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Investors Want Lenders to Make Public More Data, More Often

NEW YORK, June 6 (LendingIntelligence.com) — Investors in publicly traded lending companies are requesting they release more information, more frequently.

Most recently, strong investor demand drove [Countrywide Credit Industries Inc.](#) to release information on the company's interest bearing assets and interest bearing liabilities — data the company has never broken out separately.

“Our business model has us evolving into less mortgage rate sensitive businesses, such as banking, so moving forward, interest income will be more of a factor,” said Jennifer Sandefur, managing director for IR at Countrywide. “There have been several requests for this kind of information, and we expect more, because today it's not as material as it will be in the future.”

The Security and Exchange Commission's adoption of Regulation FD (the Fair Disclosure rule requiring companies to equally share information with analysts and investors, among other provisions) in late 2000, and the Enron debacle, have investors relying more heavily on Investor Relations (IR) professions, according to Louis Thompson, the president of [National Investor Relations Institute](#).

“Enron became the catalyst in creating a real crisis in investor confidence,” said Thompson, whose organization represents 5,000 IR professionals from over 2,400 publicly traded companies. “Many now believe that the game is rigged against the little person.”

In fact, according to Felicia Vonella, the senior vice president of IR at [Ogilvy Public Relations Worldwide](#) (which represents American Home Mortgage Inc., among others) investors today are requesting more than just financials from lenders.

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“They’re looking for non-financial operating metrics that they can use to piece together with the financials to paint a picture,” said Vonella. “They’re looking for things like growth in originations, plans for new branch openings, bricks ‘n’ clicks (online business ventures) — stuff that will help them draw trends.”

In the lending sector, constant requests for additional data not included in quarterly and annual earnings reports — filed with the SEC — is even prompting some lenders to develop new strategies to spread the word. IR officers are prevented from discussing material information (or something important enough that it could affect the company’s stock price) without first publicly disseminating that information, such as by issuing a press release or posting it on their web site.

To meet its rising demand for information, [Impac Mortgage Holdings Inc.](#), a New Port Beach, Calif.-based lender, now issues a monthly fact sheet including detailed information on its businesses.

“So not only do you see a composition of our portfolios, but forward looking information on everything from originations to trends in underwriting, and updates on our quarterly and annual forecasts,” said Tania Jernigan, Impac’s vice president of IR.

Jernigan said this strategy is especially helpful in spreading information in advance of the so-called “Quiet Period,” the weeks leading up to the earnings release when the SEC requires companies to be more stringent with the release of information.

Inevitably, many lenders, such as [AmeriCredit Corp.](#), said that they release so much information, that the majority of IR-related calls they receive aren’t for additional data, but for someone to help interpret the information the company has already put out.

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