
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-36461

FIRST FOUNDATION INC.

(Exact name of Registrant as specified in its charter)

California

(State or other jurisdiction
of incorporation or organization)

18101 Von Karman Avenue, Suite 700 Irvine, CA 92612
(Address of principal executive offices)

20-8639702

(I.R.S. Employer
Identification Number)

92612
(Zip Code)

(949) 202-4160

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed, since last year)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

7,886,513 shares of Common Stock, par value \$0.001 per share, as of May 8, 2015

FIRST FOUNDATION INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2015
TABLE OF CONTENTS

	<u>Exhibit No.</u>
<u>Part I. Financial Information</u>	
Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 4. Controls and Procedures	34
<u>Part II. Other Information</u>	
Item 1A. Risk Factors	34
Item 5. Other Information	34
Item 6. Exhibits	35
<u>SIGNATURES</u>	S-1
<u>EXHIBITS</u>	E-1

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST FOUNDATION INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	March 31, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 35,318	\$ 29,692
Securities available-for-sale (“AFS”)	<u>136,640</u>	<u>138,270</u>
Loans, net of deferred fees	1,269,129	1,166,392
Allowance for loan and lease losses (“ALLL”)	<u>(10,300)</u>	<u>(10,150)</u>
Net loans	<u>1,258,829</u>	<u>1,156,242</u>
Premises and equipment, net	2,484	2,187
Investment in FHLB stock	17,061	12,361
Deferred taxes	9,413	9,748
Real estate owned (“REO”)	334	334
Other assets	6,522	6,590
Total Assets	<u>\$ 1,466,601</u>	<u>\$ 1,355,424</u>
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities:		
Deposits	\$ 961,157	\$ 962,954
Borrowings	393,000	282,886
Accounts payable and other liabilities	<u>8,922</u>	<u>10,088</u>
Total Liabilities	<u>1,363,079</u>	<u>1,255,928</u>
Commitments and contingencies	-	-
Shareholders’ Equity		
Common Stock, par value \$.001: 20,000,000 shares authorized; 7,880,339 and 7,845,182 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	8	8
Additional paid-in-capital	78,859	78,204
Retained earnings	23,010	20,384
Accumulated other comprehensive income, net of tax	<u>1,645</u>	<u>900</u>
Total Shareholders’ Equity	<u>103,522</u>	<u>99,496</u>
Total Liabilities and Shareholders’ Equity	<u>\$ 1,466,601</u>	<u>\$ 1,355,424</u>

(See accompanying notes to the consolidated financial statements)

FIRST FOUNDATION INC.
CONSOLIDATED INCOME STATEMENTS - UNAUDITED
(In thousands, except share and per share amounts)

	For the Quarter Ended March 31,	
	2015	2014
Interest income:		
Loans	\$ 12,101	\$ 10,104
Securities	815	392
FHLB stock, fed funds and deposits	242	179
Total interest income	13,158	10,675
Interest expense:		
Deposits	923	804
Borrowings	364	121
Total interest expense	1,287	925
Net interest income	11,871	9,750
Provision for loan losses	150	235
Net interest income after provision for loan losses	11,721	9,515
Noninterest income:		
Asset management, consulting and other fees	5,850	5,039
Other income	354	512
Total noninterest income	6,204	5,551
Noninterest expense:		
Compensation and benefits	9,180	8,480
Occupancy and depreciation	1,957	1,828
Professional services and marketing costs	1,058	1,249
Other expenses	1,163	989
Total noninterest expense	13,358	12,546
Income before taxes on income	4,567	2,520
Taxes on income	1,941	1,058
Net income	\$ 2,626	\$ 1,462
Net income per share:		
Basic	\$ 0.33	\$ 0.19
Diluted	\$ 0.32	\$ 0.18
Shares used in computation:		
Basic	7,855,457	7,733,514
Diluted	8,211,145	8,094,814

(See accompanying notes to the consolidated financial statements)

FIRST FOUNDATION INC.
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME - UNAUDITED
(In thousands)

	For the Quarter Ended March 31,	
	2015	2014
Net income	\$ 2,626	\$ 1,462
Other comprehensive income:		
Unrealized holding gains (losses) on securities arising during the period	1,265	800
Other comprehensive income before tax	1,265	800
Income tax (expense) benefit related to items of other comprehensive income	(520)	(329)
Other comprehensive income	745	471
Total comprehensive income	\$ 3,371	\$ 1,933

(See accompanying notes to the consolidated financial statements)

FIRST FOUNDATION INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(In thousands)

	For the Quarter Ended March 31,	
	2015	2014
Cash Flows from Operating Activities:		
Net income	\$ 2,626	\$ 1,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	150	235
Stock-based compensation expense	152	146
Depreciation and amortization	326	328
Deferred tax expense (benefit)	(185)	523
Amortization of premiums on purchased loans - net	(231)	(1,041)
Increase (decrease) in other assets	126	(277)
Increase in accounts payable and other liabilities	(713)	(1,550)
Net cash provided by operating activities	2,251	(174)
Cash Flows from Investing Activities:		
Net increase in loans	(102,506)	(45,658)
Purchase of AFS securities	-	(13,983)
Maturities of AFS securities	2,837	605
Sale (purchase) of FHLB stock, net	(4,700)	141
Purchase of premises and equipment	(623)	(57)
Net cash used in investing activities	(104,992)	(59,993)
Cash Flows from Financing Activities:		
Increase (decrease) in deposits	(1,797)	52,647
Net increase in FHLB advances	100,000	(15,000)
Term note - borrowings	10,114	15,000
Term note - payments	-	(188)
Proceeds from sale of stock, net	50	-
Net cash provided by financing activities	108,367	52,459
Increase (decrease) in cash and cash equivalents	5,626	(6,667)
Cash and cash equivalents at beginning of year	29,692	56,954
Cash and cash equivalents at end of period	\$ 35,318	\$ 50,287
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 1,180	\$ 855
Income taxes	\$ 750	\$ 100
Noncash transactions:		
Transfer of foreclosed loan to REO	\$ -	\$ 1,500

(See accompanying notes to the consolidated financial statements)

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

NOTE 1: BASIS OF PRESENTATION

The consolidated financial statements include First Foundation Inc. (“FFI”) and its wholly owned subsidiaries: First Foundation Advisors (“FFA”), First Foundation Bank (“FFB” or the “Bank”) and First Foundation Insurance Services (“FFIS”), a wholly owned subsidiary of FFB (collectively referred to as the “Company”). All inter-company balances and transactions have been eliminated in consolidation. The results of operations reflect any interim adjustments, all of which are of a normal recurring nature and which, in the opinion of management, are necessary for a fair presentation of the results for the interim period presented. The results for the 2015 interim periods are not necessarily indicative of the results expected for the full year.

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates.

The accompanying unaudited consolidated financial statements include all information and footnotes required for interim financial statement presentation. The financial information provided herein is written with the presumption that the users of the interim financial statements have read, or have access to, the most recent Annual Report which contains the latest available audited consolidated financial statements and notes thereto, as of December 31, 2014.

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the 2015 presentation.

Accounting pronouncements: In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 660): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40).” The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the codification. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2016. The Company is currently assessing the impact that this guidance will have on its consolidated financial statements, but does not expect the guidance to have a material impact on the Company's consolidated financial statements.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

NOTE 2: FAIR VALUE

Assets Measured at Fair Value on a Recurring Basis

The following tables show the recorded amounts of assets and liabilities measured at fair value on a recurring basis as of:

<i>(dollars in thousands)</i>	<u>Total</u>	<u>Fair Value Measurement Level</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
March 31, 2015:				
Investment securities available for sale				
US Treasury securities	\$ 300	\$ 300	\$ —	\$ —
FNMA and FHLB Agency notes	10,444	—	10,444	—
Agency mortgage-backed securities	125,896	—	125,896	—
Total assets at fair value on a recurring basis	<u>\$ 136,640</u>	<u>\$ 300</u>	<u>\$ 136,340</u>	<u>\$ —</u>
December 31, 2014:				
Investment securities available for sale				
US Treasury securities	\$ 300	\$ 300	\$ —	\$ —
FNMA and FHLB Agency notes	10,277	—	10,277	—
Agency mortgage-backed securities	127,693	—	127,693	—
Total assets at fair value on a recurring basis	<u>\$ 138,270</u>	<u>\$ 300</u>	<u>\$ 137,970</u>	<u>\$ —</u>

Fair Value of Financial Instruments

We have elected to use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available for sale are measured at fair value on a recurring basis. Additionally, from time to time, we may be required to measure at fair value other assets on a nonrecurring basis, such as loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Fair value estimates are made at a discrete point in time based on relevant market information and other information about the financial instruments. Because no active market exists for a significant portion of our financial instruments, fair value estimates are based in large part on judgments we make primarily regarding current economic conditions, risk characteristics of various financial instruments, prepayment rates, and future expected loss experience. These estimates are subjective in nature and invariably involve some inherent uncertainties. Additionally, unexpected changes in events or circumstances can occur that could require us to make changes to our assumptions and which, in turn, could significantly affect and require us to make changes to our previous estimates of fair value.

In addition, the fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of existing and anticipated future customer relationships and the value of assets and liabilities that are not considered financial instruments, such as premises and equipment and other real estate owned.

The following methods and assumptions were used to estimate the fair value of financial instruments.

Cash and Cash Equivalents . The fair value of cash and cash equivalents approximates its carrying value.

Interest-Bearing Deposits with Financial Institutions . The fair values of interest-bearing deposits maturing within ninety days approximate their carrying values.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

Investment Securities Available for Sale . Investment securities available-for-sale are measured at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds and corporate debt securities. Securities classified as level 3 include asset-backed securities in less liquid markets.

Federal Home Loan Bank and Federal Reserve Bank Stock. The Bank is a member of the Federal Home Loan Bank (the "FHLB") and the Federal Reserve Bank of San Francisco (the "FRB"). As members, we are required to own stock of the FHLB and the FRB, the amount of which is based primarily on the level of our borrowings from those institutions. We also have the right to acquire additional shares of stock in either or both of the FHLB and the FRB; however, to date, we have not done so. The fair values of that stock are equal to their respective carrying amounts, are classified as restricted securities and are periodically evaluated for impairment based on our assessment of the ultimate recoverability of our investments in that stock. Any cash or stock dividends paid to us on such stock are reported as income.

Loans . The fair value for loans with variable interest rates is the carrying amount. The fair value of fixed rate loans is derived by calculating the discounted value of future cash flows expected to be received by the various homogeneous categories of loans. All loans have been adjusted to reflect changes in credit risk.

Impaired Loans . ASC 820-10 applies to loans measured for impairment in accordance with ASC 310-10, "Accounting by Creditors for Impairment of a Loan", including impaired loans measured at an observable market price (if available), and at the fair value of the loan's collateral (if the loan is collateral dependent) less selling cost. The fair value of an impaired loan is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value and discounted cash flows. When the fair value of the collateral is based on an observable market price or a current appraised value, we measure the impaired loan at nonrecurring Level 2. When an appraised value is not available, or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price or a discounted cash flow has been used to determine the fair value, we measure the impaired loan at nonrecurring Level 3.

Deposits . The fair value of demand deposits, savings deposits, and money market deposits is defined as the amounts payable on demand at quarter-end. The fair value of fixed maturity certificates of deposit is estimated based on the discounted value of the future cash flows expected to be paid on the deposits.

Borrowings . The fair value of \$363 million in borrowings is the carrying value of overnight FHLB advances that approximate fair value because of the short-term maturity of this instrument, resulting in a Level 2 classification. The fair value of term borrowings is derived by calculating the discounted value of future cash flows expected to be paid out by the Company. The \$30.0 million term loan is a variable rate loan for which the rate adjusts quarterly, and as such, its fair value is based on its carrying value resulting in a Level 3 classification. The carrying amounts and estimated fair values of financial instruments are as follows as of:

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

<i>(dollars in thousands)</i>	Carrying Value	Fair Value Measurement Level			Total
		1	2	3	
March 31, 2015:					
Assets:					
Cash and cash equivalents	\$ 35,318	\$ 35,318	\$ —	\$ —	\$ 35,318
Securities AFS	136,640	300	136,340	—	136,640
Loans	1,258,829	—	—	1,289,060	1,289,060
Investment in FHLB stock	17,061	17,061	—	—	17,061
Liabilities:					
Deposits	961,157	720,651	240,413	—	961,064
Borrowings	393,000	—	363,000	30,000	393,000
December 31, 2014:					
Assets:					
Cash and cash equivalents	\$ 29,692	\$ 29,692	\$ —	\$ —	\$ 29,692
Securities AFS	138,270	300	137,970	—	138,270
Loans	1,156,242	—	—	1,186,408	1,186,408
Investment in FHLB stock	12,361	12,361	—	—	12,361
Liabilities:					
Deposits	962,954	709,604	253,244	—	962,848
Borrowings	282,886	—	263,000	19,886	282,886

NOTE 3: SECURITIES

The following table provides a summary of the Company's securities AFS portfolio as of:

<i>(dollars in thousands)</i>	Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
March 31, 2015:				
US Treasury securities	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	10,496	11	(63)	10,444
Agency mortgage-backed securities	123,049	2,847	—	125,896
Total	<u>\$ 133,845</u>	<u>\$ 2,858</u>	<u>\$ (63)</u>	<u>\$ 136,640</u>
December 31, 2014:				
US Treasury securities	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	10,496	—	(219)	10,277
Agency mortgage-backed securities	125,944	1,881	(132)	127,693
Total	<u>\$ 136,740</u>	<u>\$ 1,881</u>	<u>\$ (351)</u>	<u>\$ 138,270</u>

The US Treasury securities are pledged as collateral to the State of California to meet regulatory requirements related to the Bank's trust operations.

The table below indicates, as of March 31, 2015, the gross unrealized losses and fair values of our investments, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position.

<i>(dollars in thousands)</i>	Securities with Unrealized Loss at March 31, 2015					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
FNMA and FHLB Agency notes	\$ 4,964	\$ (36)	\$ 2,722	\$ (27)	\$ 7,686	\$ (63)
Agency mortgage backed securities	—	—	—	—	—	—
Total temporarily impaired securities	<u>\$ 4,964</u>	<u>\$ (36)</u>	<u>\$ 2,722</u>	<u>\$ (27)</u>	<u>\$ 7,686</u>	<u>\$ (63)</u>

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

Unrealized losses on FNMA and FHLB agency notes and agency mortgage-backed securities have not been recognized into income because the issuer bonds are of high credit quality, management does not intend to sell and it is not more likely than not that management would be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the bonds approach maturity.

The scheduled maturity of securities AFS and the related weighted average yield is as follows as of March 31, 2015:

<i>(dollars in thousands)</i>	<u>Less than 1 Year</u>	<u>1 Through 5 years</u>	<u>5 Through 10 Years</u>	<u>After 10 Years</u>	<u>Total</u>
Amortized Cost:					
US Treasury securities	\$ —	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	—	5,000	5,496	—	10,496
Total	<u>\$ —</u>	<u>\$ 5,300</u>	<u>\$ 5,496</u>	<u>\$ —</u>	<u>\$ 10,796</u>
Weighted average yield	<u>0.00%</u>	<u>1.60%</u>	<u>1.89%</u>	<u>0.00%</u>	<u>1.75%</u>
Estimated Fair Value:					
US Treasury securities	\$ —	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	—	4,964	5,480	—	10,444
Total	<u>\$ —</u>	<u>\$ 5,264</u>	<u>\$ 5,480</u>	<u>\$ —</u>	<u>\$ 10,744</u>

Agency mortgage backed securities are excluded from the above table because such securities are not due at a single maturity date. The weighted average yield of the agency mortgage backed securities as of March 31, 2015 was 2.48%.

NOTE 4: LOANS

The following is a summary of our loans as of:

<i>(dollars in thousands)</i>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Recorded investment balance:		
Loans secured by real estate:		
Residential properties:		
Multifamily	\$ 508,732	\$ 481,491
Single family	393,168	360,644
Total real estate loans secured by residential properties	<u>901,900</u>	<u>842,135</u>
Commercial properties	224,481	205,320
Land and construction	5,325	4,309
Total real estate loans	<u>1,131,706</u>	<u>1,051,764</u>
Commercial and industrial loans	95,419	93,537
Consumer loans	42,077	21,125
Total loans	<u>1,269,202</u>	<u>1,166,426</u>
Premiums, discounts and deferred fees and expenses	(73)	(34)
Total	<u>\$ 1,269,129</u>	<u>\$ 1,166,392</u>

As of March 31, 2015 and December 31, 2014, the principal balances shown above are net of unaccreted discount related to loans acquired in an acquisition of \$0.5 million and \$0.8 million, respectively.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

In 2012, the Company purchased loans, for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The carrying amount of these purchased credit impaired loans is as follows as of:

<i>(dollars in thousands)</i>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Outstanding principal balance:		
Loans secured by real estate:		
Commercial properties	\$ 204	\$ 206
Land	<u>—</u>	<u>—</u>
Total real estate loans	204	206
Commercial and industrial loans	1,971	2,002
Consumer loans	<u>5</u>	<u>249</u>
Total loans	2,180	2,457
Unaccreted discount on purchased credit impaired loans	<u>(436)</u>	<u>(651)</u>
Total	<u>\$ 1,744</u>	<u>\$ 1,806</u>

Accretable yield, or income expected to be collected on purchased credit impaired loans, is as follows as of:

<i>(dollars in thousands)</i>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Beginning balance	\$ 130	\$ 2,349
Accretion of income	(60)	(1,076)
Reclassifications from nonaccretable difference	—	(391)
Disposals	<u>—</u>	<u>(752)</u>
Ending balance	<u>\$ 70</u>	<u>\$ 130</u>

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

The following table summarizes our delinquent and nonaccrual loans as of:

<i>(dollars in thousands)</i>	Past Due and Still Accruing			Nonaccrual	Total Past Due and Nonaccrual	Current	Total
	30-59 Days	60-89 Days	90 Days or More				
March 31, 2015:							
Real estate loans:							
Residential properties	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 901,900	\$ 901,900
Commercial properties	1,194	—	805	770	2,769	221,712	224,481
Land and construction	—	—	—	—	—	5,325	5,325
Commercial and industrial loans	1,445	1,373	357	349	3,524	91,895	95,419
Consumer loans	—	—	793	113	906	41,171	42,077
Total	\$ 2,639	\$ 1,373	\$ 1,955	\$ 1,232	\$ 7,199	\$1,262,003	\$1,269,202
Percentage of total loans	0.21%	0.11%	0.15%	0.10%	0.57%		
December 31, 2014:							
Real estate loans:							
Residential properties	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 842,135	\$ 842,135
Commercial properties	—	805	200	596	1,601	203,719	205,320
Land and construction	—	—	651	—	651	3,658	4,309
Commercial and industrial loans	2,092	289	700	342	3,423	90,114	93,537
Consumer loans	—	—	637	163	800	20,325	21,125
Total	\$ 2,092	\$ 1,094	\$ 2,188	\$ 1,101	\$ 6,475	\$1,159,951	\$1,166,426
Percentage of total loans	0.18%	0.09%	0.19%	0.09%	0.56%		

Accrual of interest on loans is discontinued when reasonable doubt exists as to the full, timely collection of interest or principal and, generally, when a loan becomes contractually past due for ninety days or more with respect to principal or interest. The accrual of interest may be continued on a well-secured loan contractually past due ninety days or more with respect to principal or interest if the loan is in the process of collection or collection of the principal and interest is deemed probable. The Bank considers a loan to be impaired when, based upon current information and events, it believes it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. The determination of past due, nonaccrual or impairment status of loans acquired in an acquisition, other than loans deemed purchased impaired, is the same as loans we originate.

As of March 31, 2015 and December 31, 2014, the Company had two loans with a balance of \$0.5 million classified as troubled debt restructurings (“TDR”) which are included as nonaccrual in the table above. Both loans were classified as a TDR as a result of a reduction in required principal payments and an extension of the maturity date of the loans.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

NOE 5: ALLOWANCE FOR LOAN LOSSES

The following is a rollforward of the Bank's allowance for loan losses for the quarters ended March 31:

<i>(dollars in thousands)</i>	<u>Beginning Balance</u>	<u>Provision for Loan Losses</u>	<u>Charge-offs</u>	<u>Recoveries</u>	<u>Ending Balance</u>
2015:					
Real estate loans:					
Residential properties	\$ 6,586	\$ (139)	\$ —	\$ —	\$ 6,447
Commercial properties	1,526	(57)	—	—	1,469
Commercial and industrial loans	1,897	183	—	—	2,080
Consumer loans	141	163	—	—	304
Total	<u>\$ 10,150</u>	<u>\$ 150</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,300</u>
2014:					
Real estate loans:					
Residential properties	\$ 6,157	\$ 98	\$ —	\$ —	\$ 6,255
Commercial properties	1,440	153	—	—	1,593
Commercial and industrial loans	2,149	8	—	—	2,157
Consumer loans	169	(24)	—	—	145
Total	<u>\$ 9,915</u>	<u>\$ 235</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,150</u>

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by impairment method as of:

<i>(dollars in thousands)</i>	Allowance for Loan Losses				Unaccrued Credit Component Other Loans
	Evaluated for Impairment		Purchased Impaired	Total	
	Individually	Collectively			
March 31, 2015:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	\$ 21	\$ 6,426	\$ —	\$ 6,447	\$ 25
Commercial properties	40	1,429	—	1,469	158
Land and construction	—	—	—	—	4
Commercial and industrial loans	1,178	902	—	2,080	30
Consumer loans	—	304	—	304	—
Total	\$ 1,239	\$ 9,061	\$ —	\$ 10,300	\$ 217
Loans:					
Real estate loans:					
Residential properties	\$ 42	\$ 901,858	\$ —	\$ 901,900	\$ 2,732
Commercial properties	6,942	217,339	200	224,481	19,257
Land and construction	—	5,325	—	5,325	436
Commercial and industrial loans	8,532	85,343	1,544	95,419	5,037
Consumer loans	113	41,964	—	42,077	7
Total	\$ 15,629	\$ 1,251,829	\$ 1,744	\$ 1,269,202	\$ 27,469
December 31, 2014:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	\$ —	\$ 6,586	\$ —	\$ 6,586	\$ 26
Commercial properties	26	1,500	—	1,526	193
Land and construction	—	—	—	—	4
Commercial and industrial loans	686	1,211	—	1,897	45
Consumer loans	—	141	—	141	—
Total	\$ 712	\$ 9,438	\$ —	\$ 10,150	\$ 268
Loans:					
Real estate loans:					
Residential properties	\$ 43	\$ 842,092	\$ —	\$ 842,135	\$ 2,861
Commercial properties	5,742	199,378	200	205,320	21,126
Land and construction	—	4,309	—	4,309	1,099
Commercial and industrial loans	5,635	86,343	1,559	93,537	5,893
Consumer loans	116	20,962	47	21,125	8
Total	\$ 11,536	\$ 1,153,084	\$ 1,806	\$ 1,166,426	\$ 30,987

The column labeled “Unaccrued Credit Component Other Loans” represents the amount of unaccrued credit component discount for loans acquired in the Merger that were not classified as purchased impaired or individually evaluated for impairment as of the dates indicated, and the stated principal balance of the related loans. The unaccrued credit component discount is equal to 0.79% and 0.86% of the stated principal balance of these loans, as of March 31, 2015 and December 31, 2014, respectively. In addition to this unaccrued credit component discount, an additional \$0.2 million and \$0.3 million of the ALLL have been provided for these loans as of March 31, 2015 and December 31, 2014, respectively.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as loans secured by multifamily or commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

Pass: Loans classified as pass are strong credits with no existing or known potential weaknesses deserving of management’s close attention.

Special Mention: Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard: Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Impaired: A loan is considered impaired, when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement.

Additionally, all loans classified as troubled debt restructurings (“TDRs”) are considered impaired. Purchased credit impaired loans are not considered impaired loans for these purposes.

Loans listed as pass include larger non-homogeneous loans not meeting the risk rating definitions above and smaller, homogeneous loans not assessed on an individual basis.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows as of:

<i>(dollars in thousands)</i>	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Impaired</u>	<u>Total</u>
March 31, 2015:					
Real estate loans:					
Residential properties	\$ 899,807	\$ 2,051	\$ —	\$ 42	\$ 901,900
Commercial properties	217,339	—	200	6,942	224,481
Land and construction	5,325	—	—	-	5,325
Commercial and industrial loans	83,599	1,744	1,544	8,532	95,419
Consumer loans	41,964	—	—	113	42,077
Total	<u>\$ 1,248,034</u>	<u>\$ 3,795</u>	<u>\$ 1,744</u>	<u>\$ 15,629</u>	<u>\$ 1,269,202</u>
December 31, 2014:					
Real estate loans:					
Residential properties	\$ 841,538	\$ 554	\$ —	\$ 43	\$ 842,135
Commercial properties	198,112	1,266	200	5,742	205,320
Land and construction	4,309	—	—	—	4,309
Commercial and industrial loans	81,067	5,276	1,559	5,635	93,537
Consumer loans	20,962	—	47	116	21,125
Total	<u>\$ 1,145,988</u>	<u>\$ 7,096</u>	<u>\$ 1,806</u>	<u>\$ 11,536</u>	<u>\$ 1,166,426</u>

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

Impaired loans evaluated individually and any related allowance is as follows as of :

	With No Allowance Recorded		With an Allowance Recorded		
	Unpaid Principal Balance	Recorded Investment	Unpaid Principal Balance	Recorded Investment	Related Allowance
<i>(dollars in thousands)</i>					
March 31, 2015 :					
Real estate loans:					
Residential properties	\$ —	\$ —	\$ 42	\$ 21	\$ 21
Commercial properties	6,172	6,172	770	730	40
Land and construction	—	—	—	—	—
Commercial and industrial loans	906	906	7,626	6,448	1,178
Consumer loans	113	113	—	—	—
Total	<u>\$ 7,191</u>	<u>\$ 7,191</u>	<u>\$ 8,438</u>	<u>\$ 8,438</u>	<u>\$ 1,239</u>
December 31, 2014 :					
Real estate loans:					
Residential properties	\$ 43	\$ 43	\$ -	\$ -	\$ -
Commercial properties	5,568	5,568	174	174	26
Commercial and industrial loans	2,094	2,094	3,541	3,451	686
Consumer loans	116	116	-	-	-
Total	<u>\$ 7,821</u>	<u>\$ 7,821</u>	<u>\$ 3,715</u>	<u>\$ 3,715</u>	<u>\$ 712</u>

The weighted average annualized average balance of the recorded investment for impaired loans, beginning from when the loan became impaired, and any interest income recorded on impaired loans after they became impaired is as follows for the:

	Quarter Ending March 31, 2015		Year Ending December 31, 2014	
	Average Recorded Investment	Interest Income after Impairment	Average Recorded Investment	Interest Income after Impairment
<i>(dollars in thousands)</i>				
Real estate loans:				
Residential properties	\$ 42	\$ 1	\$ 3,000	\$ 25
Commercial properties	6,145	70	3,217	140
Land and construction	—	—	—	—
Commercial and industrial loans	7,965	108	1,196	241
Consumer loans	114	—	126	—
Total	<u>\$ 14,266</u>	<u>\$ 179</u>	<u>\$ 7,539</u>	<u>\$ 406</u>

There was no interest income recognized on a cash basis in either 2015 or 2014 on impaired loans.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

NOTE 6: DEPOSITS

The following table summarizes the outstanding balance of deposits and average rates paid thereon as of:

<i>(dollars in thousands)</i>	March 31, 2015		December 31, 2014	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Demand deposits:				
Noninterest-bearing	\$ 252,397	—	\$ 246,137	—
Interest-bearing	280,610	0.447%	291,509	0.502%
Money market and savings	187,644	0.599%	171,958	0.626%
Certificates of deposits	240,506	0.548%	253,350	0.619%
Total	\$ 961,157	0.385%	\$ 962,954	0.427%

At March 31, 2015, of the \$113.5 million of certificates of deposits of \$250,000 or more, \$105.4 million mature within one year and \$8.1 million mature after one year. Of the \$127.0 million of certificates of deposit of less than \$250,000, \$115.3 million mature within one year and \$11.7 million mature after one year. At December 31, 2014, of the \$117.0 million of certificates of deposits of \$250,000 or more, \$96.9 million mature within one year and \$20.1 million mature after one year. Of the \$136.4 million of certificates of deposit of less than \$250,000, \$127.1 million mature within one year and \$9.3 million mature after one year.

NOTE 7: BORROWINGS

At March 31, 2015, our borrowings consisted of \$363.0 million of overnight FHLB advances and a \$30.0 million note payable by FFI. At December 31, 2014, our borrowings consisted of \$263.0 million of overnight FHLB advances and a \$19.9 million note payable by FFI. The FHLB advances were paid in full in the early part of April 2015 and January 2015, respectively, and bore interest rates of 0.24% and 0.27%, respectively. Because the Bank utilizes overnight borrowings, the balance of outstanding borrowings fluctuates on a daily basis.

In the second quarter of 2013, we entered into a secured loan agreement with an unaffiliated lender to borrow \$7.5 million for a term of five years. In the first quarter of 2014, FFI entered into an amendment to this loan agreement pursuant to which we obtained an additional \$15.0 million of borrowings. In February, 2015 FFI entered into a second amendment to this loan agreement pursuant to which we obtained an additional \$10.3 million of borrowings, increasing our total borrowing under this loan to \$30.0 million as of March 31, 2015. In addition, the maturity date was extended to May 2022 and the interest rate on the loan was reduced from ninety day LIBOR plus 4.00% to ninety day LIBOR plus 3.75%. These amendments did not alter any other terms of the Loan Agreement or the loan, other than the increases in the principal amount of the loan and a corresponding increase in the amount of the monthly installments of principal and interest payable on the loan. The amended loan agreement requires us to make monthly payments of principal of \$0.25 million plus interest, with a final payment of the unpaid principal balance, in the amount of \$8.75 million, plus accrued but unpaid interest, at the maturity date of the loan in May 2022. We have the right, in our discretion, to prepay the loan at any time in whole or, from time to time, in part, without any penalties or premium. As security for our repayment of the loan, we pledged all of the common stock of FFB to the lender. We are required to meet certain financial covenants during the term of the loan, including limits on classified assets and nonperforming assets, the maintenance of required leverage ratios, fixed charge coverage ratios and capital ratios and the maintenance of required liquidity levels at FFI. As of March 31, 2015, the Company was in compliance with all of these covenants. The term loan note agreement also contains restrictions against disposal of assets, incurrence of debt and the payment of dividends without the prior written consent of the lender.

FIRST FOUNDATION INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Quarter Ended March 31, 2015 – UNAUDITED

NOTE 8: EARNINGS PER SHARE

Basic earnings per share excludes dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if contracts to issue common stock were exercised or converted into common stock that would then share in earnings.

The following table sets forth the Company's unaudited earnings per share calculations for the quarters ended March 31:

<i>(dollars in thousands, except per share amounts)</i>	2015		2014	
	Basic	Diluted	Basic	Diluted
Net income	\$ 2,626	\$ 2,626	\$ 1,462	\$ 1,462
Basic common shares outstanding	7,855,457	7,855,457	7,733,514	7,733,514
Effect of options and restricted stock		355,688		361,300
Diluted common shares outstanding		8,211,145		8,094,814
Earnings per share	\$ 0.33	\$ 0.32	\$ 0.19	\$ 0.18

Based on a weighted average basis, options to purchase 79,125 and 66,125 shares of common stock were excluded for the quarters ended March 31, 2015 and 2014, respectively, because their effect would have been anti-dilutive.

NOTE 9: SEGMENT REPORTING

For the quarters ending March 31, 2015 and 2014, the Company had two reportable business segments: Banking (FFB and FFIS) and Wealth Management (FFA). The results of FFI and any elimination entries are included in the column labeled Other. The following tables show key operating results for each of our business segments used to arrive at our consolidated totals for the quarters ending March 31:

<i>(dollars in thousands)</i>	Banking	Wealth Management	Other	Total
	2015:			
Interest income	\$ 13,158	\$ —	\$ —	\$ 13,158
Interest expense	1,047	—	240	1,287
Net interest income	12,111	—	(240)	11,871
Provision for loan losses	150	—	-	150
Noninterest income	1,278	5,067	(141)	6,204
Noninterest expense	7,919	4,715	724	13,358
Income (loss) before taxes on income	\$ 5,320	\$ 352	\$ (1,105)	\$ 4,567
2014:				
Interest income	\$ 10,675	\$ —	\$ —	\$ 10,675
Interest expense	851	—	74	925
Net interest income	9,824	—	(74)	9,750
Provision for loan losses	235	—	—	235
Noninterest income	1,042	4,625	(116)	5,551
Noninterest expense	6,942	4,842	762	12,546
Income (loss) before taxes on income	\$ 3,689	\$ (217)	\$ (952)	\$ 2,520

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to facilitate the understanding and assessment of significant changes and trends in our results of operations in the quarter ended March 31, 2015 as compared to our results of operations in the quarter ended March 31, 2014; our financial condition at March 31, 2015 as compared to our financial condition at December 31, 2014. This discussion and analysis is based on and should be read in conjunction with our consolidated financial statements and the accompanying notes thereto contained elsewhere in this report and our audited consolidated financial statements for the year ended December 31, 2014, and the notes thereto, which are set forth in Item 8 of our Annual Report on Form 10-K (our "2014 10-K") which we filed with the Securities and Exchange Commission (or SEC) on March 16, 2015.

Forward Looking Statements

Statements contained in this report that are not historical facts or that discuss our expectations, beliefs or views regarding our future financial performance or future financial condition, or financial or other trends in our business or in the markets in which we operate, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Often, they include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "forecast" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may." Such forward-looking statements are based on current information that is available to us, and on assumptions that we make, about future events or economic or financial conditions or trends over which we do not have control. In addition, our businesses and the markets in which we operate are subject to a number of risks and uncertainties. Those risks and uncertainties, and unexpected future events, could cause our financial condition or actual operating results in the future to differ, possibly significantly, from our expected financial condition and operating results that are set forth in the forward-looking statements contained in this report.

The principal risks and uncertainties to which our businesses are subject are discussed in Item 1A in our 2014 10-K and in this Item 2 below. Therefore, you are urged to read not only the information contained in this Item 2, but also the risk factors and other cautionary information contained in Item 1A of our 2014 10-K, which qualify the forward-looking statements contained in this report.

Due to these risks and uncertainties, you are cautioned not to place undue reliance on the forward-looking statements contained in this report and not to make predictions about our future financial performance based solely on our historical financial performance. We also disclaim any obligation to update forward-looking statements contained in this Report or in our 2014 10-K, except as may otherwise be required by applicable law or government regulations.

Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and accounting practices in the banking industry. Certain of those accounting policies are considered critical accounting policies, because they require us to make estimates and assumptions regarding circumstances or trends that could materially affect the value of those assets, such as economic conditions or trends that could impact our ability to fully collect our loans or ultimately realize the carrying value of certain of our other assets. Those estimates and assumptions are made based on current information available to us regarding those economic conditions or trends or other circumstances. If changes were to occur in the events, trends or other circumstances on which our estimates or assumptions were based, or other unanticipated events were to occur that might affect our operations, we may be required under GAAP to adjust our earlier estimates and to reduce the carrying values of the affected assets on our balance sheet, generally by means of charges against income, which could also affect our results of operations in the fiscal periods when those charges are recognized.

Utilization and Valuation of Deferred Income Tax Benefits. We record as a "deferred tax asset" on our balance sheet an amount equal to the tax credit and tax loss carryforwards and tax deductions (collectively "tax benefits") that we believe will be available to us to offset or reduce income taxes in future periods. Under applicable federal and state income tax laws and regulations, tax benefits related to tax loss carryforwards will expire if they cannot be used within specified periods of time. Accordingly, the ability to fully use our deferred tax asset related to tax loss carryforwards to reduce income taxes in the future depends on the amount of taxable income that we generate during those time periods. At least once each year, or more frequently, if warranted, we make estimates of future taxable income that we believe we are likely to generate during those future periods. If we conclude, on the basis of those estimates and the amount of the tax benefits available to us, that it is more likely, than not, that we will be able to fully utilize those tax benefits prior to their expiration, we recognize the deferred tax asset in full on our balance sheet. On the other hand, if we conclude on the basis of those estimates and the amount of the tax benefits available to us that it has become more likely, than not, that we will be unable to utilize those tax benefits in full prior to their expiration, then, we would establish a valuation allowance to reduce the deferred tax asset on our balance sheet to the amount with respect to which we believe it is still more likely, than not, that we will be able to use to offset or reduce taxes in the future. The establishment of such a valuation allowance, or any increase in an existing

valuation allowance, would be effectuated through a charge to the provision for income taxes or a reduction in any income tax credit for the period in which such valuation allowance is established or increased.

Allowance for Loan and Lease Losses. Our ALLL is established through a provision for loan losses charged to expense and may be reduced by a recapture of previously established loss reserves, which are also reflected in the statement of income. Loans are charged against the ALLL when management believes that collectability of the principal is unlikely. The ALLL is an amount that management believes will be adequate to absorb estimated losses on existing loans that may become uncollectible based on an evaluation of the collectability of loans and prior loan loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions and certain other subjective factors that may affect the borrower's ability to pay. While we use the best information available to make this evaluation, future adjustments to our ALLL may be necessary if there are significant changes in economic or other conditions that can affect the collectability in full of loans in our loan portfolio.

Adoption of new or revised accounting standards. We have elected to take advantage of the extended transition period afforded by the JOBS Act, for the implementation of new or revised accounting standards. As a result, we will not be required to comply with new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies or we cease to be an "emerging growth" company as defined in the JOBS Act. As a result of this election, our financial statements may not be comparable to the financial statements of companies that comply with public company effective dates.

We have two business segments, "Banking" and "Investment Management and Wealth Planning" (or Wealth Management). Banking includes the operations of FFB and FFIS and Wealth Management includes the operations of FFA. The financial position and operating results of the stand-alone holding company, FFI, are included under the caption "Other" in certain of the tables that follow, along with any consolidation elimination entries.

Recent Developments and Overview

As previously reported, on November 25, 2014, the Company and the Bank entered into a merger agreement with Pacific Rim Bank, or Pacific Rim, which provides for a merger pursuant to which (i) Pacific Rim will be merged with and into the Bank, which will be the surviving bank in the merger (ii) the Bank will succeed to all of Pacific Rim's assets and liabilities, and the separate existence of Pacific Rim will cease, and (iii) each share of Pacific Rim common stock (other than any dissenting shares) will be converted into a right to receive 0.395 of a share of FFI common stock. Based on the number of Pacific Rim shares that were outstanding as of March 31, 2015, it is expected that in the merger FFI will issue a total of 650,012 shares of its common stock to the former Pacific Rim shareholders. Pacific Rim's headquarters office and banking office are located in Honolulu, Hawaii. As of March 31, 2015, Pacific Rim Bank reported total assets and tangible capital of approximately \$130.5 million and \$9.5 million, respectively. Consummation of the merger was made subject to the satisfaction of certain conditions, including the approval of the FDIC, the California Department of Business Oversight (or DBO), the Hawaii Department of Financial Institutions (or DFI) and the Pacific Rim's shareholders. The FDIC, the California DBO and the Hawaiian DFI have all approved the merger. Pacific Rim has scheduled a special shareholders' meeting for June 12, 2015 at which its shareholders will be voting on approval of the merger. We expect that the merger will be consummated by the end of June 2015, however, there is no assurance that the approval of Pacific Rim's shareholders will be obtained. The foregoing summary of the terms of the merger agreement is not intended to be complete and is qualified in its entirety by reference to that agreement, which was attached as Exhibit 2.1 to our Current Report on Form 8-K filed with the SEC on December 1, 2014.

In the second quarter of 2013, we entered into a secured loan agreement with an unaffiliated lender to borrow \$7.5 million for a term of five years. In the first quarter of 2014, we entered into an amendment to this loan agreement pursuant to which we obtained an additional \$15.0 million of borrowings. This amendment did not alter any of the terms of the loan agreement or the loan, other than to increase the principal amount and to correspondingly increase the amount of the monthly installments of principal and interest payable on the loan. In the first quarter of 2015, we entered into a second amendment to this loan agreement pursuant to which, we obtained an additional \$10.3 million of borrowings, bringing the outstanding balance of this loan to \$30.0 million as of February 28, 2015. This second amendment also reduced the interest rate on this loan to 3.75% over ninety day LIBOR from 4.00% over ninety day LIBOR, extended the maturity date of this loan to May 1, 2022 and made corresponding changes to the amount of the principal payments required to be made by us on this loan. This loan, as amended, is payable by us in 96 monthly installments of principal, each in the amount of \$0.25 million, plus accrued and unpaid interest, which commenced on April 1, 2015 and will continue to and including April 1, 2022, with a final installment in the amount of \$8.75 million, plus all remaining accrued but unpaid interest, due and payable on May 1, 2022. We have the right, however, to prepay the principal amount of the Term Loan, at any time in whole or from time to time in part, without our having to pay any premium or penalty. We are required to meet certain financial covenants during the term of the loan. As security for our repayment of the loan, we pledged all of the common stock of FFB to the lender. See "Financial Condition—Term Loan" below for additional information regarding this loan.

We have continued to grow both our Banking and Wealth Management operations. Comparing the first quarter of 2015 to the first quarter of 2014, we have increased our revenues (net interest income and noninterest income) by 18%. This growth in revenues is the result of the growth in Banking's total interest-earning assets and the growth in Wealth Management's assets under management (or "AUM"). During the first quarter of 2015, total loans in Banking increased by \$103 million or 9% while the AUM in Wealth Management increased by \$148 million or 5% and totaled \$3.37 billion as of March 31, 2015. The growth in AUM includes the addition of \$228 million of new accounts and \$31 million of gains realized in client accounts during the first quarter of 2015.

The results of operations for Banking and Wealth Management reflect the benefits of this growth. Income before taxes for Banking increased \$1.6 million from \$3.7 million in the first quarter of 2014 to \$5.3 million in the first quarter of 2015. Income before taxes for Wealth Management increased \$0.6 million from a loss before taxes of \$0.2 million in the first quarter of 2014 to income before taxes of \$0.4 million in the first quarter of 2015. On a consolidated basis, income before taxes increased \$2.1 million from \$2.5 million in the first quarter of 2014 to \$4.6 million in the first quarter of 2015.

Results of Operations

Our net income for the first quarter of 2015 was \$2.6 million, as compared to \$1.5 million for first quarter of 2014. Income before taxes increased \$2.1 million from \$2.5 million in the first quarter of 2014 to \$4.6 million in the first quarter of 2015. The effective tax rate increased to 42.5% in the first quarter of 2015 as compared to 42.0% in the first quarter of 2014.

The primary sources of revenue for Banking are net interest income, fees from its deposits, trust and insurance services, and certain loan fees. The primary sources of revenue for Wealth Management are asset management fees assessed on the balance of AUM and fees charged for consulting and administrative services. Compensation and benefit costs, which represent the largest component of noninterest expense accounted for 66% and 79% of the total noninterest expense for Banking and Wealth Management, respectively, in the first quarter of 2015.

The following tables show key operating results for each of our business segments for the quarters ended March 31:

	<i>(dollars in thousands)</i>			
	<u>Banking</u>	<u>Wealth Management</u>	<u>Other</u>	<u>Total</u>
2015:				
Interest income	\$ 13,158	\$ —	\$ —	\$ 13,158
Interest expense	<u>1,047</u>	<u>—</u>	<u>240</u>	<u>1,287</u>
Net interest income	12,111	—	(240)	11,871
Provision for loan losses	150	—	—	150
Noninterest income	1,278	5,067	(141)	6,204
Noninterest expense	<u>7,919</u>	<u>4,715</u>	<u>724</u>	<u>13,358</u>
Income (loss) before taxes on income	<u>\$ 5,320</u>	<u>\$ 352</u>	<u>\$ (1,105)</u>	<u>\$ 4,567</u>
2014:				
Interest income	\$ 10,675	\$ —	\$ —	\$ 10,675
Interest expense	<u>851</u>	<u>—</u>	<u>74</u>	<u>925</u>
Net interest income	9,824	—	(74)	9,750
Provision for loan losses	235	—	—	235
Noninterest income	1,042	4,625	(116)	5,551
Noninterest expense	<u>6,942</u>	<u>4,842</u>	<u>762</u>	<u>12,546</u>
Income (loss) before taxes on income	<u>\$ 3,689</u>	<u>\$ (217)</u>	<u>\$ (952)</u>	<u>\$ 2,520</u>

General. Consolidated income before taxes for the first quarter of 2015 was \$4.6 million as compared to \$2.5 million for the first quarter of 2014. This increase was due to increases in income before taxes of Banking and Wealth Management of \$1.6 million and \$0.6 million, respectively, which was partially offset by a \$0.2 million increase in corporate interest and noninterest expenses. The \$1.6 million increase in income before taxes for Banking was due primarily to higher net interest income, higher noninterest income which were partially offset by higher noninterest expenses. The \$0.6 million increase in income before taxes for Wealth Management was primarily due to higher noninterest income. The \$0.2 million increase in corporate interest and noninterest expenses was primarily due to increases in interest costs related to the higher balance of the term note.

Net Interest Income. The following tables set forth information regarding (i) the total dollar amount of interest income from interest-earning assets and the resultant average yields on those assets; (ii) the total dollar amount of interest expense and the average rate of interest on our interest-bearing liabilities; (iii) net interest income; (iv) net interest rate spread; and (v) net yield on interest-earning assets for the quarter ended March 31:

<i>(dollars in thousands)</i>	2015			2014		
	<u>Average Balances</u>	<u>Interest</u>	<u>Average Yield / Rate</u>	<u>Average Balances</u>	<u>Interest</u>	<u>Average Yield / Rate</u>
Interest-earning assets:						
Loans	\$ 1,201,965	\$ 12,101	4.03%	\$ 925,893	\$ 10,104	4.37%
Securities	135,526	815	2.41%	63,675	392	2.46%
FHLB stock, fed funds and deposits	28,662	242	3.42%	49,267	179	1.48%
Total interest-earning assets	<u>1,366,153</u>	<u>13,158</u>	<u>3.86%</u>	<u>1,038,835</u>	<u>10,675</u>	<u>4.12%</u>
Noninterest-earning assets:						
Nonperforming assets	1,384			3,112		
Other	18,907			16,410		
Total assets	<u>\$ 1,386,444</u>			<u>\$ 1,058,357</u>		
Interest-bearing liabilities:						
Demand deposits	\$ 289,101	308	0.43%	\$ 221,199	278	0.51%
Money market and savings	185,158	270	0.59%	124,945	151	0.49%
Certificates of deposit	248,418	345	0.56%	255,267	375	0.60%
Total interest-bearing deposits	<u>722,677</u>	<u>923</u>	<u>0.52%</u>	<u>601,411</u>	<u>804</u>	<u>0.54%</u>
Borrowings	305,906	364	0.48%	151,582	121	0.32%
Total interest-bearing liabilities	<u>1,028,583</u>	<u>1,287</u>	<u>0.51%</u>	<u>752,993</u>	<u>925</u>	<u>0.50%</u>
Noninterest-bearing liabilities:						
Demand deposits	246,225			210,330		
Other liabilities	10,551			7,200		
Total liabilities	<u>1,285,359</u>			<u>970,523</u>		
Stockholders' equity	101,085			87,834		
Total liabilities and equity	<u>\$ 1,386,444</u>			<u>\$ 1,058,357</u>		
Net Interest Income		<u>\$ 11,871</u>			<u>\$ 9,750</u>	
Net Interest Rate Spread			<u>3.35%</u>			<u>3.62%</u>
Net Yield on Interest-earning Assets			<u>3.48%</u>			<u>3.76%</u>

Net interest income is impacted by the volume (changes in volume multiplied by prior rate), interest rate (changes in rate multiplied by prior volume) and mix of interest-earning assets and interest-bearing liabilities. The following table provides a breakdown of the changes in net interest income due to volume and rate changes between the first quarter of 2015 as compared to first quarter of 2014.

<i>(dollars in thousands)</i>	<u>Increase (Decrease) due to</u>		<u>Net Increase (Decrease)</u>
	<u>Volume</u>	<u>Rate</u>	
Interest earned on:			
Loans	\$ 2,795	\$ (798)	\$ 1,997
Securities	432	(9)	423
FHLB stock, fed funds and deposits	(99)	162	63
Total interest-earning assets	<u>3,128</u>	<u>(645)</u>	<u>2,483</u>
Interest paid on:			
Demand deposits	76	(46)	30
Money market and savings	84	35	119
Certificates of deposit	(10)	(20)	(30)
Borrowings	165	78	243
Total interest-bearing liabilities	<u>315</u>	<u>47</u>	<u>362</u>
Net interest income	<u>\$ 2,813</u>	<u>\$ (692)</u>	<u>\$ 2,121</u>

Net interest income increased 22% from \$9.8 million in the first quarter of 2014, to \$11.9 million in the first quarter of 2015 due primarily to a 32% increase in interest-earning assets which was partially offset by a decrease in our net interest rate spread. The decrease in the net interest rate spread from 3.62% for the first quarter of 2014 to 3.35% for the first quarter of 2015 was due to a decrease in yield on total interest earning assets. The decrease in yield on interest earning assets from 4.12% to 3.86% was due to an increase in the proportion of lower yielding securities to total interest earning assets and a decrease in the yield on loans. That decrease was due to prepayments of higher yielding loans and the addition of loans at current market rates which are lower than the current yield on our loan portfolio. The rate on interest bearing liabilities increased slightly as an increase in the rates paid on borrowings was partially offset by a slight decrease in the rates paid on interest bearing deposits. The increase in the rates paid on borrowings was primarily due to the higher proportion of borrowings being from the term loan which bears interest at ninety day Libor plus 3.75% per annum as compared to the FHLB weighted average borrowing rate of 0.18% during the first quarter of 2015.

Provision for loan losses. The provision for loan losses represents our estimate of the amount necessary to be charged against the current period's earnings to maintain the ALLL at a level that we consider adequate in relation to the estimated losses inherent in the loan portfolio. The provision for loan losses is impacted by changes in loan balances as well as changes in estimated loss assumptions and charge-offs and recoveries. The amount of the provision also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions and certain other subjective factors that may affect the ability of borrowers to meet their repayment obligations to us. The provision for loan losses in the first quarter of 2015 and the first quarter of 2014 was \$0.2 million. We did not recognize any loan chargeoffs in the first quarters of 2015 and 2014.

Noninterest income. Noninterest income for Banking includes fees charged to clients for trust services and deposit services, consulting fees, prepayment and late fees charged on loans and insurance commissions. The following table provides a breakdown of noninterest income for Banking for the quarters ended March 31:

	<i>(dollars in thousands)</i>	
	<u>2015</u>	<u>2014</u>
Trust fees	\$ 581	\$ 487
Consulting fees	289	—
Deposit charges	95	93
Prepayment fees	186	52
Other	127	410
Total noninterest income	<u>\$ 1,278</u>	<u>\$ 1,042</u>

The \$0.2 million increase in noninterest income for Banking in the first quarter of 2015 as compared to the first quarter of 2014 was due primarily to a \$0.3 million increase in consulting fees. In June of 2014, the foundation and family consulting activities were transferred from Wealth Management to Banking and, as a result, the related revenues are now recognized under Banking.

Noninterest income for Wealth Management includes fees charged to high net-worth clients for managing their assets and for providing financial planning consulting services. The following table provides a breakdown of noninterest income for Wealth Management for the quarters ended March 31:

	<i>(dollars in thousands)</i>	
	<u>2015</u>	<u>2014</u>
Asset management fees	\$ 5,039	\$ 4,368
Consulting fees	39	263
Other	(11)	(6)
Total noninterest income	<u>\$ 5,067</u>	<u>\$ 4,625</u>

The \$0.4 million increase in noninterest income in Wealth Management in the first quarter of 2015 as compared to the first quarter of 2014 was primarily due to increases in asset management fees of 15%, which was partially offset by a decrease in consulting fees resulting from the transfer of foundation and family consulting activities to Banking in June of 2014. The increase in asset management fees was primarily due to the 24% increase in the AUM balances used for computing the asset management fees in 2015 as compared to 2014, which was partially offset by lower fees realized on \$204 million of average balances of AUM managed under subadvisory agreements.

Noninterest Expense. The following table provides a breakdown of noninterest expense for Banking and Wealth Management for the quarters ended March 31:

	Banking		Wealth Management	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<i>(dollars in thousands)</i>			
Compensation and benefits	\$ 5,190	\$ 4,520	\$ 3,732	\$ 3,728
Occupancy and depreciation	1,446	1,284	464	515
Professional services and marketing	484	503	373	464
Other expenses	799	635	146	135
Total noninterest expense	<u>\$ 7,919</u>	<u>\$ 6,942</u>	<u>\$ 4,715</u>	<u>\$ 4,842</u>

The \$1.0 million increase in noninterest expense in Banking in the first quarter of 2015 as compared to the first quarter of 2014, was due primarily to increases in staffing and costs associated with the Bank's continued growth of loans and deposits. Compensation and benefits for Banking increased \$0.7 million during in the first quarter of 2015 as compared to the first quarter of 2014 as the number of full-time equivalent employees, (or FTE) in Banking increased to 158.0 during the first quarter of 2015 from 136.3 during the first quarter of 2014. The \$0.3 million combined increase in occupancy and depreciation and other expenses in the first quarter of 2015 as compared to the first quarter of 2014, reflected additional costs related to the higher level of employees and the larger balances of loans and deposits.

Noninterest expense in Wealth Management in the first quarter of 2015 was comparable to the first quarter of 2014 as increased costs related to our continuing growth were offset by the reduced costs related to the transfer of foundation and family consulting activities to Banking in June of 2014.

Financial Condition

The following table shows the financial position for each of our business segments, and of FFI and elimination entries used to arrive at our consolidated totals which are included in the column labeled Other, as of:

	<i>(dollars in thousands)</i>			
	<u>Banking</u>	<u>Wealth Management</u>	<u>Other and Eliminations</u>	<u>Total</u>
March 31, 2015:				
Cash and cash equivalents	\$ 35,184	\$ 3,434	\$ (3,300)	\$ 35,318
Securities AFS	136,640	—	—	136,640
Loans, net	1,258,643	186	—	1,258,829
Premises and equipment	1,762	622	100	2,484
FHLB Stock	17,061	—	—	17,061
Deferred taxes	8,503	632	278	9,413
REO	334	—	—	334
Other assets	5,131	403	988	6,522
Total assets	<u>\$ 1,463,258</u>	<u>\$ 5,277</u>	<u>\$ (1,934)</u>	<u>\$ 1,466,601</u>
Deposits	\$ 978,081	\$ —	\$ (16,924)	\$ 961,157
Borrowings	363,000	—	30,000	393,000
Intercompany balances	1,041	522	(1,563)	—
Other liabilities	4,617	1,472	2,833	8,922
Shareholders' equity	116,519	3,283	(16,280)	103,522
Total liabilities and equity	<u>\$ 1,463,258</u>	<u>\$ 5,277</u>	<u>\$ (1,934)</u>	<u>\$ 1,466,601</u>
December 31, 2014:				
Cash and cash equivalents	\$ 29,585	\$ 3,750	\$ (3,643)	\$ 29,692
Securities AFS	138,270	—	—	138,270
Loans, net	1,156,021	221	—	1,156,242
Premises and equipment	1,539	548	100	2,187
FHLB Stock	12,361	—	—	12,361
Deferred taxes	9,196	601	(49)	9,748
REO	334	—	—	334
Other assets	4,827	500	1,263	6,590
Total assets	<u>\$ 1,352,133</u>	<u>\$ 5,620</u>	<u>\$ (2,329)</u>	<u>\$ 1,355,424</u>
Deposits	\$ 972,319	\$ —	\$ (9,365)	\$ 962,954
Borrowings	263,000	—	19,886	282,886
Intercompany balances	1,287	73	(1,360)	—
Other liabilities	6,352	2,486	1,250	10,088
Shareholders' equity	109,175	3,061	(12,740)	99,496
Total liabilities and equity	<u>\$ 1,352,133</u>	<u>\$ 5,620</u>	<u>\$ (2,329)</u>	<u>\$ 1,355,424</u>

Our consolidated balance sheet is primarily affected by changes occurring in our Banking operations as our Wealth Management operations do not maintain significant levels of assets. Banking has experienced and is expected to continue to experience increases in its total assets as a result of our growth strategy.

During the first quarter of 2015, total assets for the Company and FFB increased by \$111 million. For FFB, during the first quarter of 2015, loans and deposits increased \$103 million and \$6 million, respectively, cash and cash equivalents increased by \$5.6 million, securities AFS decreased by \$1.6 million and FHLB advances increased by \$100 million. Borrowings at FFI increased by \$10 million during the first quarter of 2015.

Cash and cash equivalents, certificates of deposit and securities: Cash and cash equivalents, which primarily consist of funds held at the Federal Reserve Bank or at correspondent banks, including fed funds, increased \$5.6 million during the first quarter of 2015. Changes in cash equivalents are primarily affected by the funding of loans, investments in securities, and changes in our sources of funding: deposits, FHLB advances and FFI borrowings.

Securities available for sale: The following table provides a summary of the Company's AFS securities portfolio as of:

	Amortized Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
<i>(dollars in thousands)</i>				
March 31, 2015:				
US Treasury security	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	10,496	11	(63)	10,444
Agency mortgage-backed securities	123,049	2,847	—	125,896
Total	<u>\$ 133,845</u>	<u>\$ 2,858</u>	<u>\$ (63)</u>	<u>\$ 136,640</u>
December 31, 2014:				
US Treasury security	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	10,496	—	(219)	10,277
Agency mortgage-backed securities	125,944	1,881	(132)	127,693
Total	<u>\$ 136,740</u>	<u>\$ 1,881</u>	<u>\$ (351)</u>	<u>\$ 138,270</u>

The US Treasury Securities are pledged as collateral to the State of California to meet regulatory requirements related to FFB's trust operations.

The scheduled maturities of securities AFS, other than agency mortgage backed securities, and the related weighted average yield is as follows as of March 31, 2015:

	<i>(dollars in thousands)</i>				
	Less than 1 Year	1 Through 5 years	5 Through 10 Years	After 10 Years	Total
Amortized Cost:					
US Treasury securities	\$ —	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	—	5,000	5,496	—	10,496
Total	<u>\$ —</u>	<u>\$ 5,300</u>	<u>\$ 5,496</u>	<u>\$ —</u>	<u>\$ 10,796</u>
Weighted average yield	<u>0.00%</u>	<u>1.60%</u>	<u>1.89%</u>	<u>0.00%</u>	<u>1.75%</u>
Estimated Fair Value:					
US Treasury securities	\$ —	\$ 300	\$ —	\$ —	\$ 300
FNMA and FHLB Agency notes	—	4,964	5,480	—	10,444
Total	<u>\$ —</u>	<u>\$ 5,264</u>	<u>\$ 5,480</u>	<u>\$ —</u>	<u>\$ 10,744</u>

Agency mortgage backed securities are excluded from the above table because such securities are not due at a single maturity date. The weighted average yield of the agency mortgage backed securities as of March 31, 2015 was 2.48%.

Loans. The following table sets forth our loans, by loan category, as of:

	March 31, 2015	December 31, 2014
Recorded investment balance:		
Loans secured by real estate:		
Residential properties:		
Multifamily	\$ 508,732	\$ 481,491
Single family	393,168	360,644
Total real estate loans secured by residential properties	901,900	842,135
Commercial properties	224,481	205,320
Land and construction	5,325	4,309
Total real estate loans	1,131,706	1,051,764
Commercial and industrial loans	95,419	93,537
Consumer loans	42,077	21,125
Total loans	1,269,202	1,166,426
Premiums, discounts and deferred fees and expenses	(73)	(34)
Total	<u>\$ 1,269,129</u>	<u>\$ 1,166,392</u>

The \$103 million increase in loans during the first quarter of 2015 was the result of loan originations and funding of existing credit commitments of \$163 million, offset by \$60 million of payoffs and scheduled principal payments.

The scheduled maturities, as of December 31, 2014 of the performing loans categorized as land loans and as commercial and industrial loans, are as follows:

<i>(dollars in thousands)</i>	<u>Scheduled Maturity</u> <u>Due After One</u>			<u>Loans With a Scheduled</u> <u>Maturity After One Year</u>	
	<u>Due in One</u> <u>Year or Less</u>	<u>Year Through</u> <u>Five Years</u>	<u>Due After</u> <u>Five Years</u>	<u>Loans With</u> <u>Fixed Rates</u>	<u>Loan With</u> <u>Adjustable Rates</u>
Land and construction loans	\$ 653	\$ —	\$ 1,426	\$ 645	\$ 781
Commercial and industrial loans	\$ 55,301	\$ 20,826	\$ 17,067	\$ 29,768	\$ 8,125

Deposits: The following table sets forth information with respect to our deposits and the average rates paid on deposits, as of:

<i>(dollars in thousands)</i>	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Amount</u>	<u>Weighted</u> <u>Average Rate</u>	<u>Amount</u>	<u>Weighted</u> <u>Average Rate</u>
Demand deposits:				
Noninterest-bearing	\$ 252,397	—	\$ 246,137	—
Interest-bearing	280,610	0.447%	291,509	0.502%
Money market and savings	187,644	0.599%	171,958	0.626%
Certificates of deposits	240,506	0.548%	253,350	0.619%
Total	<u>\$ 961,157</u>	0.385%	<u>\$ 962,954</u>	0.427%

As market interest rates have continued to decline, during the first quarter of 2015 we were able to reduce the weighted average rate of our interest bearing deposits from 0.57% at December 31, 2014 to 0.52% at March 31, 2015, while the weighted average interest rates of both interest-bearing and noninterest-bearing deposits have decreased from 0.43% at December 31, 2014 to 0.39% at March 31, 2015.

The maturities of our certificates of deposit of \$100,000 or more were as follows as of March 31, 2015:

<i>(dollars in thousands)</i>	
3 months or less	\$ 70,818
Over 3 months through 6 months	67,598
Over 6 months through 12 months	70,147
Over 12 months	18,346
Total	<u>\$ 226,909</u>

FFB utilizes a third party program called CDARs which allows FFB to transfer funds of its clients in excess of the FDIC insurance limit (currently \$250,000) to other institutions in exchange for an equal amount of funds from clients of these other institutions. This has allowed FFB to provide FDIC insurance coverage to its clients. As of March 31, 2015, FFB held \$74.4 million of CDARs deposits. Under certain regulatory guidelines, these deposits are considered brokered deposits. As of March 31, 2015, FFB did not have any other brokered certificates of deposit.

Borrowings: At March 31, 2015, our borrowings consisted of \$363.0 million of overnight FHLB advances at FFB and a \$30.0 million term loan at FFI. At December 31, 2014, our borrowings consisted of \$263 million of overnight FHLB advances at FFB and a \$20 million term loan at FFI. The FHLB advances were paid in full in the early parts of April 2015 and January 2015, respectively. Because FFB utilizes overnight borrowings, the balance of outstanding borrowings fluctuates on a daily basis. The average balance of overnight borrowings during the first quarter of 2015 was \$282.4 million, as compared to \$144.5 million during the first quarter of 2014. The weighted average interest rate on these overnight borrowings was 0.18% for the first quarter of 2015, as compared to 0.13% during the first quarter of 2014. The maximum amount of overnight borrowings outstanding at any month-end during the first quarter of 2015 and during the entirety of 2014, was \$363 million and \$263 million, respectively.

Term Loan. In the second quarter of 2013, we entered into a secured loan agreement with an unaffiliated lender to borrow \$7.5 million for a term of five years. In the first quarter of 2014, we entered into an amendment to this loan agreement pursuant to which we obtained an additional \$15.0 million of borrowings. This amendment did not alter any of the terms of the loan agreement or the loan, other than to increase the principal amount and to correspondingly increase the amount of the monthly installments of principal and interest payable on the loan. In the first quarter of 2015, we entered into a second amendment to this loan agreement pursuant to which, we obtained an additional \$10.3 million of borrowings, bringing the outstanding balance of this loan to \$30.0 million as of February 28, 2015. This second amendment also reduced the interest rate on this loan to 3.75% over ninety day LIBOR from 4.00% over ninety day LIBOR, extended the maturity date of this loan to May 1, 2022 and made corresponding changes to the amount of the principal payments required to be made by us on this loan. This loan, as amended, is payable by us in 96 monthly installments of principal, each in the amount of \$0.25 million, plus accrued and unpaid interest, which commenced on April 1, 2015 and will continue to and including April 1, 2022, with a final installment in the amount of \$8.75 million, plus all remaining accrued but unpaid interest, due and payable on May 1, 2022. We have the right, however, to prepay the principal amount of the Term Loan, at any time in whole or from time to time in part, without our having to pay any premium or penalty. We have pledged all of the common stock of FFB to the lender as security for the performance of our payment and other obligations under the loan agreement. The loan agreement obligates us to meet certain financial covenants, including the following:

- a Tier 1 capital (leverage) ratio at FFB of at least 5.0% at the end of each calendar quarter;
- a total risk-based capital ratio at FFB of not less than 10.0% at the end of each calendar quarter;
- a ratio at FFB of nonperforming assets to net tangible capital, as adjusted, plus our ALLL, of not more than 40.0% at the end of each calendar quarter;
- a ratio at FFB of classified assets to tier 1 capital, plus our ALLL, of no more than 50.0% at the end of each calendar quarter;
- a consolidated fixed charge coverage ratio of not less than 1.50 to 1.0, measured quarterly for the immediately preceding 12 months; and
- minimum liquidity at all times of not less than \$1.0 million.

As of March 31, 2015, we were in compliance with all of those financial covenants and we expect to be in compliance with those covenants for the foreseeable future.

The loan agreement also prohibits FFI (but not FFB or FFA) from doing any of the following without the lender's prior approval: (i) paying any cash dividends to our shareholders, (ii) incurring any other indebtedness, (iii) granting any security interests or permitting the imposition of any liens, other than certain permitted liens, on any of FFI's assets, or (iv) entering into significant merger or acquisition transactions outside of our banking operations. The loan agreement provides that if we fail to pay principal or interest when due, or we commit a breach of any of our other obligations or covenants in the loan agreement, or certain events occur that adversely affect us, then, unless we are able to cure such a breach, we will be deemed to be in default of the loan agreement and the lender will become entitled to require us to immediately pay in full the then principal amount of and all unpaid interest on the loan. If in any such event we fail to repay the loan and all accrued but unpaid interest, then the lender would become entitled to sell our FFB shares which we pledged as security for the loan in order to recover the amounts owed to it.

Delinquent Loans, Nonperforming Assets and Provision for Credit Losses

Loans are considered past due following the date when either interest or principal is contractually due and unpaid. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Accrual of interest on loans is discontinued when reasonable doubt exists as to the full, timely collection of interest or principal and, generally, when a loan becomes contractually past due for 90 days or more with respect to principal or interest. However, the accrual of interest may be continued on a well-secured loan contractually past due 90 days or more with respect to principal or interest if the loan is in the process of collection or collection of the principal and interest is deemed probable. The following tables provide a summary of past due and nonaccrual loans as of:

<i>(dollars in thousands)</i>	Past Due and Still Accruing			Nonaccrual	Total Past Due and Nonaccrual	Current	Total
	30-59 Days	60-89 Days	90 Days or More				
March 31, 2015:							
Real estate loans:							
Residential properties	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 901,900	\$ 901,900
Commercial properties	1,194	—	805	770	2,769	221,712	224,481
Land and construction	—	—	—	—	—	5,325	5,325
Commercial and industrial loans	1,445	1,373	357	349	3,524	91,895	95,419
Consumer loans	—	—	793	113	906	41,171	42,077
Total	<u>\$ 2,639</u>	<u>\$ 1,373</u>	<u>\$ 1,955</u>	<u>\$ 1,232</u>	<u>\$ 7,199</u>	<u>\$1,262,003</u>	<u>\$1,269,202</u>
Percentage of total loans	0.21%	0.11%	0.15%	0.10%	0.57%		
December 31, 2014:							
Real estate loans:							
Residential properties	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 842,135	\$ 842,135
Commercial properties	—	805	200	596	1,601	203,719	205,320
Land and construction	—	—	651	—	651	3,658	4,309
Commercial and industrial loans	2,092	289	700	342	3,423	90,114	93,537
Consumer loans	—	—	637	163	800	20,325	21,125
Total	<u>\$ 2,092</u>	<u>\$ 1,094</u>	<u>\$ 2,188</u>	<u>\$ 1,101</u>	<u>\$ 6,475</u>	<u>\$1,159,951</u>	<u>\$1,166,426</u>
Percentage of total loans	0.18%	0.09%	0.19%	0.09%	0.56%		

As of March 31, 2015 and December 31, 2014, the Company had two loans with an aggregate balance of \$0.5 million classified as troubled debt restructurings (“TDR”), all of which are included as nonaccrual in the table above.

The following is a breakdown of our loan portfolio by the risk category of loans as of:

<i>(dollars in thousands)</i>	Pass	Special Mention	Substandard	Impaired	Total
March 31, 2015:					
Real estate loans:					
Residential properties	\$ 899,807	\$ 2,051	\$ —	\$ 42	\$ 901,900
Commercial properties	217,339	—	200	6,942	224,481
Land and construction	5,325	—	—	—	5,325
Commercial and industrial loans	83,599	1,744	1,544	8,532	95,419
Consumer loans	41,964	—	—	113	42,077
Total	<u>\$ 1,248,034</u>	<u>\$ 3,795</u>	<u>\$ 1,744</u>	<u>\$ 15,629</u>	<u>\$ 1,269,202</u>
December 31, 2014:					
Real estate loans:					
Residential properties	\$ 841,538	\$ 554	\$ —	\$ 43	\$ 842,135
Commercial properties	198,112	1,266	200	5,742	205,320
Land and construction	4,309	—	—	—	4,309
Commercial and industrial loans	81,067	5,276	1,559	5,635	93,537
Consumer loans	20,962	—	47	116	21,125
Total	<u>\$ 1,145,988</u>	<u>\$ 7,096</u>	<u>\$ 1,806</u>	<u>\$ 11,536</u>	<u>\$ 1,166,426</u>

We consider a loan to be impaired when, based upon current information and events, we believe that it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan. We measure impairment using either the present value of the expected future cash flows discounted at the loan's effective interest rate, or the fair value of the properties collateralizing the loan. Impairment losses are included in the ALLL through a charge to provision for loan losses. Adjustments to impairment losses due to changes in the fair value of the property collateralizing an impaired loan are considered in computing the provision for loan losses. Loans collectively reviewed for impairment include all loans except for loans which are individually reviewed based on specific criteria, such as delinquency, debt coverage, adequacy of collateral and condition of property collateralizing the loans. Impaired loans include nonaccrual loans (excluding those collectively reviewed for impairment), certain restructured loans and certain performing loans less than 90 days delinquent ("other impaired loans") which we believe are not likely to be collected in accordance with the contractual terms of the loans.

In 2012, we purchased loans, for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The carrying amount of these purchased credit impaired loans is as follows as of:

<i>(dollars in thousands)</i>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Outstanding principal balance:		
Loans secured by real estate:		
Commercial properties	\$ 204	\$ 206
Land and construction	—	—
Total real estate loans	<u>204</u>	<u>206</u>
Commercial and industrial loans	1,971	2,002
Consumer loans	<u>5</u>	<u>249</u>
Total loans	2,180	2,457
Unaccrued discount on purchased credit impaired loans	<u>(436)</u>	<u>(651)</u>
Total	<u>\$ 1,744</u>	<u>\$ 1,806</u>

Allowance for Loan Losses.

The following table summarizes the activity in our ALLL for the periods indicated:

<i>(dollars in thousands)</i>	<u>Beginning Balance</u>	<u>Provision for Loan Losses</u>	<u>Charge-offs</u>	<u>Recoveries</u>	<u>Ending Balance</u>
<i>Quarter ended March 31, 2015:</i>					
Real estate loans:					
Residential properties	\$ 6,586	\$ (139)	\$ —	\$ —	\$ 6,447
Commercial properties	1,526	(57)	—	—	1,469
Commercial and industrial loans	1,897	183	—	—	2,080
Consumer loans	<u>141</u>	<u>163</u>	<u>—</u>	<u>—</u>	<u>304</u>
Total	<u>\$ 10,150</u>	<u>\$ 150</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,300</u>
<i>Year ended December 31, 2014:</i>					
Real estate loans:					
Residential properties	\$ 6,157	\$ 429	\$ —	\$ —	\$ 6,586
Commercial properties	1,440	86	—	—	1,526
Commercial and industrial loans	2,149	(252)	—	—	1,897
Consumer loans	<u>169</u>	<u>(28)</u>	<u>—</u>	<u>—</u>	<u>141</u>
Total	<u>\$ 9,915</u>	<u>\$ 235</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,150</u>

Excluding the loans acquired in an acquisition and any ALLL allocated to these loans, our ALLL as a percentage of total loans was 0.81%, and 0.87% as of March 31, 2015 and December 31, 2014, respectively.

The amount of the ALLL is adjusted periodically by charges to operations (referred to in our income statement as the “provision for loan losses”) (i) to replenish the ALLL after it has been reduced due to loan write-downs or charge-offs, (ii) to reflect increases in the volume of outstanding loans, and (iii) to take account of changes in the risk of potential loan losses due to a deterioration in the condition of borrowers or in the value of property securing non-performing loans or adverse changes in economic conditions. The amounts of the provisions we make for loan losses are based on our estimate of losses in our loan portfolio. In estimating such losses, we use economic and loss migration models that are based on bank regulatory guidelines and industry standards, and our historical charge-off experience and loan delinquency rates, local and national economic conditions, a borrower’s ability to repay its borrowings, and the value of any property collateralizing the loan, as well as a number of subjective factors. However, these determinations involve judgments about changes and trends in current economic conditions and other events that can affect the ability of borrowers to meet their loan obligations to us and a weighting among the quantitative and qualitative factors we consider in determining the sufficiency of the ALLL. Moreover, the duration and anticipated effects of prevailing economic conditions or trends can be uncertain and can be affected by a number of risks and circumstances that are outside of our control. If changes in economic or market conditions or unexpected subsequent events were to occur, or if changes were made to bank regulatory guidelines or industry standards that are used to assess the sufficiency of the ALLL, it could become necessary for us to incur additional, and possibly significant, charges to increase the ALLL, which would have the effect of reducing our income.

In addition, the FDIC and the DBO, as an integral part of their examination processes, periodically review the adequacy of our ALLL. These agencies may require us to make additional provisions for loan losses, over and above the provisions that we have already made, the effect of which would be to reduce our income.

The following table presents the balance in the ALLL and the recorded investment in loans by impairment method as of:

<i>(dollars in thousands)</i>	Allowance for Loan Losses				Unaccrued Credit Component Other Loans
	Evaluated for Impairment		Purchased	Total	
	Individually	Collectively	Impaired		
March 31, 2015:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	\$ 21	\$ 6,426	\$ —	\$ 6,447	\$ 25
Commercial properties	40	1,429	—	1,469	158
Land and construction	—	—	—	—	4
Commercial and industrial loans	1,178	902	—	2,080	30
Consumer loans	—	304	—	304	—
Total	\$ 1,239	\$ 9,061	\$ —	\$ 10,300	\$ 217
Loans:					
Real estate loans:					
Residential properties	\$ 42	\$ 901,858	\$ —	\$ 901,900	\$ 2,732
Commercial properties	6,942	217,339	200	224,481	19,257
Land and construction	—	5,325	—	5,325	436
Commercial and industrial loans	8,532	85,343	1,544	95,419	5,037
Consumer loans	113	41,964	—	42,077	7
Total	\$ 15,629	\$ 1,251,829	\$ 1,744	\$ 1,269,202	\$ 27,469

(dollars in thousands)

	Allowance for Loan Losses				Unaccreted Credit Component Other Loans
	Evaluated for Impairment		Purchased Impaired	Total	
	Individually	Collectively			
December 31, 2014:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	\$ —	\$ 6,586	\$ —	\$ 6,586	\$ 26
Commercial properties	26	1,500	—	1,526	193
Land and construction	—	—	—	—	4
Commercial and industrial loans	686	1,211	—	1,897	45
Consumer loans	—	141	—	141	—
Total	<u>\$ 712</u>	<u>\$ 9,438</u>	<u>\$ —</u>	<u>\$ 10,150</u>	<u>\$ 268</u>
Loans:					
Real estate loans:					
Residential properties	\$ 43	\$ 842,092	\$ —	\$ 842,135	\$ 2,861
Commercial properties	5,742	199,378	200	205,320	21,126
Land and construction	—	4,309	—	4,309	1,099
Commercial and industrial loans	5,635	86,343	1,559	93,537	5,893
Consumer loans	116	20,962	47	21,125	8
Total	<u>\$ 11,536</u>	<u>\$ 1,153,084</u>	<u>\$ 1,806</u>	<u>\$ 1,166,426</u>	<u>\$ 30,987</u>

The column labeled “Unaccreted Credit Component Other Loans” represents the amount of unaccreted credit component discount for the other loans acquired in the DCB acquisition, and the stated principal balance of the related loans. The discount is equal to 0.79% and 0.86% of the stated principal balance of these loans as of March 31, 2015 and December 31, 2014, respectively. In addition to this unaccreted credit component discount, an additional \$0.2 million and of the ALLL has been provided for these loans as of March 31, 2015.

Liquidity

Liquidity management focuses on our ability to generate, on a timely and cost-effective basis, cash sufficient to meet the funding needs of current loan demand, deposit withdrawals, principal and interest payments with respect to outstanding borrowings and to pay operating expenses. Our liquidity management is both a daily and long-term function of funds management. Liquid assets are generally invested in marketable securities or held as cash at the FRB or other financial institutions.

We monitor our liquidity in accordance with guidelines established by our Board of Directors and applicable regulatory requirements. Our need for liquidity is affected by our loan activity, net changes in deposit levels and the maturities of our borrowings. The principal sources of our liquidity consist of deposits, loan interest and principal payments and prepayments, investment management and consulting fees, FHLB advances and proceeds from borrowings and sales of shares by FFI. The remaining balances of the Company’s lines of credit available to draw down totaled \$78.8 million at March 31, 2015.

Cash Flows Provided by Operating Activities. During the quarter ended March 31, 2015, operating activities provided net cash of \$2.3 million, comprised primarily of our net income of \$2.6 million. During the year ended December 31, 2014, operating activities provided net cash of \$9.4 million, comprised primarily of our net income of \$8.4 million.

Cash Flows Used in Investing Activities. During the quarter ended March 31, 2015, investing activities used net cash of \$105.0 million, primarily to fund a \$102.5 million net increase in loans. During the year ended December 31, 2014, investing activities used net cash of \$340.3 million, primarily to fund a \$262.3 million net increase in loans and a \$83.5 million net increase in securities AFS.

Cash Flow Provided by Financing Activities. During the quarter ended March 31, 2015, financing activities provided net cash of \$108.4 million, consisting primarily of a \$10.1 million borrowing under a term note and a \$100.0 million increase in FHLB advances. During the year ended December 31, 2014, financing activities provided net cash of \$303.7 million, consisting primarily of a net increase of \$160.9 million in deposits and a net increase of \$141.8 million in borrowings.

Ratio of Loans to Deposits. The relationship between gross loans and total deposits can provide a useful measure of a bank’s liquidity. Since repayment of loans tends to be less predictable than the maturity of investments and other liquid resources, the higher the loan-to-deposit ratio the less liquid are our assets. On the other hand, since we realize greater yields on loans than we do on other interest-earning assets, a lower loan-to-deposit ratio can adversely affect interest income and earnings. As a result, our goal is to achieve a loan-to-deposit ratio that appropriately balances the requirements of liquidity and the need to generate a fair return on our assets. At March 31, 2015 and December 31, 2014, the loan-to-deposit ratios at FFB were 128.7% and 118.9%, respectively.

Off-Balance Sheet Arrangements

The following table provides the off-balance sheet arrangements of the Company as of March 31, 2015:

<i>(dollars in thousands)</i>	
Commitments to fund new loans	\$ 48,337
Commitments to fund under existing loans, lines of credit	117,729
Commitments under standby letters of credit	7,252

Some of the commitments to fund existing loans, lines of credit and letters of credit are expected to expire without being drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. As of March 31, 2015, FFB was obligated on \$68.5 million of letters of credit to the FHLB which were being used as collateral for public fund deposits, including \$56.0 million of deposits from the State of California.

Capital Resources and Dividends

Under federal banking regulations that apply to all United States based bank holding companies and federally insured banks, the Company (on a consolidated basis) and FFB (on a stand-alone basis) must meet specific capital adequacy requirements that, for the most part, involve quantitative measures, primarily in terms of the ratios of their capital to their assets, liabilities, and certain off-balance sheet items, calculated under regulatory accounting practices. Under those regulations, which are based primarily on those quantitative measures, each bank holding company must meet a minimum capital ratio and each federally insured bank is determined by its primary federal bank regulatory agency to come within one of the following capital adequacy categories on the basis of its capital ratios: (i) well capitalized; (ii) adequately capitalized; (iii) undercapitalized; (iv) significantly undercapitalized; or (v) critically undercapitalized.

Certain qualitative assessments also are made by a banking institution's primary federal regulatory agency that could lead the agency to determine that the banking institution should be assigned to a lower capital category than the one indicated by the quantitative measures used to assess the institution's capital adequacy. At each successive lower capital category, a banking institution is subject to greater operating restrictions and increased regulatory supervision by its federal bank regulatory agency.

The following table sets forth the capital and capital ratios of FFI (on a consolidated basis) and FFB as of the respective dates indicated below, as compared to the respective regulatory requirements applicable to them:

<i>(dollars in thousands)</i>	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<u>FFI</u>						
<u>March 31, 2015</u>						
CET1 capital ratio	\$ 99,685	10.02%	\$ 44,766	4.50%		
Tier 1 leverage ratio	99,685	7.19%	55,431	4.00%		
Tier 1 risk-based capital ratio	99,685	10.02%	59,688	6.00%		
Total risk-based capital ratio	110,436	11.10%	79,584	8.00%		
<u>December 31, 2014</u>						
Tier 1 leverage ratio	\$ 95,582	7.32%	\$ 52,200	4.00%		
Tier 1 risk-based capital ratio	95,582	11.02%	34,700	4.00%		
Total risk-based capital ratio	106,132	12.23%	69,399	8.00%		
<u>FFB</u>						
<u>March 31, 2015</u>						
CET1 capital ratio	\$ 112,193	11.40%	\$ 44,285	4.50%	\$ 63,967	6.50%
Tier 1 leverage ratio	112,193	8.13%	55,222	4.00%	69,028	5.00%
Tier 1 risk-based capital ratio	112,193	11.40%	59,046	6.00%	78,728	8.00%
Total risk-based capital ratio	122,944	12.49%	78,728	8.00%	98,411	10.00%
<u>December 31, 2014</u>						
Tier 1 leverage ratio	\$ 105,261	8.09%	\$ 52,036	4.00%	\$ 65,045	5.00%
Tier 1 risk-based capital ratio	105,261	12.18%	34,572	4.00%	51,858	6.00%
Total risk-based capital ratio	115,811	13.40%	69,144	8.00%	86,340	10.00%

As of each of the dates set forth in the above table, the Company (on a consolidated basis) exceeded the minimum required capital ratios applicable to it and FFB (on a stand-alone basis) qualified as a well-capitalized depository institution under the capital adequacy guidelines described above.

The CET-1 capital ratio means the ratio of Common Equity Tier 1 to risk weighted assets. It is a new capital measure that became applicable to most banking institutions in the United States, including the Company and FFB, as of January 1, 2015, pursuant to what is commonly referred to as the “Basel III” rules adopted by the Federal Reserve Board and the FDIC.

As of March 31, 2015, the amount of capital at FFB in excess of amounts required to be Well Capitalized was \$43.2 million for the Tier 1 Leverage Ratio, \$33.3 million for the Tier 1 risk-based capital ratio and \$24.4 million for the Total risk-based capital ratio. No conditions or events have occurred since March 31, 2015 which we believe have changed FFI’s or FFB’s capital adequacy classifications from those set forth in the above table.

During the first quarter of 2015, and during the entirety of 2014, FFI made capital contributions to FFB of \$3.0 million and \$10.0 million, respectively. As of March 31, 2015, FFI had \$16.1 million of available capital and, therefore, has the ability and financial resources to contribute additional capital to FFB, if needed.

We did not pay dividends in 2015 or 2014 and we have no plans to pay dividends at least for the foreseeable future. Instead, it is our intention to retain internally generated cash flow to support our growth. Moreover, the payment of dividends is subject to certain regulatory restrictions and the agreement governing the term loan requires the consent of the lender before we may pay dividends to our shareholders.

We had no material commitments for capital expenditures as of March 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

In accordance with SEC rules, an evaluation was performed under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness, as of March 31 2015, of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, the Company’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1A RISK FACTORS

There have been no material changes in the risk factors that were disclosed in Item 1A, under the caption “Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2014, which we filed with the Commission on March 16, 2015.

ITEM 5. OTHER INFORMATION

As reported in a Current Report on Form 8-K that we filed with the SEC on May 8, 2015, David S. DePillo has been appointed as President of FFB, our wholly-owned banking subsidiary, pursuant to an employment agreement which was entered into and became effective on May 11, 2015 and, unless sooner terminated, will continue in effect until December 31, 2018. A summary of the material terms of that employment agreement is contained in Item 1.01 of the above-referenced Current Report on Form 8-K and that summary is incorporated herein by this reference. However, that summary was not intended to be complete and is qualified in its entirety by reference to the employment agreement and the change in control agreement, copies of which are attached as Exhibits 10.21 and 10.22 to this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS(a) Exhibits.

Exhibit No.	Description of Exhibit
10.21#	Employment Agreement, dated May 11, 2015 by and between First Foundation Bank and David DePillo.
10.22#	Change of Control Agreement, dated May 11, 2015, by and between First Foundation Inc. and David DePillo.
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL (eXtensive Business Reporting Language). The following financial materials from the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2015, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

* Furnished and not filed.

Management contract or compensatory plan.

INDEX TO EXHIBITS

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Management contract or compensatory plan.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made as of May 11, 2015, (the Effective Date") by and between First Foundation Bank, a California state chartered banking corporation (the "Employer"), and David DePillo (the "Executive").

WHEREAS, Employer is a bank chartered by the Department of Business Oversight of the State of California (the "DBO") and conducts a banking business as a wholly-owned subsidiary of First Foundation Inc. ("Parent"), which, through its subsidiaries (collectively "Affiliates"), provides commercial banking, investment management, wealth management, advisory services, trust services and other financial services to the public.

WHEREAS, Employer desires to employ Executive, and Executive desires to be employed by Employer, in accordance with the terms and subject to the conditions hereof.

NOW, THEREFORE, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and with the intent to be legally bound hereby, Employer and Executive agree as follows:

1. Employment . Employer agrees to employ Executive and Executive agrees to be employed by Employer, on a full time basis, on the terms and conditions set forth in this Agreement.

2. Capacity . The Executive shall serve the Employer as its President. The Executive shall be principally responsible for depository strategies, relationship management, client development, regulatory compliance, subject to the directions of the Employer's Board of Directors (the "Board") or Chief Executive Officer (the "CEO"). Executive shall also serve Employer in such other or additional offices and capacities as the Executive may be requested to serve by the Board or the CEO and shall perform such services and duties in connection with the business, affairs and operations of, Employer as may be assigned or delegated from time to time to Executive, when rendering services in such other or additional capacities, by or under the authority of the Board or the CEO.

3. Extent of Service . During Executive's employment under this Agreement, Executive shall devote Executive's full business time, best efforts and business judgment, skill and knowledge to the advancement of Employer's business and interests and to the discharge of Executive's duties and responsibilities under this Agreement. Executive shall not engage in any other business activity, except as may be approved in writing and in advance by the Board; *provided, however* , that nothing in this agreement shall be construed as preventing Executive from:

(a) investing Executive's assets in any company or other entity in a manner not prohibited by Section 8 (d) hereof and in such form or manner as shall not require any material activities on Executive's part in connection with the operations or affairs of the companies or other entities in which such investments are made; or

(b) engaging in religious, charitable or other community or non-profit activities that do not impair Executive's ability to fulfill his/her duties and responsibilities under this Agreement.

4. Term . Unless sooner terminated pursuant to Section 6 hereof, the term of Executive's employment with Employer pursuant to this Agreement commences on May 11, 2015 and ends on December 31, 2018 (the "Term").

5. Compensation and Benefits. The regular compensation and benefits payable to Executive under this Agreement shall be as follows:

(a) Salary. For all services rendered by Executive under this Agreement, Employer shall pay Executive a salary at the annual rate of Four Hundred Thousand (\$400,000), as the same may be increased in the sole discretion of the Board or its Compensation Committee (the "Compensation Committee"), at any time or from time to time hereafter (the "Base Annual Salary"). Executive's Base Annual Salary shall be payable in periodic installments in accordance with Employer's usual payroll practices for its senior executives.

(b) Bonus Compensation. Executive shall be entitled to participate in the annual incentive bonus programs for Employer's senior executives; *provided, however*, that nothing contained in this Section 5(b) or elsewhere in this Agreement shall be construed to create any obligation on the part of Employer to maintain the effectiveness of any annual incentive bonus program. The performance measures and goals that will be used to determine Executive's entitlement to an annual incentive bonus under any such bonus program that is established by Employer shall be determined by the Board or the Compensation Committee.

(c) Regular Employee Benefits. Executive shall be entitled to participate in any qualified or any other retirement plans, stock option and equity incentive plans, stock purchase plans, medical insurance plans, life insurance plans, disability insurance or income plans, vacation plans, expense reimbursement plans and other benefit plans which Employer may from time to time have in effect for all or most of its senior executives; *provided, however*, that nothing contained in this Section 5 (c) or elsewhere in this Agreement shall be construed to create any obligation on the part of Employer to establish any such plan or to maintain the effectiveness of any such plan which may be in effect from time to time during the Term. The extent and the terms and conditions of Executive's participation in any such plan shall be subject to the terms and conditions in the applicable plan documents, generally applicable policies of the Employer, applicable law and the discretion of the Board, the Compensation Committee or any administrative or other committee provided for in or contemplated by any such plan.

(d) Reimbursement of Business Expenses. Employer shall reimburse Executive for all reasonable expenses incurred by him/her in performing services pursuant to this Agreement, in accordance with Employer's expense reimbursement policies and procedures for its senior executives, as in effect from time to time.

(e) Taxation of Compensation Payments and Benefits. Employer shall be entitled and shall undertake to make deductions, withholdings and tax reports with respect to compensation payments and benefits to Executive under this Agreement to the extent that Employer reasonably and in good faith believes that it is required to make such deductions, withholdings and tax reports. Payments under this Agreement shall be in amounts net of any such deductions or withholdings. Nothing in this Agreement shall be construed to require Employer to make any payments to compensate Executive for any adverse tax consequences associated with or arising out of any payments or benefits or for any deduction or withholding from any payments or benefits.

(f) Exclusivity of Salary and Benefits. Except as otherwise set forth in Exhibit A hereto, Executive shall not be entitled to any payments or benefits other than those expressly provided for in this Agreement.

6. Termination of Employment. Notwithstanding the provisions of Section 4, Executive's employment under this Agreement shall terminate prior to the end of the Term under the following circumstances and in accordance with the terms and provisions set forth below in this Section 6.

(a) Termination by Employer for Cause. Executive's employment under this Agreement may be terminated for Cause, without further liability on the part of Employer, effective

immediately upon a vote of the Board and written notice to the Executive. Each of the following shall constitute "Cause" that shall entitle Employer to terminate Executive's employment for Cause:

(i) any act of gross negligence, willful misconduct or insubordination by Executive with respect to Employer or any of its Affiliates, or any act of fraud, whether or not involving Employer or any Affiliate of Employer; or

(ii) a violation by Executive of any laws or government regulations applicable to Employer which could reasonably be expected to subject Employer or any of its Affiliates (including any of their respective officer or directors) to disciplinary or enforcement action by any governmental agency, including the assessment of civil money damages on Employer, or which could reasonably be expected to adversely affect Employer's or any of its Affiliates reputation or goodwill with clients, customers, regulatory agencies or suppliers doing business with the Employer or any of its Affiliates; or

(iii) the issuance of an order under Section 8(e)(4) or (g)(1) of the Federal Deposit Insurance Act (the "FDIA") requiring Executive to be removed or permanently prohibited from participating in the conduct of the Employer's business; or

(iv) the commission by Executive of an act which would constitute (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; or

(v) any failure of Executive to perform, to the reasonable satisfaction of the Board, a substantial portion of Executive's duties and responsibilities assigned or delegated to him/her under this Agreement, which failure continues, in the judgment of the Board, for more than thirty (30) days following the giving of written notice to Executive of such failure; or

(vi) a breach by Executive of any of Executive's material obligations under this Agreement, which breach remains uncured within fifteen (15) days following Executive's receipt of written notice of the existence of such breach and, for such purposes, the term "material obligations" shall include each of Executive's covenants and obligations contained in Section 8 hereof; or

(vii) a violation by Executive of any conflict of interest policy, ethical conduct policy or employment policy adopted by Employer or Parent or a breach by Executive of any of his/her fiduciary duties to Employer or Parent; or

(viii) the issuance of an order or directive by any government agency having jurisdiction over Employer or any of its Affiliates or over Executive which requires Executive to disassociate himself/herself from Employer or any of its Affiliates, suspends Executive's employment or requires Employer to terminate Executive's employment.

(b) Termination by Employer Without Cause. Executive's employment under this Agreement may be terminated by Employer without Cause upon written notice to Executive, whereupon Executive shall become entitled to the severance compensation and benefits set forth in Section 7(b) of this Agreement. Notwithstanding anything to the contrary that may be contained in this Agreement, it is acknowledged and agreed that a termination pursuant to any of Sections 6(d) (entitled "Termination due to Death"), 6(e) (entitled "Disability") or 6(f) (entitled "Expiration of Term") below, shall not be deemed to be or constitute a termination without Cause for purposes of this Agreement."

(c) Termination by Executive for Good Reason. Subject to the terms and conditions set forth hereinafter in this Section 6(c), Executive shall be entitled to terminate this Agreement and his/her employment with Employer hereunder for "Good Reason" and to receive the severance compensation set forth in Section 7(b) below, if Employer takes any of the actions set forth in clauses (i) through (iv) below (each a "Good Reason Action"):

(i) *Reduction or Adverse Change of Authority and Responsibilities*. Employer materially reduces Executive's authority, duties or responsibilities with Employer, unless such reduction

is made as a consequence of (i) any acts or omissions of Executive which would entitle Employer to terminate Executive's employment for Cause (as defined in Section 6(a) of this Agreement), or (ii) Executive's Disability (determined as provided in Section 6(e) of this Agreement);

(ii) *Material Reduction in Salary* . Employer materially reduces Executive's base salary or base compensation below the amount thereof as prescribed by Executive's Employment Agreement, unless such reduction is made (A) as part of an across-the-board cost-cutting measure that is applied equally or proportionately to all senior executives of Employer, rather than discriminatorily against Executive, or (B) as a result of any acts or omissions of Executive which would entitle Employer to terminate Executive's employment for Cause (as defined in Section 6(a) of this Agreement), or (C) by and at the election of the Employer as a result of Executive's Disability (determined as provided in Section 6(e) of this Agreement);

(iii) *Relocation* . Employer relocates Executive's principal place of employment to an office (other than Employer's headquarters offices) located more than thirty (30) miles from Executive's then principal place of employment (other than for temporary assignments or required travel in connection with the performance by Executive of his/her duties for Employer); or

(iv) *Breach of Material Employment Obligations* . Employer commits a breach of any of its material obligations to Executive under this Agreement which breach continues uncured for a period of thirty (30) days following written notice thereof from Executive.

Notwithstanding anything to the contrary that may be contained in this Section 6(c) or elsewhere in this Agreement: (x) the following conditions must be satisfied in order for Executive to terminate this Agreement and his/her employment for Good Reason: (1) Executive shall have given Employer a written notice of termination for Good Reason (a "Good Reason Termination Notice") prior to the expiration of a period of fifteen (15) consecutive calendar days commencing on the date that Executive is first notified in writing that Employer has taken any such Good Reason Action, (2) Employer shall have failed to rescind or cure such Good Reason Action within thirty (30) consecutive calendar days following its receipt of such Good Reason Termination Notice, and (3) the Good Reason Termination Notice must expressly state that Executive is terminating his/her employment for Good Reason pursuant to this Section 6(c) and must describe in reasonable detail the Good Reason Action that entitles Executive to terminate this Agreement and his/her employment for Good Reason; and (y) Executive shall not be entitled to terminate his/her employment for Good Reason, if Executive shall have consented to the taking of such Good Reason Action by Employer or if Employer was required to take any of the above-described actions in order to comply with any applicable laws or government regulations or any order, ruling, instruction or determination of any court or other tribunal or any government agency having jurisdiction over Employer or any of its Affiliates."

(d) Termination due to Death . Executive's employment with Employer shall terminate upon his/her death.

(e) Disability . If Executive shall become disabled so as to be unable to perform the essential functions of Executive's then existing position or positions with Employer or with any of Employer's Affiliates under this Agreement, then, upon the expiration of the lesser of (i) six (6) months thereafter or (ii) the then remainder of the Term of this Agreement (the "Interim Disability Period"), Executive's employment may be terminated by Employer without liability to Executive, subject to the following terms and provisions. The Board may remove Executive from any responsibilities and/or reassign Executive to another position with Employer for and the during the Interim Disability Period, *provided, however*, that Executive shall continue to receive his/her full Base Annual Salary (less any disability pay or sick pay benefits to which the Executive may be entitled under the Employer's policies or benefit programs), together with benefits Executive receives pursuant to Section 5 hereof (except to the extent that Executive may be ineligible for one or more such benefits under applicable plan terms), for and during the Interim Disability Period. If any question shall arise as to whether Executive is disabled so as to be unable to

perform the essential functions of Executive's then existing position or positions, with or without reasonable accommodation, Executive may, and at the request of Employer shall, submit to Employer a physician's certification (in reasonable detail) as to whether Executive is so disabled and how long such disability is expected to continue. Such certification shall be obtained only from a physician who is selected by Employer and to whom Executive or Executive's guardian (as the case may be) has no reasonable objection and the certification so obtained shall for purposes of this Agreement be conclusive of such question or any issue as to the matters addressed in such certification. Executive shall cooperate with any reasonable request of that physician in connection with such certification, including a request that Executive undergo any physical or mental examination or tests, as deemed appropriate by such physician. If Executive shall fail to submit to such an examination or any such tests, as such physician deems in his/her discretion to be appropriate for purposes of enabling physician to make such certification, then, Employer's determinations with respect to the questions of whether Executive is disabled and how long such disability is expected to continue shall be binding on Executive. Nothing in this Section 6(d) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 et seq. and the Americans with Disabilities Act, 42 U.S.C. §12101 et seq.

(f) Terminations due to Certain Regulatory Actions Affecting Employer. Notwithstanding anything to the contrary that may be contained elsewhere in this agreement, this Agreement, and Executive's employment hereunder shall terminate, on the occurrence of any of the following events:

(i) A conservator, receiver, or other legal custodian is appointed for the Employer pursuant to any adjudication or other official determination by any court of competent jurisdiction, the DBO, or any governmental authority having jurisdiction over Employer; or

(ii) the Director of the DBO, or his or her designee, requires this Agreement to be terminated due to (A) the entry, by the Federal Deposit Insurance Corporation (the "FDIC") into an agreement to provide assistance to or on behalf of the Employer under the authority contained in 13(c) of the FDIA; or (B) the approval of a supervisory merger to resolve problems related to operations of the Employer or (C) a determination by the DBO or the FDIC that the Employer is in an unsafe or unsound condition.

(g) Expiration of Term. Executive's employment under this Agreement shall terminate automatically on and as of the expiration date of the Term (whether that is at the end of the Original Term or any Renewal Period), unless the parties shall have executed a written agreement of renewal as contemplated in Section 4 hereof.

(h) Survival. Upon expiration or any termination of Executive's employment with Employer pursuant to any of the provisions of this Section 6, this Agreement also shall terminate; *provided, however*, that the following shall survive and remain in full force and effect after the expiration or any termination of this Agreement: (i) the respective representations and warranties of each party contained in this Agreement, which shall continue in effect throughout the Term, and (ii) the respective rights, obligations and covenants and agreements of the parties contained in Sections 7 (entitled "Compensation Upon Termination"), Section 8 (entitled "Protective Covenants"), Section 9 (entitled "Arbitration of Disputes") and Section 10 (entitled "Miscellaneous") hereof.

(i) Suspension of Employment. If Executive is suspended and/or temporarily prohibited from participating in the conduct of the Employer's business by a notice served under Section 8(e)(3) or (g)(1) of the FDIA (a "Suspension Notice"), the Employer's obligations under the Agreement shall be suspended as of the date on which service of such Suspension Notice is made, unless such suspension is stayed by appropriate proceedings. If the charges in the Suspension Notice are dismissed, Employer may, in its discretion (i) pay the Executive all or part of the compensation withheld while Employer's obligations hereunder were suspended, and (ii) reinstate (in whole or in part) any of the obligations of Employer that were suspended.

7. Compensation Upon Termination.

(a) Termination Generally. If Executive's employment with Employer expires or is terminated (whether by Employer or Executive) for any reason during the Term, Employer shall pay or provide to Executive (or to his/her authorized representative or estate): (i) any unpaid Base Annual Salary earned through the date of such termination; (ii) any unpaid incentive compensation that is deemed earned and has become payable under the terms of any incentive compensation program in which Executive was participating at the time of or had participated prior to such expiration or termination of employment; (iii) unpaid expense reimbursements; (iv) accrued but unused vacation, and (v) any vested benefits Executive may have earned under any employee benefit plan of Employer or Parent prior to the expiration or termination of Executive's employment; provided, however, that notwithstanding the foregoing provisions of this Section 7(a), if Executive's employment is terminated for Cause pursuant to Section 6(a) above or pursuant to Section 6(f), due to certain Regulatory Actions, then, unless otherwise required by applicable law, Executive shall not be entitled to receive any unpaid incentive compensation that might otherwise have been due to Executive.

(b) Termination by the Employer Without Cause or by Executive for Good Reason. In the event of a termination of Executive's employment by Employer without Cause pursuant to Section 6(b) above, or by Executive for Good Reason pursuant to Section 6(c) above, then subject to Executive's execution and delivery of an agreement, that is satisfactory in a form and substance to Employer, releasing any and all legal claims (known or unknown) Executive may have against Employer or any or its Affiliates, Employer shall provide to Executive the following termination benefits ("Termination Benefits"):

(i) A severance payment (the "Severance Payment") in an amount equal to (x) twelve (12) months of Executive's Base Annual Salary or (y) the aggregate Base Annual Salary that would have been paid to Executive for the remainder of the Term of the Agreement if such remaining Term is shorter than the aforementioned twelve (12) month period, as the case may be (the "Termination Benefits Period"); and

(ii) continuation during the Termination Benefits Period of group health plan benefits to the extent authorized by and consistent with 29 U.S.C. § 1161 et seq. (commonly known as "COBRA"), subject to payment of premiums by Executive at the active employee's rate (the Health Insurance Cost Sharing Benefit").

Notwithstanding the foregoing provisions of this Section 7(b) or any other provision of this Agreement to the contrary, (A) the Severance Payment and the Health Insurance Cost Sharing Benefit that would otherwise be payable to Executive pursuant to this Section 7(b) shall be reduced by the amount of any severance compensation or health insurance benefits that are due or are otherwise paid to Executive under any separate severance compensation or change in control or similar agreement between Executive, on the one hand, and Employer or Employer's Parent, on the other hand, or any severance pay or stay bonus plan of Employer or Parent (irrespective of when such agreement is entered into or such plan becomes effective); (B) if Executive commences any employment with another employer during the Termination Benefits Period and that other employer offers group health plan or health insurance benefits reasonably comparable to those available from Employer, then, the Health Insurance Cost Sharing Benefit provided under paragraph 7(b)(ii) above shall cease to be payable as of the date of commencement of such employment; and (C) nothing in this Section 7(b) shall be construed to affect Executive's right to receive COBRA continuation entirely at Executive's own cost to the extent that Executive may continue to be entitled to COBRA continuation after the Executive's Health Insurance Cost Sharing Benefit under this Section 7(b)(ii) ceases. Executive shall be obligated to give prompt notice of the date of commencement of any employment during the Termination Benefits Period and shall respond promptly to any reasonable inquiries concerning any employment in which Executive may be engaged during the Termination Benefits Period. The Termination Benefits shall be paid by Employer in installments in accordance with the customary payroll practices of Employer (net of required deductions and withholdings).

(c) Termination Upon Death. In the event of a termination of Executive's employment due to death, Employer shall pay to Executive's estate an amount equal to one hundred percent (100%) of Executive's Base Annual Salary at the rate in effect immediately prior to such termination (the "Death Benefit"), less the amount of any life insurance benefits which Executive's estate or any of Executive's beneficiaries receive under any Employer-provided life insurance plan or program in which Executive was participating at the time of his/her death. Any Death Benefit payable pursuant to this Section 7(c) shall be paid in a lump sum payment (net of any tax and any other required withholdings) to the beneficiary designated in writing by Executive, or if no beneficiary was designated, to his/her estate, as soon as is practicable following Executive's death.

(d) Exclusivity of Termination Benefits. Executive shall not be entitled to any payments or benefits due to the expiration or termination of Executive's employment with Employer other than those benefits that are expressly provided for in this Section 7. Without limiting the generality of the foregoing, the Termination Benefits set forth in Section 7(b), together with any severance benefits that Executive may be entitled to receive under any separate severance compensation or change of control or stay-pay agreement to which executive may be a party or any separate severance or stay pay plan in which Executive may be a participant, shall constitute the exclusive rights and remedies against Employer and its Affiliates to which Executive shall be entitled by reason of termination or Executive's employment by Employer without Cause or by Executive for Good Reason or for any damages arising therefrom.

8. Protective Covenants.

(a) Certain Definitions.

(i) Confidential Information. As used in this Agreement, "Confidential Information" means information belonging to Employer or any of its Affiliates which is of value to Employer or any such Affiliates in the course of conducting any of their respective businesses and the disclosure of which could result in a competitive or other disadvantage to Employer or any such Affiliates. Confidential Information includes, without limitation, financial information, including financial statements and projections, business and expansion or growth plans, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists and information regarding, or supplied to Employer or any of its Affiliates by, any of their respective existing or prospective customers; supplier lists and information about, or provided to Employer or any of its Affiliates by, any of their respective suppliers, vendors or consultants; information regarding the capabilities, duties or compensation of employees of Employer or of any its Affiliates; and information regarding the business prospects and opportunities of Employer or any of its Affiliates (such as possible acquisitions or dispositions of businesses or facilities). Confidential Information also includes information developed by Executive in the course of Executive's employment by Employer, as well as other information to which the Executive may have access in connection with Executive's employment, and the confidential information of others with which Employer has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless such information entered the public domain as a result of a breach of any of Executive's covenants under Section 8 (b). Executive acknowledges and agrees that Employer has a legitimate business interest in protecting the Confidential Information.

(ii) Competing Business. For purposes of this Agreement, the term "Competing Business" shall mean a business conducted anywhere within [the counties of Orange, San Diego, Los Angeles, San Bernardino and Riverside, in the state of California] which is located within forty (40) miles of any office or facility used by Employer or any of its Affiliates which is competitive with any business which Employer or any of its Affiliates conducts or proposes to conduct at any

time during Executive's employment with Employer or any of its Affiliates, including, without limitation, the commercial banking business and the investment advisory services business.

(b) Confidentiality.

(i) Executive understands and agrees that Executive's employment creates a relationship of confidence and trust between Executive and Employer, including with respect to all Confidential Information, whether such Confidential Information exists on the Employment Commencement Date or is created, developed or acquired or comes into being at any time during the term of this Agreement. Executive covenants and agrees that, at all times (both during Executive's employment with Employer and after its expiration or termination for any reason), Executive will keep all Confidential Information in strict confidence and trust and will not disclose any of the Confidential Information to any Person, and Executive covenants and agrees that he will not use any of the Confidential Information for Executive's benefit or the benefit of any Person other than Employer and Parent and their Affiliates.

(ii) In the event that Executive is requested or required (including by means of deposition, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process or by a tribunal, court or regulatory agency, (including, but not limited to the DFI and the FDIC) having applicable jurisdiction, to disclose any of the Confidential Information, Executive shall, unless prohibited by law or regulation, provide Employer with prompt written notice of any such request or requirement so that Employer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 8(b) with respect to such requested or required Confidential Information. If, in the absence of a protective order or other remedy acceptable to Employer or the receipt of a waiver from Employer, Executive is nonetheless legally required to disclose such Confidential Information to any tribunal, court or government agency to avoid being held liable for contempt or suffering other censure or penalty, Executive may, without thereby violating this Section 8(b) or incurring any liability to Employer hereunder, disclose only that portion of the Confidential Information that Executive is legally required to disclose. In any case, Executive shall cooperate with Employer in any efforts it may undertake to preserve the confidentiality of such Confidential Information, including, without limitation, by cooperating with Employer's efforts to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information."

(c) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, including cell phones and computers, and whether or not pertaining to Confidential Information, which are furnished to Executive by Employer or which are produced by Executive in connection with Executive's employment, will be and remain the sole property of Employer. Executive will return to Employer all such materials and property as and when requested by Employer or if no request therefor has theretofore been made, then, immediately upon the expiration or termination of Executive's employment with Employer for any reason whatsoever. Executive covenants and agrees that he/she will not retain any such materials or property or any copies thereof after any such expiration or termination of his/her employment with Employer.

(d) Noncompetition Covenant . During the Term of this Agreement, Executive will not, directly or indirectly, whether as owner, partner, shareholder, consultant, agent, employee, co-venturer, lender or creditor or otherwise, engage, participate, assist, support or invest in any Competing Business.

(e) Non-Solicitation Covenant . Executive covenants and agrees that, during the Term and for a period equal to eighteen (18) months thereafter, he shall not, either on behalf of himself

or any other Person, directly or indirectly, solicit or attempt to employ or hire or recruit or hire any Person who is, or during the prior twelve (12) months had been, an employee of Employer, its Parent or any of their Affiliates or induce or influence any such employee to leave the employ of Employer, Parent or any of their respective Affiliates.

(f) Non-Interference Covenant. Executive acknowledges that in connection with and in the course of his/her employment with Employer, Executive will have access to trade secrets and other Confidential Information of Employer, Parent and their respective Affiliates, which Confidential Information may include, without limitation, the identities of and information about the banking and other financial service needs and the investment goals and plans of clients and customers of Employer, Parent or any of their respective its Affiliates. As a result of his/her employment with Employer, Executive also will be given, by Employer, Parent or their Affiliates, the opportunity, resources and Confidential Information which Executive will need to establish business relationships with existing and prospective clients and customers of Employer, Parent, or their Affiliates, all for the exclusive benefit of Employer and Parent or their respective Affiliates. Accordingly, Executive covenants and agrees that during the Term of his/her employment with Employer and for a period of eighteen (18) months following the termination, for any reason whatsoever, of his/her employment with Employer (including any voluntary termination or any termination for Good Reason by Executive or any termination by Employer with or without Cause), Executive shall not use any information that constitutes a trade secret or Confidential Information of Employer, Parent or any of their Affiliates to directly or indirectly, personally or through others, (i) solicit for or on behalf of any Person competing against Employer or its Affiliates, any existing or prospective client or customer of Employer, Parent or any of their Affiliates, or (ii) encourage or induce any client, customer, supplier or vendor of or service provider to Employer, Parent or any of their Affiliates to terminate or modify (in a manner adverse to any of them) the business relationship that any such client, customer, supplier, vendor or service provider has with any of them.

(g) Exception for Ownership of Shares in Public Companies. Notwithstanding the foregoing covenants, Executive may own up to five percent (5%) of the outstanding capital stock of a publicly traded corporation which constitutes or is affiliated with a Competing Business, provided that Executive is a passive investor in that corporation and does not provide any assistance or support of any kind, financial or other (other than his/her ownership of such capital stock) to or serve in any capacity with, such corporation or any of its Affiliates.

(h) Certain Acknowledgements. Executive (i) understands, acknowledges and agrees that each of the covenants and restrictions set forth, respectively, in Subsections 8(b) through 8(f) above are intended to protect the interests of Employer, its Parent and their respective Affiliates in their trade secrets and other Confidential Information and established client, customer, supplier, vendor, employee and consultant relationships and the goodwill established by Employer, Parent or such Affiliates with or among their respective clients, customers, suppliers, vendors, employees and consultants, (ii) acknowledges and agrees that this Section 8 imposes no greater restraint or restriction on Executive than is reasonably necessary to protect the legitimate business interests of Employer, Parent and their Affiliates, and such restrictions are reasonable and appropriate for this purpose and will not adversely affect Executive's ability, following a termination of his/her employment with Employer, to earn a livelihood from his/her chosen profession, and (iii) acknowledges that the consideration received by him pursuant to this Agreement is good, valuable and adequate consideration in exchange for his/her covenants and agreements contained in this Section 8.

(i) Severability. If any of the definitions contained in Section 8(a) or any of the covenants or agreements of Executive contained in Subsections 8(b), 8(c), 8(d), 8(e), or 8(f) above or in Subsections 8(j) or 8(k) below (collectively, the "Protective Covenants") is held by any court of competent jurisdiction to be unenforceable or unreasonable as to time, geographic coverage, or business

limitation, Executive and Employer agree that in any such instance that particular definition or that particular Protective Covenant, as the case may be (the “Offending Provision”) shall be reformed to the maximum time, geographic area or business limitation (as the case may be) that will permit it to be enforced under applicable law. The parties further agree that, in any such event, all of the remaining definitions and Protective Covenants shall be severable, shall remain in full force and effect and shall be enforceable independently of each other and a holding by a court of competent jurisdiction that any definition or Protective Covenant is unenforceable or unreasonable to any extent shall not affect or impair the continued validity or enforceability of the other definitions or Protective Covenants contained in this Section 8

(j) Third Party Agreements and Rights. Executive hereby represents and warrants that he is not bound by the terms of any contract or other agreement (written or oral) with any previous employer or other Person which restricts in any way Executive’s use or disclosure of information or Executive’s engagement in any business. Executive further represents and warrants to Employer that Executive’s execution and delivery of this Agreement, Executive’s employment with Employer and the performance of Executive’s duties for Employer pursuant to this Agreement will not violate any obligations, contractual or other, that Executive may have to any such previous employer or other Person. In Executive’s work for Employer, Executive will not disclose or make use of any information in violation of any contracts or other agreements (written or oral) with or the rights of any such previous employer or other Person, and Executive will not bring to the premises of Employer any copies or other tangible embodiments of nonpublic information belonging to or obtained from any such previous employer or other Person.

(k) Litigation and Regulatory Cooperation. During and after the Term of this Agreement, Executive shall cooperate fully with Employer, Parent and their Affiliates in the prosecution or defense of any claims or actions or other proceedings which has been or may be brought on behalf of or against Employer, Parent or any of their Affiliates which relate to events or occurrences that transpired while Executive was employed by Employer. Executive’s full cooperation in connection with such claims or actions shall include, but shall not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Employer, Parent or any of their Affiliates at mutually convenient times. During and after the Term of this Agreement, Executive also shall cooperate fully with Employer, Parent and their Affiliates in connection with any examination, investigation or review by any federal, state or local regulatory authority which covers any period, or relates to events or occurrences that transpired, while Executive was employed by Employer. Executive acknowledges that the performance by him of the covenants and duties set forth in this Section 8(k) during the term of this Agreement are part of his/her duties under this Agreement and that he shall not be entitled to any compensation therefor that is separate from or in addition to his/her compensation under this Agreement. If Executive performs any of the duties as required by this Section 8(k) after the Term of this Agreement, as Executive’s compensation therefor, Employer shall reimburse Executive for any reasonable out-of-pocket expenses incurred in connection with the performance by Executive of his/her duties under this Section 8(k).

(l) Equitable Remedies. Executive acknowledges and agrees that it would be difficult to measure the damages that Employer will sustain as a result of any breach by Executive of any of the Protective Covenants or any of the other agreements of Executive contained in this Section 8 and that monetary damages, in and of themselves, would not be an adequate remedy for any such breach. Accordingly, Executive agrees that if he/she breaches, or threatens to breach, any of the Protective Covenants or any of the other agreements of Executive contained in this Section 8, Employer shall be entitled, in addition to all other rights or remedies that it may have under this Agreement or under applicable law, to bring an equitable proceeding in any court of competent jurisdiction and, in any

such proceeding, to be awarded (i) temporary, preliminary and permanent injunctive relief to require Executive to halt any such breach, or to refrain from committing any threatened breach (as the case may be), of any of such Protective Covenants or other agreements, and (ii) such other appropriate equitable remedies to require Executive to comply with such Protective Covenants and other agreements, without having to show or prove any actual monetary damages to Employer. Employer shall not be required to post a bond or monetary or other security as a condition to the issuance or continuation of any such injunctive relief or the granting or continuance of such other equitable remedies provided for in this Section 8(l).”

9. Arbitration of Disputes. Except as otherwise provided in Section 8(i) above and the last sentence of this Section 9 with respect to equitable proceedings and remedies, any controversy or claim arising out of or relating to this Agreement, the performance or non-performance (actual or alleged) by either party of any of such party's respective obligations hereunder or any actual or alleged breach thereof, or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be resolved exclusively by binding arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association (“AAA”) in Orange County, California in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any Person other than Executive or Employer may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other Person's agreement thereto. Judgment upon the award rendered by the arbitrator in any such arbitration proceeding may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. The reasonable fees and disbursements of the prevailing party's legal counsel, accountants and experts incurred in connection with any such arbitration proceeding shall be paid by the non-prevailing party in such arbitration proceeding. Notwithstanding anything to the contrary that may be contained in this Section 9, each party shall be entitled to bring an action in any court of competent jurisdiction for the purpose of obtaining a temporary restraining order or a preliminary or permanent injunction or other equitable remedies in circumstances in which such relief is appropriate.

10. Miscellaneous.

(a) Entire Agreement. This Agreement, together with the Exhibits hereto, constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, whether written or oral, between the parties with respect to that subject matter.

(b) Assignment; Successors and Assigns, etc. Neither Employer nor Executive may make any assignment, in whole or in part, of this Agreement or any interest herein, by operation of law or otherwise, or delegate any of their respective duties hereunder, without the prior written consent of the other party; *provided, however*, that Employer shall be entitled to assign this Agreement and delegate its duties under this Agreement, without the consent of Executive, in the event that Employer shall consummate a reorganization, consolidate or merge with or into any other Person, or sell or otherwise transfer all or substantially all of its assets to any other Person. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of and be binding on Employer and Executive, and their respective successors, executors, administrators, heirs and permitted assigns.

(c) Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Notwithstanding the foregoing, the provisions of

Section 8(f), and not the provisions of this Section 10(c), shall apply to the covenants and other agreements contained in and the provisions of Section 8 hereof.

(d) Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any right or obligation under or breach of this Agreement, shall not prevent any subsequent enforcement of such term, right or obligation or be deemed a waiver of any prior or subsequent breach of the same obligation.

(e) Notices. Any notices, requests, demands and other communications provided for by this Agreement ("Notices") shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to Executive at the last address Executive has filed in writing with the Employer or, in the case of any Notice to be given to Employer, at its main offices, attention of the Chief Executive Officer, and shall be effective on the date of delivery in person or by courier or three (3) days after the date such Notice is mailed by registered or certified mail, postage prepaid and return receipt requested (whether or not the requested receipt is returned).

(f) Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Employer.

(g) Interpretation and Construction of this Agreement. This Agreement is the result of arms-length bargaining by the parties, each party was represented by legal counsel of such party's choosing in connection with the negotiation and drafting of this Agreement and no provision of this Agreement shall be construed against a party, due to an ambiguity therein or otherwise, by reason of the fact that such provision may have been drafted by counsel for such party. For purposes of this Agreement: (i) the term "Person" shall mean, in addition to any natural person, a corporation, limited liability company, general or limited partnership, joint venture, trust, estate or any other entity; (ii) when used with reference to Employer, the term "Affiliate" shall mean any Person that controls, is controlled by or is under common control with Employer and shall include Parent and its other subsidiaries; (iii) the term "including" shall mean "including without limitation" or "including but not limited to"; (iv) the term "or" shall not be deemed to be exclusive; and (v) the terms "hereof," "herein," "hereinafter," "hereunder," and "hereto," and any similar terms shall refer to this Agreement as a whole and not to the particular Section, paragraph or clause in which any such term is used, unless the context in which any such term is used clearly indicates otherwise.

(h) Governing Law. This Agreement is being entered into and will be performed in the State of California and shall be construed under and be governed in all respects by and enforced under the laws of the State of California, without giving effect to the conflict of laws principles of such State.

(i) Headings. The Section and paragraph headings in this Agreement are inserted for convenience of reference only and shall not affect, nor shall be considered in connection with, the construction or application of any of the provisions of this Agreement.

(j) Counterparts. This Agreement may be executed in any number of counterparts, and each such executed counterpart, and any photocopy or facsimile copy thereof, shall constitute an original of this Agreement; but all such executed counterparts and photocopies and facsimile copies thereof shall, together, constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed by Employer and by Executive as of the Effective Date.

EMPLOYER:

FIRST FOUNDATION BANK

By: /s/ Scott F. Kavanaugh
Name: Scott F. Kavanaugh
Title: CEO

EXECUTIVE

/s/ David DePillo
Name: David DePillo

EXHIBIT A

This is Exhibit A to that certain Employment Agreement dated as of May 11, 2015 (the "Employment Agreement") by and between First Foundation Bank, a California state chartered banking corporation ("Employer") and David DePillo ("Executive") who is being employed as President of Employer. Unless otherwise defined in this Exhibit A or the context indicates otherwise, terms with initial capital letters in this Exhibit shall have the respective meanings ascribed to them in the Employment Agreement.

OTHER PAYMENTS OR BENEFITS

Additional Payments or Benefits As Contemplated by Section 5(f) of the Employment Agreement.

In addition to Executive's right to participate in other benefit plans and programs adopted by Employer for its senior executives, as contemplated by Section 5(c) of this Employment Agreement, Executive shall be entitled to the following benefits:

- (1) Annual Bonus: Under the annual incentive bonus programs referred to section 5.(b), the Executive's target bonus will be set at 75% of their then current annual salary
- (2) Stock Grant: The Executive will be granted 15,900 shares of restricted stock. These shares will vest ratably over a three year period as follows:

<u>Vesting Date</u>	<u>Number of Shares</u>
April 28, 2016	5,300 shares
April 28, 2017	5,300 shares
April 28, 2018	5,300 shares

APPROVED OTHER ACTIVITIES

Executive has disclosed that he has an interest in and will continue to work with LendingLink, a software product that is used to manage the loan administration and underwriting process. Executive has stated that the time he spends on this activity will be less than 5 hours per week. It is understood by the Employer that LendingLink may be used by other companies in the banking industry. The Board of the Employer has approved to allow the executive to continue this business activity.

CHANGE OF CONTROL SEVERANCE COMPENSATION AGREEMENT

This CHANGE OF CONTROL SEVERANCE COMPENSATION AGREEMENT, dated as of May 11, 2015, (the “Agreement”), is made by and between First Foundation Inc., a California corporation (the “Company”) and David DePillo (the “Executive”), with reference to the following facts and circumstances:

RECITALS:

A. The Company’s Board of Directors has determined that it is appropriate and in the Company’s best interests to reinforce and encourage the continued attention and dedication of key members of the management of the Company and its material subsidiaries, who include the Executive, to their assigned duties without distraction in potentially disturbing circumstances that would arise in the event of a threatened or actual Change in Control (as hereinafter defined) of the Company or such subsidiaries and thereby also provide the Company with greater assurance that it will be able to retain the key members of management, including Executive, in the employ of the Company or a material subsidiary (as the case may be) in the event of any threatened or actual Change in Control; and

B. This Agreement sets forth the severance compensation which the Company agrees it will pay, or cause the Subsidiary to pay, to Executive if his/her employment with the Company or First Foundation Bank (the “Subsidiary”), as the case may be, terminates under one of the circumstances described herein following a Change in Control of the Company or the Subsidiary.

C. Executive is employed as President under an Executive Employment Agreement dated May 11, 2015 herewith (the “Employment Agreement”). This Change of Control Severance Compensation Agreement sets forth the rights and obligations of the Company and Executive in the event of a termination of Executive’s employment, for Good Reason (as defined below), that is attributable to, or that occurs concurrently with or within 24 months following, a Change in Control. On the other hand, the Employment Agreement, rather than this Agreement, governs and determines the severance compensation to which Executive would be entitled upon any other termination of Executive’s employment.

NOW, THEREFORE, it is agreed as follows:

1. Definitions. The following terms shall have the respective meanings ascribed to them below in this Section 1:

1.1 The terms “affiliate” and “associate” shall have the respective meanings given to such terms in Rule 12b-2 under the Exchange Act (even if the Company has no securities registered under that Act).

1.2 The terms “beneficial ownership,” “beneficially owned” and “beneficial owner” shall have the meanings given to such terms in Rule 13d-3 under the Exchange Act (even if the Company has no securities registered under that Act).

1.3 The term “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

1.4 The term “Parent” of a corporation or other entity means any person that is the beneficial owner, directly or indirectly, of a majority of the Voting Securities of that corporation or other entity.

1.5 The term “ Voting Securities ” of any person that is a corporation means the combined voting power of that person’s then outstanding securities having the right to vote in an election of that person’s directors. The term “Voting Securities” of any person, other than a corporation, such as a partnership or limited liability company, shall mean the combined voting power of that person’s outstanding ownership interests that are entitled to vote or select the individuals (such as the managers of a limited liability company) that have substantially the same authority or decision-making powers with respect to such person that are generally exercisable by directors of a corporation.

1.6 The term “ Common Stock ” of the Company shall mean the shares of the Company’s common stock, par value \$0.001 per share, and any voting securities into which such shares may be converted or exchanged in any merger, consolidation, reorganization or recapitalization of the Company.

1.7 The term “ person ” shall have the meaning given to such term in Section 13(d) and Section 14(d) of the Exchange Act (even if the Company has no securities registered under that Act) and, therefore, the term “person” shall include any two or more persons acting together, whether as a partnership, limited partnership, joint venture, syndicate or other group, at least one of the purposes of which is to acquire, hold or dispose of beneficial ownership of securities of the Company or the Subsidiary. The term “person” also shall include any natural person, any corporation, limited liability company, general or limited partnership, joint venture, trust, estate, or unincorporated association.

1.8 The term “ Change in Control ” of the Company shall mean the occurrence of any of the following:

(a) Any person who (together with all of such person’s affiliates and associates) shall, at any time become the beneficial owner, directly or indirectly, of more than twenty-five percent (25%) of the Company’s Voting Securities Company, except (i) the Company or any of its subsidiaries, (ii) any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries or (iii) Ulrich E. Keller, Jr. (collectively, the Exempt Owners”); or

(b) There shall be consummated any consolidation, merger, or reorganization (as such term is defined in the California Corporations Code), of the Company with or into another person, or of another person with or into the Company, in which the holders of the Company’s outstanding Voting Securities immediately prior to the consummation of such consolidation, merger or reorganization would not, immediately after such consummation, own beneficially, directly or indirectly, (in the aggregate) at least sixty percent (60%) of the Voting Securities of (i) the continuing or surviving person in such merger, consolidation or reorganization (whether or not that is the Company) or (ii) the ultimate Parent, if any, of that continuing or surviving person; or

(c) There shall be consummated any consolidation, merger or reorganization of the Subsidiary with or into another person, or of another person with or into the Subsidiary, unless the persons that were the holders of the Company’s Voting Securities immediately prior to such consummation would have, immediately after such consolidation, merger or reorganization, substantially the same proportionate direct or indirect beneficial ownership of at least sixty (60%) of the Voting Securities of (i) the continuing or surviving person in such consolidation, merger or reorganization (whether or not that is the Subsidiary) or, (ii) the ultimate Parent, if any, of that continuing or surviving person; or

(d) There shall be consummated any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or of the Subsidiary; or

(e) The holders of the Voting Securities of the Company approve any plan or proposal for the liquidation or dissolution of the Company, unless the plan of liquidation provides for all

or substantially all of the assets of the Company to be transferred to a person in which the holders of the Company's Voting Securities immediately prior to such liquidation have or will have, immediately after such liquidation, substantially the same proportionate direct or indirect beneficial ownership of at least sixty percent (60%) of the Voting Securities of such person; or

(f) During any period of two (2) consecutive years during the term of this Agreement, individuals who at the beginning of that two year period constituted the entire Board of Directors do not, for any reason, constitute a majority thereof, unless the election (or the nomination for election) by the holders of the Company's Voting Securities, of each director who was not a member of the Board of Directors at the beginning of that two year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the two year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred within the meaning of Paragraph 1.8(a) above solely as the result of any acquisition of Voting Securities by the Company or any subsidiary thereof that has the effect of (i) reducing the number of the Company's outstanding Voting Securities, or (ii) increasing the beneficial ownership of the Company's Voting Securities by any person to more than twenty-five percent (25%) of the Company's outstanding Voting Securities or by any Pre-September 1, 2007 Shareholder; provided, however, that, if any such person (other than any of the Exempt Owners, as defined above) shall thereafter become the direct or indirect beneficial owner of any additional Voting Securities of the Company (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns more than twenty-five percent (25%) of the then outstanding Voting Securities of the Company, then, a "Change of Control" shall be deemed to have occurred for purposes of this Agreement.

1.9 The term "Employer" means whichever of the Company or Subsidiary is the principal employer of Executive.

1.10 The term "Code" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

2. Term. The term of this Agreement shall commence on the date hereof and, subject to earlier termination pursuant to Section 6 hereof, shall end three (3) years following the date on which notice of non-renewal or termination of this Agreement is given by either the Company or Executive to the other. Thus, this Agreement shall renew automatically on a daily basis so that the outstanding term is always three (3) years following any effective notice of non-renewal or of termination given by the Company or Executive, other than in the event of a termination pursuant to Section 6 hereof.

3. Change in Control. No compensation shall be payable under this Agreement unless and until (i) there has been a Change in Control of the Company (as hereinafter defined) while the Executive is still an officer of the Company or the Subsidiary, and (ii) the Executive's employment by the Company or the Subsidiary terminates under any of the circumstances or for any of the reasons set forth in Section 4 below.

4. Termination by Executive for Good Reason. If (i) a Change in Control of the Company occurs while the Executive is still employed as an officer of the Company or the Subsidiary or the surviving or continuing person in any such Change in Control, and (ii) any of the following events (each a "Good Reason Event") shall occur (that is not consented to by Executive) as a result or at the time or within 12 months of the consummation of such Change in Control, then, Executive shall be entitled to the compensation provided in Section 5 of this Agreement, provided that he gives the Company written notice of the termination of his/her employment and of all positions he/she may have with the Company and the Subsidiary for "Good Reason" within forty-five (45) days following the occurrence of any such Good Reason Event.

4.1 Reduction or Adverse Change of Responsibilities, Authority, Etc. The scope of Executive's authority or responsibilities is significantly reduced or diminished or there is an change in Executive's position or title as an officer of the Company or the Subsidiary, or both, that constitutes or would generally be considered to constitute a demotion of Executive, unless such reduction, diminution or change is made as a consequence of (i) Executive's disability (determined as provided in Section 6(e) of the Employment Agreement), or (ii) any acts or omissions of Executive which would entitle the Company or Subsidiary to terminate Executive's employment for Cause (as defined in Section 6(a) of the Employment Agreement); or

4.2 Reduction in Base Salary. Executive's Base Annual Salary (as defined in his Employment Agreement and as in effect immediately prior to the consummation of the Change in Control) is reduced, unless such reduction is made (i) as part of an across-the-board cost cutting measure that is applied equally or proportionately to all senior executives of the Employer, or (ii) as a result of Executive's Disability (determined as provided in Section 6(e) of the Employment Agreement), or any acts or omissions of Executive which would entitle Employer to terminate Executive's employment for Cause (as defined in Section 6(a) of the Employment Agreement);

4.3 Discontinuance or Reduction of Bonus Opportunity Under Bonus Compensation Plan. Executive's bonus and/or incentive compensation award opportunity under any incentive or bonus compensation plan or program in which he is participating immediately prior to the consummation of the Change of Control is discontinued or significantly reduced, unless such discontinuance or reduction (i) is expressly permitted under the terms of such plan or program, or (ii) is a result of a policy of Employer applied equally or proportionately to all senior executives of Employer participating in such plan or program, or (iii) is the result of the replacement of such plan or program with another bonus or incentive compensation plan in which Executive is afforded substantially comparable bonus or incentive compensation opportunities;

4.4 Discontinuance of Participation in Employee Benefit Plans. Executive's participation in any other benefit plan maintained by the Company or Employer in which Executive was participating immediately prior to the consummation of the Change of Control (including any vacation program) is terminated or the benefits that had been afforded under any such benefit plan are significantly reduced, unless such discontinuance or reduction (as the case may be) is (i) expressly permitted by the terms of that plan or program, or (ii) due to a change in applicable law or the loss or reduction in the tax deductibility to Employer of the contributions to or payments made under such plan, or (iii) the result of a policy of Employer or the Company that is applied equally or proportionately to all senior executives participating in such benefit plan, or (iv) the result of the adoption of one or more other benefit plans providing reasonably comparable benefits (in terms of value) to Executive; or

4.5 Relocation. The relocation of Executive to an office that located more than thirty (30) miles from Executive's principal office location prior to the consummation of the Change of Control or to an office that is not the headquarters office of Executive's employer (other than for temporary assignments or required travel in connection with the performance by Executive of his/her duties for Employer or the Company); or

4.6 Breach of Agreements. A breach by the Company or Employer of any of its material obligations to Executive under the Employment Agreement or this Agreement which continues uncured for a period of thirty (30) days following written notice thereof from Executive.

5. Severance Compensation upon Termination of Employment for Good Reason. Subject to Section 5.4 and Section 7 below, upon a termination of Executive's employment by Executive pursuant to Section 4 hereof (a "Good Reason Termination"), then:

5.1 Change of Control Severance Compensation. Subject to Section 5.4 below, in lieu of any further salary and bonus payments or other payments that would otherwise be due to

Executive under the Employment Agreement, or otherwise, for periods subsequent to the date of such Good Reason Termination, Executive shall become entitled to receive the following severance compensation and benefits:

(a) Employer shall pay the Executive all amounts owed through the date of Executive's Good Reason Termination; and

(b) Employer also shall pay to Executive, at the applicable time set forth in Section 5.3, an amount equal to the product of two (2) times the sum of (i) Executive's Base Annual Salary in effect as of the date of termination and (ii) an amount equal to the Maximum Bonus Award (as hereinafter defined) payable to Executive under any incentive or bonus compensation plan in which he/she was participating at the time of such termination of employment, which amount shall be paid as provided in Section 5.3 hereof. For purposes hereof, the term "Maximum Bonus Award" shall mean the amount of the bonus compensation that would be paid to Executive under such incentive or bonus compensation plan assuming that all performance goals or targets required to have been achieved as a condition of the payment of the maximum bonus under such plan were achieved and all other conditions precedent to the payment of such bonus compensation were satisfied.

(c) All options to purchase stock of the Company granted to the Executive that had not vested as of the date of such Good Reason Termination shall vest effective immediately prior to such termination.

(d) All restricted stock awards, restricted stock unit awards, and other forms of equity-based compensation awards granted to the Executive, which had not vested as of the date of such Good Reason Termination, shall vest effective immediately prior to such termination.

(e) The Company or the Subsidiary shall maintain in full force and effect, during the period commencing on the date of such Good Reason Termination and ending on the December 31 of the second calendar year following the calendar year in which such termination occurred (the "Benefit Continuation Period"), all employee medical, dental and vision plans and programs, disability plans and programs and all life insurance programs in which the Executive and/or his/her family members were entitled to participate or under which they were entitled to receive benefits immediately prior to the date of the occurrence of the Good Reason Event, provided, however, that if such continued participation is prohibited under the general terms and provisions of such plans and programs, then, the Company or the Subsidiary shall, at its expense, arrange for substantially equivalent benefits to be provided to Executive and/or his/her family members during the Benefit Continuation Period. Notwithstanding the foregoing, however, there shall only be included as benefits to which Executive and/or his/her family members shall be entitled under this Paragraph 5.1(e), and Executive and/or such family members shall only be entitled to, those benefits if the plans or programs in which Executive or his/her family members were participating immediately prior to the occurrence of the Good Reason Event were exempt from the term "nonqualified deferred compensation plan" under Section 409A of the Code.

Notwithstanding any other provision in this Agreement to the contrary, under no circumstances, shall the Executive be permitted to exercise any discretion to modify the vesting of an award or the amount, timing or form of payment or benefit described in this Section 5.1.

5.2 Timing and Manner of Payment. The amount that becomes payable to Executive pursuant to Section 5.1(b) above shall be paid as follows:

(a) If, on the date that the Executive terminates his /her employment for Good Reason pursuant to Section 4 above, the Company is a reporting company under the Exchange Act, then Executive will be entitled to receive such payment in a single lump sum on the first business day that occurs at the end of the period commencing on the date of that termination and ending six months after the last day of the calendar month in which the date of termination occurred (e.g., if Executive were to

terminate his/her employment for Good Reason on March 15, 2015, for example, then Employer would be required to pay the amount specified in Section 5.1(b) on the first business day immediately following September 30, 2015); or

(b) If, however, the Company is not a reporting company under the Exchange Act at the time the Executive terminates his/her employment for Good Reason pursuant to Section 4 above, then Executive shall be entitled to receive such payment in a single lump sum on the fifth (5th) business day following such termination of employment.

5.3 No Requirement of Mitigation. The Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Section 5 by seeking other employment or otherwise, nor shall any compensation or other payments received by the Executive from other persons after the date of termination reduce any payments due under this Section 5.

5.4 Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, if any compensation, payment, benefit or distribution by the Company or Employer Subsidiary to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (collectively, the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then, the following provisions shall apply:

(i) If the Threshold Amount (as hereinafter defined) is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the-sum of (A) the Excise Tax (as defined below) and (B) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments that would otherwise be payable under this Agreement shall be reduced (but not below zero) to the extent necessary so that the maximum Severance Payments shall not exceed the Threshold Amount. To the extent that there is more than one method of reducing the Severance Payments to bring them within the Threshold Amount, Executive shall determine which method shall be followed; provided that if Executive fails to make such determination within 45 days after the Company has sent Executive written notice of the need for such reduction, the Company may determine the amount of such reduction in its sole discretion.

(ii) If, however, the Severance Payments, reduced by the sum of (A) the Excise Tax and (B) the total of the Federal, state and local income and employment taxes payable by Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, there shall be no reduction in the Severance Payments to Executive pursuant to Paragraph 5.4(a)(i) above.

(b) For the purposes of this Section 5.4, the term "Threshold Amount" shall mean three (3) times Executive's "base amount" (within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder) less one dollar (\$1.00); and the term "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by Executive with respect to such excise tax.

(c) The determination as to which of Paragraph 5.4(a)(i) or 5.4(a)(ii) shall apply to Executive shall be made by Vavrinek, Trine, Day & Co., LLP, independent registered public accountants, or any other independent accounting firm selected by mutual agreement of the Company and Executive (the "Accounting Firm"), which agreement shall not be unreasonably withheld or delayed by either party. Such Accounting Firm shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the date of Executive's Good Reason Termination, if applicable, or at such earlier time as is reasonably requested by the Company or Executive. For purposes of determining which of the alternative provisions of 5.4(a)(i) or 5.4(a)(ii) shall apply, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to

individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of Executive's residence on the Termination Date, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding on the Company and Executive.

5.5 Withholding. Notwithstanding anything to the contrary that may be contained elsewhere in this Agreement, all payments made to Executive under this Agreement shall be made net of all taxes and other amounts required to be withheld from the wages or salary of employees under applicable federal, state or local laws or regulations.

6. Termination of Agreement. Notwithstanding Section 2 hereof, this Agreement shall terminate sooner as provided in this Section 6.

6.1 Termination of Employment Other Than for Good Reason. This Agreement shall terminate upon the happening, at any time prior to the termination of Executive's employment for Good Reason pursuant to Section 4 hereof, of any of the following events:

(a) Executive's Disability or Death. This Agreement shall terminate upon the termination of Executive's employment as a result of Executive's disability pursuant to and in accordance with Section 6(e) of the Employment Agreement. This Agreement also shall terminate immediately in the event of the death of the Executive.

(b) Retirement. This Agreement shall terminate automatically on Retirement (as hereinafter defined) of Executive. The term "Retirement" as used in this Agreement shall mean termination by the Company or the Executive of Executive's employment based on the Executive's having reached age 75 or such other age as shall have been fixed in any arrangement established with the Executive's consent with respect to Executive retirement.

(c) Cause. This Agreement shall terminate, if Executive's employment with the Company or an Employer Subsidiary is terminated for Cause, as such term is defined in Section 6(a) of the Employment Agreement.

(d) Termination by Executive without Cause. This Agreement shall terminate upon any voluntary termination by Executive of his/her employment with the Company or the Subsidiary, as the case may be, other than pursuant to Section 4 of this Agreement.

In the event of a termination of this Agreement pursuant to this Section 6.1, then, notwithstanding anything to the contrary that may be contained elsewhere herein, except for any severance or other compensation to which Executive may be entitled, by reason of such termination, under the Employment Agreement, neither the Company nor the Subsidiary shall have any liability to Executive, or Executive's estate, heirs, successors, representatives or assigns, due to such termination of this Agreement or by reason of any prior or subsequent Change in Control of the Company.

6.2 Effect of Good Reason Termination on Term of this Agreement. In the event of a Good Reason Termination pursuant to Section 4 hereof, Executive shall have no further rights or remedies under this Agreement, except his/her right to receive the severance compensation set forth in Section 5 hereof attributable to the occurrence of the Good Reason Event that entitled Executive to terminate his/her employment pursuant to Section 4 hereof. Accordingly, but without limiting the generality of the foregoing, Executive shall be entitled to receive any compensation under this Agreement in the event of the occurrence of a second Change in Control of the Company after the date of the Executive's Good Reason Termination.

7. Release of Claims. The obligations of the Company under this Agreement shall constitute the only obligations of the Company arising from a Good Reason Termination by Executive

pursuant to Section 4 hereof. Additionally, upon any such termination, except for Executive's rights and the obligations of the Company or the Subsidiary (as the case may be) under Section 5 hereof, none of the Company, the Subsidiary or any of their affiliates shall have any obligation or liability of any kind or nature whatsoever to Executive by reason of or arising out of his/her employment with the Company or the Subsidiary or the termination thereof. Executive further agrees that, except for his/her rights and the obligations of the Company or the Subsidiary (as the case may be) under Section 5 hereof, all demands, claims and causes of action that Executive may have against, and any and all rights that Executive may have to recover any payments, damages, liabilities or other amounts of any kind or nature whatsoever from, the Company, the Subsidiary or any of their affiliates, or any of their respective, officers, directors, shareholders, employees, agents or independent contractors (the "Company Related Parties"), shall be forever released by Executive as a condition precedent to Executive's rights to receive and the obligations of the Company or Subsidiary (as the case may be) to pay or provide to Executive the severance compensation and benefits provided for in Section 5 hereof, irrespective of whether or not such demands, claims, causes of action or rights arise or have arisen under (i) this Agreement, the Employment Agreement, or any other contract, agreement or understanding, written or oral, between Executive and the Company or any of the Company Related Parties, or (ii) any employee or executive benefit plans or programs, including any stock incentive or stock based compensation plans, or (iii) any federal, state or local statutes or government regulations, or otherwise, and whether or not such demands, claims, causes of action or rights are known or unknown, certain or uncertain, or suspected or unsuspected by Executive. Executive further covenants and agrees that such condition precedent shall not be satisfied unless and until he/she executes and delivers to the Company all appropriate written agreements reflecting such settlement and complete release in a form reasonably acceptable to the Company.

8. Arbitration of Disputes. Except as otherwise provided in the last sentence of this Section 9 with respect to equitable proceedings and remedies, any controversy or claim arising out of or relating to this Agreement, the performance or non-performance (actual or alleged) by either party of any of such party's respective obligations hereunder or any actual or alleged breach thereof, shall, to the fullest extent permitted by law, be resolved exclusively by binding arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Orange County, California in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person, other than Executive or the Company, may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person's agreement thereto. Judgment upon the award rendered by the arbitrator in any such arbitration proceeding may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. The reasonable fees and disbursements of the prevailing party's legal counsel, accountants and experts incurred in connection with any such arbitration proceeding shall be paid by the non-prevailing party in such arbitration proceeding. Notwithstanding anything to the contrary that may be contained in this Section 9, however, each party shall be entitled to bring an action in any court of competent jurisdiction for the purpose of obtaining a temporary restraining order or a preliminary or permanent injunction or other equitable remedies in circumstances in which such relief is appropriate.

9. Miscellaneous.

9.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to that subject matter.

9.2 Assignment; Successors and Assigns, etc. Neither party may make any assignment, in whole or in part, of this Agreement or any interest herein, by operation of law or otherwise, or delegate any of their respective duties hereunder, without the prior written consent of the

other party; except that in the event of a Change in Control of the Company, the rights and obligations of the Company under this Agreement may be assigned to the successor-in-interest of the Company in such Change in Control without the consent of Executive, provided that (i) such successor-in-interest enters into a written agreement, in a form reasonably acceptable to Executive, by which such successor-in-interest shall expressly agree to be bound by this Agreement and (ii) no such assignment shall relieve the Company of its obligations under this Agreement. Subject to the foregoing restrictions on assignment, this Agreement shall inure to the benefit of and be enforceable by and shall be binding on the parties and their respective successors, legal representatives, executors, administrators, heirs, devisees and legatees, and permitted assigns. If Executive should die while any amounts are still payable to him/her pursuant to Section 5 hereof, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

9.3 Severability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

9.4 Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any right or obligation under or breach of this Agreement, shall not prevent any subsequent enforcement of such term, right or obligation or be deemed a waiver of any prior or subsequent breach of the same obligation.

9.5 Notices. Any notices, requests, demands and other communications provided for by this Agreement ("Notices") shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to Executive at the last address Executive has filed in writing with Employer or, in the case of any Notice to be given to the Company or the Employer (if other than the Company), at its headquarters offices, attention of the Chief Executive Officer, and shall be effective on the date of delivery in person or by courier or two (2) business days after the date such Notice is mailed by registered or certified mail, postage prepaid and return receipt requested (whether or not the requested receipt is returned).

9.6 Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized officer or other representative of the Company.

9.7 Interpretation and Construction of this Agreement. This Agreement is the result of arms-length bargaining by the parties, each party was represented by legal counsel of such party's choosing in connection with the negotiation and drafting of this Agreement and no provision of this Agreement shall be construed against a party, due to an ambiguity therein or otherwise, by reason of the fact that such provision may have been drafted by counsel for such party. For purposes of this Agreement: (i) the term "including" shall mean "including without limitation" or "including but not limited to"; (iv) the term "or" shall not be deemed to be exclusive; and (v) the terms "hereof," "herein," "hereinafter," "hereunder," and "hereto," and any similar terms shall refer to this Agreement as a whole and not to the particular Section, paragraph or clause in which any such term is used, unless the context in which any such term is used clearly indicates otherwise.

9.8 Governing Law. This Agreement is being entered into and will be performed in the State of California and shall be construed under and be governed in all respects by and enforced under the laws of the State of California, without giving effect to its conflict of laws rules or principles.

9.9 Headings. The Section and paragraph headings in this Agreement are inserted for convenience of reference only and shall not affect, nor shall be considered in connection with, the construction or application of any of the provisions of this Agreement.

9.10 Counterparts. This Agreement may be executed in any number of counterparts, and each such executed counterpart, and any photocopy or facsimile copy thereof, shall constitute an original of this Agreement; but all such executed counterparts and photocopies and facsimile copies thereof shall, together, constitute one and the same instrument.

*[Remainder of page intentionally left blank.
Signatures of parties follow on next page.]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

“Company”

First Foundation Inc.

By: /s/ Scott f. Kavanaugh
Name: Scott F. Kavanaugh
Title: CEO

“Executive”

/s/ David DePillo
Name: David DePillo

“Subsidiary”

First Foundation Bank

By: /s/ Scott f. Kavanaugh
Name: Scott F. Kavanaugh
Title: CEO

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Scott Kavanaugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Foundation Inc. for the quarter ended March 31, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2015

/s/ SCOTT KAVANAUGH

Scott Kavanaugh
Chief Executive Officer

**CERTIFICATIONS OF CHIEF FINANCIAL OFFICER
UNDER
SECTION 302 OF THE SARBANES-OXLEY ACT**

I, John M. Michel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Foundation Inc. for the quarter ended March 31, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2015

/s/ JOHN M. MICHEL

John M. Michel
Executive Vice President and Chief Financial Officer

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
UNDER
SECTION 906 OF THE SARBANES-OXLEY ACT**

FIRST FOUNDATION INC.

Quarterly Report on Form 10-Q
for the Quarter ended March 31, 2015

The undersigned, who is the Chief Executive Officer of First Foundation Inc (the “Company”), hereby certifies that (i) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, as filed by the Company with the Securities and Exchange Commission (the “Quarterly Report”), to which this Certification is an Exhibit, fully complies with the applicable requirements of Section 13(a) and 15(d) of the Exchange Act; and (ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2015

/s/ SCOTT KAVANAUGH

Scott Kavanaugh
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATIONS OF CHIEF FINANCIAL OFFICER
UNDER
SECTION 906 OF THE SARBANES-OXLEY ACT**

FIRST FOUNDATION INC.

Quarterly Report on Form 10-Q
for the Quarter ended March 31, 2015

The undersigned, who is the Chief Financial Officer of First Foundation Inc. (the “Company”), hereby certifies that (i) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, as filed by the Company with the Securities and Exchange Commission (the “Quarterly Report”), to which this Certification is an Exhibit, fully complies with the applicable requirements of Section 13(a) and 15(d) of the Exchange Act; and (ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 11, 2015

/s/ JOHN M. MICHEL

John M. Michel
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.