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Fiscal 2009 and Q1 2010 Highlights - Chairman's Remarks and Strategic Outlook Commentary by Gordon J. Reykdal, October 29, 2009

Introduction

Originally founded as Rentcash Inc. in 2001, Cash Store Financial operates under two banners: The Cash Store and Instaloans. These are two of the strongest branded-chains in the industry.

The Company's primary offering is to serve as brokers to facilitate short-term advances and other financial services to income-earning consumers. In addition to brokering small, short-term loans we offer term loans, a private label debit card, pre-paid MasterCard, financial product insurance, and cheque cashing products. Cash Store Financial is the only broker of short-term advances and other financial services in Canada publicly traded on the Toronto Stock Exchange.

We currently operate over 450 branches in nine provinces and two territories in over 200 different cities and towns. Over 50% of our branches are less than three years of age. There remains significant unrealized demand in the Canadian marketplace.

Additionally, we believe that as a result of the recent economic downturn higher income earners are utilizing our services. We believe that this broadened acceptance will serve us well over the long-term. 29 percent of our customers have a family income of between 50 and 100 thousand dollars a year. 9 percent have a family income in excess of \$100, 000.

Our long-term strategic objective is to establish The Cash Store and Instaloans as the alternative financial services provider of choice by offering a wide range of products, a high level of customer service and convenient hours of operation.

Key Priorities

Our current priorities are to grow our dominant market position through:

- Aggressive expansion into underserved communities;
- Providing superior service and complementary products;
- Continuing development of a motivated, knowledgeable team of associates dedicated to serving our customers through forward thinking training and communication programs effectively utilizing technology;
- Providing strong leadership through in-the-field hands-on involvement of senior management.
- Expansion into international markets, including initial openings in the United Kingdom;
- The introduction of innovative products including bank accounts for our customers and other bank-related services provided through our network of over 450 branches

Our financial objectives are to:

- Maximize shareholder value by growing our earnings per share;
- Utilize our strong balance sheet to capitalize on regulatory changes as they occur;
- Control costs through a strong focus on operational excellence; and
- Accelerate the profitability of our newer branches through improved location selection and database marketing.

Fiscal 2009

Fiscal 2009 was a banner year with record levels achieved in revenue, EBITA, branch operating income and earnings per share.

Revenue was up 15%. Net income, when adjusted for non-recurring class action settlement costs, was up 54.4%. Adjusted diluted earnings per share grew from \$0.62 to \$1.07, an increase of 73%. Branch operating income was up 40% to \$54.6 million, from \$39.8 million.

Class Action Settlement

Two significant developments in fiscal 2009 were the settlement of class action law suits and the achievement of regulatory certainty in critical markets.

The settlement of an Ontario-based class action, with application to all provinces except BC and Alberta, led to a provision of \$1.9 million. This non-recurring charge was recorded in the second quarter of fiscal 2009.

Conditional settlement of the BC class action was reached in May 2009. We expect this to be approved by the courts before the end of the calendar year. A one-time accrual of \$5 million was recorded in the second quarter of fiscal 2009.

These settlements did not constitute an admission of liability by Cash Store Financial.

Cash Store Financial, The Cash Store and Instalozans always have and continue to operate in compliance with all applicable federal and provincial laws.

Industry Regulation

Cash Store Financial has always been a proponent of balanced consumer protection measures for the industry. We have been actively involved in pressing provincial governments to move forward with such measures.

The provinces of British Columbia, Alberta and Ontario together constitute roughly 80% of our business.

Each of these provinces has implemented regulations. Rate caps will be in full effect in all three provinces by the end of January 2010.

Through rate caps ranging from \$21/\$100 in Ontario to \$31/\$100 in Nova Scotia, regulators have clearly responded well to our business. These caps fully accommodate our business model.

Our experience to date with regulations has been positive. Industry consolidation has commenced, and we expect to gain market share as a result. Further consolidation is expected and we will consider acquisitions at reasonable valuations, should such opportunities be presented to us.

Additionally, we are seeing increases in our monthly new customer counts. We believe that consumer acceptance of our products will only increase due to industry regulation.

Maximizing Shareholder Value

Our objectives of maximizing shareholder value and prudent utilization of cash are priorities for management.

Since fiscal 2008 we have repurchased 4.7 million shares at a cost of \$25.1 million dollars. In 2009, we repurchased 2.7 million shares at a cost of \$16.1 million. We also repurchased 387,799 in the first quarter of fiscal 2010.

We paid \$5.3 million or \$0.335 per share in dividends to shareholders compared to \$3.6 million or \$0.175 per share in fiscal 2008.

Although our stock price has responded well to these initiatives, in addition to our results, and is currently trading in the \$10 range, we believe that our shares are trading at a low valuations compared to our U.S. peers anticipate that we will contribute upwards of \$500k in the first year of our program. I am absolutely delighted with this level of progress in this important initiative to save lives.

Executive Group

Before turning things over to Nancy Bland, our CFO, for a detailed summary of our financial results, I will introduce her, along with the rest of our Executive Group.

Nancy joined us four years ago as our V.P. of Finance. She has diverse financial management experience in various industries. Her effectiveness with controls continues to show in our results and has contributed significantly in building our credibility with the capital markets.

Barret Reykdal is our President and Chief Operating Officer. He has been with the Company since Day 1. He started out managing in our first branch and has worked at every level in the Company. His knowledge of the Company is comprehensive.

Bill Johnson is Senior Executive Vice-President. Prior to joining Cash Store Financial, Mr. Johnson was Executive Vice President and CFO of the largest merchandise rental company in Canada. He is primarily responsible for new product development. He also manages our legal affairs. Bill has been actively involved in our recently announced banking initiative and will be guiding the testing and roll-out of related products.

Michael Thompson is Senior Vice President and Corporate Secretary. Prior to joining us three years ago, he was President of the Canadian Payday Loan Association. He manages several functions within the Company, including government relations, marketing and branch maintenance.

I believe that the strength of our Executive group has been reflected in our results and I am proud to have them as part of the team.

Expansion

The recent economic downturn had no material impact on our business. Consumer acceptance of our products continues to grow. Our ability to service our customers' needs remains well-intact.

Various provinces have now implemented or will soon implement consumer protection regulations for the industry, including rate caps for payday loans. Our experience to date has been that these rules have caused industry consolidation and market shifts that drive new customers into our branches.

With the onset of regulation we anticipate that we will be able to investigate the possibility of reducing costs through on-balance sheet lending. We are continuing our rapid expansion, at a pace of about 18 to 20 branches per quarter. Our objective is to surpass 500 branches in operation by the close of fiscal 2010.

We have a strong platform from which we will launch new products.

On October 15 we signed an agency agreement with Calgary-based DC Bank, a federally regulated schedule 1 bank that offers Canada Deposit Insurance Corporation insured bank accounts. The agreement enables us to provide bank accounts to our customers. This agreement is part of our longer-term strategy to diversify our revenue streams by offering our customers a broader range of products and enabling them to extend their relationship with us. Testing of bank account products will roll-out in the coming months.

We have initiated an expansion into the U.K. and expect to have two branches operational before the end of the calendar year.

Commitment to Diabetes

Since inception, Cash Store Financial has been committed to the communities in which we do business. Over the year we solidified our commitment to raise \$7.5 million for the Alberta Diabetes Foundation.

The ADF is the fundraising arm for the Alberta Diabetes Institute, a Canadian Centre of Excellence that is recognized globally for its advancements in research toward a cure for diabetes.

We implemented a corporate-wide infrastructure to raise monies through our network of over 450 branches. To date, over 50% of our branch level associates have made direct financial contributions to the program, and we have coordinated "Freedom runs" in every province of the country.

We expect to contribute at least \$500,000 in the first year of this program.

Summary

Our primary goal through fiscal 2010 is to continue our progress in maximizing shareholder value by growing earnings per share.

Our current dividend policy is to declare and pay quarterly cash dividends at the discretion of the Board of Directors, as circumstances permit, in an aggregate annual amount equal to approximately 30% of the prior year's net income.

We will maintain a strong balance sheet and pursue aggressive growth at acceptable risk. We will control costs through operational excellence; and, we will be steadfast in our efforts to have all branches older than one year contributing to profitability.

We will continue expanding our branch network by opening up to 70 to 80 new branches this year. Given current market consolidation, we may make additional acquisitions at attractive multiples.

We will maintain our focus on associate training programs that will enable us to bring our existing branches to maturity more rapidly. We will focus on product innovation and bring new offerings on-stream in a strategic and measured fashion.

Senior management will maintain its focus on "hands-on" management and we will continue to work with governments in those jurisdictions where further regulation may be warranted.

Key to our long-term success is an emphasis on customer service. We have distinguished ourselves from the competition through our open-concept branches and a business model that encourages associates to get to know their customers. The number one driver behind the success of our business is word of mouth. As we move forward into the fiscal year I know that the word will continue to spread.

The bottom line is that we offer superior customer service relative to our competitors. Improving upon our superior service is a continuous priority for us.

I would like to thank our associates for their dedication, hard work and success over this past year. And, I would like to thank our shareholders for their continued support of and commitment to this Company. Our platform for future growth is stronger than it has ever been.

For additional information or if you have any questions, please contact:

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