PFF Bancorp Reports Second Quarter Loss

RANCHO CUCAMONGA, Calif., Oct. 22 /PRNewswire-FirstCall/ -- PFF Bancorp, Inc. (NYSE: PFB), the holding company for PFF Bank & Trust (the "Bank"), Diversified Builder Services, Inc. ("DBS") and Glencrest Investment Advisors, Inc. ("Glencrest"), today reported a net loss of $7.5 million or $0.33 per diluted share for the quarter ended September 30, 2007 compared to net income of $14.0 million or $0.56 per diluted share for the comparable period of 2006.

Our net loss for the current quarter was due to a $34.0 million provision for loan and lease losses recorded during the current quarter. This provision resulted in a $33.9 million increase in our allowance for loan and lease losses ("ALLL") which now stands at $94.4 million or 2.29 percent of net loans and leases. The significant provision reflects increases in criticized and classified loans caused by downward pricing pressure and slowing sales rates for both new and existing residential real estate.

The disbursed balance of assets classified special mention and substandard increased $142.6 million and $75.7 million, respectively, between June 30 and September 30, 2007, to $188.6 million and $278.3 million, respectively, net of specific loss allowances of $7.4 million at June 30, 2007 and $37.6 million at September 30, 2007, due principally to increases in classified residential construction and land loans.

The composition of our criticized and classified assets and non-accrual loans at September 30, 2007 is provided under the Selected Ratios and Other Data section of this release.

Non-accrual loans increased $126.5 million during the quarter to $227.7 million or 5.52 percent of net loans and leases at September 30, 2007 compared to $101.2 million or 2.45 percent of net loans and leases at June 30, 2007. Included in non-accrual loans at September 30, 2007 are $81.6 million in loans that are current or less than ninety days past due, but are exhibiting weaknesses in the underlying collateral or borrower strength. Non-accrual construction loans increased $79.4 million during the quarter. The $79.4 million is comprised entirely of sixteen first trust deed loans to eight borrowers with the largest loan balance being $34.0 million. A $38.1 million increase in non-accrual single family loans was attributable to eighty-five first trust deed non-owner occupied loans aggregating $36.3 million to a common borrower. This borrower also has commercial loans of $8.3 million secured by leases and other real estate collateral and $3.7 million in commercial and real estate loans with the Bank, all of which have been placed on non-accrual during the quarter ended September 30, 2007. $9.8 million of the $34.0 million provision for loan and lease losses during the quarter was attributable to this relationship. Our next largest concentration of single family non-owner-occupied loans to one borrower is comprised of 29 loans aggregating $15.6 million. We have one other single family loan borrower relationship in excess of $10.0 million and two in excess of $5.0 million. These loans are performing and paying as agreed.

Kevin McCarthy, President and CEO commented: "While the housing market in our region is continuing to undergo a significant correction, we remain confident in the underlying economic strength of the Inland Empire to provide the engine that will allow our community banking franchise to continue to prosper."

The balance of construction, commercial business, commercial real estate and consumer loans (the "Four-Cs") remained essentially unchanged on a sequential quarter basis. At September 30, 2007, the Four-Cs totaled $2.52 billion or 63 percent of loans and leases receivable, net, compared to $2.42 billion or 59 percent of loans and leases receivable, net, one year ago. Reflecting the slowdown in residential construction lending, Four-Cs originations were $265.3 million or 79 percent of total originations for the current quarter compared to $612.8 million or 86 percent of total originations for the comparable quarter of 2006 and $394.2 million or 86 percent of total originations for the quarter ended June 30, 2007. At September 30, 2007, DBS had...
outstanding loans receivable, net of $94.7 million compared to $118.4 million at March 31, 2007.

Total deposits increased $89.9 million or 3 percent between the quarters ended September 30, 2007 and 2006 with CDs increasing $38.7 million and core deposits increasing $51.2 million. On a sequential quarter basis, CDs increased $67.1 million and core deposits decreased $49.1 million. At September 30, 2007, core deposits were $1.66 billion (including $274.7 million of non-interest bearing demand accounts) compared to $1.61 billion (including $293.7 million of non-interest bearing demand accounts) one year ago. During the six months ended September 30, 2007, we opened five new full service branches. Those branches have garnered deposits of $43.6 million during the average of four months that they have been open.

Net interest income decreased $4.1 million on a sequential quarter basis to $39.0 million, as net interest margin contracted 34 basis points to 3.64 percent. The decrease in net interest income and the contraction in net interest margin was primarily attributable to a reversal of accrued interest totaling $4.8 million relating to the increase in non-accrual loans during the current quarter. Excluding the reversal of accrued interest, net interest margin would have been 4.09 percent for the current quarter. Average interest-earning assets decreased $49.7 million during the current quarter. Net interest income decreased $6.8 million or 15 percent from the comparable quarter of 2006 as net interest margin contracted 52 basis points, due primarily to the interest reversal noted above, and average interest-earning assets decreased $116.5 million.

Non-interest income decreased $345,000 to $5.3 million between the quarter ended September 30, 2007 and 2006. Excluding a one-time gain of $716,000 on the sale of a former administrative building in the prior year, non-interest income increased $371,000 between the quarters ended September 30, 2006 and 2007. Deposit and related fees rose $364,000 or 11 percent and trust, investment, and insurance fees increased $286,000 or 22 percent, compared to one year ago.

General & Administrative ("G&A") expense decreased $704,000 or 3 percent between the quarters ended September 30, 2006 and 2007 to $24.0 million. G&A expense for the current quarter includes a $2.5 million credit associated with a reversal of both annual and long term incentive plan accruals.

We repurchased 810,600 shares of our common stock at a weighted average price of $16.97 per share during the quarter bringing fiscal year-to-date repurchases to 1,611,975 shares at a weighted average price of $23.03 per share. At September 30, 2007, 865,835 shares remain under a 1.0 million share repurchase authorization adopted by our Board of Directors on July 25, 2007. While there are presently no restrictions on our ability to repurchase shares of our stock, given the uncertainty associated with the current credit conditions, our desire to preserve both capital and liquidity and ensure the sustainability of our cash dividend program, we have temporarily suspended our repurchase program. At September 30, 2007, the Bank's core, Tier 1 risk-based and total risk-based ratios of 8.72%, 9.96% and 11.18% remain well above the 5.00%, 6.00% and 10.00% levels required to be considered "Well Capitalized" under Federal regulations.

During the quarter ended September 30, 2007, we renegotiated the terms of our $75.0 million line of credit with a commercial bank and at September 30, 2007, we are in compliance with all covenants thereunder.

Having opened our full-service branch in San Jacinto, California during the current quarter and an additional branch in Moreno Valley on October 1, 2007, we are presently conducting business through 38 full-service banking branches, two registered investment advisory offices, two trust offices, a Southern California regional loan center, an office providing diversified financial services to home builders and one loan origination office in Northern California. Assets under management or advisory include $620.6 million managed or advised by Glencrest at September 30, 2007, compared to $760.8 million at September 30, 2007, as compared to one year ago.

We will host a conference call at 5:00 P.M. EST on Monday, October 22, 2007, to discuss our financial results. The conference call can be accessed by dialing 1-800-936-9754 and referencing "PFF Bancorp, Inc. Second Quarter Conference Call". An audio replay of this conference call will be available through Monday, November 5, 2007, by dialing 1-877-519-4471 and referencing replay PIN number 9240909.

Certain matters discussed in this news release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to, among other things, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market and statements regarding the Company's strategic objectives. These forward-looking statements are based upon current management expectations, and may therefore involve risks and uncertainties. The Company's actual results or performance, may differ materially from those suggested, expressed, or implied by forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, the California real estate market, competitive conditions in the business and geographic areas in which the Company conducts its business, regulatory actions or changes and other risks detailed in the Company's reports filed with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended March 31, 2007. The Company disclaims any obligation to subsequently revise or update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.
<table>
<thead>
<tr>
<th></th>
<th>September 30, 2007</th>
<th>March 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$52,709</td>
<td>$59,587</td>
</tr>
<tr>
<td>Investment securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>held-to-maturity</td>
<td>$6,941</td>
<td>$6,646</td>
</tr>
<tr>
<td>(estimated fair value of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$6,941 at September 30, 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and $6,646 at March 31, 2007</td>
<td>6,810</td>
<td>6,712</td>
</tr>
<tr>
<td>Investment securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>available-for-sale, at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>fair value</td>
<td>1,666</td>
<td>28,067</td>
</tr>
<tr>
<td>Mortgage-backed securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>available-for-sale, at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>fair value</td>
<td>175,598</td>
<td>186,607</td>
</tr>
<tr>
<td>Loans held-for-sale</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and leases receivable,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>net (net of allowances for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>loan and lease losses of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$94,391 at September 30, 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and $46,315 at March 31, 2007</td>
<td>4,027,603</td>
<td>4,116,232</td>
</tr>
<tr>
<td><strong>Federal Home Loan Bank (FHLB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stock, at cost</td>
<td>37,570</td>
<td>46,158</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>23,750</td>
<td>25,704</td>
</tr>
<tr>
<td>Assets acquired through</td>
<td></td>
<td></td>
</tr>
<tr>
<td>foreclosure, net</td>
<td>902</td>
<td>-</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>61,003</td>
<td>56,564</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>63,429</td>
<td>27,896</td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,451,040</td>
<td>$4,553,527</td>
</tr>
<tr>
<td><strong>LIABILITIES AND STOCKHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>$3,270,796</td>
<td>$3,291,645</td>
</tr>
<tr>
<td>FHLB advances and other</td>
<td>700,200</td>
<td>775,300</td>
</tr>
<tr>
<td>borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior subordinated debentures</td>
<td>87,630</td>
<td>56,702</td>
</tr>
<tr>
<td>Accrued expenses and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>other liabilities</td>
<td>48,305</td>
<td>32,767</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>4,106,931</td>
<td>4,156,414</td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $.01 par</td>
<td></td>
<td></td>
</tr>
<tr>
<td>value.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized 2,000,000 shares;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>none issued</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Common stock, $.01 par value.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Authorized 59,000,000 shares;  
issued and outstanding 22,622,088  
and 24,156,834 at September 30, 2007  
and March 31, 2007, respectively  
Additional paid-in capital  
Retained earnings  
Accumulated other   
comprehensive losses  
Total stockholders' equity  
Total liabilities and stockholders' equity  

PFF BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
(Dollars in thousands, except per share data)  
(Unaudited)  

For the Three Months  
Ended September 30,  
2007  
2006  

For the Six Months  
Ended September 30,  
2007  
2006

Interest income:  
Loans and leases receivable $ 77,912 $ 80,334 $ 158,737 $156,788  
Mortgage-backed securities 1,951 2,764 4,052 5,377  
Investment securities and deposits 723 1,736 1,657 3,172  
Total interest income 80,586 84,834 164,446 165,337  

Interest expense:  
Deposits 30,413 26,010 60,005 48,416  
Borrowings 11,128 12,966 22,231 24,191  
Total interest expense 41,541 38,976 82,236 72,607  

Net interest income 39,045 45,858 82,210 92,730  

Provision for loan and lease losses 34,000 45,005 82,201 92,730  

Net interest income after provision for loan and lease losses 5,045 43,338 26,410 89,710  

Non-interest income:  
Deposit and related fees 3,744 3,380 7,476 6,673  
Loan and servicing fees 352 578 773 1,171  
Trust, investment and insurance fees 1,588 1,302 3,216 2,824  
Gain on sale of loans, net 13 73 115 83  
Gain on sale of securities, net – – – 271  
Mark-to-market on interest rate swaps (738) (797) (409) (322)  
Other non-interest income 326 1,094 675 1,405  

Total non-interest income 5,285 5,630 11,846 12,105  

Non-interest expense:  
General and administrative:  
Compensation and benefits 11,501 13,696 26,763 29,331  
Occupancy and equipment 4,982 4,268 9,721 8,025  

http://phx.corporate-ir.net/phoenix.zhtml?c=61353&p=irol-newsArticle&ID=1065760&highlight
<table>
<thead>
<tr>
<th>Services</th>
<th>2007</th>
<th>2006</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and professional services</td>
<td>3,429</td>
<td>3,183</td>
<td>6,504</td>
<td>6,317</td>
</tr>
<tr>
<td>Other general and administrative</td>
<td>4,049</td>
<td>3,518</td>
<td>7,909</td>
<td>7,274</td>
</tr>
<tr>
<td>Total general and administrative</td>
<td>23,961</td>
<td>24,665</td>
<td>50,897</td>
<td>50,947</td>
</tr>
<tr>
<td>Foreclosed asset operations, net</td>
<td>9</td>
<td>-</td>
<td>9</td>
<td>(115)</td>
</tr>
</tbody>
</table>

Total non-interest expense

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Earnings (loss) before income taxes</td>
<td>(13,640)</td>
<td>24,303</td>
<td>(12,650)</td>
<td>50,983</td>
</tr>
<tr>
<td>Income taxes (benefit) (6,093)</td>
<td>10,260</td>
<td>10,260</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss) $ (7,547) $ 14,043 $ (6,991) $ 29,468</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings (loss) per share</td>
<td>$ (0.33)</td>
<td>$ 0.57</td>
<td>$ (0.30)</td>
<td>$ 1.20</td>
</tr>
</tbody>
</table>

Weighted average shares outstanding for basic earnings (loss) per share calculation 22,878,751 24,517,593 23,378,987 24,471,266

Diluted earnings (loss) per share

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings (loss) per share</td>
<td>$ (0.33)</td>
<td>$ 0.56</td>
<td>$ (0.30)</td>
<td>$ 1.19</td>
</tr>
</tbody>
</table>

Weighted average shares outstanding for diluted earnings (loss) per share calculation 22,878,751 24,856,348 23,378,987 24,812,956

PFF BANCORP, INC. AND SUBSIDIARIES
Selected Ratios and Other Data
(Dollars in thousands)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended September 30,</th>
<th>For the Six Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Ratios</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on average assets (1)</td>
<td>(0.68)%</td>
<td>1.23%</td>
</tr>
<tr>
<td>Return on average stockholders’ equity (1)</td>
<td>(8.56)%</td>
<td>14.66%</td>
</tr>
<tr>
<td>General and administrative expense to average assets (1)</td>
<td>2.16%</td>
<td>2.16%</td>
</tr>
<tr>
<td>Efficiency ratio (3)</td>
<td>54.05%</td>
<td>47.90%</td>
</tr>
<tr>
<td>Average interest-earning assets to average interest-bearing liabilities</td>
<td>105.95%</td>
<td>106.63%</td>
</tr>
<tr>
<td>Yields and Costs (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Net interest spread</td>
<td>3.41%</td>
<td>3.93%</td>
</tr>
</tbody>
</table>

| Net interest margin (2)                                   | 3.64%| 4.16%| 3.81%| 4.28%|

| Average yield on interest-earning assets                   | 7.48%| 7.67%| 7.62%| 7.62%|
| Average cost of interest-bearing liabilities                | 4.07%| 3.74%| 4.05%| 3.57%|

| Average yield on loans and leases receivable, net          | 7.64%| 7.95%| 7.79%| 7.90%|
| Average yield on securities                                | 4.67%| 4.64%| 4.69%| 4.58%|
| Average cost of core deposits                              | 2.59%| 1.94%| 2.53%| 1.83%|

| Average cost of C.D.s                                      | 4.94%| 4.71%| 4.95%| 4.53%|

| Average cost of total deposits                             | 3.72%| 3.28%| 3.69%| 3.11%|

| Average cost of FHLB advances and other borrowings         |      |
| Average cost of junior subordinated debentures             |      |

| Asset Quality                                             |      |
| Net charge-offs (recoveries)                              | $   119 (111) 7,724 (143) |
| Net charge-offs (recoveries) to average loans and leases receivable, net (1) | 0.01% (0.01)% 0.38% (0.01)% |

| Average Balances                                          |      |
| Average total assets                                      | $4,432,417 $4,575,871 $4,471,382 $4,496,126 |
| Average interest-earning assets                            | $4,288,508 $4,405,039 $4,313,287 $4,333,554 |
| Average interest-bearing liabilities                        | $4,047,739 $4,131,228 $4,054,765 $4,061,533 |
| Average loans and leases receivable, net                   | $4,060,827 $4,025,690 $4,071,833 $3,966,337 |
| Average securities                                         | $  176,533 $  325,926 $ 180,429 $ 315,083 |

| Average core deposits                                      | $1,681,519 $1,615,836 $1,692,673 $1,622,709 |
| Average C.D.s                                              | $1,560,459 $1,526,514 $1,554,352 $1,478,377 |
| Average total deposits                                      | $3,241,978 $3,142,350 $3,247,025 $3,101,086 |

| Average FHLB advances and other borrowings                 | $  718,131 $  932,176 $ 734,644 $ 903,745 |
| Average junior                                             |      |
subordinated debentures  $ 87,630  $ 56,702  $ 73,096  $ 56,702
Average stockholders’ equity  $ 352,589  $ 383,137  $ 384,915  $ 376,496

Loan and Lease Activity
Total originations  $ 334,324  $ 712,939  $ 792,229  $1,405,367
One-to-four-family  $ 68,753  $ 64,297  $ 131,216  $ 138,131
Multi-family  $ 279  $ 35,882  $ 1,562  $ 59,400
Commercial real estate  $ 11,601  $ 60,840  $ 49,361  $ 160,394
Construction -- residential, including land  $ 85,142  $ 315,319  $ 195,654  $ 567,810
Construction -- commercial  $ 9,142  $ 45,695  $ 65,287  $ 63,243
Commercial loans and leases  $ 101,688  $ 240,727  $ 285,657
Consumer  $ 11,601  $ 60,840  $ 49,361  $ 160,394
Purchases  $ -  $ -  $ 368  $ 2,997
Principal repayments  $ 448,165  $ 108,422  $ 130,732
Sales  $ 1,845  $ 4,950  $ 9,812  $ 6,572

(1) Computed on an annualized basis.
(2) Net interest income divided by average interest-earning assets.
(3) Total general and administrative expense divided by net interest income plus non-interest income.
Loan, Lease and Deposit Balances

One-to-four family loans $1,396,813 $1,421,310
Multi-family loans $204,145 $235,424
Commercial real estate loans $670,836 $679,526

Construction -- residential,

including land (3) $1,101,751 $1,088,395
Construction -- commercial (3) $176,514 $139,678

Commercial business loans

$242,158 $286,678

Consumer loans $328,781 $313,203
Core deposits $1,660,802 $1,707,988
C.D.s $1,609,994 $1,583,657

(1) Non-performing assets consist of non-accrual loans and assets acquired through foreclosure, net.

(2) Stated book value minus goodwill.

(3) Net of undisbursed balances of $405,250 and $547,516 at September 30, 2007 and March 31, 2007, respectively.

(4) Net loans and leases consist of loans and leases receivable, net plus allowance for loan and lease losses.

*PFF Bank & Trust

The following table sets forth the composition of our consolidated loan and lease portfolio, Special Mention and Substandard assets and non-accrual loans as of September 30, 2007.

<table>
<thead>
<tr>
<th>Loan Category</th>
<th>Committed Balance(1)</th>
<th>Disbursed Balance (2)</th>
<th>Committed Balance (1)(3)</th>
<th>Disbursed Balance (2)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential real estate loans:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-to-four family (4)</td>
<td>$1,396,813</td>
<td>1,396,813</td>
<td>1,794</td>
<td>1,794</td>
</tr>
<tr>
<td>Multi-family</td>
<td>204,145</td>
<td>204,145</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>670,836</td>
<td>670,836</td>
<td>1,679</td>
<td>1,679</td>
</tr>
<tr>
<td>Construction and land:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unentitled land</td>
<td>82,960</td>
<td>75,617</td>
<td>1,540</td>
<td>1,540</td>
</tr>
<tr>
<td>Entitled land/developed lots</td>
<td>366,379</td>
<td>299,209</td>
<td>28,482</td>
<td>22,023</td>
</tr>
<tr>
<td>Residential construction:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>793,224</td>
<td>583,016</td>
<td>115,730</td>
<td>92,798</td>
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<tr>
<td>Multi-family</td>
<td>61,446</td>
<td>50,312</td>
<td>18,400</td>
<td>15,886</td>
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<tr>
<td>Condominium conversion</td>
<td>93,751</td>
<td>90,803</td>
<td>41,850</td>
<td>41,302</td>
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<tr>
<td>Commercial construction</td>
<td>285,755</td>
<td>179,308</td>
<td>4,500</td>
<td>4,500</td>
</tr>
</tbody>
</table>
and leases  242,158  242,158   6,884     6,884  
Consumer    328,781  328,781   171      171  
4,526,248   4,120,998  221,030  188,577  

Undisbursed
construction
loan funds (405,250) N/A  
Deferred loan
and lease
origination fees, net  996  996  
Allowance for loan
and lease
losses (6) (94,391) (94,391)  
Total loans and
leases, net  4,027,603  4,027,603  
Less loans
held-for-Sale -- --  
Loans and leases
receivable, net  $ 4,027,603  4,027,603  

Substandard
(dollars in thousands)  

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Real estate loans:</td>
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<tr>
<td>Residential</td>
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<tr>
<td>One-to-four family (4)</td>
<td>38,935</td>
<td>38,935</td>
<td>41,741</td>
<td>3,708</td>
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<tr>
<td>Multi-family</td>
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<tr>
<td>Commercial real estate</td>
<td>3,681</td>
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<tr>
<td>Construction and land:</td>
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<tr>
<td>Unentitled land</td>
<td>6,600</td>
<td>6,600</td>
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<tr>
<td>Entitled land/developed lots</td>
<td>53,134</td>
<td>49,674</td>
<td>56,074</td>
<td>10,510</td>
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<tr>
<td>Residential construction:</td>
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<tr>
<td>Single Family</td>
<td>136,807</td>
<td>119,162</td>
<td>110,156</td>
<td>11,131</td>
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<tr>
<td>Multi-family</td>
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</tr>
<tr>
<td>Condominium conversion</td>
<td>39,000</td>
<td>39,000</td>
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<td>--</td>
</tr>
<tr>
<td>Commercial construction</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Commercial loans and leases</td>
<td>19,762</td>
<td>19,762</td>
<td>14,310</td>
<td>11,991</td>
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<tr>
<td>Consumer</td>
<td>1,467</td>
<td>1,467</td>
<td>1,697</td>
<td>230</td>
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<td></td>
<td>299,386</td>
<td>278,281</td>
<td>227,659</td>
<td>37,570</td>
</tr>
</tbody>
</table>

(1) Includes undisbursed construction loan funds.
(2) Excludes undisbursed construction loan funds.
(3) Balances have been reduced by amounts of specific valuation allowances.
(4) Includes loans held-for-sale.
(5) Includes $902,000 of assets acquired through foreclosure at September 30, 2007, in substandard committed and disbursed balances, one-four family loans.
(6) Allowance for loan and lease losses includes specific valuation allowances shown above.

SOURCE PFF Bancorp, Inc.
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Web site: http://www.pffbank.com
(PFB)