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Accredited Home Lenders Increases 2003 Guidance

San Diego-based Accredited Home Lenders Holding Co., parent company of Accredited Home Lenders, a subprime lender, has increased its third-quarter and full-year 2003 earnings-per-share guidance ranges.

For the third quarter of 2003, the firm increased its guidance range from the previously announced $1 to $1.10 up to $1.30 to $1.40 earnings per share. For the full year 2003, Accredited increased its earnings-per-share guidance range from the previously announced $3.85 to $4.10 up to $4.50 to $4.75 earnings per share.

Accredited has increased its earnings-per-share guidance from the $4 range up to $4.50 to $4.75 for 2003.

The company just went public earlier this year and so co-founder and executive vice president Ray McKewon was here last week meeting with members of the New York Chapter of the National Association of Stockbrokers at their monthly luncheon.

Mr. McKewon, who was a stockbroker himself in the early '70s, told about a dozen members of the 20,000-member association that he was telling them a story like he would have liked to have been told when he was in their business.

He told a story about a small mortgage lending firm that started in a two-man office above an automobile service center and grew into a public company that originated $4.3 billion in 2002 and another $3.4 billion in the first half of this year. But he said that the early lessons he and co-founder and CEO James Konrath earned when the company had "no money to lose" have stayed with the company and are the basis for its operation today.

"You can never forget what that's like," Mr. McKewon said about operating a business with no margin for error.

Now that his company is larger and public, Mr. McKewon admitted that it has the luxury of making some mistakes and occasionally does so. But he added that his firm was poised to be a strong competitor in a "sector that is frankly much less volatile than you've been reading about."

He walked the audience through a short version of what could be called "subprime lending 101," explaining the business and how careful attention to profit-and-loss statements (right down to the marketing team level) and cash accounting made his company's stock an easy sell.

"Cash called income when it is received makes us very easy to understand," he said.

But he also explained how the company's history made it a better bet than some of the other firms that the market will see entering the subprime arena in the near future.

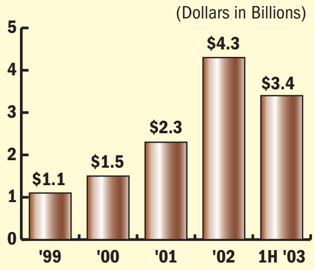
"We are not a classic A-paper lender that has left its niche for margin in a business it doesn't understand," he told the audience.

While a history in subprime does not guarantee success, as lenders like MoneyStore, ContiFinancial and a number of others can confirm, Accredited does have an impressive history of growth.

The company originated $1.1 billion in 1999, after receiving an equity investment and warehouse line from GMAC/RFC and has since grown to be the 14th largest among all subprime lenders, according to data provided by *NMN* affiliate, the Quarterly Data Report.

Accredited Chairman and CEO James Konrath gave the credit to the company's platform in a recent release.

Accredited Home Lenders Origination Volume



Source: Accredited Home Lenders

"Accredited has designed its origination platform to help borrowers whose needs for financing generally have not been diminished by the recent increase in the long-term interest rates," Mr. Konrath said.

"As a result of continued growth in that platform, originations at Accredited are at record levels, whole loan premiums and net interest margins have remained attractive, and the recent short-term rate fluctuations have been mitigated by our hedging strategies and adjustments to pricing on the new loans we originate.

"For the remainder of 2003, we believe originations should remain consistent with the current run rate, and that other drivers for profitability will not experience meaningful deterioration," Mr. Konrath said.