Impac Mortgage Holdings, Inc. Reports a 33% Increase in Net Earnings Per Share of $0.44 During the Second Quarter of 2002 as Compared To the Same Quarter of 2001

July 22, 2002

NEWPORT BEACH, Calif., Jul 22, 2002 /PRNewswire-FirstCall via COMTEX/ -- Impac Mortgage Holdings, Inc. (Amex: IMH) ("IMH" or the "Company"), a real estate investment trust ("REIT"), reports second quarter net earnings of $17.7 million, or $0.44 per diluted share, as compared to net earnings of $8.8 million, or $0.33 per diluted share, for the second quarter of 2001. Net earnings rose as net interest income increased $7.0 million due to an increase in average mortgage assets while equity in net earnings of Impac Funding Corporation ("IFC"), the Company's taxable REIT subsidiary, increased $1.9 million. Weighted average diluted shares outstanding increased to 40,237,000 during the second quarter as compared to 27,017,000 during the second quarter of 2001. The board of directors previously declared a cash dividend of $0.43 per share during the second quarter, which was paid on July 12, 2002 to stockholders of record on July 3, 2002.

Net earnings during the first six months of 2002 were $33.4 million, or $0.87 per diluted share, as compared to net earnings of $9.9 million, or $0.37 per diluted share, during the first six months of 2001. Net earnings rose as net interest income increased $13.8 million due to an increase in average mortgage assets and equity in net earnings of IFC increased $5.2 million.

Joseph R. Tomkinson, Chairman and Chief Executive Officer of Impac Mortgage Holdings, Inc., commented, "Earnings and asset growth generated by our core operating businesses during the second quarter underscores our success as an acquirer, originator, securitizer and investor in the rapidly growing non-conforming Alt-A mortgage market. As nationwide mortgage originations declined during the first half of this year from 2001 levels, loan production by our mortgage operations continued to set new records. We believe that the non-conforming Alt-A mortgage market is expanding because this market niche provides mortgage borrowers with valuable financing alternatives to Fannie Mae, Freddie Mac and sub-prime lenders. Moreover, interest rates on non-conforming Alt-A mortgages are comparable to interest rates on conforming mortgages. We expect mortgage rates to remain relatively low for the remainder of the year as the economy slowly recovers." The Company primarily invests in non-conforming Alt-A mortgages that are acquired and originated by IFC. Alt-A mortgage loans consist primarily of mortgage loans that are first lien mortgage loans made to borrowers whose credit is generally within typical Fannie Mae or Freddie Mac guidelines but have loan characteristics that make them non-conforming under their guidelines.

Second Quarter Highlights

- Generated estimated taxable earnings of $18.5 million, or $0.46 per diluted share
- Declared a regular cash dividend of $0.43 per share, an 8% increase over the regular dividend of $0.40 per share declared during the first quarter of 2002
- Total assets increased 48% to $4.3 billion from $2.9 billion as of December 31, 2001
- Acquired $1.1 billion of non-conforming Alt-A mortgage loans for long-term investment
- Issued $1.2 billion of collateralized mortgage obligations ("CMOs")
- Raised net cash proceeds of $5.6 million at an average net price of $11.21 from the issuance of new common shares through the Company's sales agency agreement
- Allowance for loan losses increased to $16.9 million, or 42 basis points of total loans receivable, as compared to $11.7 million, or 43 basis points of total loans receivable, as of December 31, 2001
- Constant prepayment rate ("CPR") on the long-term mortgage loan investment portfolio was 26% CPR for the first and second quarters of 2002 as compared to 41% CPR during the second quarter of 2001
- Average finance receivables to non-affiliates increased to $249.4 million, or 4% over first quarter of 2002
- Total loan acquisitions and originations increased to $1.4 billion, or 17% over first quarter of 2002, with adjustable rate mortgages ("ARMs") accounting for 69% of the total

Estimated taxable earnings for the second quarter of 2002 was $18.5 million, or $0.46 per diluted share, as compared to $17.0 million, or $0.47 per diluted share, during the first quarter of 2002. The decrease in estimated taxable earnings per share was primarily the result of an increase in weighted average diluted shares to 40,237,000 during the second quarter as compared to 36,399,000 during the first quarter of 2002. Refer to the accompanying financial statements for the calculation of estimated taxable earnings and a reconciliation of estimated taxable earnings to net earnings.

Mr. Tomkinson said, "Operating results during the second quarter support previous disclosures that we expect to meet profitability, dividend and asset growth targets for 2002. We are on track to meet our 2002 earnings target of $1.55 to $1.65 per share with minimum expected dividend distributions of $1.60 per diluted share for the year. Total assets were $4.3 billion at quarter-end, which exceeded our previous estimates of $4.0 billion, and we are on target to exceed $5.0 billion in total assets by year-end."

Mr. Tomkinson further commented, "We continue to maintain an allowance for loan losses relative to total loans receivable at the same ratio as last year-end when total assets were $2.9 billion. We believe that maintaining sufficient levels of loan loss allowances combined with acquiring mortgages with favorable credit profiles will help to mitigate our credit risk. As of quarter-end, mortgage loans in the long-term investment portfolio were acquired with an original weighted average credit score of 676, which is well above the minimum credit score of 620 for mortgages purchased by Fannie Mae and Freddie Mac."

"In regard to interest rate risk, 43% of our long-term investment portfolio consists of six-month LIBOR indexed ARMs while 50% is comprised of six-month LIBOR indexed hybrids that have initial fixed interest rate periods of two to five years. We believe that the substantial amount of six-month LIBOR indexed ARMs in our long-term investment portfolio combined with the acquisition of interest rate hedging instruments will help to mitigate the possible adverse effect of future interest rate increases. In addition to primarily acquiring six-month LIBOR indexed ARMs, 66% of mortgages acquired from the mortgage operations over the last year and 65% of the long-term investment portfolio at quarter-end had active prepayment penalty features. Mortgage loans with prepayment penalties help to create consistent and reliable cash flows as mortgage assets remain on our balance sheet longer and the corresponding amortization period of mortgage acquisition and securitization costs are lengthened."

During the second quarter, the Company financed the acquisition of mortgage loans with $1.2 billion of CMOs and raised $5.6 million from the sale of 489,300 shares of common stock at an average net price of $11.21 under the Company's sales agency agreement. The sales agency agreement allows the Company to raise capital at market prices, as needed, which means that the Company can utilize newly raised capital more effectively and efficiently with less initial dilution to existing stockholders. In addition, rating agencies require the Company to invest less capital upon securitization of its mortgage loans which means that the Company can maintain sufficient levels of liquidity with no margin call risk on the mortgage loans collateralizing CMOs.

As of June 30, 2002, book value per outstanding common share decreased to $6.44 as compared to $6.85 per outstanding common share as of March 31, 2002. Book value decreased during the second quarter as stockholder's equity declined due to a $19.9 million increase in other comprehensive loss as a result of fair market adjustments on derivative instruments, in accordance with Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." The Company is required to mark-to-market its derivative instruments through other comprehensive income, but is not allowed to mark-to-market its mortgage loan portfolio as mortgage loans are held for long-term investment. Excluding the effects of SFAS 133, book value per outstanding common share as of June 30, 2002 increased to $7.34 as compared to $7.25 per outstanding common share as of March 31, 2002.

Mr. Tomkinson commented, "I believe that it is important to understand that book value as expressed in our financial statements is based on historical cost, with the exception of hedging instruments, and does not reflect the true market value of our mortgage assets and our operating businesses. Our operating businesses have in the past and I believe in the future will generate significant earnings which should further increase their value."

Second Quarter Results of Operations

Impac Mortgage Holdings, Inc. Net earnings increased over first quarter of 2002 results as net interest income and equity in net earnings of IFC rose. Net interest income increased to $17.6 million during the second quarter as total average mortgage assets increased to $3.8 billion as compared to net interest income of $15.6 million and total average mortgage assets of $3.0 billion during the first quarter of 2002. Average mortgage assets increased during the second quarter as $1.1 billion of mortgage loans were acquired for long-term investment. Net interest margins on mortgage assets were 1.80% for the second quarter as compared to net interest margins of 2.02% for the first quarter of 2002. Net interest margins declined during the second quarter as the Company primarily acquired six-month LIBOR indexed ARMs with initial interest rates that are typically lower than initial interest rates on six-month LIBOR indexed hybrids. However, six-month LIBOR indexed ARMs generally have longer expected duration than six-month LIBOR indexed hybrids. Net interest margins also declined during the second quarter as leverage increased. As of quarter-end, total assets to total equity ("leverage ratio") was 16.64 to 1 as compared to 12.40 to 1 as of March 31, 2002. Provision for loan losses during the second quarter were $4.2 million as compared to $3.7 million during the first quarter of 2002 as loan acquisitions and advances on warehouse lines, or finance receivables, increased. Equity in net earnings of IFC increased to $5.5 million during the second quarter as compared to $4.6 million during the first quarter of 2002. The increase in net earnings at IFC was primarily the result of an increase in gain on sale of loans.

Impac Funding Corporation. During the second quarter, gain on sale of loans increased to $19.6 million on loan sales of $1.5 billion as compared to gain on sale of loans of $16.2 million on loan sales of $969.4 million during the first quarter of 2002. Total non-interest expense increased to $12.0 million during the second quarter as compared to $11.1 million during the first quarter of 2002. Excluding mark-to-market gain on derivative instruments, total non-interest expense increased to $12.0 million during the second quarter as compared to $11.6 million during the first quarter of 2002. The increase in total non-interest expense was primarily due to an increase in personnel expense as staff was added to meet greater loan acquisition and origination volumes. Although absolute non-interest expense increased during the second quarter, fully loaded expense to acquire and originate an Alt-A mortgage loan declined to 76 basis points during the second quarter as compared to 78 basis points during the first quarter of 2002.

Long-Term Investment Operations Acquired $1.1 billion of Non-Conforming Alt-A

Mortgages and Closed $1.2 billion of CMOs during the Second Quarter

Commenting on the long-term investment operations, Mr. Tomkinson said, "Through the first six months of this year, the long-term investment operations completed three CMOs totaling $1.7 billion as compared to four CMOs totaling $1.5 billion for all of 2001. By frequently financing the acquisition of mortgage loans with CMOs, we significantly reduce our exposure to liquidity risk by converting the financing of loans from reverse repurchase agreements, which are subject to margin calls, to long-term debt financing, which are not subject to margin calls. Currently, the average amount of time between when the mortgage operations acquires or originates a mortgage loan and when the mortgage loan is securitized is 30 to 45 days."

CMOs for $745.5 million and $496.3 million were completed during the second quarter. The $745.5 million CMO included $704.25 million of AAA rated bonds and $41.25 million of BBB rated bonds that were priced on a weighted average basis of one-month LIBOR plus 42 basis points. The $496.3 million CMO included $472.5 million of AAA rated bonds and $23.8 million of BBB rated bonds that were priced on a weighted average basis of one-month LIBOR plus 37 basis points.

The long-term investment operations acquired $1.1 billion of primarily adjustable-rate non-conforming Alt-A mortgages from the mortgage operations during the second quarter as compared to $491.8 million acquired during the first quarter of 2002. Total acquisitions during the second quarter had a weighted average credit score of 687 and a weighted average coupon of 6.57%. Of total acquisitions during the second quarter, 72% were non-conforming Alt-A mortgage loans that are six-month LIBOR indexed ARMs and 76% had prepayment penalty features. The Company generally considers prime mortgage loans, or "A" credit quality loans, to have a credit score of 640 or better. As a comparison, Fannie Mae and Freddie Mac generally purchase loans with credit scores greater than 620.

As of June 30, 2002, 43% of mortgage loans in the long-term investment portfolio were six-month LIBOR indexed ARMs, 50% were six-month LIBOR indexed hybrids with an average interest rate adjustment period of approximately 13 months, and 65% had active prepayment penalties with an average remaining prepayment expiration period of approximately 22 months. As of June 30, 2002, mortgage loans in the long-term investment portfolio were acquired with an original weighted average credit score of 676 and had a current weighted average coupon of 7.13%. As of June 30, 2002, total non- performing assets were $112.1 million, or 2.62% of total assets, as compared to $69.5 million, or 2.43% of total assets, as of December 31, 2001. Mortgage loans that were 60 or more days delinquent, including foreclosures and delinquent bankruptcies, were 3.10% of the long-term mortgage investment portfolio as of June 30, 2002 as compared to 3.84% as of December 31, 2001.

Allowance for loan losses increased 44% to $16.9 million as of June 30, 2002 as compared to $11.7 million as of December 31, 2001. Allowance for loan losses expressed as a percentage of loans receivable, which includes CMO collateral, mortgage loans held-for-investment and finance receivables, was 0.42% as of June 30, 2002 as compared to 0.43% as of December 31, 2001. During the second quarter, provision for loan losses was $4.2 million while actual loan charge-offs, net of recoveries, were $2.1 million as compared to $3.7 million and $635,000, respectively, during the first quarter of 2002. The Company makes a monthly provision for estimated loan losses on its long-term investment portfolio as an increase to allowance for loan losses. The provision for estimated loan losses is primarily based on a migration analysis based on historical loss statistics, including cumulative loss percentages and loss severity, of similar loans in the Company's long-term investment portfolio. The loss percentage is used to determine the estimated inherent losses in the investment portfolio. Provision for loan losses is also based on 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.

Impac Warehouse Lending Group, a qualified REIT subsidiary of the Company, Maintained Strong Warehouse Lending Activity during the Second Quarter of 2002

During the second quarter, the warehouse lending operations had total average outstanding finance receivables of $766.5 million as compared to $625.4 million during the first quarter of 2002. The increase primarily reflects an increase in loan production volume by the mortgage operations as average outstanding finance receivables increased to $517.2 million during the second quarter as compared to $385.8 million during the first quarter of 2002. Average outstanding finance receivable to non-affiliates during the second quarter was $249.4 million as compared to $239.6 million during the first quarter of 2002. On June 30, 2002, the warehouse lending operations had 59 approved warehouse lines available to non-affiliated customers totaling $498.0 million as compared to 57 and $447.0 million as of December 31, 2001, respectively.

During the second quarter, the warehouse lending operations contributed net earnings of $3.8 million, or $0.10 per diluted common share as compared to $3.1 million, or $0.09 per diluted common share, during the first quarter of 2002. Net earnings for the second quarter represented a 33% return on average equity of $46.3 million as compared to a 27% return on average equity during the first quarter of 2002.

Operating Results of the Mortgage Operations Reflects Increased Net Earnings and Loan Production during the Second Quarter of 2002

Commenting on the operating results of the mortgage operations, William S. Ashmore, President and Chief Operating Officer, said, "Net earnings, after excluding a non-recurring $1.7 million gain on sale of IMH stock, increased 50% over prior quarter operating results while total loan production increased 17% over the same periods. During the second quarter, our loan production increased while nationwide originations decreased, we received excellent price execution on our loan sales and our cost per loan acquired declined."

"Interest rates during the second quarter remained low and strong housing demand continued. However, it is highly likely that these factors, which have contributed to such a tremendous mortgage market over the last two to three years, will be unsustainable over the long-term. For this reason, and in conjunction with low rates and the demand for adjustable rate mortgages, we have made a concentrated effort to acquire and originate six-month LIBOR indexed ARMs. By acquiring and originating ARMs that can be sold to our long-term investment operations, our goal is to shift our reliance on generating earnings from gain on sale of loans to net interest earned on our mortgage loan investment portfolio."

"Through the use of competitive pricing, unique mortgage products, superior customer service and technology, such as the long-term development of our second generation automated underwriting system, called IDASLg2, we believe that we can, at a minimum, maintain current loan production levels."

Mr. Ashmore further added, "Our customers frequently communicate with us about ways in which we differentiate ourselves from our competitors. Examples of some of the responses received from our customers come from Marty Pellerin, Office Manager for The Mortgage Warehouse, who wrote, 'congratulations from a small broker who likes dealing with your company. New rate sheets and search engine are the best,' and from Buck Hawkins, Director of Secondary Marketing for Equity 1 Lenders Group, who wrote, 'I have used numerous other conduit pricing tools and would like to say that yours by far is the easiest and most complete to use. I look forward to the next innovation from the Impac Companies,' and, finally, from Linda Bomar from BOMAC Mortgage Holdings, Inc., who wrote, 'we continue to be impressed with IMPAC's use of technology. We can always count on you to be not only an innovator but a practical, efficient and money making partner in this great business of mortgage banking.'"

Total loan acquisitions and originations increased 17% to $1.4 billion during the second quarter as compared to $1.2 billion during the first quarter of 2002. During the second quarter, correspondent loan acquisitions were $1.0 billion, wholesale and retail originations were $256.4 million and Novelle Financial Services originations were $94.6 million as compared to $877.5 million, $235.4 million and $71.2 million, respectively, for the first quarter of 2002.

Mr. Ashmore, commenting on the interest only loan program, said, "We are pleased with the success of our interest only loan program. Since introducing the loan program at the beginning of the second quarter, the mortgage operations acquired and originated approximately $36.0 million of interest-only mortgages. This loan program is benefiting borrowers who are finding that the price of homes nationwide continues to increase and this loan program gives them the ability to keep their monthly mortgage payment down. We continuously look to create new mortgage loan products that will benefit borrowers and keep us at the forefront of the mortgage industry."

For additional information, questions or comments call or write to the Company's investor relations group and ask for Tania Jernigan at (949) 475-3600 or e-mail Ms. Jernigan at tjernigan@impaccompanies.com. The Company has announced a conference call and live web cast on Tuesday, July 23, 2002 at 9:30 a.m. Pacific Time (12:30 p.m. Eastern Time). Mr. Joseph R. Tomkinson will discuss the results of the Company's second quarter operations and provide a general update on 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 listen by dialing (800) 350-9149 or accessing the web cast via our web site at http://www.impaccompanies.com/IMH/IMH_main.asp . 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. conference calls, news and the monthly unaudited fact sheet, which will be available on Friday, July 26, 2002, by using our e-mail 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 and under "Business risk factors" in our Annual Report on Form 10-K and Form 10-K/A. 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:

	June 30, 2002	March 31, 2002	December 31, 2001
Cash and cash equivalents	$41,560	$52,827	$51,887
Investment securities available-for-sale	28,138	28,640	32,989
Loans receivable:			
CMO collateral	3,438,057	2,563,621	2,229,168
Finance receivables	569,311	639,489	466,649
Mortgage loans held-for-investment	10,678	8,882	20,078
Allowance for loan losses	(16,934)	(14,764)	(11,692)
Net Loans Receivable	4,001,112	3,197,228	2,704,203
Accounts receivable	134,593	2,078	3,946
Investment in Impac Funding Corporation	21,909	20,377	19,126
REO properties	9,471	6,989	8,137
Due from affiliates	14,500	14,500	14,500
Other assets	30,631	26,589	19,946
Total Assets	$4,281,914	$3,349,228	$2,854,734
CMO borrowings	$3,474,019	$2,470,726	$2,151,400
Reverse repurchase agreements	516,065	576,094	469,491
Borrowings secured by investment securities available-for-sale	9,756	11,260	12,997
Other liabilities	24,764	21,008	17,481
Stockholders' equity	257,310	270,140	203,365
Total Liabilities and Stockholders' Equity	$4,281,914	$3,349,228	$2,854,734

Statements of Operations:

	For the Three Months Ended, June 30, 2002	2001	For the Six Months Ended, June 30, 2002	2001
Interest income	$49,229	$37,666	$92,297	$77,065
Interest expense	31,675	27,115	59,096	57,622
Net interest income	17,554	10,551	33,201	19,443
Provision for loan losses	4,234	3,905	7,941	7,943
Net interest income after provision for loan losses	13,320	6,646	25,260	11,500
Equity in net earnings of Impac Funding				

Corporation	5,453	3,528	10,062	4,818
Other non-interest income	954	1,261	1,996	2,096
Total non-interest income	6,407	4,789	12,058	6,914
Professional services	1,080	463	1,940	1,082
Personnel expense	391	272	792	576
General and administrative and other expense	489	549	567	925
Gain on disposition of real estate owned	42	(327)	(394)	(965)
Write-down on investment securities available-for-sale	--	108	1,039	107
Mark-to-market loss -- SFAS 133	--	581	--	1,445
Total non-interest expense	2,002	1,646	3,944	3,170
Earnings (loss) before extraordinary item and cumulative effect of change in accounting principle	17,725	9,789	33,374	15,244
Extraordinary item	--	(1,006)	--	(1,006)
Cumulative effect of change in accounting principle	--	--	--	(4,313)
Net earnings	17,725	8,783	33,374	9,925
Less: Cash dividends on 10.5% cumulative convertible preferred stock	--	(787)	--	(1,575)
Net earnings available to common stockholders	$17,725	$7,996	$33,374	$8,350
Earnings per share before taxes and cumulative effect of change in accounting principle:				
Basic	$0.45	$0.44	$0.88	$0.67
Diluted	$0.44	$0.36	$0.87	$0.57
Net earnings per share:				
Basic	$0.45	$0.39	$0.88	$0.41
Diluted	$0.44	$0.33	$0.87	$0.37
Dividends declared per common share	$0.43	$--	$0.83	$--
Weighted average shares outstanding:				
Basic	39,522	20,421	37,752	20,432
Diluted	40,237	27,017	38,363	26,871
Common shares outstanding	39,925	20,461	39,925	20,461

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

Reconciliation of Core Operating Earnings to Net Earnings

	For the Three Months Ended, June 30, 2002	2001	For the Six Months Ended, June 30, 2002	2001
Net earnings	$17,725	$8,783	$33,374	$9,925
Adjustments to net earnings:				
Mark-to-market loss -- SFAS 133	--	581	--	1,445
Write-down on investment securities available-for-sale	--	108	1,039	107
Extraordinary item	--	1,006	--	1,006
Cumulative effect of change in accounting principle	--	--	--	4,313
Core operating earnings	$17,725	$10,478	$34,413	$16,796
Core operating earnings per diluted share	$0.44	$0.39	$0.90	$0.63

Reconciliation of Estimated Taxable Earnings to Net Earnings (1)

	For the Three Months Ended, June 30, 2002	2001	For the Six Months Ended, June 30, 2002	2001
Net earnings	$17,725	$8,783	$33,374	$9,925
Adjustments to net earnings:				
Mark-to-market loss -- SFAS 133	--	581	--	1,445
Write-down on investment securities available-for-sale	--	108	1,039	107
Cumulative effect of change in accounting principle	--	--	--	4,313
Loan loss provision	4,234	3,905	7,941	7,943
Dividends from IFC	3,713	2,475	5,693	4,419
Cash received from previously charged-off assets	473	438	649	827
Tax deduction for actual loan losses	(2,064)	(2,383)	(2,699)	(5,216)
Equity in net earnings of IFC	(5,453)	(3,528)	(10,062)	(4,818)
Tax difference of amortization of derivative				

instruments	(140)	--	(505)	--
Estimated taxable earnings	$18,488	$10,379	$35,430	$18,945
Estimated taxable earnings per diluted share	$0.46	$0.38	$0.92	$0.71

(1) Reflects calculation of estimated taxable earnings generated by the Company during periods shown. Excludes quarterly tax deductions of $2.7 million during 2001 for amortization of the termination of its management agreement in 1997, the deduction for dividends paid and the availability of a deduction attributable to a net operating loss carryforward.

Other Financial Data

For the Three For the Three

For the Three Months Months Ended, Months Ended,

	Ended, 2002	June 30, 2001	March 31, 2002	December 31, 2001
Diluted book value per share	$6.44	$6.70	$6.85	$6.35
Return on average assets	1.84%	1.72%	2.02%	2.24%
Return on average equity	27.00%	19.30%	26.72%	28.84%
Return on average assets (1)	1.84%	2.05%	2.16%	1.40%
Return on average equity (1)	27.00%	23.02%	28.50%	18.08%
Assets to equity ratio	16.64:1	11.17:1	12.40:1	14.05:1
Debt to equity ratio	15.54:1	10.16:1	11.32:1	12.95:1
Allowance for loan losses to total loans receivable	0.42%	0.33%	0.46%	0.43%
Mortgage loan acquisitions (excluding premiums paid)	$1,096,011	$367,727	$491,781	$578,549
Prepayment penalties as a % of mortgages securing CMOs	65%	39%	57%	54%
CPR on mortgages securing CMOs	26%	41%	26%	28%
Total non-performing assets (2)	$112,078	$56,144	$80,403	$69,527
Total non-performing loans to total assets	2.62%	2.58%	2.40%	2.43%
Total mortgages owned 60+ days delinquent (3)	$102,607	$67,046	$94,219	$82,700
60+ day delinquency rate of mortgages				

in the investment portfolio	3.10%	4.38%	3.85%	3.84%
Master servicing portfolio	$6,939,897	$4,790,598	$6,157,279	$5,568,740
Total mortgages 60+ days delinquent in the master servicing portfolio (3)	4.70%	5.02%	5.13%	5.38%

(1) Based on core operating earnings.
(2) Non-performing assets include mortgages in the investment portfolio that are 90+ days delinquent plus other real estate owned.
(3) Includes foreclosures and delinquent bankruptcies.

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

Yield Analysis of Mortgage Assets and Borrowings on Mortgage Assets

	For the Three Months Ended, June 30, 2002		For the Three Months Ended, June 30, 2001	
	Avg Bal	Yield	Avg Bal	Yield
Investment securities available-for-sale	$28,655	9.14%	$32,663	12.15%
CMO collateral	2,865,465	5.27%	1,317,851	7.37%
Mortgage loans held-for-investment	96,062	5.13%	177,195	7.02%
Finance receivables	766,541	4.51%	454,483	7.59%
Total Mortgage Assets	$3,756,723	5.14%	$1,982,192	7.47%
CMO borrowings	2,769,705	3.69%	1,242,049	5.53%
Reverse repurchase agreements	806,209	2.65%	595,421	6.00%
Borrowings secured by investment securities	10,714	17.73%	18,189	14.51%
Total Borrowings on Mortgage Assets	$3,586,628	3.50%	$1,855,659	5.77%
Net Interest Spread on Mortgage Assets		1.64%		1.70%
Net Interest Margin on Mortgage Assets		1.80%		2.07%

	For the Six Months Ended, June 30, 2002		For the Six Months Ended, June 30, 2001	
	Avg Bal	Yield	Avg Bal	Yield
Investment securities available-for-sale	$30,500	7.13%	$34,531	13.43%
CMO collateral	2,604,277	5.54%	1,322,677	7.61%
Mortgage loans held-for-investment	55,745	4.31%	133,730	6.86%
Finance receivables	696,340	4.66%	450,647	8.24%
Total Mortgage Assets	$3,386,862	5.36%	$1,941,585	7.81%
CMO borrowings	2,517,207	3.81%	1,244,621	6.07%

Reverse repurchase agreements	694,329	2.78%	549,945	6.47%
Borrowings secured by investment securities	11,525	17.77%	19,253	13.89%
Total Borrowings on Mortgage Assets	$3,223,061	3.64%	$1,813,819	6.27%
Net Interest Spread on Mortgage Assets		1.72%		1.54%
Net Interest Margin on Mortgage Assets		1.90%		1.95%

Acquisition Summary
(excluding premiums paid)

	For the Three Months Ended, June 30,				For the Six Months Ended, June 30,			
	2002		2001		2002		2001	
	Volume	%	Volume	%	Volume	%	Volume	%
Acquisitions by Type:								
Adjustable rate	$1,095,144	100	$362,048	98	$1,586,925	100	$541,216	99
Fixed rate	867	0	5,679	2	867	0	5,679	1
Total loan acquisitions	$1,096,011		$367,727		$1,587,792		$546,895	
Acquisitions by Product:								
Six-month LIBOR indexed ARM's	$785,040	72	$20,954	6	$1,107,973	70	$24,050	4
Six-month LIBOR indexed hybrids (1)	310,104	28	341,094	93	478,952	30	517,166	95
Fixed first trust deeds	556	0	--		556	0	--	
Fixed second trust deeds	311	0	5,679	2	311	0	5,679	1
Total loan acquisitions	$1,096,011		$367,727		$1,587,792		$546,895	
Acquisitions by Credit Quality:								
Alt-A loans	$1,091,232	100	$365,971	100	$1,581,158	100	$542,738	99
B/C loans	4,779	0	1,756	0	6,634	0	4,157	1
Total loan acquisitions	$1,096,011		$367,727		$1,587,792		$546,895	
Acquisitions by Purpose:								
Purchase	$680,806	62	$233,768	64	$970,825	61	$360,891	66
Refinance	415,205	38	133,959	36	616,967	39	186,004	34
Total loan acquisitions	$1,096,011		$367,727		$1,587,792		$546,895	
Acquisitions by prepayment penalty:								
With prepayment penalty	$835,124	76	$228,653	62	$1,136,649	72	$339,290	62
Without prepayment penalty	260,887	24	139,074	38	451,143	28	207,605	38

Total loan acquisitions	$1,096,011	$367,727	$1,587,792	$546,895

IMPAC FUNDING CORPORATION
(in thousands)
(unaudited)

Balance Sheets:

	June 30, 2002	March 31, 2002	December 31, 2001
Cash	$27,671	$31,149	$28,612
Securities available-for-sale	94	173	3,394
Mortgage loans held-for-sale	241,057	386,373	174,172
Mortgage servicing rights	7,820	7,814	8,468
Premises and equipment, net	4,927	5,002	5,333
Other assets	30,302	20,343	19,823
Total Assets	$311,871	$450,854	$239,802
Warehouse facilities	$238,425	$383,778	$174,136
Due to affiliates	14,500	14,500	14,500
Deferred revenue	3,779	3,858	4,479
Other liabilities	33,037	28,136	27,367
Shareholders' equity	22,130	20,582	19,320
Total Liabilities and Shareholders' Equity	$311,871	$450,854	$239,802

Statements of Operations:

	For the Three Months Ended, June 30,		For the Six Months Ended, June 30,	
	2002	2001	2002	2001
Interest income	$7,926	$5,253	$14,572	$12,745
Interest expense	5,916	4,774	10,891	11,972
Net interest income	2,010	479	3,681	773
Gain on sale of loans	19,574	12,875	35,732	20,523
Loan servicing income (expense)	(391)	769	(748)	1,800
Other non-interest income	346	65	2,080	112
Total non-interest income	19,529	13,709	37,064	22,435
Personnel expense	6,270	3,453	11,843	6,638
General and administrative and other expense	4,368	3,382	8,457	5,655
Amortization and impairment of mortgage servicing rights	993	1,188	2,493	2,445
Provision for repurchases and loan losses	395	8	830	14
Mark-to-market gain - SFAS 133	(8)	--	(456)	(17)
Total non-interest expense	12,018	8,031	23,167	14,735
Earnings before income taxes and cumulative				

effect of change in accounting principle	9,521	6,157	17,578	8,473
Income taxes	4,013	2,608	7,415	3,609
Earnings before cumulative effect of change in accounting principle	5,508	3,549	10,163	4,864
Cumulative effect of change in accounting principle	--	--	--	(17)
Net earnings	5,508	3,549	10,163	4,847
Less: Cash dividends on preferred stock	(3,713)	(2,475)	(5,693)	(4,419)
Net earnings (loss) available to common stockholders	$1,795	$1,074	$4,470	$428

IMPAC FUNDING CORPORATION
(in thousands)
(unaudited)

Production Summary
(excluding premiums paid)

	For the Three Months Ended, June 30,			
	2002		2001	
	Volume	%	Volume	%
Production by Type:				
Fixed rate	$404,007	29	$401,882	53
Second trust deeds	24,191	2	9,843	1
Adjustable rate:				
Six month LIBOR ARM's	624,123		22,279	
Six month LIBOR Hybrids	335,098		330,865	
Total adjustable rate	959,221	69	353,144	46
Total loan production	$1,387,419		$764,869	
Production by Channel:				
Correspondent acquisitions	$1,036,472	75	$593,649	78
Wholesale and retail originations	256,381	18	171,220	22
Novelle Financial Services	94,566	7	--	0
Total loan production	$1,387,419		$764,869	
Production by Credit Quality:				
Alt-A loans	$1,287,377	93	$761,211	100
B/C loans	100,042	7	3,658	0
Total loan production	$1,387,419		$764,869	
Production by Purpose:				
Purchase	$839,140	60	$458,997	60
Refinance	548,279	40	305,872	40
Total loan production	$1,387,419		$764,869	
Production by Prepayment Penalty:				
With prepayment penalty	$1,101,865	79	$509,564	67
Without prepayment penalty	285,554	21	255,305	33
Total loan production	$1,387,419		$764,869	

	For the Six Months Ended, June 30,	
	2002	2001

	Volume	%	Volume	%
Production by Type:				
Fixed rate	$767,040	30	$833,750	61
Second trust deeds	37,686	1	19,796	1
Adjustable rate:				
Six month LIBOR ARM's	1,147,628		25,323	
Six month LIBOR Hybrids	619,450		483,168	
Total adjustable rate	1,767,078	69	508,491	37
Total loan production	$2,571,804		$1,362,037	
Production by Channel:				
Correspondent acquisitions	$1,914,214	74	$1,060,469	78
Wholesale and retail originations	491,798	19	301,568	22
Novelle Financial Services	165,792	6	--	0
Total loan production	$2,571,804		$1,362,037	
Production by Credit Quality:				
Alt-A loans	$2,395,028	93	$1,352,595	99
B/C loans	176,776	7	9,442	1
Total loan production	$2,571,804		$1,362,037	
Production by Purpose:				
Purchase	$1,487,370	58	$841,236	62
Refinance	1,084,434	42	520,801	38
Total loan production	$2,571,804		$1,362,037	
Production by Prepayment Penalty:				
With prepayment penalty	$1,919,212	75	$891,706	65
Without prepayment penalty	652,592	25	470,331	35
Total loan production	$2,571,804		$1,362,037	

SOURCE Impac Mortgage Holdings, Inc.

CONTACT:
Tania Jernigan of Impac Mortgage Holdings, Inc., +1-949-475-3600, tjernigan@impaccompanies.com
URL: http://www.impaccompanies.com