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February 9, 1998

IMPAC MORTGAGE HOLDINGS, INC.

(AMEX: IMH)

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Monday, February 9, 1998

Santa Ana Heights, CA. – Joseph R. Tomkinson, CEO of Impac Mortgage Holdings, Inc. (The "Company": AMEX: IMH) formerly Imperial Credit Mortgage Holdings, Inc., a Maryland corporation being taxed as a Real Estate Investment Trust ("REIT"), today is pleased to report earnings for the year ended December 31, 1997 before a non-recurring charge related to the buyout of it's management agreement with Imperial Credit Advisors, Inc. ("ICAI"), a subsidiary of Imperial Credit Industries, Inc. (NASDAQ-ICII), increased 139% to $28.3 million, or $1.72 per common share, as compared to $11.9 million, or $1.32 per common share, for the year ended December 31, 1996. Earnings for the fourth quarter ended December 31, 1997 before the non-recurring charge increased 114% to $9.6 million, or $0.46 per common share, as compared to earnings of $4.5 million, or $0.37 per common share, for the fourth quarter of 1996. The Company's Board of Directors previously declared a fourth quarter dividend of $0.46 per common share, paid on January 15, 1998, to stockholders of record on December 31, 1997. Total dividends declared per common share during 1997 were $1.68 as compared to $1.61, including the special dividend, during 1996. All references to per common share and weighted average common shares outstanding give retroactive effect to the Company's 3:2 stock split effective November 24, 1997. The Company generated favorable returns on average equity and average assets before the non-recurring charge for 1997 of 17.38% and 2.07%, respectively, as compared to 16.39% and 1.52%, respectively, for 1996. Total assets increased 85% to $1.8 billion at December 31, 1997 as compared to $972.4 million at December 31, 1996.

As previously reported, on December 22, 1997, the Company terminated its management agreement with ICAI. The termination fee was paid with 2,009,310 shares of the Company's common stock in addition to other assets. For financial accounting purposes, the termination fee was treated as a non-recurring, non-cash expense and resulted in a charge of $44.4 million to the Company's fourth quarter earnings. The non-recurring charge should have no negative impact on the Company's future earnings ability. For tax purposes, the termination fee will be amortized over a 49-month period, the remaining life of the amended and restated management agreement with ICAI. While the termination fee will be treated as a deduction for determining the Company's taxable income, this termination fee will not affect the Company's current dividend policy. This charge did not materially affect total stockholders' equity as the reduction in retained earnings is offset by a corresponding increase in common stock and additional paid-in-capital.

The Company was successful in raising additional capital through the issuance of 6.3 million shares of common stock from a public stock offering which closed in September 1997 and from the Company's Dividend Reinvestment and Stock Purchase Plan ("Plan") which became effective in 1997. The public stock offering raised a total of $83.6 million, net of underwriting expenses, as 4.8 million shares of common stock were issued at a per share price of $18.17 before underwriting expenses. The Company also raised a total of $24.7 million from common shares issued under the dividend reinvestment and optional cash purchase features of the Plan at an average per share price of $16.59.

Due to continued strong asset growth from the Company's Long-Term Investment and Warehouse Lending Operations and increased profitability from the Company's Conduit Operations, Impac Funding Corporation ("IFC") formerly ICI Funding Corporation, earnings rose as compared to 1996. The Company's increase in earnings for 1997 was primarily the result of higher net interest income and equity in net income of IFC. Net interest income increased 69% to $33.0 million as compared to $19.5 million for 1996 while equity in net income of IFC was $8.3 million for 1997 as compared to $903,000 for 1996. Net interest income for 1997 increased as average Mortgage Assets grew 72% to $1.3 billion as compared to $755.0 million for 1996. Mortgage Assets are comprised of mortgage loans held as investment, Collateralized Mortgage Obligation ("CMO") collateral, finance receivables and mortgage-backed securities. Consistent with the Company's business strategy of realizing earnings from the Long-Term Investment Operations, the Company issued $521.7 million of CMOs and acquired $877.1 million in mortgages from IFC during 1997 as compared to $556.1 million and $591.6 million, respectively, during 1996.

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, was 0.33% at December 31, 1997 as compared to 0.50% at December 31, 1996. The allowance decreased as a percentage of Gross Loan Receivables as the Company accelerated losses totaling $2.3 million against the allowance for loan losses through the sale of delinquent, foreclosure and bankruptcy loans during the year in order to reduce its overall exposure to delinquent loans and future losses. At the same time, total reserves included in other liabilities at IFC at December 31, 1997 increased to $3.2 million as compared to $687,000 at December 31, 1996. The Company recorded loan loss provisions of $6.8 million during 1997 as compared to $4.3 million during 1996. Excluding provisions for loan losses, operating income increased 117% to $35.2 million for 1997 as compared to operating income of $16.2 million for 1996.

IFC continues to support the long-term investment needs of the Company by supplying the Company with all mortgages held in its long-term investment portfolio. In acting as the mortgage conduit for the Company, IFC acquired $2.6 billion of mortgages during 1997 as compared to $1.5 billion of mortgages acquired during 1996. Loan acquisitions during 1997 includes $576.2 million in principal balance of second trust deed mortgages purchased in bulk and $773.7 million in principal balance of Progressive Express™ loans as compared to none and $22.0 million, respectively, of such loans acquired during 1996.

IFC's earnings increased primarily due to increases in gains on sale of loans, net interest income and loan servicing income. The increase in gains on loans sold during 1997 as compared to 1996 was the result of the securitization of loans funded under the Progressive Express^{TM} program, which was introduced in September 1996, and increased profits on whole loan cash sales to third-party investors. Progressive Express^{TM} is a loan program with a one-page loan application that includes less paperwork for the borrower, express credit approval and attractive rates and terms. As such, IFC securitized $878.1 million of fixed rate mortgages in the form of real estate mortgage investment conduit ("REMIC") securities and sold whole loans to third-party investors totaling $304.0 million during 1997 as compared to $835.2 million and $195.4 million, respectively, during 1996. Sales of loans as REMICs and whole loan cash sales to third party investors generated $19.4 million in gains during 1997 as compared to $7.7 million during 1996. Additionally, IFC's gain or loss on sale of loans to the Company are deferred and amortized or accreted over the estimated life of the loans resulting in deferred income of $7.0 million at December 31, 1997 as compared to $2.2 million at December 31, 1996. Net interest income increased primarily due to higher net interest margins from $599.0 million in principal balance of second trust deeds acquired during 1997 as compared to $39.8 million acquired during 1996. Lastly, since IFC generally retains servicing rights on most mortgages acquired, it's servicing portfolio increased to $3.0 billion at December 31, 1997 as compared to $1.5 billion at December 31, 1996 resulting in $4.1 million of loan servicing income during 1997 as compared to $1.3 million during 1996.

The loan delinquency rate for mortgage loans in IFC's servicing portfolio which were 60 or more days past due, inclusive of foreclosures and delinquent bankruptcies, was 3.05% at December 31, 1997 as compared to 4.03%, 3.73%, 3.40% and 2.52% for the last four quarter-end periods. During the fourth quarter of 1997, 221 loans were removed from 90 days or more delinquent status of which 103 loans or 47% were reinstated, repurchased or paid-in-full ("cure rate").

The Company is a mortgage loan investment company that invests primarily in non-conforming, high-yielding mortgages which, together with its subsidiaries and related companies, operates three businesses. The Company's first business is to act as a long-term investor of primarily non-conforming residential mortgage loans and mortgage-backed securities secured by or representing interests in such loans. The second business is IFC, which purchases primarily non-conforming mortgage loans and to a lessor extent, second mortgages, from a network of third party correspondent loan originators and subsequently securitizes or sells such loans to permanent investors. As the Company's third business, Impac Warehouse Lending Group, a wholly-owned subsidiary of the Company, focuses on providing warehouse and reverse-repurchase financing to approved mortgage banks, most of which are correspondents of IFC.

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", "should", "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. 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.

Link to balance sheet.

For more information call:

Investor Relations:

Thom Singha

(714) 438-2100