



Financial Convenience.
Everyday People.



Q4 2010 Highlights - Chairman's Remarks and Strategic Outlook Commentary by Gordon J. Reykdal, July 28, 2010

Introduction

Cash Store Financial operates under two banners: The Cash Store and Instaloans. These are two of the strongest branded-chains in the industry. Our primary offering is to serve as brokers to facilitate short-term advances and to provide other financial services to income-earning consumers.

In addition to brokering small, short-term loans, we offer a private label debit card, pre-paid MasterCard, bank accounts, financial product insurance, cheque cashing products, money transfer services and term loans. Cash Store Financial is the only broker of short-term advances and provider of other financial services in Canada that is publicly-traded on the Toronto Stock Exchange. The Company now also trades on the New York stock Exchange under the symbol CSFS.

Through great products, excellence in customer service, a strong commitment to community and a self-funded growth strategy, we have earned our place as the dominant player in Canada's alternative financial services sector.

We are a rapidly expanding company with an aggressive growth program in place. In the quarter, we grew our network by 36 branches in Canada, bringing our total branch count to 525, including 2 branches operating in the U.K. We plan to open 8 – 10 branches in the U.K. over fiscal 2011.

We plan to continue with our strategy of opening 18 to 20 branches per quarter for the remainder of this fiscal year and subsequently through each quarter of fiscal 2011. We will continue to consider the acquisition of existing operators if desirable EBITA multiples are achieved.

With 35 percent market share, we are the largest operator in the Canadian marketplace.

Our operational strategic priorities can be broken down in to four main pillars:

First - maturing of our network through improvements to our Branch Operating Income for all branches. We will achieve this through a continuation of our hands-on management approach, further integration of our marketing and training departments, and further development of our people through our technology-based learning platforms: Cash Store TV and Cash Store College.

Second - growing our existing product lines by providing superior service and complementary products that further diversify our revenue streams.

Third - opening new branches through organic growth and the acquisition of existing operators at desirable EBITA multiples.

Fourth - expanding internationally into the U.K., Australia and Europe. In the fourth quarter we opened two branches in the United Kingdom. Performance in these branches has been strong, and we anticipate opening a further 8 to 10 branches in the U.K. through fiscal 2011.

We continue to maintain our equity position in The Cash Store Australia Holdings Inc., a TSX-V traded company trading under the symbol AUC. Cash Store Australia currently operates 61 branches in several states throughout Australia.

We also maintain an equity position in RTF Financial Holdings Inc. RTF is currently a private company that is in the business of SMS text lending that has operations in Finland, Sweden, Denmark and the Netherlands. This Company will be taken public in subsequent periods.

Our financial priorities are to:

- Maximize shareholder value by growing our earnings per share;
- Utilize our strong balance sheet to reduce our cost of capital in regulated provinces;
- Control or reduce costs through a strong focus on operational excellence and taking advantage of our growing buying power; and
- Accelerate the profitability of our newer branches through enhanced branch opening processes and database driven direct mail programs.

Our fourth quarter was a period of continued strong growth with records achieved in revenue, other revenue and branch operating income. Before non-recurring class action settlement costs and related taxes, diluted earnings per share were up 31% to \$0.32.

These impressive results were achieved while the company adjusted to rate compression resulting from regulations being fully implemented in British Columbia, Alberta, Ontario and Nova Scotia. These markets represent roughly 81% of our branch network.

Industry Regulation

The implementation of provincial industry rate regulations commenced in August 2009. We have welcomed regulations as they provide long-term future stability and growth opportunities.

As anticipated, over the past 12 months, we have modified certain of our operational procedures in order to comply with the new rules.

Increased expenses have been more than offset by several factors, including: increases in loan volumes, consolidations, increased branch counts, and increased revenues from other services.

Overall, revenue for the fourth quarter was up 19.2% to \$47.4 million relative to the fourth quarter last year. This was a record. Revenue from ancillary products grew an impressive 63.5% to \$12.0 million from \$7.4 million in the same quarter last year. This was a record. For the 12 months ending June 30, 2010, revenue was up 14.3% to \$172.0 million. This was a record. Net income before class action settlement costs and related taxes was up 7.0% to \$20.7 million. This was a record. Diluted EPS before class action settlement costs and related taxes for the 12 month period increased 12.1% to \$1.20.

We continue to view regulation as a positive for the Company and expect the benefits to accrue over the long-term. These are welcome developments that demonstrate to capital markets that the industry is now supported by a high degree of regulatory certainty, and that the industry's long-term stability has been secured. The Company has accommodated regulation more effectively than some competitors, and there has been industry consolidation as a result.

Regulation has positioned the Company to lend its own capital which we anticipate will result in improved margins.

New Developments

Subsequent to quarter end, on July 27, Cash Store Financial announced an agreement with Ria Financial Services, a division of Euronet Worldwide Inc., to offer money transfer services for a total consideration of \$9.1 million. A signing bonus of \$7.0 million will be brought into income over the life of the seven year deal. A further \$2.1 million will be allocated to marketing and realized as expensed. The agreement takes effect on September 1.

Cash Store Financial's partnership with Ria Financial Services and Euronet will enable us to accelerate expansion of our money transfer service offering and to grow related revenues by providing access to Canadian markets that were restricted under current agreements. Ria Financial Services is the third largest money transfer company in the world.

Our agreement with Ria provides access to a further 90 branches with high levels of remittance traffic and ensures that all future branches will be able to offer money transfer services to our customers.

Cash Store Financial currently processes over 30,000 money transfers a month. Over 50% of our current volumes come from 90 branches. The addition of 90 branches with high volume potential provides real up-side possibilities for revenue growth above current levels.

Commitment to Diabetes Research

Since inception, Cash Store Financial has given back to the communities in which we do business. In 2010, we continue to expand upon that contribution. As part of our commitment to raise \$7.5 million for diabetes research, we are this year conducting 34 Freedom runs in communities across Canada. Last year we conducted 21 runs that brought together hundreds of Canadians who are committed to finding a cure for diabetes. We are looking forward to even greater participation this year.

Summary

Our forward priorities remain to continue build upon the initial success of our banking products, to extract higher revenues from our more mature branches and to continue to grow our footprint through rapid expansion.

Our primary financial goal through fiscal 2010 and 2011 is to continue our progress in maximizing shareholder value by growing earnings per share.

Our dividend for the quarter is \$.010, payable August 26 to shareholders of record on August 11. The dividend has increased \$0.035 over Q4 2009, an improvement of 54%.

I would like to take this time once again to express my gratitude to our associates for their dedication and hard work. They are the back-bone of this company and critical to our success.

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

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