

For Immediate Release – November 8, 2011

CARFINCO INCOME FUND
TSX: CFN.UN

Carfinco Announces Tenth Consecutive Quarter of Record Pre-tax Earnings

We are pleased to report \$6.0 million in earnings before income taxes for the third quarter of 2011, making it the 10th consecutive quarter of record pre-tax earnings for the Fund.

With current and deferred income tax expenses totaling \$1.6 million, net earnings for the quarter were \$4.3 million, a 0.8% increase from the second quarter of 2011. During the third quarter of 2011 the Fund achieved an annualized, after-tax return on unitholder's equity ("ROE") of 52.6%.

As announced earlier this year, the Fund was awarded a servicing contract to administer a substantial portfolio of Canadian automotive loans owned by a US entity. In preparation to service this portfolio, the Fund incurred additional operating expenses during the quarter without having the benefit of additional revenues for servicing the portfolio, other than the receipt of a start-up fee. These operating expenses include such items as opening an office in Laval, Quebec and hiring and training over 20 new employees. Carfinco commenced servicing the portfolio on October 1, 2011, and the fourth quarter of 2011 will be the first quarter of recognizing servicing fee income from this portfolio. Servicing this portfolio will generate additional revenue for the Fund over the next 24 to 36 months as the loans mature. The service center in Quebec will also benefit the Fund in terms of managing its own portfolio as it builds its presence in the province of Quebec and continues to increase its finance receivables in the other provinces in Eastern Canada.

Similar to the previous two quarters, the third quarter of 2011 is now reported under International Financial Reporting Standards ("IFRS"). Certain comparative figures for 2010 differ from previously reported figures presented under Canadian GAAP in order to conform to IFRS and be comparable to Q3 2011 figures.

HIGHLIGHTS

- Pre-tax earnings for the quarter were \$6.0 million, up 21.5% from the \$4.9 million for the third quarter of 2010;
- Earnings per fund unit for the quarter was 18 cents;
- Unitholder's equity increased 7.4% to \$34.0 million during the quarter;
- Loan originations for the quarter were \$31.7 million, a 22.7% increase from the \$25.8 million for the third quarter of 2010;
- Principal balance of finance receivables was \$160.3 million, increasing 5.1% during the quarter and 13.6% for the first nine months of 2011, putting us close to our target of 20% growth for the year;
- 31+ days delinquent accounts for the quarter were 2.7%, similar to the 2.6% for the second quarter of 2011 and a decrease from 3.0% for the third quarter of 2010.

For the first nine months of 2011 the Fund has distributed \$5.4 million in cash to its Unitholders, which equates to 42.5% of net earnings. In retaining 57.5% of net earnings the Fund's book value per unit has increased 27.8% during the first nine months of 2011.

Revenues of \$15.2 million for the third quarter of 2011 represent an increase of 20.7% from the \$12.6 million for the third quarter of 2010 and a 5.7% increase from the \$14.4 million for the second quarter of 2011.

Pre-tax earnings for the quarter were \$6.0 million, up 21.5% from the \$4.9 million for the third quarter of 2010 and 3.2% from the \$5.8 million for the second quarter of 2011.

Loan originations for the third quarter of 2011 were \$31.7 million, a 22.7% increase from the \$25.8 million for the third quarter of 2010 and a 13.3% increase from the \$28.0 million for the second quarter of 2011.

SIGNIFICANT EVENTS

On October 17, 2011, the Board of Trustees of the Fund unanimously approved a proposed transaction providing for the conversion of the Fund from an income trust to a corporation. On November 21, 2011 there will be a special meeting of Unitholders of Carfinco Income Fund where Unitholders will vote on a plan of arrangement (the "Arrangement") that would result in the conversion of the Fund on a tax-deferred basis to a corporate entity expected to be effective January, 2012. The new public corporation would be named Carfinco Financial Group Inc. and will trade on the TSX. If the Arrangement is approved, the Board of Directors of Carfinco Financial Group Inc. intend to implement a dividend policy, effective January 2012, of 3.0 cents per month per share which is the same as the Fund's current cash distribution policy of 3.0 cents per month per unit held.



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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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Finance receivables	\$ 143,196,071	\$ 125,228,265	\$ 101,403,463
Allowance for credit losses	(6,410,000)	(5,383,100)	(7,236,000)
Finance receivables – net	136,786,071	119,845,165	94,167,463
Cash	617,702	839,620	467,674
Inventories	191,808	147,000	287,800
Other assets	1,077,888	896,982	520,206
Equipment	322,041	352,407	373,433
Deferred tax assets	440,674	1,160,352	180,519
	2,650,113	3,396,361	1,829,632
	\$ 139,436,184	\$ 123,241,526	\$ 95,997,095
Liabilities			
Bank credit facility	\$ 98,450,139	\$ 93,159,937	\$ 68,438,145
Accounts payable and accrued liabilities	775,672	898,678	694,519
Taxes payable	3,768,946	-	-
Deferred dealer obligation	1,944,452	1,854,567	1,847,863
Derivative financial instruments	363,956	548,596	1,096,128
Subordinated debentures	-	-	2,143,000
Unit based payment obligation	116,691	76,936	31,809
	105,419,856	96,538,714	74,251,464
Unitholders' Equity			
Fund unit equity	35,119,425	35,119,425	30,566,633
Contributed surplus	615,362	615,362	615,362
Deficit	(1,718,459)	(9,031,975)	(9,436,364)
	34,016,328	26,702,812	21,745,631
	\$ 139,436,184	\$ 123,241,526	\$ 95,997,095



CONSOLIDATED STATEMENTS OF EARNINGS, AND COMPREHENSIVE INCOME

(unaudited)	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Financial revenue				
Interest revenue	\$ 14,243,145	\$ 11,938,981	\$ 40,676,943	\$ 33,455,731
Fee income	944,961	640,674	2,392,565	1,886,053
	15,188,106	12,579,655	43,069,508	35,341,784
Financial expenses				
Interest expense	1,293,706	1,122,662	3,738,255	3,155,299
Provision for credit losses	4,946,714	4,131,768	13,897,671	12,574,774
Gain on derivative financial instruments	(43,914)	(114,028)	(184,640)	(422,445)
Net financial income before operating expenses and taxes	8,991,600	7,439,253	25,618,222	20,034,156
Operating expenses				
General and administrative	2,989,748	2,433,806	8,212,501	7,096,649
Loss on unit based payment obligation	2,115	63,712	39,755	20,884
Depreciation of equipment	47,023	42,688	149,209	130,870
	3,038,886	2,540,206	8,401,465	7,248,403
Earnings before taxes	5,952,714	4,899,047	17,216,757	12,785,753
Taxes				
Current	1,250,538	-	3,768,946	-
Deferred (recovery)	382,070	(86,858)	719,678	(221,764)
	1,632,608	(86,858)	4,488,624	(221,764)
Net earnings and comprehensive income	\$ 4,320,106	\$ 4,985,905	\$ 12,728,133	\$ 13,007,517
Earnings per fund unit				
Basic	\$ 0.18	\$ 0.20	\$ 0.52	\$ 0.53
Diluted	\$ 0.18	\$ 0.20	\$ 0.52	\$ 0.53



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)	Fund unit equity	Contributed surplus	Deficit	Total
Balance, January 1, 2010	\$ 30,566,633	\$ 615,362	\$ (9,436,364)	\$ 21,745,631
Net earnings	-	-	13,007,517	13,007,517
Cash distributions on fund unit equity	-	-	(9,942,414)	(9,942,414)
Balance, September 30, 2010	30,566,633	615,362	(6,371,261)	24,810,734
Net earnings	-	-	6,219,151	6,219,151
Cash distributions on fund unit equity	-	-	(4,319,828)	(4,319,828)
Unit distributions on fund unit equity	4,560,037	-	(4,560,037)	-
Fund unit issuance costs, net of tax	(7,245)	-	-	(7,245)
Balance, December 31, 2010	35,119,425	615,362	(9,031,975)	26,702,812
Net earnings	-	-	12,728,133	12,728,133
Cash distributions on fund unit equity	-	-	(5,414,617)	(5,414,617)
Balance, September 30, 2011	\$ 35,119,425	\$ 615,362	\$ (1,718,459)	\$ 34,016,328



CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Nine months ended	
	September 30, 2011	September 30, 2010
Increase (decrease) in cash		
Operating activities		
Net earnings	\$ 12,728,133	\$ 13,007,517
Non-cash items included in net earnings	(18,548,069)	(18,218,113)
Changes in operating assets and liabilities	(19,264,006)	(22,427,095)
Interest received	28,806,796	23,652,272
Interest paid	(3,613,333)	(3,017,950)
Net cash provided by (used in) operating activities	109,521	(7,003,369)
Investing activities		
Purchase of equipment	(118,843)	(150,452)
Net cash used in investing activities	(118,843)	(150,452)
Financing activities		
Advances on bank credit facility	10,740,314	19,398,675
Repayments on bank credit facility	(5,400,000)	-
Repayments on subordinated debentures	-	(2,143,000)
Deferred transaction costs	(138,293)	(141,928)
Proceeds on exercise of fund unit options	-	66,666
Fund unit cash distributions	(5,414,617)	(9,942,414)
Net cash (used in) provided by financing activities	(212,596)	7,237,999
Net (decrease) increase in cash	(221,918)	84,178
Cash, beginning of period	839,620	467,674
Cash, end of period	\$ 617,702	\$ 551,852