

### What is RIFCO and what do we do?

RIFCO has granted over \$135 million in loans since inception in 2002 and is one of Canada's fastest growing vehicle finance companies. RIFCO's niche is granting high yield/non-traditional auto loans that are originated through a growing network of selected new & used vehicle dealers in eight provinces.

### What is RIFCO's business model?

RIFCO vehicle loans have an average yield of 20% with credit losses of 5.0%. Loans are granted to average people who cannot obtain a traditional vehicle loan. This is currently 35%\* of Canadians. We expect the recession will increase the percentage of Canadians with a credit event. RIFCO originates loans then charges interest or sells these very valuable loans for profit. Including the 2010 year, RIFCO will have been profitable for 4 consecutive years.

### What is RIFCO's credit model and operating performance?

RIFCO weathered the recession along with the preceding credit crunch. This combination of events provided a "real life" stress test on RIFCO's credit model and funding relationships. RIFCO passed the test! RIFCO is very efficient at managing loans. RIFCO has grown very efficiently and this will continue as we enter a rapid growth phase.

(000's)	2005	2006	2007	2008	2009	Q3-10
<b>Managed Finance Receivables</b>	9,005	13,785	21,919	30,169	50,573	55,646
<b>Operating Expenses</b>	1,219	1,918	2,166	2,389	2,584	1,976

(000's)	2005	2006	2007	2008	2009	Q3-10
<b>Revenue</b>	3,818	3,878	6,514	7,605	13,592	9,308
<b>Net Income (Loss)</b>	336	(245)	680	540	1,416	546
<b>ROE</b>	19.4%	-6.3%	14.8%	8.5%	18.1%	6.3%

### How attractive is the market?

The non-traditional auto loan market in Canada is estimated to be \$4B per year. The market is ripe for RIFCO to make significant inroads. In recent years the competitive landscape has changed dramatically. The traditional lending market is dominated by RBC, TD Bank, BNS and BMO along with the finance divisions of the manufacturers. The changes have occurred in the non-traditional area and up until recently RIFCO competed directly with VFC, Travelers, Americredit, Wells Fargo and HSBC. Then VFC was bought by TD Bank and BNS purchased Travelers. We like competing with big banks rather than private entrepreneurs. Banks leave lots of good business that does not fit in their credit box. Then with the arrival of the credit crunch all the international competitors discontinued all Canadian auto finance divisions namely, Americredit, Wells Fargo and HSBC. Three out of five ...Gone! That just leaves RIFCO and two big banks with more business than they can handle or want. That being said, we are up to the

challenge and will be doubling our sales force in the coming months. Our Message... we are not a big BANK and we are Better, Smarter and Faster!

### **How is RIFCO Funded?**

RIFCO has the confidence of its funders! The Company builds up loans using a combination of senior debt (BMO - \$9.5M), subordinated debt (Private - \$6.5M) and equity (\$9.1M). RIFCO then has the option to sell loans into one of two securitization facilities totaling \$60M per year. At Dec 31, 2009, the unused portion in the securitization facilities was still \$45M.

### **What could the future look like for RIFCO within 3 years?**

- We could have annual loan originations over \$100M per year
- We could have increased revenue by over 300%
- We could have tripled our EPS
- We could have a consistent ROE of over 20%
- We could have a loan origination platform that is coveted by other lenders and banks.

### **What is the loan origination platform worth?**

A deposit taking institution with an institutional cost of capital will place a very high value on the platform for its ability to generate in excess of \$100M per year in superior performing auto loans with a 20% yield.

This is what attracted TD bank to buy VFC and BNS to buy Travelers. It is also what attracted CWB to recently buy National Leasing and it will be what attracts institutions to covet RIFCO. As institutions recover from the credit crunch their eyes will turn to yield opportunities such as RIFCO.

RIFCO will keep growing in value!

### **Capital Structure (as at Dec 31, 2009)**

Symbol: RFC on TSX Venture

Trading: \$0.32 - \$0.44 Range

52 Week Range: \$0.32 - \$0.52

Total Shares: 19.2M

Fully Diluted: 20.8M

Management and directors: 4.0M (21%)

Fully Diluted: 5.3M (26%)

Other Insiders: 3.3M (17%)

Fully Diluted: 3.3M (16%)

For additional information contact:

Lance A. Kadatz, VP and CFO

Phone: 403-314-1214 (EXT. 111) Fax: 403-314-1132

Email: [kadatz@rifco.net](mailto:kadatz@rifco.net) [www.rifco.net](http://www.rifco.net)

This document contains forward-looking statements, including in particular, statements about RIFCO's plans, strategies and prospects. These have been based on the Company's current assumptions, expectations and projections about future events. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company can give no assurance that these expectations will prove to be correct or that results anticipated in the forward-looking statements will be achieved. These forward-looking statements include risks and uncertainties. These risks and uncertainties include, among other things, market conditions, industry uncertainty and other factors.

\*Source: Equifax Consumer Services & Informa Research Services Inc.