

# FIRST FOUNDATION INC.

## CORPORATE GOVERNANCE GUIDELINES

### I. PURPOSE

The Board of Directors (the “*Board*”) of First Foundation Inc. (the “*Company*”) has adopted the following corporate governance guidelines to assist the Board in carrying out its duties and responsibilities. The Board believes that these corporate governance guidelines are in and further the best interests of the Company and its stockholders.

These corporate governance guidelines are intended to be interpreted in the context of all applicable laws, rules and regulations, as well as the Company’s charter documents and other governing documents.

### II. SELECTION OF DIRECTORS AND BOARD COMPOSITION

#### A. Selection of New Directors

The Board will be responsible for selecting nominees for election or appointment to the Board. The Board has delegated to the Nominating and Corporate Governance Committee (the “*Nominating Committee*”) the responsibility for developing and recommending to the Board, for its consideration and approval, the specific qualifications and criteria for prospective director candidates as the Nominating Committee deems necessary or advisable.

The Nominating Committee shall also make recommendations to the Board of specific candidates for election as directors. The Nominating Committee will consider nominees recommended by directors, officers, employees, stockholders and others using the same criteria to evaluate all candidates. In identifying prospective director candidates, the Nominating Committee may consider all facts and circumstances, including among other things, the skills of the prospective director candidate, his or her breadth of business or other experience, his or her independence, and the particular needs of the Board and the Company. Upon selection of a qualified candidate, the Nominating Committee will recommend the candidate for consideration by the full Board. The Nominating Committee may, at the Company’s expense, engage consultants or third party search firms to assist in identifying and evaluating potential nominees.

Any stockholder may submit, for consideration and nomination by the Nominating Committee, any candidate or candidates for election to the Board at any annual meeting of the Company’s stockholders, by following the notice procedures and providing the information required by the Company’s Bylaws.

#### B. Board Membership Criteria

Nominees for the Board should be committed to enhancing long-term stockholder value and must possess a high level of personal and professional ethics, sound business judgment and integrity. The Nominating Committee may review the appropriate skills and business and other experience of potential Board nominees in order that the directors will bring to the Board a mix of skills and experience relevant to the Company’s business and to the oversight responsibilities of directors of public companies. Such skills and experience may include, among others, professional or oversight experience in the areas of accounting, marketing, strategic planning, financial reporting or corporate governance (including

experience in the field of executive compensation), professional experience in the banking, investment advisory or wealth management industries, or current or past regulatory experience.

The Nominating Committee also will strive to achieve diversity among the members of the Board in terms of experience, knowledge, skills and viewpoints in order to enhance Board performance.

### **C. Independence of Board Members**

In accordance with best governance practices and for the purpose of meeting the independence requirements of the Securities and Exchange Commission (the “*SEC*”) and the listing standards of the New York Stock Exchange (“*NYSE*”), a majority of the members of the Board shall be independent. The Board also believes it is often in the best interests of the Company and its stockholders that one or more non-independent directors, including current and former members of management, serve as directors, so long as a majority of the members of the Board continue to be independent, as defined by NYSE.

At least annually, the Board or its Nominating Committee will evaluate all relationships between the Company and each director in light of best governance practices, applicable SEC requirements and NYSE listing standards for the purpose of determining which of the directors meet applicable independence standards or requirements and whether a material relationship exists that might compromise or otherwise interfere with any non-employee director’s ability to satisfy his or her responsibilities as an independent director.

### **D. Board Leadership**

The Board selects and appoints the Chairman of the Board and Chief Executive Officer. The Board has a flexible policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board believes that this issue should be considered from time to time in light of all relevant facts and circumstances. When the office of Chairman of the Board is not held by an independent director, the Board will designate an independent director as the Lead Director to ensure strong independent Board oversight.

### **E. Size of the Board**

The Company’s Certificate of Incorporation and Bylaws provide that, subject to the rights of any holders of preferred stock with respect to the election of directors, the authorized number of the Company’s directors will be fixed from time to time by the Board. It is the sense of the Board that a size of 8 to 12 is appropriate. However, the Board may periodically evaluate whether a larger or smaller number of directors would be preferable.

### **F. Term Limits; Retirement Policy; Change in Principal Occupation or Responsibilities**

There are no specific term limits for directors, given the normal process of annual election of Board members by the stockholders. Directors who have served on the Board for an extended period of time provide valuable insight into the operation and future of the Company based on their experience with, and understanding of, the Company’s history, policies, operations, and objectives. The Board believes that it can ensure that the Board continues to evolve and adopt new viewpoints through the annual evaluation and selection process.

It is the general policy of the Board that a director may not stand for reelection after reaching the age of 75. Notwithstanding the foregoing, the Nominating Committee may recommend, and the Board may approve, the nomination of a director after the age of 75 if, due to special or unique circumstances,

it is in the best interests of the Company and its stockholders that the director continue to be nominated for reelection to the Board. Management directors (including a Chief Executive Officer) will be asked to resign effective on the date their active, regular employment with the Company terminates.

If a non-management director has a significant change in the director's principal occupation or professional responsibilities he or she shall notify the Chair of the Nominating Committee, with a copy to the Chairman of the Board, of any such change and offer his or her resignation from the Board. The Nominating Committee, as part of the Board's performance evaluation and director nomination processes, will evaluate the facts and circumstances of the change and will recommend to the Board whether to accept the resignation or request that the director continue to serve on the Board.

### **G. Majority Voting**

The Board shall nominate for election or reelection as directors only candidates who have tendered or agreed to tender an irrevocable resignation that will be effective upon (i) the failure of the candidate to receive the required vote at an annual meeting at which he or she is nominated for election or reelection, and (ii) Board acceptance of the tendered resignation. The Board shall fill director vacancies and new directorships only with candidates who have agreed to tender the same form of resignation tendered by other directors in accordance with this guideline. A director who fails to receive the required number of votes for reelection in accordance with the Company's Bylaws and who has not already tendered the advance resignation described above is expected to tender, promptly following certification of the stockholder vote, his or her resignation from the Board, which resignation may be conditioned upon Board acceptance of the resignation.

The Nominating Committee shall consider the resignation offer and recommend to the Board the action to be taken with respect to the offered resignation. In determining its recommendation, the Nominating Committee shall consider all factors it deems relevant. If any such director's resignation offer is not accepted by the Board, the Board shall, within four (4) business days after reaching its decision, publicly disclose the decision, including the reasons for not accepting the resignation offer, by a press release, a filing with the SEC or other broadly disseminated means of communication.

### **H. Limitations on Other Board Service**

The Company and its stockholders derive value from the experience directors bring from other boards on which they serve. Given the significant responsibilities of directors, each director must be ready, willing and able to devote sufficient time to carrying out their Board responsibilities effectively. The Nominating Committee may consider on an individual basis the number of other public company boards on which a director serves to ensure that such other board service does not impair the director's service to the Company. Directors are requested to advise the Chair of the Nominating Committee and the Chairman of the Board before serving as an officer, general partner, director or chairman of the board of an outside for-profit enterprise, or before accepting membership on the audit committee of any other public company board, so that the opportunity can be reviewed for any possible conflicts of interest, independence analysis and to help ensure that new demands on the director's time will not detract from the director's ability to serve the Company.

Directors are also reminded of the limitations of the Management Interlocks Act and related regulations, which generally prohibit directors from serving two non-affiliated depository organizations in situations where the management interlock would likely have an anticompetitive effect. Directors are requested to advise the Chair of the Nominating Committee and the Chairman of the Board before serving as an officer, general partner, director or chairman of the board of any depository organization.

## **I. Succession**

The Nominating Committee is responsible for developing a Board succession plan and submitting such plan to the Board for its consideration and approval.

## **III. ROLES AND RESPONSIBILITIES**

### **A. Role of the Board of Directors**

On behalf of the Company's stockholders, the Board will (i) assist in the formulation of and approve the Company's business plans, operating budgets and strategic initiatives for the purpose of enhancing long-term stockholder value; (ii) establish ethical and other policies to be adhered to by the Company's senior management in managing the day to day operations of the Company; (iii) oversee and monitor the performance of the Chief Executive Officer and Company's other executive officers, their implementation of the business plans and strategic initiatives, their achievement of financial goals approved by the Board and their adherence to ethical standards and policies established by the Board; and (iv) establish, through its standing committees, executive compensation policies and programs, monitor the integrity of the Company's financial reporting process and systems of internal controls and the independence and performance of the Company's independent auditors, and monitor the effectiveness and, when deemed necessary, update the Company's corporate governance policies.

### **B. Role of the Chairman of the Board and Lead Director**

The Chairman of the Board will preside at all meetings of the stockholders and of the Board as a whole, and will perform such other duties, and exercise such powers, as from time to time prescribed in the Company's Bylaws or by the Board. If designated, the Lead Director will (i) preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (ii) have the authority to call meetings of the independent directors; (iii) serve as a liaison between the Chairman and the independent directors; (iii) approve meeting agendas, meeting schedules and information sent to the Board; (iv) ensure that matters of concern or interest of the independent directors are appropriately scheduled for discussion at Board meetings; (v) have the authority to retain outside advisors and consultants who report directly to the Board on board-wide issues; (vi) serve as a liaison for consultation and direct communication with stockholders, as appropriate; and (vii) perform such other duties, and exercise such powers, as from time to time prescribed by the Board.

### **C. Board Meeting Attendance**

The Chairman of the Board, in consultation with the other members of the Board, will determine the frequency and length of regular Board meetings. In addition, special Board meetings may be called by the Chairman of the Board, the Chief Executive Officer, President (if different from the Chief Executive Officer), any Vice President or any two members of the Board, subject to the notice requirements contained in the Company's Bylaws. Each member of the Board is expected to make reasonable efforts to attend regularly scheduled meetings of the Board and to participate in telephone and video conference meetings or other special meetings, as required. In the event any director is unable to attend (in person or via video or telephone conference), at least 75% of those regular and special meetings (together with the meetings of committees on which such director serves), the Company will be required to disclose that fact in its annual proxy statement.

Attendance and active participation in meetings is one of each director's most important duties and will be taken into account by the Nominating Committee when assessing a director's performance and nomination for reelection as a director.

#### **D. Attendance at Annual Meeting of Stockholders**

It is the policy of the Board that all directors and nominees standing for election or reelection as directors at any annual meeting of stockholders attend that meeting in person, unless doing so is impractical due to unavoidable conflicts or events outside of a director's or nominee's control.

#### **E. Committees**

Board members are expected to be available to serve on Board committees to the extent eligible to do so. The Board currently has three standing committees to assist it in discharging its responsibilities: an Audit Committee, a Compensation Committee and a Nominating Committee. Each committee member must meet the independence and any other membership requirements established by applicable laws, rules, regulations and NYSE listing standards. The Board may, from time to time, establish additional standing or special committees as it deems necessary or advisable.

The Nominating Committee is responsible for making recommendations to the Board with respect to the selection of directors to serve as the members of each of the committees. Each committee will report to the Board on significant matters discussed and actions taken by the committee.

#### **F. Time Commitment**

Each director is expected to coordinate his or her other existing and planned future commitments in a manner designed to enable the director to meet his or her duties as a member of the Board and a member of any committees to which he or she is appointed by the Board. Directors are expected to spend the time needed to prepare for and attend Board and committee meetings in order to fulfill their responsibilities as Company directors. Senior management is responsible for preparing and distributing information to the directors that is important to the Board's understanding of the business to be conducted at Board or committee meetings. Directors are expected to review these materials in advance of each Board and committee meeting to the extent reasonably practicable.

#### **G. Executive Sessions**

The independent members of the Board will meet, without management, at regularly scheduled executive sessions, which may take place after a regularly scheduled meeting of the full Board. Such executive sessions will be held at least twice each year. Executive sessions at which the independent directors meet with the Chief Executive Officer also may be scheduled. The Lead Director will preside at all of these sessions, unless the office of Chairman of the Board is held by an independent director, in which case the Chairman will preside.

#### **H. Ethics and Conflicts of Interest**

The Board expects its members, as well as the Company's officers and employees, to act ethically at all times, to adhere to any applicable codes of ethics adopted by the Board, and to disclose any conflicts of interest to the appropriate officer or committee of the Board in advance of any Board or committee meeting at which any decisions are to be made or any actions are to be taken that would present or create the appearance of any conflict of interest for any director.

## **I. Access to Information and Employees**

Each Board member should have complete and unfettered access to any information about the Company that he or she deems necessary or appropriate to carry out his or her duties as a director. This includes, among other things, access to Company employees, documents, records and facilities. At the request of the Board, senior management shall arrange to have other officers and managers, who can provide additional insight into matters and actions being considered by the Board, to attend or make reports to and answer questions from members of the Board.

## **J. Authority to Engage Advisers**

The Board and each Board committee shall have the authority (i) to retain and terminate outside advisers as the Board or any such committee (as the case may be) determines to be necessary or advisable to carry out its duties, and (ii) to establish the compensation to be paid to such advisers and to commit the Company to pay such compensation.

## **K. Formal Evaluation of Chief Executive Officer**

At least annually, the Board or its Compensation Committee shall evaluate the performance of the Chief Executive Officer. The Compensation Committee, on an annual basis, shall advise and keep the Board informed of its determinations with respect to the performance of the Chief Executive Officer in relation to the performance goals and targets that have been established by the Board or the Compensation Committee.

## **L. Succession Planning for Executive Officers**

The Board shall be responsible for management succession planning, but may delegate that responsibility to the Nominating Committee, provided that any succession plan shall be subject to the approval of the full Board.

## **IV. DIRECTOR COMPENSATION**

The Compensation Committee of the Board will review director compensation periodically, but not less frequently than annually, and will make recommendations to the Board with respect to the amount and nature of the compensation that members of the Board should receive for their service on the Board and any of its committees. Any executive officers or other management employees who serve as members of the Board will not receive any additional compensation for their service on the Board.

Non-management directors may not receive any consulting or advisory fees or other compensation from the Company or any of its subsidiaries or affiliated companies if the receipt of such fees or other compensation would result in disqualifying the director as an “independent” or outside director in accordance with applicable laws, rules, regulations and NYSE listing standards.

## **V. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Company’s management will be responsible for arranging for materials, briefings and educational opportunities to be provided to new directors to enable them to become familiar with the Company and its businesses, the competition it faces and the government regulations to which it and its subsidiaries are subject, in order to enable new directors to better perform their duties as directors. In addition, the Board will receive periodic updates, from management and third party service providers, on developments and changes in corporate governance principles or government regulations that may be

relevant or may affect the Company or any of its material subsidiaries or their respective businesses. Board members also are encouraged to attend accredited director education programs.

## **VI. EVALUATION OF BOARD PERFORMANCE**

The Board will be responsible for approving one or more processes, as it deems appropriate, for evaluating and assessing, on an annual basis, the performance of the Board and its committees. The Nominating Committee shall be responsible for coordinating and overseeing these processes.

## **VII. BOARD COMMUNICATIONS WITH THIRD PARTIES**

The Board believes that management should be responsible for all communications with the press, media and other outside parties made on behalf of the Company. Accordingly, outside inquiries to individual Board members should be directed to the Chief Executive Officer or Chief Financial Officer. In limited circumstances, individual Board members may, at the request of the Chief Executive Officer or the Board, communicate with outside parties on behalf of the Company. Notwithstanding the foregoing, any press releases to report material developments in the Company's business or to report the Company's quarterly or annual financial results shall be reviewed by the Board or the Audit Committee prior to publication, except in any instance where legal requirements make such prior review impracticable.

## **VIII. MISCELLANEOUS**

These corporate governance guidelines are not intended to modify or limit the indemnification, exculpation and similar rights available to the Company's directors and executive officers under applicable law, the Company's Certificate of Incorporation or Bylaws or any indemnification agreement entered into by the Company with its directors or executive officers.

Although these corporate governance guidelines have been approved by the Board, they may be amended by the Board at any time as it deems appropriate; and it is expected that they will be amended from time to time in response to or to reflect changes in the law, best governance practices, NYSE listing standards and the Company's experience with these corporate governance guidelines.