



**UNITED PANAM
FINANCIAL CORP.**

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News Release

UNITED PANAM FINANCIAL CORP. ANNOUNCES THIRD QUARTER 2009 RESULTS

Irvine, California – October 20, 2009 - United PanAm Financial Corp. (UPFC) today announced results for its third quarter ended September 30, 2009.

For the quarter ended September 30, 2009, UPFC reported a net loss of \$19.9 million, compared to a net loss of \$6.5 million for the same period a year ago. Interest income decreased to \$29.9 million for the quarter ended September 30, 2009 from \$54.8 million for the same period a year ago. UPFC reported a net loss of \$1.29 per diluted share for the quarter ended September 30, 2009 compared to a net loss of \$0.41 per diluted share for the same period a year ago. The reported net loss for the quarter ended September 30, 2009 includes an after tax charge of \$694,000 or \$0.04 per diluted share for restructuring charges associated with branch closures. The reported net loss for the quarter ended September 30, 2008 includes an after tax charge of \$8.9 million or \$0.56 per diluted share for restructuring charges associated with branch closures and other non-recurring charges.

For the nine months ended September 30, 2009, UPFC reported a net loss of \$23.0 million, compared to a net loss of \$1.1 million for the same period a year ago. Interest income decreased to \$105.2 million for the nine months ended September 30, 2009 from \$170.9 million for the same period a year ago. UPFC reported a net loss of \$1.47 per diluted share for the nine months ended September 30, 2009 compared to a net loss of \$0.07 per diluted share for the same period a year ago. The reported net loss for the nine months ended September 30, 2009 includes an after tax charge of \$6.0 million or \$0.39 per diluted share for restructuring charges associated with branch closures and other non-recurring charges. The reported net loss for the nine months ended September 30, 2008 includes an after tax charge of \$13.2 million or \$0.84 per diluted share for restructuring charges associated with branch closures and other non-recurring charges.

The difficult economic environment is affecting the loan portfolio negatively. Provision for loan losses increased to \$38.5 million from \$18.8 million for the same period a year ago. The loan portfolio continues to experience higher than expected losses over the last six months. The annualized charge-off rate increased to 12.63% for the quarter ended September 30, 2009 from 9.14% for the same period a year ago.

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

- Interest income decreased to \$29.9 million from \$54.8 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 \$9.0 million from \$13.1 million primarily due to lower average debt outstanding, partially offset by higher market interest rates on the term facility with Santander Consumer USA Inc. Net interest margin as a percentage of interest income decreased from 76.0% for the quarter ended September 30, 2008 to 70.0% for the quarter ended September 30, 2009.
- Provision for loan losses increased to \$38.5 million from \$18.8 million for the same period a year ago. The loan portfolio continues to experience higher than expected losses over the last six months. The increased provision reflects expected future losses in the difficult economic environment. The annualized charge-off rate increased to 12.63% for the quarter ended September 30, 2009 from 9.14% for the same period a year ago.
- Non-interest expense decreased to \$14.8 million for the quarter ended September 30, 2009 from \$33.9 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, and a decrease in other non-recurring charges. Other non-recurring charges of \$9.9 million (\$6.3 million after tax) for the quarter ended September 30, 2008 include \$7.3 million fee payable on the exit from the warehouse facility and \$2.6 million associated with professional fees paid on discontinued financing transactions.

During the third quarter ended September 30, 2009, UPFC closed an additional three branches bringing the total number of branches to 22 branches in operation as of September 30, 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 Financial Condition

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
<i>(Dollars in thousands)</i>		
Assets		
Cash	\$ 41,821	\$ 5,773
Short term investments	-	3,701
Cash and cash equivalents	<u>41,821</u>	<u>9,474</u>
Restricted cash	36,030	70,895
Receivable - Santander Consumer USA Inc.	4,354	-
Loans	455,927	710,251
Allowance for loan losses	<u>(53,397)</u>	<u>(43,220)</u>
Loans, net	402,530	667,031
Premises and equipment, net	3,831	5,073
Interest receivable	5,004	8,476
Other assets	39,458	33,819
Total assets	<u><u>\$ 533,028</u></u>	<u><u>\$ 794,768</u></u>
 Liabilities and Shareholders' Equity		
Securitization notes payable	\$ 236,681	\$ 406,087
Term facility - Santander Consumer USA Inc.	140,700	-
Term facility - Deutsche Bank	-	200,218
Junior subordinated debentures	10,310	10,310
Accrued expenses and other liabilities	8,786	18,450
Total liabilities	<u><u>\$ 396,477</u></u>	<u><u>\$ 635,065</u></u>
 Preferred stock (no par value):		
Authorized, 2,000,000 shares; no shares issued and outstanding	-	-
 Common stock (no par value):		
Authorized, 30,000,000 shares; 15,555,324 and 15,749,699 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	50,125	50,317
Retained earnings	86,426	109,386
Total shareholders' equity	<u><u>136,551</u></u>	<u><u>159,703</u></u>
Total liabilities and shareholders' equity	<u><u>\$ 533,028</u></u>	<u><u>\$ 794,768</u></u>

United PanAm Financial Corp. and Subsidiaries Consolidated Statements of Operations

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest Income				
Loans	\$ 29,917	\$ 54,281	\$ 105,010	\$ 169,078
Short term investments and restricted cash	20	482	197	1,781
Total interest income	<u>29,937</u>	<u>54,763</u>	<u>105,207</u>	<u>170,859</u>
Interest Expense				
Securitization notes payable	4,279	7,995	15,340	28,187
Term facility and warehouse line of credit - Deutsche Bank	-	5,004	7,474	8,552
Term facility - Santander Consumer USA Inc.	4,614	-	7,998	-
Other interest expense	91	149	302	488
Total interest expense	<u>8,984</u>	<u>13,148</u>	<u>31,114</u>	<u>37,227</u>
Net interest income	<u>20,953</u>	<u>41,615</u>	<u>74,093</u>	<u>133,632</u>
Provision for loan losses	<u>38,515</u>	<u>18,822</u>	<u>61,057</u>	<u>51,544</u>
Net interest income (expense) after provision for loan losses	<u>(17,562)</u>	<u>22,793</u>	<u>13,036</u>	<u>82,088</u>
Non-interest Income	675	877	1,889	1,916
Non-interest Expense				
Compensation and benefits	8,368	13,032	26,000	44,851
Occupancy	1,350	2,037	3,936	6,641
Other non-interest expense	3,947	4,816	11,831	16,234
Restructuring charges	1,102	4,139	8,970	7,924
Other non-recurring charges	-	9,890	633	9,890
Total non-interest expense	<u>14,767</u>	<u>33,914</u>	<u>51,370</u>	<u>85,540</u>
Loss before income tax benefit	(31,654)	(10,244)	(36,445)	(1,536)
Income tax benefit	<u>(11,712)</u>	<u>(3,765)</u>	<u>(13,485)</u>	<u>(395)</u>
Net loss	<u>\$ (19,942)</u>	<u>\$ (6,479)</u>	<u>\$ (22,960)</u>	<u>\$ (1,141)</u>
Loss per share-basic:				
Net loss	<u>\$ (1.29)</u>	<u>\$ (0.41)</u>	<u>\$ (1.47)</u>	<u>\$ (0.07)</u>
Weighted average basic shares outstanding	<u>15,511</u>	<u>15,737</u>	<u>15,669</u>	<u>15,737</u>
Loss per share-diluted:				
Net loss	<u>\$ (1.29)</u>	<u>\$ (0.41)</u>	<u>\$ (1.47)</u>	<u>\$ (0.07)</u>
Weighted average diluted shares outstanding	<u>15,511</u>	<u>15,789</u>	<u>15,669</u>	<u>15,811</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 loss	-	-	(22,960)	(22,960)
Repurchase of common stock	(335,518)	(976)	-	(976)
Issuance of restricted stock	34,894	-	-	-
Exercise of stock options	106,249	333	-	333
Stock-based compensation expense	-	451	-	451
Balance, September 30, 2009	15,555,324	\$ 50,125	\$86,426	\$ 136,551

United PanAm Financial Corp. and Subsidiaries Selected Financial Data

(Dollars in thousands)

	At or For the		At or For the	
	Three Months Ended		Nine Months Ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Operating Data				
Contracts purchased	\$ 2,353	\$ 38,136	\$ 2,364	\$ 266,574
Contracts outstanding	\$ 470,898	\$ 836,792	\$ 470,898	\$ 836,792
Unearned acquisition discounts	\$ (14,971)	\$ (35,775)	\$ (14,971)	\$ (35,775)
Average loan balance	\$ 507,012	\$ 884,433	\$ 594,310	\$ 910,319
Unearned acquisition discounts to gross loans	3.18%	4.28%	3.18%	4.28%
Average percentage rate to borrowers	22.70%	22.72%	22.70%	22.72%
Loan Quality Data				
Allowance for loan losses	\$ (53,397)	\$ (47,800)	\$ (53,397)	\$ (47,800)
Allowance for loan losses to gross loans net of unearned acquisition discounts	11.71%	5.97%	11.71%	5.97%
Delinquencies (% of net contracts)				
31-60 days	3.39%	1.13%	3.39%	1.13%
61-90 days	0.97%	0.29%	0.97%	0.29%
90+ days	0.50%	0.15%	0.50%	0.15%
Total	4.86%	1.57%	4.86%	1.57%
Repossessions over 30 days past due (% of net contracts)	1.79%	1.08%	1.79%	1.08%
Annualized net charge-offs to average loans ⁽¹⁾	12.63%	9.14%	11.45%	7.65%
Other Data				
Number of branches	22	79	22	79
Number of employees	469	750	469	750
Interest income	\$ 29,937	\$ 54,763	\$ 105,207	\$ 170,859
Interest expense	\$ 8,984	\$ 13,148	\$ 31,114	\$ 37,227
Interest margin	\$ 20,953	\$ 41,615	\$ 74,093	\$ 133,632
Net interest margin as a percentage of interest income	69.99%	75.99%	70.43%	78.21%
Net interest margin as a percentage of average loans ⁽¹⁾	16.40%	18.72%	16.67%	19.61%
Non-interest expense to average loans ⁽¹⁾	11.56%	15.25%	11.56%	12.55%
Non-interest expense to average loans ⁽²⁾	10.69%	8.94%	9.40%	9.94%
Return on average assets ⁽¹⁾	-13.48%	-2.74%	-4.62%	-0.16%
Return on average shareholders' equity ⁽¹⁾	-52.41%	-15.59%	-19.78%	-0.94%
Consolidated capital to assets ratio	25.62%	17.74%	25.62%	17.74%

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

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