Rifco Reports First Quarter Results

Red Deer, Alberta. August 12, 2015; Rifco Inc. (TSXV: RFC) is pleased to announce its first quarter results for the period ended June 30, 2015 for its wholly owned subsidiary Rifco National Auto Finance.

First Quarter Financial Highlights	For the three months ended		
	June 30,	June 30,	
($000's, except ratios and per share)			
Total financial revenue	9,921	8,856	*Increased 12%*
Net Income	2,002	1,370	*Increased 46%*
Earnings per share	$0.094	$0.065	*Increased 45%*
Return on Equity	31%	29%	*Improved by 2%*
Average Interest Expense	4.60%	4.72%	*Improved by 0.12%*

Quarterly Results

Total financial revenue has increased by 12% to $9.92M from $8.86M in the same quarter of the prior year but decreased by 2% from $10.10M in the prior quarter.

The Company is reporting Net Income of $2.00M, an increase of $0.63M from the comparable quarter of $1.37M. Rifco reported earnings per share (EPS) in the period of $0.094, an increase from $0.065 from the comparable quarter.

Finance Receivables increased by 10% to $241.42M from $219.41M in the comparable quarter, but decreased 2% from $247.11M in the prior quarter.

The Company posted Originations of $22.30M an increase of 2% from $21.76M in the preceding quarter and a reduction of 48% from $42.86M, from the same quarter in the prior year.

Credit Losses, including costs and net of recoveries, are $2.26M, a reduction from $2.50M in the prior quarter but an increase from $1.67M from the comparable quarter.

The annualized Credit Loss Rate for Q1 is 3.71% a reduction from 4.02% in the preceding quarter and an increase from 3.11% in the comparable quarter. The Average (12 month rolling) Credit Loss Rate increased to 4.07% from 3.95% in the prior quarter and from 3.30% in the comparable quarter.

The Delinquency Rate increased to 5.17% from 5.11% in the preceding quarter and from 3.98% in the same quarter of the prior year.

The Average Interest Expense decreased to 4.60% from 4.72% from the comparable quarter in the prior year. The Company expects continued Interest Expense improvement if benchmark rates remain at the current levels.

As the result of a continuing competitive environment in Rifco's lending niche, and the Company's focus on credit quality, the Company experienced a reduction in the Net Portfolio Yield on new loans granted. The Net Portfolio Yield on the average Finance Receivables has decreased to 16.40% from 17.03% from the same period.

Operating expenses increased to $2.59M from $2.06M from the comparable quarter. The Operating Expense Ratio increased to 4.28% compared to 4.12% in the prior quarter and 3.95% in the comparable quarter. The increased number of Delinquent loans has increased the Company's collection and servicing requirements. The expense associated with additional internal and external servicing staff represents the increased operating expenses. A reduction in Delinquency levels could have a positive effect on reducing the Operating Expense Ratio in the future. Management believes that ongoing infrastructure investments and benefits of increasing scale will ultimately result in improving operating efficiency and will be reflected in continued improvement in Operating Expense and Efficiency Ratios over time.

In the period, Rifco has increased the total Provision for Impairment from $5.09M to $5.50M.

Unemployment rates in Alberta have recently increased. As a result, the Company provided additional Collective Provisioning for Impairment on loans granted in Alberta before December 31, 2014. Management conducted detailed reviews of its credit underwriting processes and made adjustments to reflect the increased employment risk in Alberta. Loans granted after December 31, 2014 were granted reflecting credit underwriting in the current environment.

Included in the total is a Collective Provisioning for Impairment which is applied against certain non-delinquent Alberta loans where "there are observable changes to the external economic environment that can meaningfully change the likelihood of scheduled repayment". As discussed above, the Company has a Collective Provision for Impairment in the period of $1.38M in response to a perceived increased risk to a certain vintage of the Company's Alberta borrowers. This is a reduction from $1.49M from the prior quarter in line with the principal reduction of the target loan vintage.

In the period, the Company increased its Specific Provision for Impairment of current loans by $0.37M for modified loans (loans for which the original terms of the contract have been changed). Loans that have been modified but are not in arrears, are deemed impaired until the borrowers' ability to maintain the modified contractual repayment has been re-established.

Net Income was positively impacted by a deferred tax recovery of $0.52M caused by an increase in the Alberta corporate tax rates that will apply when the accounting and tax timing differences on securitization transactions are realized. As the new rates were enacted by the government in the current quarter, the entire increased value of the opening deferred tax asset was recorded as part of the current quarter recovery. This resulted in the Company's effective tax rate for the current quarter to be reported as 3.89%, a decrease from 26.46% in the comparable quarter of the prior year. Without the effect of the onetime tax recovery, Net Income would have been at $1.48M and EPS reported of $0.070 in the quarter. The Company expects the effective tax rate to normalize over time.

The Company is experiencing aggressive competition in the non-prime auto sector. Rifco's main competitors are loosening documentation requirements, reducing underwriting standards and are pricing risk aggressively. The Company believes that some of the pricing witnessed may be unprofitable and ultimately unsustainable. Rifco management believes that its Credit Model will continue to produce sustainable loan performance results over normal economic cycles.

Rifco will continue to develop new initiatives that it expects to positively affect loan Originations while maintaining the Company's focus on loan credit quality. The Company's management is focused on returning its credit performance to previous levels. Predictable credit performance is imperative to achieving the Company's long term vision of $500M in annual loan Originations.

Rifco is in regular contact with all of its funders and remains optimistic regarding the availability of increasing amounts of Bank Borrowing and Securitized Facilities as needed.

Key Period-to-Date Performance Measurement

Please note the Company results as reported against the specific objectives press released on June 11, 2015.

1. Achieve loan Originations between $100M - $120M
Loan Originations for the first three months reached $22.30M. **Progress to target 22%.**

2. Achieve Finance Receivables between $225M - $260M
Finance Receivables for the first three months are $241.42M. **On target.**

3. Achieve revenue of between $38M - $42M
Revenue for the first three months totalled $9.92M. **Progress to target 26%.**

4. Achieve Credit Loss Rate between 4.50% - 4.75%
Year to date annualized Credit Loss Rate of 3.71%. **On Target.**

5. Achieve earnings per share of $0.30 - $0.35.
Earnings per share for the first three months are $0.094. **Progress to target 31%.**

It's about time.

Rifco today filed its quarterly financial statements and management discussion and analysis for the period ended June 30, 2015. The previously released financial statements and the related management's discussion and analysis can be viewed at www.sedar.com or at www.rifco.net.

First quarter comparative results

Statements of income	June 30, 2015	June 30, 2014
($, 000's, except per share and share count)		
Financial revenue		
Interest and fee income	9,921	8,856
Financial expenses		
Interest Expenses	2,580	2,382
Net financial income before Provision for Impairment	7,341	6,474
Provision for Impairment and Credit Losses	2,670	2,556
Net financial income before operating expenses	4,671	3,918
Operating expenses	2,588	2,055
Net Income before taxes	2,083	1,863
Income tax expense	81	493
Net Income	**2,002**	**1,370**
Weighted average number of outstanding shares at period end	21,298,363	21,027,483
Fully Diluted Basis	21,512,924	21,641,737
Net Income per common share		
Basic	$0.094	$0.065
Diluted	$0.093	$0.063

Rifco's Annual Shareholders meeting will be held on September 3, 2015 at 3:00PM at the Radisson Hotel, 6500 - 67th Street, Red Deer, Alberta. We look forward to meeting with our shareholders and interested parties to detail the 2015 results and share our vision for the future.

It's about time.

About Rifco

Rifco Inc. operates through its wholly owned subsidiary Rifco National Auto Finance Corporation in order 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 Fast Forward 500 Club status for its loyal dealerships.

Rifco is committed to continuing growth. Key strategies for achieving this growth include the expansion of its automobile dealer base and 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 21.35 million shares (basic) outstanding and 22.70 million (fully diluted) shares.

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