Rifco Reports Second Quarter Results

Red Deer, Alberta. November 20, 2017; Rifco Inc. (TSX-V: RFC) is pleased to announce its consolidated second quarter results for the period ended September 30, 2017.

Second Quarter Highlights

- Finance Receivables increased to $235.3M from $221.6M in the comparable quarter
- Finance Receivables have increased in each of the last 4 quarters
- Originations increased by 17.1% to $27.8M from $23.7M in the comparable quarter
- Financial revenue increased 3.0% to $8.6M from $8.4M in the preceding quarter
- Financial revenue has increased in each of the last 2 quarters
- Operating expenses have decreased by 5.9% to $2.6M from $2.8M in the preceding quarter
- Launched Splash Auto Finance by Rifco

Quarterly Results

The Company posted Originations of $27.8M, a 17.1% increase from $23.7M in the comparable quarter and a 5.6% decrease from $29.4M in the preceding quarter. Originations were affected by growing new dealer enrollment and dealer graduations within Rifco's FF500 club dealer loyalty program. Originations of Loan Receivables have been appreciably higher in each of the six quarters since the recent low of $20.1M originated in the fourth quarter of fiscal year 2016.

Average Loan Receivables during the quarter increased 5.6% to $230.4M from $218.2M in the comparable quarter partly as a result of the increased originations. Average Loan Receivables increased 2.1% from $225.6M in the preceding quarter. Average Loan Receivables have now increased for the fourth quarter in row, from a recent low of $218.2M in the second quarter of fiscal year 2017 to $230.4M in the current quarter.

Total financial revenue increased by 1.8% to $8.6M from $8.5M in the comparable quarter as the decrease in Net Portfolio Yield was more than offset by an increase in Loan Receivables. Total financial revenue increased 3.0% from $8.4M in the preceding quarter. Total financial revenue has now increased in each of the past two quarters.

Net Portfolio Yield has increased by 13 basis points to 14.95% from 14.82% in the preceding quarter. However, this was a decrease of 55 basis points from 15.50% in the comparable quarter. Net Portfolio Yield has now increased in each of the past two quarters.

The Company is reporting Adjusted Net Income of $(0.12)M, a decrease of $0.87M from the comparable quarter's $0.75M and a decrease of $0.53M from $0.41M Adjusted Net Income in the preceding quarter. Adjusted Net Income removes the effect of the non-cash provisions on Net Income. Adjusted Net Income accounts for the actual Credit Losses incurred in the period and is the measure that management uses to evaluate the performance of Loan Receivables in the period as it removes the volatility associated with the effect of estimates and assumptions. Management believes that the usefulness of Adjusted Net Income will increase with the introduction of IFRS 9 in the next fiscal year.

The Company is reporting a Net Income of $0.24M, a decrease of 59.3% from the comparable quarter Net Income of $0.58M and an increase of $0.44M from $0.21M Net Loss in the preceding quarter.

Rifco reported earnings per share (EPS) in the period of $0.011, a decrease of 59.3% from the comparable quarter EPS $0.027 and an increase of $0.021 from the preceding quarters EPS of $(0.010).

It's about time.

The Financial Expense Ratio decreased 6 basis points to 4.10% compared to 4.16% in the comparable quarter. The Financial Expense Ratio increased 13 basis points from 3.97% in the preceding quarter. Unsecured Debentures reduced from $9.9M in the comparable quarter to $8.5M in the current quarter, a 13% decrease.

Credit Losses, including costs and net of recoveries, are $3.7M, an increase of 25% from $2.9M in the comparable quarter and an increase of 23% from $3.0M in the preceding quarter.

The Delinquency Rate increased by 85 basis points to 5.97% from 5.12% in the comparable quarter and an increase of 11 basis points from 5.86% in the preceding quarter. The Delinquency Rate is currently higher than the Company's typical seasonal ranges of between 4.00% and 5.00%.

The annualized Credit Loss Rate increased by 99 basis points to 6.34% from 5.35% in the comparable quarter, and by 106 basis points from 5.28% in the prior quarter.

During the recent economic challenges experienced since 2015 in energy producing regions of Canada, the Company had relaxed certain of the conditions for eligibility of loans to be modified. This had resulted in an abnormally high number of modified loans. More recently, as economic conditions across Canada improve, management has restored the conditions considered for a loan to be modified to stricter standards, and the ongoing number of loans being modified has returned to levels that the Company considers normal.

Operating Expenses increased by 15.7% to $2.6M from $2.3M compared to the same quarter in the prior year and an decrease of 5.9% from $2.8M in the prior quarter. The Operating Expense Ratio increased by 40 points to 4.53% compared to 4.13% in the comparable quarter.

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 $84.2M in facility availability for deployment. Subsequent to the end of the quarter, the Company renewed the $30M facility with a Canadian schedule 1 chartered bank.

Modified Funds Flow from Operations represents implicit cash value to shareholders on a periodic basis. Modified Funds Flow from Operations decreased to $1.0M from $2.0M in the comparable quarter. Modified Funds Flow from Operations of $0.05 per share in the current quarter, is a decrease from $0.09 per share in the comparable period. Modified Funds Flow per share decreased by $0.01 from $0.06 per share in the preceding quarter.

Net Fair Value Per Share (NFVS) represents the estimated net worth of the Company when the assets and liabilities of the Company are measured at fair value and the cash flow streams over the full life of the assets. The NFVS increased to $3.63 from $3.53 when compared to the same quarter in the prior year. The increase is attributable to fair value asset increase of $10.4M partially offset by an increase in the fair value of liabilities of $8.3M compared to the same quarter in the prior year. The difference between the fair value assets and liabilities reflects value creation beyond just Book Value Per Share.

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 increasing Net Portfolio Yields.

For some time, the Company has been experimenting with a deviation from its traditional dealer based indirect loan origination process. The experimentation involved consumer focused originations (direct to consumer). In the process, Rifco utilizes a variety of referral and advertising techniques to acquire consumer loan applications. The Company interacts directly with the consumer in order to complete the credit application and credit adjudication processes. Once the application is approved, the Company looks to one of its trusted dealers in order to fulfil the vehicle delivery process to the consumer. In order to assist in the promotion of this loan application channel, the Company has branded the process "Splash Auto Finance by Rifco". The Company is optimistic enough to warrant measured expenditures in the Splash channel. However, at this early stage, the quantity of loans originated through Splash is not yet material.

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 Quarterly Comparative Results

Statements of Income	**Three months ended September 30**		**Six months ended September 30**	
	2017	**2016**	**2017**	**2016**
($,000's, except per share)				
Financial revenue				
Interest and fee income	8,607	8,456	16,965	16,885
Financial expenses				
Interest expenses	2,364	2,268	4,602	4,619
Net financial income before Impairment and Credit Losses	6,243	6,188	12,363	12,266
Total Credit Losses	3,651	2,917	6,629	5,416
Adjusted Net Financial Income Before Operating Expenses	2,592	3,271	5,734	6,850
Operating expenses	2,608	2,254	5,379	4,710
Adjusted Income (loss) Before Taxes	(16)	1,017	355	2,140
Income tax expense	105	267	66	666
Adjusted Total Comprehensive Income (loss)	**(121)**	**750**	**259**	**1,474**
Increase (decrease) in Provision for Impairment	(359)	166	256	(61)
Total comprehensive income	**238**	**584**	**33**	**1,535**
Weighted average number of shares outstanding	21,597	21,572	21,597	21,465
Weighted average number of shares outstanding for use in determining diluted income per share	21,603	21,584	21,604	21,507
Adjusted Net Income Per Common Share				
Basic	($0.006)	$0.035	$0.013	$0.068
Diluted	($0.006)	$0.035	$0.013	$0.068
Net income per common share				
Basic	$0.011	$0.027	$0.002	$0.072
Diluted	$0.011	$0.027	$0.002	$0.071

Key Period-to-Date Performance as Measured Against Annual Targets

Please note the Company results as reported against the specific fiscal year 2018 objectives released with the 2017 Annual Report:

1. **Achieve Loan Originations between $110M - $130M**
   Loan Originations for the first six months reached $57.2M. **Progress to target 52%.**

2. **Achieve Finance Receivables between $240M - $260M**
   Finance Receivables at September 30, 2017 are $235.3M. **98% of target.**

3. **Achieve financial revenue of between $35M - $37M**
   Revenue for the first six months reached $17.0M. **Progress to target 48.5%.**

4. **Achieve Credit Loss Rate between 4.50% - 5.00%**
   Year to date annualized Credit Loss Rate of 5.82%. **Behind target.**

5. **Achieve earnings per share of $0.10 - $0.15**
   Earnings per share for the first six months are $0.002. **$0.10 from target.**

Rifco, today, filed its quarterly financial statements and management discussion and analysis for the period ended September 30, 2017. 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.

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 sub-totals and ratios. 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 financial statements for the period ended September 30, 2017.

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 21.60 million shares (basic) outstanding and 23.13 million (fully diluted) shares.

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It's about time.