Impac Mortgage Holdings, Inc. Announces Operating Earnings of $4.4 million, prior to non-cash accounting charges, for the First Quarter of 2000.

May 3, 2000

Newport Beach, Ca. - Impac Mortgage Holdings, Inc. (the "Company" or "IMH": AMEX-IMH), a real estate investment trust ("REIT"), announces operating earnings of $4.4 million, or $0.16 per diluted common share, prior to non-cash accounting charges of $35.3 million, as compared to earnings of $6.2 million, or $0.20 per diluted common share, for the first quarter of 1999. During the first quarter of 2000, the Company recognized non-recurring and non-cash accounting charges ("accounting charges") of (1) $11.9 million to substantially increase the allowance for loan losses related to loans held-for-investment and CMO collateral to $12.8 million at March 31, 2000 and (2) $23.4 million on its investment securities available-for-sale. The accounting charges for the first quarter of 2000 were primarily related to the Company's decision to write-off an investment in high loan-to-value ("HLTV") second trust deeds acquired in 1997 as a result of higher than expected delinquencies and losses in the HLTV portfolio. After 1997, the Company did not acquire or invest in HLTV mortgage assets. However, because of the high incidence of bankruptcies and increasing delinquencies, the Company determined that it was necessary to dramatically increase its current allowance for loan losses and completely write-off an investment security backed by such loans. After the recognition of accounting charges, net loss for the first quarter of 2000 was $(30.9) million, or $(1.48) per basic and diluted common share, as compared to earnings of $6.2 million for the first quarter of 1999.

Mr. Joseph R. Tomkinson, Chairman and CEO of the Company commented, "although I am disappointed with the Company reporting a loss, the larger than previously announced write-offs will significantly reduce the Company's exposure to HLTV loans, as management believes the addition to the allowance for loan losses is sufficient to absorb losses in the HLTV portfolio based on increased levels of loss and delinquency, which occurred during the first quarter of 2000." Mr. Tomkinson further stated, "even though the Company has charged-off HLTV second trust deeds in prior periods, the Company continues to vigorously pursue all collection efforts on its previously charged-off portfolio. The Company expects to recover between $500,000 and $600,000 this year alone from previously charged-off HLTV loans, which will be credited to the allowance for loan losses." Mr. Tomkinson went on to say, "the announced write-offs have no effect on the Company's future cash flows, current taxable income or its ability to pay dividends to its stockholders. In fact, the Company's warehouse lending and mortgage operations continue to operate profitably and generate positive cash flows." At March 31, 2000, the Company and its subsidiary, Impac Funding Corporation ("IFC"), had total cash balances of $34.5 million as compared to $29.0 million at December 31, 1999.

On March 30, 2000, the Company announced a common stock dividend of $0.12 per share payable on April 20, 2000, which represented a 20% increase over the cash dividend paid for the first quarter of 1999. The Company's Board of Directors also declared a first quarter dividend on Series C Preferred Stock of $0.65625 per share, payable on April 25, 2000 to preferred stockholders of record on March 31, 2000.

Impac Direct Access System for Lending ("IDASL")

During the first quarter of 2000, the Company rolled out to it's largest correspondent customers the IDASL system. IDASL is not a lead generator for mortgage brokers, but is an interactive internet-based system that enables our customers to receive automated loan approval decisions, guaranteed pricing and, if necessary, mortgage insurance approval all within a few minutes. Utilizing our streamlined mortgage loan programs, IDASL is designed to be user friendly, deliver consistent underwriting decisions and reduce the entire process of submitting, underwriting and pricing a mortgage loan from up to several days to a few minutes. Future enhancements to the IDASL system will include the ability to provide fraud detection and electronic property appraisal that will further streamline the entire mortgage application and approval process. By mid-year, the Company expects to offer IDASL to mortgage brokers and bankers nationwide. With the implementation of IDASL, the Company anticipates improved margins, lower cost of originations and increased profitability at all levels of its business operations. Most importantly, IDASL allows the Company to move closer to its borrowers with minimal future capital investment while maintaining centralization, a key factor in the success of the Company's operating strategy.

Loan Production

Total loan production at IFC remained strong as production increased 78% to $458.8 million during the first quarter of 2000 as compared to $257.6 million during the first quarter of 1999. Mr. Tomkinson commented, "IFC exceeded our production goals for the first quarter of 2000 and, absent any significant market changes, the Company expects that it will meet production goals for the remainder of the year. The roll out of IDASL to IFC's customers during 2000 will further enhance IFC's production capacity without increasing current staff levels."

Allowance for Loan Losses

As a result of the performance of the Company's HLTV portfolio during the first quarter of 2000, the Company significantly increased its allowance for loan losses. The Company's total allowance for loan losses expressed as a percentage of Gross Loan Receivables, which includes loans held-for-investment, CMO collateral and finance receivables, increased 211% to 0.84% at March 31, 2000 as compared to 0.27% at December 31, 1999. The Company recorded net loan loss provisions of $13.2 million during the first quarter of 2000 as compared to $1.5 million during the first quarter of 1999. Net loan loss provisions during the first quarter of 2000 includes an additional $11.9 million provision for loan losses to increase the Company's allowance for loan losses and to adequately provide for losses within the HLTV portfolio, which is based on increased levels of loss and delinquency which occurred during the first quarter of 2000, and to provide for the bulk sale of delinquent loans.

Mr. Tomkinson commented, "due to higher than anticipated losses in the HLTV portfolio during the first quarter of 2000, the allowance for loan losses needed to be increased to provide for adequate levels of protection against expected losses in the Company's loan portfolios." The accounting charges related to HLTV second trust deeds underlying investment securities available-for-sale and CMO collateral were calculated based upon management's estimate of the inherent losses in the HLTV portfolio. The Company has written these assets down and provided allowances to absorb expected losses. Should the actual performance of these underlying loans exceed current expectations, these recoveries would increase the allowance for loan losses in future periods.

The allowance for loan losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known impaired loans, changes in the nature and volume of the portfolio, value of the collateral and current economic conditions that may affect the borrowers' ability to pay.

Book Value

Excluding accounting charges, diluted book value (calculated by including preferred stock conversion rights of 6.4 million common shares) increased 3% to $8.90 per common share at March 31, 2000 as compared to $8.60 per common share at December 31, 1999. The recognition of accounting charges decreased diluted book value by 14% to $7.63 per common share at March 31, 2000.

Warehouse Lending Operations - ("IWLG")

Total average outstanding finance receivables increased 26% to $318.3 million during the first quarter of 2000 as compared to $253.4 million during the first quarter of 1999. The majority of the increase in average outstanding finance receivables was with non-affiliated companies which increased 58% to $109.6 million during the first quarter of 2000 as compared to $69.5 million during the first quarter of 1999. IWLG continued to provide a consistent contribution to net earnings and earnings per share during the first quarter of 2000. During the first quarter of 2000, IWLG's contribution to earnings and earnings per diluted share was approximately $2.5 million and $0.09, respectively, as compared to approximately $1.7 million and $0.06, respectively, during the first quarter of 1999. Mr. Tomkinson said, " we are certainly pleased with the growth in our warehouse lending business and expect to continue to add to our customer base, increase our warehouse line commitments and increase our average daily outstanding balances throughout the remainder of the year."

Dividend Policy

During the first quarter of 2000, the Company announced a common stock dividend of $0.12 payable to its stockholders on April 20, 2000 for stockholders of record on April 10, 2000. The payment of the common stock dividend was slightly greater than previously anticipated. The Company's Board of Directors recognizes its commitment to our stockholders to continue to pay a common stock dividend. The Company's management is also committed to make every effort to increase common stock dividends in the future.

Acquisition of California Industrial Thrift and Loan

The Company submitted a new application to state and federal regulatory agencies in February 2000. The new application was modified from the prior application in several key areas and to more clearly define the Bank as a stand-alone operation that is not reliant upon the Company for its success. The new Bank plan provides for the marketing of the Bank's unique loan products, which will include mortgages, consumer equity loans and loans on small commercial and multi-family properties. On April 18, 2000, the FDIC notified the Company that they were extending to May 29, 2000, their time to process the Company's application. In the event that the Company is unsuccessful in its efforts to obtain the Bank charter, management believes that it will have no adverse impact on the future profitability of the Company.

Loan Sales and Securitizations

Total loan sales to third party investors increased to $295.9 million during the first quarter of 2000 resulting in gain on sale of loans of $5.2 million as compared to $163.0 million and $5.0 million, respectively, during the first quarter of 1999. Sales to third party investors and gain on sale of loans during the first quarter of 2000 includes a REMIC securitization of $271.7 million which was sold on a servicing retained basis. Gain on sale of loans during the first quarter of 1999 included a $1.5 million mark-to-market gain.

Master Servicing and Servicing Portfolio

The master servicing portfolio increased 4% to $2.9 billion at March 31, 2000 as compared to $2.8 billion at March 31, 1999. The master servicing portfolio increased as of March 31, 2000 as the amount of mortgages added to the portfolio was higher than both mortgages sold on a servicing released basis and the effect of mortgage loan prepayments throughout 1999. Mortgages with prepayment penalties represented approximately 23% of the master servicing portfolio at March 31, 2000 as compared to approximately 18% at March 31, 1999. The weighted average coupon of the master servicing portfolio was 9.38% at March 31, 2000 as compared to a weighted average coupon of 9.52% at March 31, 1999. The loan delinquency rate of mortgages in the master servicing portfolio which were 60 or more days past due, inclusive of foreclosures and delinquent bankruptcies, decreased to 4.33% at March 31, 2000 as compared to 5.66% at March 31, 1999.

At March 31, 2000, IFC owned mortgage servicing rights ("MSRs") on mortgages with an unpaid principal balance of $2.4 billion as compared to MSRs with an unpaid principal balance of $2.8 billion at March 31, 1999. IFC generally earns an annualized servicing fee of 0.25% to 0.50% on all mortgages in which it owns MSRs. The decrease in MSRs at March 31, 2000 was primarily due to the smaller number of loans whereby IFC owned MSRs, as IFC sold $1.5 billion of mortgage loans on a servicing released basis throughout 1999 and sold additional MSRs of $784.3 million during 1999.

Impac Mortgage Holdings, Inc. - Results of Operations First Quarter of 2000 As Compared to First Quarter of 1999

Net Interest Income. Net interest income decreased 22% to $6.4 million during the first quarter of 2000 as compared to $8.2 million during the first quarter of 1999. The decrease in net interest income during the first quarter of 2000 was primarily the result of higher CMO borrowing costs due to an increase in one-month LIBOR, which is the index used to reprice the Company's adjustable-rate CMO borrowings. One-month LIBOR increased during the first quarter of 2000 as a result of the Federal Reserve Bank increasing short-term rates. One-month LIBOR averaged 5.92% during the first quarter of 2000 as compared to 4.95% during the first quarter of 1999. In addition, January's borrowing costs were higher than expected because of Y2K concerns. One-month LIBOR on December 23, 1999, the contractual effective repricing date of CMO borrowings for January 2000, was 6.48%. By December 30, 1999, one-month LIBOR decreased 66 basis points to 5.82% and averaged 5.81% in January 2000. Total interest income earned on Mortgage Assets increased 13% to $33.6 million during the first quarter of 2000 as compared to $29.7 million during the first quarter of 1999 as average Mortgage Assets increased 10% to $1.737 billion as compared to $1.584 billion, respectively. Mortgage Assets are comprised of mortgage loans held-for-investment, CMO collateral, finance receivables and investment securities available-for-sale. The increase in average Mortgage Assets during the first quarter of 2000 was primarily the result of an increase in average finance receivables and average CMO collateral of $64.9 million and $27.9 million, respectively. Average finance receivables increased during the first quarter of 2000 as the Warehouse Lending Operations, IWLG, expanded its business. The increase in average CMO collateral was due to the completion of a $452.0 million CMO in January of 2000, which was collateralized by $455.7 million of mortgage loans. The yield on average Mortgage Assets during the first quarter of 2000 was 7.74% as compared to 7.50% during the first quarter of 1999. Total interest expense on borrowings on Mortgage Assets increased 25% to $27.4 million during the first quarter of 2000 as compared to $21.9 million during the first quarter of 1999. The increase in interest expense on borrowings on Mortgage Assets was primarily due to the aforementioned increase in short-term interest rates, which resulted in an increase in yield to 7.07% during the first quarter of 2000 as compared to a yield of 6.34% during the first quarter of 1999. Net interest margin decreased to 1.43% during the first quarter of 2000 as compared to 1.96% during the first quarter of 1999.

Non-Interest Income. Non-interest income includes equity in net earnings of IFC and other non-interest income, including primarily loan servicing fees and fees associated with the Company's Warehouse Lending Operations. Non-interest income was $1.4 million during the first quarter of 2000 as compared to $1.7 million during the first quarter of 1999. The decrease in non-interest income during the first quarter of 2000 was primarily due to a decrease of $682,000 in equity in net earnings of IFC to $408,000 as compared to $1.1 million during the first quarter of 1999. This decrease was primarily the result of higher funding costs due to an increase in short-term interest rates during the first quarter of 2000, a decrease in loan servicing income and an increase in operating expenses. Refer to "Impac Funding Corporation. - Results of Operations" for more detail regarding the IFC's financial results during the first quarter of 2000.

Non-Interest Expense. During the first quarter of 2000, non-interest expense, excluding write-down on investment securities available-for-sale, decreased 17% to $1.5 million as compared to $1.8 million during the first quarter of 1999 primarily due to a decrease in professional fees and general and administrative expense.

Impac Funding Corporation - Results of Operations

First Quarter of 2000 As Compared to First Quarter of 1999

Net Interest Income (Loss). Net interest income (loss) decreased to a loss of $(715,000) during the first quarter of 2000 as compared to income of $87,000 during the first quarter of 1999. The decrease in net interest income during the first quarter of 2000 was primarily the result of an increase in borrowing costs due to an overall increase in Bank of America's prime lending rate ("prime rate") and the spread charged by the warehouse lender. The average prime rate increased to 8.83% during the first quarter of 2000 as compared to 7.75% during the first quarter of 1999.

Non-Interest Income. During the first quarter of 2000, non-interest income decreased to $6.8 million as compared to $7.5 million during the first quarter of 1999. The decrease in non-interest income was primarily due to a 28% decrease in loan servicing income to $1.5 million during the first quarter of 2000 as compared to $2.1 million during the first quarter of 1999. The decrease in loan servicing income during the first quarter of 2000 was primarily due to the smaller number of loans whereby IFC owned MSRs, as (1) $1.5 billion of mortgage loans were sold on a servicing released basis throughout 1999 and (2) $784.3 million of MSRs were sold in 1999. However, the decrease in MSRs as of March 31, 2000 as compared to March 31, 1999 is partially offset by the completion of a REMIC transaction of $271.7 million, which was sold on a servicing retained basis during the first quarter of 2000, and a decrease in mortgage loan prepayment rates ("CPR") to 16% CPR during the first quarter of 2000 as compared to 34% CPR during the first quarter of 1999.

Non-Interest Expense. During the first quarter of 2000, non-interest expense decreased to $5.3 million as compared to $5.6 million during the first quarter of 1999. The decrease in non-interest expense during the first quarter of 2000 was primarily due to a $567,000 decrease in impairment of MSRs, a $559,000 decrease in write-down of investment securities and a decrease of $235,000 in amortization of MSRs. Excluding impairment and amortization of MSRs and write-down of investment securities, non-interest expense increased 40% to $4.2 million during the first quarter of 2000 as compared to $3.0 million during the first quarter of 1999 primarily as a result of an increase in personnel expense. During the first quarter of 2000, personnel expense increased 30% as compared to the first quarter of 1999 as a result of a 23% increase in staff levels to 170 employees at March 31, 2000 as compared to 138 employees at March 31, 1999 due to increased loan production. Staff levels were higher during the first quarter of 2000 as IFC reduced staff during the fourth quarter of 1998 in anticipation of lower production volumes during the first quarter of 1999 as a result of the deterioration of the mortgage-backed securitization market during the latter half of 1998. IFC has increased staff levels since the second quarter of 1999 as production volumes have steadily increased.

The Company has announced a conference call on Wednesday, May 3, 2000 at 11:00 a.m. Pacific Standard time to discuss the results of the Company's first quarter earnings. The conference call will be limited for discussion to certain buyside and sellside analysts and open for "listen only" to all those other parties interested. To participate, please call (800) 633-8298. In addition, a replay of the conference call will be available for 48 hours following the call. To listen to the replay please dial (800) 633-8284 or (858) 812-6440, reservation number: 15074276.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by the use of forward-looking terminology such as "may", "will", "intend", "expect", "anticipate", "estimate" or "continue" or the negatives thereof or other comparable terminology. The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including but not limited to, changes in the origination and resale pricing of mortgage loans, changes in management's estimates and expectations, general financial markets and economic conditions and other factors described in this press release. The financial information presented in this release pertaining to actual results should not be taken to predict future earnings, as the Company may not experience similar earnings in future periods.

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