Rifco Reports Fourth Quarter and March 31, 2016 Annual Results

Red Deer, Alberta. June 13, 2016; Rifco Inc. (TSXV: RFC) is announcing results for its wholly owned subsidiary Rifco National Auto Finance for the fourth quarter and the year ended March 31, 2016.

Annual Results

The Company is reporting Net Income of $4.55M, a decrease of $1.38M from the prior year's $5.93M. Rifco reported earnings per share (EPS) in the period of $0.213, a decrease from $0.281 from the prior year. Rifco is reporting its 10th consecutive profitable year in a challenging regional economic environment. The retention of these profits has reduced the Company's leverage ratios to record lows. Reducing leverage normally implies improving Company safety and strength.

In spite of the challenges of the Alberta economy Rifco is pleased to report that $5.04M was added to shareholders' equity in the year to $29.97M, a 20% increase.

Since the first quarter of this year, the Company has been reporting its Net Fair Value (NFV). This measure represents the estimated net worth of the Company by identifying value as reflected by the cash flow streams over the full life of the assets. The NFV is calculated by subtracting the fair value of all liabilities from the fair value of all assets. The NFV of the Company at year end is $79.65M, compared to $92.42M at the end of the prior year. When divided by the ending number of common shares, the Net Fair Value Per Share (NFVPS) is calculated at $3.73, compared to $4.35 in the prior year.

NFV is net of anticipated management and servicing expenses of Finance Receivables, Provision for Impairment, prepayment expenses, borrowing expenses, and fees to securitize.

Subsequent to our year end, 80,000 people were evacuated from the city of Fort McMurray Alberta due to a forest fire. Rifco has approximately 150 borrowers directly impacted by the evacuation. Rifco's servicing team has contacted each of our affected borrowers and has offered a grace period from required loan payments. This is a devastating time for the families of Fort McMurray. Fortunately, it appears that families will begin returning to the city in the coming weeks. Rifco will continue to be accommodative for our borrowers as is necessary.

The Delinquency Rate has reduced to 5.64% from 5.86% in the preceding quarter but increased from 5.11% in the prior year.

The current Delinquency Rate is higher than the Company's typical seasonal ranges of between 3.00% and 4.00% but management has observed improving trends in early stage Delinquency (11-30 days past due). A reduction in early stage Delinquency may be a leading indicator of a future reduction in the reported Delinquency (over 30 days past due) and the future Credit Loss Rate.

At year end, the Company saw a 27% reduction in loans reported as 11-30 days past due compared to the prior year end. In Q4, the Company saw a 22% reduction over the prior quarter.

The Company posted Originations of $88.44M a reduction from $145.78M, a 39% decrease from the prior year. Over the last year, the Company has originated an increasing percentage of Finance Receivables in its best performing credit tiers as compared to the prior year. As a result, the Net Portfolio Yield has decreased to 16.08% from 16.90% from the prior year. Over time, the results of this strategy may lead to reduced Delinquency Rates and Operating Expense Ratios.

Currently 40% of Finance Receivables are located in Alberta which is a reduction from 46% one year ago. The Company continues to focus on greater regional diversification of new Originations. The Delinquency on Alberta Finance Receivables is currently higher than the national average. The national Delinquency Rate at 5.64%, is due in part to this provincial weakness. Of the Alberta Finance Receivables, 50% were granted prior to Dec 31, 2014. 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 economy stabilizes.

Rifco is working actively to develop new initiatives that it expects to positively affect loan Originations in the coming year while maintaining the Company's focus on loan credit quality and preserving Net Portfolio Yields.

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. The Company currently has over $129M in facility availability for deployment as the current lending environment improves.

The Finance Receivables decreased by 10% to $223.22M from $247.11M from the prior year which resulted in total financial revenue decreasing by 4% to $37.39M from $39.00M in the prior year.

The Average (12 month rolling) Credit Loss Rate increased to 5.17% from 3.95% in the prior year.

Credit Losses, including costs and net of recoveries, are $12.10M, an increase from $9.29M in the prior year.

Unemployment rates in Alberta have increased during the year. As a result, in Q4 of the prior year, the Company commenced providing an 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 year of $1.10M, of which a portion is in response to a perceived increased risk to a certain vintage of the Company's Alberta borrowers.

In the year, the Company increased its Specific Provision for Impairment to $0.66M for modified loans (loans for which the original terms of the contract have been changed) from $0.05M in the prior year. 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. The Company has modified loans that regularly meet a re-establishment standard. Re-established modified loans may be subject to a Specific Provision for Impairment in the future if they become Delinquent.

The Average Interest Expense decreased to 4.56% from 4.74% from the comparable year.

Operating Expenses increased to $10.19M from $8.93M from the comparable year. The Operating Expense Ratio increased to 4.38% compared to 3.87% in the prior year. 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.

Since the first quarter of this year the Company has been reporting Modified Funds Flow from Operations that provides details on cash generation for the period excluding activities relating to Finance Receivables (principal) advanced and collected. This measure provides useful information as it is not directly impacted by fluctuation in the level of loan Originations.

Modified Funds Flowing from Operations represents implicit cash value to shareholders on a periodic basis. Modified Funds Flow from Operations decreased from $23.20M to $20.71M in the year. The Modified Funds Flow from Operations of $0.97 in the current year a decrease from $1.10 in the comparable period. EPS considers Provisions for Impairment and Losses which each affects the balance sheet, but not cash flow.

Management believes that ongoing infrastructure investments and benefits of increasing scale will ultimately result in improving operating efficiency. This will be reflected in continued improvement in Operating and Efficiency Ratios over time.

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 Annual Comparative Results

Statements of income	March 31, 2016	March 31, 2015
($, 000’s, except per share and share count)		
Financial revenue		
Interest and fee income	37,386	39,002
Financial expenses		
Interest expenses	9,823	10,415
Net financial income before provision for impairment	27,563	28,587
Provision for impairment and credit losses	11,672	11,505
Net financial income before operating expenses	15,891	17,082
Operating expenses	10,191	8,925
Income before taxes	5,700	8,157
Income tax expense	1,155	2,229
Net income	**4,545**	**5,928**
Weighted average number of outstanding shares at period end	21,335,270	21,125,291
Fully Diluted Basis	21,477,730	21,651,691
Net earnings per common share basic	$0.213	$0.281
diluted	$0.212	$0.274

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 year reached $88.44M. **Achieved 88% of the target. Target missed.**

2. **Achieve Finance Receivables between $225M - $260M**
   Finance Receivables for the year ended at $223.22M. **Target missed.**

3. **Achieve revenue of between $38M - $42M**
   Revenue for the year totalled $37.39M. **Achieved 98% of the target. Target missed.**

4. **Achieve Credit Loss Rate between 4.50% - 4.75%**
   Annualized Credit Loss Rate of 5.17%. **Target missed.**

5. **Achieve earnings per share of $0.30 - $0.35.**
   Earnings per share for the year are $0.213. **Target missed.**

Fourth Quarter Results

Net Income in the quarter decreased to $0.90M compared to $2.17M in the prior year, a 59% decrease. EPS decreased to $0.042 from $0.103 in the prior year. Rifco is reporting its 28th consecutive profitable quarter.

Rifco had Loan Originations in the quarter of $20.11M, compared to $21.76M in the prior year, an 8% decrease. This is also a decrease of 8% from originations of $21.98M in the prior quarter.

The Finance Receivables decreased by 3% to $223.22M from $230.05M in the preceding quarter.

Financial Revenue in the quarter was $8.73M, a 14% decrease over $10.10M in the comparable period. Financial Revenue decreased by 5% compared to the prior quarter on a $6.83M reduction in Finance Receivables.

Interest Expense in the quarter was $2.35M compared to $2.69M in the prior year and $2.43M in the prior quarter. The annual Interest Expense decreased to 4.22% from 4.51% as a percentage of average Finance Receivables in the prior year.

The Average Interest Expense as a percentage of average debt is also continuing to decline. The Average Interest Expense in the quarter decreased to 4.57% from 4.65% in the comparable period.

The Average (12 month rolling) Credit Loss Rate increased to 5.17% from 3.95% in the prior year. The Annualized Credit Loss Rate for the quarter was 6.32% an increase from 4.02% in the comparable quarter.

Credit Losses, including costs and net of recoveries, are $3.55M in the quarter, an increase from $2.50M over the comparable quarter. Credit Losses are currently higher than the Company's target loss range and management believes that in the upcoming quarters the Credit Loss Rate will be below the level reported in Q4.

The Delinquency Rate has reduced to 5.64% from 5.86% in the preceding quarter but management has observed improving trends in early stage Delinquency (11-30 days past due). A reduction in early stage Delinquency may be a leading indicator of a future reduction in the reported Delinquency (over 30 days past due) and the future Credit Loss Rate. In Q4, the Company saw a 22% reduction over the prior quarter.

Operating Expenses decreased to $2.39M from $2.55M compared to the prior year. The decrease is primarily related to reductions in training and recruitment costs and sales and marketing expenses.

The Operating Expenses also reduced by 11% from the $2.69M in the prior quarter. The Company is working to reduce operating expenses in all areas while maintaining operating efficiency.

Rifco Fourth Quarter Comparative Results

Statements of income	March 31, 2016	March 31, 2015
($, 000's, except per share and share count)		
Financial revenue		
Interest and fee income	8,730	10,098
Financial expenses		
Interest expenses	2,347	2,692
Net financial income before provision for impairment	6,383	7,406
Provision for impairment and credit losses	2,656	2,078
Net financial income before operating expenses	3,727	5,328

Operating expenses	2,387	2,547
Income before taxes	1,340	2,781
Income tax expense	439	610
Net income	**901**	**2,171**
Net earnings per common share basic	$0.042	$0.103
diluted	$0.042	$0.101

Rifco today filed its annual financial statements and management discussion and analysis for the year ended March 31, 2016. 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.

Rifco's Annual Shareholders meeting will be held on September 7, 2016 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 2016 results and share our vision for the future.

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 22.73 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