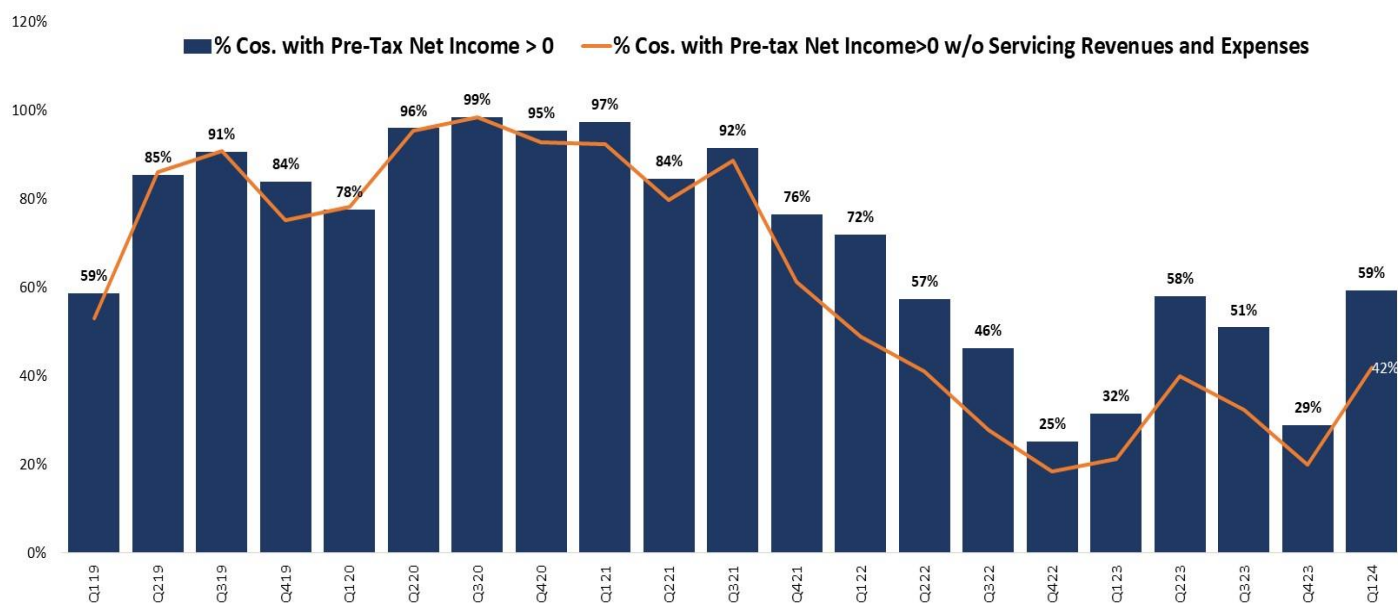


Chart of the Week – May 24, 2024 Percent of IMBs with Positive Pre-Tax Net income



Source: MBA’s Quarterly Mortgage Bankers Performance Report

According to MBA’s [Q1 2024 Quarterly Mortgage Bankers Performance Report](#) released this week, independent mortgage banks (IMBs) and mortgage subsidiaries of chartered banks reported a pre-tax net production loss of 25 basis points (or \$645 per loan). While the first quarter of 2024 marks the eighth consecutive quarter of net production losses, these losses were less severe than the previous two quarters. At the same time, servicing profitability improved, given low prepayment activity and preservation of servicing values.

In this week’s MBA [Chart of the Week](#), we look at the percentage of IMBs who reported positive pre-tax net income, including both production and servicing operations. In the first quarter of 2024, 59 percent of the sample of 338 companies posted positive pre-tax net income. This was an improvement from the 29 percent of companies that posted positive pre-tax net income in the fourth quarter of 2023. If we exclude any ongoing revenues and expenses associated with servicing operations, the percentage of companies reporting pre-tax net financial profits decreases to 42 percent.

The orange line on the chart shows the historical difference between companies earning overall profit including all business lines, and those excluding mortgage servicing operations. Since the third quarter of 2021, the variance has grown. Across most quarters, those companies with servicing net income have a higher likelihood of being profitable overall, compared to those who do not.