Impac Mortgage Holdings, Inc. Announces Earnings of $0.14 Per Share For The 4th Quarter of 2000, an Increase of 17% Over 3rd Quarter Of 2000 Earnings Per Share of $0.12

February 3, 2001

NEWPORT BEACH, Calif., Feb. 2 /PRNewswire/ -- Impac Mortgage Holdings, Inc. (the "Company" or "IMH") (Amex: IMH), a real estate investment trust ("REIT"), announces net earnings of $3.7 million, or $0.14 per diluted common share, for the fourth quarter of 2000. Mr. Joseph R. Tomkinson, Chairman and Chief Executive Officer of the Company commented, "I am pleased to see that the Company's commitment to, and renewed focus on, its core operations, the Mortgage Operations, combined with improved credit quality of Mortgage Assets on its balance sheet resulted in increased earnings during the fourth quarter of 2000 over third quarter of 2000 results. The Company's diligent efforts during 2000 to restructure its balance sheet has given the Company a strong foundation for generating positive results in the future." As part of the balance sheet restructuring process, the Company completed two collateralized mortgage obligations ("CMOs") for $943.6 million during 2000. The new CMOs included $144.0 million of mortgage loan collateral from previous CMOs, which were "collapsed" into the new CMOs. The new CMOs provide substantially improved capital leverage, lower borrowing costs and reduced amortization exposure on the $144.0 million of previous CMO collateral. Additionally, approximately $46.5 million of capital that was invested in the previous CMOs was released and reinvested in the Company's Long-Term Investment Operations. Impac Funding Corporation ("IFC") is the Mortgage Operations of the Company and includes correspondent business along with wholesale and retail business from Impac Lending Group ("ILG"). Mortgage Assets include investment securities available-for-sale, CMO collateral, mortgage loans held-for- investment and finance receivables, which are short-term warehouse lines of credit made by Impac Warehouse Lending Group ("IWLG") to the Mortgage Operations and non-affiliated mortgage brokers.

Mr. Tomkinson stated, "Loan production by the Company's conduit operations conducted by IFC and the wholesale and retail mortgage platforms operated by ILG continued to grow during the fourth quarter of 2000. Loan production growth was not only due to what I believe are superior loan programs and services offered by our Mortgage Operations but is also in large part due to the success of the Company's automated underwriting system, called IDASL. IDASL has exceeded, and continues to exceed, our initial expectations as loan submissions by the Mortgage Operations' correspondents and brokers increased during the fourth quarter of 2000." Loan acquisitions and originations increased 6% during the fourth quarter of 2000 as compared to the third quarter of 2000 while mortgage loan applications submitted through IDASL increased 26% in average monthly loan volume during the same periods. IDASL stands for Impac Direct Access System for Lending and can be viewed at the Company's new and improved website at www.impaccompanies.com.

Mr. Tomkinson further commented, "The Company was not only able to accomplish its fourth quarter goal of restructuring its balance sheet but also completed two REMIC securitizations during the fourth quarter of 2000 at levels exceeding profit expectations. The Company's goal is to continue to securitize its mortgage loans more frequently during 2001 which will require less capital and provide more liquidity with less interest rate and price volatility." Mr. Tomkinson also said, "In addition to balance sheet restructuring and technology initiatives accomplished during 2000, the lowering of short-term interest rates by the Federal Reserve Bank during January of 2001 should have a positive affect on the Company's balance sheet and net interest margins throughout 2001." The reduction of short-term interest rates should positively affect $1.0 billion, or 81%, of CMO borrowings and reverse repurchase borrowings, which are indexed to one-month LIBOR. One-month LIBOR was 6.65% at December's re-pricing date for CMO borrowing costs recorded in January of 2001 but decreased to 5.71% at January's re-pricing date for CMO borrowing costs which will be recorded in February of 2001, a decrease of 94 basis points.

Customers of Impac Funding Corporation Continue to Increase Utilization of IDASL during the Fourth Quarter of 2000

During the fourth quarter of 2000, IFC's customers increased average monthly volume of loans submitted through the IDASL system by 27% over third quarter of 2000 loan submissions. Loan submissions during the fourth quarter of 2000 averaged $555.5 million per month in loan volume as compared to $438.0 million per month during the third quarter of 2000 and $236.0 million per month during the second quarter of 2000. By December 31, 2000, substantially all of IFC's correspondents were submitting loans through IDASL and 100% of all wholesale loans delivered by brokers were directly underwritten through IDASL. IDASL is not a lead generator for mortgage brokers, but is an interactive internet system that enables our customers to access loan status, current pricing, purchase confirmations and receive consistent and reliable automated loan underwriting decisions within minutes. In addition, IDASL has an integrated credit-reporting interface that provides our customers with a very competitive tool enabling them to render a loan decision at point of sale. IDASL dramatically increases efficiencies not only for our customers but also for the Mortgage Operations by significantly decreasing the processing time for a mortgage loan, while improving employee production and maintaining superior customer service, which together leads to higher closing ratios, improved profit margins and increased profitability at all levels of its business operations. Future enhancements to IDASL, which are expected to be implemented by the end of the first quarter of 2001, will include the ability to provide automated mortgage insurance approval, fraud detection and electronic property appraisal that will further streamline the entire mortgage application and approval process. 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.

Impac Lending Group, a division of IFC, Increases Wholesale and Retail Loan Production for the Third Consecutive Quarter

ILG's wholesale and retail loan originations increased 7% to $101.3 million during the fourth quarter of 2000 as compared to $94.9 million during the third quarter of 2000 and $26.2 million during the fourth quarter of 1999. As of December 31, 2000, ILG increased its approved wholesale mortgage brokers by 62% to 983 brokers as compared to 605 brokers at September 30, 2000. In conjunction with IDASL, management is committed to expanding the wholesale and retail loan production platforms nationwide in order to establish direct access to brokers and borrowers, which has resulted in lower premiums paid for mortgages and increased profit margins upon loan sales or securitization. Loan originations at ILG should remain strong during 2001 with the successful roll-out of IDASL with the Mortgage Operations' strategic partner Genesis 2000. Genesis 2000 is a leader in mortgage automation software that provides an internet connection to 33,000 users nationwide with direct automated download capabilities through "EPass" to the Mortgage Operations' products via IDASL. Recently, Genesis 2000 was acquired by Ellie Mae, a leading provider of internet solutions to the mortgage industry, which will further enhance ILG's penetration into the wholesale lending arena.

Correspondent Loan Production at Impac Funding Corporation Increases 6% during the Fourth Quarter of 2000 as compared to the Third Quarter of 2000

Total correspondent loan production increased 6% to $530.7 million during the fourth quarter of 2000 as compared to $499.8 million during the third quarter of 2000 and $548.2 million during the fourth quarter of 1999. With the introduction of IDASL, IFC has experienced a greater willingness by its correspondent customers to originate IFC's loan programs. IDASL has provided consistent underwriting and loan approval decisions by eliminating a great deal of subjectivity regarding IFC's loan programs. This has resulted in an easier and more efficient origination process for IFC's clients. In addition, IFC has approved and issued master commitments to four major nationwide lenders during the fourth quarter of 2000 with the expectation of receiving loans from these lenders during the first half of 2001. IFC's goal is to continue to add major accounts to its customer base during 2001.

Impac Warehouse Lending Group Increases Average Outstanding Finance Receivables to External Customers during 2000

Average outstanding finance receivables with IWLG's external customers increased 59% to $134.7 million during 2000 as compared to $84.8 million during 1999. As of December 31, 2000, IWLG had approved warehouse lines available to 52 external customers totaling $391.5 million as compared to 46 customers totaling $325.0 million as of December 31, 1999. Overall, average finance receivables increased 32% to $418.8 million during 2000 as compared to $317.5 million during 1999. Average outstanding finance receivables with IWLG's external customers decreased 3% to $147.4 million during the fourth quarter of 2000 as compared to $152.7 million during the third quarter of 1999 as the overall credit quality of non-affiliated finance receivables improved. During the fourth quarter of 2000, the Warehouse Lending Operations focused on internal restructuring and technology initiatives, including the development and implementation of a web-based funding and delivery system, with the overall goal of increasing its customer base and outstanding balances during 2001. The Warehouse Lending Operations continued to provide a consistent contribution to net earnings and earnings per share during the fourth quarter of 2000 and the year ended December 31, 2000.

Impac Mortgage Holdings, Inc. Decreases Non-Performing Loans within its Long-Term Investment Portfolio by 27% at December 31, 2000 as compared to December 31, 1999

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 to 0.28% at December 31, 2000 as compared to 0.27% at December 31, 1999. The Company recorded net charge-offs of $17.8 million during 2000 as compared to $8.5 million during 1999 as the Company continued to charge-off high loan-to-value second trust deeds ("125 loans") during 2000. The Company made additional provisions of $14.5 million to the allowance for loan losses during the first six months of 2000 in anticipation of substantial charge-offs on 125 loans during the third and fourth quarters of 2000.

Total non-performing loans, including 90 days past due, foreclosures and other real estate owned, decreased 27% to $43.7 million, or 3.32% of the long-term investment portfolio, at December 31, 2000 as compared to $59.8 million, or 5.01% of the long-term investment portfolio, at December 31, 1999. The loan delinquency rate of mortgages in the long-term investment portfolio which were 60 or more days past due, inclusive of foreclosures and delinquent bankruptcies, decreased to 4.89% at December 31, 2000 as compared to 5.43% at December 31, 1999. The unpaid principal balance of mortgage loans in the long-term investment portfolio at December 31, 2000 was $1.3 billion as compared to $1.2 billion at December 31, 1999.

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, the value of the collateral and current economic conditions that may affect the borrowers' ability to pay. The Company recorded net loan loss provisions of $4.3 million during 2000, exclusive of $14.5 million of additional provisions made during the first six months of 2000, as compared to $5.5 million during 1999.

IMH intends to Utilize its Tax Loss Carry Forwards during 2001

The Company did not declare a common stock dividend during the fourth quarter of 2000 and plans to utilize its tax loss carry forwards during 2001. In addressing the Company's dividend policy for 2001, Mr. Tomkinson stated, "The Board of Directors, the management team and I feel that it is prudent and logical for the Company to take advantage of its tax loss carry forwards and retain capital to continue the expansion and growth of its operating businesses. We believe that the retention of earnings will allow the Company to increase its assets and book value during 2001. However, the Company will likely need to pay common stock dividends in 2002 as the tax loss carry forward is expected to be completely used." Diluted book value decreased to $6.67 per common share at December 31, 2000 as compared to diluted book value of $8.60 per common share at December 31, 1999. Book value declined during 2000 as the Company wrote-down investment securities available-for-sale of $52.6 million, increased its allowance for loan losses to absorb realized losses of $17.8 million, primarily from 125 loans, and declared preferred and common stock dividends of $10.9 million. At December 31, 2000, the Company had 26,765,888 of common shares and convertible preferred shares outstanding as compared to 27,756,838 at December 31, 1999.

IMPAC MORTGAGE HOLDINGS, INC. - Results of Operations Fourth Quarter of 2000 as compared to Third Quarter of 2000

Results of Operations. Net earnings for the fourth quarter of 2000 increased 12% to $3.7 million, or $0.14 per diluted common share, as compared to earnings of $3.3 million, or $0.12 per diluted common share, for the third quarter of 2000. The increase in earnings during the fourth quarter of 2000 was primarily due to an increase in average Mortgage Assets and improved net interest margins on Mortgage Assets (refer to "Net Interest Income").

Net Interest Income. Net interest income increased 9% to $5.9 million during the fourth quarter of 2000 as compared to $5.4 million during the third quarter of 2000 primarily due to an increase in average Mortgage Assets and improved net interest margins on Mortgage Assets. Average Mortgage Assets increased 6% to $1.9 billion during the fourth quarter of 2000 as compared to $1.8 billion during the third quarter of 2000 primarily due to an increase in average CMO collateral as IMH acquired mortgage loans for long-term investment from IFC during 2000. Net interest margins on Mortgage Assets improved slightly during the fourth quarter of 2000 to 1.23% as compared to 1.20% during the third quarter of 2000 while net interest spread increased to 0.69% from 0.62%, respectively. Net interest margins and interest rate spreads on Mortgage Assets improved during the fourth quarter of 2000 as coupons on variable-rate mortgage loans, primarily CMO collateral, rose as periodic re-pricing adjustments allowed. Although the decrease in short-term interest rates during January of 2001 had no effect on earnings during the fourth quarter of 2000, earnings should improve throughout 2001 as net interest margins on Mortgage Assets, primarily CMO collateral and loans held-for- investment, improve.

Non-Interest Income (Loss). Non-interest income (loss) includes equity in net earnings (loss) of IFC and other non-interest income, primarily including loan servicing fees and fees associated with the Company's Warehouse Lending Operations. The Company is entitled to 99% of the earnings or losses of IFC as it owns 99% of the economic interest in IFC. Non-interest income increased 47% to $1.3 million during the fourth quarter of 2000 as compared to $886,000 during the third quarter of 2000 primarily due to a $1.4 million increase in other non-interest income. The increase in other non-interest income during the fourth quarter of 2000 was primarily due to litigation settlement. The increase in other non-interest income was partially offset by a $968,000 decrease in equity in net earnings (loss) of IFC, which decreased to $(825,000) during the fourth quarter of 2000 as compared to $143,000 during the third quarter of 2000. Net earnings at IFC decreased during the fourth quarter of 2000 primarily due a $1.6 million accrued tax liability arising from a tax dispute between IFC and Imperial Credit Industries, Inc. ("ICII"). Refer to "Impac Funding Corporation - Results of Operations" for additional detail regarding the financial results of IFC.

Non-Interest Expense. Non-interest expense increased 41% to $2.4 million during the fourth quarter of 2000 as compared to $1.7 million during the third quarter of 2000. The increase was primarily the result of a one-time $787,000 write-off of securitization costs related to the inclusion of approximately $115.0 million of previous CMO collateral that was deposited into a CMO during the fourth quarter of 2000.

Fourth Quarter and YTD of 2000 as compared to Fourth Quarter and YTD of 1999

Quarterly Results of Operations. Net earnings decreased 5% to $3.7 million, or $0.14 per diluted common share, for the fourth quarter of 2000 as compared to net earnings of $3.9 million, or $0.14 per diluted common share, for the fourth quarter of 1999. Although earnings decreased slightly during the fourth quarter of 2000, earnings per share remained the same as the Company repurchased 991,000 common shares at an average price of $2.31 per share during the fourth quarter of 2000. Fourth quarter of 2000 net earnings were negatively affected by a 20% decrease in net interest income to $5.9 million as compared to $7.4 million during the fourth quarter of 1999 as increases in short-term interest rates during 2000 adversely affected net interest margins on Mortgage Assets. Net earnings during the fourth quarter of 2000 were also negatively affected by a 50% increase in non-interest expense to $2.4 million as compared to $1.6 million during the fourth quarter of 1999 primarily due to the aforementioned $787,000 write-off of securitization costs related to previous CMO collateral deposited into a CMO during the fourth quarter of 2000. The decrease in net earnings during the fourth quarter of 2000 from a decrease in net interest income and an increase in non-interest expense were partially offset by an increase of $1.9 million in non-interest income primarily due to litigation settlement. Equity in net earnings (loss) at IFC improved to a loss of $(825,000) during the fourth quarter of 2000 as compared to a loss of $(1.2) million during the fourth quarter of 1999 as gain on sale of loans rose to $6.6 million as compared to $4.3 million, respectively. The increase in gain on sale of loans was the result of IFC completing two REMIC securitizations for $400.0 million during the fourth quarter of 2000 as compared to one REMIC securitization for $226.9 million during the fourth quarter of 1999. Refer to "Impac Funding Corporation -- Results of Operations" for additional detail regarding the financial results of IFC.

Year-to-Date Results of Operations. The Company recorded a net loss of $(54.2) million, or $(2.70) per diluted common share, during the year ended December 31, 2000 as compared to earnings of $22.3 million, or $0.76 per diluted common share, during the same period of 1999. The loss recorded by the Company during 2000 was primarily the result of $68.9 million in write-downs and charge-offs taken in the long-term investment portfolio and additional increases in allowance for loan losses (collectively, "accounting charges"). During 2000, net operating earnings, exclusive of accounting charges, was $14.7 million, or $0.54 per diluted common share, as compared to earnings of $22.3 million, or $0.76 per diluted common share, during the same period of 1999. The decrease in net operating earnings was primarily the result of a 23% decrease in net interest income to $23.0 million during 2000 as compared to $29.7 million during 1999. The decrease in net interest income during 2000 was the result of rising short-term interest rates, which adversely affected net interest margins on Mortgage Assets. Although the decrease in short-term interest rates during January of 2001 had no effect on 2000 earnings, earnings throughout 2001 should improve as net interest margins on Mortgage Assets, primarily CMO collateral and loans held-for-investment, improve.

IMPAC FUNDING CORPORATION- Results of Operations
Fourth Quarter of 2000 as compared to Third Quarter of 2000

Results of Operations. Net earnings (loss) decreased to a loss of $(831,000) during the fourth quarter of 2000 as compared to net earnings of $144,000 during the third quarter of 2000. Net earnings (loss) decreased during the fourth quarter of 2000 primarily due to a $1.6 million accrued tax liability. Excluding the $1.6 million accrued tax liability, net earnings during the fourth quarter of 2000 would have been $769,000 as compared to net earnings of $144,000 during the third quarter of 2000.

Net Interest Income (Expense). Net interest income (expense) decreased to $(461,000) during the fourth quarter of 2000 as compared to $(325,000) during the third quarter of 2000 primarily due to a decrease in yield on loans held-for-sale to 9.46% from 9.63%, respectively. Although the decrease in short-term interest rates during January of 2001 had no effect on earnings during the fourth quarter of 2000, earnings should improve throughout 2001 as net interest margins on loans held-for-sale improves.

Non-Interest Income. Non-interest income increased to $8.5 million during the fourth quarter of 2000 as compared to $6.3 million during the third quarter of 2000 as gain on sale of loans increased to $6.6 million from $3.8 million, respectively. Refer to "Loan Sales and Securitizations" below for additional information on gain on sale of loans.

Non-Interest Expense. Non-interest expense increased to $7.5 million during the fourth quarter of 2000 as compared to $5.7 million during the third quarter of 2000. Non-interest expense increased primarily as a result of $675,000 of accrued interest related to tax liability and an increase in loan production and sales during the fourth quarter of 2000, which resulted in an increase in staffing and operating expenses. Additionally, provision for repurchases increased to $295,000 during the fourth quarter of 2000 as compared to $5,000 during the third quarter of 2000 as a result of increased loan sales during the fourth quarter of 2000.

Provision for Income Taxes. Income tax provision increased to $1.4 million during the fourth quarter of 2000 as compared to $105,000 during the third quarter of 2000 primarily as a result of an $894,000 accrued tax liability, plus accrued interest of $675,000 reflected in general and administrative and other expense, resulting from an examination of ICII by the California Franchise Tax Board for the tax years ending December 31, 1995 and 1996. The Company and ICII were parties to a tax agreement, which is in dispute and is being resolved through a judicial reference. While the Company has recorded the additional tax liability of $1.6 million, including interest penalties, the Company believes that it will be successful in its dispute.

Loan Sales and Securitizations. Total loan sales to third party investors and securitizations increased to $415.7 million during the fourth quarter of 2000 resulting in a gain on sale of loans of $6.6 million as compared to $361.7 million and $3.8 million, respectively, during the third quarter of 2000. Loan sales to third party investors and gain on sale of loans during the fourth quarter of 2000 included two REMIC securitizations totaling $400.0 million, which were sold on a servicing released basis. In addition to higher unpaid principal balance of REMIC securitizations during the fourth quarter of 2000, profitability on securitizations improved significantly during the fourth quarter of 2000 as compared to the third quarter of 2000. During 2001, IFC anticipates that it will continue to sell related loan servicing from REMIC securitizations under a flow agreement. By securitizing loans more frequently, IFC expects that less capital will be required, higher liquidity levels will be maintained and less interest rate and price volatility will occur as the mortgage loan accumulation period will be reduced. The Company did not retain any interests in REMIC securitizations during 2000.

Master Servicing Portfolio. As part of the Company's securitization strategy, IFC sold, and will continue to sell, mortgage servicing rights. Management believes that cash raised from the sale of mortgage servicing rights can be re-employed in IFC's business operations and generate a higher return than the earnings contribution from loan servicing income. IFC has and will continue to retain master servicing rights, which generally earns an annualized master servicing fee of 0.03% on the principal balance under management, including ancillary income on management of cash. The master servicing portfolio increased 38% to $4.0 billion at December 31, 2000 as compared to $2.9 billion at December 31, 1999. The weighted average coupon of the master servicing portfolio was 9.61% at December 31, 2000 as compared to a weighted average coupon of 9.43% at December 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 4.24% at December 31, 2000 as compared to 4.37% at December 31, 1999.

Fourth Quarter and YTD of 2000 as compared to Fourth Quarter and YTD of 1999

Quarterly Results of Operations. Net earnings (loss) improved to a loss of $(831,000) during the fourth quarter of 2000 as compared to a net loss of $(1.2) million for the fourth quarter of 1999 primarily due to increases in gain on sale of loans and loan servicing income, which was primarily offset by the aforementioned increase in accrued tax liability. Excluding the $1.6 million accrued tax liability, net earnings during the fourth quarter of 2000 would have been $769,000 as compared to a net loss of $(1.2) million for the fourth quarter of 1999. The increase in gain on sale of loans during the fourth quarter of 2000 was primarily the result of more unpaid principal balance of loans sold at greater profitability on those loan sales as compared to loan sales closed during the fourth quarter of 1999. Total loan sales to third party investors and securitizations increased to $415.7 million during the fourth quarter of 2000 resulting in a gain on sale of loans of $6.6 million as compared to $233.9 million and $4.3 million, respectively, during the fourth quarter of 1999. In addition, net earnings during the fourth quarter of 2000 was positively affected by a $1.7 million increase in loan servicing income to $1.4 million as compared to $(231,000) during the fourth quarter of 1999. Loan servicing income during the fourth quarter of 1999 was adversely affected by a one-time charge and increased costs related to other real estate owned and foreclosures.

Year-to-Date Results of Operations. Net earnings (loss) decreased to a loss of $(1.8) million during the year ended December 31, 2000 as compared to net earnings of $4.3 million during the same period of 1999. The decrease in net earnings was primarily due to a decrease of $7.4 million in gain on sale of loans, a decrease of $1.7 million in net interest income (loss) and an accrued tax liability of $1.6 million. Although total loan sales to third party investors and securitizations increased to $1.4 billion during 2000 resulting in a gain on sale of loans of $19.7 million as compared to $1.2 billion and $27.1 million, respectively, during 1999, gain on sale of loans decreased during 2000 as a result of reduced profitability of loans sold as compared to loan sales closed during 1999 and a decrease of $5.0 million in amortization of deferred gain from loan sales to IMH. In addition, net earnings during 2000 were negatively affected by a $1.7 million decrease in net interest income (loss) to $(1.4) million as compared to $272,000 during 1999. Net interest income decreased during 2000 due to increases in short- term interest rates and inversion of the yield curve, which occurred during 2000. Inversion of the yield curve, which is caused by higher short-term rates than long-term rates, negatively affected net interest income as short-term borrowing rates increased at a higher rate than long-term rates, which are used as an index to establish interest rates on mortgage loans. Although the decrease in short-term interest rates during January of 2001 had no effect on earnings during 2000, earnings should improve throughout 2001 as net interest margins on loans held-for-sale improves.

Additional financial information for the year ending December 31, 2000 will be available simultaneously with the publication of this press release by viewing the Company's Monthly Fact Sheet on the Company's web site at www.impaccompanies.com. For additional information, questions or comments call or write to the Company's Investor Relations group and speak with Tania Jernigan at (949) 475-3600 or email Tania at tjernigan@impaccompanies.com. The Company has announced a conference call and live web cast on Monday, February 5, 2000 at 9:30 a.m. Pacific Standard Time (12:30 p.m. Eastern Standard Time). Mr. Joseph R. Tomkinson, Chairman and CEO of Impac Mortgage Holdings, Inc., will discuss the results of the Company's fourth quarter results of operations and to provide a general update of the Company followed by a question and answer session. The conference call will be limited for discussion to certain buyside and sellside analysts and will be open for listen only to all interested parties. If you would like to participate you may access the web cast via our web site at http://www.impaccompanies.com/Impac Mortgage Holdings, Inc./Audio Archives or by using the dial in number, (800) 344-0705. To participate in the call, dial in fifteen minutes prior to the scheduled start time. The conference call will be archived on Impac Mortgage Holdings, Inc.'s web site at www.impaccompanies.com, by linking to Impac Mortgage Holdings, Inc./Audio Archives. You can subscribe to receive instant notification of Impac Mortgage Holdings, Inc.'s conference, news and monthly unaudited fact sheet by using our email alert feature located at the Company's web site at www.impaccompanies.com under Impac Mortgage Holdings, Inc./Investor Relations/Email Alerts.

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.

IMPAC MORTGAGE HOLDINGS, INC.
(in thousands, except per share amounts)
(unaudited)

Balance Sheets:	December 31, 2000	September 30, 2000	December 31, 1999
Cash and cash equivalents	$17,944	$18,769	$20,152
Investment securities available-for-sale	36,921	39,822	93,206
Loan receivables:			
CMO collateral	1,372,996	1,094,083	949,677
Finance receivables	405,438	366,823	197,119
Mortgage loans held-for-investment	16,720	242,622	363,435
Allowance for loan losses	(5,090)	(8,855)	(4,029)
Net Loan Receivables	1,790,064	1,694,673	1,506,202
Investment in Impac Funding Corporation	15,762	16,601	17,372
REO properties	4,669	4,789	8,820
Due from affiliates	14,500	14,500	14,500
Other assets	18,978	18,437	15,178
Total Assets	$1,898,838	$1,807,591	$1,675,430
CMO borrowings	$1,291,284	$998,739	$850,817
Reverse repurchase agreements	398,653	594,296	539,687
Borrowings secured by investment securities available-for-sale	21,124	23,516	31,333
11% senior subordinated debt	6,979	6,909	6,691
Due to affiliates	--	--	2,945
Other liabilities	2,358	4,410	5,113
Stockholders' equity	178,440	179,721	238,844
Total Liabilities and Stockholders' Equity	$1,898,838	$1,807,591	$1,675,430

Statements of Operations:	For the Three Months Ended, December 31, 2000	1999	September 30, 2000	For the Twelve Months Ended, December 31, 2000	1999
Interest income	$40,437	$31,399	$37,972	$147,079	$119,458
Interest expense	34,583	24,021	32,595	124,096	89,795
Net interest income	5,854	7,378	5,377	22,983	29,663
Provision for loan losses	1,104	1,191	1,248	18,839	5,547
Net interest income after provision for loan losses	4,750	6,187	4,129	4,144	24,116
Equity in net earnings (loss) of Impac Funding Corporation	(825)	(1,224)	143	(1,762)	4,292
Other non-interest income	2,138	612	743	4,275	2,610
Total non-interest income (loss)	1,313	(612)	886	2,513	6,902

Write-down on investment securities available-for-sale	--	--	171	53,576	2,037
Professional services	907	664	611	2,604	2,678
Loss on disposition of real estate owned	137	492	369	1,814	2,159
General and administrative and other expense	1,159	351	388	2,230	1,343
Personnel expense	183	131	177	666	484
Total non-interest expense	2,386	1,638	1,716	60,890	8,701
Net earnings (loss)	3,677	3,937	3,299	(54,233)	22,317
Less: Cash dividends on cumulative convertible preferred stock	(788)	(826)	(788)	(3,150)	(3,290)
Net earnings (loss) available to common stockholders	$2,889	$3,111	$2,511	$(57,383)	$19,027
Earnings (loss) per share:					
Basic	$0.14	$0.14	$0.12	$(2.70)	$0.83
Diluted	$0.14	$0.14	$0.12	$(2.70)	$0.76
Dividends declared per common share	$--	$0.13	$0.12	$0.36	$0.48
Weighted average shares outstanding:					
Basic	20,877	21,615	21,401	21,270	22,824
Diluted	27,233	27,971	27,757	21,270	29,196
Common shares outstanding	20,410	21,401	21,401	20,410	21,401

IMPAC FUNDING CORPORATION
(in thousands)
(unaudited)

Balance Sheets:	December 31, 2000	September 30, 2000	December 31, 1999
Cash	$8,281	$6,460	$8,805
Securities available-for-sale	266	293	1,887
Mortgage loans held-for-sale	275,570	220,992	68,084
Mortgage servicing rights	10,938	15,684	15,621
Due from affiliates	--	--	4,307
Premises and equipment, net	5,037	4,574	3,575
Other assets	17,071	12,554	13,967
Total Assets	$317,163	$260,557	$116,246
Warehouse facilities	$266,994	$213,227	$66,306
Due to affiliates	14,500	14,500	14,500
Deferred revenue	5,026	5,368	7,635
Other liabilities	14,722	10,693	10,257
Shareholders' equity	15,921	16,769	17,548
Total Liabilities and Shareholders' Equity	$317,163	$260,557	$116,246

	For the Three Months Ended,		For the Twelve Months Ended,
	December 31,	September 30,	December 31,

	2000	1999	2000	2000	1999
Interest income	$8,533	$7,238	$8,063	$28,649	$21,225
Interest expense	8,994	7,809	8,388	30,056	20,953
Net interest income (expense)	(461)	(571)	(325)	(1,407)	272
Gain on sale of loans	6,564	4,311	3,793	19,727	27,098
Loan servicing income	1,428	(231)	2,310	6,286	5,221
Other non-interest income	509	124	188	1,105	979
Total non-interest income	8,501	4,204	6,291	27,118	33,298
Personnel expense	2,815	1,900	2,370	9,766	7,299
General and administrative and other expense	2,912	2,485	2,048	9,868	7,666
Amortization of mortgage servicing rights	1,428	1,396	1,294	5,179	5,331
Provision for repurchases	295	18	5	371	385
Write-down on securities available-for-sale	--	28	--	1,537	4,252
Impairment of mortgage servicing rights	--	--	--	--	1,078
Total non-interest expense	7,450	5,827	5,717	26,721	26,011
Earnings (loss) before income taxes	590	(2,194)	249	(1,010)	7,559
Income taxes	1,421	(954)	105	770	3,227
Net earnings (loss)	$(831)	$(1,240)	$144	$(1,780)	$4,332

SOURCE Impac Mortgage Holdings, Inc.

CONTACT: Investor Relations, Tania Jernigan of Impac Mortgage Holdings, Inc., 949-475-3600, jernigan@impaccompanies.com