

PRESS RELEASE

Rifco Reports Record Fourth Quarter and Annual Results

Red Deer, Alberta. June 13, 2013; Rifco Inc. (TSXV: RFC) is pleased to announce record results for the fourth quarter and for the year ended March 31, 2013.

The Company met its specific objectives for 2013 for finance receivables, revenues, annualized write-off rates and earnings per share. This has resulted in record net income.

Financial Highlights

(\$000's, except ratios and per share)

Operating results	For the three months ended		For the year ended		
	For the period ended March 31	2013	2012	2013	2012
Finance receivables		147,533	109,930	147,533	109,930
Total revenues		6,363	4,830	24,005	16,668
Net income		1,538	766	4,730	2,521
Earnings per share basic		0.074	0.039	0.233	0.128
Return on earning assets		4.36%	2.99%	3.72%	2.84%
Return on equity		61.25%	65.69%	58.88%	61.97%

Annual Results

The Company has reported record earnings for the year as a result of record originations, record low interest expense ratio and loan loss levels well below the published target. The current year is the seventh consecutive year of profitability for Rifco.

Rifco reported earnings per share (EPS) in the year of \$0.233, which is an 82% increase over the \$0.128 reported in the prior year.

Revenue for the year was \$24.01M, a 44% increase over the \$16.67M for the prior year. Loan originations were \$91.12M, a 27% increase from \$71.87M for the prior year. These originations contributed to a 34% growth rate in finance receivables to \$147.53M from \$109.93M for the prior year. Rifco reported net income of \$4.73M, an improvement of 88% from \$2.52M for the prior year.

The Company did not complete a securitization transaction in Q4, 2013 and focused on the utilization of the new \$70M secured revolving credit facility with Wells Fargo. This helped in creating a significant reduction in current income tax. The Company now has a \$1.53M income tax receivable compared to a \$1.90M income tax payable in the prior year.

The return on equity for the year was 59%. Equity has increased by 96% and total assets have grown by 33% over the comparable year. These favorable trends, if continued, demonstrate the ability of Rifco to sustain its growth with current equity.

As at year end, delinquent accounts over 30 days increased to 3.01% from 2.42% compared to the prior year. The Average (12 month rolling) Credit Loss Rate has increased to 2.72% up from 2.05% in the prior year. The Company had targeted an Average Credit (12 month rolling) Loss Rate below 3.25% for the year.

The credit losses have increased compared to the prior year, but losses are still well below the Company's historical loss averages of prior years. The previous year was considered to be unusually low when compared historically. Management believes that credit performance is a reflection of its Credit Model, its dealer partner graduation system, and its systematic & non-adversarial approach to customer service.



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The Company is reporting encouraging results over the prior year:

- ◆ Financial Revenue increased 44% to \$24.01M from \$16.67M.
- ◆ Net Income increased to \$4.73M from \$2.52M, an 88% increase.
- ◆ EPS increased to \$0.233 up from \$0.128, an 82% increase.
- ◆ ROE decreased to 58.88% from 61.97% in the prior year.
- ◆ Operating expenses increased to \$5.33M from \$4.04M an increase of 32%.
- ◆ The Operating Expense Ratio decreased to 4.18% from 4.54%.
- ◆ Originations increased to \$91.12M from \$71.87M, a 27% increase.
- ◆ Gross Portfolio Yield has decreased to 19.70% from 20.14%.
- ◆ Net Portfolio Yield has increased to 18.55% from 18.47%.
- ◆ Average Interest Expense reduced (improved) to 6.32% from 8.17%.
- ◆ Total Finance Receivables increased to \$147.53M from \$109.93M, a 34% increase.
- ◆ Delinquency Rate increased (worsened) to 3.01% from 2.42%.
- ◆ Average (12 month rolling) Credit Loss Rate increased (worsened) to 2.72% from 2.05%.
- ◆ Credit Losses, including costs and net of recoveries, are \$3.54M, an increase (worsened) from \$1.86M.
- ◆ Book value per share increased to \$0.53 from \$0.28, an 89% increase.

Statements of income

For the years ended March 31 (\$, 000's, except per share and share count)

	2013	2012
Financial revenue		
Interest income	23,644	16,427
Administration and other fees	361	241
	24,005	16,668
Financial expenses		
Interest expenses	8,008	6,614
Net financial income before provision for impairment	15,997	10,054
Provision for impairment and credit losses	4,286	2,441
Net financial income before operating expenses	11,711	7,613
Operating expenses	5,330	4,039
Income before taxes	6,381	3,574
Income tax expense	1,651	1,053
Net income	4,730	2,521
Net earnings per common share basic/diluted	0.233/0.223	0.128/0.123
Weighted average number of outstanding shares at year end	20,288,418	19,751,837
Fully Diluted Basis	21,254,508	20,432,777

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Rifco has been granting non-traditional loans in the automotive sector for over 11 years and has granted over \$350M in loans to date. The Company's underwriting and operational systems have delivered solid credit performance throughout the full economic cycle.

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 \$120M, and the remaining limit left on all facilities would allow the Company to originate over \$89M 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.

Fourth Quarter Results

Financial revenue in Q4 was \$6.36M compared to \$4.83M in the comparable prior year, a 32% increase.

Interest expense in Q4 was \$2.07M compared to \$1.79M in the comparable quarter of the prior year. Interest expense is increasing due to increased borrowing. The average interest expense rate decreased to 5.77% from 6.16% in the prior quarter and reduced from 7.19% in the prior year.

The interest expense reduced slightly from \$2.10M in Q3, due to the positive affect of less days in the reporting period. The Company is also receiving interest expense reductions as the new bank borrowing is being utilized. The reduction in interest expense was despite the finance receivables increasing to \$147.53M from 137.64M in the prior quarter.

The Company originated new loans of \$23.93M, compared to \$23.07M in the prior year. The Company received 9,200 applications, a 22% increase over the previous quarter and 18% increase over the prior year.

Defaulted finance receivables during the quarter totaled \$0.92M compared to \$0.53M in the prior year. After the addition of collection expenses this corresponds to an annualized quarterly credit loss rate of 2.88%, compared to 2.31% in the prior year.

The Company is reporting positive results over the comparable quarter:

- ◆ Financial Revenue increased 32% to \$6.36M from \$4.83M.
- ◆ Net financial income before operating expenses increased to \$3.39M from \$2.44M, an increase of 39%.
- ◆ Net Income increased to \$1.54M from \$0.77M, a 100% increase.
- ◆ EPS of \$0.074 up from \$0.039.
- ◆ Return on equity decreased to 61.25% from 65.69%.
- ◆ Return on earning assets has increased to 4.36% from 2.99%.
- ◆ Operating expenses increased to \$1.38M from \$1.36M an increase of 2%. Operating Expense Ratio improved to 3.90% from 5.31%.
- ◆ Originations increased to \$23.93M from \$23.07M, a 4% increase.
- ◆ Average Interest Expense reduced to 5.77% from 7.19%.
- ◆ Annualized Quarterly Credit Loss Rate increased to 2.88% from 2.31%.
- ◆ Credit Losses, including costs and net of recoveries, are \$1.04M, a 71% increase from \$0.61M
- ◆ Loan applications received reached 9,200 an 18% increase.

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Statements of income		
For the three months ended March 31 (\$, 000's, except per share)	2013	2012
Financial revenue		
Interest income	6,255	4,756
Administration and other fees	108	74
	6,363	4,830
Financial expenses		
Interest expenses	2,067	1,792
Net financial income before provision for impairment	4,296	3,038
Provision for impairment and credit losses	905	597
Net financial income before operating expenses	3,391	2,441
Operating expenses	1,376	1,363
Income before taxes	2,015	1,078
Income tax expense	477	312
Net income	1,538	766
Net earnings per common share basic and diluted	0.074/0.071	0.039/0.037

Key Performance Measurement

As is Rifco's custom, please note the Company results as reported against the specific objectives first released on June 25th, 2012.

1. Achieve record Loan Originations of over \$95 million

Loan Originations for the year are \$91.12M, a new record. **Target not achieved.**

2. Achieve record Finance Receivables of over \$145 million

Financed Receivables for the year grew to \$147.53M from \$109.93M, a new record. **Achieved 102% of target**

3. Achieve record revenue of over \$23 million

Revenue in the year totalled \$24.01M, a new record. **Achieved 104% of target**

4. Achieve an annualized write off rate below 3.25%

Achieved Average (12 month rolling) Credit Loss Rate of 2.72%. **Achieved target**

5. Achieve record earnings per share of \$0.230.

Earnings per share for the year are \$0.233, a new record. **Achieved 101% of target**



It's about time.

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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 20.79 million shares (basic) outstanding and 21.82 million (fully diluted) shares.

CONTACT:

Rifco Inc.

Lance A. Kadatz

Vice President and Chief Financial Officer

Telephone: 1-403-314-1288 Ext 7007

Fax: 1-403-314-1132

Email: kadatz@rifco.net

Website: www.rifco.net

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