Corporate Profile

Accord Financial Corp. offers superior factoring services to small and medium-sized companies, providing the capital these firms need to grow and succeed. Accord's services include financing, credit investigation, guarantees, receivables collection, and record-keeping. Client-companies are engaged in temporary staffing, cable contracting, technology services, textiles, apparel, food distribution, printing, sporting goods, leisure products, transportation, footwear, floor coverings, home furnishings and industrial products.

J.T.A. Factors, Inc.

Factors USA™

Accord Business Credit Inc. We've Got You Covered.

export ease™

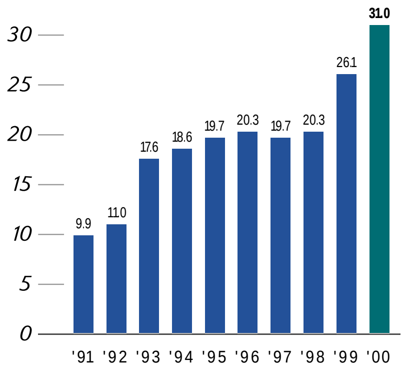
Montcap

Factors Canada™

Financial Highlights

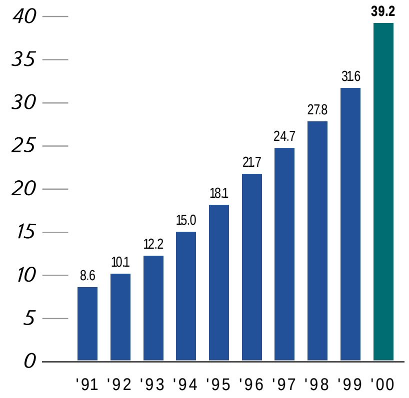
	2000	1999	1998
Operating Data for the years ended December 31 (in thousands of dollars except where indicated*)			
Factoring volume	$ 1,372,420	$ 1,303,939	$ 1,096,810
Gross revenue	31,031	26,144	20,275
Net earnings	7,428	6,184	4,765
Return on average shareholders' equity*	21.1%	21.2%	18.7%
Balance Sheet Data at December 31 (in thousands of dollars)			
Total assets	$ 79,285	$ 62,342	$ 44,290
Shareholders' equity	39,187	31,632	27,761
Common Stock Data (per share)			
Net earnings - basic	$ 0.79	$ 0.66	$ 0.51
- fully diluted	0.76	0.64	0.49
Dividends paid	0.14	0.12	0.10
Share price - high	6.60	5.75	5.75
- low	5.00	4.25	4.00
- close, Dec. 31	5.60	5.50	4.30
Book value, Dec. 31	4.12	3.37	2.97

Revenue
(in millions of dollars)



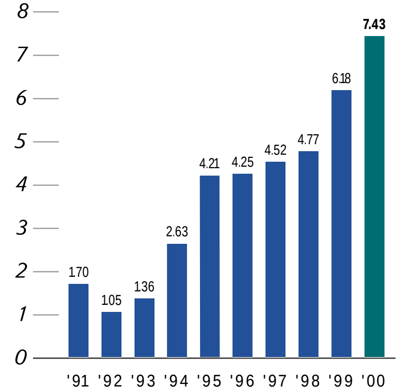
Total revenue increased 18.7% year over year. U.S. revenue grew 20% and Canadian revenue grew 17.6%. The split between U.S. (45%) and Canadian (55%) revenues remained constant year over year.

Shareholders' Equity
(in millions of dollars at December 31)



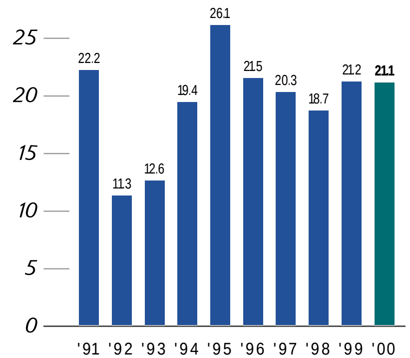
Shareholders' equity jumped 23% to over $39 million, after a pay-out this year of $13 million in dividends (14¢ per share).

Net Earnings
(in millions of dollars)



Net earnings grew over 20% in 2000, and were split between the U.S. (56%) and Canada (44%) in contrast to the split of revenue.

Return on Equity
(as a percent per annum on average shareholders' equity)



10 year average is 19.4%, with only two years below 18%.

Record Highlights

- 8th straight year of record earnings
- Factoring volume reached record $1.37 billion
- Accord, in a national survey of companies, ranked 61st based on five-year return on equity; ranked 430th on the list of most profitable companies
- Mark Perna elected to the executive committee of Factors Chain International for the second consecutive year
- Montcap celebrated its 10th corporate anniversary in October
- J.T.A. Factors, Inc. continued its expansion nationwide with a total of 8 regional offices

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Our task is to manage risk successfully so as to provide our shareholders with a superior rate of return.

Our aim is to attract clients and retain them, while exercising good credit judgment to minimize write-offs.

Ken Hitzig
President

Letter to the Shareholders

Our 2000 results were our best ever, and marked the eighth consecutive year of record earnings. Net earnings for the year rose 20% to $7,427,464 compared with $6,183,866 in 1999. Net earnings per share were 79 cents in 2000 versus 66 cents the previous year. Fully diluted, earnings per share were 76 cents in 2000, and 64 cents in 1999.

The various marketing efforts undertaken in 1998 and 1999 resulted in strong revenue growth in 1999. The momentum carried forward into 2000, aided by a buoyant economy in the United States and Canada. Factoring volume grew from $1.304 billion in 1999 to $1.372 billion in 2000, an increase of 5%. Revenue growth was even greater; total revenue in 2000 was $31 million, 18.7% higher than 1999 revenue of $26.1 million. Almost all the volume growth came in our recourse factoring area, and since each dollar of volume in recourse factoring produces a much higher revenue stream than non-recourse factoring, the result was a disproportionate rise in total revenue compared with the rise in volume.

Not surprisingly, the growth in recourse factoring required a corresponding increase in funding requirements. Some of this requirement was met with internally generated funds, but most of it was borrowed from our banks. Our cost of borrowed money rose to $2.5 million in 2000 compared with $1.7 million in 1999. General and administrative expenses were $14.4 million in 2000 versus $12.6 million the previous year. Credit and loan losses declined to $1.3 million from $1.4 million. These losses amounted to 4.3% of revenue in the latest year, a gratifying improvement when compared with the 5.4% in 1999. Net earnings for 2000 were $7,427,464 compared with $6,183,866 in 1999 and $4,765,057 in 1998. All the Company's operating units were profitable in 2000 and recorded increases when compared with 1999. In addition to our operating units, we hold a fifty percent interest in MFI Export Finance Inc., a company formed Feb. 1, 1999 to provide trade finance services to Canadian companies exporting to the Caribbean. MFI Export Finance contributed $367,000 to our earnings for twelve months of operations in 2000 compared with $203,000 for eleven months the previous year.

Our return on average equity for 2000 was 21.1%, almost the same as the previous year. Book value per share at Dec. 31, 2000 was $4.12 compared with $3.37 a year earlier. Four regular quarterly dividends of 3.5 cents per share were paid in 2000. Dividends have been paid to our shareholders every year since 1987. There were 120,000 options exercised and 6,000 options cancelled during 2000. This brought the total shares outstanding to 9,503,257 at Dec. 31. No shares were purchased for cancellation.

At Dec. 31, 2000 total customer receivables and client advances (owned receivables) amounted to $77,298,000. In addition, we had outstanding receivables of $101,233,000 (managed receivables) for which we had underwritten the risk in the event of customer default. The total "at risk" portfolio at Dec. 31, 2000 was $178,531,000; a year earlier the total was $187,834,000. The reduction is a result of a slackening of non-recourse volume towards the end of the year, as well as faster collections in the fourth quarter.

This year's Annual Report features a cover with the expression "Managing Risk, Maximizing Reward". Quite simply, on one hand our task at Accord is to manage risk successfully so as to provide our shareholders with a superior rate of return. On the other hand, and of equal importance, our aim is to attract clients and retain them, while at the same time exercising good credit judgment to minimize write-offs. To illustrate this point, we have been faced with the deteriorating credit quality of Canadian department stores over the last several years. As we lowered and in some cases eliminated credit in this sector, we lost some

PRESIDENTS' ROUNDTABLE

Excerpts from a recent management meeting in preparation for this Annual Report.

What do you think have been the key contributing factors to Accord's success to date?

Mr. Hitzig: We started in the non-recourse factoring business when the field was crowded and interest rates were trending towards record levels. When most of the competition withered and died, we emerged as a very profitable front-runner. Client service was always our primary focus. We saw a trend towards recourse factoring in the early 1990's and acquired a U.S. and a Canadian company at the end of 1992. Since then both companies have grown to the point that they are very profitable and account for two-thirds of our total business.

What is your basic management philosophy?

All: Get the best people for the job, empower them, and hold them accountable. Treat clients the way they want to be treated. Place a high value on teamwork and customer service.

What, in your opinion, are the competitive advantages of your particular company?

Ms. deBondt: Our extensive access to capital resources positions our company as a very reliable source of funds at competitive rates for small to medium-sized business. We focus

Left to Right:
Ken Hitzig, Accord Financial Corp.,
Tina deBondt, J.T.A. Factors, Inc.,
Mark Perna, Accord Business Credit Inc.,
Fred Moss, Montcap Financial Corp.

on the part of the market that large asset-based lenders tend to ignore, but which we find to be very profitable.

Mr. Moss: In addition, we focus on providing superior customer service, flexible solutions and rapid responses, combined with disciplined underwriting.

Mr. Perna: We have one of the top-ranked credit departments in the country, with an immense amount of experience and expertise. We also offer more full service regional representation than our competitors. Lastly, our international department is one of the best in North America, as evidenced by our recent service quality award from Factors Chain International.

How has your industry changed over the last few years?

Mr. Perna: Competition in our traditional factoring business has been keener than ever from both direct and ancillary sources. In addition, there has been a major consolidation of our industry in the U.S. over the last 3 years, with 4 out of 10 large U.S. factors being acquired by their competitors. This caused us to lose significant chunks of international volume that we had built up

clients and in the process, sacrificed their volume with us. Indeed, our total factoring volume grew only 5% in 2000, and our focus upon credit quality over volume is a partial explanation.

Your attention is drawn to Table 2 – Credit Quality (page 13). This highlights five significant measurements of portfolio quality:

- Portfolio turnover. We try to minimize risk by turning our portfolio in as few days as possible. The turn in 2000 was 53 days compared with 50 days in 1999.

- Past due receivables. Needless to say, we try to get this percentage as low as we can. Over the past ten years, this has ranged from a low of 7.1% to a high of 11.7%. At Dec. 31, 2000 the percentage of past dues more than 60 days was 9.7%.

- Reserves/Portfolio. Generally speaking, we try to maximize this percentage. The past ten years has seen a low of 0.38% and a high of 1.04%, which was the figure at Dec. 31, 2000.

- Reserves/Net charge-offs. Ideally, this should be greater than 50%, which is to say that the year-end reserve would absorb about six months of charge-offs. This number has been consistently over 50% since 1995 and was 143% at Dec. 31, 2000.

- Net credit losses/Non-recourse volume. This is a very important benchmark. The long term average for the industry is in the 15 to 20 basis point range. Our record was only fair prior to 1993, but has been very good since. The 2000 figure was 5 basis points.

Montcap Financial Corp., our Canadian recourse factoring unit, celebrated its tenth corporate anniversary in 2000. Two receptions were held in October, one in Montreal and one in Toronto.

Both were highly successful, and attracted many invitees from the business community, including clients and professional advisors.

Our company is a member of several trade associations. One is the Commercial Finance Association, based in New York. Another is Factors Chain International, based in Amsterdam. The latter is an association of 145 factors located around the world. Its purpose, among others, is to promote international factoring business between its members. Mr. Mark Perna, President of Accord Business Credit Inc., was elected to FCI's ten member executive committee in 2000 for a second consecutive term. Mr. Perna is the only North American member on the committee.

We made no acquisitions in 2000, as was the case in 1999. We looked at a number of situations, but either the quality wasn't up to our standards, or the asking price was beyond what we considered reasonable. We will continue to look for opportunities in 2001.

Looking Forward

The U.S. and Canadian economies began to cool off towards the end of 2000, signalling a potential conclusion to the boom years of the late 1990's. Whether we have a "soft landing" or something more drastic remains to be seen. We will do everything we can to mitigate any increased risk in 2001. Our insistence on credit quality should go a long way towards achieving that objective.

• • •

My sincerest thanks to our dedicated and talented associates; to our Board of Directors for their advocacy and guidance; and to our shareholders for your continuing support.

signed

Ken Hitzig
President

Toronto, Ontario
March 19, 2001

over many years. To regain this lost ground we have put forth considerable marketing efforts over the last few years. We have been able to replace much of the lost volume with higher yielding independent business.

Ms. deBondt: J.T.A., like Montcap, competes with a large number of financial services companies. Many of these competitors are smaller and less adequately financed. This has allowed us a market advantage over our competitors. And increasingly, our reputation for fairness and quality customer service has been consistently reconfirmed in this more competitive marketplace.

What is the current outlook and how do you expect your markets to change in the future?

Ms. deBondt: Current economic conditions create exciting opportunities for us. In an economic slowdown the demand becomes even greater as banks begin to tighten their lending criteria.

Mr. Moss: Yes, I agree. There is a continued need for our type of funding from high growth and turnaround companies.

Mr. Perna: International trade is a growing segment of our portfolio. We already serve this market through both Factors Chain International and our ExportEase product.

By transferring their risk to Accord, clients can focus on meeting day-to-day obligations virtually worry free.

Transportation & Distribution

Most clients are privately owned, and the owners are very aware of preserving capital and avoiding unnecessary risk. Factoring with Accord solves the problem.

Our Business: Who We Are and What We Do

In this report, you will find several examples of the industries we serve, and how they benefit. You will also read the comments of our Presidents about the factoring industry. At Accord, our primary function is to provide liquidity for our clients, allowing them to focus on prospering with a minimum of exposure to risk. With over 20 years in business, and an equity base of close to $40 million, Accord manages its risks while providing ever-improving rewards for its stakeholders.

Accord represents a significant source of liquidity for growing businesses. Our factoring volume grew 5% to $1.37 billion in 2000. Over 500 client-companies used our services last year. These companies were in a wide variety of industries including temporary staffing, technology services, cable contracting, textiles, apparel, food distribution, printing, sporting goods, leisure products, transportation, footwear, floor coverings home furnishings, and industrial products.

Accord provides several different kinds of factoring services to its client-companies in Canada and the United States. Some clients desire to outsource their customer accounts receivable departments, including the risk of customer default. Effectively, all the work involving credit-checking, record-keeping, collections and credit losses is off-loaded onto Accord for a predetermined fee. Financing is available to these clients, but few of them avail themselves of this facility, preferring instead to fund their businesses through banks.

This service appeals to medium-sized companies (annual sales volume of $1 million to $10 million) which view the elimination of customer credit risk as the single most important benefit.

Most of these clients are privately owned and the owners are very aware of preserving capital and avoiding unnecessary risk. The failure of a large customer could cause the client's bank to reduce or cancel the client's operating line of credit, and jeopardize the owner's life savings. Factoring with Accord solves the problem.

Factoring is a rapidly growing service in international trade. It is particularly attractive to exporters and importers engaged in ongoing, repetitive transactions, and the service is quickly replacing the cumbersome and ineffective documentary credit system used in the past. Accord Business Credit Inc. has been a long-time member of Factors Chain International, the largest factoring network in the world.

Accord provides another type of factoring service to client-companies which do not require credit loss protection, but do need financing of their receivables. In this case, Accord purchases invoices from its clients for cash; however, in the event of customer default, Accord has the right to sell the account back to the client. Since most of these clients are thinly capitalized and may not possess the liquidity to repurchase their receivables, Accord employs credit officers to check all invoice purchases for credit quality. This financing service is attractive to small and medium-sized companies needing liquidity (like all companies) and unable to borrow from banks on the strength of their financial statements. These companies are usually short on capital, going through a turn-around phase, growing rapidly, or a combination of some or all of these traits. They usually have better-than-average customers, and by factoring their sales they effectively exchange invoices for cash. We provide this liquidity service in both the United States and Canada.

ExportEase is a combined effort of the Export Development Corporation and our own credit and collection departments. We believe our international business will grow at a faster rate than our domestic activity.

Mr. Hitzig: The economy is slowing, and we may not experience the growth rates we have enjoyed over the last few years. However, we should grow modestly in 2001, and with extra effort we may have another record year on the bottom line.

Do you see the banks becoming more aggressive in this business?

Mr. Moss: The banks have been entering and leaving this business for years. They'll see attractive yields in asset-based loans and factoring, and move into the business. After a while, when they don't realize these attractive yields, they exit the field. Each generation of bankers rediscovers the industry and they start another round. Right now in the cycle, the banks are heading for the exit doors in droves. We aren't complaining. The market awareness of our financial products is ultimately helpful to us.

Do you find yourself competing for business with other capital providers?

Mr. Moss: Other funding companies compete with us only at the outer limits of

The industries we serve range from the old world economy to the technology of today, and everything in between.

Textiles & Apparel

Industrial & Manufacturing

We support high growth companies by providing needed capital and liquidity, without dilution of ownership.

The challenges of meeting weekly payrolls and keeping accounts payable current disappear.

Temporary Staffing

Cable Contracting & Technology

Many companies seek out ways to protect cash flow and limit risk. Advances and credit coverage on receivables, and collection outsourcing provide stability and certainty.

REPORT ON OPERATIONS

Our factoring business in Canada is conducted by two companies in which we have a 100% interest, and one company in which we have a 50% interest. The wholly-owned companies are Accord Business Credit Inc., and Montcap Financial Corp. The 50% venture is MFI Export Finance Inc. whose figures are not consolidated with the others; however, 50% of its net earnings are included in Accord Financial's overall revenue figure. Total revenue in Canada was $17,117,000 in 2000, an increase of 17.6% over 1999. Most of the increase in activity was the result of a rise in the number of clients requiring financing. Consequently our interest expense almost doubled. General and administrative expenses were up 25.5%, but credit & loan losses declined sharply. Write-offs fell to 3.7% of revenue in 2000 from 7.4% in 1999. Pre-tax earnings rose 10.9% to $5,564,000 in 2000 from $5,018,000 the previous year. Our tax loss carry-forwards were exhausted in late 1999; hence after-tax earnings were down slightly to $3,249,000 in 2000, compared with $3,342,000 in 1999.

Our Canadian operation continued its participation in international factoring. Total volume of export and import transactions was $251 million in 2000 compared with $235 million in 1999. However, during 2000 several of our U.S. correspondents were the objects of takeovers and consolidation in the U.S. industry, and their north-bound business will no longer come our way.

Operations in Canada generated net earnings of $3,249,000 in 2000. This figure accounted for 43.7% of the Company's total earnings versus 54.0% in 1999.

Our factoring business in the United States is carried on by J.T.A. Factors, Inc. with its home office in Greenville, South Carolina. Conditions were ideal for profitable growth in 2000. J.T.A. has developed a seasoned marketing team and has a solid infrastructure. And the U.S. economy rolled along at record levels. J.T.A.'s revenue grew 20% to $13,914,000 in 2000.

Interest expense was up 22%, but general and administrative expenses and amortization declined. Credit & loan losses rose to $693,000 in 2000 from $319,000 in 1999. Write-offs were 5% of revenue in the latest year versus 2.8% in the prior year.

Operations in the U.S. generated net earnings of $4,178,000 and accounted for 56.3% of the Company's total earnings in 2000. These earnings were 47.0% higher than 1999 when the figure was $2,842,000 and accounted for 46% of total earnings.

our target market. Most asset-based lenders have a lower limit, usually around $3 million to $5 million, below which they generally decline the deal. Our maximum deal is $5 million. Consequently, we rarely compete with them.

Ms. deBondt: Our clients have either been denied sufficient credit by traditional lenders or they have run out of other sources of capital. Raising equity might be an alternative, but the benefit of dealing with us is that our clients avoid dilution of ownership.

Could you tell us more about your corporate growth strategy looking forward?

Mr. Hitzig: We have a two-pronged approach to growth. First, we are constantly looking for acquisitions. Second, and independently, we continue to push the growth of our existing businesses.

Mr. Perna: We are all working to increase our national representation, taking advantage of the latest advances in technology and telecommunications to service our clients from wherever they are and from wherever we choose to be. We are also working closely with our information technology department to develop and roll out products like FactView, our web-based client connection, to integrate ourselves more closely with our clients, and offer them even better service.