

## Rifco Reports Record Third Quarter Results

Red Deer, Alberta. February 21, 2013; Rifco Inc. (TSXV: RFC) is pleased to announce record quarterly results with the following milestones being reached.

- ◆ Record originations of \$23.20M
- ◆ Record revenues of \$6.42M
- ◆ Record net income of \$1.23M
- ◆ Record earnings per share of \$0.061
- ◆ Record finance receivables before provisions \$137.64M

Rifco reported earnings per share (EPS) in the quarter of \$0.061, which is a 91% increase over the \$0.032 reported in the comparable quarter last year. The Company's EPS for the first nine month period has reached \$0.158 which is 69% of this year target of \$0.230.

Revenue for the quarter was \$6.42M, a 50% increase over the \$4.29M in the comparable quarter of the prior year. Loan originations were \$23.20M, a 30% increase from \$17.81M in the comparable quarter of the prior year. This increase contributed to a 41% growth rate in finance receivables before provisioning to \$137.64M from \$97.59M in the comparable quarter of the prior year. Rifco reported net income of \$1.23M, an improvement of 93% from a net income of \$0.64M in the comparable quarter of prior year.

The annualized ROE for the quarter was 58%. Equity has increased by 95% and total assets have grown by 43% 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 3.27% from 3.07% when compared to the prior quarter and increased from 2.50% when compared to the comparable quarter of the prior year. Rifco's average 12 month rolling credit loss rate stands at 2.58%, an increase from 2.49% when compared to the prior quarter and an increase from 2.37% when compared to the third quarter of the prior year.

Credit losses, including costs and net of recoveries, were \$0.98M, an increase from \$0.92M in the prior quarter and an increase from \$0.61M in the comparable quarter of the prior year. The prior year's credit losses were unusually low. Although credit losses have increased compared to the same quarter of the prior year, current year losses are still below the Company's historical loss averages of prior years. Provision for impairment and credit losses for the quarter has increased to \$1.17M from \$0.82M in the comparable quarter of the prior year period.

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## Rifco third quarter comparative results

The Company's improving net portfolio yield, declining average interest expense rate, low annualized credit loss rate, and stable operating expense ratio has resulted in increasing net income which can be seen in the comparable results shown below:

<b>Statements of net income</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
<b>For the period ended December 31, 2012 (\$, 000's)</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Financial revenue</b>				
Interest income	6,325	4,226	17,390	11,671
Administration and other fees	92	64	253	167
	6,417	4,290	17,643	11,838
<b>Financial expenses</b>				
Interest expenses	2,098	1,686	5,941	4,822
<b>Net financial income before provision for impairment</b>	4,319	2,604	11,702	7,016
Provision for impairment and credit losses	1,168	815	3,380	1,844
<b>Net financial income before operating expenses</b>	3,151	1,789	8,322	5,172
<b>Total operating expenses</b>	1,492	938	3,956	2,676
<b>Income before taxes</b>	1,659	851	4,366	2,496
<b>Income tax expense</b>	430	214	1,174	741
<b>Total net income for period</b>	<b>1,229</b>	<b>637</b>	<b>3,192</b>	<b>1,755</b>
<b>Net earnings per common share</b>				
Basic	0.061	0.032	0.158	0.089
Diluted	0.058	0.032	0.152	0.089
Weighted average number of outstanding shares at period end	20,254,309	19,784,064	20,195,648	19,728,137
Fully Diluted Basis	21,198,379	20,422,253	21,059,763	20,390,505

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Rifco has been granting non-traditional loans in the automotive sector for over 10 years and has granted over \$325M 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 secured revolving credit facility of \$70M with Wells Fargo Canada Corporation. The Company also securitizes finance receivables through one of four available loan securitization facilities. Securitization facility limits currently total \$150M, and the remaining limit left on all facilities would allow the Company to originate over \$114M in new finance receivables.

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

## Q3 Financial Highlights:

(\$,000's except ratios and per share)	Q3-13	Q3-12	
Net Income	\$1,229	\$637	Increased 93%
Revenue	\$6,417	\$4,290	Increased 50%
Finance Receivables	\$137,644	\$97,558	Increased 41%
Loan Originations	\$23,180	\$17,809	Increased 30%
Operating Expenses	\$1,491	\$938	Increased 59%
Credit Losses	\$977	\$613	Increased by \$364
Operating Expense Ratio	4.50%	4.02%	Increased (Worsened)
Average Interest Expense	6.16%	7.75%	Decreased (Improved)
Delinquency Ratio	3.27%	2.50%	Increased (Worsened)
Average (rolling 12 month) Credit Loss Rate	2.58%	2.37%	Increased (Worsened)
Basic EPS	0.061	0.032	Increased 91%

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## Sequential Quarters:

(\$,000's except ratios and per share)	Q3-13	Q2-13	
Net Income	\$1,229	\$988	Increased 24%
Revenue	\$6,417	\$5,966	Increased 8%
Finance Receivables	\$137,644	\$129,092	Increased 7%
Loan Originations	\$23,180	\$23,102	Increased by \$78
Operating Expenses	\$1,491	\$1,360	Increased 10%
Credit Losses	\$977	\$916	Increased by \$61
Operating Expense Ratio	4.50%	4.44%	Increased (Worsened)
Average Interest Expense	6.16%	6.64%	Decreased (Improved)
Delinquency Ratio	3.27%	3.07%	Increased (Worsened)
Average (rolling 12 month) Credit Loss Rate	2.58%	2.49%	Increased (Worsened)
Basic EPS	0.061	\$0.049	Increased 25%

## 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 nine months are \$67.20M. **Progress to target 71%**

### **Achieve record Finance Receivables of over \$145 million**

Financed Receivables for the first nine month period grew to \$137.64M from \$109.93M.

**Progress to target 79%**

### **Achieve record revenue of over \$23 million**

Revenue in the first nine month period was \$17.64M. **Progress to target 77%**

### **Achieve an annualized write off rate below 3.25%**

Year to date annualized Credit Loss Rate currently stands at 2.65%. **On target**

### **Achieve record earnings per share of \$0.230.**

Earnings per share for the first nine month period are 0.158. **Progress to target 69%**

Based on our progress to date, we expect that these yearly targets can be achieved.

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## **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 20.62 million shares (basic) outstanding and 21.80 million (fully diluted) shares.**

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