



## CHESSWOOD ANNOUNCES CHANGE IN DIVIDEND AND PROVIDES UPDATE ON COVID-19 ACTIVITIES

TORONTO, April 20, 2020 – Chesswood Group Limited (“Chesswood” or the “Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, today announced a temporary change in its monthly dividend from seven cents (\$0.07) per share to three and a half cents (\$0.035) per share, effective for April’s dividend, to be paid on May 15<sup>th</sup>.

“In these unprecedented times, we are temporarily reducing our dividend, in anticipation of the effects of COVID-19 on the performance of Chesswood’s portfolios” said Barry Shafran, Chesswood’s President and CEO. “Our Board will make decisions about future dividends during this extraordinary period on a monthly basis as the effects of COVID-19 emerge and management and the Board can assess their impact” added Shafran.

The April dividend of three and a half cents per share will be payable to shareholders of record at the close of business on April 30, 2020, and will be paid on May 15, 2020. Chesswood has designated its dividends as eligible dividends for the purposes of the Income Tax Act (Canada).

### **COVID-19 Update**

We continue to monitor and assess the impact of COVID-19 in order to protect the health and safety of our employees and communities and to better understand and address the anticipated effects on our businesses. Steps already taken for the protection of our teams include:

- All staff are working in a fully remote work environment in Canada and the U.S.
- Suspension of all gatherings, events and air travel
- Self-isolating any employee that has returned from travel abroad, become ill or has been in contact with someone demonstrating symptoms
- Expansion of our technology to facilitate more effective communications in a remote work environment

In addition, we have taken a number of steps for the benefit of the businesses, based on what is known today and recognizing that we are in a rapidly changing environment:

- Reduced our team by 31, to 119 from 150 team members
- Management throughout Chesswood has taken a 20% reduction in salary
- Chesswood Directors’ compensation has been suspended
- Underwriting standards have been raised considerably, resulting in very modest new business flow
- Redeployed administrative and other staff to support our customer service and collections teams, while they provide continued support to our customers

### **What are Chesswood’s businesses experiencing?**

Like most in our industry, our businesses have been receiving and processing requests for temporary payment accommodations and deferrals from our small and medium-sized small business customers in the U.S. and Canada. These are not forgiven payments. They are amounts that our customers still have an obligation to pay. In general, we are initially providing 1 or 2 months of payment deferral to accommodate our customers whose businesses may have been mandated to close or had other adverse impacts on their operations. These accommodations and deferred payments are generally being reflected in modifications to our customer contracts which require that these payments are to be made up through a revised future payment schedule.

While it is too early to assess the ultimate impact of these payment accommodations and deferrals in terms of future credit losses, once businesses begin to reopen we expect to experience charge-offs in excess of pre-COVID levels for some number of months.

A large majority of our customers continue to make their payments - to date we have only provided payment accommodations and deferrals to approximately 16% of our more than 30,000 customers - and requests for payment relief have begun to slow over the last week. In addition, some customers are making partial payments. Consistent with our service-driven approach, accommodations and deferrals are being granted on a one-on-one basis following communication with the customer about their specific business circumstances.

Our origination volumes today are modest in this uncertain environment. Transactions being funded are in industries that are believed to be less affected by COVID-19 or have excellent credit profiles and the ability to service their contractual obligation despite the pandemic.

### **Balance Sheet and Liquidity**

Following our many treasury accomplishments in the fall of 2019, Chesswood enhanced its liquidity considerably while our leverage remains moderate. We have ample capacity today to fund new business, although in the short run we expect volumes to remain modest.

"In these most uncertain times we must be as nimble as possible while our collections and customer service teams work very hard to reach acceptable and helpful solutions for our customers seeking payment accommodation. We believe that our skills in collections and risk mitigation will help us manage effectively through these challenges" said Shafran.

### **About Chesswood**

Through three 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 relationships with over 600 independent brokers in the U.S. 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. Located in Houston, Texas, Tandem Finance Inc. provides equipment financing to small and medium-sized businesses in the U.S. through the equipment vendor channel. Based in Toronto, Canada, Chesswood's shares trade on the Toronto Stock Exchange under the symbol CHW.

Learn more at: [www.Chesswoodgroup.com](http://www.Chesswoodgroup.com) [www.PawneeLeasing.com](http://www.PawneeLeasing.com) [www.BlueChipLeasing.com](http://www.BlueChipLeasing.com) and [www.TandemFinance.com](http://www.TandemFinance.com)

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