

NICHOLAS FINANCIAL, INC.

CHARTER OF THE COMPENSATION COMMITTEE

1. Purpose

The purposes of the Compensation Committee (“Committee”) of Nicholas Financial, Inc. (“Company”) are:

1.1 To discharge the responsibilities of the Board of Directors (“Board”) as specified in this Charter relating to compensation of certain of the Company’s key employees, including the chief executive officer (“CEO”) and its other executive officers, as well as, relating to compensation of the Board;

1.2 To review and endorse a compensation philosophy that supports competitive pay for performance and is consistent with the Company’s corporate strategy;

1.3 To assist the Board in establishing the appropriate incentive compensation and equity-based plans for the Company’s key employees and non-employee directors and those of its affiliates, to administer those plans in order to attract, retain and motivate skilled and talented executives and to align such plans with Company and business unit performance, business strategies and growth in shareholder value;

1.4 To produce an annual report on executive compensation for inclusion in the Company’s annual proxy statement or information statement or in the Company’s Annual Report on Form 10-K, in accordance with applicable rules and regulations of the Securities and Exchange Commission (“SEC”); and

1.5 To perform the other duties and responsibilities stated in and consistent with this Charter.

2. Composition

2.1 **Number of Committee Members.** The Committee shall be comprised of not fewer than two (2) members of the Board, as shall be determined from time to time by the Board. The Board will appoint the Committee members annually (or as necessary to fill vacancies).

2.2 **Term.** Each member shall serve until his or her successor is duly elected and qualified or until that member’s earlier death, resignation or removal. The Board may remove any Committee member, with or without cause, by a majority vote of the Board.

2.3 **Chair of the Committee.** The Board shall designate the Chair of the Committee. In the absence of such Chair, the Committee’s members may designate the Chair by majority vote of the full Committee membership.

2.4 **Independence.** Each Committee member shall qualify as “independent” under the criteria set forth in any applicable law, regulation and/or listing standard, including those of The Nasdaq Stock Market LLC (“NASDAQ”) and the SEC, and at least two (2) members shall qualify as “outside directors” as defined in Section 162(m) of the Internal Revenue Code of 1986 (the “Internal Revenue Code”) and as “non-employee directors” as defined in Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

3. Subcommittees.

The Committee may, by resolution passed by a majority of its members, designate one or more subcommittees, each subcommittee to consist of two (2) or more Committee members. Any such subcommittee to the extent provided in the Committee’s resolutions and to the extent not limited by applicable law or listing standard, shall have and may exercise all the powers and authority of the Committee subject to the terms of its appointment. The Committee will name each subcommittee. Each subcommittee shall keep regular minutes of its meetings and report them to the Committee when required. The Committee shall not delegate any power or authority required by law, regulation or NASDAQ or other applicable listing standards to be exercised by the Committee as a whole.

4. Meetings

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Committee secretary shall maintain minutes or other records of its meetings and activities in accordance with applicable law and the Company’s Bylaws, or equivalent organizational document, as may be amended and/or restated. Each regularly scheduled session shall conclude with an executive session of the Committee absent members of management and on those terms as the Committee may elect.

5. Responsibilities and Authority

The Committee shall have the following responsibilities and authority:

5.1 **Executive and Board Compensation.** With regard to executive and Board compensation, the Committee shall:

(a) Review and recommend to the Board corporate goals and objectives relevant to the CEO’s compensation;

(b) Evaluate the CEO’s performance in light of these goals and objectives at least annually and communicate the results to the CEO and the Board;

(c) Either as a committee or together with the other independent directors (as directed by the Board), determine and approve, during deliberations at which the CEO is not present, the CEO’s compensation level based on the evaluation in (c) above (including annual salary, bonus, stock options and other direct and indirect benefits);

(d) In determining the long-term incentive component of the CEO's compensation, consider, among other items, the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers of comparable companies and the compensation provided to the Company's CEO and other executive officers in the past;

(e) Review and recommend to the Board the compensation, including with respect to incentive compensation and equity-based plans, of the Company's executive officers other than the CEO;

(f) Review new executive compensation programs;

(g) Monitor executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose;

(h) Establish and periodically review policies for the administration of executive compensation programs;

(i) Modify, as necessary, any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance or not comparable to programs of peer businesses;

(j) Review and discuss at least annually the relationship between risk management policies and practices and compensation policies and practices, including whether compensation is structured to encourage unnecessary and excessive risk-taking, and, if appropriate, evaluate compensation policies and practices that could mitigate any such risk;

(k) Review and discuss with management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's annual report on Form 10-K and proxy statement, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included;

(l) Review the impact of change-in-control, spin-offs, etc., on compensation arrangements; and

(m) Make recommendations to the Board regarding the compensation of the Chairman of the Board, if the Chairman is not the CEO, and regarding Board compensation, including cash and equity-based retainers and meeting fees for regular Board meetings and Committee meetings. In discharging this duty, the Committee shall be guided by three goals: (1) compensation should fairly pay directors for work required in a company of the Company's size and scope; (2) compensation should align the directors' interests with the long-term interests of shareholders; and (3) the structure of the compensation should be simple, transparent and easy for shareholders to understand.

5.2 **Executive and Director Compensation Plans.** With regard to executive and director compensation plans, the Committee shall:

(a) Administer the Company's executive compensation plans, including equity incentive, stock option and other non-qualified deferred compensation plans, in accordance with those plan's terms;

(b) Recommend incentive-based compensation plans and policies and equity-based plans and policies to the Board;

(c) Provide the necessary approval to qualify for exemptions as may be established by the SEC under Section 16 of the Exchange Act;

(d) Provide the necessary determinations in connection with executive compensation to qualify for tax deductions in excess of limitations under Section 162(m) of the Internal Revenue Code; and

5.3 **Guiding Principles.** In discharging these duties, the Committee shall be guided by the following principles:

(a) The Board has delegated authority to this Committee to decide the compensation of the Company's CEO and to recommend compensation of the Company's executive officers pursuant to this Charter; and

(b) The compensation, including with respect to incentive compensation and equity-based plans, of all other officers and executives other than those under paragraph (a) above will continue to be determined by the CEO in a manner that is consistent with this Charter, subject to review of the Board.

5.4 **Annual Report.** The Committee shall produce an annual report on executive compensation for inclusion in the Company's annual proxy statement or information statement or in the Company's Annual Report on Form 10-K, in accordance with applicable SEC rules and regulations.

5.5 **Other Duties.** The Committee shall perform such other activities and functions related to executive compensation as the Board may assign to it, including preparing reports or other disclosure required with respect to the Committee by any applicable SEC proxy or other rules or any applicable listing standards.

5.6 **Regular Reports to the Board.** The Committee shall report regularly to the Board concerning its activities. Discussion of CEO compensation among the members of the Committee and the Board is not precluded under this Charter.

5.7 **Perform a Self-Evaluation and Review of Charter.** The Committee shall conduct an annual performance evaluation of the Committee and an annual assessment of the adequacy of this Charter.

6. Authority To Retain And Terminate Advisors

The Committee may, in its sole discretion, retain or obtain and terminate any compensation consultant to assist in the execution of the Committee's responsibilities, including the evaluation of director, CEO or executive officer compensation, and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to retain or obtain advice and assistance from internal or external legal, accounting or other advisers. The Committee shall be directly responsible for the oversight of the work of any compensation consultant, legal counsel, accounting and other advisor retained by the Committee. The Committee shall have the authority to compensate, at the Company's expense, all such advisors. The Committee shall select any such compensation consultants, legal, accounting or other advisors, as the case may be, only after considering the factors required to be considered by it under applicable regulations and NASDAQ or other listing standards.

7. Amendment

The Board may amend or repeal this Charter and any provision it contains

8. Interpretations

All references in this Charter to a statute or regulation shall include any then-current amendments of the statute or regulation, any successor statute or regulation and, in the case of a statute, any rules and regulations promulgated in connection with that statute. The references to the CEO assume that he or she will also be the Company's Chairman of the Board. If different people hold these offices, all references to the CEO will be construed to mean the CEO and the Chairman individually. "President" shall be substituted for each reference in this to "CEO" if the office of CEO is vacant. References to Sections mean sections of this Charter.

Approved by the Compensation Committee
Date: July 14, 2017

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