



Office of Thrift Supervision

FACT SHEET

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FOR RELEASE:
Friday, Nov. 21, 2008
OTS 08-057B

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OTS Fact Sheet on PFF Bank & Trust

Institution Profile

- Total assets as of September 30, 2008: \$3.7 billion
- Headquarters: Pomona, CA
- Branches: 38
- Employees: 700

Financial Details (September 30, 2008)

- Retail deposits: \$2.4 billion or 64.4 percent of total liabilities and capital
- Loan portfolio: Single-family mortgages (\$1.6 billion or 42.3 percent of total assets), nonmortgage loans (\$283 million or 7.6 percent of total assets), and construction loans (\$613 million or 16.5 percent of total assets)
- Nonaccrual loans: \$656 million or 17.7 percent of total assets

Institution History

- OTS regulation of PFF began June 1, 1933.
- PFF was a federally chartered stock institution, wholly owned by PFF Bancorp, Inc.
- The FDIC insures the Bank's deposits through its Deposit Insurance Fund.
- PFF Bancorp owns two nonbank subsidiaries: Diversified Builders Services, Inc. and Glencrest Investment Advisors, Inc.

Key Facts and Events

- The Bank's asset quality rapidly declined beginning in late 2007. The Bank had a large concentration of tract construction and land loans. The steadily declining home values in the areas where the underlying properties are located have contributed to this deterioration.

- Losses accelerated in 2008. In 2007, the Bank reported a net loss of \$2.3 million, driven primarily by a loss of \$19.8 million in the last two quarters of the calendar year. Through the first three quarters of 2008, the Bank reported a net loss of approximately \$170.8 million, including a loss of \$62.1 million in the quarter ending September 30, 2008.
- On June 13, 2008, Bancorp entered into a Definitive Agreement to be acquired whereby performing assets and most of the liabilities of the Bank would transfer to a national bank.
- Subsequent events to the Definitive Agreement made consummation of the acquisition unlikely to occur by year-end 2008.
- As of September 30, 2008, the Bank was “undercapitalized”, with Total Risk-Based Capital of 6.72 percent and Tier One (Core) Capital of 4.53 percent. Without the acquisition, the bank did not provide a Capital Restoration Plan that would bring it to “adequately capitalized” by December 31, 2008. There was no reasonable prospect that the Bank could become “adequately capitalized” without government assistance.
- Because of the Bank’s rapidly deteriorating asset quality and continuing negative affect on earnings and capital, the Bank was in an unsafe and unsound condition to transact business. On November 21, 2008, OTS closed PFF and appointed the FDIC as receiver.

Recent OTS Enforcement/Supervisory Actions

- January 18, 2008 – Issued a Supervisory Directive to the Bank
- February 7, 2008 – Issued a Supervisory Directive to Holding Company
- March 26, 2008 – Required a Holding Company Board Resolution
- April 23, 2008 – Issued a Supervisory Directive to the Bank
- April 29, 2008 - OTS notified the Bank of a ratings downgrade
- June 13, 2008 - Issued a Memorandum of Understanding with the Bank and the Holding Company in lieu of the C&D Order.
- November 5, 2008 – Issued a Supervisory Directive to the Bank and Holding Company with rating downgrades.
- November 5, 2008 – Issued a PCA Notification Letter to the Bank
- November 10, 2008 – Issued a Supervisory Directive to the Bank
- November 18, 2008 - OTS rejected the Bank’s Capital Restoration Plan received November 14, 2008
- November 19, 2008 – Issued a Cease and Desist Order to the Bank and Holding Company

OTS Profile

- Established - 1989
- Thrift institutions supervised as of September 30, 2008 - 818
- Thrift industry assets supervised as of September 30, 2008 - \$1.18 trillion
- OTS employees - 1,076