



CHESSWOOD GROUP ANNOUNCES ITS THREE AND NINE MONTH RESULTS

PORTFOLIO APPROACHES \$650 MILLION WITH SIGNIFICANT INCREASES IN PRIME AND NEAR PRIME PORTFOLIOS

TORONTO, November 8, 2017 – Chesswood Group Limited (“Chesswood” or “the Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, today reported its results for the third quarter and nine-months ended September 30, 2017.

The Company generated operating earnings of \$6.7 million in the quarter and \$24.1 million for the nine-month period, compared to \$7.2 million and \$24.3 million respectively, last year. The results for the third quarter and nine-months of the prior year included greater operating earnings of \$346,000 and \$1.2 million respectively from Windset Capital, which has been wound down in 2017.

“Our originations generated another quarter of excellent growth for Chesswood’s finance receivables which have grown to almost \$650 million,” said Barry Shafran, Chesswood’s President and CEO. “The seasonal rise in delinquencies and charge-offs that we experienced in the back half of the past few years was mirrored again in this quarter. We added \$2.4 million to our non-cash portfolio reserve and provision for credit losses this quarter, compared to \$1.7 million in the third quarter of 2016, while our portfolio is approximately \$140 million larger than one year ago,” said Shafran.

“The increase in the reserve was driven primarily by a rise in delinquency in our highest-risk product, which is returning to normal performance levels following the immediate post crisis years in which we enjoyed unprecedented credit quality due to the contraction of credit. While we continue to generate strong risk-adjusted yields and returns from this segment of our business, we have tightened our underwriting and do not expect any near-term growth from this portion of our portfolio,” said Shafran. “This is the same approach we took in past cycles and is an appropriate risk-management step in the face of what we consider to be overly aggressive competitive behavior in this market segment. This normal effect from a change in the cycle underscores our strategic considerations in moving to further diversify our product offerings’ risk profiles by significantly growing our prime and near-prime portfolios,” added Shafran.

Financial Highlights (in CDN \$000's, except EPS)	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating Income ⁽¹⁾⁽²⁾	\$6,718	\$7,220	\$24,057	\$24,331
Non-Cash Items - Gains (Losses) ⁽¹⁾⁽³⁾	(\$1,191)	\$374	(\$4,052)	(\$3,942)
Net Income ⁽²⁾	\$3,188	\$5,083	\$11,633	\$19,175 ⁽⁴⁾⁽²⁾
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$6,669	\$7,166	\$23,851	\$24,932
Earnings Per Share - basic	\$0.18	\$0.29	\$0.65	\$1.08 ⁽⁴⁾

(1) - See "Non-GAAP Measures" below.

(2) - YTD 2016 Operating Income includes \$1.5 million of pre-tax income from Windset compared to \$320K in YTD 2017 while in Q3 of 2016 Operating Income includes \$478K of pre-tax income from Windset compared to \$132K in Q3 2017, as Windset winds down.

(3) - non-cash mark-to-market losses on swaps, investments, debentures and non-cash FX and intangible amortization.

(4) - 2016 net income includes \$6.7 million gain on the sale of EcoHome Financial.

Non-GAAP Measures

Adjusted EBITDA and Operating Income are not recognized measures under International Financial Reporting Standards and do not have standard meanings. Accordingly, these measures may not be comparable to similar measures presented by other issuers. Please refer to the Company's Management Discussion and Analysis in Chesswood's 2016 Annual Report and 2017 Third Quarter Report for additional information concerning these measures and a reconciliation of these measures to the Company's consolidated net income.

About Chesswood

Through two wholly-owned subsidiaries in the U.S. and Canada, Chesswood Group Limited is North America's only publicly-traded commercial equipment finance company focused on small and medium-sized businesses. Our Colorado-based Pawnee Leasing Corporation, founded in 1982, finances a highly diversified portfolio of commercial equipment leases and loans through established relationships with over 600 independent brokers in 48 U.S. states. In Canada, Blue Chip Leasing Corporation has been originating and servicing commercial equipment leases and loans since 1996, and today operates through a nationwide network of more than 50 independent brokers. Based in Toronto, Canada, Chesswood's shares trade on the Toronto Stock Exchange under the symbol CHW (convertible debentures: CHW.DB).

Learn more at www.chesswoodgroup.com, www.PawneeLeasing.com and www.BlueChipLeasing.com.

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