

## Rifco Reports Second Quarter Results

Red Deer, Alberta, November 21, 2019: Rifco Inc. (TSXV: RFC) (“Rifco” or the “Company”) the largest publicly-traded alternative auto finance company in Canada, is pleased to announce its consolidated second quarter results for the period ended September 30, 2019.

### Second Quarter Highlights

Rifco is dedicated to building the best auto finance company in Canada. The Company is committed to achieving this goal through improved data and analytics and industry-leading software and people.

- Rifco’s new custom credit model and loan origination system projects are implemented and are beginning to deliver results. Supplemental opportunities for augmentation of these systems are being identified and exploited. These opportunities will further improve efficiency, consistency, scalability, risk identification, and price optimization.
- Originations for the year to date increased 26.7% from \$45.1M in the comparable period to \$57.2M. The current quarter originations of \$27.3M are an increase of 41.7% when compared to the comparable quarter.
- Credit Spread Rate for the year to date increased by 8bps from 10.30% to 10.38% when compared to the comparable period.
- Adjusted Income Before Taxes for the year to date increased by \$0.5M to \$0.7M in comparison to the comparable period.
- Operating expenses for the year to date declined by 12.9% to \$5.4M from \$6.2M when compared to the comparable period. Operating expenses declined 19.7% to \$2.6M when compared to the comparable quarter.

### Rifco Quarterly Comparative Results

	<b>Current Quarter 3 Months Ended September 30, 2019</b>		<b>Prior Quarter 3 Months Ended June 30, 2019</b>		<b>Comparable Quarter 3 Months Ended September 30, 2018</b>	
<b>Statements of income</b>						
(\$, 000’s, except per share, % of average loan receivables)						
Average loan receivables for the period	226,248		224,553		244,613	
Financial revenue	9,926	17.56%	9,885	17.60%	10,947	17.90%
Credit losses	4,372	7.72%	3,729	6.64%	3,961	6.48%
<b>Credit Spread</b>	<b>5,554</b>	<b>9.84%</b>	<b>6,156</b>	<b>10.96%</b>	<b>6,986</b>	<b>11.42%</b>
Financial expenses	2,814	4.96%	2,827	5.04%	3,074	5.03%
<b>Adjusted Net Financial Income before Operating Expenses</b>	<b>2,740</b>	<b>4.88%</b>	<b>3,329</b>	<b>5.92%</b>	<b>3,912</b>	<b>6.39%</b>
Operating expenses	2,633	4.64%	2,775	4.96%	3,275	5.36%
<b>Adjusted Income Before Taxes</b>	<b>107</b>	<b>0.24%</b>	<b>554</b>	<b>0.96%</b>	<b>637</b>	<b>1.03%</b>
Income tax recovery (expense)	55	0.08%	38	0.08%	(1,395)	(2.28%)
<b>Adjusted Net Income (Loss)</b>	<b>162</b>	<b>0.32%</b>	<b>592</b>	<b>1.04%</b>	<b>(758)</b>	<b>(1.25%)</b>
Increase in Provision for Impairment	599	1.04%	192	0.36%	112	0.18%
<b>Net income (loss)</b>	<b>(437)</b>	<b>(0.72%)</b>	<b>400</b>	<b>0.68%</b>	<b>(870)</b>	<b>(1.43%)</b>

Weighted average number of outstanding shares at period end	21,597	21,597	21,597
Fully diluted basis	21,597	21,597	21,597
Adjusted Net Income (Loss) per common share basic	\$0.007	\$0.027	\$(0.035)
Diluted	\$0.007	\$0.027	\$(0.035)
Net earnings per common share basic	\$(0.020)	\$0.019	\$(0.040)
Diluted	\$(0.020)	\$0.019	\$(0.040)

The Company posted Originations for the year to date of \$57.2M, a 26.7% increase from \$45.1M in the prior year to date. Originations of \$27.3M for the current quarter are an increase of 41.7% from the comparable quarter and an 8.3% decrease from the preceding quarter.

Adjusted Income Before Taxes for the year to date of \$0.7M is \$0.5M higher than the prior year to date. Adjusted Income Before Taxes in the quarter was \$0.1M, a decrease of \$0.5M from the comparable quarter. Adjusted Income Before Taxes removes the effect of the non-cash provisions on net income before tax. Adjusted Income Before Taxes accounts for the actual credit losses incurred in the period and is the measure that management uses to evaluate the performance of the Company in the period as it removes the volatility associated with the effect of estimates and assumptions. Net loss before tax for the year to date improved by \$2.0M to \$0.1M from a net loss before tax of \$2.1M in the prior year to date. Net loss before tax for the quarter of \$0.5M was \$1.0M lower than the comparable period.

Credit Spread is the most important measure used by management to evaluate the performance of the loan receivables over a period. Credit Spread declined by 4.4% from \$12.2M in the comparable year to date to \$11.7M in the current year to date. Credit Spread for the quarter declined by 20.5% from the comparable quarter to \$5.6M. The Credit Spread Rate increased by 8 basis points from 10.30% in the comparable year to date to 10.38% in the current year to date. The Credit Spread Rate during the quarter declined by 160 basis points over the comparable quarter and by 112 basis points over the preceding quarter. This recent overall Credit Spread Rate decline is being temporarily impacted as the portfolio of loans purchased in June 2018 rapidly pays down. This portfolio has an exceptionally large Credit Spread Rate due to the very favourable purchase price paid. Management continues to originate a portfolio of loans that generates a significantly larger Credit Spread Rate than historical results suggest.

Total financial revenue year to date decreased 5.5% to \$19.8M from \$21.0M in the prior year to date due to the relatively faster run off rate of the portfolio of assets acquired in June 2018. Total financial revenue declined by 9.3% to \$9.9M from \$11.0M in the comparable quarter and increased by 0.4% from the preceding quarter.

Loan receivables increased by \$0.8M from \$224.4M at March 31, 2019 to \$225.2M at current quarter end. Strong originations during the quarter led to a 0.8% increase in average loan receivables from the preceding quarter. Average loan receivables during the quarter decreased 7.5% to \$226.6M from \$244.6M in the comparable quarter, which included \$24.8M of assets from an acquired portfolio.

The Financial Expense Ratio increased year to date by 8 basis points to 5.00% from 4.92% in the prior year to date. The Financial Expense Ratio decreased by 7 basis points to 4.96% from 5.03% in the comparable quarter. The Financial Expense Ratio decreased 8 basis points from 5.04% in the preceding quarter.

Credit losses, including costs and net of recoveries, for the year to date decreased by 7.0% from \$8.7M in the prior year to date to \$8.1M in the current period. Credit losses, including costs and net of recoveries, for the quarter increased by 10.4% to \$4.4M from \$4.0M in the comparable quarter. The annualized Credit Loss Rate for the year to date decreased by 12 basis points to 7.20% from 7.32% in the prior year to date. The annualized Credit Loss Rate for the quarter increased by 124 basis points to 7.72% from 6.48% in the comparable quarter.

The Delinquency Rate increased by 69 basis points to 6.15% from 5.46% at the beginning of the year. The Delinquency Rate increased 96 basis points over the comparable quarter.

Operating expenses continue to decline, both the dollars and as a ratio of average loan receivables. Operating expenses year to date decreased by 12.9% to \$5.4M from \$6.2M in the prior year to date. Operating expenses during the quarter decreased

19.7% to \$2.6M from \$3.3M in the comparable quarter. The Operating Expense Ratio decreased by 6 basis points to 4.96% compared to 5.02% in the comparable quarter. The Operating Expense Ratio decreased 42 basis points year to date to 4.80% from 5.22% in the prior year to date. The Operating Expense Ratio decreased 72 basis points during the quarter to 4.64% from 5.36% 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 \$70.9M in facility availability for deployment.

The Company's management is focused on improving its credit performance. Predictable credit performance is imperative to achieving the Company's long-term vision of \$500M in annual loan Originations.

Rifco, today, filed its quarterly financial statements and management discussion and analysis for the period ended September 30, 2019. The previously released financial statements and the related management's discussion and analysis can be viewed at [www.sedar.com](http://www.sedar.com) or at [www.rifco.net](http://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. Management uses these non-IFRS measures to evaluate the 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 June 30, 2019.

### **About Rifco**

Rifco Inc. is focused on being the best alternative auto finance company 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.

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 23.22 million (fully diluted) shares.**

#### **CONTACT:**

Rifco Inc.  
Warren Van Orman  
Vice President and Chief Financial Officer  
Telephone: 1-403-314-1288 Ext 7007  
Fax: 1-403-314-1132  
Email: [vanorman@rifco.net](mailto:vanorman@rifco.net)  
Website: [www.rifco.net](http://www.rifco.net)

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