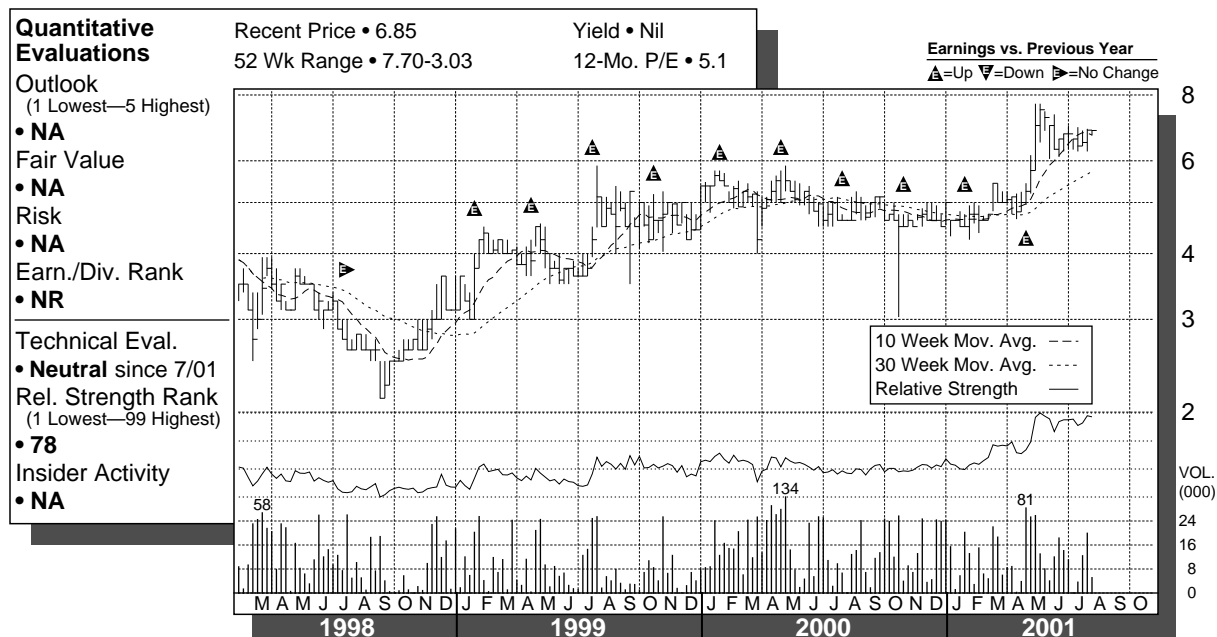


04-AUG-01 Industry:
Consumer Finance

Summary: This company acquires and services retail installment sales contracts through a network of automobile dealerships, primarily in Florida, Georgia, and North Carolina.



Business Profile - 23-JUL-01

Management believes that opportunity for growth continues to exist in the states of Florida, Georgia and North Carolina, and for the foreseeable future, NICK intends generally to concentrate its expansion activities in these states. Including two new branch offices located in Winston-Salem, NC, and Jacksonville, FL, expected to be operational by mid-August, the company has said it plans to add up to six new business development centers during FY 02 (Mar.). Officers and directors own 44% of the stock.

Operational Review - 23-JUL-01

Revenues in FY 01 (Mar.) advanced 26%, year to year, reflecting growth in the loan portfolio and increased branch productivity. Total expenses rose at a slightly more rapid rate, partly due to a 36% increase in interest expense. Pretax income was ahead 25%. After taxes at 38.3%. versus 41.8%, net income climbed 32%, to \$3,410,877 (\$1.35 a share, on 3.3% fewer shares) from \$2,577,568 (\$1.01).

Stock Performance - 03-AUG-01

In the past 30 trading days, NICK's shares have increased 1%, compared to a 0.90% fall in the S&P 500. Average trading volume for the past five days was 1,020 shares, compared with the 40-day moving average of 2,164 shares.

Key Stock Statistics

Dividend Rate/Share	Nil	Shareholders	500
Shs. outstg. (M)	2.3	Market cap. (B)	\$0.016
Avg. daily vol. (M)	0.002	Inst. holdings	1%
Tang. Bk. Value/Share	6.23		
Beta	NA		

Value of \$10,000 invested 5 years ago: NA

Fiscal Year Ending Mar. 31

	2001	2000	1999	1998	1997	1996
Revenues (Million \$)						
1Q	4.03	2.97	2.97	2.19	—	—
2Q	4.35	3.26	2.48	1.96	—	—
3Q	4.42	3.62	2.69	2.00	—	—
4Q	5.00	4.22	3.05	2.08	—	—
Yr.	17.80	14.08	10.42	7.84	6.21	—
Earnings Per Share (\$)						
1Q	0.28	0.20	0.11	0.11	—	—
2Q	0.33	0.25	0.15	0.11	—	—
3Q	0.32	0.26	0.16	0.08	—	—
4Q	0.42	0.30	0.23	0.11	—	—
Yr.	1.35	1.01	0.65	0.39	0.36	—

Next earnings report expected: NA

Dividend Data

The company intends to continue its policy of not paying dividends.

Business Summary - 23-JUL-01

Nicholas Financial, Inc. (NICK), a Canadian holding company, is a specialized consumer finance company engaged primarily in acquiring and servicing installment sales contracts for purchases of new and used automobiles and light trucks. To a lesser extent, the company also makes direct consumer loans and sells consumer-finance related products. Operations are conducted through wholly owned Nicholas Financial, Inc. (Nicholas Financial) and Nicholas Data Services, Inc. (NDS). NDS is engaged in designing, developing, marketing and supporting industry specific computer application software for small businesses located primarily in the Southeast U.S. Nicholas Financial's financing activities accounted for approximately 98% of the company's consolidated revenues for the fiscal year ended March 31, 2001, and NDS's activities accounted for approximately 2% of such revenues during the same period.

NICK's automobile finance programs are conducted in Florida, Georgia and North Carolina only under the name Nicholas Financial, Inc. The company operated, at March 31, 2001, 14 branch offices in Florida, four branch offices in Georgia and two branch offices in North Carolina. As of March 31, 2001, NICK had non-exclusive agreements with approximately 700 dealers for the purchase of retail installment sales contracts that meet the company's financing criteria. The dealer agreements require the dealer to originate contracts in accordance with the company's guidelines.

In the fiscal year ended March 31, 2001, NICK purchased 1,143 loans with a face value of \$5.1 million and a weighted average annual percentage rate of 25.85%, compared to 1,011 loans with a face value of \$4.5 million and an annual percentage rate of 26.07% the year before.

The gross portfolio yield in FY 01 was 23.79% (24.64% in the previous fiscal year), and the average cost of borrowed funds was 8.15% (8.03%), for a net interest spread of 15.64% (16.61%). The company's typical customer is 30 years old, has a monthly gross income of \$1,500 and a credit history that fails to meet the lending standards of most banks and credit unions.

In connection with its direct consumer loan program, NICK also offers health and accident insurance coverage and credit life insurance to borrowers. Borrowers in approximately 65% of the 1,256 direct consumer loan transactions outstanding as of March 31, 2001, had elected to purchase insurance coverage offered by the company. The cost of this insurance is included in the amount financed by the borrower.

NICK finances the acquisition of contracts with its retained earnings, cash flow from operations, loans from investors, insiders and a revolving line of credit with BankAmerica.

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.

Net charge-offs were 6.16% of average net finance receivables in FY 01 (Mar.), versus 5.88% in FY 00.

Per Share Data (\$)

(Year Ended Mar. 31)	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Tangible Bk. Val.	6.23	4.73	3.64	2.96	2.59	0.56	0.39	NA	NA	NA
Earnings	1.35	1.01	0.65	0.39	0.36	NA	NA	NA	NA	NA
Dividends	Nil	Nil	Nil	Nil	NA	NA	NA	NA	NA	NA
Payout Ratio	Nil	Nil	Nil	Nil	NA	NA	NA	NA	NA	NA
Cal. Yrs.	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Prices - High	5.87	5.87	4.50	4.87	NA	NA	NA	NA	NA	NA
- Low	3.03	3.00	2.12	4.12	NA	NA	NA	NA	NA	NA
P/E Ratio - High	4	6	7	12	NA	NA	NA	NA	NA	NA
- Low	2	3	3	11	NA	NA	NA	NA	NA	NA

Income Statement Analysis (Million \$)

Total Revs.	17.8	14.1	10.4	7.9	6.2	NA	NA	NA	NA	NA
Int. Exp.	3.8	2.8	2.4	2.1	1.7	NA	NA	NA	NA	NA
Exp./Op. Revs.	69%	69%	75%	81%	79%	NA	NA	NA	NA	NA
Pretax Inc.	5.5	4.4	2.6	1.5	1.3	NA	NA	NA	NA	NA
Eff. Tax Rate	38%	42%	39%	39%	39%	NA	NA	NA	NA	NA
Net Inc.	3.4	2.6	1.6	0.9	0.8	NA	NA	NA	NA	NA

Balance Sheet & Other Fin. Data (Million \$)

Cash & Secs.	0.2	0.3	0.5	0.3	0.1	NA	NA	NA	NA	NA
Loans	Nil	52.0	39.9	32.4	25.9	NA	NA	NA	NA	NA
Total Assets	67.2	54.1	42.3	34.2	27.0	NA	NA	NA	NA	NA
ST Debt	48.1	38.4	30.0	23.4	17.7	NA	NA	NA	NA	NA
Capitalization:										
Debt	1.0	1.3	1.6	1.6	1.8	NA	NA	NA	NA	NA
Equity	14.4	11.1	8.5	7.0	6.0	NA	NA	NA	NA	NA
Total	15.3	12.4	10.1	8.6	7.8	NA	NA	NA	NA	NA
Price Times Bk. Val.: High	NA	1.2	1.2	1.6	NA	NA	NA	NA	NA	NA
Price Times Bk. Val.: Low	NA	0.6	0.6	1.4	NA	NA	NA	NA	NA	NA
% Return On Revs.	19.2	18.3	15.4	11.5	12.7	NA	NA	NA	NA	NA
% Ret. on Assets	5.6	5.3	4.2	3.0	3.4	NA	NA	NA	NA	NA
% Ret. on Equity	26.7	26.2	20.6	14.0	17.1	NA	NA	NA	NA	NA
Loans/Equity	Nil	4.7	4.7	4.5	4.8	NA	NA	NA	NA	NA

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. Bold denotes diluted EPS (FASB 128)-prior periods restated. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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 Chrmn, Pres & CEO—P. L. Vosotas. EVP & CFO—R. T. Finkenbrink. Dirs—S. Bragin, M. S. Cutler, E. P. Hyman, A. C. Neal, P. L. Vosotas. Transfer Agent & Registrar—Computer Share Investor Services, Vancouver. Incorporated—in British Columbia in 1986. Empl—95. S&P Analyst: Paul Huberman, CFA

NEWS HEADLINES

■ **07/31/01** NEW YORK (Standard & Poor's)--Jul. 24, 2001, Nicholas Financial Inc., announced 1Q EPS \$0.35 vs. \$0.28.

■ **04/30/01** NEW YORK (Standard & Poor's)--Apr 25, 2001, Nicholas Financial Inc., announced 4Q EPS \$0.42 vs. \$0.30 and annual EPS \$1.35 vs. \$1.01.

■ **01/27/01** NEW YORK (Standard & Poor's)--Jan 24, 2001, NICHOLAS FINANCIAL INC., announced 3Q EPS \$0.32 vs. \$0.26 and 9 mos. EPS \$0.93 vs. \$0.71.

■ **10/20/00** NEW YORK (Standard & Poor's)--Oct 18, 2000, NICHOLAS FINANCIAL INC., announced 2Q EPS \$0.33 vs. \$0.25 and 6 mos. EPS \$0.61 vs. \$0.45.

■ **07/24/00** NEW YORK (Standard & Poor's)--Jul 19, 2000, NICHOLAS FINANCIAL INC., announced 1Q EPS \$0.28 vs. \$0.20.

■ **05/04/00** NEW YORK (Standard & Poor's)--May 2, 2000, NICHOLAS FINANCIAL INC., announced 4Q EPS \$0.30 vs. \$0.23 and annual EPS \$1.01 vs. \$0.65.

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INDUSTRY OUTLOOK

Our investment outlook for the consumer finance industry remains positive. Year to date through July 27, the S&P Consumer Finance Index rose 3.6%, versus a 7.8% decrease in the S&P 1500 Index. We expect the industry to outperform the broader indices over the next six to 12 months. Fears regarding significant declines in credit quality continue to appear unfounded. According to recent company earnings reports, credit losses in the first quarter of 2000 were well within manageable levels. Nevertheless, credit quality will probably deteriorate during 2001, though not enough to significantly impact profitability. Decent, albeit slower, economic growth should result in solid consumer spending patterns and good receivables growth, the combination of which should fuel strong earnings growth in the year ahead. In addition, many consumer finance companies still trade at P/E ratios that are below their long-term EPS growth expectations. Recent Fed easings should also boost the shares of industry participants.

However, concerns do exist regarding the industry's prospects in the year ahead. Some segments of the industry

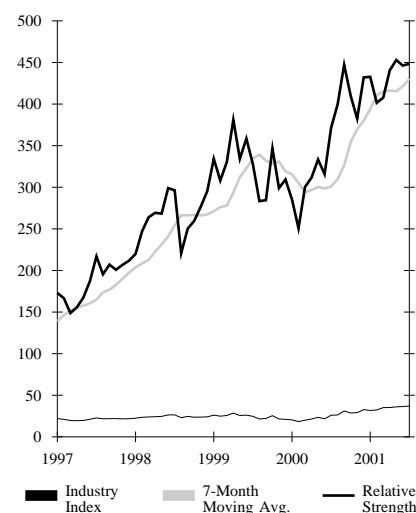
appear saturated (such as credit cards) and the competition from banks has become intense. In addition, although the strength in consumer spending last year was somewhat surprising, growth is expected to slow to 3% in 2001 from 5.3% last year. A pull back in consumer spending increases to more closely match disposable personal income growth is also possible. Therefore, companies may have trouble growing loans as rapidly in 2001 as they did in 2000.

Longer term, the industry is still poised for above-average growth, helped by entries into new lines of business, a wider variety of products financed, and a continuation of wide lending spreads. Consumer finance companies continue to make inroads into lines of business, such as credit card and home equity lending, that were once the domain of regional banks. Plus, the introduction of innovative loan products not typically offered by banks, such as specialized credit card offerings and debt consolidation products, has allowed consumer finance companies to carve out a niche in providing greater financial flexibility.

Industry Stock Performance Related S&P 1500 Industry Index

Consumer Finance

Month-end Price Performance As of 07/31/01



INDUSTRY: CONSUMER FINANCE

*PEER GROUP: BASED ON MARKET CAPITALIZATION WITHIN INDUSTRY

Peer Group	Stock Symbol	Recent Stock Price	P/E Ratio	12-mth. Trail. EPS	30-day Price Chg %	1-year Price Chg. %	Beta	Yield %	Quality Ranking	Stk. Mkt. Cap. (mil. \$)	Ret. on Equity %	Pretax Margin %	LTD to Cap. %
Nicholas Financial Inc.	NICK	6.85	5	1.35	9%	48%	NA	Nil	NR	16	18.8	31.1	0.1
Aames Financial Corp.	AAM	1.31	NM	-9.28	-3%	110%	0.85	Nil	C	8	NM	NM	NM
American Country Hlds	ACHI	1.91	NM	-0.33	-3%	-21%	0.79	Nil	B-	17	NM	NM	23.3
Ameritrans Capital	AMTC	5.25	NM	0.04	8%	-30%	NA	Nil	NR	9	1.6	3.4	0.4
Bingham Financial Services	BFSC	2.15	NM	-4.74	-22%	-30%	NA	Nil	NR	6	NM	NM	0.3
Countrywide Cap I 8% CorTS	KTZ	25.05	NM	NA	-2%	19%	NA	8.0		25	NM	NM	NA
EZCORP, Inc.	EZPW	2.25	NM	-1.29	-4%	60%	0.40	Nil	B-	25	NM	NM	Nil
Federal Agricultural Mtge'A'	AGM.A	28.20	27	1.06	1%	60%	NA	Nil	NR	29	NM	NM	NA
First Investors Finl Svcs Grp	FIFS	3.60	10	0.37	3%	-15%	0.51	Nil	B-	20	10.3	360.8	89.9
HomeGold Financial	HGFN	0.33	NM	-1.72	-18%	-44%	0.61	Nil	NR	6	35.7	NM	0.8
Summit Brokerage Svcs	SUBO	1.13	NM	-0.14	121%	-62%	NA	Nil	NR	5	NM	NM	NA
TFC Enterprises	TFCE	2.50	6	0.41	22%	33%	1.30	Nil	NR	29	15.5	23.1	78.9
Transnational Finl Network	TFN	1.50	NM	-0.47	36%	100%	NA	Nil	NR	6	22.2	NM	6.2
Vestin Group	VSTN	2.36	6	0.40	-15%	-69%	NA	Nil	NR	16	NM	37.9	Nil
Westar Finl Services	WEST	6.20	NM	-1.25	-2%	55%	NA	Nil	NR	15	NM	NM	NA

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