



Financial Convenience.
Everyday People.



Q4 2009 and Year-end Highlights-Chairman's Remarks and Strategic Outlook Commentary by Gordon J. Reykdal, August 27, 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. We operate 424 branches in over 200 communities in nine provinces and two territories and employ over 1,600 associates nation-wide. Our primary offering is to serve as brokers to facilitate payday advance services to income-earning consumers.

In addition to brokering small, short-term consumer loans, we offer pre-paid Mastercards, financial product insurance, Western Union wire transfers, cheque cashing products, and term loans in selected branches. Cash Store Financial is the only payday advance broker in Canada publicly-traded on the Toronto Stock Exchange. Our goal is to maintain our position as the alternative financial services provider of choice by continuing to offer a wide range of products, a high level of customer service and convenient hours of operation.

Key Priorities

Our current strategic priorities are:

- Continued aggressive expansion of our branch network
- Maturing of existing branches
- Product innovation
- Associate training and communication
- Senior management's continued involvement in branch operations
- Working with governments toward a stable regulatory environment

From a financial perspective our objectives are:

- Maximize shareholder value by growing our earnings per share
- Maintaining a strong balance sheet to enable aggressive growth at acceptable risk levels
- Control costs through operational excellence
- Ensure that all branches over one year contribute to profitability

Over the past year we have executed in all of these areas. As a result we have further secured our dominant market position and we have achieved record levels with respect to loan volume, branch operating income and net income.

Class Action Law Suit

A key development over the year has been the settlement of two long-standing class-action law suits levied against the Company that covered all provinces with the exception of Alberta. Not only do they bring significant stability to our earnings horizon, they free senior management time to become more fully engaged in operating the business and pursuing incremental growth opportunities. Despite a provision of \$6.9 million for these settlements we still achieved record earnings. Income excluding class action settlement costs was up 55% to \$19.4 million from \$12.5 million in the prior year. Inclusive of class action costs, net income increased 17% to \$14.6 million. Diluted earnings per share excluding class action settlement costs were up 74% to \$1.08 per share from \$0.62 for fiscal 2008. Inclusive of class action costs, diluted earnings per share increased to \$0.81, an improvement of 31%.

Industry Regulation

Also of significance over the past year has been the move to regulate by provincial governments in our key markets of British Columbia, Alberta and Ontario. While each of these jurisdictions is in a different phase of the implementation we expect the industry to be fully regulated, with rate caps, by January 2010. To date, Nova Scotia is the only province to have completed implementation of its licensing and rate cap regime. In all cases provincial rate caps are fully accommodative of our operational business model. Strong potential exists to increase shareholder value through on balance sheet funding as regulations come into force.

Finally, the Company has experienced no negative impacts from the recession or related liquidity restrictions in the capital markets. Our ability to service our customers' needs has remained well intact. Our cash position remains strong. We have experienced significant growth through the downturn and anticipate that this growth trend continue as we move out of recession. Due to our continued strong performance I am pleased to say that we have declared a quarterly dividend of 14 cents which consists of a quarterly dividend of 6.5 cents and a special annual dividend of 7.5 cents.

Our continued concentration throughout the year on the training and development of our associates contributed to improved branch operating income. The maturing of our branch network, in combination with steadily improving associate retention enabled us to close the year with an exceptional quarter. These improvements are expected to fuel further gains in subsequent periods.

Commitment to Diabetes Research

In closing I would like to comment briefly on our growing commitment to diabetes research and make a few final remarks about the year ahead.

In October 2008 we announced our partnership with the Alberta Diabetes Foundation, which is the fundraising arm for the Alberta Diabetes Institute, a globally recognized research institute dedicated to finding a cure for diabetes. We made a commitment to raise \$7.5 million dollars over the next seven years. We came to this partnership through direct requests from our associates to become more involved in the communities in which we do business. They wanted the Company to look beyond the bottom line. More than anything else they wanted to get involved. Over the past year we have begun to build the infrastructure for a community fund-raising program which we expect will run well beyond our initial seven year agreement. Through several major initiatives and our annual corporate contribution of \$200,000, I 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.

Looking Ahead

Looking ahead we will accelerate our rate of expansion. We believe that there continues to be significant un-served demand in markets throughout the country. We anticipate opening between 70 and 80 branches through fiscal 2010, with 22 to be opened by the end of the first quarter. This growth will primarily be organic, funded directly from current cash flows. Our cash position remains strong, and it remains our intention to continue expanding our overall market share. Finally, I will confirm our commitment to securing consumer protection rules at the provincial level. We have always believed that a regulated market is good for our customers and therefore good for our business. As regulations come into force, our potential to further increase shareholder value and reduce costs through on balance sheet funding will be enhanced. Regulations in our key markets of British Columbia, Alberta and Ontario are expected to be fully in force by January 2010. We are continuing to develop new products and services which we anticipate will be rolled out over the coming year. I would like to close by commending our associates for their dedication and success over the past year. Congratulations to all of them for a job extremely well done.

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

Michael Thompson
Senior Vice President and Corporate Secretary
Phone: 780-408-5595
Fax: 780-443-2653
Email: michael.thompson@csfinancial.ca

Gordon J. Reykdal
Chairman and Chief Executive Officer
Phone: 780-408-5118
Fax: 780-443-2653
Email: gord@csfinancial.ca