

Rifco Reports Record First Quarter Results

Red Deer, Alberta. August 14, 2013; Rifco Inc. (TSXV: RFC) is pleased to announce record results for the first quarter ended June 30, 2013 with the following milestones being achieved.

Record Originations of \$31.69M
Record Originations of over \$100M in four trailing quarters
Record Revenues of \$6.99M
Record Net Income of \$1.57M
Record Earnings Per Share (EPS) of \$0.075
Record Finance Receivables of \$162.34M
Record low Average Interest Expense of 5.40%

Rifco reported record EPS of \$0.075, a 53% increase over the \$0.049 reported in the comparable quarter. The annualized ROE in the quarter is reported at 53%.

Revenue was \$6.99M, a 33% increase over \$5.26M for the comparable quarter. Rifco reported Net Income of \$1.57M, an improvement of 61% from \$0.98M in the comparative quarter.

The Company posted record Originations at \$31.69M up from \$20.91M in the comparable quarter, a 52% increase. Originations had a significant increase of 32% over the prior quarters \$23.93M. The Origination growth is attributable to improved Company messaging to dealers, a larger sales team, resulting in increased dealer partners.

Originations contributed to a 36% growth rate in Finance Receivables to \$162.34M from \$119.20M in the comparable quarter.

The Company grew Finance Receivables by \$14.81M over the prior quarter. Despite the Finance Receivable growth the actual Interest Expense dropped in the quarter from \$2.07M to \$2.03M. The Company is benefitting from improved Interest Expense rates being received from its funding partners.

Delinquent accounts over 30 days increased to 3.06% from 3.01% in the prior quarter and 2.68% in the comparable quarter. The Average (12 month rolling) Credit Loss Rate has increased to 2.92% up from 2.72% in the prior quarter and 2.34% in the comparable quarter.

The Company has targeted an Average Credit (12 month rolling) Loss Rate below 3.25% for the year. The Annualized Credit Loss Rate for the quarter is 2.99%.

The Credit Losses have increased compared to the prior year, but losses are still below the Company's historical loss averages of prior years. Management believes that current credit performance is a reflection of its Credit Model, its dealer partner graduation system, its systematic & non-adversarial approach to customer service, and the stable economic environment.

The annualized ROE for the quarter was 53%. Equity has increased by 90% and total assets have grown by 36% over the comparable quarter. These favorable trends, if continued, demonstrate the ability of Rifco to sustain its growth.

Operating expenses increased to \$1.54M from \$1.38M in the prior quarter. The employee count increased from 47 to 53. Of the employee increase, 50% are for dealer sales team members.



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The Company has a number of infrastructure upgrades under way that, when complete, will support further growth and efficiency. All operational processes and systems are being examined to ensure that they can support loan originations of \$500M per year, and updates are being done where needed.

Rifco first quarter comparative results

The Company is reporting strong earnings growth on increasing loan Originations, lower interest rates on its funding facilities and acceptable Credit Losses.

Statements of income For the period ended June 30 (\$, 000's, except per share and share count)	2013	2012
Financial revenue		
Interest income	6,881	5,189
Administration and other fees	114	70
	6,995	5,259
Financial expenses		
Interest expenses	2,035	1,875
Net financial income before provision for impairment	4,960	3,384
Provision for impairment and credit losses	1,288	953
Net financial income before operating expenses	3,672	2,431
Operating expenses	1,540	1,104
Income before taxes	2,132	1,327
Income tax expense	565	351
Net income	1,567	976
Weighted average number of outstanding shares at year end	20,783,843	20,102,861
Fully Diluted Basis	21,502,178	20,820,885
Net earnings per common share basic/diluted	\$0.075/\$0.073	\$0.049/\$0.047

Rifco has been granting non-traditional loans in the automotive sector for over 11 years and has granted over \$380M in loans to date. The Company's underwriting and operational systems have delivered solid credit performance throughout the full economic cycle.

During the quarter the Company used a \$70M bank facility and Unsecured Debentures totaling \$8.50M. In addition, the Company has access to \$120M through four Securitization Facilities. The Company's credit facilities have remaining capacity of \$72M at quarter end. The Company securitized two tranches of loans totaling \$24.91M in loan principal during the quarter.

Subsequent to the end of the quarter the \$70M bank facility was increased to \$95M through loan syndication.

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Q1 Financial Highlights:

(\$,000's except ratios and per share)	Q1-14	Q1-13	
Net Income	\$1,567	\$976	Increased 61%
Revenue	\$6,995	\$5,258	Increased 33%
Finance Receivables	\$162,342	\$119,204	Increased 36%
Loan Originations	\$31,694	\$20,912	Increased 52%
Operating Expenses	\$1,540	\$1,104	Increased 40%
Credit Losses	\$1,171	\$611	Increased by \$560K
Operating Expense Ratio	4.03%	3.89%	Increased (Worsened)
Average Interest Expense	5.40%	6.89%	Decrease (Improved)
Delinquency Ratio	3.06%	2.68%	Increased (Worsened)
Average (rolling 12 month) Credit Loss Rate	2.92%	2.34%	Increased (Worsened)
Basic EPS	\$0.075	\$0.049	Increased 53%

Key Year-to-Date Performance Measurement

Please note the Company results as reported against the specific objectives first published in the March 31, 2013 annual report to the shareholders.

Achieve record Loan Originations of over \$120 million

Loan Originations for the first three months are \$31.69M, a new record. **Progress to target 26%.**

Achieve record Finance Receivables of over \$192 million

Finance Receivables for the first three months grew to \$162.34M from \$147.53M, a new record. **Progress to target 33%.**

Achieve record revenue of over \$30 million

Revenue for the first three month totalled \$6.99M, a new record. **Progress to target 23%.**

Achieve an annualized write off rate below 3.25%

Year to date Annualized Credit Loss Rate of 2.99%. **On target**

Achieve record earnings per share of \$0.300.

Earnings per share for the three months are \$0.075, a new record. **Progress to target 25%.**

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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 20.89 million shares (basic) outstanding and 22.21 million (fully diluted) shares.

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