Impac Mortgage Holdings, Inc. Announces Results of First Quarter 2012

05/15/12

IRVINE, CA, May 15, 2012 (MARKETWIRE via COMTEX) --Impac Mortgage Holdings, Inc. (NYSE MKT: IMH) formerly (NYSE Amex: IMH), a Maryland corporation, along with its subsidiaries and affiliates, or "IMH" or the "Company", reported significant expansion of its mortgage lending activities in the first quarter of 2012. Through its indirect subsidiary, Excel Mortgage Servicing, Inc., the Company's residential mortgage originations increased by more than 500% to $365.0 million, as compared to $57.3 million for the first quarter of 2011. Sales of mortgage loans increased to $355.7 million in the first quarter of 2012 as compared to $26.3 million in the comparable period in 2011. The increase in originations resulted in an increase in the mortgage servicing portfolio of Excel Mortgage Servicing, Inc. and its subsidiary to $891.7 million in unpaid principal balance, an increase of $719.1 million, or more than 400%, from the March 31, 2011 balance of $172.6 million. During the three months ended March 31, 2012, IMH recorded a mark to market write-down of its net trust assets in the long-term mortgage portfolio of $3.0 million resulting in a consolidated net loss of $(4.8) million, or $(0.61) per diluted common share, as compared to net loss of $(987) thousand or $(0.12) per diluted common share for the first quarter of 2011. However, the increase in originations and sales at Excel contributed to a significant increase in net earnings of the Company's mortgage and real estate service segment, which includes mortgage lending and portfolio loss mitigation and real estate services to $3.3 million in the first quarter of 2012 as compared to $930 thousand in the comparable period in 2011.

Other selected highlights are as follows:

- Sold $249.2 million in service retained loans to Fannie Mae and Freddie Mac, issued $78.0 million in Ginnie Mae securities and sold $28.5 million in loans on a service released basis to other investors.
- Sold $250.0 million in unpaid principal balance of Fannie Mae servicing rights with an expected transfer date in May 2012.
- Increased warehouse borrowings capacity to $118.5 million, as of today, from $87.5 million at December 31, 2011.

IMH's consolidated net loss in the first quarter 2012 was primarily due to IMH receiving residual interests cash flows of $3.2 million during the quarter and an increase in expected future LIBOR rates which combined to be the primary causes of a decline in the estimated fair value of net trust assets and real estate owned (both included in the long-term mortgage portfolio segment) of $3.0 million. Also contributing to IMH's consolidated net loss in the quarter was a loss from discontinued operations of $1.3 million as compared to a loss of $350 thousand in the first quarter of 2011. The increased loss was primarily due to additional repurchase provisions from legacy loan sales completed in prior years by the IMH's discontinued non-conforming mortgage loan operations.

The improvement in net earnings of the mortgage and real estate services segment was due to both an increase in revenues and a decrease in expenses. For the three months ended March 31, 2012 and 2011, mortgage and real estate services fees were as follows:

	For the Three Months Ended March 31,	
	2012	2011
Mortgage lending	$ 9,209	$ 551
Portfolio loss mitigation and real estate services	4,827	7,381
Title and escrow	-	4,308
Total mortgage and real estate services fees	$ 14,036	$ 12,240

The increase in mortgage and real estate services fees was due to an increase in mortgage lending net revenues, offset by a decrease in portfolio loss mitigation and real estate service fees and a decrease in title and escrow fees due to the sale of the title insurance agency. Mortgage lending revenues increased due to the aforementioned increase in residential mortgage lending volumes and sales. As expected, the portfolio loss mitigation and real estate services activities and revenues declined primarily due to a decline in the real estate and recovery activities in the long-term mortgage portfolio. Meanwhile, lending activities and revenues have increased including the increase in loan sales to Fannie Mae and issuances of Ginnie Mae securities resulting in the increase in the mortgage servicing portfolio. Additionally, title and escrow fees declined $4.3 million due to the sale of the title insurance company in 2011.

Excel is currently focusing on originating Fannie Mae, Freddie Mac, and government loans as it believes that having the ability to sell loans to Fannie Mae, Freddie Mac, and issue Ginnie Mae securities makes it more competitive in the overall mortgage origination market with regard to products, pricing, operational efficiencies and overall recruitment of higher quality loan originators. Consistent with the Company's strategy, during 2012, Excel sold $249.2 million in service retained loans to Fannie Mae and Freddie Mac, and issued $78.0 million in Ginnie Mae securities through its AmeriHome Mortgage Corporation subsidiary. Excel also sold $28.5 million in loans on a service released basis to other investors.

In April and May 2012, two of the Excel's warehouse lenders approved increases in the Excel's borrowing capacities from $32.5 million and $25 million to $38.5 million and $50 million, respectively. With the increases, Excel has increased its warehouse borrowings capacity to $118.5 million from $87.5 million at December 31, 2011. Furthermore, Excel's servicing portfolio as of March 2012 includes $250 million of FNMA servicing that was sold in the first quarter with an expected transfer date in May 2012. Despite the sale of servicing, Excel expects to continue building its mortgage servicing portfolio as management believes a servicing portfolio of agency loans during a period of low interest rates and credit quality focus is a good investment for the Company. Therefore, Excel is expected to continue to increase its servicing portfolio, but it will also selectively sell servicing on a flow and bulk basis, to keep the amount of capital invested in servicing at acceptable levels to preserve capital needed for further growth. As Excel continues to expand the mortgage lending platform, production volumes, and servicing portfolio, at some point its growth may be limited by available capital.

Excel continues to expand its production channels including retail and wholesale, as well as the recently announced correspondent lending channel. Total average monthly lending volumes have grown to approximately $135 million in recent months as compared with $115 million for the fourth quarter of 2011. The correspondent lending operations targets community and regional banks as wells as credit unions and smaller select mortgage banking firms, and focuses on providing better turn times and purchasing from institutions that originate quality conventional and government loans eligible for sale to agencies. Excel's correspondent lending, branded under "Impac Mortgage Correspondent Lending," currently purchases loans eligible for delivery to Fannie Mae, Freddie Mac and Ginnie Mae. It has successfully grown its approved correspondent client list through word of mouth and reputation of providing superior customer service increasing its monthly lending volumes to approximately $20 million in recent months.

All of the above amounts which relate to March 31, 2012 or 2011, the quarters or year-to-date periods then ended, or to April or May 2012 are unaudited.

Outlook

Mr. Joseph Tomkinson, Chairman and CEO of Impac Mortgage Holdings, Inc., stated, "I am very pleased to see the growth of originations and sales of loans by the mortgage and real estate services segment. The improved profitability in this segment, predominantly due to our growth in lending volumes and improvement in margins, shows that we are making great progress toward our 2012 initiatives. We have overcome a lot of challenges, and have more to conquer, but I feel like we are beginning to gain some momentum. To keep it going, we will continue to concentrate on our mortgage lending activities focusing on expanding the origination channels, loan products, and increasing operational efficiencies along with improving our service levels and turn times."

First Quarter 2012 Earnings Conference Call

The Company has announced a conference call and live web cast on Wednesday, May 16, 2012 at 9:00 a.m. Pacific Time (12:00 p.m. Eastern Time). We will discuss our first quarter 2012 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 80537081, 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 conference call will 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 manage successfully 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 manage successfully and grow the Company's mortgage and real estate business activities including 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 the estimated fair value of our residual interests that differ from our assumptions; the ability of our common stock to continue trading in an active market; and 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 Form10-K for the period ending December 31, 2011. This document speaks only as of its date and we do not undertake, and specifically disclaim any obligation, to release publicly 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 and portfolio loss mitigation and real estate 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 business activities.

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