

For Immediate Release – November 10, 2009

Carfinco Income Fund
TSX: CFN.UN

Carfinco Announces Record Revenue and Net Earnings for Third Quarter 2009

EDMONTON, ALBERTA /CNW/ - Carfinco Income Fund, Canada's leading automotive specialty finance income fund, today announced its results for the third quarter of 2009.

We are pleased to report that Carfinco has successfully achieved a number of financial milestones during the third quarter of 2009. The Fund recorded the highest finance receivables, revenue, and net earnings and also matched its highest earnings per unit in its history.

Beginning as early as Q4 2007, and through to Q1 2009 Carfinco endured what we, and many others, refer to as the "perfect storm." There were unprecedented meltdowns in the credit market and automotive industry, fuel prices were at an all time high, auction values on used vehicles were at historical lows and the unemployment rate in Canada was rising. All of these factors contributed to higher delinquencies and increased charge offs in the Fund's loan portfolio, forcing Management and the Board of Trustees to take necessary measures to weather the storm. During 2008, distributions to Unitholders were halted, credit policies were tightened, portfolio growth was curtailed, allowances for future credit losses were significantly increased and the Fund focused on improving the delinquencies and losses with experienced personnel and the implementation of technology.

The Fund has emerged from this period stronger than ever. During the third quarter of 2009 revenues were a record \$8.6 million compared to \$8.3 million in the same period last year. Net earnings were a record \$2.2 million, an increase of \$1.5 million over the \$0.7 million recorded during the same period last year. Earnings of \$0.09 per unit represent a 200% increase over the \$0.03 earnings per unit recorded for the third quarter of last year.

Our balance sheet continues to be strong with an allowance for credit losses of \$12.4 million and a dealer reserve of \$4.5 million making our total reserves \$16.9 million, an increase of \$2.9 million from the \$14.0 million recorded a year ago. As at September 30, the amount over 30 days delinquent has decreased to 4.5% of the finance receivables for the third quarter of 2009 from 6.4% for the third quarter of 2008; a significant improvement.

Loan originations for the third quarter were \$18.0 million, an increase of 16.9% and 7.9% over the first and second quarters respectively, and a modest increase from the \$17.9 million recorded for the third quarter of 2008. The majority of new loans originated utilize the GPS and "Starter Interrupt" technology mentioned in previous reports.

As of September 30, finance receivables were \$111.5 million versus \$108.6 million one year ago. Emphasis is now being placed on increasing the growth of the finance receivables, in a prudent and controlled manner without compromising the credit policies implemented in 2008.

For the first nine months of 2009 revenues were \$24.8 million compared to \$23.8 million last year, an increase of 3.9%. Net earnings for the first nine months were \$4.7 million, or 20 cents per unit, an increase of \$6.1 million, or 26 cents per unit, from the net loss of \$1.4 million for the same time frame in 2008.

During the third quarter the Board of Trustees reinstated monthly cash distributions to Unitholders, announcing a 1.5 cent distribution per unit to Unitholders for August. Subsequently, 1.5 cent monthly distributions were also announced for the months of September and October.

We remain cautiously optimistic for continued steady improvement in our business throughout the balance of the year and confident in the effort, expertise, and dedication of our employees.

About Carfinco Income Fund

Carfinco focuses on providing consumer vehicle loans to borrowers unable to obtain financing through traditional lending sources. A network of select independent and franchise dealerships offer Carfinco's payment plan to their customers who must, along with the vehicle, meet Carfinco's underwriting guidelines. The units of the Fund trade on The Toronto Stock Exchange under the symbol "CFN.UN".

Caution Regarding Forward-Looking Statements - This news release contains certain forward-looking statements, including statements regarding the business and anticipated financial performance of the Fund. These statements are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements.

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Carfinco Income Fund
Consolidated Balance Sheets

	<u>September 30, 2009</u> (unaudited)	<u>December 31, 2008</u> (audited)
Assets		
Finance receivables	\$ 111,507,669	\$ 108,016,961
Allowance for credit losses	(12,400,000)	(12,190,000)
Dealer reserve	<u>(4,461,555)</u>	<u>(2,454,715)</u>
Finance receivables - net	<u>94,646,114</u>	<u>93,372,246</u>
Cash	702,701	29,162
Other assets	611,330	633,178
Equipment	<u>391,544</u>	<u>456,841</u>
	<u>1,705,575</u>	<u>1,119,181</u>
	<u>\$ 96,351,689</u>	<u>\$ 94,491,427</u>
Liabilities		
Bank credit facility	\$ 66,054,052	\$ 67,878,411
Accounts payable and accrued liabilities	857,793	502,989
Deferred dealer obligation	1,711,879	1,604,385
Derivatives	1,277,811	1,983,486
Long term debt	<u>2,143,000</u>	<u>2,300,000</u>
	<u>72,044,535</u>	<u>74,269,271</u>
Unitholders' Equity		
Unitholders' capital	29,635,129	29,583,463
Deficit	<u>(5,327,975)</u>	<u>(9,361,307)</u>
	<u>24,307,154</u>	<u>20,222,156</u>
	<u>\$ 96,351,689</u>	<u>\$ 94,491,427</u>

Carfinco Income Fund
 Consolidated Statements of Earnings (Loss), Comprehensive Income and Deficit

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2009 (unaudited)	2008 (unaudited)	2009 (unaudited)	2008 (unaudited)
Financial revenue				
Interest	\$ 8,004,958	\$ 7,840,568	\$ 23,199,783	\$ 22,364,330
Administration fees	<u>596,311</u>	<u>497,071</u>	<u>1,570,842</u>	<u>1,477,109</u>
	8,601,269	8,337,639	24,770,625	23,841,439
Financial expense				
Interest	<u>1,012,678</u>	<u>1,255,588</u>	<u>3,212,465</u>	<u>3,511,238</u>
Net financial income before provision for credit losses	7,588,591	7,082,051	21,558,160	20,330,201
Provision for credit losses	<u>3,073,993</u>	<u>3,824,534</u>	<u>10,075,004</u>	<u>14,161,226</u>
Net financial income before operating expenses	<u>4,514,598</u>	<u>3,257,517</u>	<u>11,483,156</u>	<u>6,168,975</u>
Operating expenses				
General and administrative	2,475,160	2,330,486	7,316,797	7,060,934
(Gain) loss on derivatives	(195,777)	203,749	(705,675)	443,548
Amortization of equipment	<u>49,366</u>	<u>33,534</u>	<u>138,685</u>	<u>91,938</u>
	<u>2,328,749</u>	<u>2,567,769</u>	<u>6,749,807</u>	<u>7,596,420</u>
Net earnings (loss) and comprehensive income (loss)	<u>\$ 2,185,849</u>	<u>\$ 689,748</u>	<u>\$ 4,733,349</u>	<u>\$ (1,427,445)</u>
Deficit, beginning of period	\$ (6,813,807)	\$ (9,490,937)	\$ (9,361,307)	\$ (5,483,698)
Net earnings (loss)	2,185,849	689,748	4,733,349	(1,427,445)
Cash distributions on fund unit equity	<u>(700,017)</u>	<u>-</u>	<u>(700,017)</u>	<u>(1,890,046)</u>
Deficit, end of period	<u>\$ (5,327,975)</u>	<u>\$ (8,801,189)</u>	<u>\$ (5,327,975)</u>	<u>\$ (8,801,189)</u>
Earnings (loss) per fund unit				
Basic and diluted	<u>\$ 0.09</u>	<u>\$ 0.03</u>	<u>\$ 0.20</u>	<u>\$ (0.06)</u>

Carfinco Income Fund
Consolidated Statements of Cash Flows

	<u>Three months ended Sept. 30</u>		<u>Nine months ended Sept. 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Increase (decrease) in cash				
Operating				
Net earnings (loss)	\$ 2,185,849	\$ 689,748	\$ 4,733,349	\$ (1,427,445)
Adjustments to reconcile net earnings (loss) to net cash from operations:				
Provision for credit losses	3,073,993	3,824,534	10,075,004	14,161,226
Amortization of equipment	49,366	33,534	138,685	91,938
Accrued interest	42,614	(136,038)	242,181	(254,492)
Deferred dealer obligation	450,000	400,000	1,350,000	925,000
Derivatives	(195,777)	203,749	(705,675)	443,548
Accounts payable and accrued liabilities	170,152	(18,562)	354,804	(1,024,747)
Other assets	<u>(138,805)</u>	<u>(74,126)</u>	<u>21,848</u>	<u>(34,722)</u>
	<u>5,637,392</u>	<u>4,922,839</u>	<u>16,210,196</u>	<u>12,880,306</u>
Investing				
Funds advanced on finance receivables	(14,618,829)	(15,483,653)	(40,180,097)	(52,597,899)
Principal collections on finance receivables	10,962,560	11,088,423	31,701,296	32,438,042
Change in finance receivable reserves and transaction costs	(1,237,022)	(1,439,053)	(4,354,758)	(4,434,363)
Purchase of equipment	<u>(20,609)</u>	<u>(90,535)</u>	<u>(73,388)</u>	<u>(171,429)</u>
	<u>(4,913,900)</u>	<u>(5,924,818)</u>	<u>(12,906,947)</u>	<u>(24,765,649)</u>
Financing				
Advances on bank credit facility	1,821,994	2,934,146	3,775,641	18,317,654
Repayments on bank credit facility	(1,300,000)	(2,500,000)	(5,600,000)	(6,700,000)
Issuance of long term debt	-	500,000	-	2,300,000
Repayments on long term debt	-	-	(157,000)	-
Repayments on unit purchase financing	-	-	51,666	51,666
Fund unit cash distributions	<u>(700,017)</u>	<u>-</u>	<u>(700,017)</u>	<u>(1,890,046)</u>
	<u>(178,023)</u>	<u>934,146</u>	<u>(2,629,710)</u>	<u>12,079,274</u>
Net increase (decrease) in cash	545,469	(67,833)	673,539	193,931
Cash				
Beginning of period	<u>157,232</u>	<u>95,878</u>	<u>29,162</u>	<u>(165,886)</u>
End of period	<u>\$ 702,701</u>	<u>\$ 28,045</u>	<u>\$ 702,701</u>	<u>\$ 28,045</u>
Supplemental cash flow information:				
Interest paid	<u>\$ 950,021</u>	<u>\$ 1,176,778</u>	<u>\$ 2,999,943</u>	<u>\$ 3,304,049</u>