



**UNITED PANAM
FINANCIAL CORP.**

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News Release

UNITED PANAM FINANCIAL CORP. ANNOUNCES SECOND QUARTER 2009 RESULTS

Irvine, California – July 22, 2009 - United PanAm Financial Corp. (UPFC) today announced results for its second quarter ended June 30, 2009.

For the quarter ended June 30, 2009, UPFC reported net income of \$941,000, compared to net income of \$4.1 million for the same period a year ago. Interest income decreased to \$34.5 million for the quarter ended June 30, 2009 from \$57.6 million for the same period a year ago. UPFC reported net income of \$0.06 per diluted share for the quarter ended June 30, 2009 compared to net income of \$0.26 per diluted share for the same period a year ago. The reported net income for the quarter ended June 30, 2009 includes an after tax charge of \$1.3 million or \$0.08 per diluted share for restructuring charges associated with branch closures and other non-recurring charges. The reported net income for the quarter ended June 30, 2008 includes an after tax charge of \$1.7 million or \$0.11 per diluted share for restructuring charges associated with branch closures.

For the six months ended June 30, 2009, UPFC reported net loss of \$3.0 million, compared to net income of \$5.3 million for the same period a year ago. Interest income decreased to \$75.3 million for the six months ended June 30, 2009 from \$116.1 million for the same period a year ago. UPFC reported net loss of \$0.19 per diluted share for the six months ended June 30, 2009 compared to net income of \$0.34 per diluted share for the same period a year ago. The reported net loss for the six months ended June 30, 2009 includes an after tax charge of \$5.4 million or \$0.34 per diluted share for restructuring charges associated with branch closures and other non-recurring charges. The reported net income for the six months ended June 30, 2008 includes an after tax charge of \$2.3 million or \$0.15 per diluted share for restructuring charges associated with branch closures.

The decrease in net income for the quarter ended June 30, 2009 compared to the same period a year ago primarily reflects the following:

- Interest income decreased to \$34.5 million from \$57.6 million due primarily to a decrease in average loans outstanding as a result of UPFC's strategy of downsizing its operations and suspending new loan originations from September 2008 to May 2009.
- Interest expense decreased to \$10.8 million from \$11.5 million primarily due to lower average debt outstanding, partially offset by higher market interest rates on the term facility with Santander Consumer USA Inc. and Deutsche Bank. Net interest margin as a percentage of interest income decreased from 80.1% for the quarter ended June 30, 2008 to 68.6% for the quarter ended June 30, 2009.

- Provision for loan losses decreased due to a decrease in loans outstanding and suspension of new loan originations from September 2008 to May 2009, offset by an increase in the annualized charge-off rate to 10.21% for the quarter ended June 30, 2009 from 6.66% for the same period a year ago. The factors that impact the increased charge-off rate are the overall deteriorating economic environment and the adverse effect from a declining receivable balance.
- Non-interest expense decreased 42.4% to \$14.4 million for the quarter ended June 30, 2009 from \$25.0 million for the same period a year ago. The decrease in non-interest expense was due primarily to a decrease in compensation and benefits expense as a result of branch closures, a decrease in restructuring charges associated with fewer branch closures in comparison to the number of branch closures for the same period a year ago, offset by an increase in other non-recurring charges. Other non-recurring charges for the quarter ended June 30, 2009 include the severance paid due to the departure of a former executive, write-off of unamortized financing expenses related to the term facility with Deutsche Bank, which was terminated on May 15, 2009, and fees associated with obtaining amendments from the insurance providers that insure UPFC's outstanding securitizations amending certain key man provisions, certain financial covenant defaults and certain reporting requirements. As a result of entering into these amendments, the transaction documents for each of UPFC's outstanding securitizations no longer impose the requirements that (1) UPFC obtain the approval from the various insurance providers of the appointment of Mr. James Vagim as UPFC's Chief Executive Officer and (2) UPFC maintain a warehouse credit facility.

During the second quarter ended June 30, 2009, UPFC closed an additional two branches bringing the total number of branches to 25 branches in operation as of June 30, 2009. In June 2009, UPFC has resumed new loan originations and expects to increase the volume on new loan originations in the second half of 2009.

United PanAm Financial Corp.

UPFC is a specialty finance company engaged in automobile finance, which includes the purchasing, and servicing of automobile installment sales contracts originated by independent and franchised dealers of used automobiles. UPFC conducts its automobile finance business through its wholly-owned subsidiary, United Auto Credit Corporation.

Forward Looking Statements

Any statements set forth above as well as some oral statements by our officials to securities analysts and shareholders during presentations about us are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, or the Act. Statements which are predictive in nature, which depend upon or refer to future events or conditions, or which include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "hopes," "assumes," "may," "project," "will" and similar expressions constitute forward-looking statements. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions, which may be provided by management are also forward-looking statements as defined in the Act. Forward-looking statements are based upon expectations and projections about future events and are subject to assumptions, risks and uncertainties about, among other things, our company and economic and market factors. Actual events and results may differ materially from those expressed or forecasted in the forward-looking statements due to a number of factors. The principal factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, our dependence on securitizations, our need for substantial liquidity to run our business, loans we made to credit-impaired borrowers, reliance on operational systems and controls and key employees, competitive pressure we face, changes in the interest rate environment, general economic conditions, the effects of accounting changes, inability to manage consolidating operations, and other factors or conditions. Our past performance and past or present economic conditions are not indicative of our future performance or of future economic conditions. Undue reliance should not be placed on forward-looking statements. In addition, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events or changes to projections over time unless required by federal securities law.

United PanAm Financial Corp. and Subsidiaries
Consolidated Statements of Operations

(In thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Interest Income				
Loans	\$ 34,404	\$ 57,090	\$ 75,093	\$ 114,797
Short term investments and restricted cash	49	536	177	1,299
Total interest income	<u>34,453</u>	<u>57,626</u>	<u>75,270</u>	<u>116,096</u>
Interest Expense				
Securitization notes payable	5,116	9,304	11,061	20,192
Term facility and warehouse line of credit - Deutsche Bank	2,207	2,023	7,474	3,548
Term facility - Santander Consumer USA Inc.	3,384	-	3,384	-
Other interest expense	106	146	211	339
Total interest expense	<u>10,813</u>	<u>11,473</u>	<u>22,130</u>	<u>24,079</u>
Net interest income	<u>23,640</u>	<u>46,153</u>	<u>53,140</u>	<u>92,017</u>
Provision for loan losses	8,287	15,080	22,542	32,722
Net interest income after provision for loan losses	<u>15,353</u>	<u>31,073</u>	<u>30,598</u>	<u>59,295</u>
Non-interest Income	589	568	1,214	1,039
Non-interest Expense				
Compensation and benefits	7,570	14,904	17,632	31,819
Occupancy	1,117	2,140	2,586	4,604
Other non-interest expense	3,748	5,217	7,884	11,418
Restructuring charges	1,380	2,751	7,868	3,785
Other non-recurring charges	633	-	633	-
Total non-interest expense	<u>14,448</u>	<u>25,012</u>	<u>36,603</u>	<u>51,626</u>
Income (loss) before income taxes	1,494	6,629	(4,791)	8,708
Income taxes provision (benefit)	553	2,565	(1,773)	3,370
Net income (loss)	<u>\$ 941</u>	<u>\$ 4,064</u>	<u>\$ (3,018)</u>	<u>\$ 5,338</u>
Earnings (loss) per share-basic:				
Net income (loss)	<u>\$ 0.06</u>	<u>\$0.26</u>	<u>\$ (0.19)</u>	<u>\$0.34</u>
Weighted average basic shares outstanding	<u>15,745</u>	<u>15,737</u>	<u>15,747</u>	<u>15,737</u>
Earnings (loss) per share-diluted:				
Net income (loss)	<u>\$ 0.06</u>	<u>\$0.26</u>	<u>\$ (0.19)</u>	<u>\$0.34</u>
Weighted average diluted shares outstanding	<u>15,819</u>	<u>15,763</u>	<u>15,747</u>	<u>15,763</u>

United PanAm Financial Corp. and Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity

	Number of Shares	Common Stock	Retained Earnings	Total Shareholders' Equity
		<i>(Dollars in thousands)</i>		
Balance, December 31, 2008	15,749,699	\$ 50,317	\$ 109,386	\$ 159,703
Net income	—	—	(3,018)	(3,018)
Repurchase of common stock	(96,810)	(294)	—	(294)
Issuance of restricted stock	2,894	—	—	—
Exercise of stock options	6,249	8	—	8
Stock-based compensation expense	—	427	—	427
Balance, June 30, 2009	15,662,032	\$ 50,458	\$ 106,368	\$ 156,826

United PanAm Financial Corp. and Subsidiaries Selected Financial Data

(Dollars in thousands)

	At or For the		At or For the	
	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating Data				
Contracts purchased	\$ 11	\$ 98,508	\$ 11	\$ 228,438
Contracts outstanding	\$ 544,959	\$ 917,491	\$ 544,959	\$ 917,491
Unearned acquisition discounts	\$ (18,602)	\$ (41,416)	\$ (18,602)	\$ (41,416)
Average loan balance	\$ 587,055	\$ 925,891	\$ 637,145	\$ 926,135
Unearned acquisition discounts to gross loans	3.41%	4.51%	3.41%	4.51%
Average percentage rate to borrowers	22.70%	22.71%	22.70%	22.71%
Loan Quality Data				
Allowance for loan losses	\$ (31,019)	\$ (49,290)	\$ (31,019)	\$ (49,290)
Allowance for loan losses to gross loans net of unearned acquisition discounts	5.89%	5.63%	5.89%	5.63%
Delinquencies (% of net contracts)				
31-60 days	2.61%	0.73%	2.61%	0.73%
61-90 days	0.78%	0.25%	0.78%	0.25%
90+ days	0.27%	0.11%	0.27%	0.11%
Total	3.66%	1.09%	3.66%	1.09%
Repossessions over 30 days past due (% of net contracts)	1.40%	0.85%	1.40%	0.85%
Annualized net charge-offs to average loans ⁽¹⁾	10.21%	6.66%	11.00%	6.91%
Other Data				
Number of branches	25	106	25	106
Number of employees	466	947	466	947
Interest income	\$ 34,453	\$ 57,626	\$ 75,270	\$ 116,096
Interest expense	\$ 10,813	\$ 11,473	\$ 22,130	\$ 24,079
Interest margin	\$ 23,640	\$ 46,153	\$ 53,140	\$ 92,017
Net interest margin as a percentage of interest income	68.62%	80.09%	70.60%	79.26%
Net interest margin as a percentage of average loans ⁽¹⁾	16.15%	20.05%	16.82%	19.98%
Non-interest expense to average loans ⁽¹⁾	9.87%	10.86%	11.58%	11.21%
Non-interest expense to average loans ⁽²⁾	8.50%	9.67%	8.89%	10.39%
Return on average assets ⁽¹⁾	0.57%	1.67%	-0.86%	1.10%
Return on average shareholders' equity ⁽¹⁾	2.40%	10.03%	-3.86%	6.65%
Consolidated capital to assets ratio	24.69%	16.98%	24.69%	16.98%

(1) Quarterly information is annualized for comparability with full year information.

(2) Excluding restructuring charges and other non-recurring charges.