Rifco Acquires $25M Automobile Loan Portfolio

Red Deer, Alberta, June 4, 2018; Rifco Inc. (TSXV: RFC) ("Rifco" or the "Company") the largest publicly-traded alternative auto finance company in Canada, announced today that it has closed on an agreement to acquire a $25M loan portfolio (the "Portfolio") consisting of over 1,850 consumer automobile loans. The Portfolio is being acquired from a special purpose entity (the "Seller SPE"). The Portfolio was originated by a competing Canadian auto loan corporation, ("the Seller").

The Company is excited to announce that the addition of the Portfolio will increase Rifco's loan assets by over 10 percent. The favourable terms of the purchase mean that the Portfolio will be immediately accretive to Adjusted Net Income and Adjusted Net Income Per Share.

Rifco was selected from a qualified pool of bidders to acquire the Portfolio based on the strength of its bid, its ability to execute the transaction expeditiously, and its positive reputation. The acquisition price was calculated at closing based on a negotiated formula. Components considered in the formula included the outstanding balance of the Portfolio and the delinquency status of the individual loans.

Rifco has completed extensive due diligence on the Portfolio. Some of the individual loans are written at a deeper credit niche than Rifco's existing automobile loans. When adjusted for expected credit losses and servicing expenses, Rifco expects the Portfolio to provide positive cash flow, positive Adjusted Net Income and Adjusted Net Income Per Share.

The Portfolio has been performing consistently through the last year. The loans in the Portfolio have an average seasoning of 18 months and were primarily originated in B.C., Alberta, Saskatchewan, Manitoba, and Ontario. The average contractual interest rate of the Portfolio is 27%. The Portfolio generates positive returns and was offered for purchase in order to provide liquidity to the Seller.

Since April 30, 2018, Rifco has been servicing the loans, for a servicing fee, with amounts collected to the benefit of the Seller. The Company will continue to service the Portfolio subsequent to the Portfolio acquisition with no further disruption to the Portfolio borrowers and to its existing business.

As discussed in the notes to Rifco's most recent Condensed Consolidated Interim Financial Statements and associated Management's Discussion and Analysis, International Financial Reporting Standards ("IFRS") have recently been updated to reflect the new standard on loan loss provisioning ("IFRS 9"). Due to the introduction of IFRS 9, the Company will record a significant loan loss provision on the closing date of the transaction. This provision is taken independent of purchase price and will be equal to at least 12-months of expected losses for current and performing Portfolio loans. As such, the Company's net income will be negatively impacted by this non-cash charge. The impact will be reversed, over time, as the loans run off. Adjusted Net Income, which does not include non-cash provisions for future potential losses, is expected to be improved immediately and throughout the life of the Portfolio.

The purchase of the Portfolio will be financed, in part, with the proceeds of loans made by funds managed by Ares Management L.P. Rifco will also be contributing a minority portion of the capital required to fund the purchase. Some of Rifco's capital contribution has been achieved through the issuance of $4.5M of new subordinated debt. The new financing arrangements will not have an impact on the Company's existing credit lines or continuing business.

The Portfolio acquisition does not directly impact Rifco's ongoing loan originations process and, as such, will not contribute to future origination volume. The Portfolio will likely have a run off rate that is faster than Rifco's current assets.

About Rifco

Rifco Inc. is focused on being the best alternative auto finance through its wholly owned subsidiary Rifco National Auto Finance Corporation. Our mission is to help deserving Canadians own automobiles. Rifco is Canada's largest publicly traded alternative auto finance company.

Rifco seeks to create sustainable long-term competitive advantages through personalized partnerships with dealers, innovative products, the use of industry-leading data and analytics, and leading collections practices. Rifco's corporate culture fosters employees that are highly engaged, innovative, and performance driven.

It's about time.

Rifco is committed to creating value for all stakeholders through profitable growth and predictable credit performance, while pursuing its long-term vision of $500M in annual loan Originations.

The common shares of Rifco Inc. are traded on the TSX Venture Exchange under the symbol "RFC". There are 21.60 million shares (basic) outstanding and 23.23 million (fully diluted) shares.

About Ares Management

Ares Management, L.P. is a publicly traded, leading global alternative asset manager with approximately $112.5 billion of assets under management as of March 31, 2018 and 18 offices in the United States, Europe, Asia and Australia. Since its inception in 1997, Ares has adhered to a disciplined investment philosophy that focuses on delivering strong risk-adjusted investment returns throughout market cycles. Ares believes each of its three distinct but complementary investment groups in Credit, Private Equity and Real Estate is a market leader based on assets under management and investment performance. Ares was built upon the fundamental principle that each group benefits from being part of the greater whole. For more information, visit www.aresmgmt.com.

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Non-IFRS Measures

Throughout this Press Release, management uses terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Management believes that some non-IFRS measures are useful for investors to use to evaluate the performance of the Company without certain IFRS requirements that some investors may consider to be unrelated to the underlying economic performance of the Company. Specifically, management presents an Adjusted Net Income measure, along with related Adjusted Net Income per Share. These measures do not have any standardized meaning under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. A full description of these measures can be found in the management discussion and analysis that accompany the Company's financial statements for the period ended December 31, 2017.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words suggesting future events or future performance. In particular, this document contains forward-looking statements pertaining to, without limitation, the following: the projected performance of the acquired assets.

With respect to forward-looking statements contained in this document, we have made assumptions regarding, among other things: the expected loss rate and paydown rate of the acquired assets. In addition, many of the forward-looking statements contained in this document are located proximate to assumptions that are specific to those forward-looking statements, and such assumptions should be taken into account when reading such forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements.

The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, we do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.