

# Earnings Release

**Fiscal Year ended March, 2010  
(April, 2009-March, 2010)**

May 14, 2010



Cedyna Financial Corporation

**Note about the description about the future:**

The above projection, representing our best estimate based on information currently available to us, incorporates uncertain factors. Actual results may differ from the above projections depending on various conditions.

# Results Overview

# P/L (Consolidated)

Unit : billions of Yen

	FY 2008 ( Reference )	FY 2009						Increase/ Decrease	YOY%
		Three months ended Jun, 2009	Three months ended Sep, 2009	Three months ended Dec, 2009	Three months ended Mar, 2010				
Transaction Volume	6,651.9	1,698.9	1,603.2	1,614.3	1,591.9	6,508.3	△ 143.6	△ 2.2%	
Operating revenue	261.9	59.6	58.7	58.3	56.1	232.7	△ 29.2	△ 11.1%	
Operating expenses	262.3	85.9	55.8	55.0	76.4	273.1	+10.8	+4.1%	
Operating income / loss	△ 0.4	△ 26.3	2.9	3.3	△ 20.3	△ 40.4	△ 40.0	-	
Ordinary income / loss	△ 1.7	△ 25.7	3.4	3.7	△ 20.0	△ 38.5	△ 36.8	-	
Net income / loss	△ 29.7	△ 46.6	6.6	3.5	△ 31.3	△ 67.9	△ 38.2	-	

※The ref. figures for the previous FY 2008 are based on a simple addition of OMC, CF & QUOQ figures.

※The FY2008 OMC figures are adjusted to reflect 12 months (13 months figure ÷ 13 × 12).

# Transaction Volume (Non-Consolidated)

Unit : billions of Yen

	FY 2008 (Reference)	FY 2009	Increase/ Decrease	YOY%
Credit Card Contracts	1,909.3	1,955.1	+45.7	+2.4%
Credit Card Contracts	1,681.8	1,778.6	+96.8	+5.8%
Credit Card Contracts (Guarantee Card)	227.5	176.4	△ 51.1	△ 22.4%
Cash Advances	527.0	471.2	△ 55.8	△ 10.6%
Cash Advances	513.4	459.1	△ 54.3	△ 10.6%
Cash Advances (Guarantee Card)	13.7	12.2	△ 1.5	△ 10.9%
Credit Sales	336.2	265.4	△ 70.8	△ 21.1%
Auto Loans	301.5	231.6	△ 69.9	△ 23.2%
Collection Agency	2,736.3	2,837.3	+101.0	+3.7%
Business Credit	257.5	246.0	△ 11.5	△ 4.5%

※Management accounts basis

※The ref. figures for the previous FY 2008 are based on a simple addition of OMC, CF & QUOQ figures

# Operating receivable (Non-Consolidated)

Unit : billions of Yen

	As of Mar, 2009  ( Reference )	As of Mar, 2010	Change vs.	Change vs.
			Mar, 2009 (amount)	Mar, 2009 (base:100%)
Credit Card Contracts	332.1	360.2	+28.1	+8.5%
Credit Card Contracts	309.7	338.0	+28.4	+9.2%
Credit Card Contracts (Guarantee Card)	22.4	22.1	△ 0.3	△ 1.2%
Cash Advances	505.1	452.2	△ 52.9	△ 10.5%
Cash Advances	489.7	438.0	△ 51.7	△ 10.6%
Cash Advances (Guarantee Card)	15.4	14.2	△ 1.2	△ 7.6%
Credit Sales	736.8	622.6	△ 114.2	△ 15.5%
Auto Loans	649.2	574.6	△ 74.7	△ 11.5%

※Management accounts basis

※The ref. figures for the previous As of Mar, 2009 are based on a simple addition of OMC, CF & QUOQ figures

※Before securitization

# Operating revenues (Non-Consolidated)

Unit : billions of Yen

	FY 2008	FY 2009		
	( Reference )		Increase/ Decrease	YOY%
Credit Card Contracts	46.5	49.9	+3.4	+7.4%
Credit Card Contracts	45.6	48.6	+3.0	+6.5%
Credit Card Contracts (Guarantee Card)	0.9	1.3	+0.5	+52.2%
Cash Advances	113.8	90.7	△ 23.1	△ 20.3%
Cash Advances	111.2	88.3	△ 22.9	△ 20.6%
Cash Advances (Guarantee Card)	2.6	2.4	△ 0.2	△ 8.9%
Credit Sales	35.9	28.4	△ 7.5	△ 21.0%
Auto Loans	14.1	12.7	△ 1.4	△ 9.9%
Collection Agency	10.7	11.0	+0.3	+3.0%
Business Credit	4.7	4.3	△ 0.4	△ 8.5%

※Management accounts basis

※The ref. figures for the previous FY 2008 are based on a simple addition of OMC, CF & QUOQ figures

※Before securitization

# Operating Expenses (Consolidated)

Unit : billions of Yen

	FY 2008 (Reference)	FY 2009	Increase/ Decrease	YOY%
SG&A Total	162.4	150.4	△ 12.0	△ 7.4%
Personnel Expenses	47.7	41.9	△ 5.7	△ 12.0%
Other SG&A Expenses	114.8	108.5	△ 6.3	△ 5.5%
Provision for doubtful accounts	34.0	38.7	+4.7	+14.0%
Provision for losses on interest refunds	36.4	57.1	+20.6	+56.6%
Financial expenses	24.0	20.7	△ 3.3	△ 13.8%
Other	5.4	6.2	+0.8	+14.3%
<b>Total</b>	<b>262.3</b>	<b>273.1</b>	<b>+10.8</b>	<b>+4.1%</b>

※The ref. figures for the previous FY 2008 are based on a simple addition of OMC, CF & QUOQ figures.

※The FY2008 OMC figures are adjusted to reflect 12 months (13 months figure ÷ 13 × 12).

# The financing relation (Consolidated)

## ◆ Interest-bearing debt

Unit : billions of Yen

	As of Mar, 2009		As of Mar, 2010		Change vs. Mar, 2009 (amount)
	(Reference)	% of Total		% of Total	
Interest-bearing dept	1,161.0	82.2%	1,088.1	87.1%	△ 72.9
Long-term debt	808.9	57.3%	733.5	58.7%	△ 75.4
Short-term borrowings	286.3	20.3%	301.1	24.1%	+14.8
CP	41.2	2.9%	53.4	4.3%	+12.2
Corporate bonds	24.6	1.7%	0.0	0.0%	△ 24.6
Securitization	250.7	17.8%	161.2	12.9%	△ 89.5
<b>Total</b>	<b>1,411.7</b>	<b>100.0%</b>	<b>1,249.3</b>	<b>100.0%</b>	<b>△ 162.4</b>

## ◆ Main financial indicators (incl. Securitization)

	As of Mar, 2009	As of Mar, 2010	Change vs. Mar, 2009
	(Reference )		
Direct financing ratio	22.8%	17.8%	△ 5.0%
Fixed-interest debt ratio	67.2%	65.8%	△ 1.4%
Long-term debt ratio	73.5%	71.6%	△ 1.9%

※The ref. figures for the previous year (as of Mar, 2009) are based on a simple addition of OMC, CF & QUOQ figures

# Operating Review

## ■ Expanding business volume by leveraging a variety of business partners

Top 15 Transaction Volumes by Business Partner (Unit: ¥bn)

Business Category	Partner Segment	Trans. Vol
Card Shopping	GMS/SM	167.1
Card Shopping	Transportation	119.3
Card Shopping	Electronics retail store	80.8
Shopping Credit	Online/Mail-order Sales	68.0
Card Shopping	Transportation	49.9
Auto Loan	Automobiles	40.1
Card Shopping	S M	34.2
Auto Loan	Automobiles	30.1
Card Shopping	Telecommunications	30.0
Card Shopping	Travel	29.7
Card Shopping	Telecommunications	28.3
Rental Guarantee	Rental Property Management	27.3
Card Shopping	Electronics retail store	26.2
Business Credit	Learning/Education	24.2
Card Shopping	Telecommunication	22.3

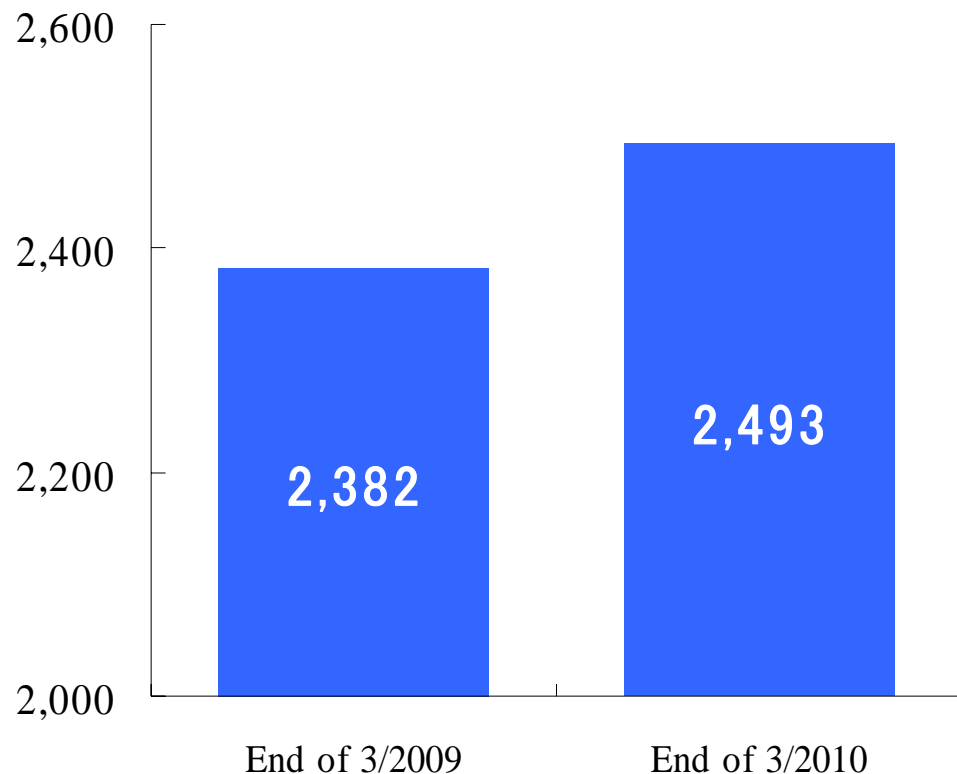
Top 5 Money Collection Agency Transaction Volumes by Business Partner (Unit: ¥bn)

Business Category	Partner Segment	Trans. Vol
Collection Agency	Rental Property Management	144.3
Collection Agency	Life Insurance	129.3
Collection Agency	Telecommunications	123.9
Collection Agency	Leasing Company	122.4
Collection Agency	Pay TV	111.3

## ■ Number of cardholders expanded to reach almost 25 million

(Ten Thousand)

Number of Cardholders



(Unit: Ten Thousand)

	FY2008	FY2009		YoY
	(Reference)		Increase/Decrease	
Solicitations	357	383	+26	+7.4%
Issuances	298	339	+42	+14.0%
Year-end cardholders	2,382	2,493	+112	+4.7%
Credit card	2,020	2,152	+132	+6.5%
Loan card	86	83	△ 4	△4.2%
Guarantee card	275	258	△17	△6.1%

※Figures for the end of March 09 are calculated by simple addition of OMC, CF and QUOQ figures

## ■ Exploring new customer segments by developing new co-branded cards

### O Card Plus



Solicitation started 3.1.2010

- Business activities:  
Operates system-based chain stores
- Number of stores:  
146 (FY2/2010)
- Annual sales:  
¥223.5bn (FY2/2010)



Operates stores in 7 prefectures around Southern Kinki

### Hakata Daimaru Card



Solicitation started 10.14.2009

- Business activities:  
Runs department stores
- Number of stores: 2
- Annual sales:  
¥72.0bn(FY2/2009)



### ICHII Members Card



Solicitation started 5.13.2009

- Business activities:  
Operates supermarkets, pet stores, restaurants etc.
- Number of stores:  
14 supermarkets, 4 pet stores, and others
- Annual sales:  
¥18.3bn (FY2/2008)



株式会社いちい  
Operates 14 food supermarkets mainly in Fukushima Prefecture

### KISHIWADA CanCan Card



Solicitation started 11.21.2009

- Business activities:  
Operates comprehensive shopping center 'Kishiwada CanCan Bayside Mall'
- Number of tenants:  
109 stores



住商アーバン開発株式会社  
SUMISHO URBAN KAIHATSU CO., LTD

### DK CARD



Solicitation started 8.1.2009

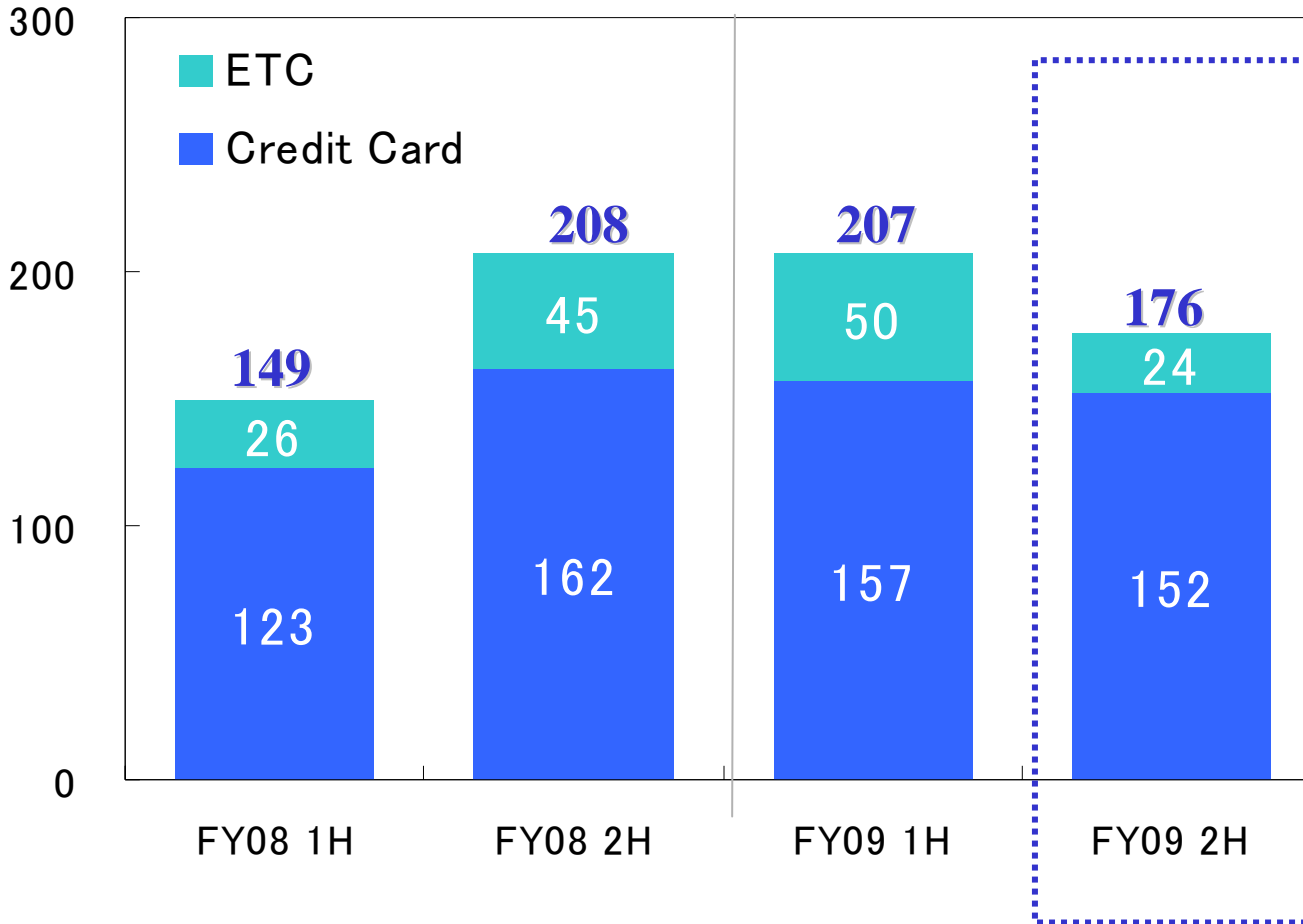
- Business activities:  
Construction, brokerage activity and management services in rental housing
- Number of managed properties:  
Over 0.6 million units
- Annual sales  
¥972.6bn (FY3/2010)



## ■ Enhancing solicitation efficiency by concentrating management resources on higher usage channels

(Ten Thousand)

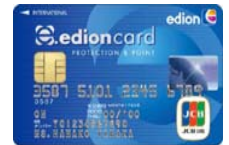
Number of Solicitations



ee Card



Edion Card



2H FY09 applications 0.79 mn

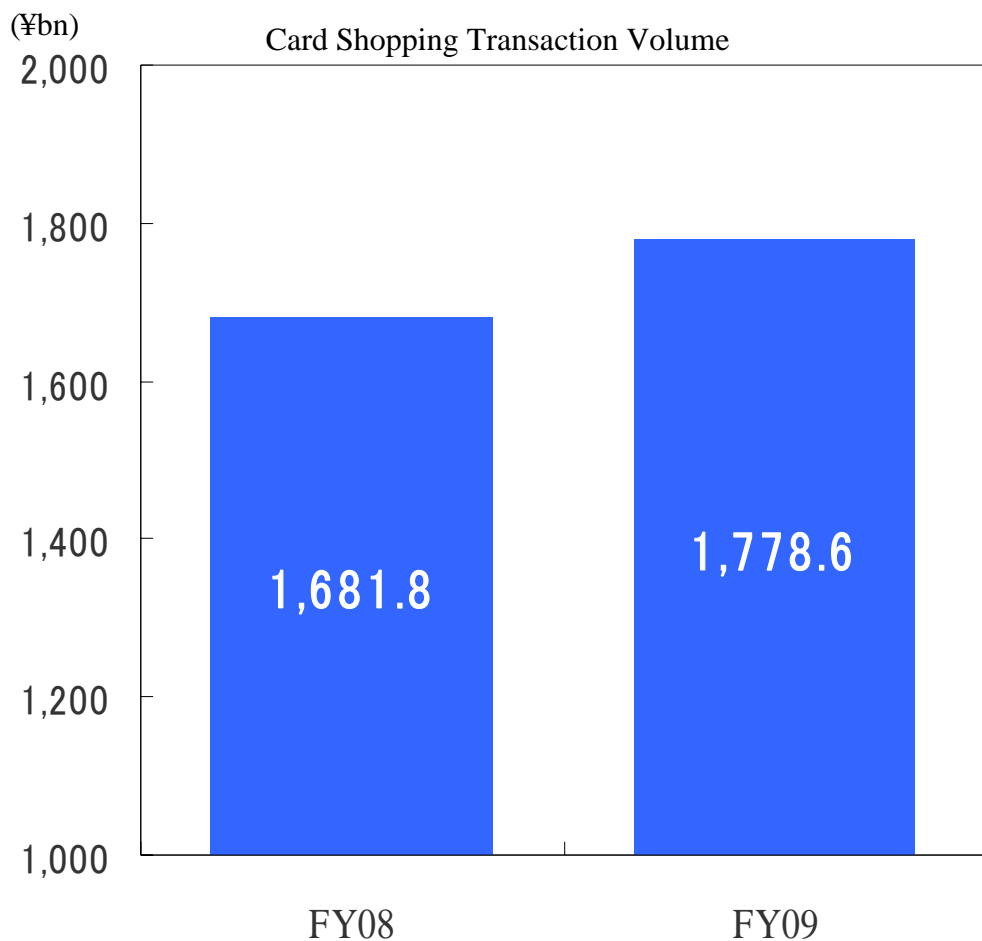
- Ordinary applications 0.4 mn
- Switching applications 0.39 mn (switching from other cards)

**Expand MSP Model-based higher-quality customer base**

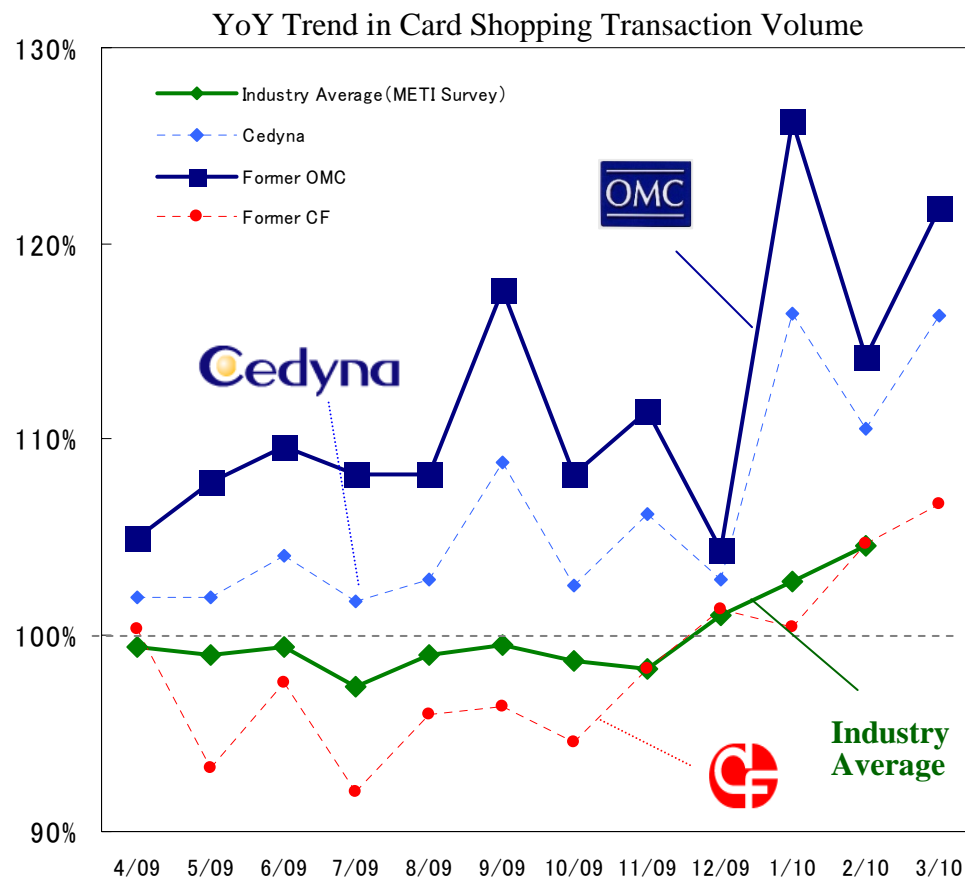
**Acquire cardmembers efficiently via card switching**

※Figures for 1H and 2H of FY08 are calculated by simple addition of OMC, CF and QUOQ figures

## ■ Growth in card shopping transactions outpaced industry average



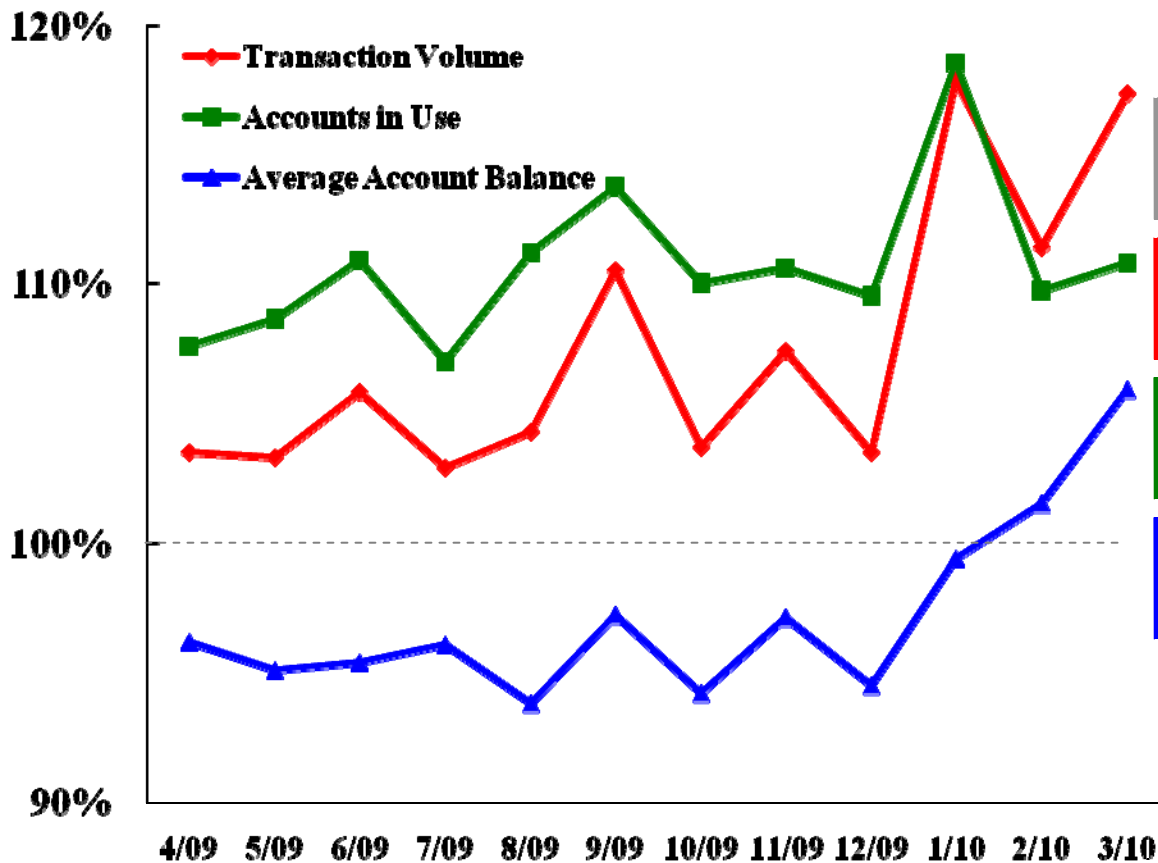
※The FY08 figure is calculated by simple addition of OMC, CF and QUOQ figures  
 ※Transaction volume excludes that of guarantee cards



※Transaction volume excludes that of guarantee cards

## ■ Expanding card shopping transaction volumes by raising number of accounts in active use

YoY Trends in KPIs for Card Shopping Transaction Volumes

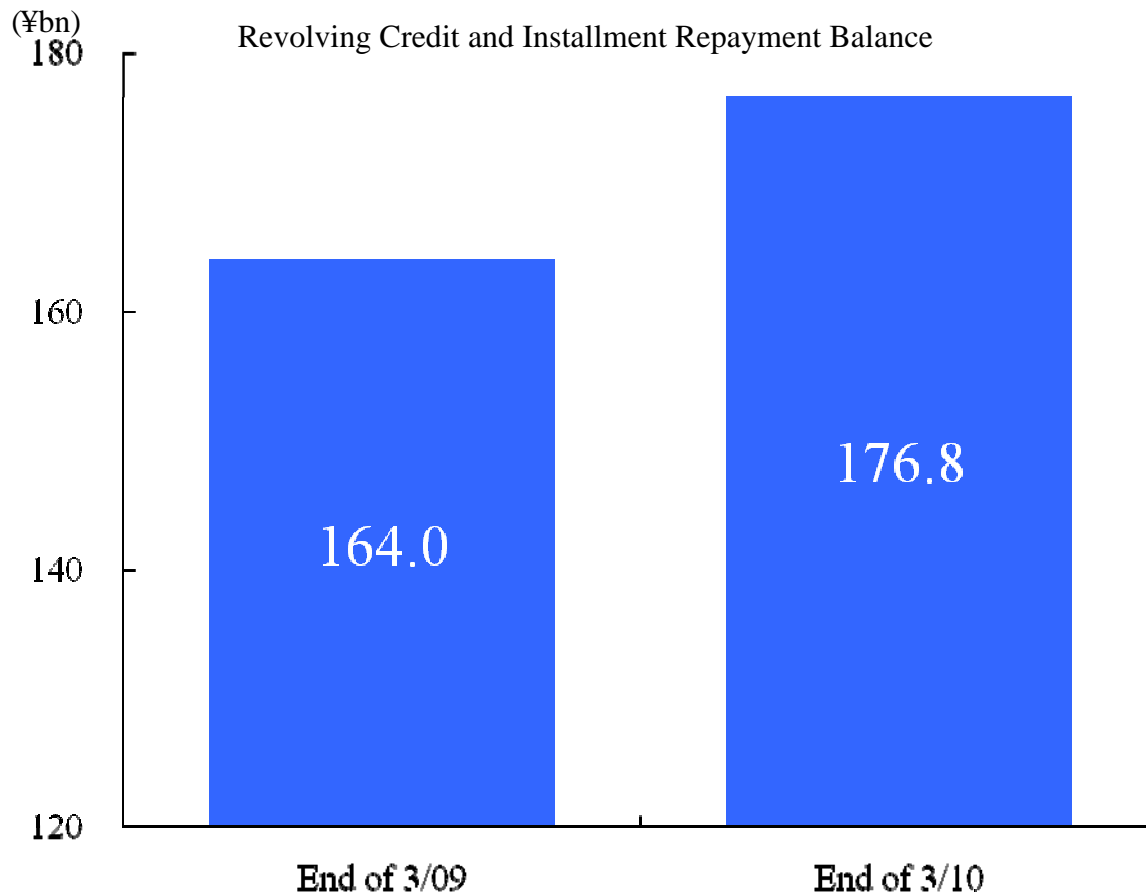


YoY Comparison by Membership Length

	New Cardmembers (from this fiscal year)	Existing Cardmembers
Transaction Volume	+39.1%	+4.9%
Accounts in Use	+27.3%	+9.2%
Average Amount per Account in Use	+9.3%	△4.0%

※ Transaction volume excludes that of guarantee cards  
 ※ The figures only include those of OMC and CF

## ■ Expanding revolving credit and installment repayment balances through the active use of front lines



※Figure for end of 3/09 is calculated by simple addition of OMC, CF and QUOQ figures  
 ※Card shopping revolving credit and installment repayment balances exclude balances of guarantee cards (but include the effect of securitization)

Card Shopping Revenue Breakdown (Unit: ¥bn)

	FY2008	FY2009	
	(Reference)	Increase (¥bn)	YoY Comparison
Fees from affiliated stores	26.9	28.4	+1.4 +5.3%
Fees from customers	18.7	20.2	+1.5 +8.2%
<b>Total</b>	<b>45.6</b>	<b>48.6</b>	<b>+3.0 +6.5%</b>

Face-to-face solicitation

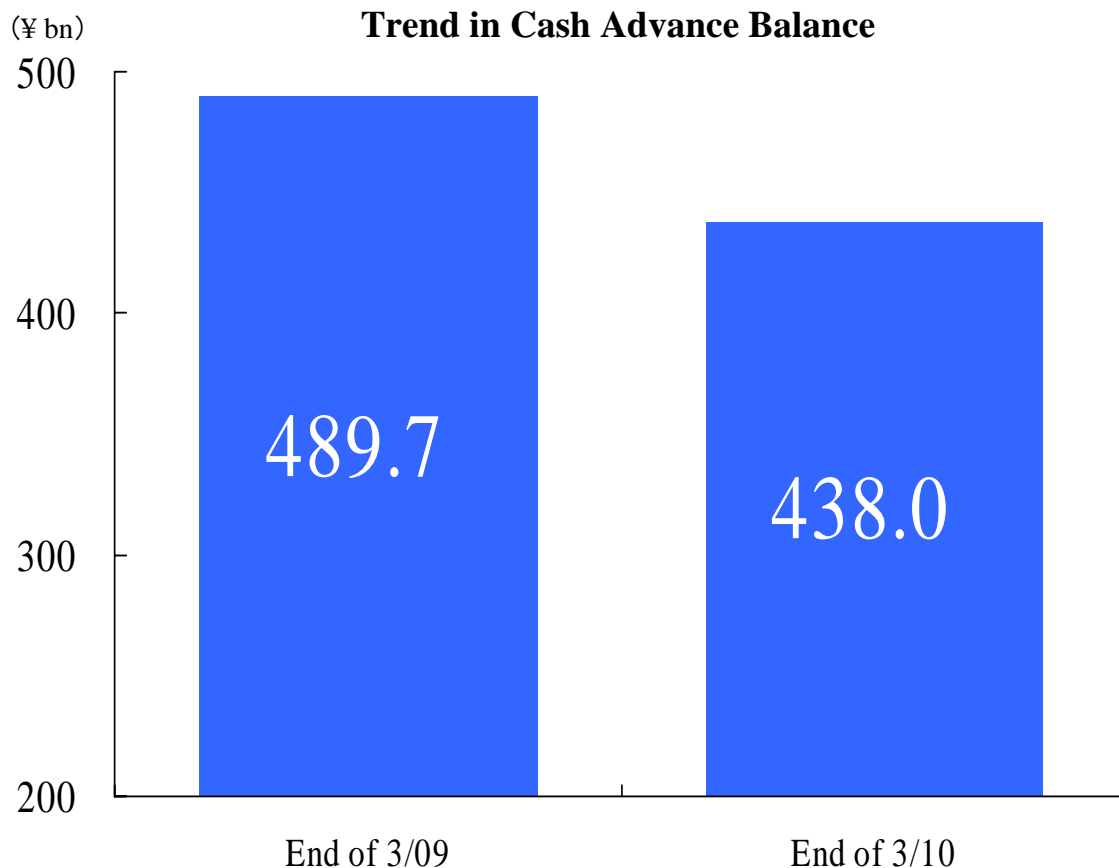


Products



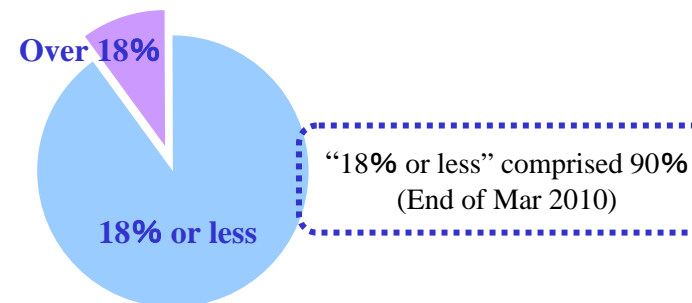
Implementing various promotions through the usage of frontline solicitation counters

## Revenues hit by stricter credit control and reduced interest rates



※Reference figures based on management accounts  
 ※Figures at the end of Mar 09 are calculated by a simple addition of OMC, CF and QUOQ figures  
 ※Cash advance balances excluding those of guarantee cards  
 (but including the effect of securitization)

### Breakdown by Interest Rate Range



### Factor Analysis for Revenue Decrease

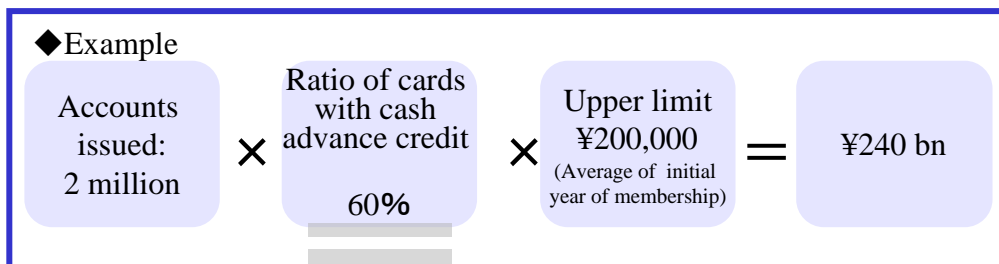
(Unit: ¥ bn)

	2009/3 (Reference)	2010/3	Change
Average balance	517.9	463.9	△54.0
Operating revenue	111.2	88.3	△22.9
Profit earning rate (annualized)	21.5%	19.0%	△2.4%

• Volume decrease ¥11.6bn  
 • Rate decrease ¥11.3bn

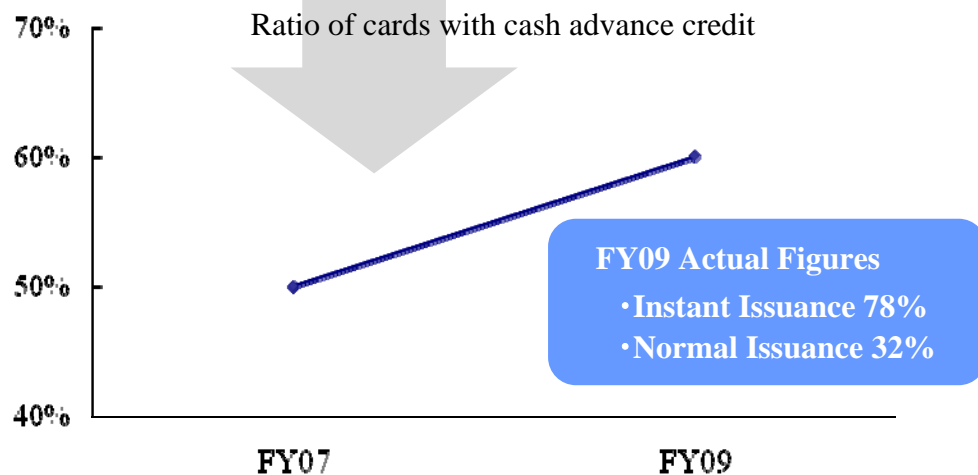
## ■ Accumulating high-quality receivables by increasing new cardmembers on the back of revised regulations

Cash Advances Growth Potential Attributable to New Cardmembers



Improvement through utilizing know-how

- Revising application forms
- Reviewing operations at the application desk



YoY Comparison by Membership Length

### ◆Transaction Volume

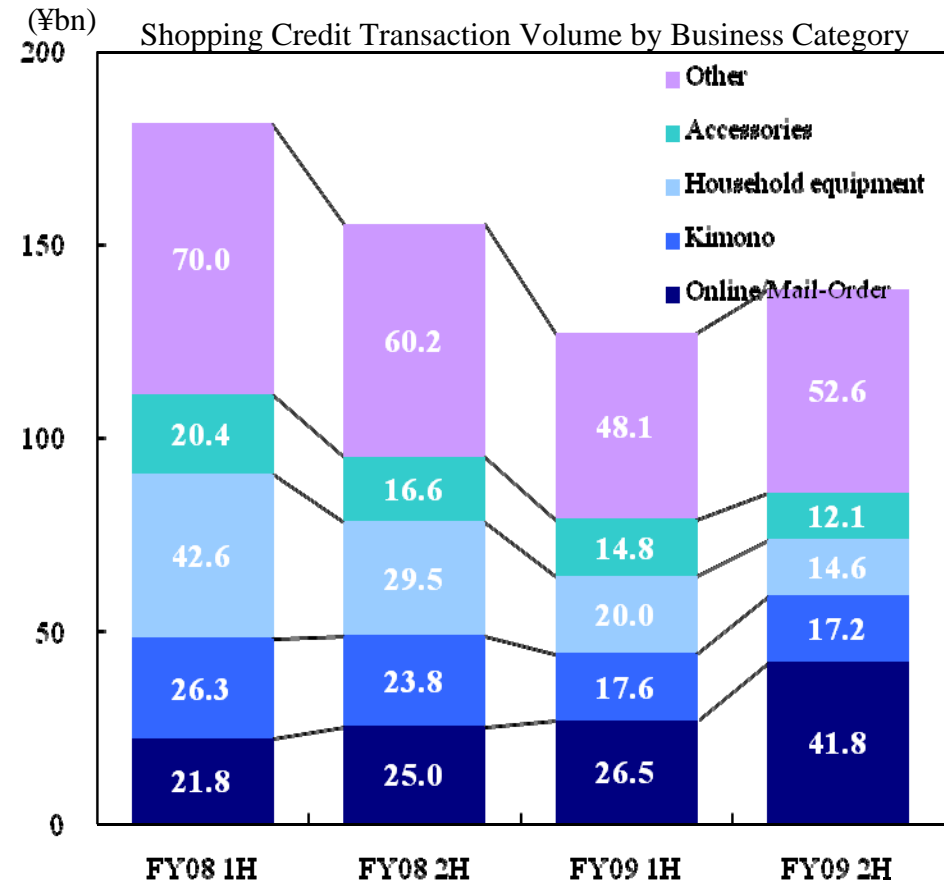
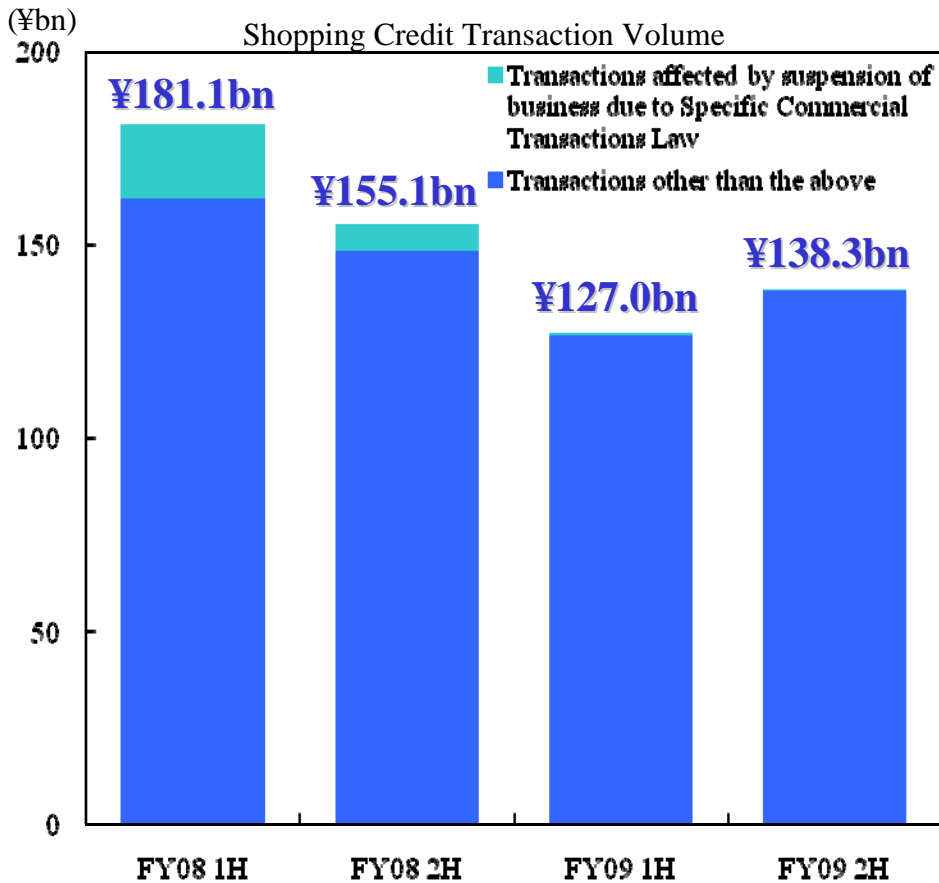
	New Cardmembers (from this fiscal year)	Existing Cardmembers
Transaction Volume	+5.1%	△10.8%
Accounts in Use	+16.3%	△1.6%
Average Amount in Use	△9.6%	△9.4%

### ◆Balance

	New Cardmembers (from this fiscal year)	Existing Cardmembers
Balance	+1.5%	△10.4%
Accounts with Balance	+10.9%	△4.7%
Average Amount per Account with Balance	△8.5%	△6.0%

- ※ Transaction volume and outstanding balance excludes those of guarantee cards respectively
- ※ The figures only include those of OMC and CF

## Decreases in shopping credit transaction volume contracting

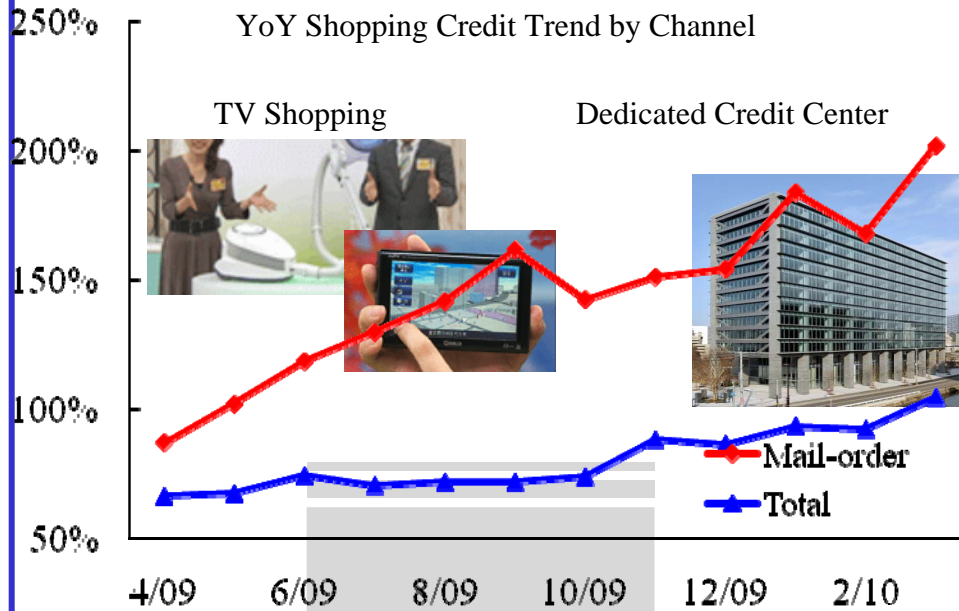


※ The figures for 1H and 2H of FY08 are calculated by simple addition of OMC, CF and QUOQ figures

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## ■ Introducing proactive approaches to strengthen growth areas

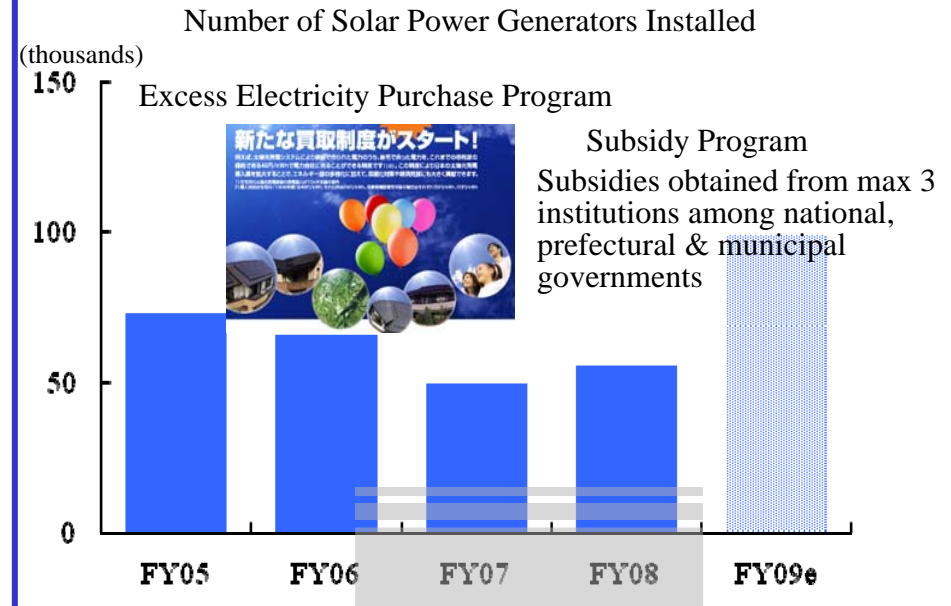
### Joint Approaches with Major Mail-Order Companies



Expanding credit sales transactions

Targeting alliances with card schemes

### Solar Power , “All-Electrification”, Eco-friendly Reforms

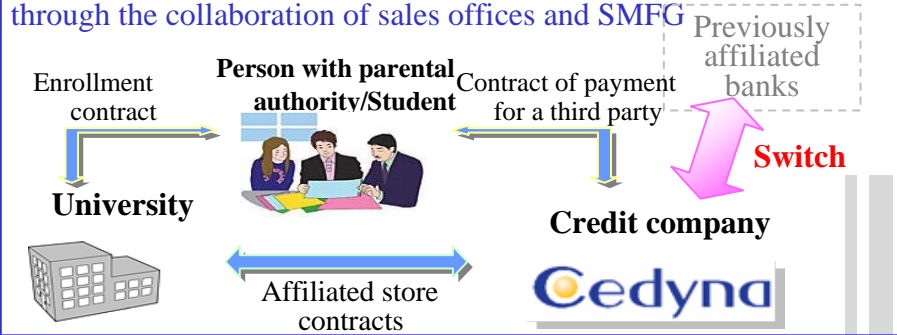


Proactive approaches towards solar power generation, all-electric homes and eco-friendly reforms which are expected to grow strongly

## Strengthening sales in new markets as revised regulations create new market opportunities

### Student Loan Market

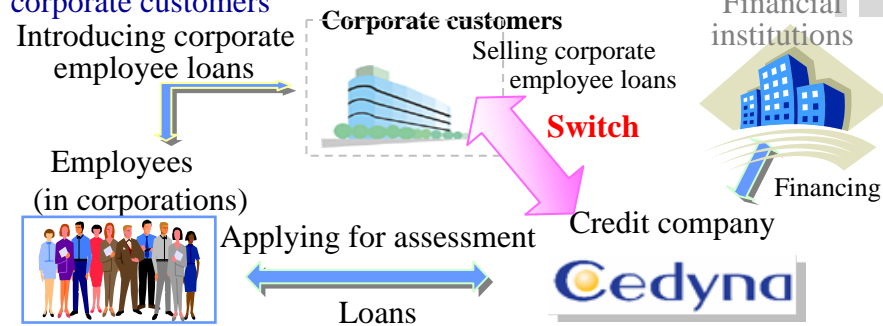
◆ Persuading school corporations to implement tuition credit through the collaboration of sales offices and SMFG



### Corporate Employee Loan Market

◆ Introducing corporate employee loans to employees in our corporate customers

Introducing corporate employee loans



Potential for creating new markets

New Affiliated Partners in FY2009

Aug 2009 Oita Fisheries Cooperative Association

Aug 2009 University Co-operative Associations

Dec 2009 Suwa Shinkin Bank

Mar 2010 Handa Shinkin Bank

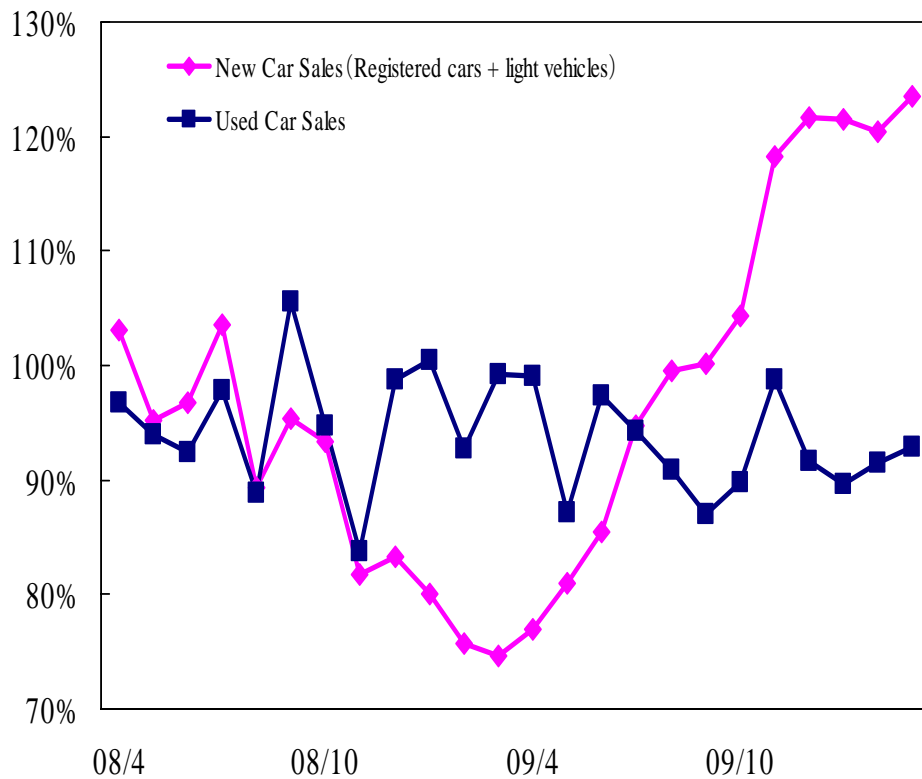
Mar 2010 Daito Bunka University

Mar 2010 Kansai Urban Banking Corporation

Apr 2010 Tanioka Gakuen Educational Foundation

## ■ Auto loan transaction volumes have decreased due to depressed car sales

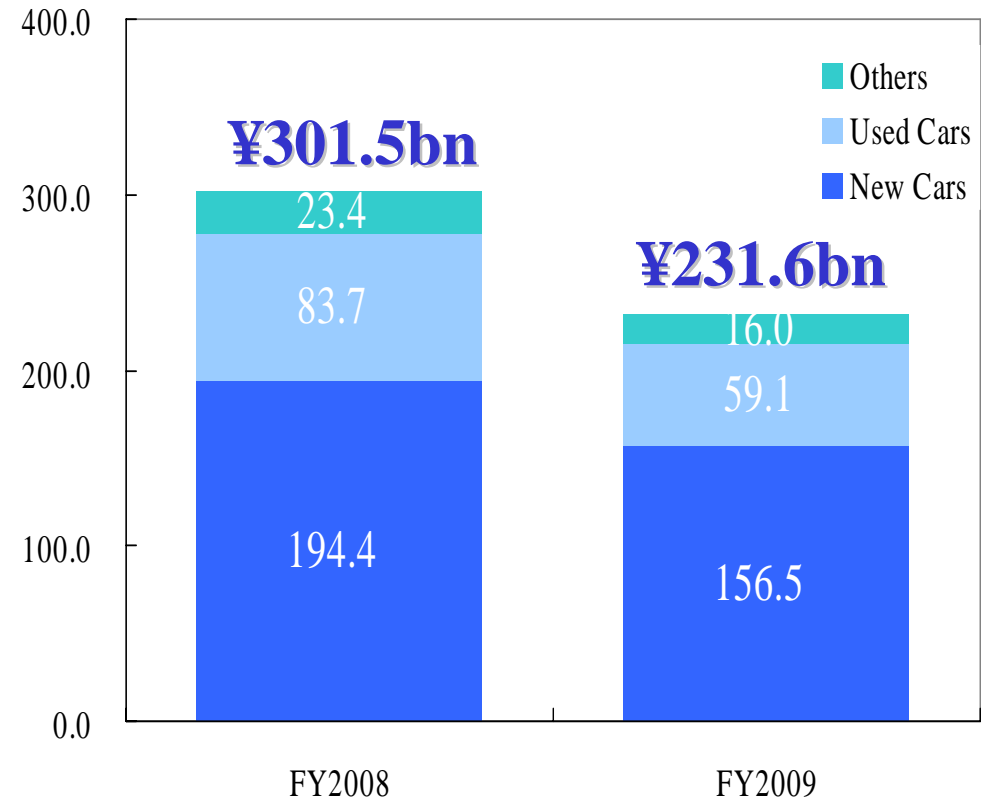
YoY Trend in New Car and Used Car Sales



※Source: Japan Automobile Dealers Association

(¥ bn)

Auto Loan Transaction Volumes

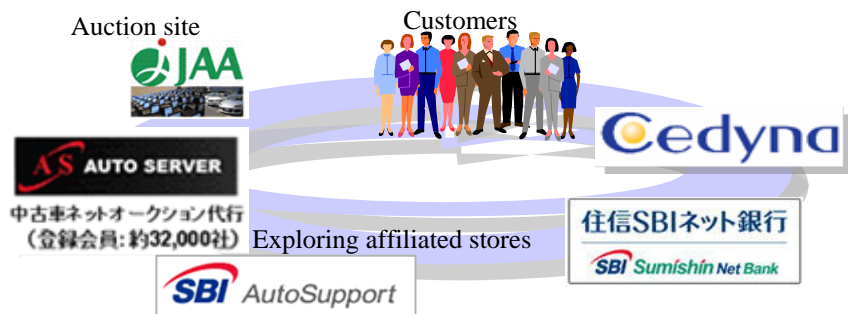


※Figures for Apr 08 to Mar 09 are calculated by a simple addition of OMC, CF and QUOQ figures

## ■ Enhancing profitability and building efficient sales system

### Leveraging ties with priority partners with good potential

- ◆ By tying up with SBI AutoSupport Co., Ltd. and SBI Sumishin Net Bank, Ltd., Cedyňa launched “SBI Auto Loans” in July 2009



- ◆ By strengthening ties with SMM Auto Finance, Inc. and SMFG group, Cedyňa is expanding sales channels

- Utilization of domestic sales channels



### Building highly efficient sales models

- ◆ Rationalizing business through IT usage
  - Active use of Internet-based transactions

<CAWLS >  
Auto loans  
Simulation systems

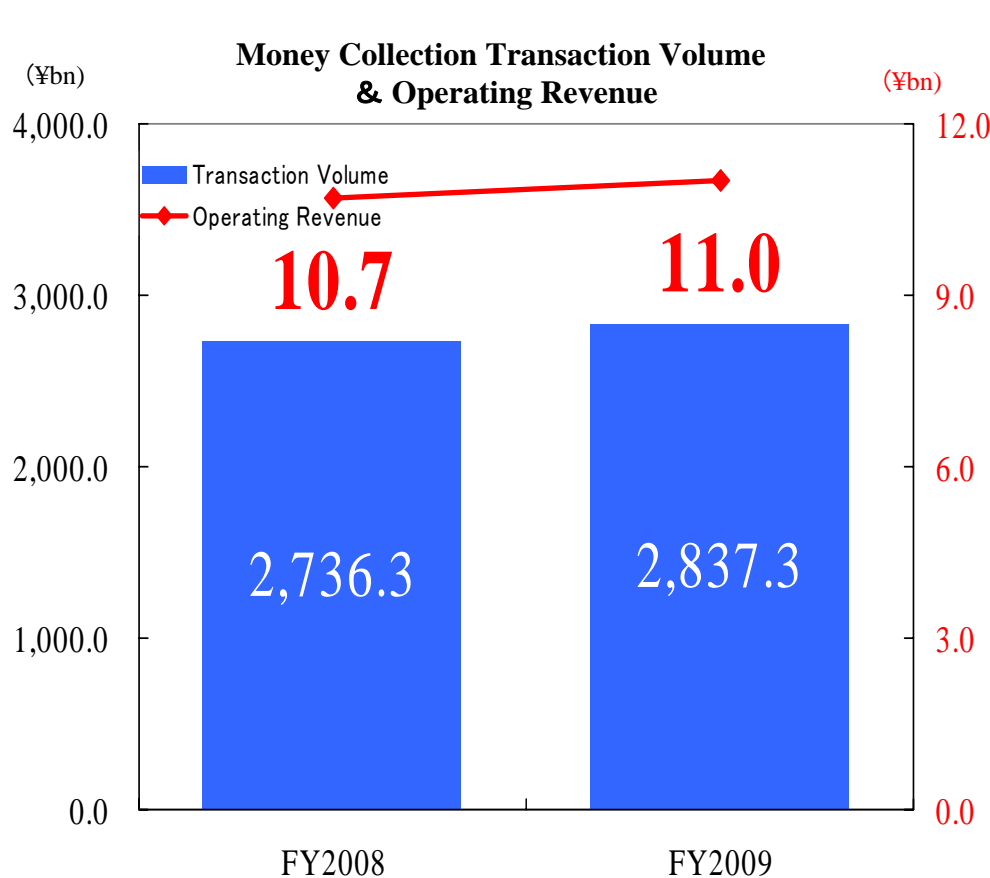


<Aucnet>  
Live Internet auctions for used cars and motorcycles

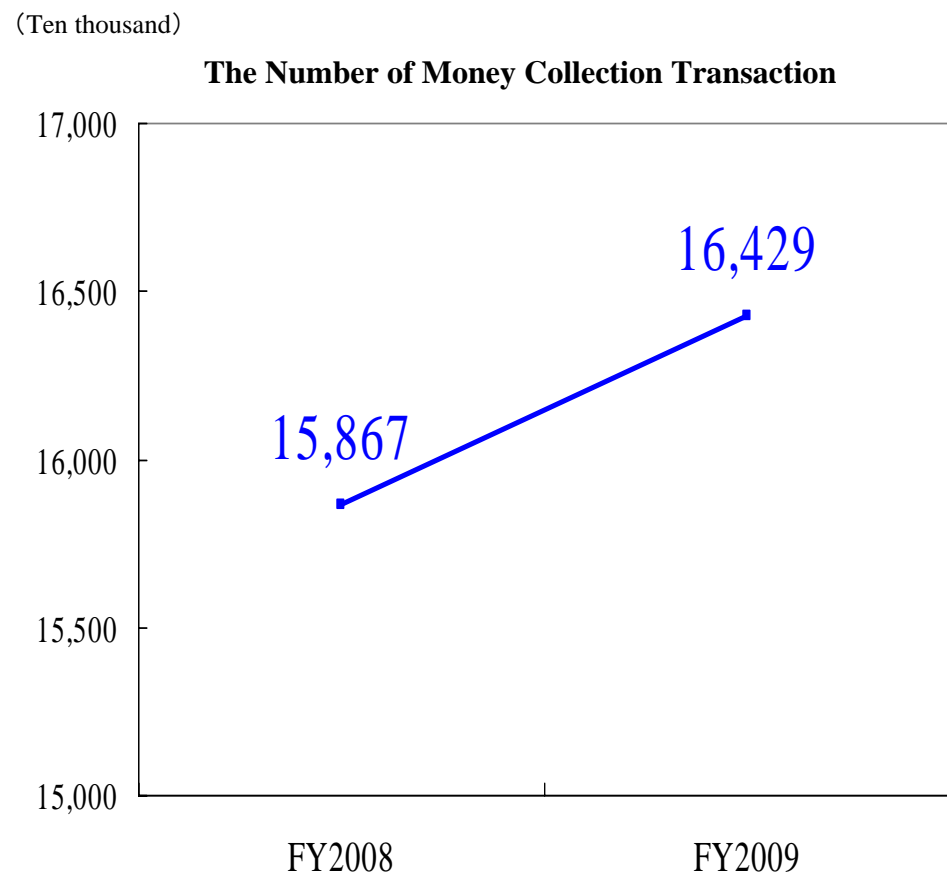


- ◆ Development of new products
  - Developing the structure of loans and sales approaches through alliances with car information websites

■ Targeting growth through active use of sales base network



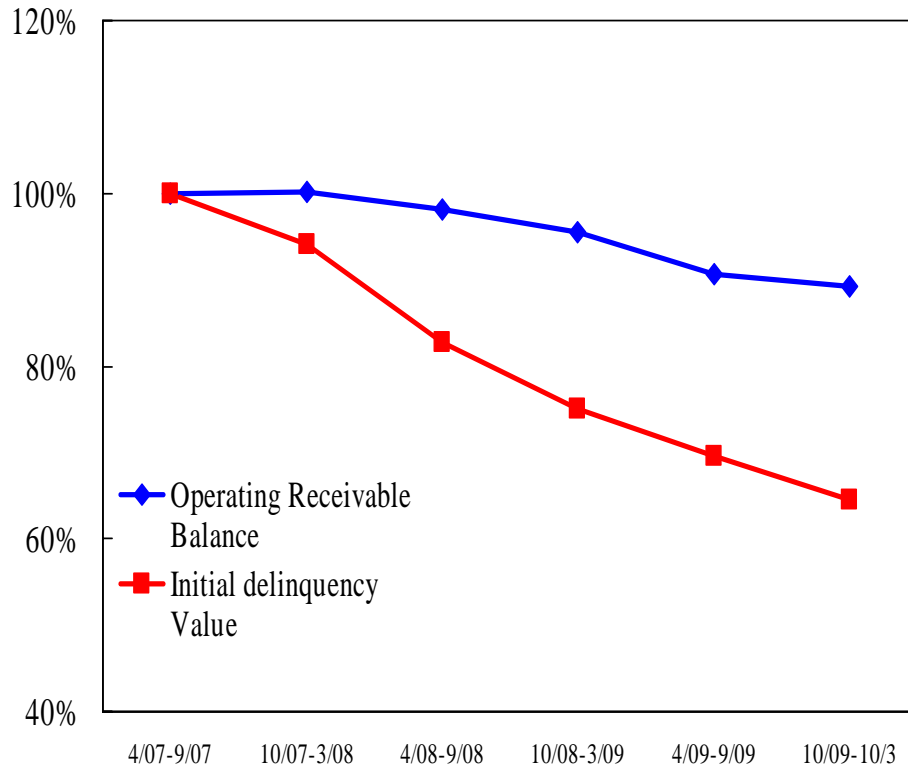
※Figures for Apr 08 to Mar 09 are calculated by a simple addition of OMC, CF and QUOQ figures.



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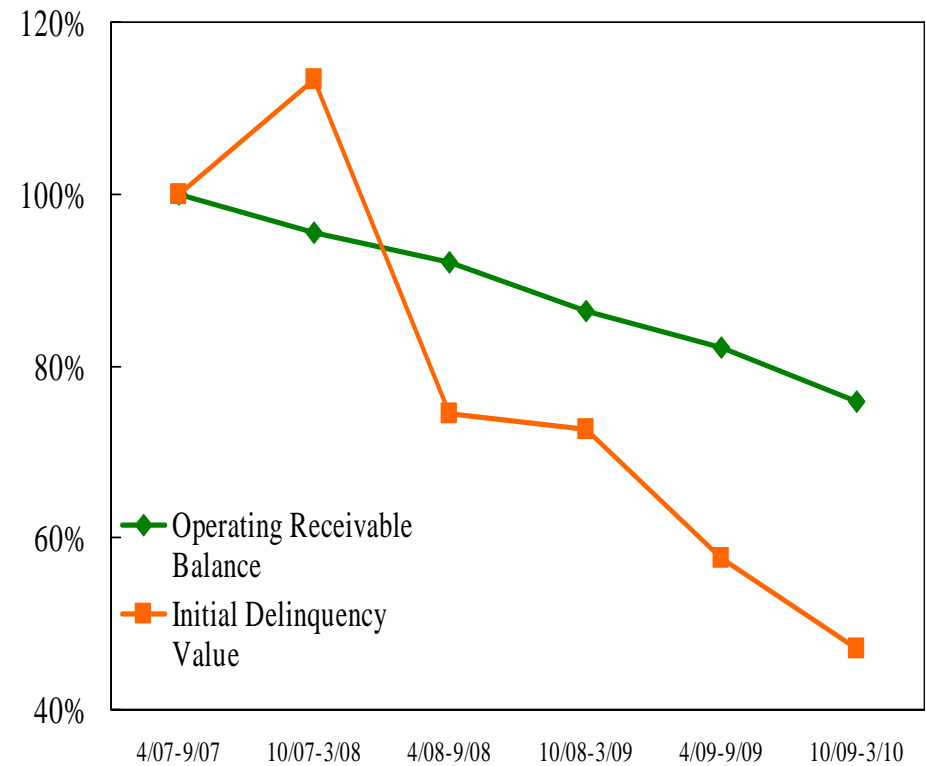
## ■ Improving quality of operating receivables through stricter credit control

**Credit Card Operating Receivables Balance & Initial Delinquency Values**



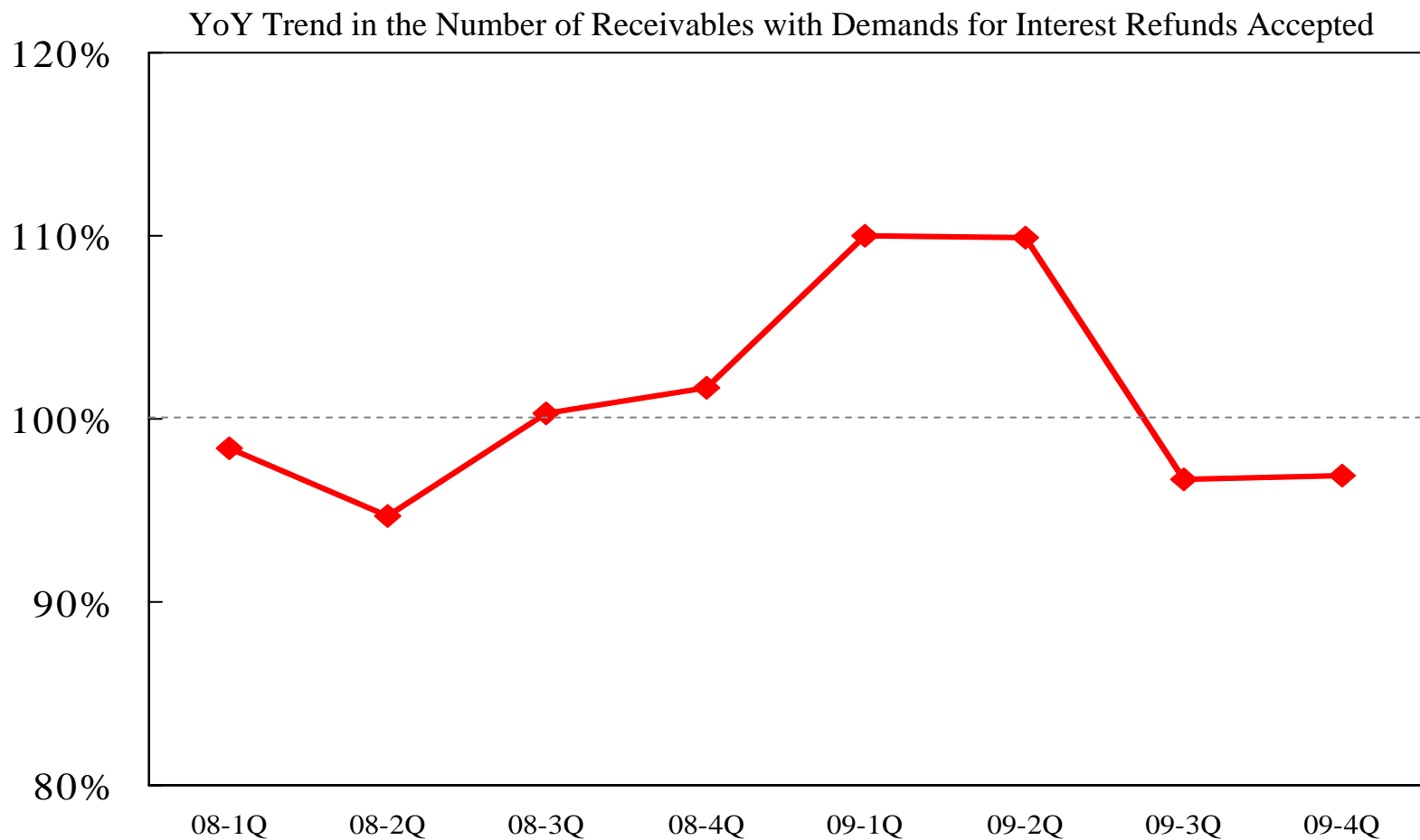
※Figures for 4/07-9/07 rebased to 100%  
 ※Figures for 4/07 to 3/09 are calculated by a simple addition of OMC, CF and QUOQ figures

**Consumer Credit Operating Receivables Balance & Initial Delinquency Values**

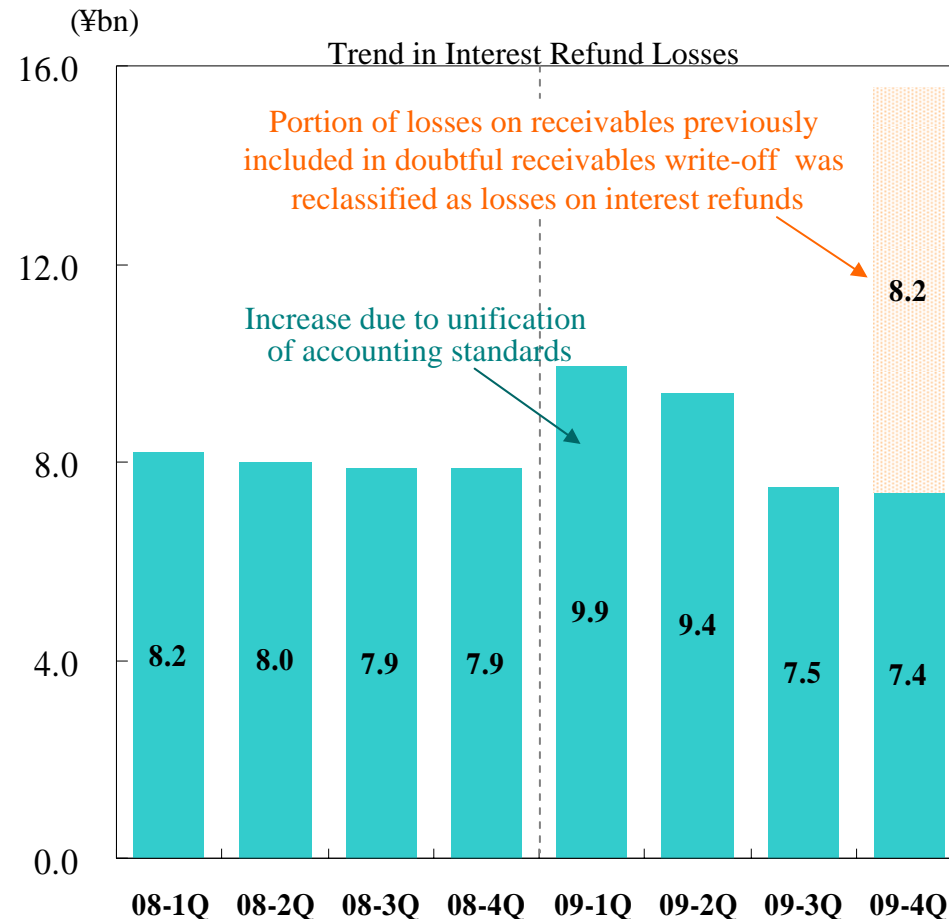
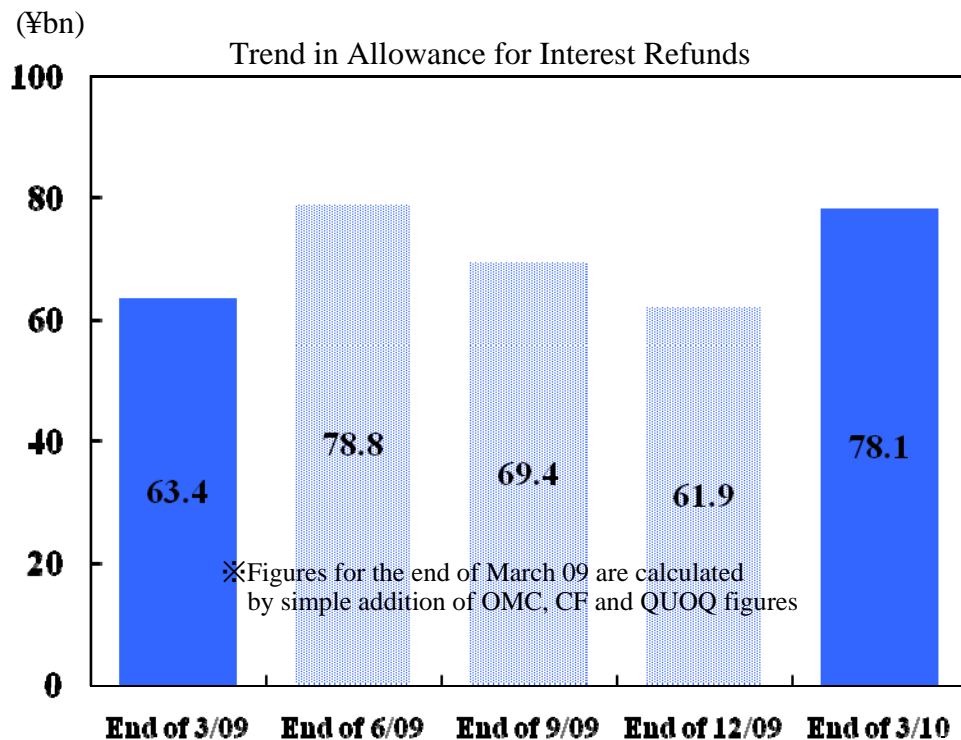


※Figures for 4/07-9/07 rebased to 100%  
 ※Figures for 4/07 to 3/09 are calculated by a simple addition of OMC, CF and QUOQ figures

**■ Number of receivables with demands for interest refunds accepted has declined since 3Q period**



## ■ Provisions conservatively increased against full implementation of revisions to the Money-Lending Industry Law

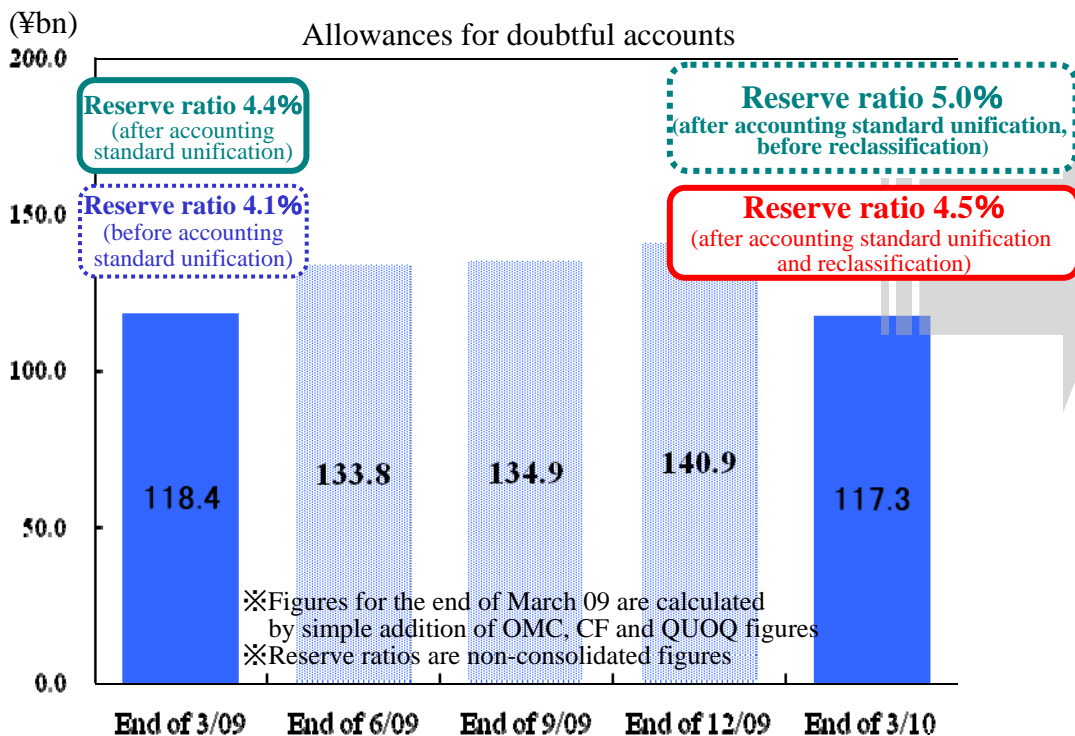


※The figures for 08-1Q~08-4Q are calculated by simple addition of OMC, CF and QUOQ figures

### Interest refunds related expenses

	FY2009
Interest refunds related expenses	¥57.1bn
Losses on interest refunds	¥42.4bn
Provisions for losses on interest refunds	¥14.7bn

## Maintaining higher reserve ratios by applying stricter credit controls



Doubtful accounts related expenses

	FY2009
Doubtful accounts related expenses	¥38.7bn
Losses on doubtful accounts	¥49.8bn
Provision for doubtful accounts	-¥11.1bn
Extraordinary loss (Provision for doubtful accounts)	¥9.9bn

### Improving quality of operating receivables

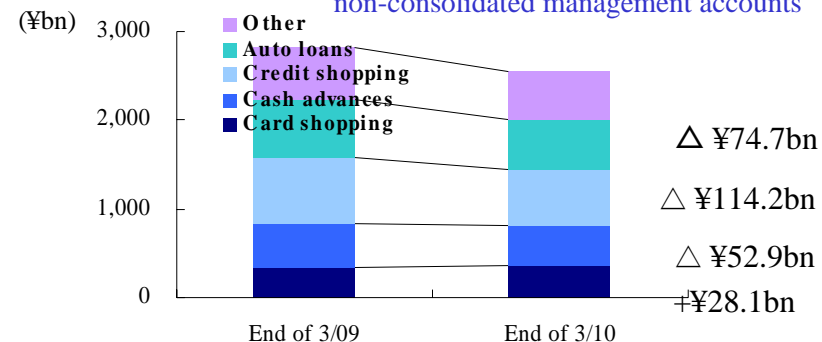
◆ Credit card business ⇒ practice stricter credit controls versus FY07 1H:

- Receivables balance Δ11% (cash advance portion Δ20%)
- Initial delinquencies Δ35% (cash advance portion Δ40%)

◆ Consumer credit business ⇒ responding to Specific Commercial Transactions Law versus FY07 1H:

- Receivables balance Δ24% (Shopping credit portion Δ30%)
- Initial delinquencies Δ53% (Shopping credit portion Δ60%)

### Decrease in operating receivables ※ figures based on non-consolidated management accounts



### Reclassification in the accounts

A portion of the losses on receivables previously reported as losses on doubtful accounts is now included in losses on interest refunds.

## ■ Making conservative provisions amidst a decrease in delinquent receivables

<Operating Receivables Status (Non-consolidated) >

【as of June 30, 2009】

	Operating Receivables		Allowance for Doubtful Accounts		
		% of Total		% of Total	Reserve Ratio
Normal	2,656.5	94.8%	39.5	29.9%	1.5%
Delinquency	144.3	5.2%	92.8	70.1%	64.3%
<b>Total</b>	<b>2,800.9</b>	<b>100.0%</b>	<b>132.3</b>	<b>100.0%</b>	<b>4.7%</b>

【as of March 31, 2010】

Normal	2,465.0	94.9%	25.1	21.8%	1.0%
Delinquency	132.5	5.1%	90.4	78.2%	68.2%
<b>Total</b>	<b>2,597.5</b>	<b>100.0%</b>	<b>115.5</b>	<b>100.0%</b>	<b>4.5%</b>

※Including securitized receivables

※Delinquent loans have been delinquent for 3 months or more.

# **Approaches for achieving FY2010 profit target**

# Strengthening Financial Base

## ■ Solidifying alliance with SMFG group and strengthening operational and financial bases

New share issue through third-party allotment

### ◆ Subscription summary

Date of issue	May 31, 2010
Number of shares newly issued	324,675,300 shares of common stock
Issue price (amount to be paid)	¥154
Capital to be acquired	¥50.0bn
Subscription or allotment method	Third-party allotment
Subscriber	SMFG Card & Credit, Inc (FGCC)

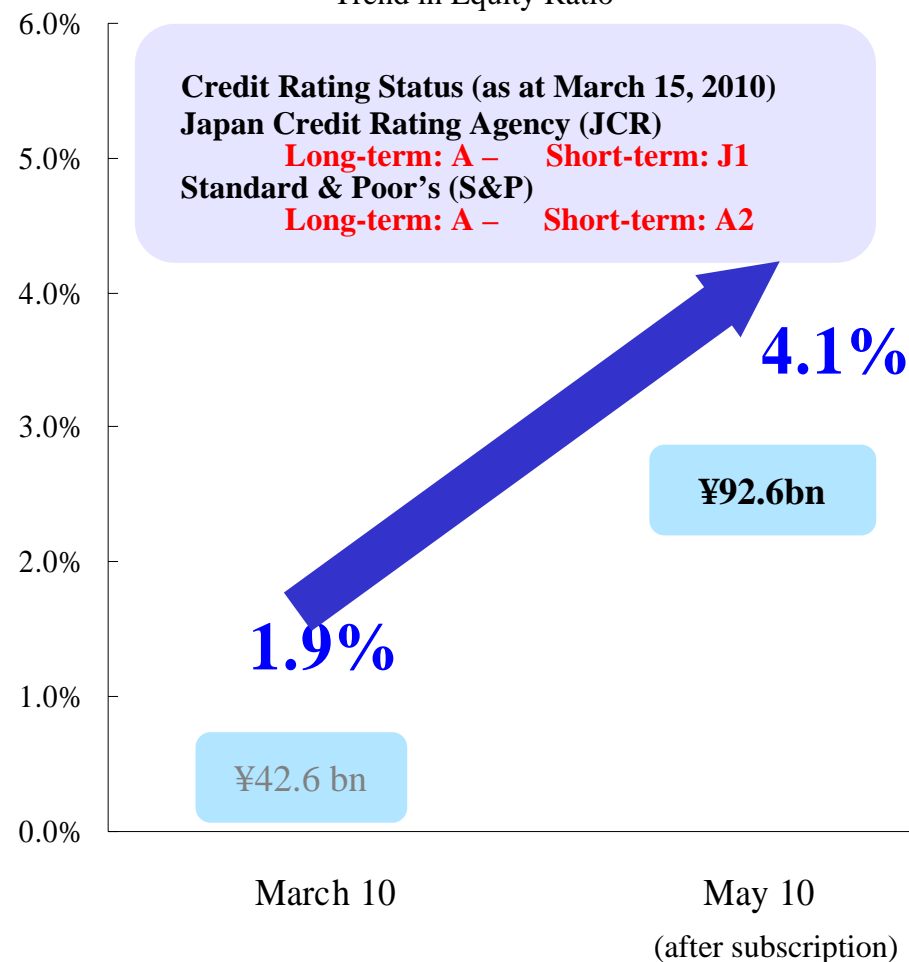
### ◆ Use of funds raised

- Investment in new businesses including overseas financial services in regions such as Southeast Asia
- Investment in developing next-generation systems for credit card and other business through cooperation with Sumitomo Mitsui Card Company
- Investment in business structural reforms

### ◆ Impact of capital increase

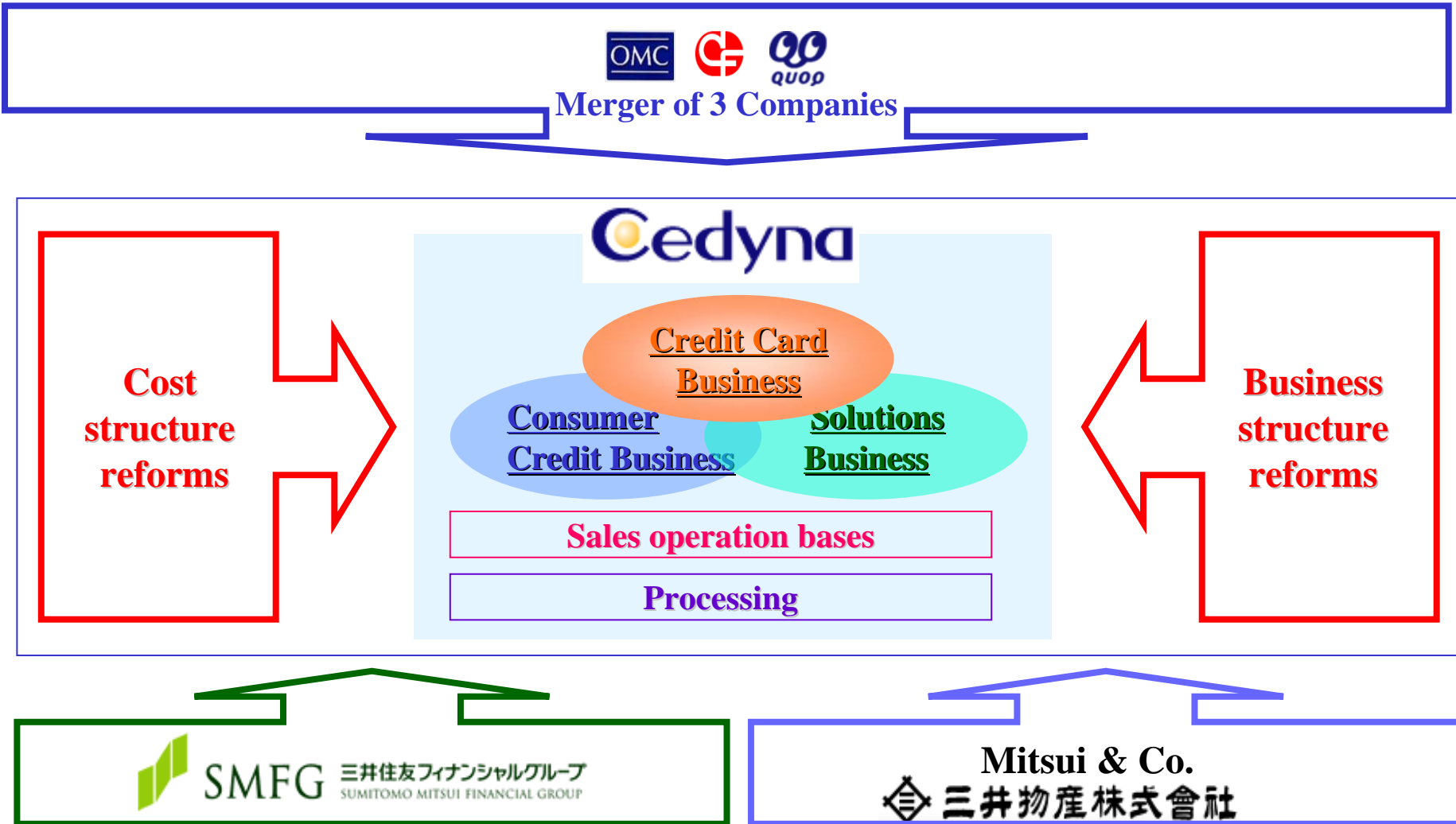
	As of September 30, 2009	After subscription
Voting rights ratio (FGCC)	46.06%	67.68%
Company status (SMFG)	Equity method affiliate	Consolidated subsidiary

Trend in Equity Ratio

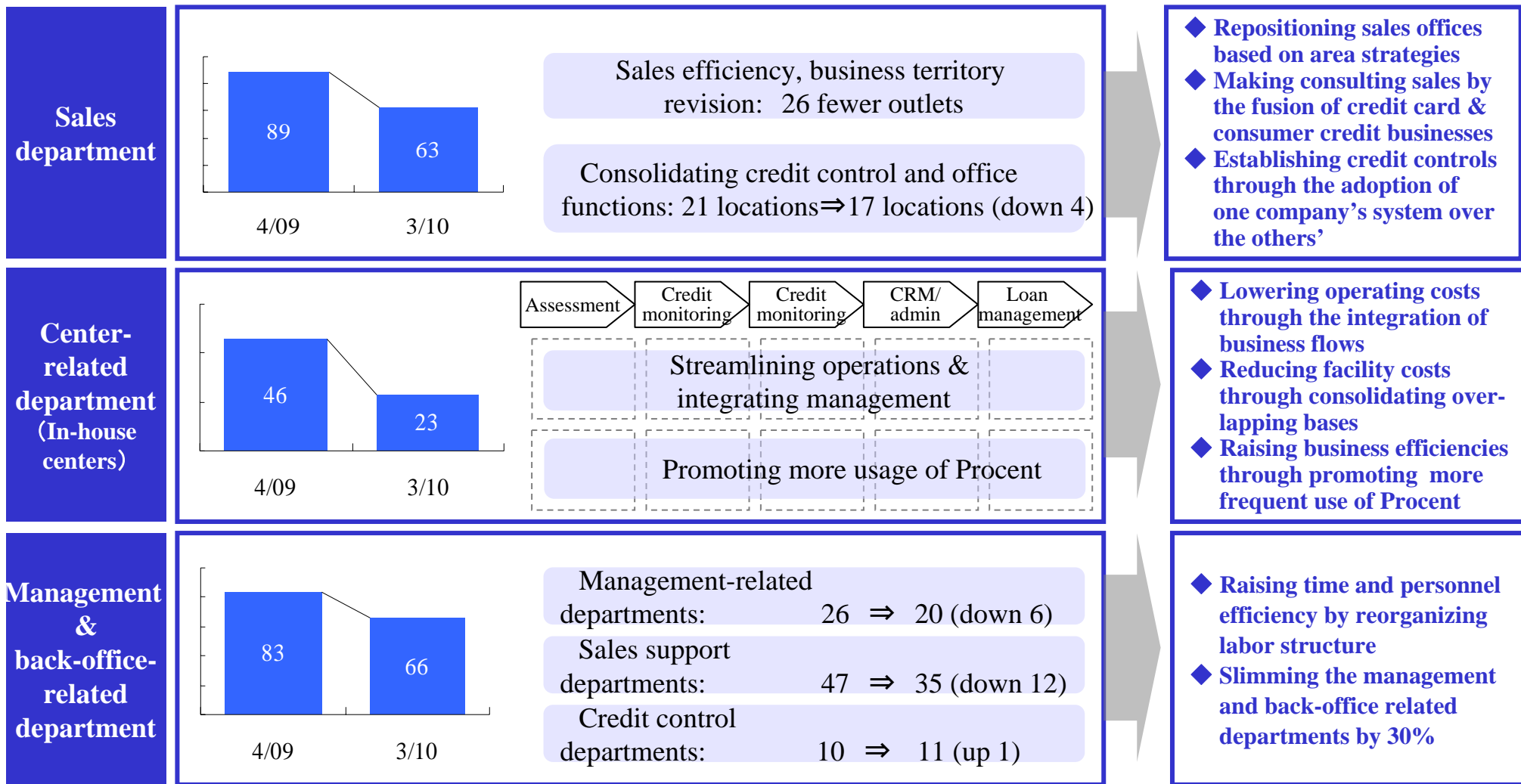


# Creating business models focusing on higher efficiency

## ■ Target to attain No.1 credit card business entity status in Japan



## ■ Improving productivity through organizational changes

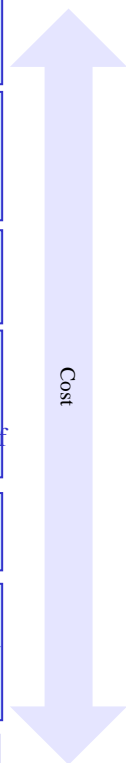


# Cost Structure Reforms

# ~Measures Implemented~

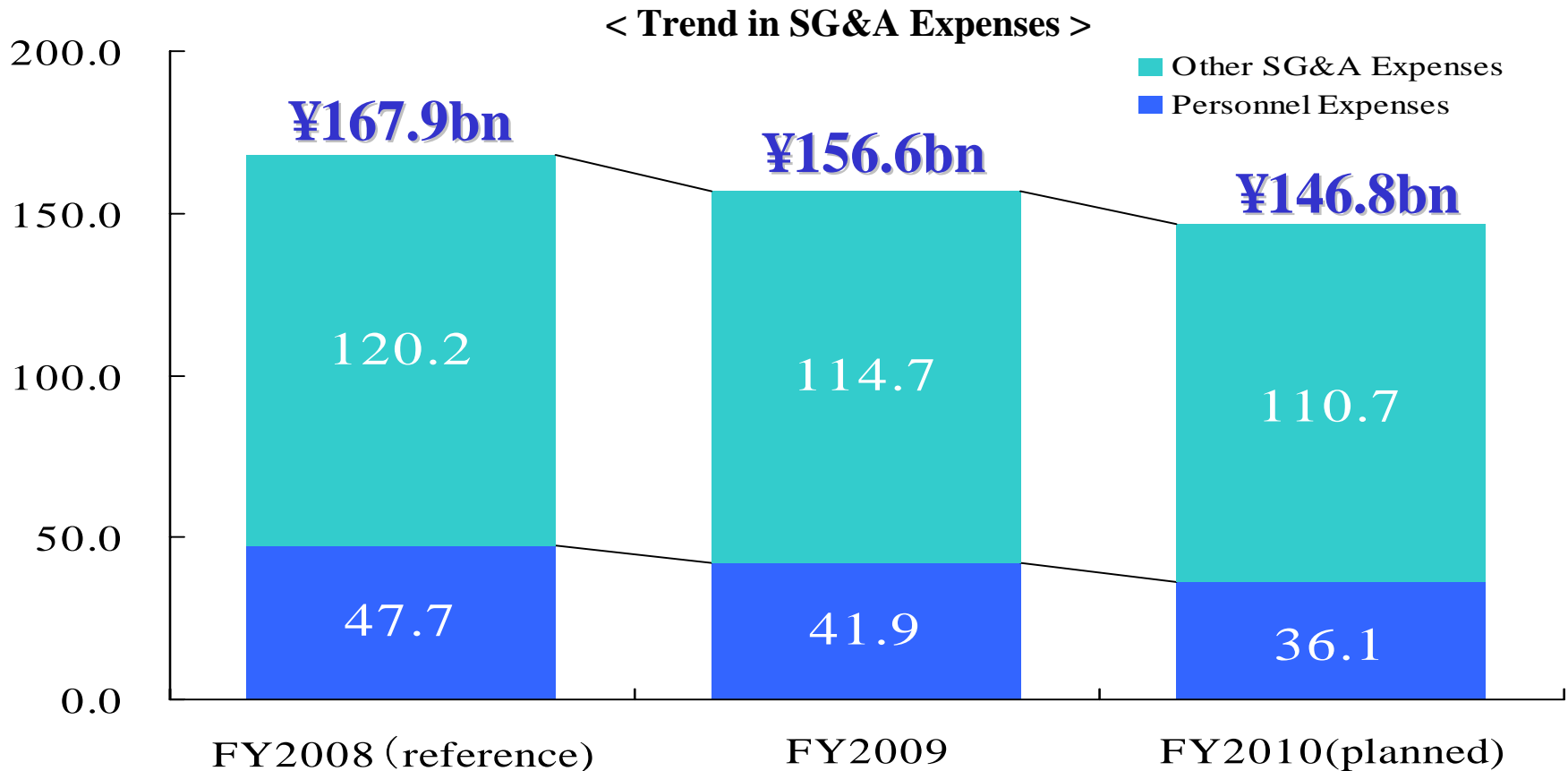
**Achieved savings worth ¥16.5bn exceeding ¥14.5bn originally planned for FY2009**

			FY09 Impact (results)	FY10 Impact (planned)	
<b>Business reforms</b>	<b>Organizational &amp; human resource reform</b>	Costs	<ul style="list-style-type: none"> <li>Implementing voluntary retirement scheme (827 employees)</li> <li>Raising time and personnel efficiency by optimizing staff allocations</li> </ul>	Δ¥4.0bn	
	<b>Credit Card</b>	Earnings	<ul style="list-style-type: none"> <li>Reviewing business terms</li> <li>Activating existing cardholders</li> </ul>	Δ¥12.5bn	FY09 result Δ¥16.5bn
		Costs	<ul style="list-style-type: none"> <li>Shifting focus to more efficient solicitation channels</li> <li>Integrating documentation, card issuance and invoice issuance processes</li> <li>Unifying products and services</li> </ul>		
	<b>Consumer Credit</b>	Earnings	<ul style="list-style-type: none"> <li>Reviewing business transaction terms</li> <li>Strengthening the screening of affiliated stores in consumer credit and auto loans businesses.</li> </ul>	Δ¥12.5bn	+
		Costs	<ul style="list-style-type: none"> <li>Consolidating sales bases</li> <li>Isolating and consolidating back-office processes while also increasing outsourced processes</li> <li>Encouraging the usage of general applications in place of affiliated store specific applications.</li> </ul>		
	<b>Solutions</b>	Earnings	<ul style="list-style-type: none"> <li>Reviewing business transaction terms</li> <li>Shifting emphasis towards highly profitable products</li> </ul>	Δ¥12.5bn	Δ¥10.0bn
		Costs	<ul style="list-style-type: none"> <li>Eliminating unprofitable products</li> <li>Increasing in-house products which had been outsourced</li> <li>Isolating and consolidating back-office processes while also increasing outsourced works</li> </ul>		
	<b>Other</b>	Costs	<ul style="list-style-type: none"> <li>Pursuing operational efficiencies</li> </ul>	Δ¥16.5bn	Δ¥26.5bn
	<b>Total</b>			<b>Δ¥16.5bn</b>	<b>Δ¥26.5bn</b>



- Implementing effective measures
- Reviewing brand strategies
- Consolidating facilities through organizational change and BPR (Business Process Re-engineering)
- Reducing running costs of systems
- Reviewing investment plans

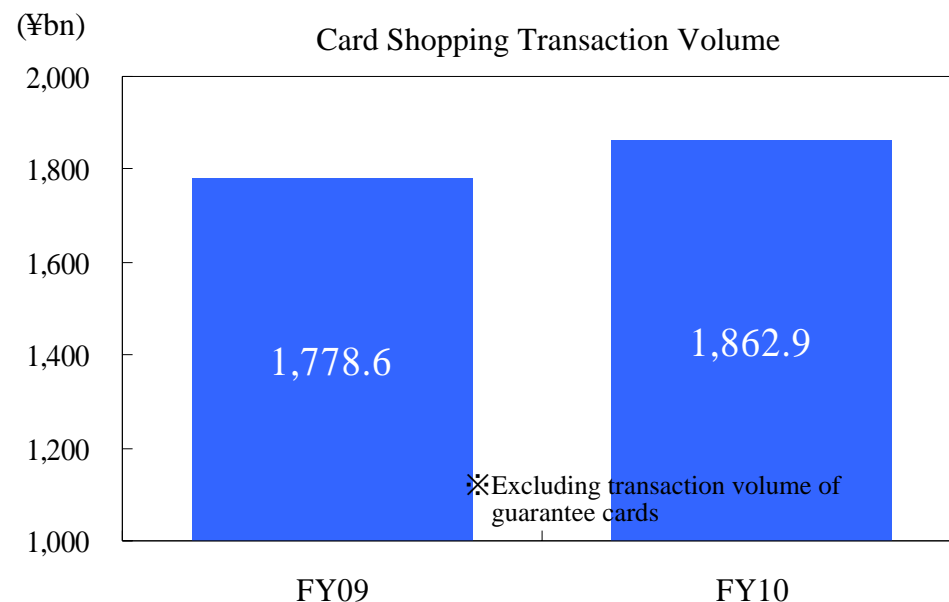
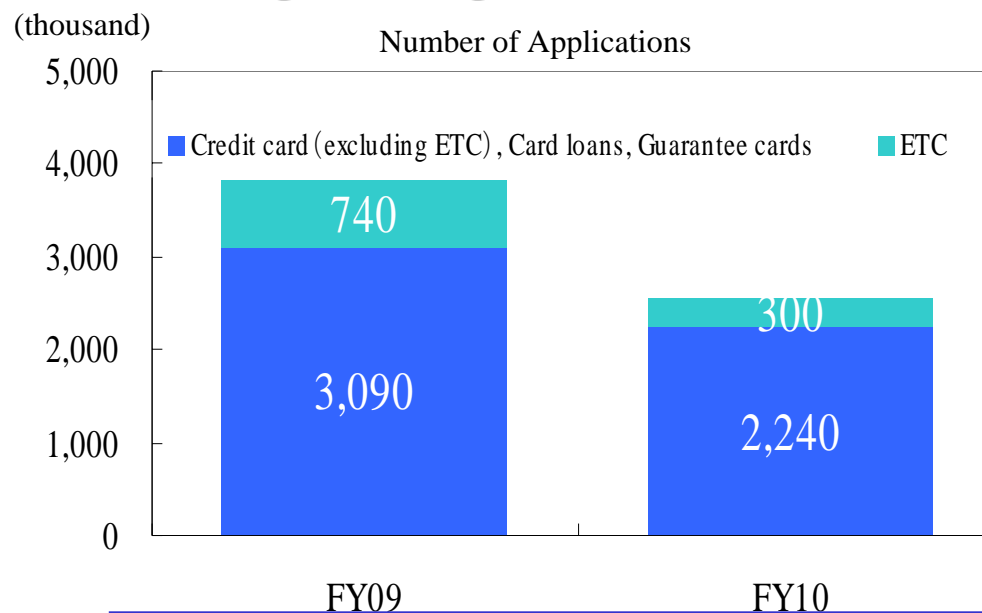
**Further controlled SG&A Expenses by making continuous, profound efforts in structural reform**



※ The ref. figures for FY08 are calculated by a simple addition of OMC, CF & QUOQ figures.

※ OMC's actual FY08 figures are adjusted to reflect 12 months (13 months figure  $\div 13 \times 12$ ).

## Expanding card shopping transactions by concentrating management resources on higher usage channels



### Number of applications

- Limit solicitation by shifting emphasis onto quality instead of quantity
- Expand MSP Model-based higher-quality customers

FY2010

2.54 mn

YoY  $\Delta$ 33.9%

### Cardholders (credit card)

As of Mar 2011

21.71 mn

YoY +0.9%

### Major KPIs

Accounts  
in Use

YoY  
+3.4%

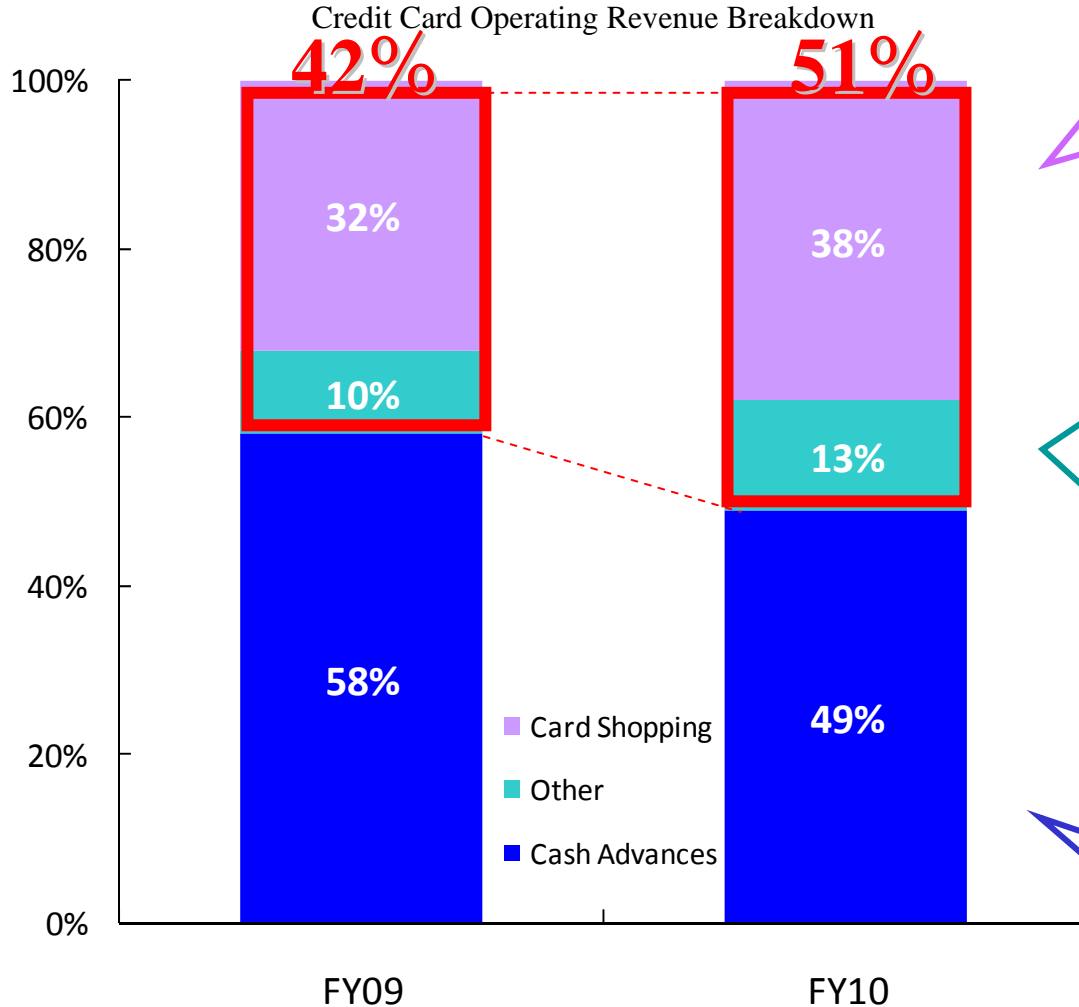
- Increasing new accounts using MSP Model
- Cultivating accounts based on DBM (database marketing)

Average  
amount  
per account

YoY  
+1.3%

- Enhancing card usage as main card by promoting registration-type settlements
- Retaining prime customers by promoting Gold Cards

## ■ Shifting towards highly efficient business models through expanding card shopping revenues and fee-based income



### Card shopping

- ◆ Raising fees from affiliated stores by increased transactions
- ◆ Increasing revolving credit transactions and installment repayment balances by promoting active use of front lines
- ◆ Expanding fees from customers by changing the rates applied to revolving credit and installment repayment

### Other

- ◆ Membership fee revenues
  - Upgrading cardmembers
  - Issuing new Gold Cards
  - Changing contracts enabling charging of annual fees
- ◆ ATM usage fees
  - Scheduled to start in June 2010
  - Fees : ¥105 for dispensing ¥10,000 or less  
¥210 for dispensing over ¥10,000
- ◆ ETC card issuing fees
  - Started in February 2010
  - Fees ¥1,050

### Cash advances

- ◆ Expanding good-quality receivables by increasing new cardmember numbers
- ◆ Setting credit appropriately in accordance with revised regulations

## ■ Strengthening prime customer retention by offering wider Gold Card lineup

(Annual fee)

¥10,000

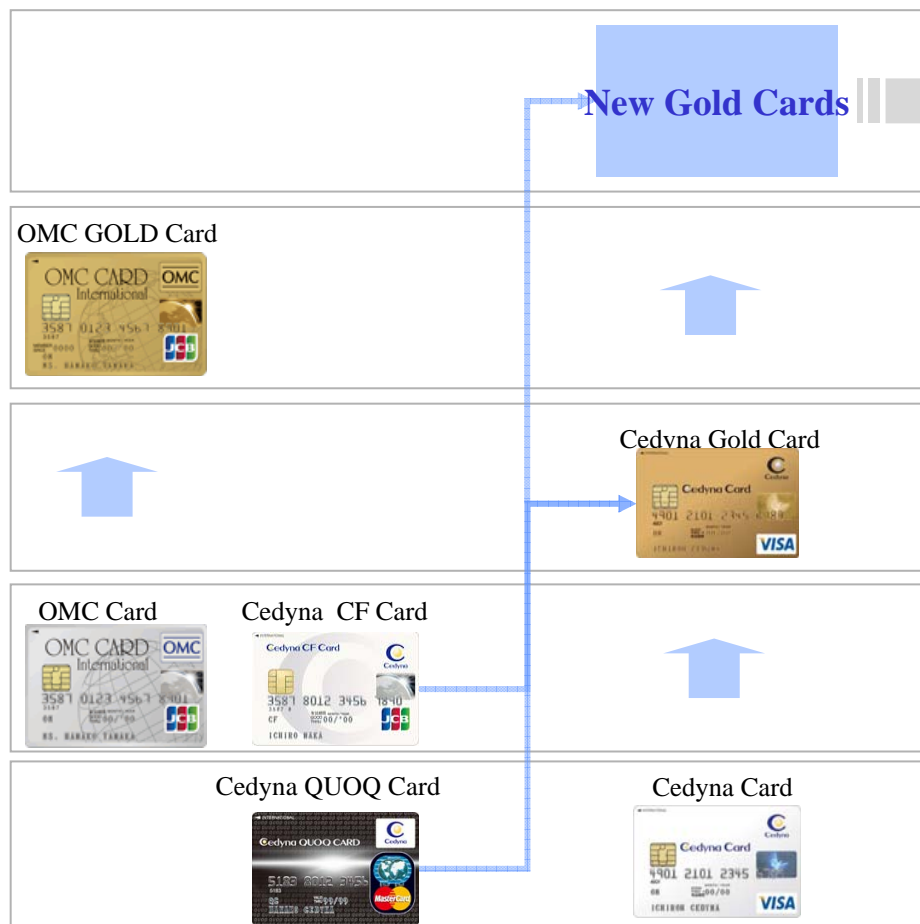
System chart for Cedyne branded cards

¥6,000

¥2,000

¥1,000

¥0



New Gold Cards

Cedyne Card Premium



Cedyne Card AXU



### Key concept

A card promising privileges and impressive experiences

A card offering eco-friendly, personally rewarding services

### Unique services

- Movie previews
- Concerts by famous singers
- All-Japan GT Championship
- Select product catalogs of department stores intended for their larger customers

- Participation in domestic and overseas ecotours chosen by lot
- Introducing environment-related products
- 0.1% of money spent on card donated to environmental conservation groups

## ■ Implementing approaches to increase revenues and reduce costs through website utilization

### Reducing costs

#### Dedicated websites for members

- Confirm usage status
- Confirm card limit
- Change payment method
- View campaign information
- Other changes



#### Reducing operational costs

#### On-line statements



Number of cardmembers using on-line statement YoY +69%

### Increasing revenues

#### Cedyna Mall



Transaction volume in FY2010 YoY +68%

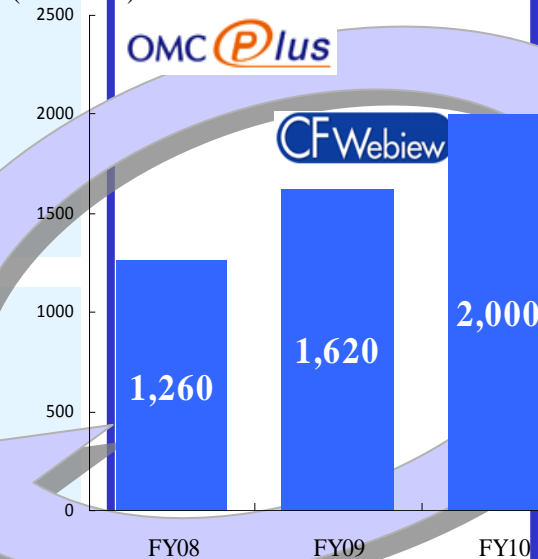
#### Cedyna Park Open in April 2010



Increase Internet membership by enriching content

### Internet members

(thousands)



## Shifting towards highly efficient sales models

### Expand transactions and market share

#### Credit

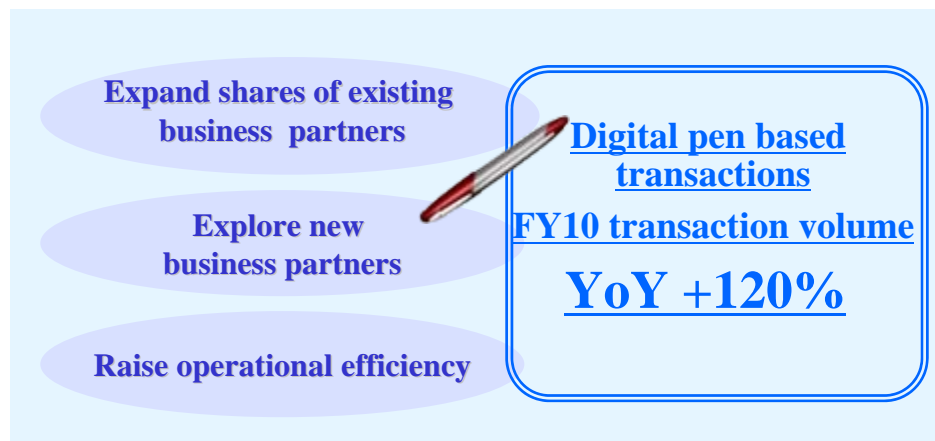
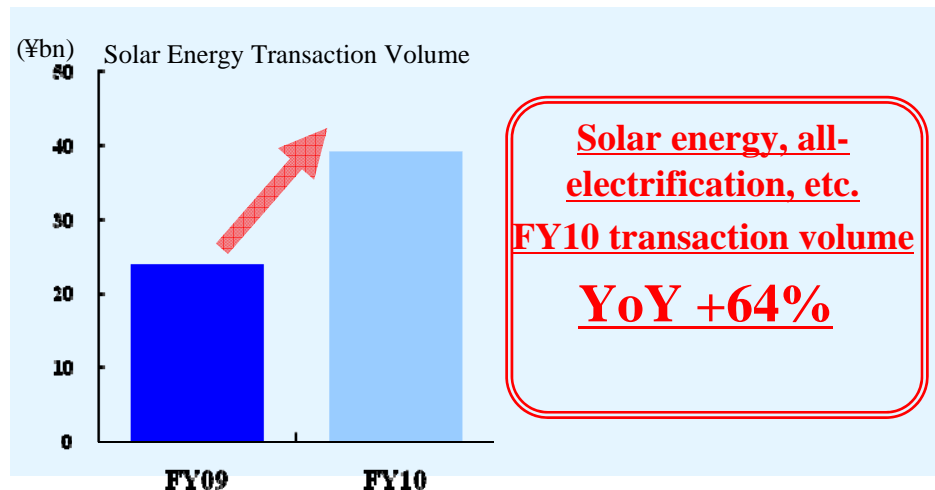
- Strengthen target channels (student loan, mail-order, etc.)
- Expand products in growth areas (Solar energy, all-electrification, eco-friendly reforms)
- Offer value-added services to business partners through the Digital Pen System

#### Auto

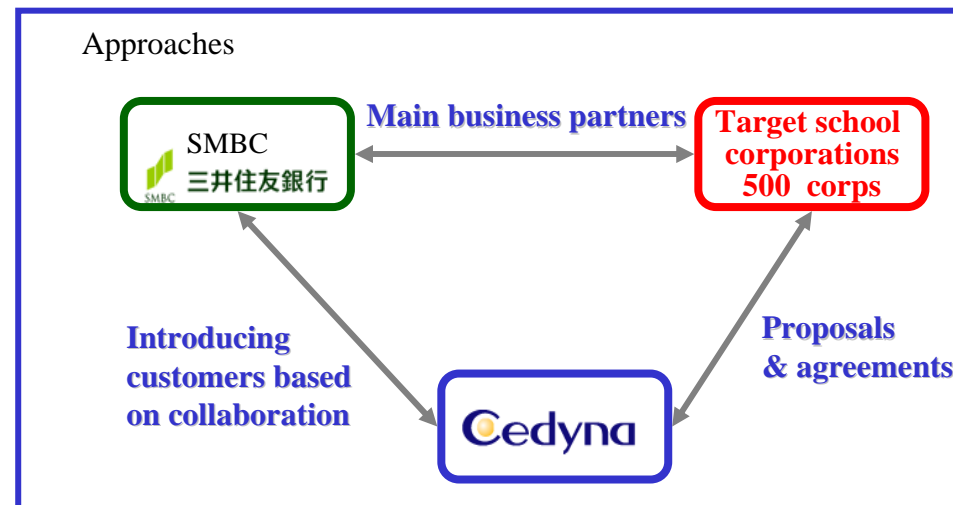
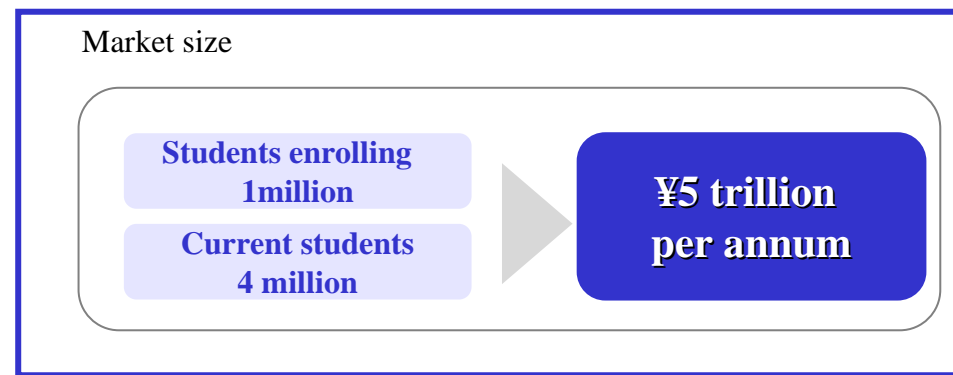
- Tie up with SMM Auto Finance,
- Utilize SBI auto loans
- Develop products in alliance with car information websites

### Strengthen profitability through operational efficiency

- Raise operational efficiency by reviewing workflows at sales offices
- Increase focus on important business partners
- Promote operational efficiency by increasing Internet utilization such as contract document collection systems

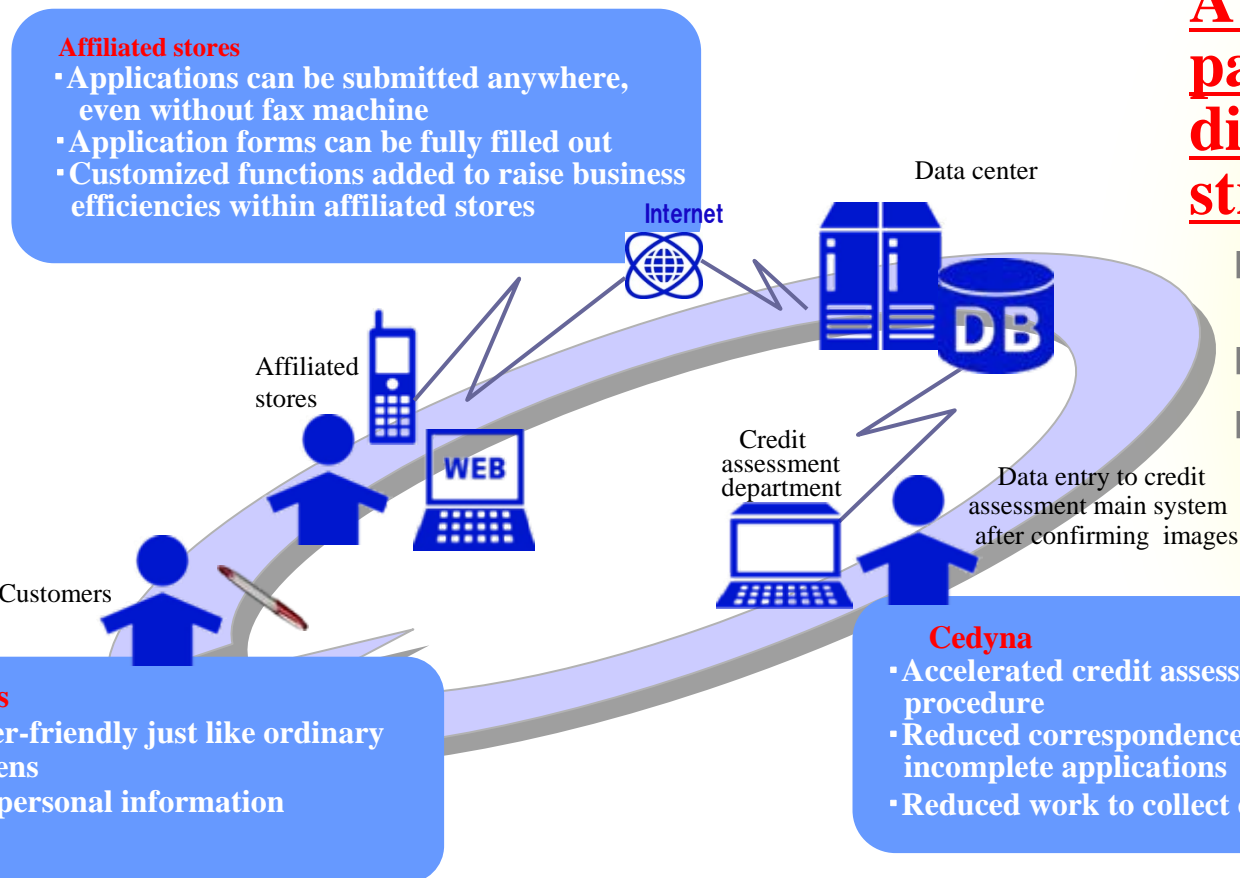


## ■ Student loan market to be expanded in collaboration with SMBC



## ■ Retaining business customers through active use of Digital Pen System

Cedyna's Digital Pen System (business model patent applied for)



### Affiliated stores

- Applications can be submitted anywhere, even without fax machine
- Application forms can be fully filled out
- Customized functions added to raise business efficiencies within affiliated stores

## Attracting business partners through differentiation strategies

- Retain and attract good corporations with greater interests in personal information protection
- Retain and attract 'brick and mortar' affiliated stores
- Proposals for customized functions (customer management, delivery orders, etc.)

### Customers

- Pens are user-friendly just like ordinary ball-point pens
- Comfort in personal information protection

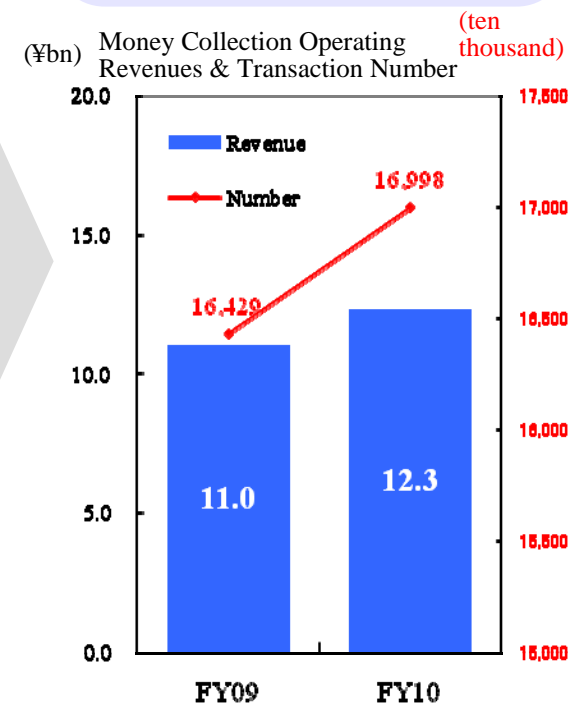
### Cedyna

- Accelerated credit assessment procedure
- Reduced correspondence to deal with incomplete applications
- Reduced work to collect contract forms

## ■ Promoting sales strategies and expanding payment products tailored to needs of business customers

	Money collection agency	Business credit
Sales strategies	<ul style="list-style-type: none"> <li>■ Strengthen profit base by reviewing lower-margin transactions</li> <li>■ Expand business customer base (esp. medium sized business customers) through active use of nationwide sales base network</li> <li>■ Reinforce consulting sales (esp. for larger business customers) in collaboration with sales offices</li> <li>■ Increase transactions based on the development of payment products capturing market needs (end users)</li> </ul>	
Product strategies	<ul style="list-style-type: none"> <li>■ Develop payment products for various charges and attract users by responding to their needs                             <ul style="list-style-type: none"> <li>▪ Create and promote cardless payment systems</li> <li>▪ ‘Pay-easy’ account transfer payment systems (face-to-face)</li> <li>▪ Web-based account transfer payment systems (non face-to-face)</li> </ul> </li> </ul>	
Channel strategies	<ul style="list-style-type: none"> <li>■ Ensure transactions in stable markets                             <ul style="list-style-type: none"> <li>▪ Satellite TV, CATV</li> <li>▪ Public money</li> <li>▪ Telecommunications (mobile phones, ISPs, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen approaches in growth areas (shopping websites, etc.)</li> <li>■ Cultivate market by offering differentiating products (mail-order, telecommunications, schools, etc.)</li> </ul>

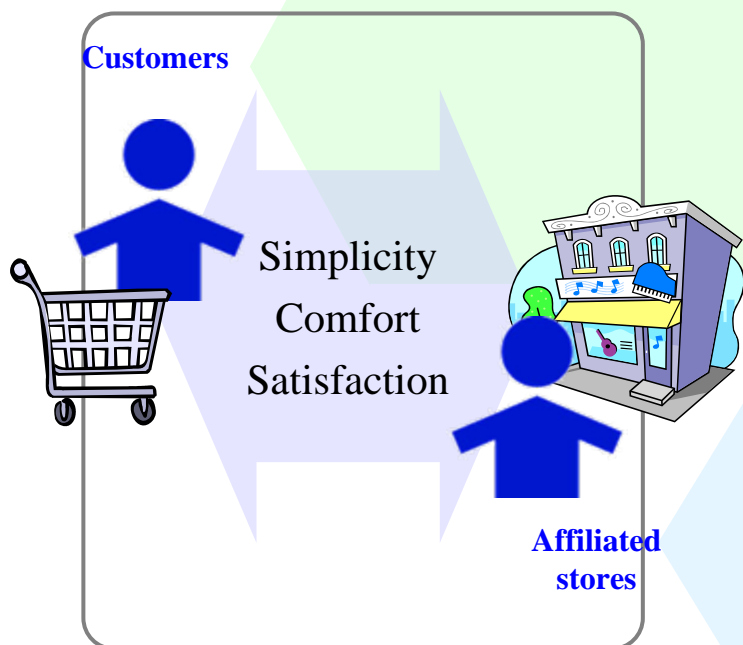
- Strengthen earnings base
- Offer next-generation payment services



## ■ Expanding business customer base by implementing 'cardless' payments

Create membership system for users (customers)

Develop membership services



**Offering  
'cardless'  
payment  
function**

Explore affiliated stores in targeted channels (telecommunications, mail-order, etc.)

Increase share in business with existing affiliated stores

**Cedyna**

Convenience in 'cardlessness'

Linked with existing services

Marketing functions

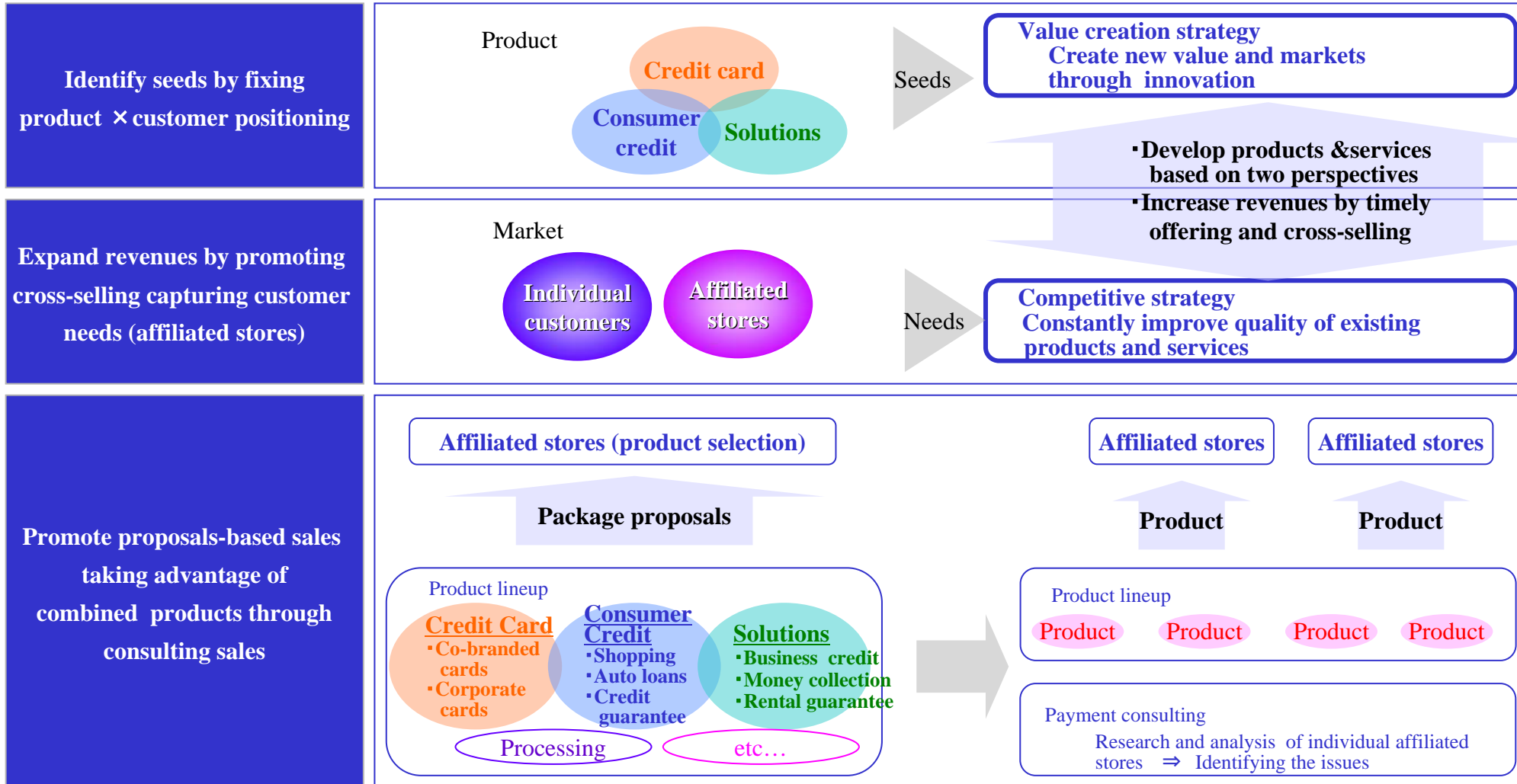
Strengthened customer service

Functions complementing shopping credit market

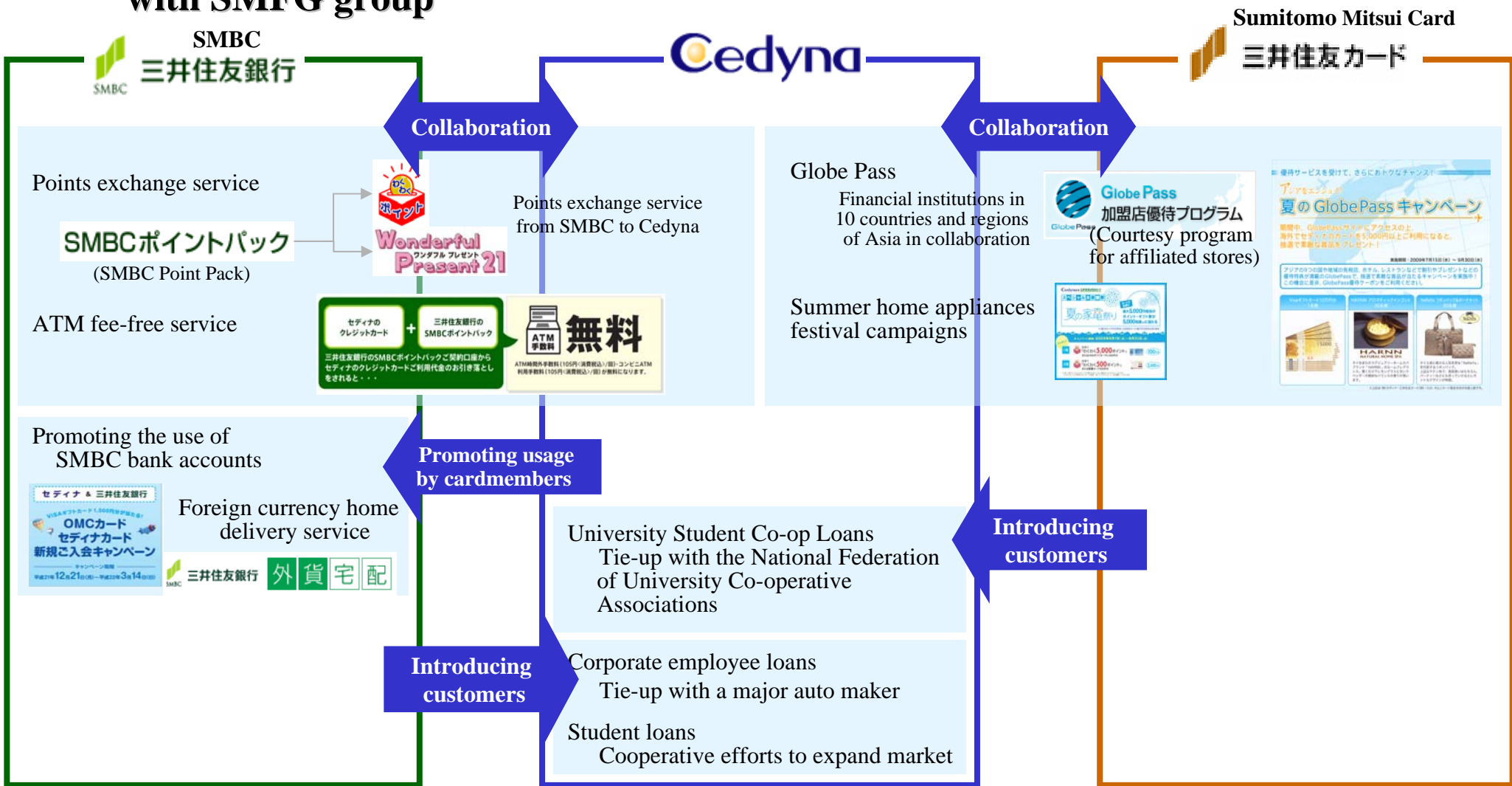
Clerical work & operation functions

# Business Structure Reforms ~Synergies between Business Areas~

## ■ Strengthening sales promotions based on proposals through business fusions



## Maximizing top-line synergies through various measures in collaboration with SMFG group



## ■ Realizing bottom-line synergies by pursuing scale economies

		2009	...	2014	
<b>Next Generation System</b>	Mission-critical	Mission-critical system			
		Common basis for mission-critical system (Linking Hub)		<b>Implementation (planned)</b>	
	Peripheral	Authorization			
		Application assessment			
		Delinquency management			
		Data warehouses			
		Web systems			
Call centers					

**Implementation (planned)**

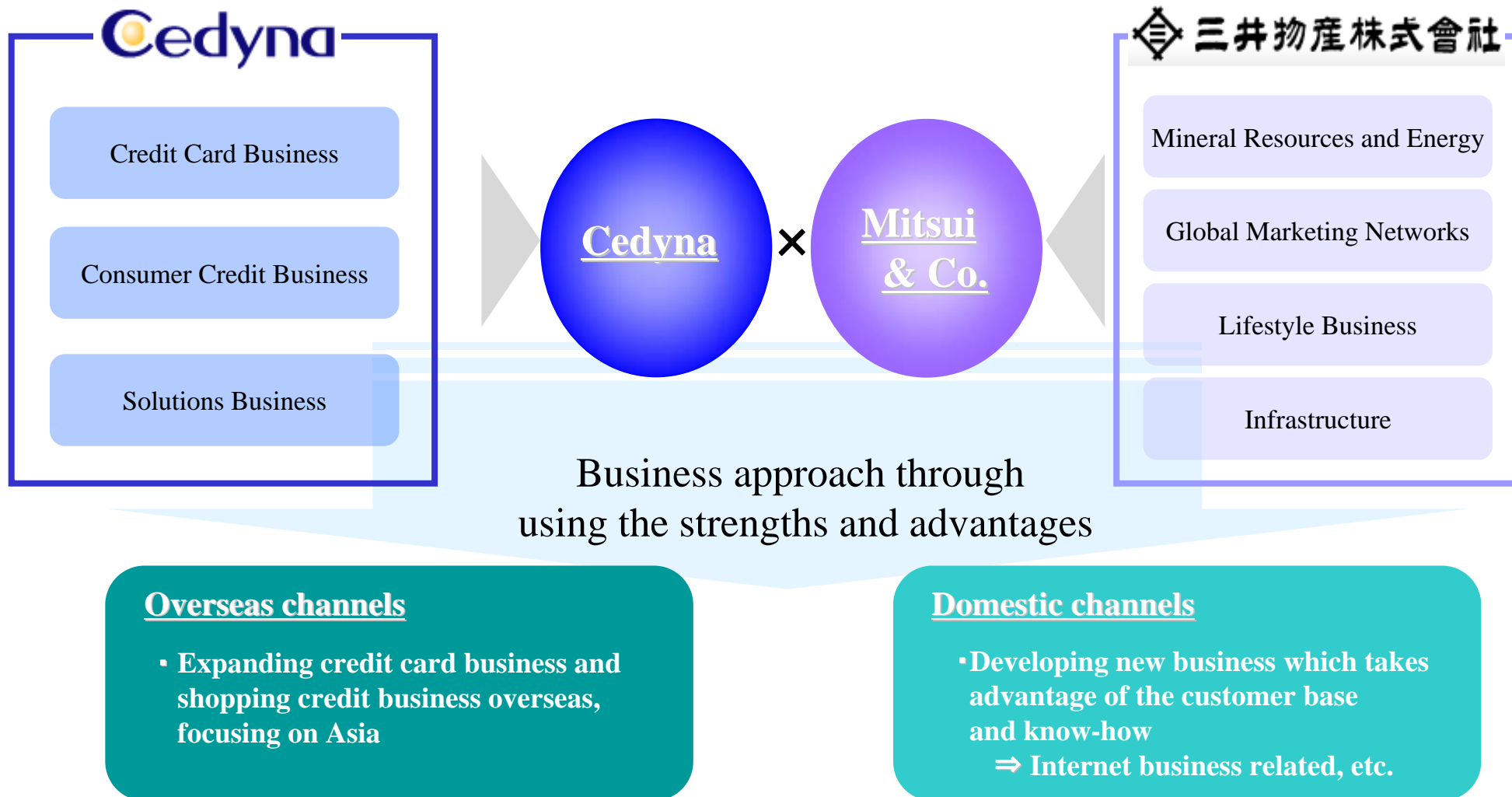
**Sequential implementation starts in 2010 (planned)**

**Realizing scale economies and operation at lower costs**

**Processing business**

- ◆ Standardizing business routines and smoothing out differences
- ◆ Creating next-generation transaction system tailored to regulatory changes and the establishment of next-generation systems.

## ■ Expanding business through alliance and cooperation with Mitsui & Co.



# Full-year Earnings Outlook

# Consolidated Statements of Income

Unit : billions of Yen

	FY 2009	FY 2010		
			Increase/ Decrease	YOY%
Transaction Volume	6,508.3	6,477.7	△ 30.6	△ 0.5%
Operating revenue	232.7	224.6	△ 8.1	△ 3.5%
Operating expenses	273.1	206.1	△ 67.0	△ 24.5%
Operating income / loss	▲ 40.4	18.6	+59.0	—
Ordinary income / loss	▲ 38.5	19.0	+57.5	—
Net income / loss	▲ 67.9	18.2	+86.1	—

# Projected Transaction Volume (Non-consolidated)

Unit : billions of Yen

	FY 2009	FY 2010	Increase/ Decrease	YOY%
Credit Card Contracts	1,955.1	2,051.6	+96.5	+4.9%
Cash Advances	471.2	366.4	△ 104.8	△ 22.2%
Credit Sales	265.4	314.0	+48.6	+18.3%
Auto Loans	231.6	252.3	+20.7	+8.9%
Collection Agency	2,837.3	2,788.1	△ 49.2	△ 1.7%
Business Credit	246.0	256.6	+10.6	+4.3%

※Management accounts basis

# Projected Operating Revenues (Non-consolidated)

Unit : billions of Yen

	FY 2009	FY 2010	Increase/ Decrease	YOY%
Credit Card Contracts	49.9	55.9	+6.0	+12.1%
Cash Advances	90.7	71.9	△ 18.7	△ 20.7%
Credit Sales	28.4	26.3	△ 2.1	△ 7.4%
Auto Loans	12.7	12.3	△ 0.4	△ 3.4%
Collection Agency	11.0	12.3	+1.3	+11.4%
Business Credit	4.3	4.8	+0.4	+10.3%

※Management accounts basis

※Before securitization

# Projected Cardholders

Unit : In Ten Thousand

	FY 2009	FY 2010	Increase/ Decrease	YOY%
Applications	383	254	△ 130	△ 33.9%
Issuance	339	210	△ 129	△ 38.0%
Cardholders	2,493	2,491	△ 2	△ 0.1%
Credit Card	2,152	2,171	+19	+0.9%
Loan Card	83	79	△ 4	△ 4.2%
Guarantee Card	258	241	△ 18	△ 6.8%