Rifco Reports Third Quarter Results 2016

Red Deer, Alberta. February 11, 2016; Rifco Inc. (TSXV: RFC) is pleased to announce its third quarter results for the period ended December 31, 2015 for its wholly owned subsidiary Rifco National Auto Finance.

Quarterly Results

The Company is reporting Net Income of $0.75M, a decrease of $0.06M from the comparable quarter of $0.81M. Rifco reported earnings per share (EPS) in the period of $0.035, a decrease from $0.038 from the comparable quarter. Rifco is reporting its 27th consecutive profitable quarter. The retention of Net Income has improved the Company's leverage ratios to record lows.

The Company posted Originations of $21.98M down from $24.05M, a 9% decrease, from the preceding quarter and down 43% from $38.51M in the same quarter of prior year. Management anticipates that it will not be able to achieve its annual Origination target this year.

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.

The Delinquency Rate increased to 5.86% compared to 5.21% in the same quarter of the prior year and increased 0.65% from 5.21% in the preceding quarter. The Delinquency Rate is currently higher than the Company's typical seasonal ranges of between 3.00% and 4.00%.

Operating Expenses increased to $2.69M from $2.22M from the comparable quarter and from $2.52M in the prior quarter. The Operating Expense Ratio increased to 4.68% compared to 4.29% in the prior quarter and 3.65% 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.

Credit Losses, including costs and net of recoveries, are $3.27M in the quarter, an increase from $3.02M in the prior quarter and $2.72M in the comparable quarter.

Rifco 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 management 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. The Company currently has over $141M in facility availability for deployment when the current lending environment improves.

Finance Receivables decreased in the quarter by 3% to $230.05M from $236.24M in the prior quarter and decreased 8% from $251.22M in the comparable quarter.

As a result of a continuing competitive environment in Rifco's lending niche, and the Company's focus on maintaining average credit quality, the Company experienced a reduction in the Net Portfolio Yield on new loans granted. The Net Portfolio Yield on average Finance Receivables has decreased to 16.00% from 16.20% in the prior quarter and from 16.95% in the comparable period.

Financial revenue has decreased by 4% to $9.20M from $9.54M in the prior quarter and decreased by 11% from $10.30M in the same quarter of the prior year.

Average Interest Expense decreased to 4.55% from 4.80% from the comparable quarter in the prior year and increased slightly from 4.54% in the prior quarter.

It's about time.

The Average (12 month rolling) Credit Loss Rate increased to 4.60% from 3.80% in the comparable quarter and has increased from 4.30% in the prior quarter. The Annualized Credit Loss Rate for the nine month period is 4.81%, an increase from 3.92% in the comparable period.

Currently 42% of Finance Receivables are located in Alberta a reduction from 47% one year ago. The Company continues to focus on greater diversification of new Originations. The Delinquency on Alberta Finance Receivables is higher than the national average. The overall Delinquency Rate at 5.86%, is largely due to this provincial weakness. The Company expects that, over time, the impact of Alberta's weak credit performance will diminish as the concentration of Alberta Finance Receivables declines and the Alberta economy stabilizes.

Unemployment rates in Alberta have recently increased. As a result, the Company previously 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." The Company has a Collective Provision for Impairment in the period of $1.24M in response to a perceived increased risk to a certain vintage of the Company's Alberta borrowers.

In the period, the Company decreased its Specific Provision for Impairment of modified loans to $0.68M (loans for which the original terms of the contract have been changed) from $0.92M in the prior quarter. The Company saw some modified loans meet a re-establishment standard in the quarter.

Key Period-to-Date Performance Measurement

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

Achieve Loan Originations between $100M - $120M
Loan Originations for the first nine months reached $68.33M. **Progress to target 68%.**

Achieve Finance Receivables between $225M - $260M
Finance Receivables for the first nine months are $230.05M. **On target.**

Achieve revenue of between $38M - $42M
Revenue for the first nine months totalled $28.66M. **Progress to target 75%.**

Achieve Credit Loss Rate between 4.50% - 4.75%
Year to date annualized Credit Loss Rate of 4.81%. **Above Target.**

Achieve earnings per share of $0.30 - $0.35.
Earnings per share for the first nine months are $0.171. **Progress to target 57%.**

Third quarter comparative results

Statements of income	**Three months ended December 31**		**Nine months ended December 31**	
	2015	**2014**	**2015**	**2014**
($, 000's, except per share and share count)				
Financial revenue				
Interest and other income	9,199	10,303	28,656	28,904
Financial expenses				
Interest expenses	2,426	2,761	7,475	7,723

It's about time.

Net financial income before Provision for Impairment	6,773	7,542	21,181	21,181
Provision for Impairment and Credit Losses	3,056	3,948	9,016	9,427
Net financial income before operating expenses	3,717	3,594	12,165	11,754
Operating expenses	2,692	2,222	7,804	6,378
Net Income before taxes	1,025	1,372	4,361	5,376
Net Income tax expense	272	560	716	1,619
Net income	**753**	**812**	**3,645**	**3,757**
Weighted average number of outstanding shares at period end	21,347,483	21,167,483	21,331,228	21,106,901
Fully Diluted Basis	21,476,027	21,680,770	21,515,916	21,690,284
Net earnings per common share				
Basic	$0.035	$0.038	$0.171	$0.178
Diluted	$0.035	$0.037	$0.169	$0.173

Rifco today filed its quarterly financial statements and management discussion and analysis for the period ended December 31, 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.

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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