

The logo for Cedyna, featuring a stylized blue 'C' with a yellow sphere in the center, followed by the word 'Cedyna' in a blue serif font.

Cedyna

Cedyna Financial Corporation

(Formerly OMC Card, Inc.)

Annual Report 2010

For the Year Ended March 31, 2010



Cedyna Financial Corporation

Our Mission

We continue to create new dreams and satisfactions for every customer.

We aim at a unique No.1 company based on credibility and trust.

We make our work environment to be a lively place where all the employees can share a common goal, and demonstrate their abilities.

The Concept Behind the Company Name, Cedyna

Initial Letters of **C**redit **E**xcellence & **D**ynamics

It shows our vision to dynamically bring a fresh air to the consumer finance business, based on credibility and trust, by creating a sophisticated and extraordinary customer value. We, Cedyna, continue to challenge in order to provide even more sophisticated and extraordinary products and services that customers can use with confidence, by developing, integrating and evolving highly advanced financing technology.

Our Logo

Eyes Looking into Customers New Living

C of Cedyna and a sphere inside of it stand for the eye that is consumer-oriented and our will to support every customer's dream and satisfaction. Also, the sphere represents a globe, showing our global point of view.

First, I would like to express my gratitude for your continuing support to our business.

Cedyna Financial Corporation has made a fresh start as a consolidated subsidiary of the Sumitomo Mitsui Financial Group since undertaking an increase in capital allocated to SMFG Card & Credit, Inc.

With this increase in capital, Cedyna aims to establish a robust financial base. Furthermore, with our ever stronger links with the SMFG Group, we shall proactively drive forward our investment in systems and involvement in new business opportunities, and thereby strive to build up a new Cedyna brand that we hope to be regarded favorably by all our stakeholders.

The business environment surrounding us has seen dramatic changes, in response to the implementation of the amendments to the Money Lending Industry Law and the Installment Sales Act and other various factors; it is as yet unclear as to what lies ahead, but we anticipate that conditions could become even harsher. But even in times of great change, we are working to quickly and accurately grasp the diversifying wants and needs of consumers, and to constantly provide all our credit card and consumer credit customers with peace of mind and security, to realize a prosperous consumer society.

We believe that credit card usage will continue to expand in the future, and we are to offer valuable services with the aim of being Cedyna always closest at hand for our customers, in all areas of their lives.

Cedyna is an organization born out of the merger of companies specializing in retail-oriented credit cards, and bank credit cards and consumer credit.

We hope that we are able to aid our affiliated stores in their business development by providing them with the know-how and business models Cedyna has come to acquire.

With our foundation comprised of marketing skills promoting higher card utilization, a business network throughout Japan and a network established with various financial institutions, we are able to offer the most appropriate payment solutions through our card and consumer credit businesses, as well as our



money collection agency business; we aim to be a Cedyna that walks arm in arm with our affiliated stores. Furthermore, at a time when corporations' concern for society is being called into question, Cedyna wants to be a corporation that can serve the needs of our society. Accordingly, we take seriously not just adherence to laws and regulations but also the provision of compliance systems and internal controls, treating them as matters of the utmost importance in managing the business; all of our staff are united in continuing to make tireless efforts to strengthen our relationship of trust with all our stakeholders.

I should like to thank you in anticipation of your further valued support to Cedyna.

June 2010

Cedyna Financial Corporation, President,
Hajime Yamashita

A handwritten signature in black ink that reads "H. Yamashita". The signature is written in a cursive, flowing style.

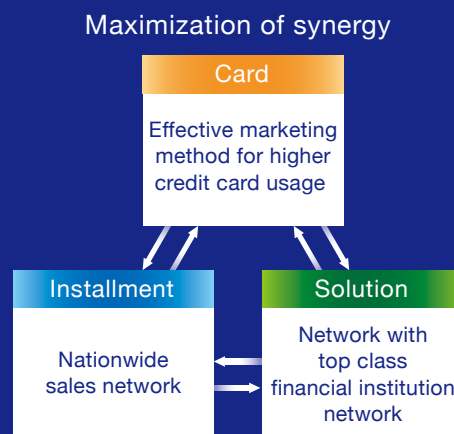
Strength

Credit card business, installment business and solution business are organically bound together, to bear a hybrid business model, and energize your living business.



The birth of top class consumer finance company in Japan.

Cedyna is composed by three core areas of business: Credit Card business , Installment business , and Solution business . Effective marketing method for higher credit card usage in Credit Card business, nationwide sales network in Installment business and top class financial institution network in Solution business ; these strengths from each area of business are integrated to maximize the synergy effect.



We aim for No.1 credit card organization in Japan.

As a core retail company in Sumitomo Mitsui Financial Group, Cedyna aims for No.1 credit card organization in Japan with Sumitomo Mitsui Credit Card.



Appealing Credit Cards for Customers What is Marketing Solutions Partner (MSP)?

We believe that a credit card is not simply a tool for settlement, but also a tool that can be utilized to increase the sales of our business partners. Our strong database marketing capability enables us to suggest our partners most relevant strategies, based on thorough analysis of purchasing behaviors and regional propensities of credit card holders. This is our unique business model that we call Marketing Solutions Partner

- Unique and original services and benefits from the affiliated partner
- Point services and benefits from Cedyna
- Credit card useable worldwide

- Increasing revenue and profit
- New communication tool
- Marketing tool for customer analysis
- Stronger bond with royal customers



Shopping Credit

Have you ever thought of selling high-end products but given up the idea because you worry about its time, effort and risk in collecting payments?

Installment sales credit would be your solution.



From Low-end Shopping to High-end Shopping

A merchant, who sells products and services to customers, and Cedyne sign a contract (a membership contract) in advance. When a customer purchases a product or a service on credit, Cedyne will pay the amount to the merchant and the customer will pay to Cedyne.

Home Improvement Loan

For remodeling contractors, homebuilders and other home-related businesses, a home improvement loan would be your great help in encouraging your customers to purchase your services.

For Extension and Remodeling of your Comfortable Home

A business that provides home extension and remodeling services, and Cedyne sign a contract (a membership contract) in advance. When a customer purchase its service from the business on credit, Cedyne will pay the amount to the business and the customer will pay to Cedyne.



Automobile Loan

For automobile dealers, Cedyne's automobile loan would better cater customers' various needs.

For an Active Life with an Automobile

Cedyne's automobile loan enables your customers to choose a method of repayment that matches their needs for purchasing a car. In addition to an ordinary credit method, credit installment, Cedyne's auto loan will add a wider variety of choice, and it allows affiliated merchants to sell cars advantageously and with less risk.



Collection Outsourcing

Our collection outsourcing service will save your time and effort for the monthly payment collection.

Outsourcing Service for Complicated and Time-consuming Payment Collection

This system is for us to deduct designated amount from customers, consolidate them and credit to our affiliate business. It can be used for collecting rent, subscription fees for newspapers, fees for telephone and Internet usage, tuition fees, and so on. Our customers can enjoy our top class financial institution network in Japan.



Convenience Store Network for Payment Collection



Convenience store network would add another convenient window for your receiving teller. It enables your customers to pay you through their neighboring convenience stores.

More Convenience for Your Customers

Our affiliation with major convenience store chains allows customers of our member businesses to pay at convenience stores. Cedyne will consolidate the collection data and collected money from the headquarters of convenience store chains, and credit the total amount to each member business.

Business Credit

If you have thought about streamlining the collection of receivables and accrued debits, please consider our business credit service.

Minimizing the Credit Risk, and Streamlining the Collection Process

This service is for Cedyne to pay the price for products and services that our member business sells to its client business instead. We are the one to collect the payment from your clients, so that you can minimize the credit risk and streamline the collection process.



Corporate Governance Systems

The Company recognizes that it has a social responsibility to maintain corporate ideals with a spirit of honesty and integrity, by establishing sound relationships of trust with all its stakeholders. To pursue this objective, and with the intention of further enhancing the public's trust in us, we formulated a set of guidelines for our business activities. Taking the view that improving internal control systems is at the core of corporate governance, the Company strives to abide consistently by the law and impart a thorough awareness of its ethical platform, as per its Basic Internal Control Policy stipulated by the Board. It achieves this through its Internal Control Committee and the Compliance Committee, chaired by the President and Representative Director.

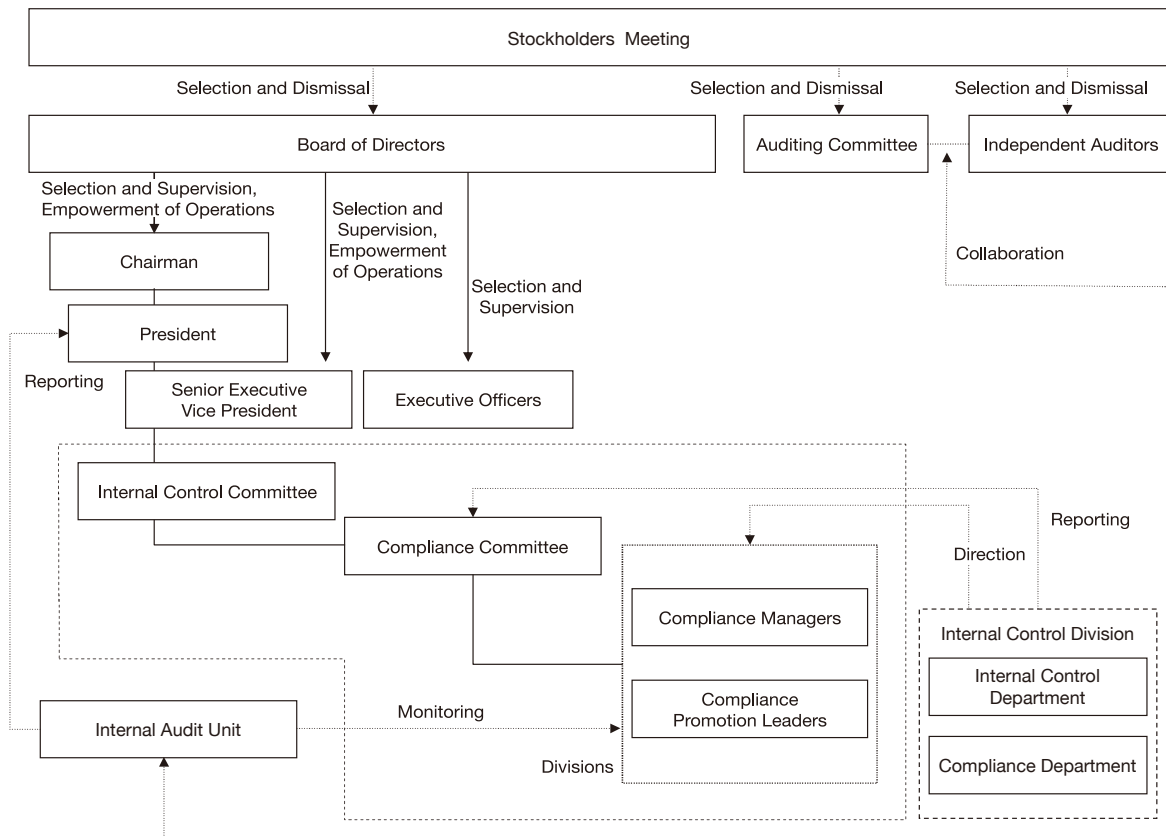
Furthermore, with the aim of increasing corporate value, the Internal Control Committee has been working to fulfill its corporate governance responsibilities by deliberating and reporting on measures such as strengthening the effectiveness of the Company's internal control systems, making more effective use of management resources, and increasing transparency through timely and appropriate disclosure.

In addition, the Company has constructed corporate governance systems through the cooperation of parties including elected outside directors, the Auditing Committee and the Internal Audit Unit. The outside directors monitor and oversee management and provide relevant expertise to maintain and improve management efficiency. The Auditing Committee links in with the Internal Audit Unit and Internal Control Department and others to strengthen its management oversight function.

We deem that such use of corporate governance systems enables our shareholders and investors to maintain their confidence in us.

Provision of Internal Control Systems

The Company's internal control systems and risk management systems structure is shown below:



The Board of Directors is composed of nineteen directors (including four outside directors) and meets regularly once a month and, when necessary, in extraordinary session. Both matters required by law and issues relating to the business are submitted to the Board for discussion. The outside directors provide observation and supervision with their rich experience and highly-regarded opinions as managers of businesses, as well as advice pertinent to the management of the business. Of the outside directors, one is designated as an independent director.

Cedyna adopts an auditing committee system, and the Auditing Committee consists of five corporate auditors (of whom three are outside corporate auditors). The auditors fulfill their auditing duties by hearing oral reports from the directors and inspecting important documents for approval at the various main committee meetings they attend. Such meetings would include: meetings of the Board of Directors; fortnightly management meetings where core issues are deliberated on; weekly executive meetings where core issues are reported on; quarterly Internal Control Committee meetings where matters of internal control are communicated as per the Basic Internal Control Policy stipulated by the Board of Directors; and monthly Compliance Committee meetings in which compliance matters are communicated as stipulated in the Basic Internal Control Policy. All the outside corporate auditors are designated as independent directors.

In addition to attending the above meetings, the corporate auditors hold regular meetings with the Representative Directors and accounting auditors, and strive for timely and appropriate communications through offering and sharing information. They also regularly receive reports from the Internal Audit Unit, among others, and work to enhance communications by seeking further investigation where necessary.

The internal audit function is carried out by a structurally independent Internal Audit Unit, which robustly conducts its audits, including audits of subsidiaries and affiliated companies, from a variety of perspectives including internal controls, risk management and compliance. Reporting to the President and Representative Director, the unit works to improve its coordination with the auditors by providing them with information and assisting them in other ways, thereby improving management transparency.

The auditors work to coordinate their activities based on their auditing policies, by such means as attending meetings of the Board of Directors and other core meetings, receiving oral reports from the Directors and other sources, inspecting important documents of resolutions, and exchanging information and opinions with the independent auditors, enabling them to observe and verify the provision and status of internal control.

With the aim of strengthening compliance systems and managing and overseeing personal data appropriately, each department at Cedyne has appointed a Compliance Manager and a Compliance Promotion Leader, and departments are managed according to the guidelines for our business activities.

Furthermore, the Internal Control Division is made up of the Compliance Department and the Internal Control Department, and takes charge of compliance, internal control and risk management on a companywide basis.

In order to learn directly from our employees of any practices going on in the organization that may harm the organization's continued existence or development, we have set up the Cedyne Helpline accessible both internally and externally (via a law firm) as an internal warning system. Further, by collecting information via our Voice of the Customer set-up that includes information both from affiliated stores and from regulatory agencies, we have built up measures to cope appropriately with external warnings.

From this fiscal year we have engaged with KPMG AZSA & Co. as accounting auditors, and Yoshihide Todoroki CPA, Akio Nagata CPA and Seiki Miyata CPA carry out such auditing duties as designated employees.

The Company strives to protect the robustness of the business and improve confidence in its operations by providing risk management systems. Such systems allow the Company to assess and manage the various risks that accompany its existing lines of business as well as any risks thought to arise from new business operations, to prevent risk, and to deal properly with any occurrence.

Contracts for limitation of liability

The Company enters into contracts pursuant to Article 427, Paragraph 1 of the Companies Act (contracts for limitation of liability) with all outside directors, under the provisions of Articles 26 and 34 of the Articles of Incorporation.

The contents of such contracts limit liability for the purposes of Article 423, Paragraph 1 of the Companies Act - which prescribes a director's liability for compensation of losses suffered by a stock company as a result of his actions - to the minimum liability determined by the law, in cases where the director has acted in good faith in the course of his duties and has not committed gross negligence.

Internal audit

The internal audit function is carried out by a structurally independent Internal Audit Unit, which robustly conducts its audits, including audits of subsidiaries and affiliated companies, from a variety of perspectives including internal controls, risk management and compliance. Reporting to the President and Representative Director, the unit works to improve its coordination with the auditors by providing them with information and assisting them in other ways, thereby improving management transparency.

The corporate auditors work to coordinate their activities based on their auditing policies, by such means as attending meetings of the Board of Directors and other core meetings, receiving oral reports from the Directors and other sources, inspecting important documents of resolutions, and exchanging information and opinions with the independent auditors, enabling them to observe and verify the provision and status of internal control.

Furthermore, full-time corporate auditor Akiomi Narui has been responsible for accounting duties in the business for many years, including acting as head of the Company's Accounting Department, and holds an appropriate level of financial and accounting knowledge.

The Internal Audit Unit, the corporate auditors, and the statutory auditing firm work to strengthen mutual cooperation by sharing information as and when necessary.

Outside directors and corporate auditors

The Company has four outside directors and three outside corporate auditors.

Related parties

Kazuya Jono is an outside director of the Company, and also holds positions as a managing director (executive officer) of Sumitomo Mitsui Financial Group, Inc. (SMFG), managing director (executive officer) of Sumitomo Mitsui Banking Corporation (SMBC), President and Representative Director of SMFG Card & Credit, Inc. (FGCC), and director of Sumitomo Mitsui Card Co., Ltd. (SMCC).

Notes: SMFG is an ultimate parent company of FGCC, which is an other affiliate company (disclosure category: other related party) of the Company. SMBC is a subsidiary of SMFG, which is a parent company of FGCC. FGCC is an other related party of the Company. SMCC is a subsidiary of FGCC.

Yoshiaki Takahashi is an outside director of the Company, and also holds a position as a managing director of The Daiei, Inc.

Keiji Nakamae is also an outside director of the Company who holds a position as a director of The Daiei, Inc. There are transactions between the two companies during the normal course of business.

Yukio Naito is an outside director of the Company, and also holds a position as a senior managing director of Nagoya Railroad Co., Ltd. There are transactions between the two companies during the normal course of business.

Roles and functions

The outside directors monitor and oversee management and provide relevant expertise to maintain management efficiency.

The outside auditors strengthen the management oversight function.

Principles behind appointment

We believe the outside directors should be individuals who are free from conflict of interest with general shareholders, but who can carry out the necessary monitoring and express opinions within the scope of the powers and responsibilities set out by the Companies Act so that decisions are made in proper consideration of returning profits to the general shareholders.

We believe that the outside auditors should be individuals who can leverage their expert knowledge and rich experience to strengthen the Company's audit systems.

Mutual cooperation and relationships with the Internal Control Department

The outside auditors work to coordinate their activities based on their auditing policies, by such means as attending meetings of the Board of Directors and other core meetings, receiving oral reports from the Directors and other sources, inspecting important documents of resolutions, and exchanging information and opinions with the independent auditors, enabling them to observe and verify the provision and status of internal control.

There are support systems in place for the outside directors and for the outside auditors. The outside directors are supported by the General Affairs Department, and the outside auditors are supported by specially appointed audit staff.

Furthermore, notification of any Board papers for submission is communicated to the outside directors and outside auditors in advance of Board meetings, and they receive advance briefing if necessary.

Remuneration of directors and auditors

Directors (excluding outside directors): Total remuneration 437 million (to fifteen individuals)

Auditors (excluding outside auditors): Total remuneration 37 million (to two individuals)

outside directors: Total remuneration 49 million (to nine individuals)

Note: The number of individuals paid and the amounts paid in the above directors remuneration include remuneration paid up until the retirement of two directors who retired at the close of the 83rd General Meeting of Stockholders held on June 19, 2009.

The amount of remuneration to be paid to directors and auditors is decided on a case by case basis.

For directors, the amount must be approved by the Board; for auditors, the amount is decided via consultation with the auditors.

Remuneration of statutory auditors

(Millions of Yen)

The Company has not formulated a fixed policy for the remuneration of its statutory auditors, but sets it in agreement with the Auditing Committee by taking into account both the actual extent of work carried out in past audits and the amount of work anticipated to be necessary in the future.

	Year ended March 31, 2010	
	Remuneration for work connected with the statutory audit	Remuneration for non-audit services
Cedyna (non-consolidated)	144	-
Subsidiaries	6	-
Total	151	-

Shareholdings

Shares held primarily for purposes other than investment purposes

Number of issuers: 165

Total book value: 27,170 million

Shares held primarily for purposes other than investment purposes, where book value for this fiscal year exceeds 1% of paid-in capital.

Stock name	Number of shares held	Millions of Yen	
		Balance sheet value	Holding purpose
Kansai Urban Banking Corporation	27,628,740	4,006	To maintain / strengthen business relationship
Suzuki Motor Corporation	1,170,000	2,413	To maintain / strengthen business relationship
UNY Co., Ltd.	2,478,756	1,916	To maintain / strengthen business relationship
The Aichi Bank, Ltd.	143,000	1,081	To maintain / strengthen business relationship
The Mie Bank, Ltd.	3,248,523	841	To maintain / strengthen business relationship
ZERIA Pharmaceutical Co., Ltd.	819,000	815	To maintain / strengthen business relationship
Central Japan Railway Company	1,000	712	To maintain / strengthen business relationship
Astellas Pharma Inc.	193,000	653	To maintain / strengthen business relationship
The Bank of Nagoya, Ltd.	1,624,000	617	To maintain / strengthen business relationship
Tokai Tokyo Financial Holdings, Inc.	1,521,000	593	To maintain / strengthen business relationship
Mitsubishi UFJ Lease & Finance Co., Ltd.	171,600	583	To maintain / strengthen business relationship
Chuo Mitsui Trust Holdings, Inc.	1,616,000	567	To maintain / strengthen business relationship
J. FRONT RETAILING Co., Ltd.	1,002,800	551	To maintain / strengthen business relationship
The Chukyo Bank, Ltd.	1,746,000	497	To maintain / strengthen business relationship

Resolution requirements determining the number of Directors and the election of Directors

It is determined in the Articles of Incorporation that the Company may appoint up to 25 directors, and resolutions to elect directors may be passed only when there are stockholders present able to exercise the voting rights of at least one-third of all stockholder voting rights, by a majority of those voting rights and not by accumulative votes.

Matters submitted for resolution at the General Meeting of Stockholders and decided by a resolution of the Board of Directors

Interim dividend

Under the provisions of the Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Companies Act, the Company may, by resolution of the Board of Directors, pay an interim dividend to stockholders or registered pledges of stocks entered or recorded in the stockholders register on September 30th every year, in order to compensate stockholders more flexibly.

Acquisition of its own shares

Under the provisions of the Articles of Incorporation, pursuant to Article 165, Paragraph 2 of the Companies Act, in pursuit of a more flexible capital policy, the Company may, by resolution of the Board of Directors, acquire its own shares through market transactions and other methods.

Exemption from liabilities of directors and auditors

Under the provisions of the Articles of Incorporation, pursuant to Article 426, Paragraph 1 of the Companies Act, in order for directors and auditors to fully perform their expected roles, the Company may, by resolution of the Board of Directors, exempt directors and auditors from liabilities within a range defined by the Companies Act.

Requirements for extraordinary resolutions at the General Meeting of Stockholders

For extraordinary resolutions by the General Meeting of Stockholders as defined by the Companies Act, Article 309, Paragraph 2, the Company's Articles of Incorporation require that such resolutions may only be passed when there are stockholders present able to exercise the voting rights of at least one-third of all stockholder voting rights, and when the resolution is passed by at least a two-thirds majority of the exercisable voting rights present. The objective of this requirement is to permit the smooth running of the General Meeting of Stockholders.

Directors and Corporate Auditors

■ Board of Directors

Chairman and director	Tatsuo Tsuchikawa
Vice chairman and director	Hikomichi Funahashi
President and representative director	Hajime Yamashita
Representative director	Shinji Ebata
Representative director	Yoshiki Hama
Director	Shimpei Nihei
Director	Akira Fuchioka
Director	Akio Sasaki
Director	Masashi Hayashi
Director	Hiroyuki Obata
Outside director	Kazuya Jono
Outside director	Yasufumi Inoue
Outside director	Yukio Naito

■ Corporate Auditors

Full-time corporate auditor	Akiomi Narui
Full-time corporate auditor	Tomiyoshi Momma
Corporate auditor	Yutaka Horii
Corporate auditor	Eisuke Nagatomo
Corporate auditor	Akihiko Kawakami

Organization Chart

