

Earnings Release

**Six Months Ended September, 2010
(April, 2010 - September, 2010)**

November 12, 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 2009 1H	FY 2010 1H	Increase /	YoY %
			Decrease	
Transaction Volumes	3,302.1	3,266.7	▲ 35.4	▲ 1.1%
Operating Revenues	118.3	109.1	▲ 9.2	▲ 7.8%
Operating Expenses	141.8	102.2	△ 39.6	△ 27.9%
Operating Income/Loss	▲ 23.5	6.9	+30.4	—
Ordinary Income/Loss	▲ 22.3	7.0	+29.3	—
Net Income/Loss	▲ 40.1	6.7	+46.8	—

Transaction Volume (Consolidated)

Unit : billions of Yen

	FY 2009 1H	FY 2010 1H	Increase / Decrease	
			Increase / Decrease	YoY %
Credit Card Contracts	899.6	1,093.1	+193.5	+21.5%
Personal Credit Contracts	318.7	280.3	▲ 38.3	▲ 12.0%
Guarantee Contracts	232.9	149.2	▲ 83.7	▲ 35.9%
Loan Contracts	246.8	185.8	▲ 61.0	▲ 24.7%
Other Revenues	1,604.1	1,558.2	▲ 45.9	▲ 2.9%
Total	3,302.1	3,266.7	▲ 35.4	▲ 1.1%

Operating Receivable (Consolidated)

Unit : billions of Yen

	As of Mar. 2010	As of Sep. 2010	Increase / Decrease	YoY %
Installment Sales Receivables	824.4	796.2	▲ 28.2	▲ 3.4%
Credit Card Contracts	339.9	358.7	+18.8	+5.5%
Personal Credit Contracts	483.5	436.5	▲ 47.0	▲ 9.7%
Others	0.9	0.9	+0.0	+4.9%
Operating Loans	483.6	460.0	▲ 23.6	▲ 4.9%
Cash advance	429.3	406.1	▲ 23.2	▲ 5.4%
Others	54.3	53.9	▲ 0.4	▲ 0.7%
Loan Guarantee Receivables	699.5	677.9	▲ 21.6	▲ 3.1%

Operating Revenues (Consolidated)

Unit : billions of Yen

	FY 2009 1H	FY 2010 1H	Increase /	YoY %
			Decrease	
Credit Card Contracts	27.7	31.6	+3.9	+14.0%
Personal Credit Contracts	17.7	14.1	▲ 3.7	▲ 20.7%
Guarantee Contracts	8.6	8.1	▲ 0.5	▲ 6.2%
Loan Contracts	47.9	38.8	▲ 9.1	▲ 19.1%
Others	16.0	16.2	+0.3	+1.7%
(Collection Agency)	5.8	5.8	+0.0	+0.2%
(Others)	10.2	10.5	+0.3	+2.5%
Financial Transactions	0.4	0.3	▲ 0.0	▲ 10.3%
Total	118.3	109.1	▲ 9.2	▲ 7.8%

Operating Expenses (Consolidated)

Unit : billions of Yen

	FY 2009 1H	FY 2010 1H	Increase /	YoY %
			Decrease	
SG&A Total	79.3	69.8	△ 9.5	△ 12.0%
Personnel Expenses	22.3	18.5	△ 3.8	△ 17.0%
Other SG&A Expenses	57.0	51.3	△ 5.7	△ 10.0%
Provision for Doubtful Accounts	23.5	18.1	△ 5.3	△ 22.8%
Provision for Loss on Interest Refunds	25.3	0	△ 25.3	—
Financial Expenses	10.5	11.3	+0.8	+7.4%
Other	3.1	3.0	△ 0.1	△ 4.7%
Total Operating Expenses	141.8	102.2	△ 39.6	△ 27.9%

The Financing Relation (Consolidated)

◆ Interest-bearing debt

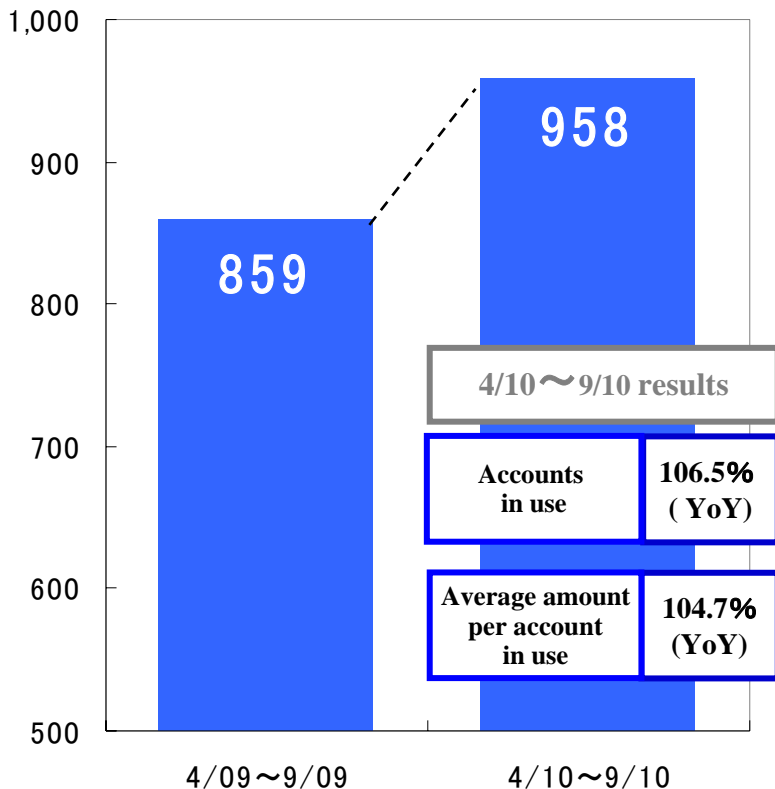
Unit : billions of Yen

	As of Mar, 2010		As of Sep, 2010		Change vs. Mar, 2010 (amount)
		% of Total		% of Total	
Interest-bearing dept	1,088.1	87.1%	1,026.1	90.5%	△ 62.0
Long-term debt	733.5	58.7%	660.8	58.3%	△ 72.7
Short-term borrowings	301.1	24.1%	315.3	27.8%	+14.2
CP	53.4	4.3%	49.9	4.4%	△ 3.5
Corporate bonds	0.0	0.0%	0.0	0.0%	+0.0
Securitization	161.2	12.9%	107.2	9.5%	△ 54.0
Total	1,249.3	100.0%	1,133.3	100.0%	△ 116.0

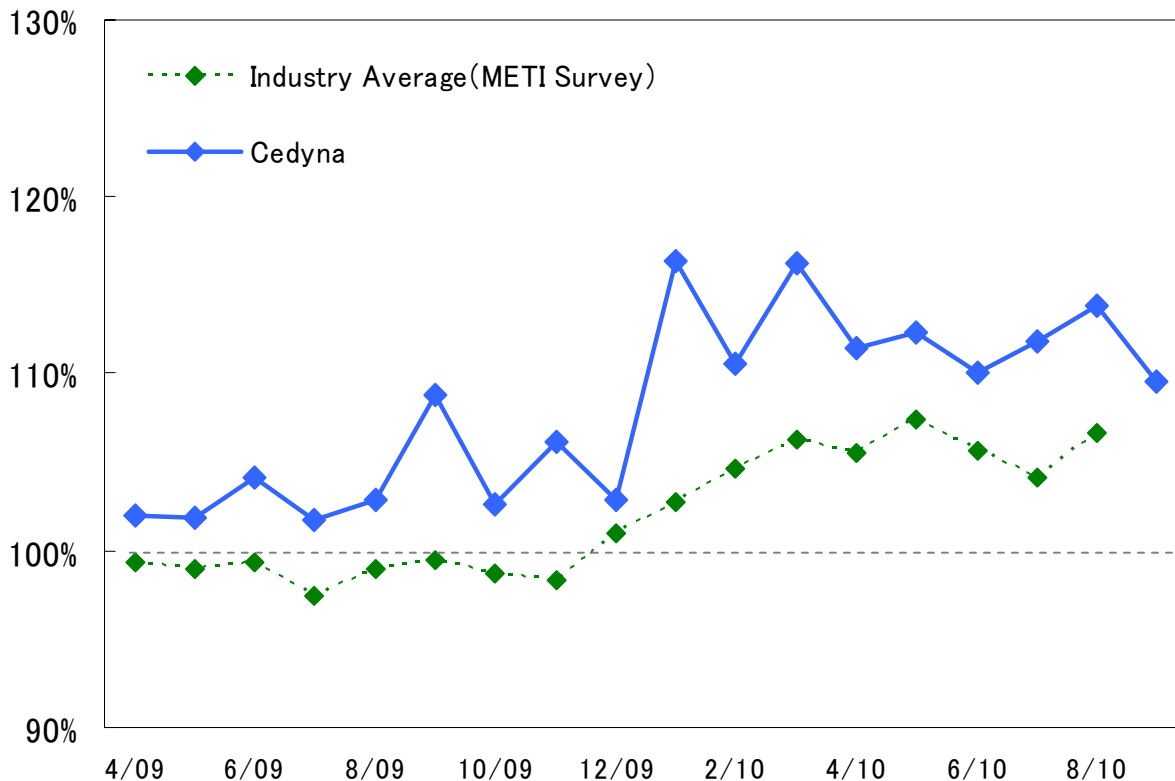
Operating Review

■ Card shopping transaction volume growth higher than industry average

(¥bn) Trend in Card Shopping Transaction Volume



YoY Trend in Card Shopping Transaction Volume

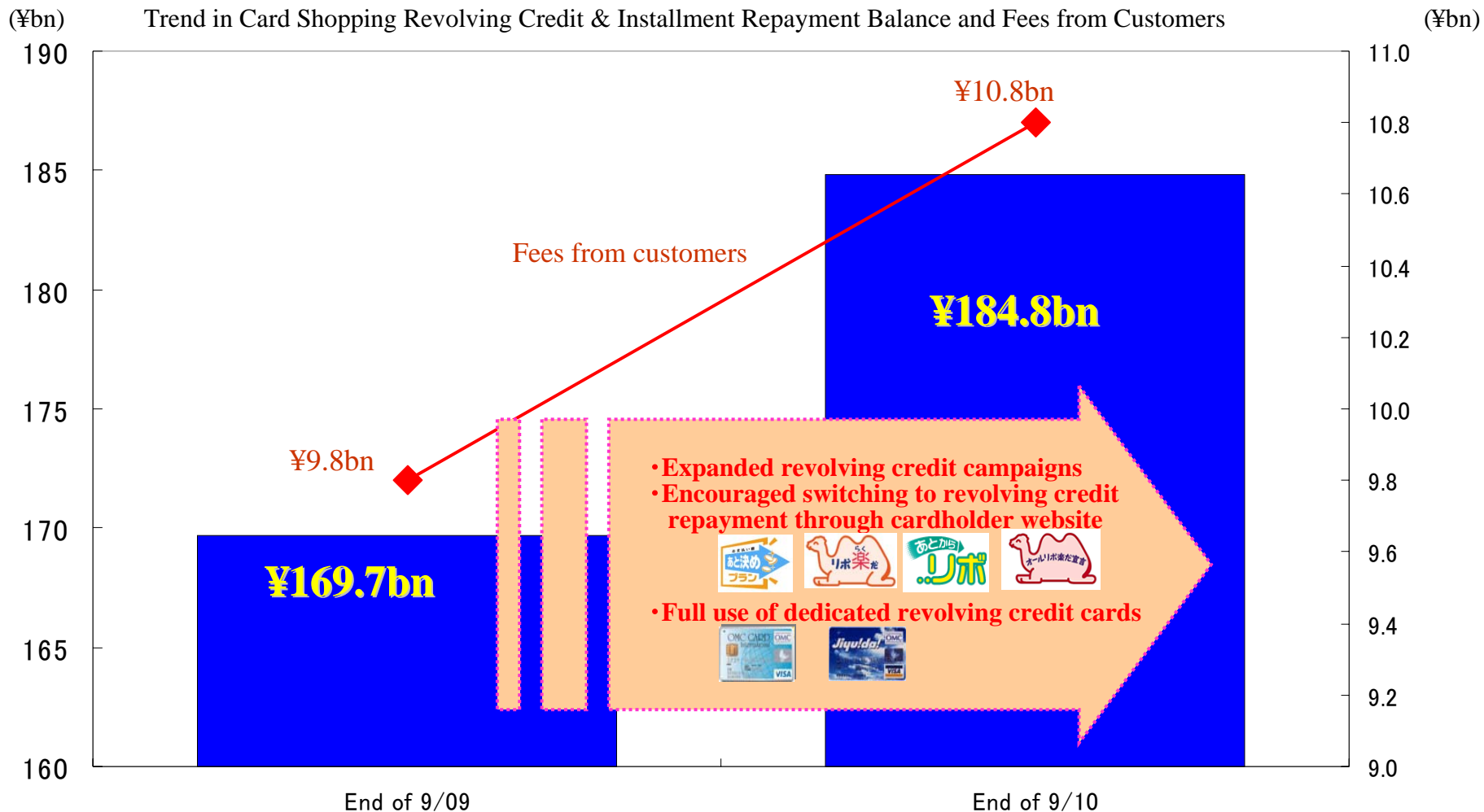


※Management accounts basis / Transaction volume excludes that of guarantee card transactions.

※Some transactions that had previously been on a guarantee card switched to being general credit card transactions.

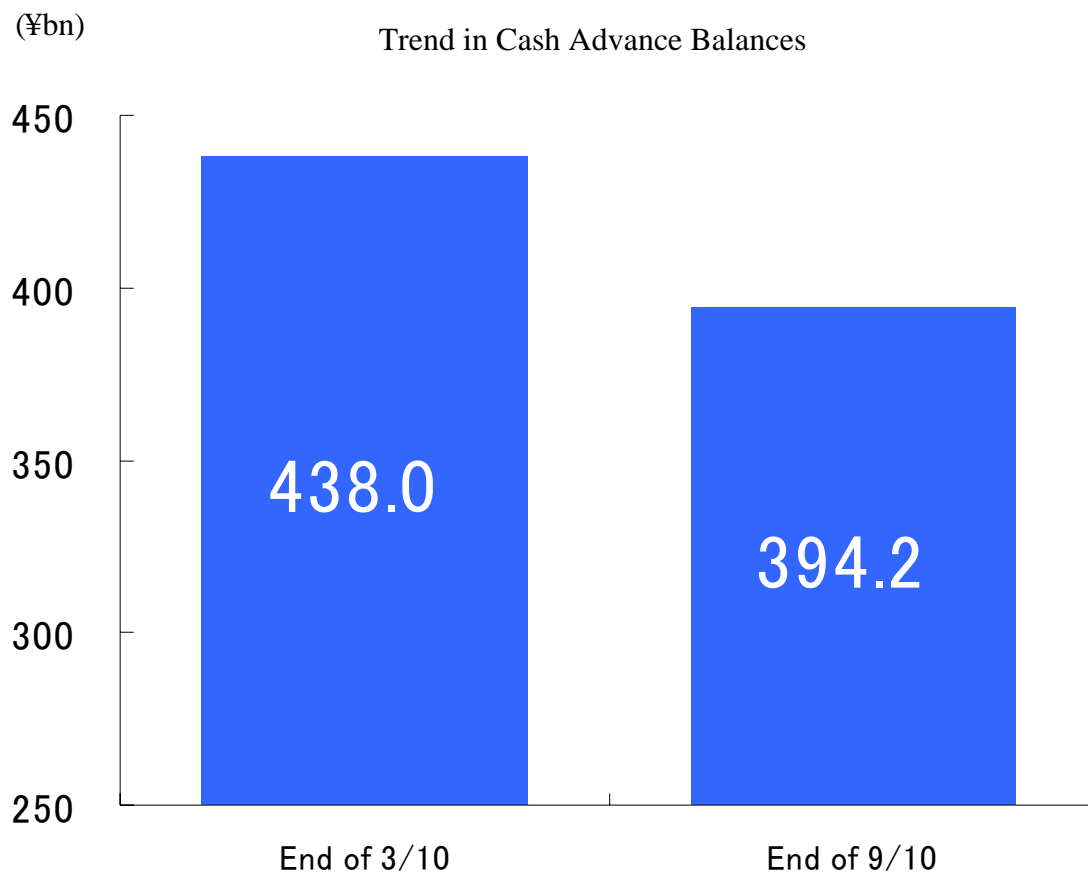
To enable YoY comparison, such transactions are excluded from the above and figures are compared on an equivalent basis.

Revolving credit & installment repayment balances expanded thanks to implementation of various promotion strategies



※Management accounts basis / Balances exclude those of guarantee cards and are compared on an equivalent basis (but include effect of securitization).

■ Lower balances and reduced interest rates depressed transaction volumes



Interest rates for cash advance receivables all lowered below statutory interest rates

Factor Analysis for Lower Operating Revenues

(Unit: ¥bn)

	FY2009 1H		FY2010 1H	
		Change		Change
Average balance	479.5	▲51.5	416.1	▲63.4
Operating revenue	46.5	▲12.9	36.8	▲9.7
Profit earning rate (annualized)	19.4%	▲3.0%	17.7%	▲1.7%

※Management accounts basis

Cash advance balances exclude those of guarantee cards (but include effect of securitization).

Cardholder Status

■ Developing card solicitation with focus on quality

(Unit: ten thousand)

	FY2009 1H	FY2010 1H	YoY Change	FY2010 Full year projection
Applications	207	113	△45.4%	184
Issuances	182	98	△46.2%	160
Cardholders	2,461	2,489	+1.1%	
Credit Card	2,107	2,155	+2.3%	
Loan Card	85	81	△4.5%	
Guarantee Card	269	252	△6.3%	

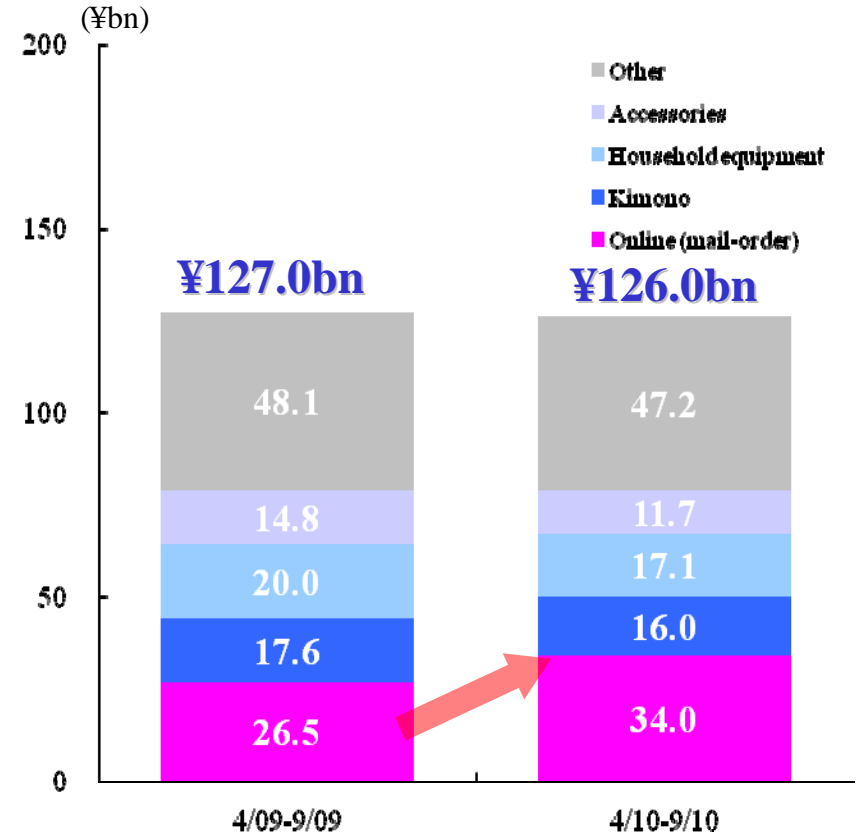
※ Some transactions that had previously been on a guarantee card switched to being general credit card transactions.
To enable YoY comparison, such transactions are excluded from the above and figures are compared on an equivalent basis.

■ Shopping credit transactions rebounded through implementing growth area-focused strategies

Quarterly Trend in Shopping Credit Transaction Volume



Trend in Shopping Credit Transaction Volume by Channel



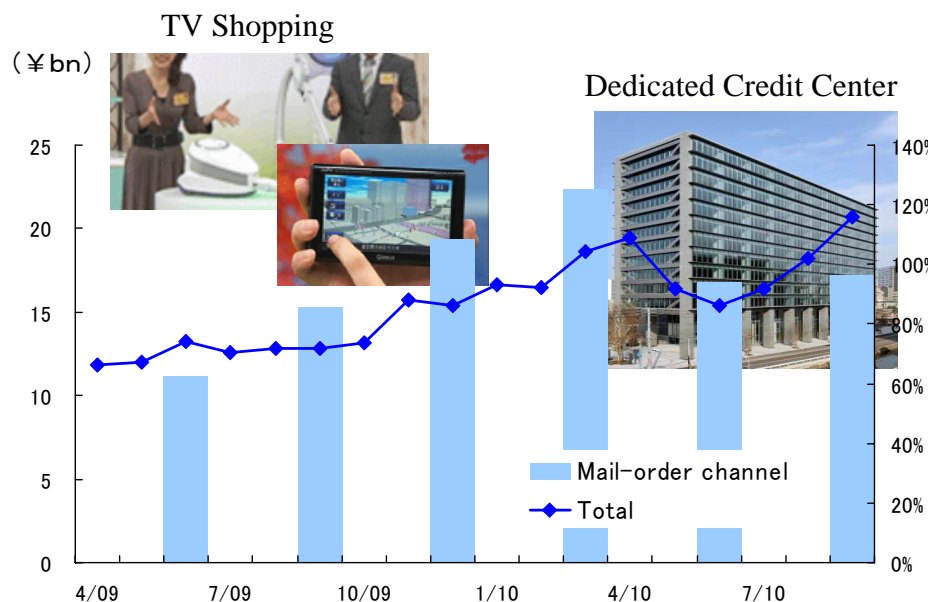
※ Quarterly figures for FY08 used for comparison are calculated by a simple addition of former OMC, CF and QUOQ figures.

※ Figures based on management accounts.

■ Introducing proactive approaches to strengthen growth areas

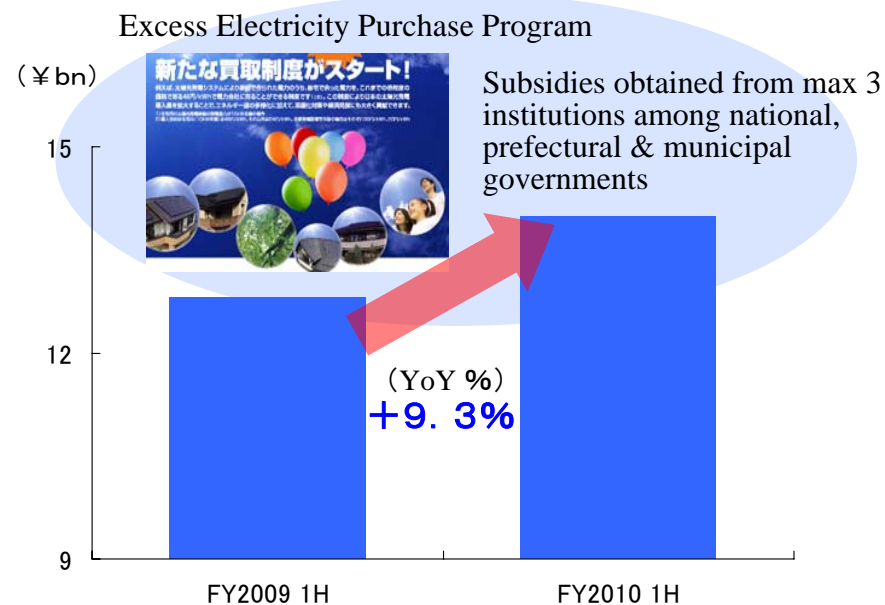
Expand Transaction Volume of Mail-Order Channel

YoY Shopping Credit Trend by Mail-Order Channel



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

Transaction Volume of Solar Power Generators Installed



- September 2010 Tie up with The Ogaki Shinkin Bank, Ltd.
- July 2010 Tie up with a subsidiary of Yahagi Construction, Co., Ltd.
- March 2010 Tie up with Sanyo Homes Corporation

※Management account basis

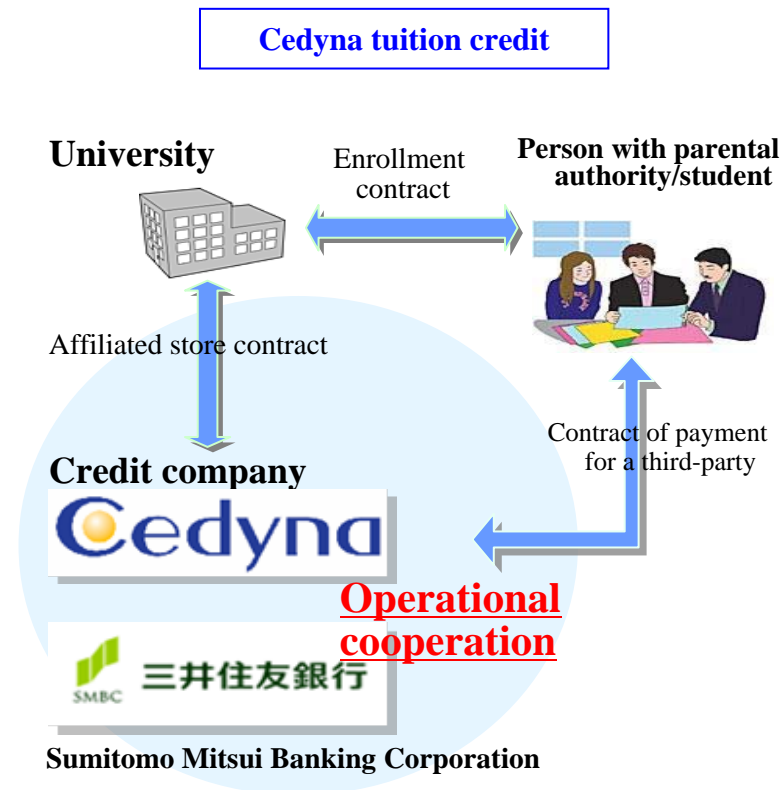
■ Collaboration with SMBC provided momentum for student loan market cultivation

Student Loan Market

Press Release Date

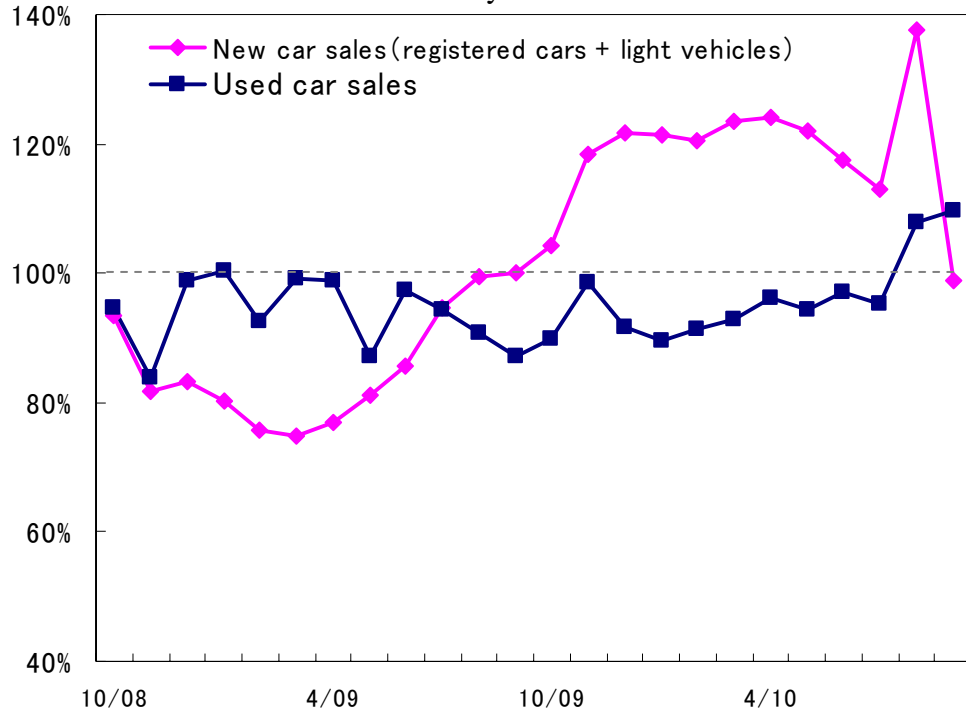
Affiliated Partner

Press Release Date	Affiliated Partner
Oct. 29	Jonan Gakuen Educational Foundation
Oct. 15	Osaka College of Music
Oct. 12	The Gakushuin School Cooperation
Sep. 27	Nagoya Bunka Gakuen
Aug. 27	Kansai Joshi Gakuen Educational Foundation
May 25	Kagoshima Immaculate Heart School Corporation
Apr. 14	Tanioka Gakuen Educational Foundation



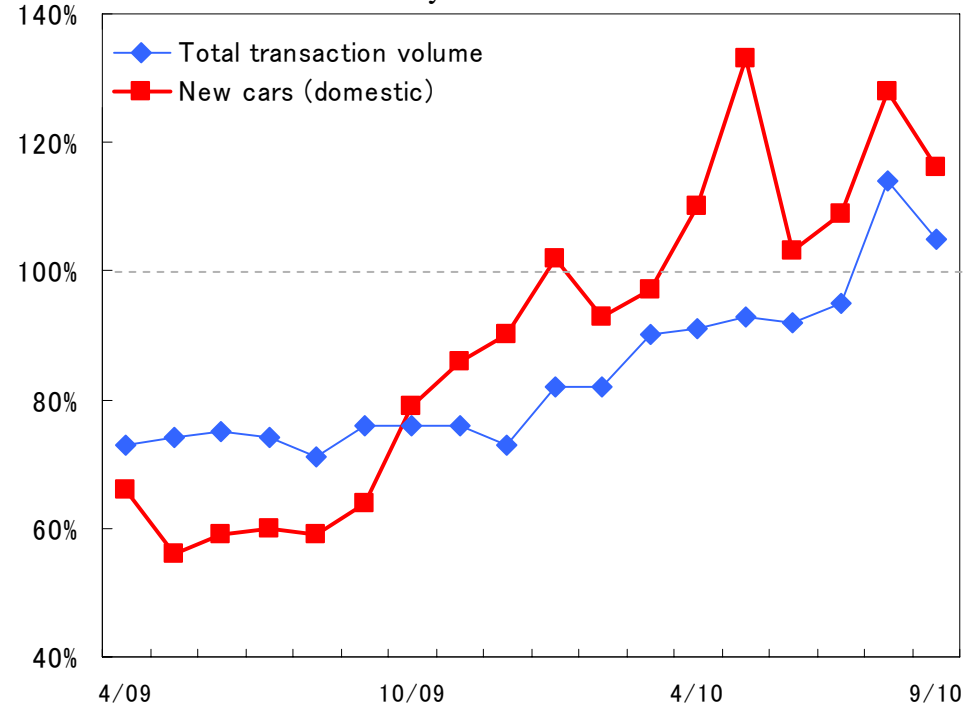
■ Auto loan transaction volume recovery driven by more transactions for new cars sold in Japan

Trend in New Car and Used Car Sales:
Industry Statistics



※Source: Japan Automobile Dealers Association.

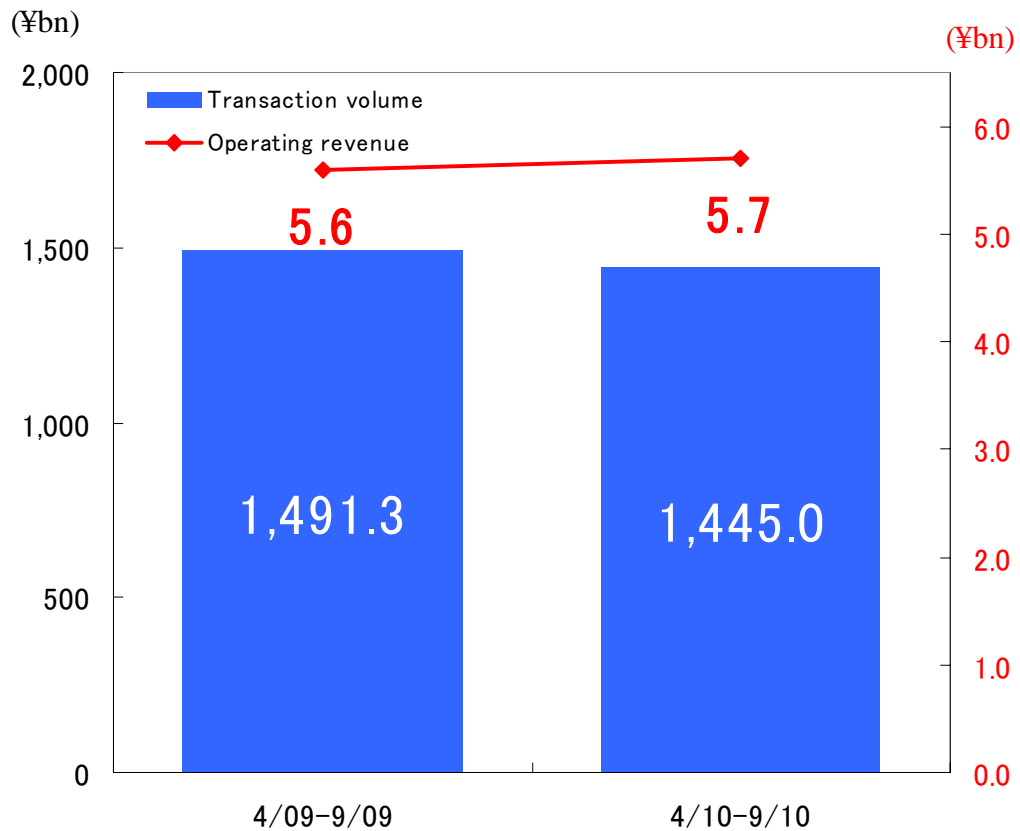
Trend in Monthly Transaction Volume:
Cedyna Auto Loan



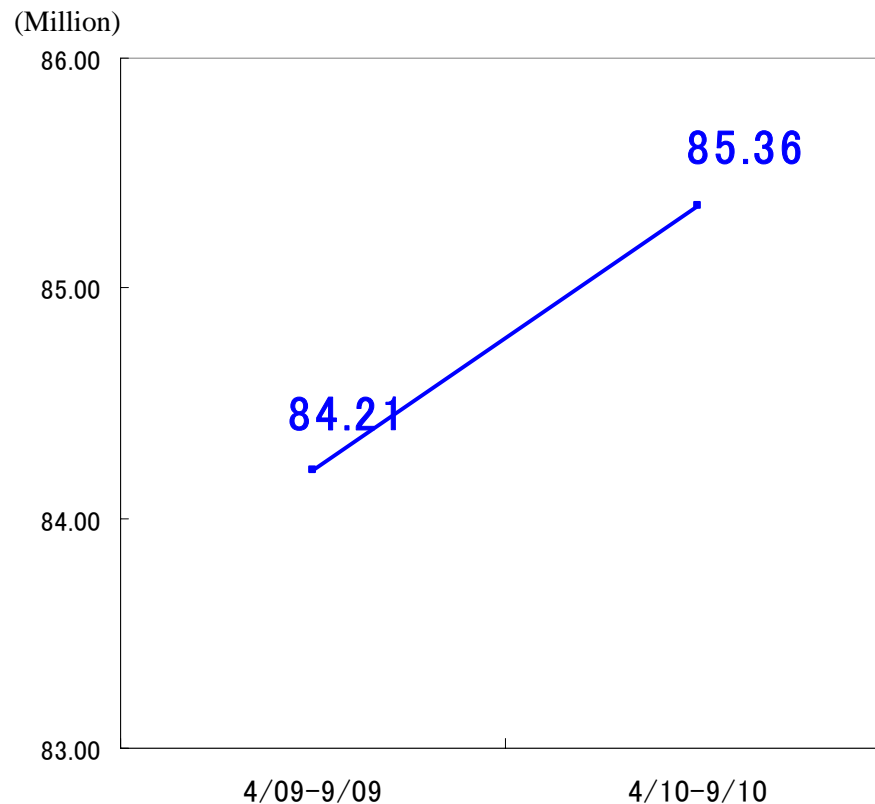
※Management account basis

■ Business volumes grew steadily with more collection agency transactions

Trend in Collection Agency Transaction Volume & Operating Revenue



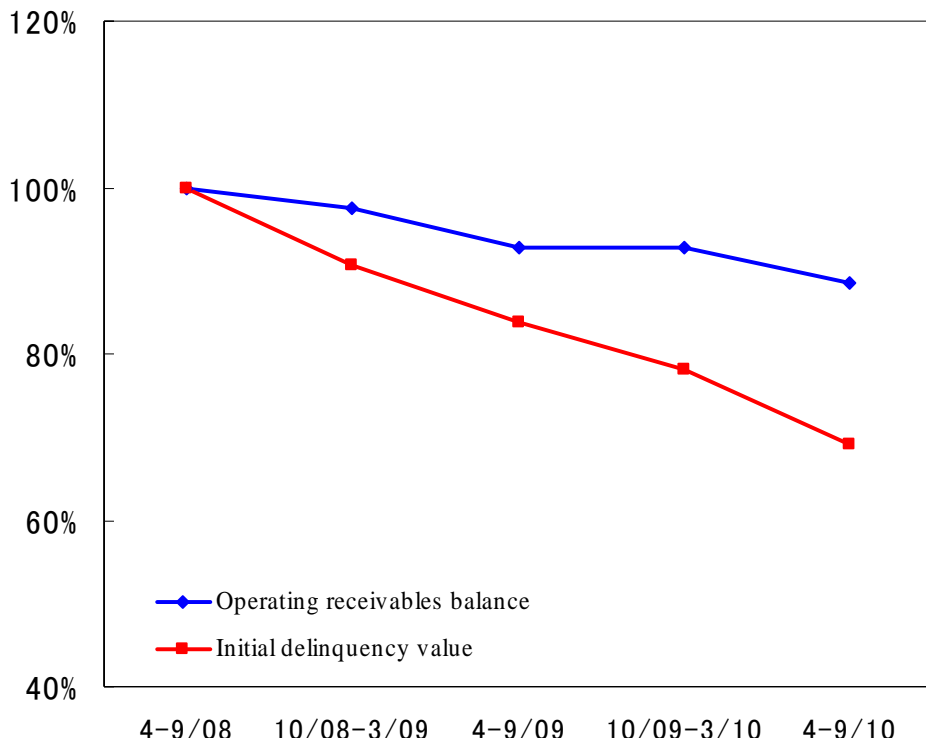
Trend in Number of Money Collection Transactions



※Management account basis

■ Approaches adopted to prevent initial delinquencies

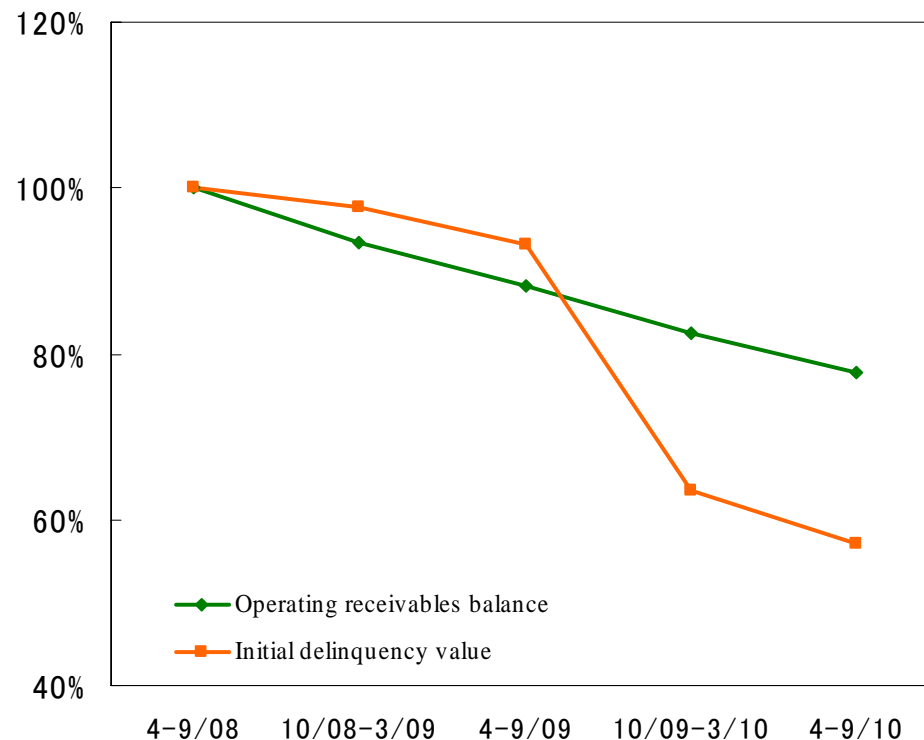
Trend in Credit Card Operating Receivables Balance & Initial Delinquency Values



※Figures for 4-9/08 rebased to 100%.

※Figures for 4-9/08 and 10/08-3/09 are calculated by a simple addition of former OMC, CF and QUOQ figures.

Trend in Consumer Credit Operating Receivables & Initial Delinquency Values



※Figures for 4-9/08 rebased to 100%.

※Figures for 4-9/08 and 10/08-3/09 are calculated by a simple addition of former OMC, CF and QUOQ figures.

■ Proportion of delinquent receivables has declined

<Operating Receivables Status (Non-consolidated) >

【as of March 31, 2010】

Unit : billions of Yen

	Operating Receivables		Allowance for Doubtful Accounts		Reserve Ratio
		% of total		% of total	
Normal receivables	2,465.0	94.9%	25.1	21.8%	1.0%
Delinquent receivables	132.5	5.1%	90.4	78.2%	68.2%
Total	2,597.5	100.0%	115.5	100.0%	4.5%

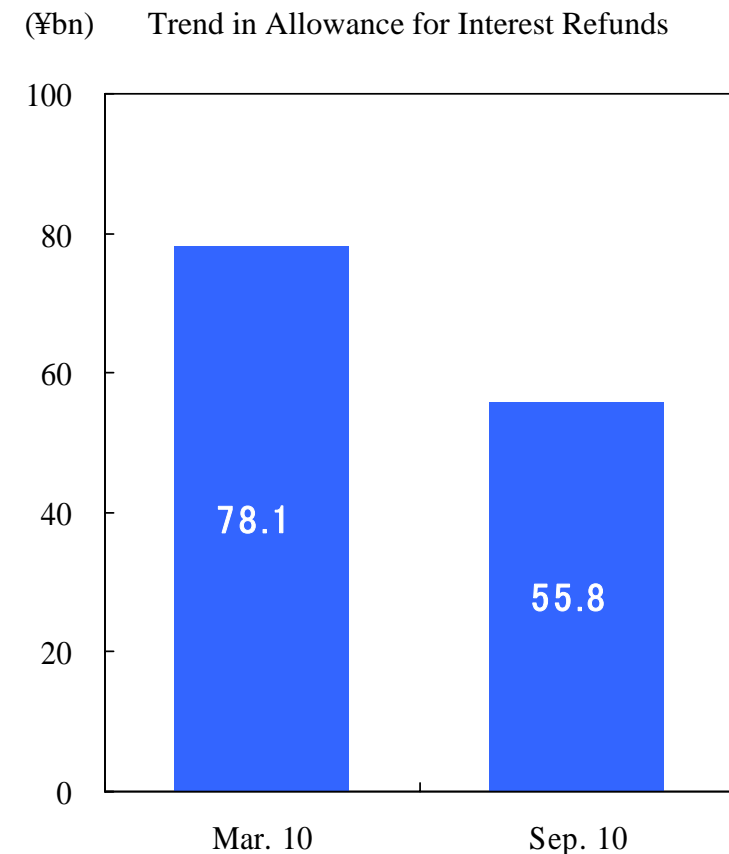
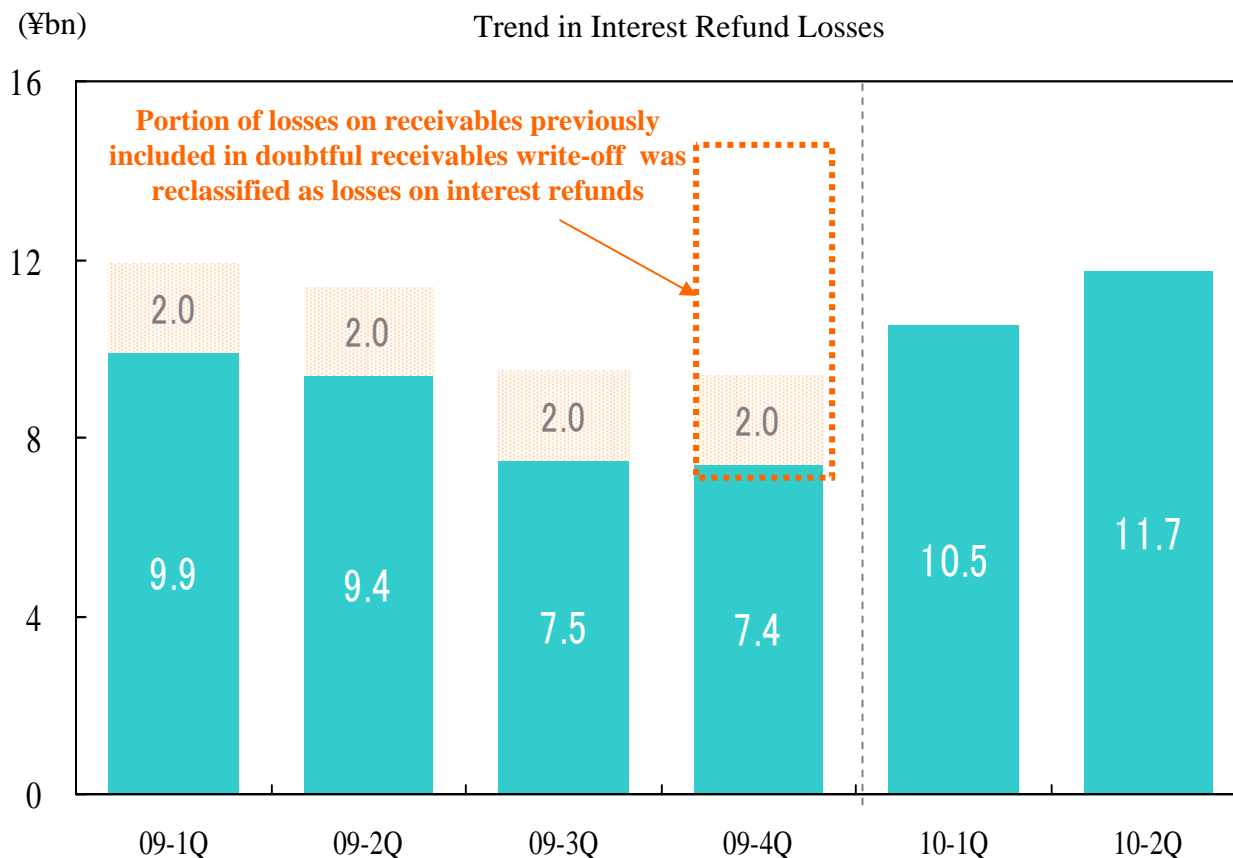
【as of September 30, 2010】

Normal receivables	2,334.1	95.1%	23.3	22.1%	1.0%
Delinquent receivables	120.8	4.9%	82.5	77.9%	68.3%
Total	2,454.9	100.0%	105.8	100.0%	4.3%

※Including securitized receivables

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

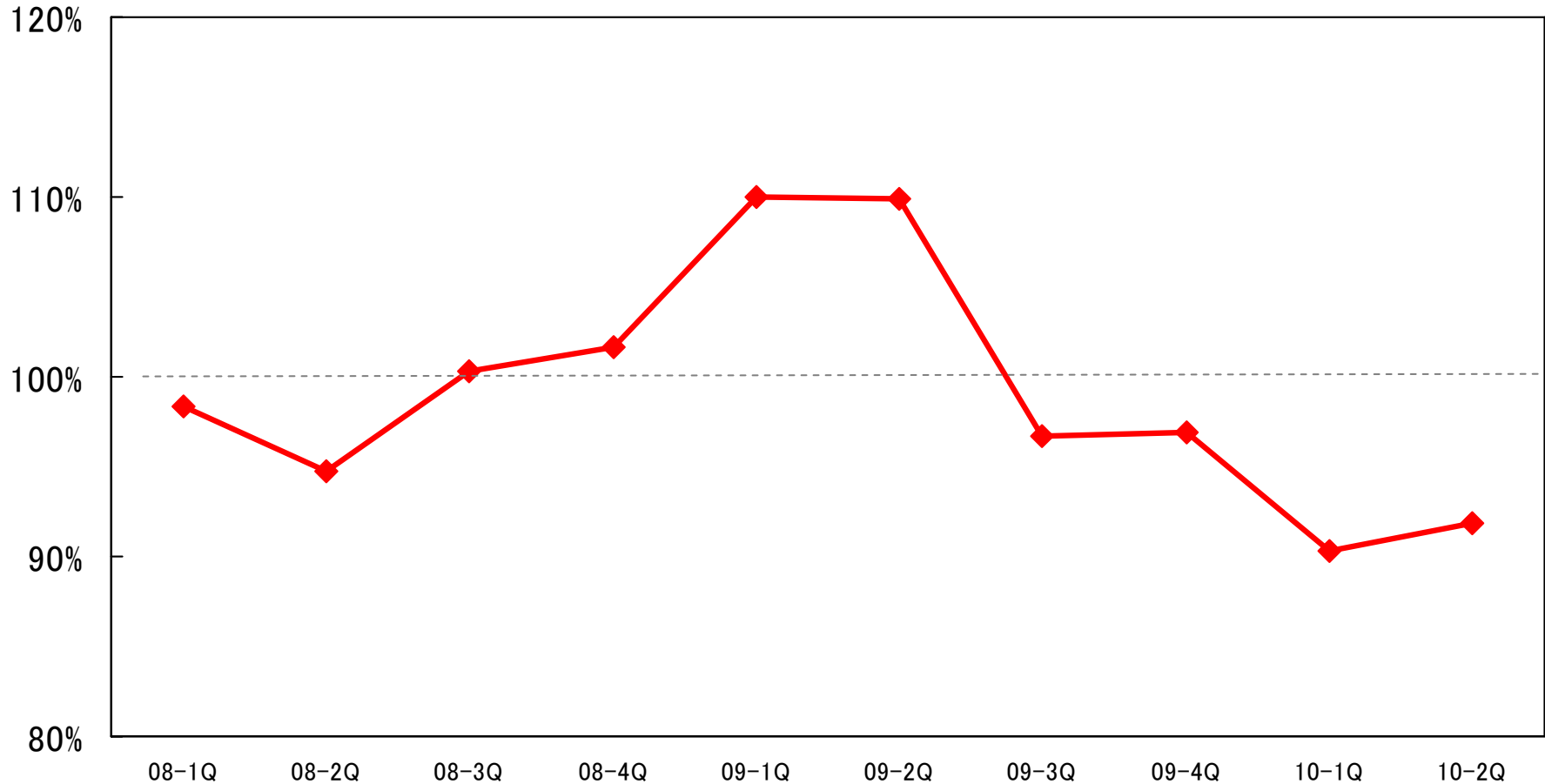
■ Keeping a close eye on the trend in interest refund claims



※Losses on interest refunds resulting from reclassification in FY2009 were all incurred at year-end, but in the above chart, for ease of comprehension, the losses totaling ¥8.2bn are shown as having been evenly apportioned to each quarter.

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

YoY Trend in the Number of Receivables with Demands for Interest Refunds Accepted



Approaches for achieving FY2010 profit target

Changes in Shareholders' Equity

■ Securing ¥50bn funds by issuing new shares through third-party allotment to SMFG Group

Solidifying alliance with SMFG Group

	End of FY09	After subscription
Voting rights share (FGCC)	46.06%	67.68%
Relationship with SMFG	Equity method affiliate	Consolidated subsidiary

- [Clarifying Cedyne's positioning as a core group company](#)
- [Maximizing top-line synergies and scale economies](#)
- [Further accelerating business structural reforms](#)

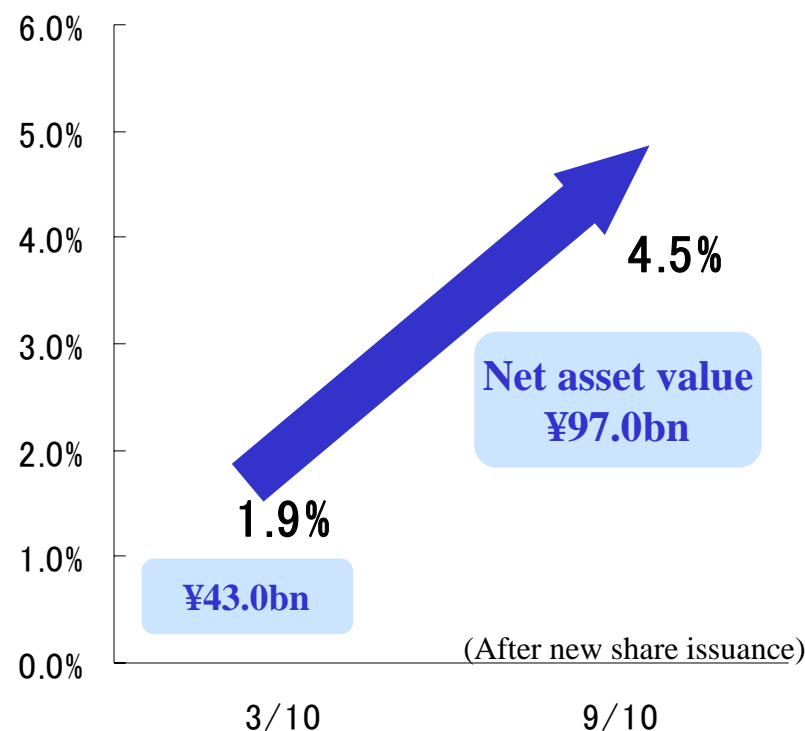
Ensuring funds invested in growth strategies

- [Investment in new businesses](#)
(incl. overseas financial services in regions such as South-East Asia)
- [Investment in next-generation systems development](#)
(focusing on investment in systems related to credit card business, carried out in collaboration with SMCC)
- [Investment in business structural reforms](#)

※ FGCC: SMFG Card & Credit, Inc.
SMCC: Sumitomo Mitsui Card Co., Ltd.

Strengthening financial base

Trend in Net Asset Value & Equity Ratio



Organizational Change as at October 1, 2010

Flatten organization structure

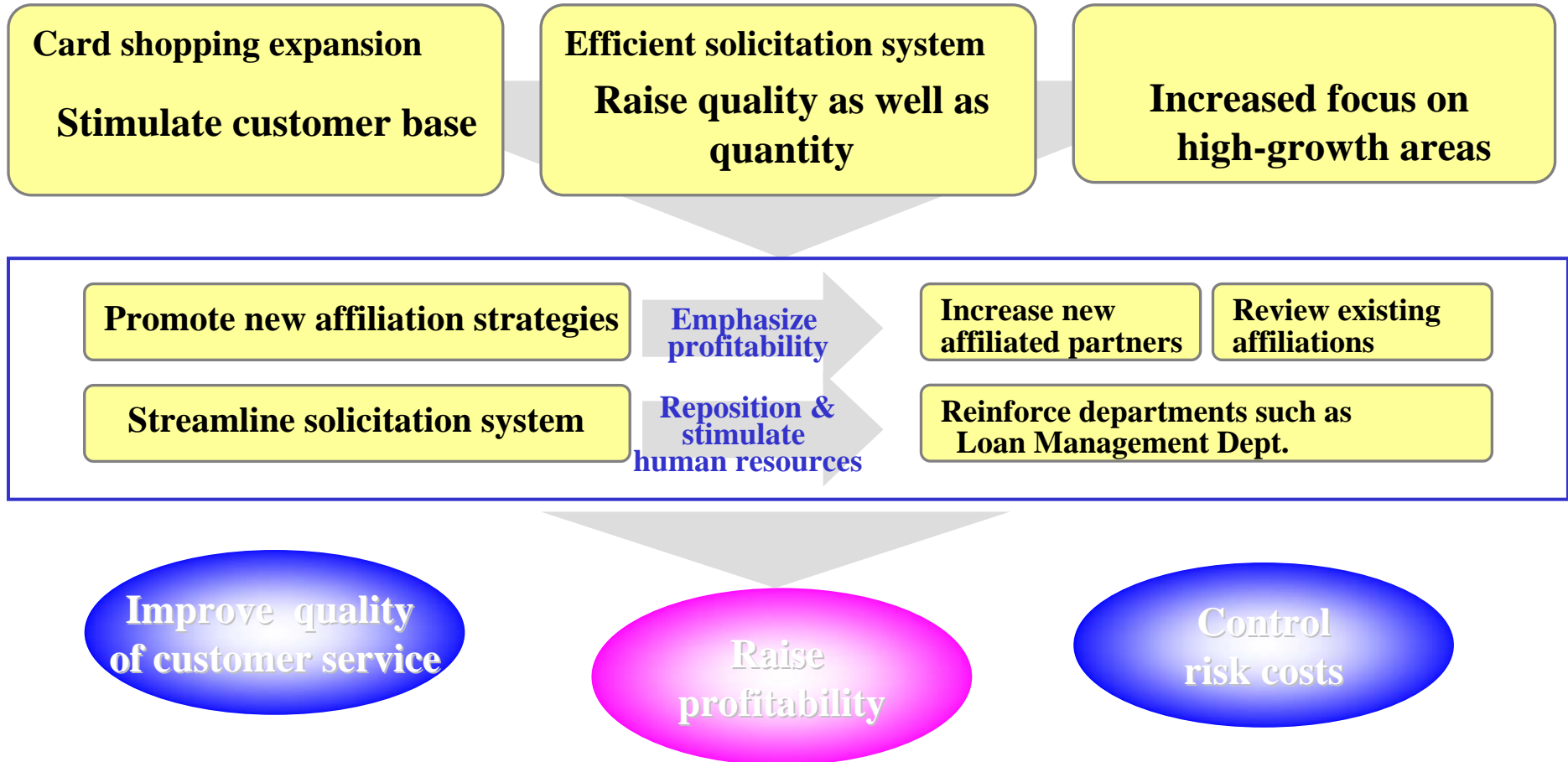
Reposition human resources

Clarify responsibilities for figures under control

		1H		2H			
Divisions	Sales	11 Divisions	-7	4 Divisions	Strategic Planning Division	Card Business Division	
	Credit Control	3 Divisions	-2	1 Division	Credit Business Division	Solutions Business Division	
	Corporate	6 Divisions	-1	5 Divisions	Customer Services & Operations Division	General Affairs Division	Office Management System Division
					Financial Planning Division	Corporate & Account Planning Division	
Dept. & Units		66	-17	49			
			Total: -27				

Credit Card Business ~Future direction~

■ Shifting from quantity-focused management to quality-focused management



Realizing top-line growth by stimulating and cultivating customer base

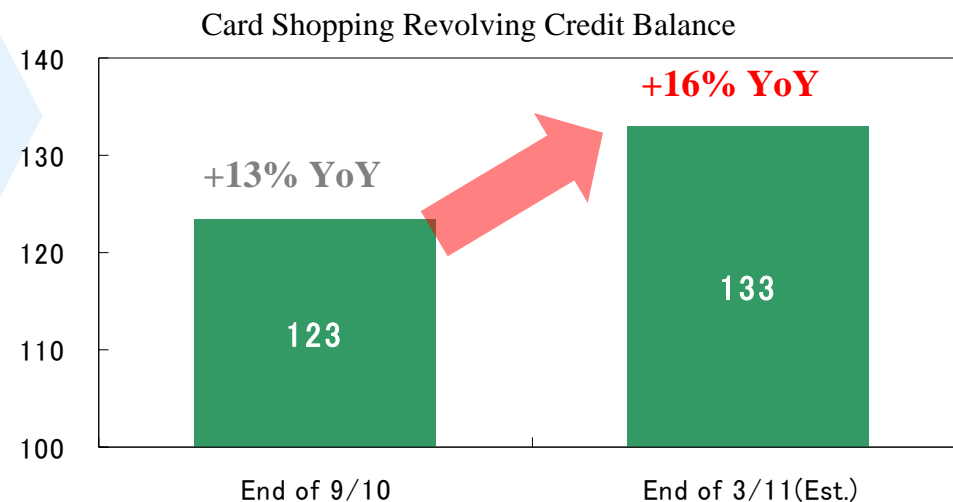
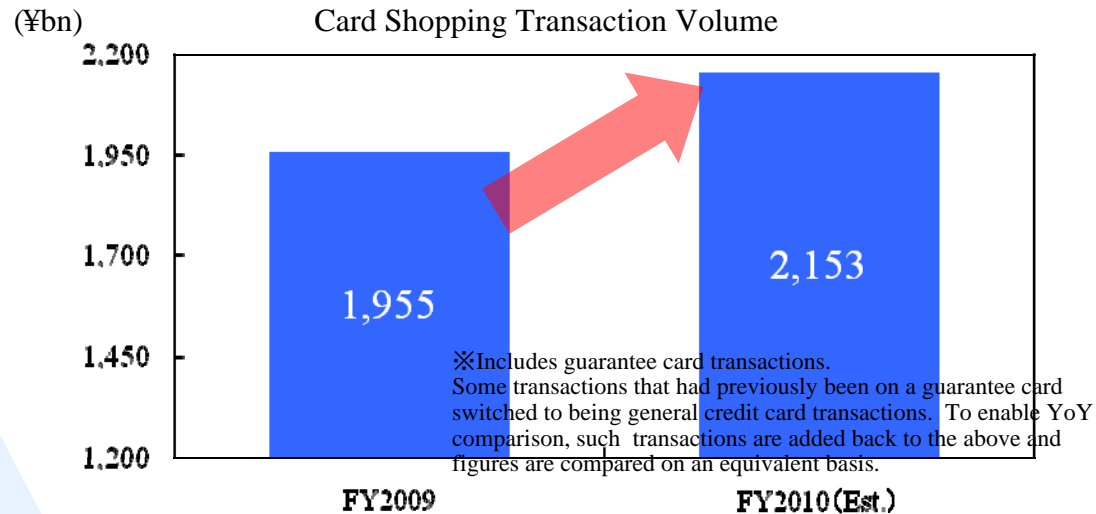


Customer base comprising 24.9 million cardholders

Encourage registration-type settlement by utilizing PM (personal messaging) and web

Push usage promotion strategies by taking advantage of industries that trigger usage

Develop strategies promoting upgrade to gold cards



Reinforcing prime customer retention by offering broader card line-up

◆ Encouraging switching to gold cards

Strategies encouraging switch
by clarifying targets

Jointly conduct promotions
with affiliated stores

Exhibit merits of gold cards at front line

Running promotions for gold card holders

Affiliated stores offering
gold card holder discounts

Planning for
gold card holders



Strengthening approaches
to upgraded cardholders

Setting up permanent counters



◆ Offering broader gold card line-up

OMC Gold Card



Cedyna Card Gold



Cedyna CF Card Gold



Premium
Promising privileges
and impressive
experiences



AXU
Offering eco-
friendly, personally
rewarding services

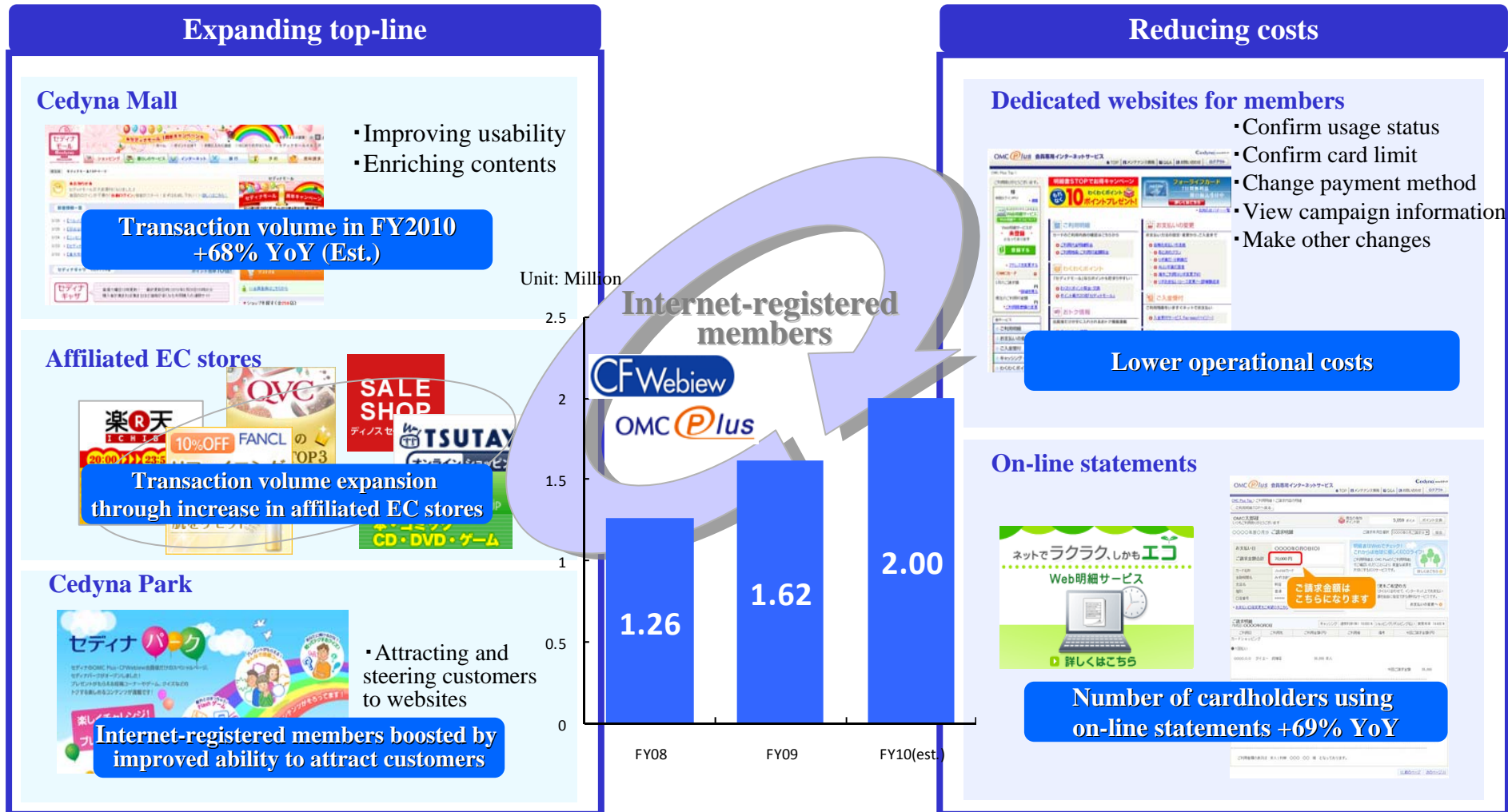


Unique services

- Movie previews, concerts with famous singers
- All Japan GT Championship
- Select catalog products intended for large customers
- Domestic or overseas eco-tours (participation determined by lot)
- Showcasing environment-related products
- 0.1% of money spent on card donated to environmental conservation groups

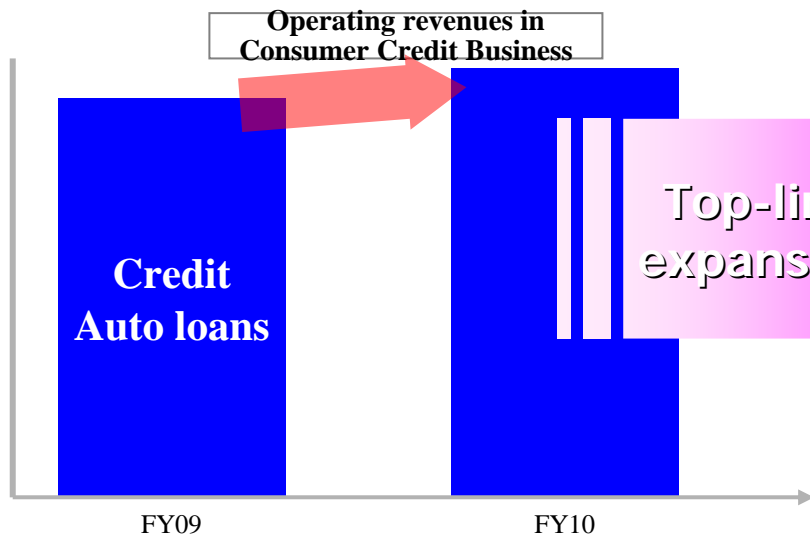
Credit Card Business ~Web-based Initiatives~

Driving forward web-based growth strategies and building new business models

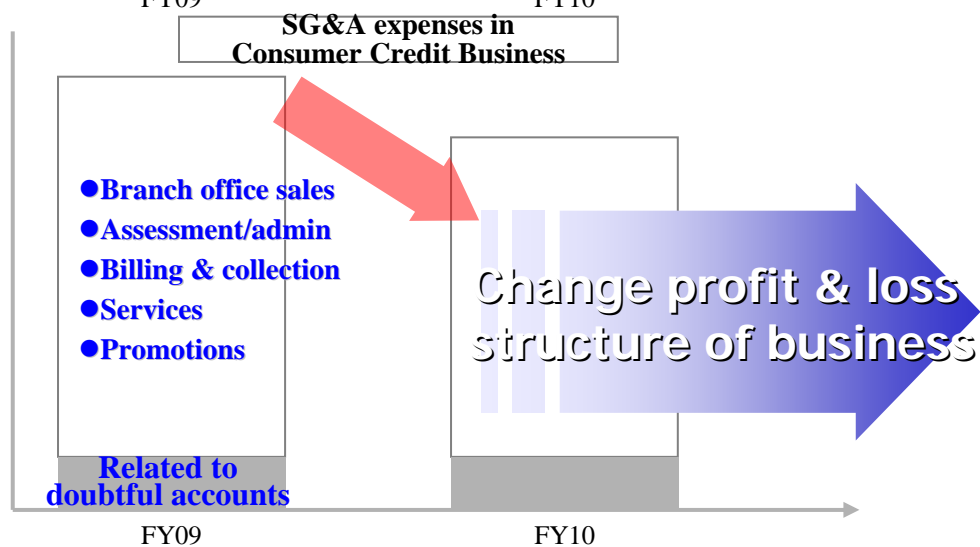


Consumer Credit Business①

■ Working to renew profit and loss structure while strengthening sales force

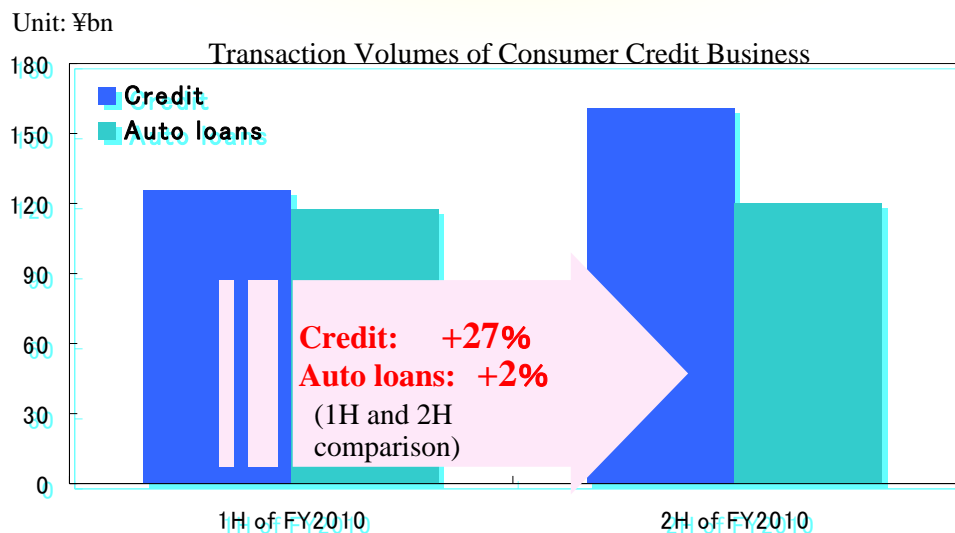
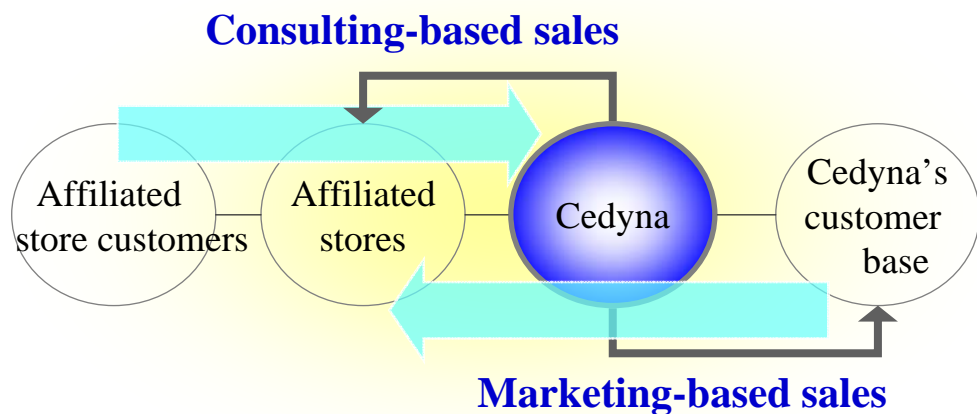


- ◆ Develop new business
 - ◆ Accumulate receivables of good quality
 - Develop consulting-based sales based on analysis of sales trends at affiliated stores
 - Promote usage of affiliated stores by Cedyne customers
- Raising competitiveness
▪ Improving productivity



- ◆ Streamline admin & assessment at sales branch offices
 - ◆ Consolidate centers to improve operational efficiency
 - Streamline credit centers
 - Integrate credit and auto business centers
 - Streamline administrative centers
 - ◆ Review labor structure
- Strengthening sales force at branch offices
▪ Raising business efficiency

■ Vitalizing customer base and strengthening consulting functions



※Based on management accounts.

Increasing good quality operating receivables

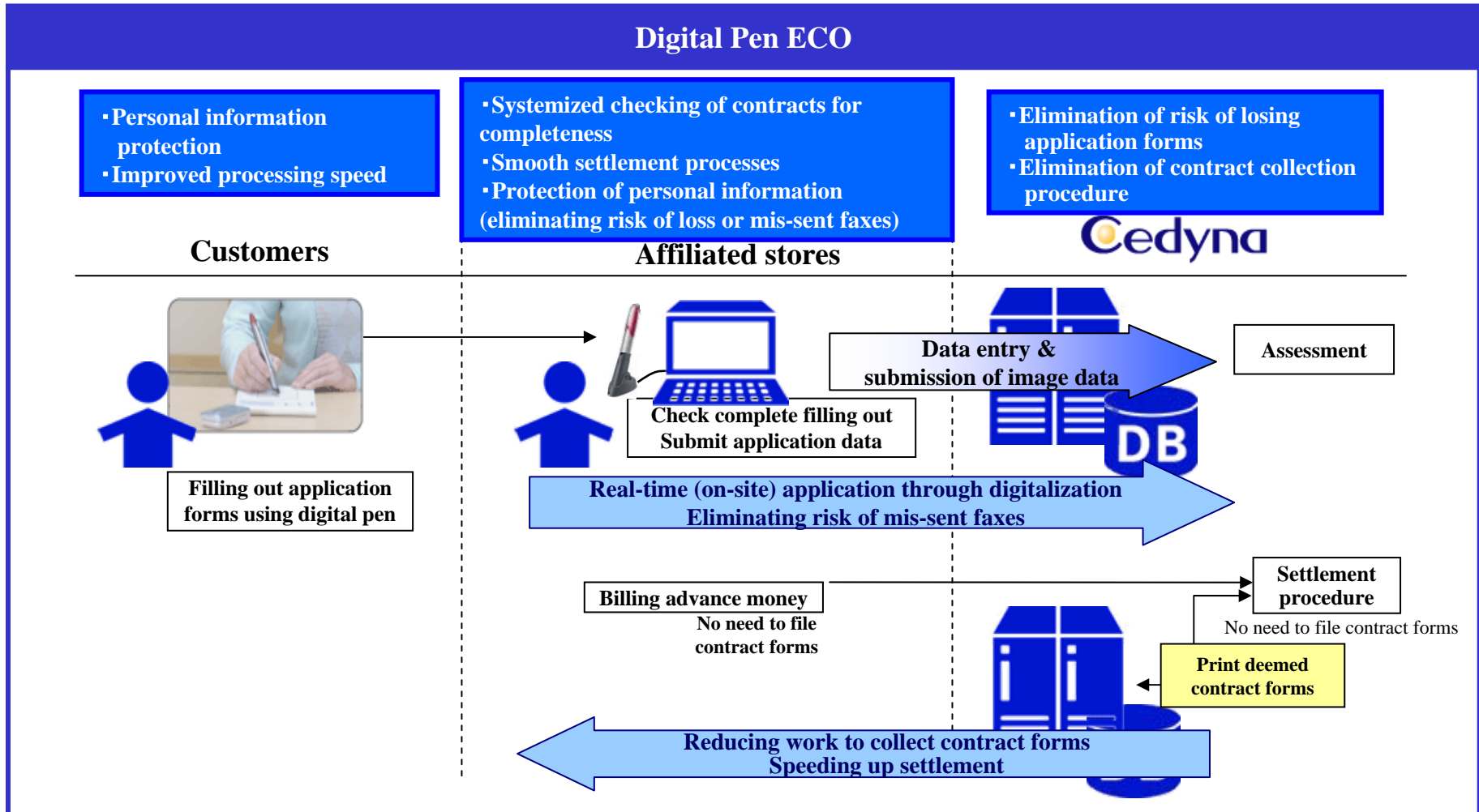
Credit

- Consulting-based and marketing-based sales through the utilization of 25 million-strong customer base
- Solidifying targeted channels
- Enriching products in growth areas

Auto loans

- Strengthening tie-up with SMM Auto Finance
- Utilizing SBI Auto Loans
- Developing products in alliance with automobile information websites
- Cultivating B-to-B-to-C channels

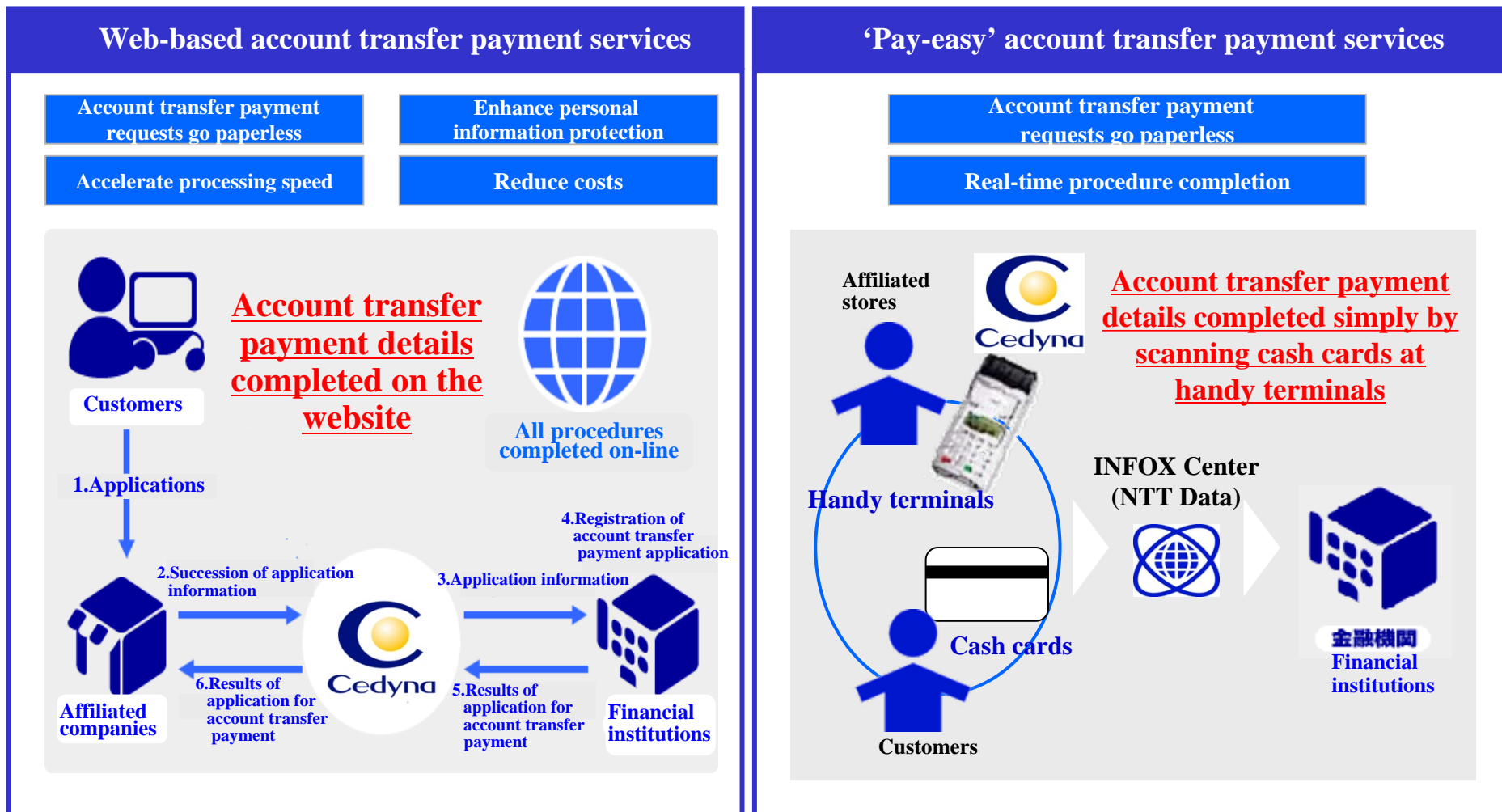
■ Retaining business partners through differentiation strategy of digital pen utilization



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

■ Utilizing sales tools responding to business partners' needs



■ Maximizing top-line synergies and pursuing scale economies



■ Introducing customers

Student loan: Jointly expand market
Sales target 500 schools

Student loan market size

Newly enrolled students 1 million
Existing students 4 million
¥5 trillion market per year

Corporate employee loan: Tie-up with major auto makers
Membership credit: Tie-up with major membership resort facilities
Eco-related: Tie-up with eco-friendly renovation and solar energy sales companies

■ Promoting cardholder usage/ introducing customers

ATM fee-free service

Campaign increasing usage of SMBC bank accounts



■ Constructing next-generation systems

Dec. 2010
Release initially of
application assessment
system

Mission-critical	Mission-critical system/Common basis (Linking Hub)
Peripheral	Application assessment, authorization, delinquency management, data warehouses, web systems, call centers

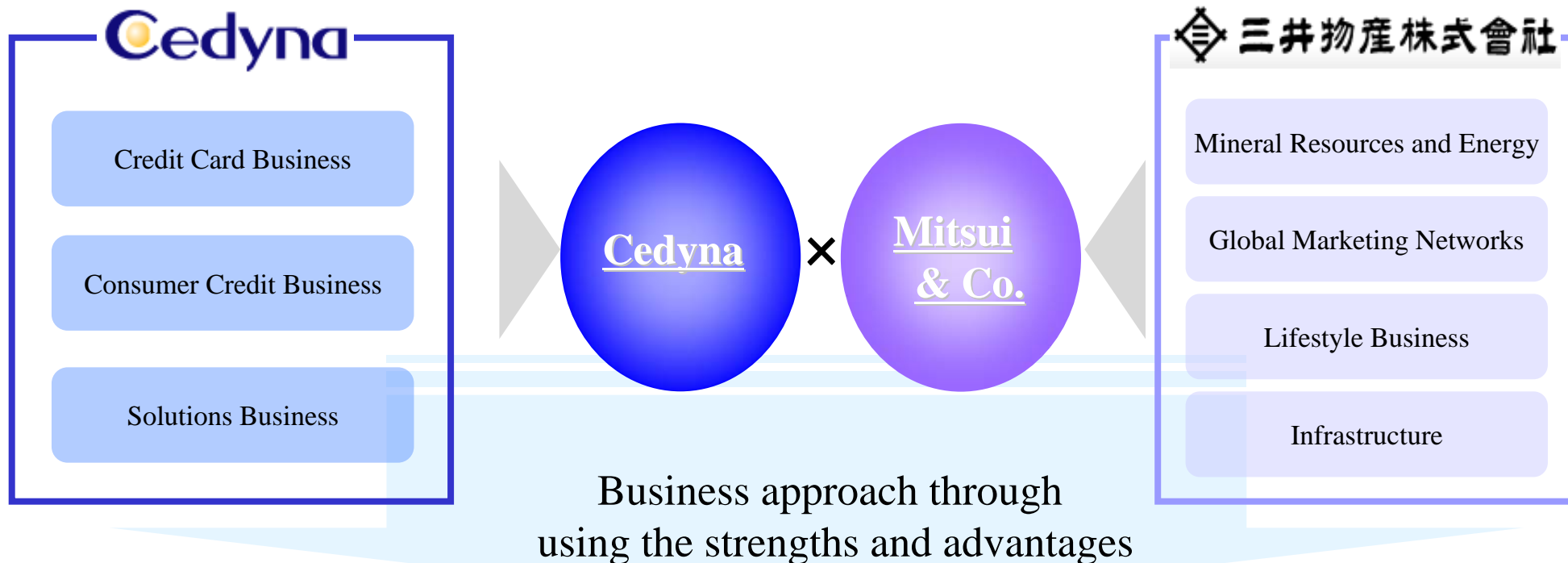
■ Introducing customers

University Student Co-op Loan
Collaboration with the National Federation of University Co-operative Associations

■ Collaboration

Globe Pass Financial institutions of 10 countries and regions of Asia in collaboration
Summer home appliances festival campaign

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



Overseas channels

- Expanding credit card business and shopping credit business overseas, focusing on Asia

Domestic channels

- Developing new business which takes advantage of the customer base and know-how
⇒ Internet business related, etc.

Full-year Earnings Outlook

Full-year Earnings Outlook (Consolidated)

Unit : billions of Yen

	FY 2009	FY 2010			FY 2010	
		Previous forecast	Increase/ Decrease	YOY%	Revised forecast	Change vs. previous forecast
Transaction Volume	6,508.3	6,477.7	▲ 30.6	▲ 0.5%	6,516.3	+38.6
Operating revenue	232.7	224.6	▲ 8.1	▲ 3.5%	217.3	▲ 7.3
Operating expenses	273.1	206.0	△ 67.1	△ 24.6%	198.7	△ 7.3
Operating income / loss	▲ 40.4	18.6	+59.0	-	18.6	+0
Ordinary income / loss	▲ 38.5	19.0	+57.5	-	19.0	+0
Net income / loss	▲ 67.9	18.2	+86.1	-	18.2	+0