



Impac Mortgage Holdings, Inc. Announces Year End 2010 Results

03/31/11

IRVINE, Calif., Mar 31, 2011 (BUSINESS WIRE) --

Impac Mortgage Holdings, Inc. (NYSE Amex: IMH), a Maryland corporation, or the "Company," reports net earnings for the year ended 2010 of \$10.3 million, or \$1.24 per diluted common share, as compared to net earnings of \$3.4 million, or \$0.44 per diluted common share for the year ended 2009.

Recent Business Developments

During 2010, Impac Mortgage Holdings, Inc., through its wholly owned subsidiary Integrated Real Estate Service Corp., continued to provide mortgage and real estate services, and continued to assist in the management of the long-term mortgage portfolio, including the residual interests in securitizations. In the third quarter of 2010, the Company, through its wholly owned subsidiary Excel Mortgage Servicing, Inc. (Excel), re-entered the mortgage banking market and started funding residential mortgage loans.

As part of the initiative to re-enter the mortgage lending market, the Company has completed the following:

- With respect to new warehouse facilities:
 - Obtained its first warehouse facility since 2008 to fund residential mortgage loans;
 - Increased warehouse funding capacity to \$42.0 million as of December 31, 2010;
 - Obtained preliminary term sheets from lenders for a potential total warehouse funding capacity of \$160 million as of March 25, 2011.
- Acquired controlling interest in a mortgage banking firm, AmeriHome Mortgage Corporation (AmeriHome), giving the Company ability to (i) originate, sell to and service for Fannie Mae and Freddie Mac loans, (ii) originate Federal Housing Authority (FHA) government loans and (iii) issue and service Ginnie Mae securities;
- Through Excel, obtained approval to directly originate FHA loans as a HUD mortgagee and approval to originate, sell and service Fannie Mae loans; and
- Funded \$20.7 million in residential mortgage loans in 2010.

By obtaining its first warehouse facility since 2008, the Company has been able to start originating and funding mortgages in 2010 through its wholly owned subsidiary, Excel, under the "Impac Mortgage" brand name. The mortgage lending activities include the origination, funding and selling of loans. During 2010, the Company funded \$20.7 million, sold \$17.4 million and brokered \$20.1 million of loans as compared to a minimal amount of loans brokered in 2009.

In March 2011, Excel expanded into the pacific northwest of the U.S. by opening a regional production office in Lake Oswego, Oregon, along with other offices throughout Oregon, Washington, and Idaho. Excel hired an experienced senior management team along with regional sales and operational staff for those offices. With this regional production office, Excel has a mortgage origination presence throughout the West Coast and in the Midwest and has plans to open a Gulf Coast regional office in Baton Rouge, Louisiana.

The Company was also successful in fully satisfying the \$6.6 million outstanding balance of its last remaining significant obligation associated with the previously discontinued non-conforming residential lending operations. The full satisfaction of this obligation results in the termination of all associated covenants, conditions and restrictions.

In 2009, the Company created an integrated services platform to provide solutions to the mortgage and real estate markets. In 2010, the Company has further developed and enhanced its integrated services platform in providing services to investors, portfolio managers, servicers and individual borrowers primarily by focusing on loss mitigation and performance of our own long-term mortgage portfolio. The development of these business activities focuses on vertical integration of a centralized platform to operate synergistically to maximize revenues and profits. During 2010, the Company has expanded the mortgage and real estate service revenues by 33% to \$56.4 million in 2010 from \$42.3 million in 2009.

For the years ended December 31, 2010 and 2009, mortgage and real estate services fees were as follows:

	For the year ended December 31,	
	2010	2009
Real estate services and recovery fees	22,064	10,148
Title and escrow	16,786	7,539
Loan modification fees	11,741	17,525
Portfolio service fees	5,814	7,064
Total mortgage and real estate services fees	\$ 56,405	\$ 42,276

Although the Company intends to expand its portfolio loss mitigation and real estate services to more third parties in the marketplace, the revenues from these business activities have historically been generated from the Company's long-term mortgage portfolio.

Through loss mitigation efforts, the Company has been able to improve the performance of its long-term mortgage portfolio by reducing the 60 or more days delinquent loans to \$2.4 billion, or 21.3%, at December 31, 2010 from \$3.1 billion, or 25.0%, at December 31, 2009.

Results of Operations

Condensed Statements of Operations

	For the year ended December 31,			
	2010	2009	Increase (Decrease)	% Change
Interest income	\$ 985,150	\$ 1,780,923	\$ (795,773)	(45) %
Interest expense	979,440	1,771,143	(791,703)	(45)
Net interest income	5,710	9,780	(4,070)	(42)
Total non-interest income	63,464	56,142	7,322	13
Total non-interest expense	(61,370)	(55,633)	(5,737)	(10)
Income tax expense	(205)	(2,017)	1,812	90
Net earnings from continuing operations	7,599	8,272	(673)	(8)
Earnings from discontinued operations, net	2,238	2,315	(77)	(3)
Net earnings	9,837	10,587	(750)	(7)
Net loss attributable to noncontrolling interest	457	250	207	83
Net earnings attributable to IMH	10,294	10,837	(543)	(5)
Cash dividends on preferred stock	-	(7,443)	7,443	100
Net earnings available to common stockholders before preferred stock redemption	\$ 10,294	\$ 3,394	\$ 6,900	203
Earnings per share available to common stockholders - basic	\$ 1.33	\$ 0.44	\$ 0.88	197 %
Earnings per share available to common stockholders - diluted	\$ 1.24	\$ 0.44	\$ 0.79	180 %

Selected Financial Results for 2010

Continuing Operations

- Earnings from continuing operations of \$7.6 million for the year ended December 31, 2010, compared to \$8.3 million for 2009.
- Net interest income of \$5.7 million for the year ended December 31, 2010, compared to \$9.8 million for 2009.
- Non-interest income--net trust assets of \$4.3 million for the year ended December 31, 2010, compared to \$13.0 million for 2009.
- Mortgage and real estate services fees of \$56.4 million for the year ended December 31, 2010, compared to \$42.3 million for 2009.

Discontinued Operations

- Earnings from discontinued operations (net of tax) of \$2.2 million for the year ended December 31, 2010, compared to \$2.3 million for 2009.

Stockholders' Equity

To understand the financial position of the Company better, we believe it is important to understand the composition of the Company's stockholders' equity (deficit) and to which component of the business it relates. At December 31, 2010, the equity (deficit) within our continuing and discontinued operations was comprised of the following significant assets and liabilities:

Condensed Components of Stockholders' Equity (Deficit)

As of December 31, 2010

	Continuing Operations	Discontinued Operations	Total
Cash	\$ 11,506	\$ 113	\$ 11,619
Residual interests in securitizations	26,407	-	26,407
Note payable	(6,874)	-	(6,874)
Long-term debt (\$71,120 par)	(11,728)	-	(11,728)
Repurchase reserve	-	(7,987)	(7,987)
Lease liability (1)	-	(2,226)	(2,226)
Deferred charge	13,144	-	13,144
Net other assets (liabilities)	7,922	(2,580)	5,342
Stockholders' equity (deficit)	\$ 40,377	\$ (12,680)) \$ 27,697

(1) Guaranteed by IMH.

Continuing Operations

At December 31, 2010, cash within our continuing operations decreased to \$11.5 million from \$25.7 million at December 31, 2009. The primary sources of cash between periods were \$56.4 million in fees generated from the mortgage and real estate fee-based businesses and \$11.2 million from residual interests in securitizations. Offsetting the sources of cash were operating expenses totaling \$61.4 million and \$23.8 million in payments on the notes payable, net of proceeds received from issuance of structured debt agreement.

Since our consolidated and unconsolidated securitization trusts are nonrecourse, we have netted trust assets and liabilities to present the Company's interest in these trusts more simply, which are considered our residual interests in securitizations. For unconsolidated securitizations our residual interests represent the fair value of investment securities available-for-sale. For consolidated securitizations, our residual interests are represented by the fair value of securitized mortgage collateral and real estate owned, offset by the fair value of securitized mortgage borrowings and net derivative liabilities. We receive cash flows from our residual interests in securitizations to the extent they are available after required distributions to bondholders and maintaining overcollateralization levels within the trusts. The estimated fair value of the residual interests, represented by the difference in the fair value of trust assets and trust liabilities, was \$26.4 million at December 31, 2010, compared to \$23.0 million at December 31, 2009. The increase in residual fair value in 2010 was primarily due to decreased loss assumptions for single-family collateral and investor yield requirements.

2010 Year End Earnings Conference Call

The Company has announced a conference call and live web cast on Friday, April 1, 2011 at 9:00 a.m. Pacific Time (12:00 p.m. Eastern Time). We will discuss our year end 2010 financial results, followed by a question and answer session. If you would like to participate in the conference call, you may listen by dialing (866) 838 - 8084, conference ID number 52619998, or access the web cast via our web site at <http://ir.impaccompanies.com>. To participate in the conference call, dial in fifteen minutes prior to the scheduled start time. The call will also be archived through April 8, 2011. To listen to the archived call dial (800) 642-1687 or (706) 645-9291, conference call ID number 52619998. The conference call will also be archived on the Company's web site at <http://ir.impaccompanies.com>. You can subscribe to receive instant notification of news releases, events, presentations, and daily stock quotes by using our e-mail alert feature located at the web site under 'Receive Email Alerts'.

Forward-Looking Statements

This press release contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward looking statements, some of which are based on various assumptions and events that are beyond our control, may be identified by reference to a future period or periods or by the use of forward looking terminology, such as "may," "will," "believe," "expect," "likely," "should," "could," "seem to," "anticipate," or similar terms or variations on those terms or the negative of those terms. The forward looking statements are based on current management expectations. Actual results may differ materially as a result of several factors, including, but not limited to the following: the ongoing volatility in the mortgage industry; our ability to successfully manage through the current market environment; our compliance with applicable local, state and federal laws and regulations and other general market and economic conditions; our ability to meet liquidity needs from current cash flows or generate new sources of revenue; management's ability to successfully manage and grow the Company's mortgage and real estate fee-based business activities and mortgage lending operations; the ability to make interest payments; increases in default rates or loss severities and mortgage related losses; our ability to obtain additional financing and the terms of any financing that we do obtain; inability to effectively liquidate properties to mitigate losses; increase in loan repurchase requests and ability to adequately settle repurchase obligations; decreases in value of our residual interests that differ from our assumptions; the ability of our common stock to continue trading in an active market; the outcome of litigation or regulatory actions pending against us or other legal contingencies.

For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward looking statements, see Item 1A. "Risk Factors" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the period ended December 31, 2010. This document speaks only as of its date and we do not undertake, and specifically disclaim any obligation, to publicly release the results of any revisions that may be made to any forward looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

About the Company

Impac Mortgage Holdings, Inc. (IMH) is a publicly traded company and through its subsidiaries, provides mortgage and real estate services, including mortgage lending, portfolio loss mitigation and real estate services, and title and escrow services. The Company's operations include the management of the long-term mortgage portfolio, including the residual interest in securitizations, to mitigate losses and maximize cash flows and the mortgage and real estate related fee-based business activities. The development of these business activities focuses on vertical integration of a centralized platform which can operate synergistically to maximize revenues and profits.



SOURCE: Impac Mortgage Holdings, Inc.

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