NICHOLAS FINANCIAL INC
Form 10QSB
February 12, 2001

1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934 FOR THE PERIOD ENDED DECEMBER 31, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ________ to _________.

Commission file number: 0-26680

NICHOLAS FINANCIAL, INC.
(Exact name of registrant as specified in its Charter)

British Columbia, Canada	8736-3354
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2454 McMullen Booth Road, Building C Clearwater, Florida	33759
(Address of Principal Executive Offices)	(Zip Code)

(727) 726-0763
(Registrant's telephone number, Including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 and 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____.

As of January 31st, 2001 there were 2,318,608 shares of common stock outstanding

This Form 10-QSB consists of 19 pages.

2

Nicholas Financial, Inc.
Form 10-QSB
Index

3

Nicholas Financial, Inc.
Condensed Consolidated Balance Sheet
(Unaudited)

	December 31 2000
Assets	
Cash	$ 343,585
Finance receivables, net	61,856,424
Accounts receivable	18,026

Prepaid expenses and other assets	640,077
Property and equipment, net	354,688
Deferred income taxes	1,190,888
Total assets	$ 64,403,688
Liabilities	
Line of credit	$ 46,973,049
Notes payable - related party	1,118,008
Accounts payable	2,274,738
Income taxes payable	60,104
Deferred revenues	611,926
Other liabilities	16,232
	51,054,057
Shareholders' equity	
Preferred stock, no par: 5,000,000 shares authorized;none issued and outstanding	-
Common stock, no par: 50,000,000 shares authorized; 2,318,608 shares issued and outstanding	3,584,661
Retained earnings	9,764,970
	13,349,631
Total liabilities and shareholders' equity	$ 64,403,688

See accompanying notes.

4

Nicholas Financial, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

	Three months ended December 31 2000	Three months ended December 31 1999	Nine months ended December 31 2000	Nine months ended December 31 1999
Revenue:				
Interest income on finance receivables	$4,329,865	$3,486,518	$12,489,935	$9,453,993
Sales	90,744	133,050	306,611	398,498
	4,420,609	3,619,568	12,796,546	9,852,491
Expenses:				
Cost of sales	19,857	23,230	65,485	61,056
Marketing	100,816	92,262	318,258	279,975
Administrative	1,554,953	1,357,795	4,624,829	3,694,411
Provision for credit losses	390,312	312,571	1,067,101	787,900
Depreciation and amortization	40,500	22,500	106,500	68,640
Interest expense	1,002,433	725,309	2,792,944	2,027,462
	3,108,871	2,533,667	8,975,117	6,919,444
Operating income				

before income taxes	1,311,738	1,085,901	3,821,429	2,933,047
Income tax expense (benefit):				
Current	504,182	451,754	1,547,140	1,499,730
Deferred		(34,280)	(75,000)	(375,074)
	504,182	417,474	1,472,140	1,124,656
Net Income	$ 807,556	$ 668,427	$2,349,289	$1,808,391
Earnings per share - basic	$0.35	$0.28	$1.00	$0.77
Earnings per share - diluted	$0.32	$0.26	$0.93	$0.71

See accompanying notes.

5

Nicholas Financial, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended December 31	
	2000	1999
Operating activities		
Net income	$ 2,349,289	$ 1,808,391
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	106,500	68,640
Provision for credit losses	1,067,101	787,900
Deferred income taxes	(75,000)	(209,280)
Changes in operating assets and liabilities:		
Accounts receivable	2,896	(1,633)
Prepaid expenses and other assets	(247,393)	(139,831)
Deferred revenues	93,208	56,720
Accounts payable	(420,885)	242,318
Other liabilities	-	(4,696)
Income taxes payable	15,139	(99,662)
Net cash provided by operating activities	2,890,855	2,508,867
Investing activities		
Increase in finance receivables, net of principal collected	(10,908,418)	(7,942,521)
Purchase of property and equipment, net of disposals	(129,594)	(85,668)
Net cash used in investing activities	(11,038,012)	(8,028,189)
Financing activities		
Repayment of notes payable - related party	(200,000)	(3,741)

Net proceeds from line of credit	8,558,500	5,250,000
(Repurchase) sale of common stock	(126,941)	7,198
Net cash provided by financing activities	8,231,559	5,253,457
Net increase (decrease) in cash	84,402	(265,865)
Cash, beginning of period	259,183	509,418
Cash, end of period	$343,585	$243,553

See accompanying notes.

6

Nicholas Financial, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
December 31, 2000

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Nicholas Financial, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB pursuant to the Securities and Exchange Act of 1934, as amended in Article 10 of Regulation SB, as amended. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended December 31, 2000 are not necessarily indicative of the results that may be expected for the year ending March 31, 2001. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2000.

2. Earnings Per Share

Basic earnings per share excludes any dilutive effects of common stock equivalents such as options, warrants, and convertible securities. Diluted earnings per share includes the effects of dilutive options, warrants, and convertible securities. Basic and diluted earnings per share have been computed as follows:

7

Nicholas Financial, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
December 31, 2000

	Three months ended December 31,	Nine months ended December 31,

	2000	1999	2000	1999
Numerator:				
Numerator for basic earnings per share - Net income Available to common stockholders	$807,556	668,427	$2,349,289	$1,808,391
Effect of dilutive securities:				
Convertible debt	15,283	24,909	46,391	74,727
Numerator for dilutive earnings per share - income available to common stockholders after assumed conversions	$822,839	$693,336	$2,395,680	$1,883,118
Denominator:				
Denominator for basic earnings per share - Weighted average shares	2,334,470	2,352,608	2,343,062	2,352,040
Effect of dilutive securities: (A)				
Employee stock options	51,492	59,204	59,378	47,952
Convertible debt	177,806	264,798	179,639	264,798
Dilutive potential common shares	229,298	324,002	239,017	312,750
Denominator for diluted earnings per share - Adjusted weighted-average sharesand assumed Conversions	2,563,768	2,676,610	2,582,079	2,664,790
Earnings per share - basic	$0.35	$0.28	$1.00	$0.77
Earnings per share - diluted	$0.32	$0.26	$0.93	$0.71

Footnote A:
The following options and warrants were outstanding but not included in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Options	105,500	-	58,833	-
Warrants	333,333	-	333,333	-

8

Nicholas Financial, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
December 31, 2000

3. Finance Receivables

Finance receivables consist of consumer automobile finance installment contracts and are detailed as follows:

Finance receivables,gross contract	$98,087,139
Less:	
Unearned interest	(23,063,967)
	75,023,172
Nonrefundable dealer reserves	(9,727,344)
Allowance for credit losses	(3,439,404)
Finance receivables, net	$61,856,424

The terms of the receivables range from 12 to 60 months and bear a weighted average effective interest rate of 24%.

4. Line of Credit

The Company has a $60 million line of credit facility (the Line) which expires on November 30, 2002. Borrowings under the Line bear interest at the prime rate. The Company also has several LIBOR pricing options available. If the outstanding balance falls below $10 million the Line bears interest at the prime rate plus 1.75%. Pledged as collateral for this credit facility are all of the assets of Nicholas Financial, Inc. and its subsidiaries.

On May 11, 1999 the Company entered into an interest rate swap with a notional amount of $10 million at a fixed rate of 5.81%, maturing on May 24, 2002. On May 21, 1999 the Company entered into two interest rate swaps with notional amounts of $5 million each, at fixed rates of 5.81% and 6.08%, maturing on May 24, 2001 and May 24, 2004, respectively.

On August 18, 1999 the Company terminated a $5 million swap maturing on May 24, 2004 in exchange for $52,000. In addition the Company entered into an interest rate swap with a notional amount of $10 million at a fixed rate of 5.80%, provided that 30 day libor does not exceed 8%, maturing on May 24, 2003. In the event 30 day libor exceeds 8.00%, the fixed rate of 5.80% would swap back to the variable rate for all periods where 30 day libor exceeds 8.00%.

On May 17, 2000 the Company entered into an interest rate swap with a notional amount of $10 million at a fixed rate of 6.87%, provided that 30 day libor does not exceed 7.7%, maturing on May 17, 2004. In the event 30 day libor exceeds 7.70%, the fixed rate of 6.87% would swap back to the variable rate for all periods where 30 day libor exceeds 7.70%.

9

Nicholas Financial, Inc.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
December 31, 2000

5. Notes Payable - Related Party

Notes payable consisted of the following:

Notes payable, due through November 2001, unsecured, subordinated to the Line, with interest at varying rates up to 12% with quarterly and semiannual interest payments. The notes are convertible at the option of the holder, into common shares at prices from $4.50 to $6.00 per share.	$500,000
Note payable, unsecured, interest at 12%, quarterly interest due through August 2001, at which time the entire principal balance is due.	618,008
	$1,118,008

10

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Consolidated net income increased for the three month period ended December 31, 2000 to $807,556 from $668,427 for the three month period ended December 31, 1999. Earnings were favorably impacted by an increase in the outstanding loan portfolio. The Company's NDS subsidiary did not contribute significantly to consolidated operations in the three month periods ended December 31, 2000 or 1999.

Consolidated net income increased for the nine month period ended December 31, 2000 to $2,349,289 from $1,808,391 for the nine month period ended December 31, 1999. Earnings were favorably impacted by an increase in the outstanding loan portfolio. The Company's NDS subsidiary did not contribute significantly to consolidated operations in the nine month periods ended December 31, 2000 or 1999.

	Three Months Ended December 31		Nine Months Ended December 31	
	2000	1999	2000	1999
Average Net Finance Receivables (1)	$74,852,495	$56,318,153	$71,646,186	$53,101,652
Average Indebtedness(2)	47,689,890	35,480,572	45,502,779	33,369,289
Total Interest Revenues	4,329,865	3,486,518	12,489,935	9,453,993
Interest Expense	1,002,433	725,309	2,792,944	2,027,462
Net Interest Income	3,327,432	2,761,209	9,696,991	7,426,531
Gross Portfolio Yield(3)	23.14%	24.76%	23.24%	23.74%
Average Cost of Borrowed Funds(2)	8.41%	8.18%	8.18%	8.10%
Net Interest Spread (4)	14.73%	16.59%	15.06%	15.64%

Net Portfolio Yield (3)	17.78%	19.61%	18.05%	18.65%
Write-off to Liquidation(5)	9.02%	8.37%	7.68%	7.09%
Net Charge-Off Percentage(6)	7.75%	7.19%	6.50%	6.17%

(1) Average net finance receivables represents the average of net finance receivables throughout the period. Net finance receivables represents gross finance receivables less any unearned finance charges related to those receivables.

(2) Average indebtedness represents the average outstanding borrowings under the Line of Credit and notes payable-related party. Average cost of borrowed funds represents interest expense as a percentage of average indebtedness.

(3) Gross portfolio yield represents total revenues as a percentage of average net finance receivables. Net portfolio yield represents net interest income as a percentage of average net finance receivables.

(4) Net interest spread represents the gross portfolio yield less the average cost of borrowed funds.

(5) Liquidation is defined as beginning receivable balance plus current period purchases minus voids and refinances minus ending receivable balance.

(6) Net charge-off percentage represents net charge-offs divided by average net finance receivables outstanding during the period.

11

Three months ended December 31, 2000 compared to three months ended December 31, 1999

Interest Income and Loan Portfolio

Interest revenue increased 24% to $4.3 million for the period ended December 31, 2000, from $3.5 million for the period ended December 31, 1999. The net finance receivable balance totaled $75.0 million at December 31, 2000, an increase of 31% from $57.3 million at December 31, 1999. The gross finance receivable balance increased 31% to $98.1 million at December 31, 2000 from $75.0 million at December 31, 1999. The primary reason interest revenue increased was the increase in the outstanding loan portfolio. The gross portfolio yield decreased from 24.76% for the period ended December 31, 1999 to 23.14% for the period ended December 31, 2000. The primary reason that net finance receivables increased was the opening of one additional office.

Computer Software Business

Sales for the period ended December 31, 2000 were $90,744 compared to $133,050 for the period ended December 31, 1999, a decrease of 32%. This decrease was primarily due to a decrease in new installations during the period ended December 31, 2000.

Operating Expenses

Operating expenses, excluding provision for credit losses and interest expense, increased to $1.7 million for the period ended December 31, 2000 from $1.5 million for the period ended December 31, 1999. This increase of 15% was primarily attributable to the opening of one additional office, increased home office personnel and increased general operating expenses.

Interest Expense

Interest expense increased to $1,002,433 for the period ended December 31, 2000 as compared to $725,309 for the period ended December 31, 1999. This increase was due to an increase in average outstanding borrowings from $35.5 million to $47.7 million during the comparable periods. The average cost of funds borrowed increased from 8.18% for the period ended December 31, 1999 to 8.41% for the period ended December 31, 2000.

Nine months ended December 31, 2000 compared to nine months ended December 31, 1999

Interest Income and Loan Portfolio

Interest revenue increased 32% to $12.5 million for the period ended December 31, 2000, from $9.5 million for the period ended December 31, 1999. The net finance receivable balance totaled $75.0 million at December 31, 2000, an increase of 31% from $57.3 million at December 31, 1999. The gross finance receivable balance increased 31% to $98.1 million at December 31, 2000 from $75.0 million at December 31, 1999. The primary reason interest revenue increased was the increase in the outstanding loan portfolio. The gross portfolio yield decreased from 23.74% for the period ended December 31, 1999 to 23.24% for the period ended December 31, 2000. The primary reason that net finance receivables increased was the opening of two additional offices.

Computer Software Business

Sales for the period ended December 31, 2000 were $306,611 compared to $398,498 for the period ended December 31, 1999, a decrease of 23%. This increase was primarily due to a decrease in new installations during the period ended December 31, 2000.

Operating Expenses

Operating expenses, excluding provision for credit losses and interest expense, increased to $5.1 million for the period ended December 31, 2000 from $4.1 million for the period ended December 31, 1999. This increase of 25% was primarily attributable to the opening of two additional branches, increased home office personnel and increased general operating expenses.

Interest Expense

Interest expense increased to $2.8 million for the period ended December 31, 2000 as compared to $2.0 million for the period ended December 31, 1999. This increase was due to an increase in average outstanding borrowings from $33.4 million to $45.5 million during the comparable periods. The average cost of borrowed funds increased from 8.10% for the nine months ending December 31, 1999 to 8.18% for the nine months ending December 31, 2000.

13

Analysis of Credit Losses

Because of the nature of the borrowers under the Contracts and its direct consumer loan program, the Company considers the establishment of adequate reserves for credit losses to be imperative. The Company segregates its Contracts into pools for purposes of establishing reserves for losses. Each such pool consists of the loans purchased by a Company branch office during a three-month period. The average pool consists of 81 Contracts with an aggregate initial principal amount of approximately $645,400. As of December 31, 2000, the Company had 274 active pools.

The Company pools Contracts according to branch location because the branches purchase contracts in different markets located in Florida, Georgia and North Carolina. All Contracts purchased by a branch during a fiscal quarter comprise a pool. This method of pooling by branch and quarter allows the Company to evaluate the different markets where the branches operate. The pools also allow the Company to evaluate the different levels of customer income, stability, credit history, and the types of vehicles purchased in each market.

A pool retains an amount equal to 100% of the discount into a reserve for credit losses. In situations where, at the date of purchase, the discount is determined to be insufficient to absorb all potential losses associated with the pool, a portion of future unearned income associated with that specific pool will be added to the reserves for credit losses until total reserves have reached the appropriate level. Subsequent to the purchase, if the reserve for credit losses is determined to be inadequate for a pool which is not fully liquidated, then a charge to income is used to reestablish adequate reserves. If a pool is fully liquidated and has any remaining reserves, the excess reserves are recognized as income.

In analyzing a pool, the Company considers the performance of prior pools originated by the branch office, the performance of prior Contracts purchased from the dealers whose Contracts are included in the current pool, the credit rating of the borrowers under the Contracts in the pool, and current market and economic conditions. Each pool is analyzed monthly to determine if the loss reserves are adequate, and adjustments are made if they are determined to be necessary. As of December 31, 2000, the Company had established reserves for losses on Contracts of $13,166,748 or 17.55% of net outstanding receivables.

The following tables present certain information regarding the delinquency rates experienced by the Company with respect to Contracts and under its direct consumer loan program:

14

	Nine Months Ended December 31, 2000	Nine Months Ended December 31, 1999
Contracts		
Gross Balance Outstanding	$93,829,707	$71,424,596

Delinquencies	Dollar Amount	Percent*	Dollar Amount	Percent*
30 to 59 days	$2,578,104	2.75%	$1,681,726	2.35%
60 to 89 days	1,406,290	1.50%	375,087	0.53%
90 + days	470,497	0.50%	110,302	0.15%
Total Delinquencies	$4,454,891		$2,167,115	
*Total Delinquencies as percent of outstanding balance		4.75%		3.03%

Direct Loans Gross Balance Outstanding	$4,257,432		$3,524,161	
Delinquencies				
30 to 59 days	$49,385	1.15%	$33,402	0.95%
60 to 89 days	19,040	0.45%	3,830	0.11%
90 + days	18,963	0.45%	5,761	0.16%
Total Delinquencies	$87,388		$42,993	
*Total Delinquencies as a percent of outstanding balance		2.05%		1.22%

The provision for credit losses was $390,312 for the three month period ended December 31, 2000 and $1,067,101 for the nine month period ended December 31, 2000 as compared to $312,571 for the three month period ended December 31, 1999 and $787,900 for the nine month period ended December 31, 1999. The Company increased its total reserve percentage from 13.25% for the period ended March 31, 2000 to 13.42% for the period ended December 31, 2000. Management believes that the reserve adjustments made during the three and nine month periods ended December 31, 2000 are consistent with its reserve methodology.

Income Taxes

The Company's effective tax rate remained relatively consistent at 38.44% and 38.52% for the three and nine months ended December 31, 2000, as compared to 38.44% and 38.34% for the three and nine months ended December 31, 1999, respectively.

15

Liquidity and Capital Resources

The Company's cash flows for the nine months ended December 31, 2000 and December 31, 1999 are summarized as follows:

	Nine months ended December 31, 2000	Nine months ended December 31, 1999
Cash provided by (used in):		
Operating Activities-	$2,890,855	$2,508,867

Investing Activities - (primarily purchase of Contracts)	(11,038,012)	(8,028,189)
Financing Activities	8,231,559	5,253,457
Net increase(decrease)in cash	84,402	(265,865)

The Company's primary use of working capital during the nine months ended December 31, 2000 was the funding of the purchase of Contracts. The Contracts were financed substantially through borrowings on the Company's line of credit. The line of credit is secured primarily by Contracts, and available borrowings are based on a percentage of qualifying Contracts. As of December 31, 2000 the Company had approximately $13 million available under the line of credit. The Company is currently negotiating to further increase, beyond the most recent increase, the size of its line of credit. Since inception, the Company has also funded a portion of its working capital needs through cash flows from operating activities.

The self-liquidating nature of installment Contracts and other loans enables the Company to assume a higher debt-to-equity ratio than in most businesses. The amount of debt the Company incurs from time to time under these financing mechanisms depends on the Company's need for cash and it's ability to borrow under the terms of its line of credit. The Company believes that borrowings available under the line of credit as well as cash flow from operations and, if necessary, the issuance of additional subordinated debt and or the sale of additional securities in the capital markets, will be sufficient to meet its short term funding needs.

Future Expansion

The Company currently operates twenty branch locations, fourteen in the State of Florida, four in the State of Georgia and two in the State of North Carolina. Each office is budgeted (size of branch, number of employees and location) to handle up to 1,000 accounts and up to $7,500,000 in outstanding receivables. To date three of our branches have reached this capacity.

The Company intends to continue its expansion through the purchase of additional Contracts and the expansion of its direct consumer loan program. As the branches continue to add customers, the size of the loan portfolio will continue to grow. With the added volume in each branch and as the company adds new branches, it will be necessary for the Company to increase the size of its Line of Credit.

The Company believes that opportunity for growth continues to exist in the States of Florida, Georgia and North Carolina and for the foreseeable future intends generally to concentrate its expansion activities in these States. The Company has identified Greensboro, North Carolina as an area where it may open a branch office during the remainder of fiscal 2001.

16

Forward-Looking Information

This 10-QSB contains various forward-looking statements and information that are based on management's beliefs and assumptions, as well as information currently available to management. When used in this document, the words "anticipate", "estimate", "expect", and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected. Among the key factors that may have a direct bearing on the Company's operating results are fluctuations in the economy, the degree and nature of competition, demand for consumer financing in the markets served by the Company, the Company's products and services, increases in the default rates experienced on Contracts, adverse regulatory changes in the Company's existing and future markets, the Company's ability to expand its business, including its ability to complete acquisitions and integrate the operations of acquired businesses, to recruit and retain qualified employees, to expand into new markets and to maintain profit margins in the face of increased pricing competition.

Part II - Other Information

Item 1. Legal Proceedings - None

Item 2. Changes in Securities and Use of Proceeds - None

Item 3. Defaults upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

Item 5. Other Information - None

Item 6. (a) Exhibits - See exhibit index following the signature page.

(b) Reports on Form 8-K - None

17

SIGNATURES

In accordance with the requirements of the Securities Act of 1934, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form 10-QSB and authorized this Report to be signed on its behalf by the undersigned, in the City of Clearwater, State of Florida, on February 12, 2001.

NICHOLAS FINANCIAL, INC.
(Registrant)

Date: February 12, 2001 /s/ Peter L. Vosotas

Peter L. Vosotas
Chairman, President,
Chief Executive Officer
(Principal Executive Officer)

Date: February 12, 2001 /s/ Ralph T. Finkenbrink

Ralph T. Finkenbrink
(Principal Financial Officer
and Accounting Officer)

EXHIBIT INDEX

Item 13. Exhibits and Reports on Form 8-K

(a) Exhibits

3.1 Articles of Incorporation of Nicholas Financial, Inc. and By-Laws

Incorporated by reference to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

4.1 Stock Certificate

Incorporated by reference to Exhibit 4.1 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.1 Loan and Security Agreement dated March 31, 1993 between BA Business Credit, Inc. and Nicholas Financial, Inc.

Incorporated by reference to Exhibit 10.1.1 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.2 Amendment No. 1 to Loan Agreement dated January 14, 1994

Incorporated by reference to Exhibit 10.1.2 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.3 Temporary Line Increase Agreement dated Mach 28, 1994

Incorporated by reference to Exhibit 10.1.3 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.4 Amendment No. 2 to Loan Agreement dated June 3, 1994

Incorporated by reference to Exhibit 10.1.4 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.5 Amendment No. 3 to Loan Agreement dated July 5, 1994

Incorporated by reference to Exhibit 10.1.5 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.6 Amendment No. 4 to Loan Agreement dated March 31, 1995

Incorporated by reference to Exhibit 10.1.6 to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

10.1.7 Amendment No. 5 to Loan Agreement dated July 13, 1995

Incorporated by reference to Exhibit 10.1.7 to the Company's Form 10-KSB for the fiscal year ended March 31, 1996

19

10.1.8 Amendment No. 6 to Loan Agreement dated May 13, 1996

Incorporated by reference to Exhibit 10.1.8 to the Company's Form 10-QSB for the three months ended June 30, 1996

10.1.9 Amendment No. 7 to Loan Agreement dated July 5, 1997

Incorporated by reference to Exhibit 10.1.9 to the Company's Form 10-QSB for the three months ended September 30, 1997

10.2.0 Amendment No. 8 to Loan Agreement dated September 18, 1998

Incorporated by reference to Exhibit 10.2.0 to the Company's Form 10-QSB for the three months ended September 30, 1998

10.2.1 Amendment No. 9 to Loan Agreement dated November 25, 1998

Incorporated by reference to Exhibit 10.2.1 to the Company's Form 10-QSB for the three months ended December 31, 1998

10.2.2 Amendment No. 10 to Loan Agreement dated November 24, 1999

Incorporated by reference to Exhibit 10.2.2 to the Company's Form 10-QSB for the three months ended December 31, 1999

10.3.1 Employee Stock Option Plan

Incorporated by reference to the Company's 1999 Annual proxy statement dated June 29, 1999

10.3.2 Non-Employee Stock Option Plan

Incorporated by reference to the Company's 1999 Annual proxy statement dated June 29, 1999

10.4.1 Employment Contract, dated November 22, 1999, between Nicholas Financial, Inc. and Ralph Finkenbrink, Senior Vice President of Finance.

Incorporated by reference to Exhibit 10.2.1 to the Company's Form 10-QSB for the three months ended December 31, 1999

21 Subsidiaries of Nicholas Financial, Inc.

Incorporated by reference to the Company's Form 10-SB (File No. 0-26680) filed on March 13, 1996

24 Powers of Attorney (included on signature page hereto)

27 Financial Data Schedule (for SEC use only)

(b) Reports on Form 8-K
None