



CHESSWOOD PROVIDES COVID-19 UPDATE Encouraging June Collections, Bank Facility Amended

TORONTO, June 22, 2020 – Chesswood Group Limited (“Chesswood” or the “Company”) (TSX: CHW), a North American commercial equipment finance provider for small and medium-sized businesses, is today providing an update on the effects of COVID-19 on its business and banking activities.

What has been the extent of COVID-19 Related Accommodations to Borrowers?

Chesswood’s U.S. businesses, Pawnee Leasing and Tandem Finance, finished May month-end with a total of 5,028 accounts (27% of their accounts) having received some form of payment accommodation. Most of these accounts received a two-month deferral of payments, to be made up in the future. These deferrals, provided at the onset of the pandemic, are no longer available.

In Canada, the pattern has been very similar for Blue Chip Leasing, but with a significantly lower percentage of payment accommodation (15% of its accounts). Blue Chip is now engaged with customers that received payment accommodation, as they return to their payment schedules.

On a case-by-case basis, some of our borrowers in the U.S. and Canada will receive transitional accommodation as they re-open their businesses and return to their payment schedules.

In both countries, portfolio data shows that payment accommodations were evenly distributed among our customers, regardless of credit profile.

What has happened in June so far?

Our American and Canadian businesses have each drafted automatic payments twice in June (June 1st and June 15th), as they always do. While these results are very recent and for just the one-month, Pawnee, Tandem and Blue Chip have seen strong levels of resumed payment compliance by customers that had been given accommodations. Customers that did not have payment accommodations made payments at traditional levels.

More specifically, over 90% of Pawnee and Tandem accommodated customers scheduled to pay in June by automatic debit, made their payments. Most of our customers pay through this method. Other customers that make payment by cheque or other means, in the remaining days of June, will enhance the amount collected by month-end.

“We are focused on managing payment terms with our customers to minimize losses, while taking a consultative approach with each customer that received a payment accommodation,” said Barry Shafran, Chesswood’s President and CEO. “We look forward to returning to our full originations tempo, once portfolio performance is normalized,” Shafran added.

What do we expect in the near term?

As businesses begin returning to operations – particularly in the U.S. – our customer service and collection teams are working with customers that received accommodations for the process of resuming their scheduled payments.

These discussions take place on a case-by-case basis. In small-ticket equipment finance, the best opportunity to mitigate potential future loss is by working directly with the customer. Our collection teams have extensive experience and are already accustomed to taking this approach with some near-prime customers in normal operating environments, as a fundamental way to mitigate loss.

We note that almost 75% of our U.S. customers have been making their payments and did not seek payment accommodations while in Canada 85% of our customers did not seek any payment relief.

We continue to expect modest new business originations in the near term, especially in the U.S., as underwriting standards remain stringent and in accordance with the COVID-19 related amendments to our revolving credit facility (see below).

What is the Company's Liquidity and Banking Position?

In addition to approximately CDN\$20 million of cash on hand, our businesses have been generating positive operating cash flow each month (since the onset of COVID-19), with significantly reduced originations. We took steps to maximize monthly cash flows by reductions in management, Board, and other compensation in early April, and suspension of our dividend in May. These steps generated significant expense and cash flow savings.

As described in our May 13th press release, we temporarily halted new originations in the U.S., to settle upon appropriate COVID-19 related amendments to our revolving facility and have now resumed originations. The terms of this recent amendment limit originations in the U.S. to the moderate levels which were contemplated in our annual MD&A filed in March, while the effects of COVID-19 begin to appear and pass through our business.

While not in violation of any banking covenants, we approached all of our lenders in the early days of the onset of the pandemic, in anticipation of future stress on our covenants, to reach mutually acceptable terms for managing through these unprecedented circumstances.

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 www.PawneeLeasing.com www.BlueChipLeasing.com and www.TandemFinance.com

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