

RIFCO Reports Record First Quarter Results

Red Deer, Alberta. August 22, 2012; RIFCO Inc. (TSXV: RFC) is pleased to announce a record quarter with the following milestones being reached.

Record revenues of \$5.26M

Record net income of \$0.98M

Record earnings per share of \$0.05.

Record finance receivables before provisions \$119.20M

Record low operating expense ratio of 3.89%

RIFCO has reported earnings per share (EPS) in the last four quarters of \$0.02, \$0.03, \$0.04 and \$0.05, respectively. The Company's EPS target for the current year is \$0.23.

Revenue was \$5.26M, a 46% increase over the \$3.60M in first quarter of the prior year. Loan originations were \$20.91M, a 39% increase from \$15.01M in first quarter of the prior year. This increase resulted in a 47% growth rate in finance receivables before provisioning to \$119.20M from \$81.03M in first quarter of the prior year. RIFCO reported net income of \$0.98M, an improvement from a net income of \$0.68M in the first quarter of prior year. This has resulted in basic and diluted EPS of \$0.049 and \$0.047, respectively, in the quarter an increase from \$0.035 and \$0.033 in the comparable quarter.

The annualized ROE for the first three months is 64%. Equity has increased by 94% and total assets have grown by 47% over the comparable period. These favorable trends, if continued, demonstrate the ability of RIFCO to sustain its growth with current equity.

In the quarter, delinquent accounts over 30 days increased to 2.68% from 2.42% when compared to the prior quarter and increased from 2.54% when compared to the first quarter of the prior year. RIFCO's average 12 month rolling credit loss rate stands at 2.34%, an increase from 2.05% when compared to the prior quarter and a decrease from 3.17% when compared to the first quarter of the prior year.

Credit losses including costs and net of recoveries in the first quarter were \$0.61M, an increase from \$0.11M in first quarter of the prior year. Provision for impairment and credit losses for the quarter has increased to \$0.95M from \$0.34M in first quarter of the prior year period.

RIFCO first quarter comparative results

The positive effects of having a stable interest income rate, a declining interest expense rate, a low credit loss rate, and a declining operating expense ratio has resulted in increasing net income which can be seen from results shown below:

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Statements of Net income		
For the period ended June 30 (\$, 000's)	2012	2011
Financial revenue		
Interest income	5,189	3,548
Administration and other fees	70	45
	<u>5,259</u>	<u>3,593</u>
Financial expenses		
Interest expenses	1,875	1,520
Net financial income before provision for impairment	<u>3,384</u>	<u>2,073</u>
Provision for impairment and credit losses	953	341
Net financial income before operating expenses	<u>2,431</u>	<u>1,732</u>
Total operating expenses	<u>1,104</u>	<u>790</u>
Income before taxes	<u>1,327</u>	<u>942</u>
Income tax expense	351	265
Total Net income for period	<u>976</u>	<u>677</u>
Net earnings per common share basic and diluted	0.049/0.047	0.035/0.033
Issued and Outstanding Shares at year end	20,181,670	19,694,064
Fully Diluted Basis	<u>20,820,885</u>	<u>20,399,070</u>

RIFCO has been granting non-traditional loans in the automotive sector for over 10 years and has granted over \$279M in loans to date. The Company's underwriting and operational systems have delivered solid credit performance throughout all economic cycles.

RIFCO management continues to work to ensure that the Company has the financial resources to fund a business model that has sustainable growth while maintaining profitability. RIFCO's goal remains to become a \$100M per year loan originator.

To fund the aggregation of a growing level of finance receivables, the Company uses borrowings under its senior credit facility, with \$10M authorized, and subordinated debentures of \$8.4M. Most of the Company's finance receivables are ultimately securitized through one of four available loan securitization facilities. Securitization facility limits currently total \$150M, which would allow the Company to currently securitize over \$84M in loan principal.

RIFCO remains steadfast in originating only loans that it believes can achieve acceptable profit margins. As margins are affected by funding rates and by expected credit performance, RIFCO adjusts targeted origination levels, credit requirements, and lending rates while maintaining market continuity.

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Q1 Financial Highlights:

(\$,000's except ratios and per share)	Q1-13	Q1-12	
Net Income	\$0.98	\$0.68	Increased 44%
Revenue	\$5.26	\$3.60	Increased 46%
Finance Receivables (before provisions)	\$119.20	\$81.03	Increased 47%
Loan Originations	\$20.91	\$15.01	Increased 39%
Basic EPS	\$0.049	\$0.035	Increased 40%
Operating Expenses	\$1.10	\$0.79	Increased 40%
Credit Losses	\$0.61	\$0.11	Increased by \$0.50M
Operating Expense Ratio	3.89%	4.05%	Decreased (Improved)
Average Interest Expense	6.89%	8.13%	Decreased (Improved)
Delinquency Ratio	2.68%	2.54%	Increased (Worsened)
Average (rolling 12 month) Credit Loss Rate	2.34%	3.17%	Decreased (Improved)

Sequential Quarters:

(\$,000's except ratios and per share)	Q1-13	Q4-12	
Net Income	\$0.98	\$0.77	Increased 27%
Revenue	\$5.26	\$4.83	Increased by 9%
Finance Receivables (before provisions)	\$119.20	\$109.93	Increased 8%
Loan Originations	\$20.91	\$23.07	Decreased by 9%
Basic EPS	\$0.049	\$0.039	Increased 26%
Operating Expenses	\$1.10	\$1.36	Decreased by 19%
Credit Losses	\$0.61	\$0.53	Increased by 15%
Operating Expense Ratio	3.89%	5.31%	Decreased (Improved)
Average Interest Expense	6.89%	7.19%	Decreased (Improved)
Delinquency Ratio	2.68%	2.42%	Increased (Worsened)
Average (rolling 12 month) Credit Loss Rate	2.34%	2.05%	Decreased (Improved)

Key Period to Date Performance Measurement

As is RIFCO's custom, please note the Company results as reported against the specific objectives first published in the March 31, 2012 annual report to the shareholders.

- ◆ **Achieve record Loan Originations of over \$95 million**
Loan Originations for the first three months were \$20.91M. **Progress to target 22%**
- ◆ **Achieve record managed assets of over \$145 million**
Financed Receivables (plus Provision for Impairment) for the first three month period grew to \$119.20M from \$109.93M. **Progress to target 26%.**
- ◆ **Achieve record revenue of over \$23 million**
Gross Revenue in the first three month period was \$5.26M. **Progress to target 23%**
- ◆ **Achieve an annualized write off rate below 3.25%**
Year to date annualized Credit Loss Rate currently stands at 2.15%. **On target**
- ◆ **Achieve record earnings per share of \$0.230.**
Earnings per share for the first three month period are .049. **Progress to target 22%**

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 20.25 million shares (basic) outstanding and 21.80 million (fully diluted) shares.

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