

RIFCO PROVIDES A CORPORATE UPDATE

RED DEER, ALBERTA – (Newsfile Corp. - October 13, 2020) – Rifco Inc. (TSXV: RFC) ("Rifco" or the "Company") would like to provide the following information as a form of corporate update.

- Rifco's profitability is generating significant shareholder value, including \$2.2M in net income in the quarter ending June 2020.
- Rifco's financial position is exceptionally strong with \$1.77 per share of adjusted book value, and attractive, flexible, long term funding relationships in place.
- Rifco's industry leading achievements in advanced decision making and loan applications processing automation provides for competitive advantages.
- During this COVID-19 period, Rifco has remained operational, and its loan portfolio has performed exceedingly well.
- Rifco is in an enviable position, able to pursue strategic and shareholder-friendly capital allocation initiatives.

Shareholder Value

Recent investments and significant efforts are resulting in meaningful improvements in shareholder value – including a return to meaningful profitability.

- Generated net income of \$2.2M (\$0.10/share) for the quarter ended June 30, 2020.
- The Custom Credit Model, along with improvements in loan servicing and collections functions are driving meaningful improvements in finance receivable credit performance and profitability.
- The Credit Spread Rate (finance yield less credit losses) has improved from a low of 8.98% for the quarter ending June 2018 to 11.28% for the quarter ending June 2020.
- Generated a 25% year-over-year increase in originations for the year ended March 31, 2020, making it the 3rd largest origination year in the history of Rifco (prior to the impacts of the lockdowns associated with the COVID-19 Pandemic).

Financial Position

The operational improvements that the Company continues to pursue are supported by an extraordinarily strong financial position:

- Adjusted Book value per share at a record of \$1.77 as of June 30, 2020 (and climbing).
- Five credit and securitization facilities with a combined approved and authorized funding capacity exceeding \$100M*.
- Rifco's three core securitization facilities have been in place for between 10 and 15 years each, with an uninterrupted history of successful annual renewals, reviews, and increases. Our current cost of borrowing remains competitive and consistent.
- Each securitization facility has successfully advanced new capital, associated with individual tranches of finance receivables, since May 2020.



- Although certain other lease or finance companies have required relief, and some of our current providers offered relief, at no time did Rifco need, request, nor receive any payment relief from any of our credit or securitization facilities.
- In this year, Rifco completed a treasury reorganization resulting in improved cost of funds, improved liquidity, and optimized lender covenants providing for increased overall financial flexibility.
- Successfully settled a lawsuit resulting from an incomplete sale processes resulting in receipt of \$1.5M settlement payment.

* As a reminder, each annual period, upon successful renewal, a new allotment is provided from two of our securitizers while the other is a revolving facility.

Data and Analytics

Since the 2018 Annual Shareholders meeting, when the company announced that it was refocusing its priorities to data and analytics, considerable progress has been made in developing advanced decision making and automation. Rifco's industry leading achievements in advanced decision making and loan applications processing automation provides for competitive advantages.

- Hiring of a big 5 bank trained data and analytics focused credit officer (Nov 2017)
- Implementation of a new loan origination platform (Feb 2018)
- Launch of Data Warehouse and Business Intelligence platform (June 2018)
- Launch of advanced and automated pricing model (August 2018)
- New Credit Scorecard with Equifax trended attributes (November 2018)
- Started limited auto adjudication of loan applications (August 2018)
- Grown automated adjudication of 85% of incoming loan applications (June 2020)
- Auto import of borrower income data into the loan origination software via bank records (April 2020 now 45% of applications and growing)
- Automated servicing phone call transcription and call scoring to improve quality and compliance (August 2020)

Further development initiatives are on the roadmap for the coming quarters.

COVID-19 Response

Rifco's initiatives in dealing with the economic shock of COVID-19 has produced excellent results.

- Rifco remained open for originations and for loan servicing each business day.
- COVID-19 Loan payment deferrals peaked at 10.9% of payments in April 2020. COVID-19 based payment deferrals expired in July 2020 and borrowers have been on normal schedule since then. Loan delinquency rates remain better than in comparable years and credit performance is still very strong.
- For defaulted loans, as is typical, Rifco was able to recover and remarket vehicle collateral in each month since the pandemic began having economic effects. Recovery rates were never meaningfully different than historic industry averages.
- The company took a cautious approach toward originations during the economic shock. It continues to take a measured approach toward applications from borrowers working in 'at risk' industries.
- Rifco implemented appropriate procedures to ensure the safety of its employees through a combination of work from home, reduced workplace density, and other strategies as recommended by health officials.



Opportunities

Operational excellence, a strong balance sheet and ample committed funding relationships put the company in a superior position to examine a range of important strategic opportunities:

- Backup and replacement servicer engagements
- Finance receivables portfolio purchases
- Company acquisitions
- Pursue further data and analytics projects toward better decision making and automation.
- Re-establish loan origination growth trajectory.
- Shareholder friendly capital allocation initiatives.

The Board and Management are focused on growth, profitability, and high returns. Now, more than ever, we are ready and capable to deliver with a tested and proven platform.

About Rifco Inc.

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 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.

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 23.17 million (fully diluted) shares.

Caution Regarding Forward-Looking Information

This press release may contain forward-looking statements with respect to the Company, its products and operations. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the Company discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to the following: the future plans of Rifco.

Although the forward-looking statements contained in this news release are based upon factors and assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, the purported termination of the Arrangement Agreement, future impacts of the pandemic on the Company's business, competition, changes in government regulations,



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and the factors described under "Risk Factors" in the Management's Discussion and Analysis of the Company and the Circular, both of which are incorporated by reference herein and are available at www.sedar.com.

The cautionary statements qualify all forward-looking statements attributable to the Company and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the Company has no obligation to update such statements other than in accordance with applicable securities laws.

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.

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It's about time.
