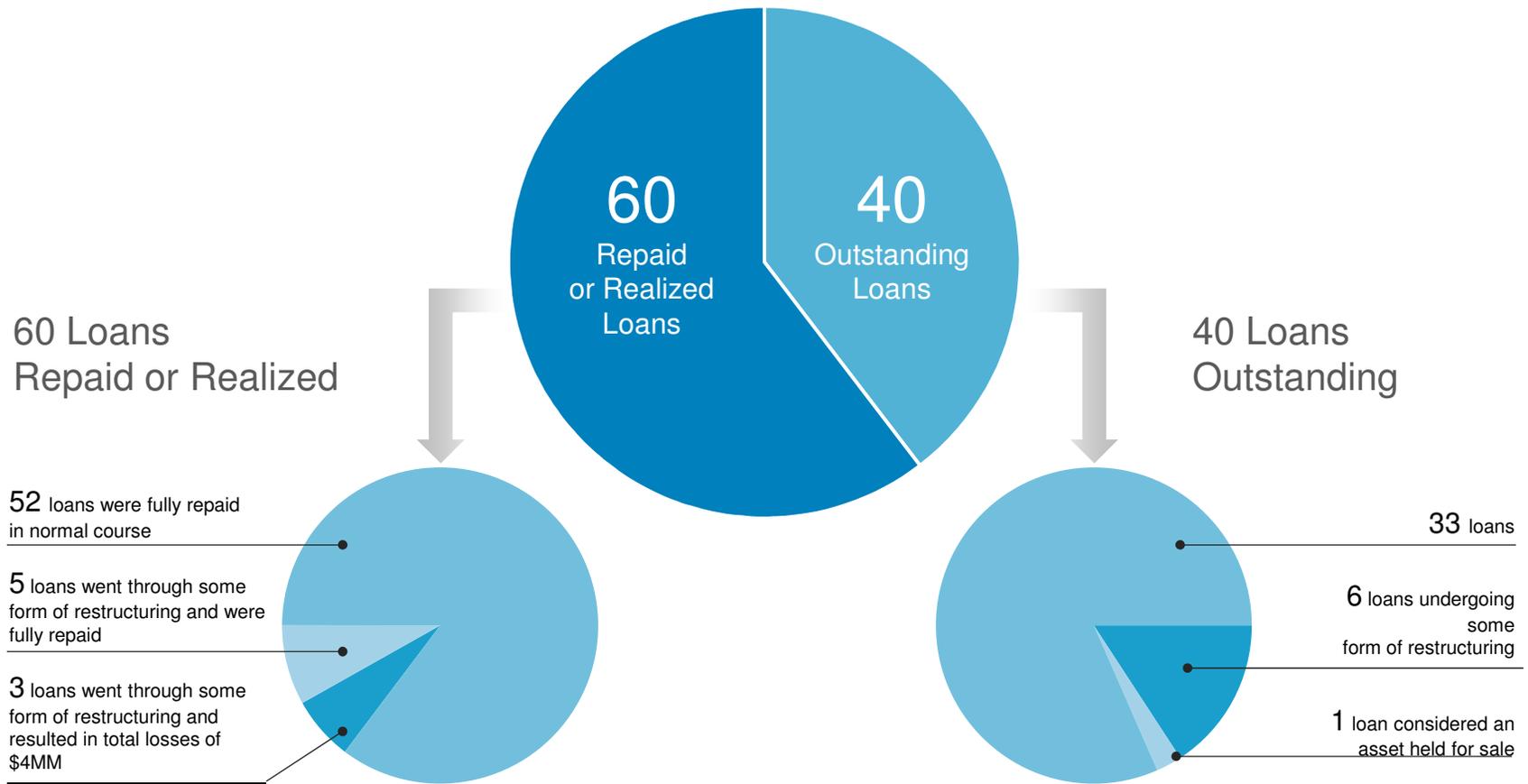
- Callidus is a lender focused on companies that have lost access to conventional lending markets due to short term financial difficulties, industry focus or high growth/strategic changes



Loan History

100 Loans (~\$2.0 billion)

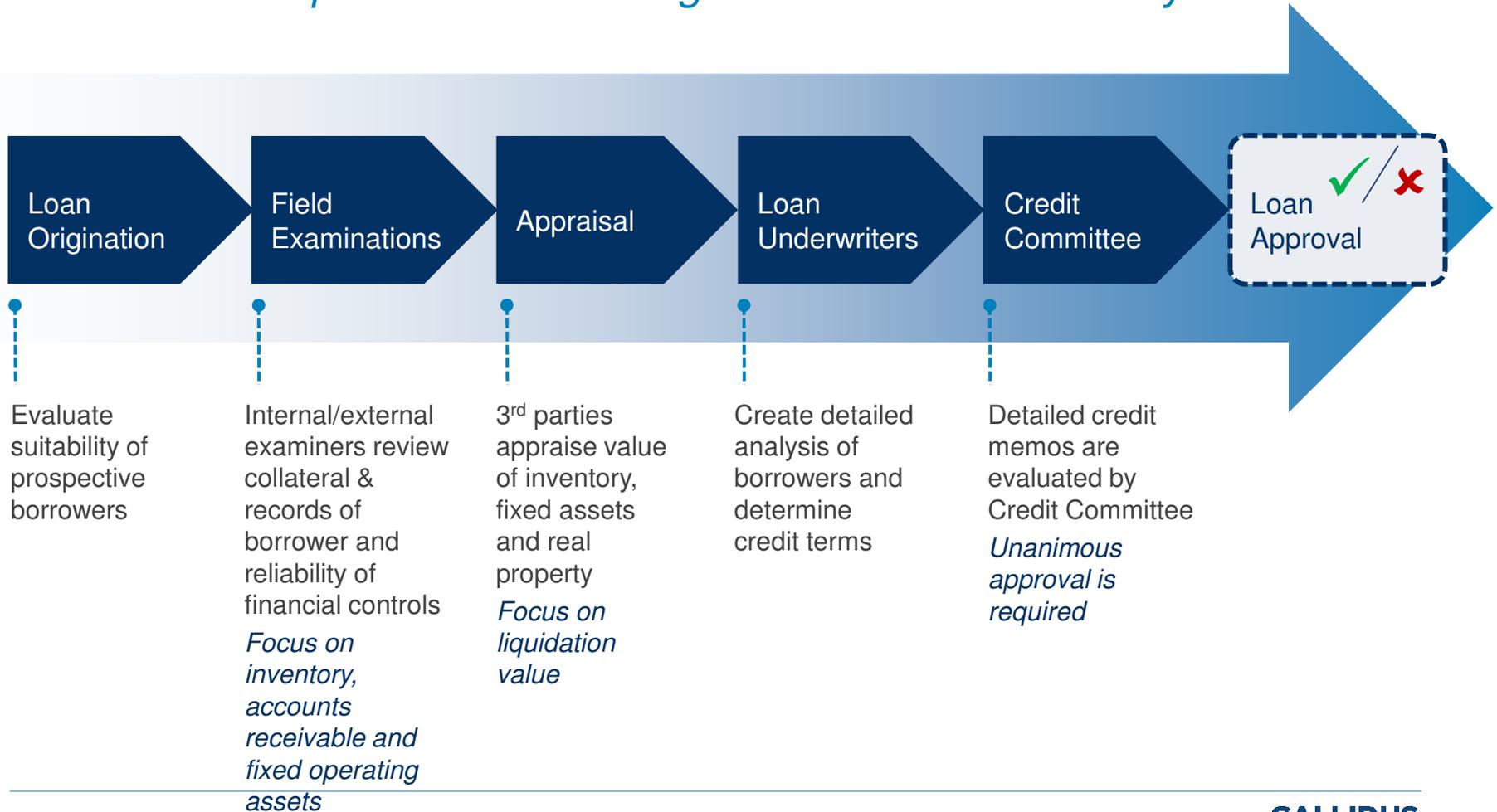
Since 2006



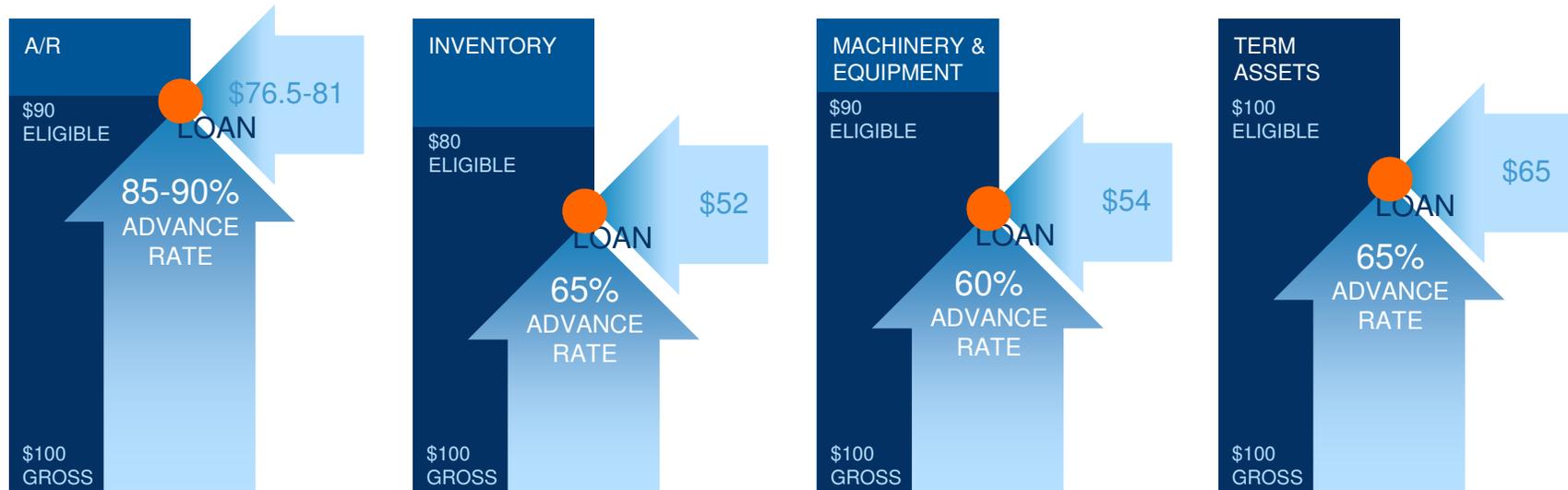
As at November 5, 2015

Differentiated Business Model – Lending Review

Comprehensive due diligence executed efficiently



Typical 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

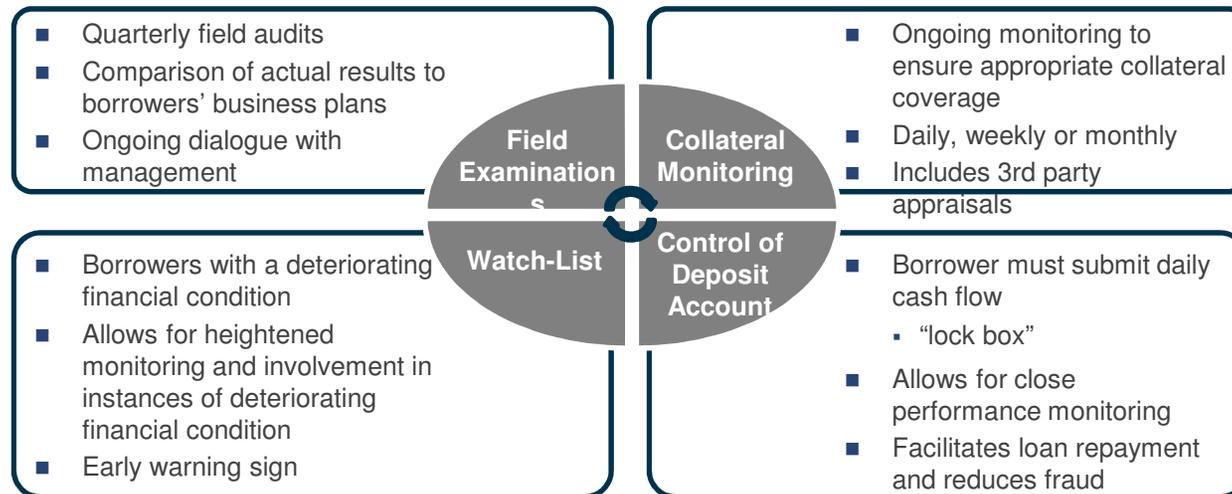
Term Assets:

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

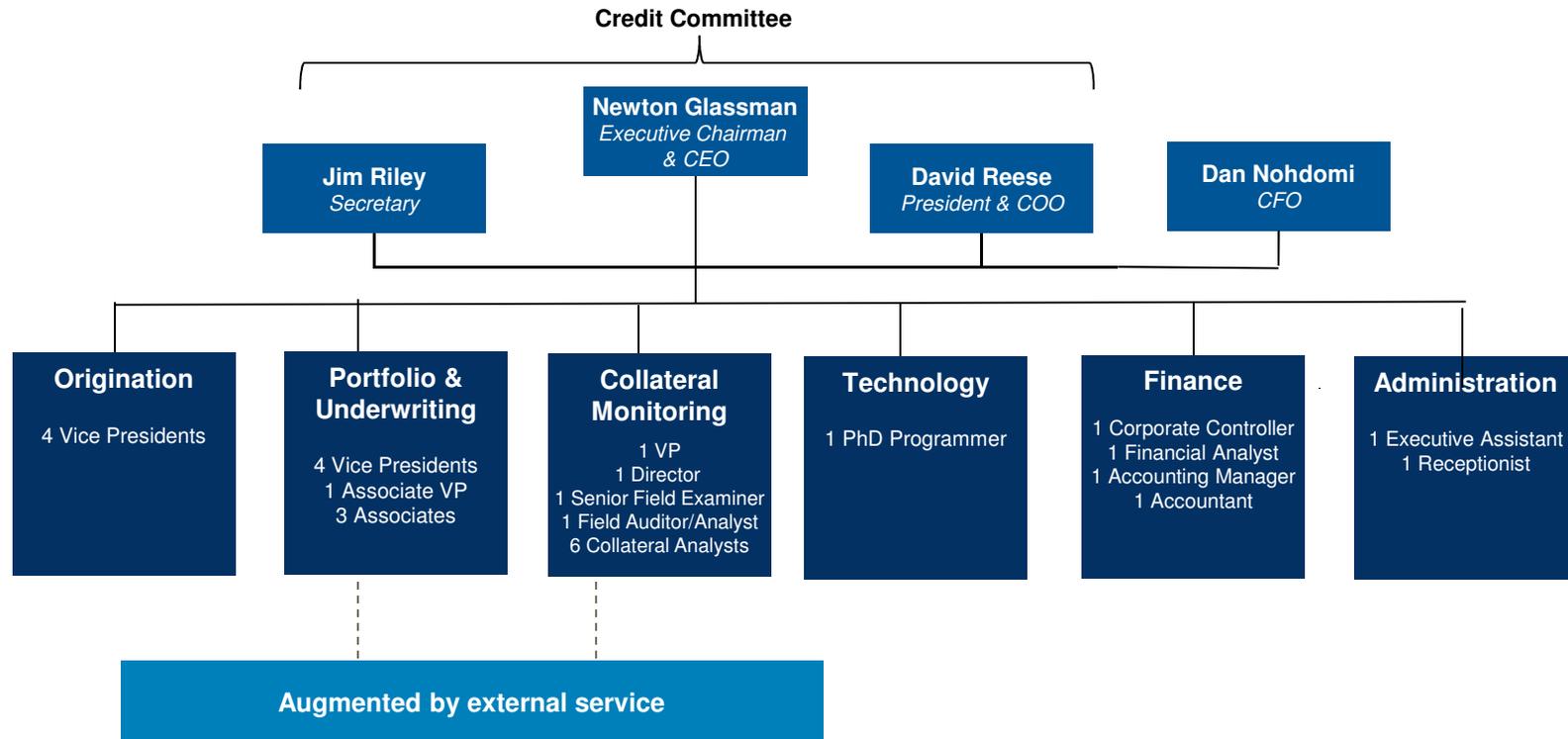
- Continual Credit Committee involvement from prior to issuing a term sheet through to repayment
- Cash sweep mechanism (blocked accounts) gives Callidus dominion over borrowers' cash
- Borrowers with a potentially deteriorating financial condition are placed on the Watch-List
 - Monitored with enhanced 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 33 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



Q3 2015 Highlights

- Earnings per share (diluted) of \$0.40, up 11% from \$0.36 last quarter and up 48% from \$0.27 last year
- ROE was 16.1%, an increase from 15.2% in the previous quarter and from 13.6% last year
- Gross loans receivable before derecognition of \$1,193 million at September 30, 2015, up 14% from previous quarter and up 82% from same quarter last year
 - Gross yield for the quarter was 19.7%, an increase from 18.8% in the previous quarter
 - Credit quality continues to be very strong as evidenced by an annualized provision rate of 1.5% year-to-date
- As at September 30, 2015, the estimated aggregate collateral value coverage on net loans receivable was approximately 138% with a range between 100% and 384% on an individual loan basis
 - Watchlist loans had an estimated aggregate collateral value coverage of 107% and non-watchlist loans had an estimated aggregate collateral value coverage of 147%
- Instituted a new dividend policy
 - Quarterly dividend of \$0.175 (\$0.70 per annum)
 - Implementation of a dividend reinvestment plan (all Catalyst entities subscribed to DRIP)
- Normal course issuer bid initiated in May 2015
 - Approximately 2.2 million shares (86% of the shares under the program) have been acquired

Q3 2015 Highlights

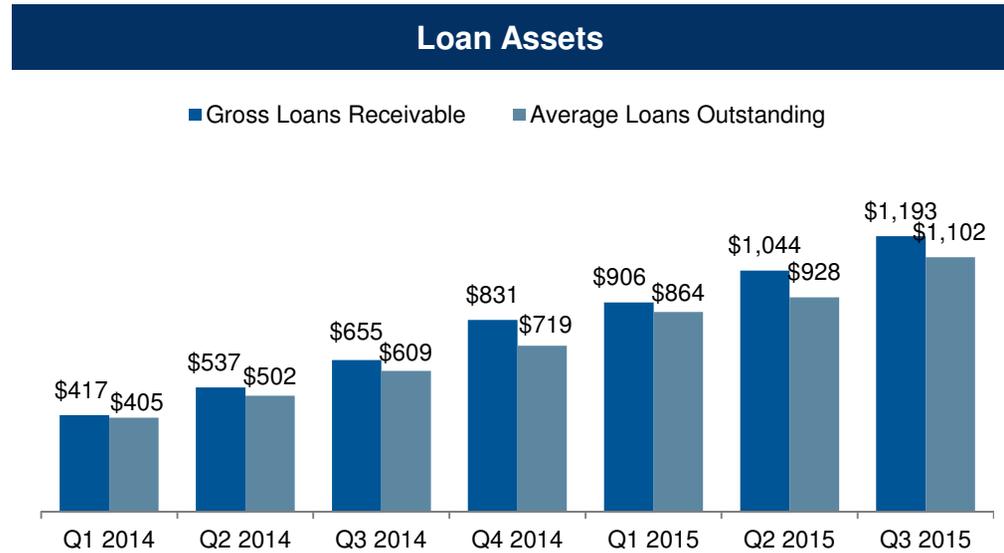
(In thousands of Canadian dollars, except per share information)	30-Sept-15	30-Jun-15	30-Sept-14	Q/Q Change	Y/Y Change
Gross loans receivable	\$1,193,226	\$1,043,897	\$655,433	14%	82%
Average loan portfolio outstanding ⁽¹⁾	1,101,675	928,172	608,925	19%	81%
Total revenue (after derecognition)	48,419	39,329	26,182	23%	85%
Gross yield ⁽¹⁾	19.7%	18.8%	20%		
Net interest income	37,747	30,827	23,453	22%	61%
Net interest margin ⁽¹⁾	13.6%	13.5%	15.3%		
Net income (loss)	19,925	18,390	13,246	8%	50%
Earnings per share (diluted)	\$0.40	\$0.36	\$0.27	11%	48%
Return on equity	16.1%	15.2%	13.6%	0.9% ⁽²⁾	2.5% ⁽²⁾

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 \$300 million
- Pipeline of high quality loans stands at approximately \$600 million



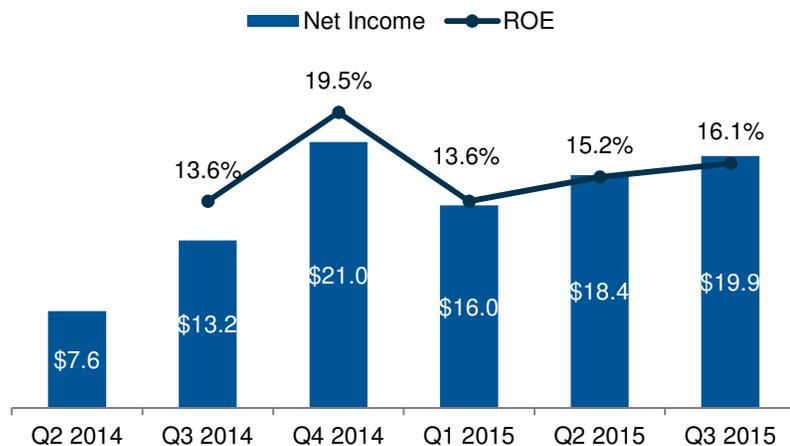
	Loan Pipeline	Signed-Back Term Sheets
Current⁽¹⁾	\$600	\$300
Q2 2015	\$932	\$400
Q1 2015	\$1,100	\$208
Q4 2014	\$450 - \$600	\$199
Q3 2014	\$500 - \$600	\$172
Q2 2014	\$500	\$175
Q1 2014	\$420	\$250

All figures in C\$ millions unless otherwise noted.
1. As at November 5, 2015

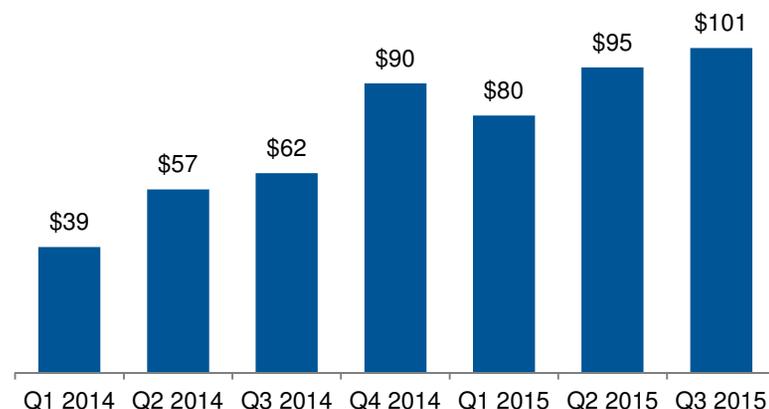
Strong Financial Performance

- ROE was 16.1% for the third quarter of 2015 compared with 15.2% in the second quarter of 2015 and 13.6% last year
- Net income in Q3 2015 was \$19.9 million, up \$1.5 million, or 8% from Q2 2015 and up \$6.7 million or 50% from last year
- At November 5, 2015, 2.2 million shares were acquired into treasury and cancelled under the normal course issuer bid (86% of the 2.6 million shares under the program)
- Callidus paid its first quarterly dividend of \$0.175 per common share on October 20, 2015

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

- 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”

- 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

- Focus on underserved U.S. markets
- Seattle-based originator hired in 2014 to cover U.S. Pacific Coast and Western Canada
- Originated 6 loans in the U.S. representing approximately \$251 mm in commitments in 2014 and year-to-date through September 30, 2015, originated 3 loans representing approximately \$81 mm in commitments

Acquisitions of Loan Portfolios

- 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

- 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 is at \$600 million as of November 5, 2015

Diversified Funding Strategy

- Net debt of \$625 million, or 53% of gross loans receivable as at September 30, 2015
 - Targeted leverage of 40% to 50% of loan portfolio, with the ability to increase leverage if required
- In September 2015, the company increased its revolving credit facility with Catalyst by US\$50 million to US\$250 million in aggregate
- Liquidity of \$153 million as at September 30, 2015, consisting of \$27 million of cash and cash equivalents and \$126 million in available undrawn credit facilities
- Fund V achieved its “hard cap” of US\$1.5 billion, of which \$300 million can be used to acquire further loan participation interests
 - The equity of new loans is funded approximately 75% by Fund V and 25% by the Company
- Engaged credit rating agency
 - To help diversify sources of cost effective capital
 - Provide quicker access to debt capital markets
 - Examination of all our borrowers and processes expected to result in AAA / AA rating that would provide added comfort to equity investors

All figures in C\$ millions unless otherwise noted.
As at November 5, 2015 unless otherwise noted.

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
 - Catalyst Fund V achieved its “hard cap” of US\$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
 - The loan equity participations acquired from Catalyst come with a guarantee

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

2. As defined in Callidus’s Participation Agreement.

Relationship with Catalyst

- As previously noted, approximately 75% of incremental new Callidus loans financed by Catalyst Fund V + 15% from other funds
 - Catalyst bears disproportionate **financial risk**: Upon Callidus' purchase of Fund V's loan equity, due to the guarantee mechanics Catalyst has approximately 90% of capital at risk, with only 60% of the economics on the amount transferred
- Catalyst bears **strategic risk**: poor credit quality would harm Fund V returns, affect cash flows, reputation & franchise value
- **Why accept these risks?** Because Callidus is fundamental to Catalyst strategy by mitigating J-curve (negative returns in early period of an investment)
- Participation Agreement therefore gives **biggest upside to public investors**, with second-biggest upside for investors in Catalyst funds
- Catalyst charges no fee or mark-up to Callidus

Relationship with Catalyst

In summary:

- Callidus is the **only** truly strategic asset of Catalyst funds
- Callidus gives investors access to one of the world's top-performing distressed fund managers
- Because Callidus is so essential to Catalyst's strategy, conflicts resolved in favour of the public investor

Catalyst update:

- Catalyst Fund V close announced
 - Raised more than US\$1.5 billion, exceeding both target and hard cap, in just six months of active marketing
 - Demonstrates exceptional performance, investor confidence, strength of franchise

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)

Specialty finance: Comparable companies

Company	Share Price ⁽¹⁾	Market Cap (\$MM)	P / E		P / BV	P / TBV	Dividend Yield	FY1 ROE	1 Year Share Return	FY1 Payout Ratio	LFY-FY1 EPS Growth	FY1-FY2 EPS Growth
			FY1	FY2								
Canadian Specialty Finance												
Element Financial Corp.	\$17.29	\$6,676	16.9x	10.8x	1.44x	1.79x	-	9.3%	28.2%	0.0%	nmf	57.0%
Callidus Capital Corporation	\$11.31	\$557	7.5x	6.2x	1.14x	1.14x	6.2%	15.4%	(46.0%)	46.6%	44.5%	20.7%
Chesswood	\$10.50	\$186	9.0x	8.5x	1.27x	3.26x	7.4%	15.9%	(27.4%)	67.0%	18.8%	6.4%
Accord Financial	\$10.41	\$86	n/a	n/a	1.24x	1.42x	3.5%	n/a	8.4%	n/a	n/a	n/a
Crown Capital Partners	\$8.10	\$77	nmf	10.3x	0.76x	0.76x	-	5.2%	(26.4%)	0.0%	nmf	45.4%
RIFCO	\$2.29	\$49	7.3x	7.2x	1.80x	1.80x	-	23.5%	(60.2%)	0.0%	12.1%	1.6%
Cdn. Specialty Finance Average			10.2x	8.6x	1.28x	1.70x	2.8%	13.9%	(20.6%)	22.7%	25.1%	26.2%
Alternative Mortgage Lending												
Home Capital Group	\$33.22	\$2,331	8.0x	7.6x	1.49x	1.61x	2.6%	18.8%	(34.4%)	21.3%	(7.8%)	5.2%
First National	\$22.29	\$1,337	9.6x	9.0x	4.30x	4.75x	7.0%	41.3%	(4.2%)	66.9%	43.0%	7.0%
Equitable Group	\$57.11	\$883	7.6x	7.2x	1.30x	1.30x	1.3%	18.3%	(12.5%)	10.1%	13.5%	5.8%
MCAN Mortgage Corporation	\$13.01	\$296	10.0x	9.6x	1.16x	1.16x	8.9%	11.8%	(9.3%)	89.2%	5.7%	4.2%
Alternative Mortgage Lending Average			8.8x	8.4x	2.06x	2.21x	5.6%	5.0%	22.6%	(15.1%)	46.9%	13.6%

1. As at November 6, 2015.

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



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



Quarterly dividend of \$0.175 per common share (\$0.70 per annum)



Excellent financial performance and a conservative capital structure



Appendix

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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

Guarantee Coverage

At September 30, 2015	\$000s	%
Guarantee Coverage of Gross Loans Receivable		
Portion of gross loans receivable covered by a guarantee:		
Watch-List loans	\$ 214,291	18%
Non-Watch-List loans	208,108	17%
Portion of gross loans receivable not covered by a guarantee:		
Watch-List loans	61,741	5%
Non-Watch-List loans	709,086	60%
Total gross loans receivable	\$ 1,193,226	100%
Guarantee Coverage of Provision for Loan Losses		
Provision for loan losses covered by a guarantee:		
Watch-List loans	\$ 20,443	66%
Non-Watch-List loans	—	0%
Provision for loan losses not covered by a guarantee:		
Watch-List loans	4,276	14%
Non-Watch-List loans	6,362	20%
Total provision for loan losses	\$ 31,081	100%



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