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## RIFCO Reports Record Fourth Quarter and Annual Results

Red Deer, Alberta. June 25, 2012; RIFCO Inc. (TSXV: RFC) is pleased to announce record results for the fourth quarter and for the year ending March 31, 2012.

The Company met all of its specific objectives for 2012. Superior performance in generating origination growth, finance receivable growth, and revenue growth was combined with a credit loan loss rate at record low levels. The result was record net income to the benefit of shareholders.

RIFCO is well positioned to continue to deliver solid growth and earnings.

### Financial Highlights (\$000's, except per and percentage amounts)

Operating results	For the three months ending		For the year ending	
	2012	2011(1)	2012	2011(1)
For the period ended March 31				
Finance Receivables before provisions	109,930	73,859	109,930	73,859
Total Revenues	4,830	3,229	16,668	12,042
Net income	766	47	2,521	461
Earnings per share basic/diluted	0.039	0.002	0.128	0.024
Return on Earning Assets	2.99%	0.26%	2.84%	0.71%
Return on Equity	65.69%	7.20%	61.97%	20.19%

(1)The Company transitioned to International Financial Reporting Standards (IFRS) as of April 1, 2011 and prior period results have been restated to an IFRS basis.

## Annual Results

In February 2012, the Company celebrated its 10th year anniversary which coincided with its Finance Receivables surpassing \$100M for the first time in the Company's history. The Company is reporting its sixth consecutive year of profitability for RIFCO shareholders.

Return on Equity was 61.97% for the year. Shareholders' equity increased by 110% in the year while Finance Receivables have grown 49%. This favorable trend, if continued, demonstrates the ability of the Company to sustain its growth with current equity levels. This is very positive for RIFCO's existing shareholders.

The Company is reporting improved results over the prior year:

- Financial Revenue increased 39% to \$16.67M from \$12.04M.
- Net financial income before operating expenses increased to \$7.61M from \$4.06M, an increase of 88%.
- Net Income increased to \$2.52M from \$0.46M, a 447% increase.
- Achieved EPS of \$0.128 up from \$0.024.
- Return on Shareholders' Equity increased to 61.97% from 20.19%.
- Return on Earning Assets has increased to 2.84% from 0.71%.

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- Operating expenses increased to \$4.04M from \$3.27M an increase of 24% but due to increasing efficiencies the Operating Expense Ratio decreased to 4.54% from 5.05%.
- Originations increased to \$71.87M from \$43.90M, a 64% increase.
- Gross Portfolio Yield has increased to 20.14% from 19.94%.
- Average Interest Expense reduced to 8.17% from 8.75%.
- Total Finance Receivables increased to \$109.93M from \$73.86M, a 49% increase.
- Delinquency Rate increased to 2.42% from 1.85%. Current levels are below historic averages.
- Average (12 month rolling) Credit Loss Rate showed a significant decreased to 2.05% from 4.38%.
- Credit Losses, including costs and net of recoveries, are \$1.86M, a 36% reduction from \$2.91M.
- Loan applications received reached 26,276 a 68% increase.

## Statements of income

For the years ended March 31

2012

2011

### Financial revenue

Interest income	16,427	11,857
Administration and other fees	241	185
	<u>16,668</u>	<u>12,042</u>

### Financial expenses

Interest expenses	6,614	5,549
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### Net financial income before provision for impairment

	<u>10,054</u>	<u>6,493</u>
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Provision for impairment and credit losses

	<u>2,441</u>	<u>2,438</u>
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### Net financial income before operating expenses

	7,613	4,055
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### Operating expenses

	<u>4,039</u>	<u>3,268</u>
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### Income before taxes

	3,574	787
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### Income tax expense

	1,053	326
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### Net income

	<u>2,521</u>	<u>461</u>
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### Net earnings per common share basic and diluted

	0.128/0.123	0.024/0.024
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Issued and Outstanding Shares at year end

	20,073,277	19,534,064
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Fully Diluted Basis

	<u>20,432,777</u>	<u>19,570,284</u>
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At year end, RIFCO's funding solutions included a \$10M senior credit facility. The Company also has a total of \$150M in funding capacity, through four Securitization Facilities. Most originated Finance Receivables are ultimately securitized through these facilities. At year end, the remaining authorized funding capacity was \$98M.

During the year, RIFCO completed a number of important funding initiatives that will continue to contribute positively to results in the future fiscal quarters:

In September, the Company received its 6th annual renewal of its funding facility with Securcor Trust. A previous \$30M facility was increased to \$50M.

In January, the Company completed its 2<sup>nd</sup> annual renewal of its Securitization Facility, for \$30M, from a schedule 1 Canadian chartered bank.

In January, the Company was pleased to announce a new Securitization Facility with Aviator Trust for \$20M. The ultimate funding source on the new facility is a separate schedule 1 Canadian chartered bank. The facility is managed by Securcor Group.

In March 2012, in response to unprecedented Origination growth, the Company negotiated and received an increase in the funding facility from Securcor Trust with an increase to \$80M. This renewal replaced the previous \$50M facility that was provided in September. This represented a total of \$80M in new funding which is not affected by previous facilities.

## **Fourth Quarter Results**

The Company is reporting positive results over the comparable quarter:

- Financial Revenue increased 50% to \$4.83M from \$3.23M.
- Net financial income before operating expenses increased to \$2.44M from \$1.27M, an increase of 93%.
- Net Income increased to \$0.77M from \$0.05M, a 1,537% increase.
- Achieved EPS of \$0.039 up from \$0.002.
- Return on Shareholders' Equity increased to 65.69% from 7.20%.
- Return on Earning Assets has increased to 2.99% from 0.26%.
- Operating expenses increased to \$1.36M from \$1.03M an increase of 33% but due to increasing efficiencies the Operating Expense Ratio decreased to 5.31% from 5.76%.
- Originations increased to \$23.07M from \$11.72M, a 97% increase.
- Average Interest Expense reduced to 7.19% from 8.15%.
- Annualized Quarterly Credit Loss Rate decreased to 2.31% from 3.91%.
- Credit Losses, including costs and net of recoveries, are \$0.61M, a 16% reduction from the \$0.73M
- Loan applications received reached 7,801 a 77% increase.

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## Statements of income

For the three months ended March 31

	2012	2011
<b>Financial revenue</b>		
Interest income	4,756	3,181
Administration and other fees	74	48
	<u>4,830</u>	<u>3,229</u>
<b>Financial expenses</b>		
Interest expenses	1,792	1,401
<b>Net financial income before provision for impairment</b>	<u>3,038</u>	<u>1,828</u>
Provision for impairment and credit losses	<u>597</u>	<u>561</u>
<b>Net financial income before operating expenses</b>	2,441	1,267
<b>Operating expenses</b>	<u>1,363</u>	<u>1,025</u>
<b>Income before taxes</b>	1,078	242
<b>Income tax expense</b>	312	195
<b>Net income</b>	<u>766</u>	<u>47</u>
<b>Net earnings per common share basic and diluted</b>	0.039/0.037	0.002/0.002

## Key Performance Measurement

As is RIFCO's custom, please note the Company results as reported against the specific objectives first published in the March 31, 2011 Annual Report to the shareholders.

- **Achieve record Loan Originations of over \$65 million**  
Originations totalled \$71.87M, a new record. **Achieved 111% of Target.**
- **Achieve record managed assets of over \$95 million**  
Financed Receivables in the year grew to \$109.93M from \$73.86M, a new record. **Achieved 116% of Target.**
- **Achieve record revenue of over \$17 million**  
Gross Revenue in the year totalled \$18.15M, a new record. **Achieved 107% of Target.**



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- **Achieve an annualized write off rate below 4.25%**  
Achieved Average (12 month rolling) Credit Loss Rate of 2.05%, a new record. **Achieved Target.**
- **Achieve Net Income of over \$1.6 million**  
Net Income in the year totalled \$2.52M, a new record. **Achieved Target.**

Management continues to work to ensure that the Company has the financial resources to meet the growth rate while maintaining profitability. RIFCO's long term growth goal, set at the inception of the Company, was to become a \$100M per year originator. This is now clearly achievable in the near term.

## **About RIFCO**

RIFCO Inc. operates through its wholly owned subsidiary Rifco National Auto Finance Corporation to provide automobile loans through its dealership network across Canada.

RIFCO National Auto Finance provides consumers with financing options on new and used vehicles. RIFCO specializes in building long-term partnerships with dealers by investing time in personalized services through dedicated account representatives. RIFCO's quick credit decisions, common sense lending, and expedited funding processes give its dealers better financing options and more closed deals. RIFCO's most successful partnerships result in graduated recognition programs for its loyal dealerships.

RIFCO is committed to continuing growth. Key strategies for achieving this growth include the expansion of its automobile dealer base, excellence in credit and collections processes.

**The common shares of RIFCO INC. are traded on the TSX Venture Exchange under the symbol "RFC". There are 20.16 million shares (basic) outstanding and 21.41 million (fully diluted) shares.**

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