First Foundation Inc.
Form S-1/A
May 09, 2014
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As filed with the Securities and Exchange Commission on May 9, 2014

Registration No. 333-195392

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

First Foundation Inc.

(Exact name of registrant as specified in its charter)

California	**6022**	**20-8639702**
(State or other jurisdiction of incorporation or organization)	***(Primary Standard Industrial Classification Code Number)***	***(I.R.S. Employer Identification Number)***

18101 Von Karman Avenue, Suite 700

Irvine, California 92612

(949) 202-4160

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Scott F. Kavanaugh

Chief Executive Officer

18101 Von Karman Avenue, Suite 700

Irvine, California 92612

(949) 202-4160

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee[(2)]
Common Stock, $0.001 par value per share	$58,000,000	7,471.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended, and includes shares of our common stock that the underwriters have an option to purchase within 30 days of the date of this prospectus to cover overallotments.
(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated May 9, 2014

PRELIMINARY PROSPECTUS

2,222,222 Shares

Common Stock

This prospectus relates to the initial public offering of First Foundation Inc. We are offering 2,222,222 shares of our common stock.

Prior to this offering, there has been no established public market for our common stock. We currently estimate that the public offering price of our common stock will be between $21.00 and $24.00 per share. We have applied to list our common stock on The NASDAQ Global Market under the symbol FFWM.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 and, as a result, are eligible for certain reduced public company reporting and disclosure requirements, the implications of which to purchasers of our common stock are set forth in *About This Prospectus* on page ii.

See *Risk Factors*, beginning on page 12 of this prospectus, for a discussion of certain risks that you should consider before making a decision to purchase our common stock.

	Per Share	Total
Public offering price	$ [ ]	$ [ ]
Underwriting discount[(1)]	$ [ ]	$ [ ]
Proceeds, before expenses, to us	$ [ ]	$ [ ]

(1) See Underwriting for additional information regarding the underwriting discount and certain expenses payable to the underwriters by us.

We have granted the underwriters an option to purchase up to an additional 333,333 shares of our common stock, at the public offering price, less the underwriting discount, within 30 days after the date of this prospectus, to cover

overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory authority has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The shares of our common stock that you purchase in this offering will not be deposits, savings accounts or other obligations of any bank or nonbank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the shares of our common stock against payment in New York, New York on or about [ ], 2014.

Sandler O Neill + Partners, L.P.

Keefe, Bruyette & Woods

A Stifel Company

Sterne Agee

The date of this prospectus is [ ], 2014.

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Corporate Organization Chart

Asset Management

Equities, Fixed Income, Hedge Funds, Private Equities, Real Estate, Commodities

Wealth Planning

Lifestyle/Retirement, Estate and Gift Planning, Philanthropic Giving, Generational Wealth Transfer, Tax Planning, Risk Management

Family and Philanthropic Consulting

Consulting Services, Financial Competency Education, Life Skills Training, Foundation Services, Business Succession

Banking

Personal and Business Loans, Residential and Commercial Real Estate Loans, Deposit Accounts, Cash Management Services

Trust

Trustee Services, Estate Settlement Services, Guardianship Services, Family Business Services, Nevada Trust Powers

Location of Wealth Management Offices

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About this Prospectus

In considering whether to purchase shares of common stock in this offering, you should rely only on the information contained in this prospectus and any free writing prospectus we may file with the Securities and Exchange Commission, or SEC. We and the underwriters have not authorized anyone to provide any information different from that contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock. Information contained on, or accessible through, our website is not part of this prospectus. Unless otherwise expressly stated or the context otherwise requires, all information in this prospectus assumes the underwriters have not exercised their overallotment option to purchase additional shares of our common stock.

Market Data

Market data used in this prospectus has been obtained from independent industry sources and publications as well as from research reports prepared for other purposes. Industry publications, surveys and reports generally state that the information contained therein has been obtained from sources believed to be reliable. However, we have not independently verified the data obtained from these sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties that apply to the other forward-looking statements that are described in this prospectus. In addition, while we are not aware of any misstatements regarding the market or industry data presented herein, such statements involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading *Risk Factors* beginning on page 12 of this prospectus.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an emerging growth company as defined in the Jumpstart our Business Startups Act of 2012 (or the JOBS Act). An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are permitted to present only two years of audited financial statements and only two years of related Management s Discussion and Analysis of Financial Condition and Results of Operations;

- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;

- we are permitted to provide less extensive disclosure about our executive compensation arrangements;

- we are not required to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements; and

- we may elect to use an extended transition period for complying with new or revised accounting standards generally applicable to public companies.

We may take advantage of these provisions for up to five years subsequent to the effective date of this prospectus or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest of (i) the last day of the first fiscal year in which our annual gross

revenues exceed $1 billion, (ii) December 31 of the fiscal year that we become a large accelerated filer as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

We have taken advantage of reduced reporting requirements in this prospectus. Accordingly, the information contained herein may be different from the information you receive from our competitors that are public companies, or other public companies in which you hold stock.

Representations and Warranties

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to the registration statement of which this prospectus is a part were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreement, and should not be deemed to be a representation, warranty or covenant made to you or for your benefit. Moreover, such representations, warranties or covenants were accurate only as of the date they were made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Trademarks

First Foundation and its logos are trademarks and/or service marks of First Foundation Inc. and its subsidiaries. All other trademarks, service marks and trade names referred to in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding whether to purchase shares of our common stock in this offering. You should read the entire prospectus carefully, including the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto, before making an investment decision. Unless we state otherwise or the context otherwise requires, references in this prospectus to we, our, and us refer to First Foundation Inc., a California corporation, (or FFI or the Company) and its consolidated subsidiaries, First Foundation Advisors (or FFA) and First Foundation Bank (or FFB).

Overview

We are a California based financial services company that provides a comprehensive platform of personalized financial services to high net-worth individuals (that is, individuals with a net worth greater than $1.0 million, exclusive of their primary residence) and their families, family businesses and other affiliated organizations. Our integrated platform provides investment management, wealth planning, consulting, trust and banking products and services to effectively and efficiently meet the financial needs of our clients. We have also established a lending platform that offers loans to individuals and entities that own and operate multifamily residential and commercial real estate properties. In addition, we provide business banking products and services to small to moderate-sized businesses and professional firms, and consumer banking products and services to individuals and families who would not be considered high net-worth. As of March 31, 2014, we had $2.80 billion of assets under management (or AUM), $1.09 billion of total assets, $949 million of loans and $855 million of deposits. Our investment management, wealth planning, consulting, and trust services provide us with substantial, fee-based, recurring revenues, such that in 2013, our noninterest income was 36% of our total revenues.

Our strategy is focused on expanding our strong and stable client relationships by delivering high quality, coordinated investment management, wealth planning, consulting, trust and banking products and services. We are able to maintain a client-focused approach by recruiting and retaining experienced and qualified staff, including highly qualified relationship managers, private bankers and financial planners.

We intend to continue to grow our business by (i) cross-selling our services among our wealth management and banking clients; (ii) obtaining new client referrals from existing clients, attorney and accountant referral sources and through referral agreements with asset custodial firms; (iii) marketing our services directly to prospective new clients; (iv) adding experienced relationship managers and private bankers who may have established client relationships that we can serve; (v) establishing de novo wealth management offices in select markets, both within and outside our existing market areas; and (vi) making opportunistic acquisitions of complementary businesses.

Our History and Growth

We commenced our operations in 1990 as a fee-based investment advisory company, with the philosophy of providing personalized investment advisory services primarily to high net-worth individuals and their families to assist them in meeting their financial goals. From 1990 to 2007, we grew our client base and added relationship managers and supporting staff. We also entered into referral agreements with asset custodial firms from which we derived a significant portion of our new clients. As a result of this growth, our assets under management exceeded $1.2 billion and we had total staff of 23 as of June 30, 2007.

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In 2005 and 2006, we experienced increased competition from other companies offering a more comprehensive platform of services to their clients, including banking, investment advisory and wealth planning services. In response to this competition, we considered various strategic options, including selling our business to a larger financial institution, expanding our services or continuing on with our then-current limited offerings. In late 2006, we decided to establish a federally insured bank to expand the financial services we could provide to our clients to include trust and banking services, and to attract private banking clients to whom we could cross-sell our investment advisory and wealth planning services. As a result, we retained experienced banking executives to prepare and file an application to open a bank, and in September 2007, FFB was granted an insured federal savings bank charter and commenced its banking operations in the subsequent month. During the fourth quarter of 2007, we moved our corporate operations to our existing location and opened our first wealth management office in Irvine, California. We refer to each of our offices as a wealth management office since we offer a full suite of financial and investment advisory services at all locations.

In early 2008, we expanded our wealth planning and consulting offerings to include foundation administration and consulting services and family consulting services. While the trust and banking operations began to grow in 2008 and 2009, all of our operations were negatively impacted by the economic recession which began in 2008. As a result of the recession, FFB focused its lending efforts on lower risk and lower yielding products, such as multifamily lending. Our AUM at FFA decreased by over 20% between September 2007 and March 2009, resulting in decreased revenues. However, we believe that because of our strong capital position and our conservative approach to underwriting our loans, FFB did not experience the significant difficulties that most other banks faced, and we were allowed to continue to grow our business in line with our business plan. During this time, we took advantage of the opportunities to hire highly qualified relationship managers, private bankers and investment professionals that existed as a result of the turmoil being experienced by many of our competitors. As of December 31, 2009, we had $1.29 billion of AUM, $201 million of loans, $182 million of deposits, $239 million of total assets and our staff totaled 66.

From 2010 through 2012, we continued to focus on expanding our client base. Over this period, we opened new wealth management offices in Pasadena and San Diego and a small branch office in La Quinta, California. Effective June 28, 2012, we converted FFB from a federal savings bank to a California state chartered bank. On August 15, 2012 we acquired Desert Commercial Bank (or DCB), a California state-chartered commercial bank, based in Palm Desert, California, and merged DCB into FFB. As a result of that acquisition, we increased our total assets by $140 million, our loans by $90 million, and our deposits by $127 million, and we acquired our two wealth management offices in Palm Desert and in El Centro. Our small branch office in La Quinta was merged into the Palm Desert office. Subsequent to the acquisition of DCB in 2012, and during 2013, we opened new wealth management offices in West Los Angeles and in Las Vegas, Nevada, and completed the integration of DCB into our operations. Currently, we conduct our business from our corporate offices located in Irvine, California, and from seven wealth management offices, six of which are located in Southern California and one of which is located in Las Vegas, Nevada. As of March 31, 2014, we had $2.80 billion of AUM, $949 million of loans, $855 million of deposits and $1.09 billion of total assets and our staff totaled 194.

We believe that as a result of our client-focused approach, and our ability to offer a comprehensive platform of personalized financial services to our clients, we have been able to retain existing clients and attract new clients. This has resulted in significant growth during the four year period that ended December 31, 2013, which is demonstrated by the following financial metrics:

- AUM increased at a compound annual growth rate of 19.2%;

Loans increased at a compound annual growth rate of 45.6%;

Deposits increased at a compound annual growth rate of 44.9%;

Total assets increased at a compound annual growth rate of 44.4%;

Trust AUM increased at a compound annual growth rate of 43.0%; and

Total revenues increased at a compound annual growth rate of 38.9%.

To achieve this growth, we have raised additional capital to support the growth of FFB and made significant investments in our staff. The number of relationship managers and private bankers has increased from 18 at December 31, 2009 to 38 at March 31, 2014. As it typically takes two to three years to break even on the investment in a relationship manager or private banker, we are in a position to benefit from these investments in the coming years as the revenues generated from these relationship managers and private bankers begins to exceed the related costs. However, these investments in relationship managers and private bankers have, and over the next few years, will continue to result in higher costs in relation to our revenues.

Our Competitive Strengths

We believe that we are well-positioned to create additional value for our shareholders, particularly as a result of our competitive strengths, which include:

Breadth of our Services. As a result of our ability to provide investment management, wealth planning, and consulting services, in addition to traditional banking services, we believe that we offer a more comprehensive range of financial services than do most banks of comparable size in our market areas. Additionally, we believe that few banks of comparable size in our market currently provide trust services, which can provide us with a competitive advantage over those banks, as well as a source of additional fee income.

Executive Management Team with Demonstrated Ability to Grow. Our executive management team, which has been together since 2007, has proven its ability to effectively lead us and has demonstrated an ability to grow our operations, as evidenced by the over 40% compound annual growth rate in loans, deposits and total assets from December 31, 2009 to December 31, 2013, and the 19% compound annual growth rate in AUM from December 31, 2009 to December 31, 2013.

Experienced and Collaborative Wealth Management and Banking Professionals. We believe we have built a strong team of relationship managers and private bankers who have, on average, 24 years of industry experience. Moreover, our relationship managers and private bankers work collaboratively to coordinate the investment management, wealth planning, consulting, trust and banking services that we provide to our clients and have developed considerable experience in cross-selling our services.

Commitment to High Quality and Personalized Services. We believe that our growth is largely attributable to our commitment and success in providing high quality, coordinated and personalized financial services to our clients. Our client-focused culture has resulted in the majority of our new clients coming to us from referrals from existing clients, centers of influence, including attorneys and accountants, and from unaffiliated asset custodial firms with which we have entered into non-exclusive referral arrangements. Our team oriented approach provides our clients with multiple points of contact and resources to address their various financial needs. Our fee-based investment management services allow us to make unbiased decisions regarding our clients investments, as we are not motivated by higher fees in our selection of investment alternatives, and our fee structure does not reward us for making higher risk investments that may adversely impact our clients during a downturn in the markets.

Stable and Scalable Platform. We have built a scalable corporate and administrative infrastructure, and have made significant investments in technology for our banking and investment management processes. In addition to our relationship managers and private bankers, we have in place highly qualified executives, senior managers, and

investment professionals who we believe are capable of supporting our continued growth. The

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nature of our business requires significant investments in operational and administrative functions. By growing our interest-earning assets and AUM, we are able to spread this fixed cost over a larger revenue base. To achieve increased profitability, we believe that it is essential for us to build our operations to a level that allows us to provide our investment management, wealth planning, consulting, trust and banking products and services in a cost effective manner.

Strong Credit Culture. We have implemented policies and procedures for credit underwriting and administration which have enabled us to maintain strong asset quality and at the same time grow our banking business, despite the continuing economic uncertainties and the sluggishness of the economic recovery in the United States. Our ratio of nonperforming assets (or NPAs) to total assets was 0.55% at March 31, 2014 and the ratio of net loan charge-offs-to average loans outstanding has averaged 0.07% for the three year period ended December 31, 2013.

Successful Multifamily and Commercial Real Estate Lending Platform. We have created a multifamily and commercial real estate lending platform that has resulted in the origination of over $700 million of loans since the beginning of 2009. We believe that this platform has enabled us to add interest-earning assets with minimal adverse credit results. Since FFB commenced its operations in 2007, we have not experienced any chargeoffs on loans that were originated through this platform and secured by multifamily and commercial real estate properties. As of March 31, 2014, multifamily and commercial real estate loans originated on this platform represented 56.9% of our total loans outstanding.

Located in Strategic Markets. Our wealth management offices are located in areas that either have a high concentration of high net-worth households or are in areas where we believe the competition from other companies that provide a comprehensive platform of financial services to high net-worth individuals is limited. In addition, our wealth management office in Las Vegas offers Nevada trust powers which can offer significant benefits to high net-worth individuals and their families.

Retention of Clients. We believe that because of our client-focused culture, we have experienced a high level of retention of our clients. As an example, during the five year period ending December 31, 2013, the weighted average amount of AUM withdrawn each year as a result of client terminations as a percentage of the beginning of that year s AUM balance was less than 5%.

Diverse Revenue Base. We have a diverse revenue base as a result of our comprehensive platform of services. For 2013 our total revenue was comprised of net interest income (64%), investment management fees (28%), trust fees (3%), deposit and other banking fees (3%) and consulting fees (2%).

Strong Deposit Base. An important driver of our financial performance has been, and we believe will continue to be, the growth and stability of our deposit base, which we use to fund our loans and other interest-earning assets. In addition to the increase in the amount of our deposits, which have grown at a compound annual rate of 44.9% from December 31, 2009 to December 31, 2013, we have been able to increase the proportion of more stable demand deposits, which represented 53% of our total deposits at March 31, 2014 as compared to 12% at December 31, 2009.

Our Strategy

Grow Our Business Organically. In growing our business organically we intend to focus on adding experienced, high quality relationship managers and private bankers at both our existing wealth management offices and at new wealth management offices we may open in selected market areas, both within and outside of California, with demographics similar to those in our existing markets. Because a significant portion of our new business comes from referral sources, we plan to continue to work to obtain referrals from our clients, from

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centers of influence, including accountants and attorneys, and from loan brokers, and we will maintain referral agreements with unaffiliated asset custodial firms. We intend to continue our practice of establishing and maintaining advisory boards in each of our markets to provide client referrals.

Continue Cross-Selling our Services and Expand the Services We Offer Our Clients. We intend to continue to cross-sell our investment management, wealth planning, consulting, trust and banking products and services to our existing and future clients. Our compensation structures encourage a team approach to client service and reward relationship managers and private bankers for facilitating the cross selling of services to clients. We believe that our service-oriented culture and high quality client service will continue to enable us to strengthen and expand our client relationships and will foster continued growth in the services and products we offer them and, thereby, enabling us to increase and diversify our sources of revenues.

Grow our Business through Acquisitions. We intend to make opportunistic acquisitions that we believe will enable us to grow our franchise geographically. While we believe that banks provide the most likely opportunities for acquisition, we will also consider acquisitions of investment management firms and insurance brokerage firms. We believe that our experience with previous transactions makes us qualified to acquire other institutions and integrate their operations into our platform. In addition to providing us increased interest-earning assets and deposits, bank acquisitions would allow us to cross sell our investment management, wealth planning, consulting and trust services to clients acquired in the acquisition as well as new clients situated in the related geographic area. Although we do not have any immediate plans, arrangements or understandings related to any material acquisitions, we believe that the completion of this offering will further enhance our ability to compete for acquisition opportunities by providing available equity to invest and enabling us to offer publicly-traded shares of our common stock to the shareholders of prospective acquisition candidates.

Provide High Quality Client Services. We believe that stable long-term growth and profitability are the result of building strong client relationships, one at a time, and providing high quality, coordinated financial services. Our relationship managers and private bankers strive to build long-term relationships with our clients by understanding their financial needs and identifying and delivering appropriate and coordinated financial services to them. We believe that our service-oriented culture and high quality client service differentiates us from many of our competitors.

Attract and Retain High Quality Service Professionals. Having successful and high quality service professionals is critical to driving the development of our business and delivering high quality financial services. We have experienced low turnover in our client service personnel and intend to continue hiring and developing professionals who can establish and maintain long-term customer relationships which are the key to our culture, business and growth. We also believe that our business model, culture and scalable platform enable us to attract and retain high quality relationship managers and private bankers who share our work ethic and our commitment to providing personalized and client-focused financial services.

Our Management Team

We believe that our management team, led by Scott Kavanaugh, our Chief Executive Officer, Ulrich (Rick) Keller, Jr., our Executive Chairman of the Board, John Hakopian, President of FFA, Dave Rahn, President of FFB and John Michel, our Chief Financial Officer have the breadth of experience necessary to effectively execute our business strategy.

Our Market

Because our primary target market is high net-worth individuals and their families, family businesses and other affiliated organizations, we have located our offices in areas we believe offer us the best opportunity to

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locate and serve this client base. The Los Angeles-Long Beach Core-Based Statistical Area (CBSA), which includes Orange County, has over 250,000 high net-worth households (defined as those with $1.0 million or more of investable assets), making it the largest high net-worth market in the Western United States. As of December 31, 2013, 68% of our AUM was from clients located in the in Los Angeles-Long Beach CBSA. Our wealth management offices are located in or adjacent to four of the top 12 markets in the Western United States as ranked by estimated number of high net-worth households. Listed below are the largest core-based statistical areas by estimated number of high net worth households in the Western United States as of December 31, 2013, according to data obtained from Phoenix Marketing International s Global Wealth Monitor :

Rank	Statistical Areas in Western United States [1]	Estimated Number of High Net Worth Households	Wealth Management Office in Area
1	Los Angeles-Long Beach (CA)	252,000	Irvine, Pasadena, West Los Angeles
2	San Francisco-Oakland (CA)	128,000	
3	Seattle-Tacoma-Bellevue (WA)	90,000	
4	Phoenix-Mesa-Glendale (AZ)	72,000	
5	Riverside (CA)	70,000	Palm Desert
6	San Diego-Carlsbad (CA)	69,000	San Diego
7	Denver-Aurora-Broomfield (CO)	63,000	
8	San Jose-Sunnyvale (CA)	52,000	
9	Sacramento Arden (CA)	48,000	
10	Portland-Vancouver (OR-WA)	46,000	
11	Las Vegas-Paradise (NV)	31,000	Las Vegas
12	Honolulu (HI)	25,000	

(1) The Western United States is defined as Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming.

In addition to offering our comprehensive platform of personalized financial services primarily to high net-worth individuals and their families, family businesses and other affiliated organizations, we have established a lending platform that offers loans to individuals and entities that own and operate multifamily residential properties and commercial real estate properties. The underlying properties which secure these loans are primarily located in communities throughout California that have a significant population base and are already built out. The following is a breakdown of the location of our multifamily and commercial real estate loans by county as of December 31, 2013:

(dollars in thousands)		Amount	% of Total
California Counties:			
Los Angeles	$	325,738	58.0%
Orange		51,366	9.2%
Riverside		48,460	8.6%

San Diego		38,163	6.8%
San Francisco		34,781	6.2%
Other counties Northern California		30,198	5.4%
Other counties Southern California		18,226	3.3%
Nevada all counties		2,305	0.4%
Other states		11,935	2.1%
Total	$	561,172	100.0%

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Our Challenges

As with all financial institutions, we face many challenges. There are a number of risks that you should consider before investing in our common stock. These risks are discussed more fully in the section entitled *Risk Factors,* beginning on page 12.

Additional Information

We were incorporated in California in 2006 to become the parent holding company of First Foundation Advisors and First Foundation Bank. We are registered as a bank holding company under the Bank Holding Company Act of 1956.

Our principal executive office is located at 18101 Von Karman Avenue, Suite 700, Irvine, California 92612, where our telephone number is (949) 202-4160. Our website address is www.ff-inc.com. The information contained on our website is not a part of, or incorporated by reference into, this prospectus.

THE OFFERING

Common stock offered by us	2,222,222 shares
Underwriters overallotment option	333,333 shares.
Shares of common stock offered as a percentage of our outstanding shares of common stock	28.7%, assuming the underwriters do not exercise their overallotment option.
Shares of common stock outstanding after completion of this offering	9,955,736 shares, assuming the underwriters do not exercise their overallotment option.[1]
Shares of common stock owned by our directors and executive officers	Our directors and executive officers own, in the aggregate, a total of 2,620,099 shares of our common stock, which is not expected to materially change as a result of this offering. Each of our directors and executive officers has entered into a lock-up agreement agreeing not to sell any of their shares for 180 days after completion of this offering, subject to certain exceptions. For additional information, see Underwriting .
Use of proceeds	The net proceeds from the sale of our common stock in this offering, after deducting estimated underwriting discounts and offering expenses, will be approximately $46.1 million (or $53.1 million if the underwriters exercise their overallotment option in full). We intend to use the net proceeds from this offering:

To repay a term loan obtained from an unaffiliated bank, the aggregate principal amount of which was $21.9 million at March 31, 2014. We used $17.5 million of the net proceeds of that loan for to make capital contributions to FFB to fund the continued growth of our banking business.

To support our organic growth, including the addition of new wealth management offices.

To fund possible acquisitions that we believe are complementary to our business and provide attractive risk-adjusted returns, although we

do not have any immediate plans, arrangements or understandings relating to any material acquisition.

For other general corporate purposes, which may include the hiring of additional personnel and the payment of costs associated with operating as a public company.

For additional information, see *Use of Proceeds.*

Dividend policy	We have not previously paid cash dividends on our common stock. It is our current intention to invest our cash flow and earnings in the

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	growth of our businesses and, therefore, we have no plans to pay cash dividends for the foreseeable future. Investors should not purchase our common stock with the expectation of receiving cash dividends.
	For additional information, see *Dividend Policy.*
Rank	Our common stock may be subordinate to any new series of preferred stock that we may issue in the future. However, we have no current plans to issue any preferred stock.
Proposed Nasdaq Global Market Symbol	We intend to apply to list our common stock on the Nasdaq Global Market under the trading symbol FFWM.
Risk factors	Investing in our common stock involves risks. See Risk Factors, beginning on page 12, for a discussion of certain factors that you should carefully consider before making an investment decision. In addition, see Cautionary Note Regarding Forward-Looking Statements.

(1) References in this section to the number of shares of our common stock outstanding after this offering are based on 7,733,514 shares of our common stock issued and outstanding as of March 31, 2014. Unless otherwise noted, these references exclude:

1,497,092 shares of common stock are issuable upon exercise of outstanding options to purchase shares of common stock under the First Foundation Inc. 2007 Equity Incentive Plan and the First Foundation Inc. 2007 Management Stock Incentive Plan (or collectively, the Stock Incentive Plans) as of March 31, 2014, at a weighted average exercise price of $12.62 per share (of which options to acquire 1,263,789 shares of our common stock were vested as of March 31, 2014);

296,345 shares of our common stock reserved for issuance under the Stock Incentive Plans; and

Up to an additional 270,000 shares of our common stock which may become issuable to the former shareholders of DCB. The number of these shares that will become issuable is dependent on the performance, over the two year period ending August 15, 2014, of certain assets we acquired as part of our acquisition of DCB in August 2012. Based on the performance of those assets through March 31, 2014, we believed, as of that date, that it was unlikely that any of these shares would become issuable. However, since the final determination will be based on the performance of those assets through August 15, 2014, some of these shares may ultimately become issuable to the former shareholders of DCB.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

With the exception of the certain items included in the selected performance and capital ratios, the following selected consolidated financial information as of and for the years ended December 31, 2013 and 2012 has been derived from our audited consolidated financial statements appearing elsewhere in this prospectus, and the selected consolidated financial information as of and for the year ended December 31, 2011 has been derived from our audited consolidated financial statements not appearing in this prospectus.

You should read the following selected financial and operating data in conjunction with other information contained in this prospectus, including the information set forth in the sections entitled Capitalization and Management s Discussion and Analysis of Financial Condition and Results of Operations , as well as our consolidated financial statements and the related notes included elsewhere in this prospectus. The average balances used in computing certain ratios, have been computed using daily averages, except for average equity, which is computed using the average of beginning and end of month balances. Our historical results as set forth below are not necessarily indicative of results to be expected in any future period. In addition, as described elsewhere in this prospectus, on August 15, 2012 we consummated the acquisition of DCB. The results of operations and other financial data of DCB for all periods prior to the date of its acquisition are not included in the table below and, therefore, our results and other financial data for these prior periods are not comparable in all respects to those for the periods subsequent to that acquisition. In addition, the income statement data set forth below may not be predictive of our future operating results.

	As of and for the Year Ended December 31,			As of and for the Quarter Ended March 31	
(In thousands, except share and per share data)	**2013**	**2012[(1)]**	**2011**	**2014**	**2013**
Selected Income Statement Data:					
Net interest income	$ 35,674	$ 27,729	$ 20,141	$ 9,750	$ 8,192
Provision for loan losses	2,395	2,065	2,297	$ 235	622
Noninterest Income:					
Asset management, consulting and other fees	18,240	15,326	13,211	5,039	4,286
Other[(2)]	1,584	1,294	4,489	512	247
Noninterest expense	43,622	34,476	26,446	12,546	10,396
Income before taxes	9,481	7,808	9,098	2,520	1,707
Net income	7,851	5,801	9,098	1,462	1,058
Share and Per Share Data:					
Net income per share:					
Basic	$ 1.06	$ 0.88	$ 1.48	$ 0.19	$ 0.14
Diluted	1.01	0.85	1.42	0.18	0.14
Shares used in computation:					
Basic	7,424,210	6,603,533	6,164,283	7,733,514	7,376,988
Diluted	7,742,215	6,831,955	6,393,713	8,093,777	7,613,234
	$ 11.18	$ 9.94	$ 7.98	$ 11.46	$ 10.15

Tangible book value per share[3]					
Shares outstanding at end of period[4]	7,733,514	7,366,126	6,166,574	7,733,514	7,409,860
Selected Balance Sheet Data:					
Cash and cash equivalents	$ 56,954	$ 63,108	$ 10,098	$ 50,287	$ 42,443
Loans, net of deferred fees	903,645	743,627	524,103	948,844	785,760
Allowance for loan and lease losses (ALLL)	(9,915)	(8,340)	(6,550)	(10,150)	(8,210)
Total assets	1,037,360	830,509	551,584	1,090,348	869,830
Noninterest-bearing deposits	217,782	131,827	66,383	225,473	181,251
Interest-bearing deposits	584,255	517,914	340,443	629,211	523,577
Borrowing - FHLB Advances	134,000	100,000	91,000	119,000	85,000
Borrowings term note	7,063	-	-	21,875	-
Shareholders equity[4]	86,762	73,580	49,197	88,841	75,499

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(In thousands, except share and per share data)	As of and for the Year Ended December 31,			As of and for the Quarter Ended March 31	
	2013	**2012[1]**	**2011**	**2014**	**2013**
Selected Performance and Capital Ratios:					
Return on average assets-annualized	0.86%	0.80%	1.91%	0.55%	0.51%
Return on average equity-annualized	10.2%	9.9%	20.7%	6.6%	5.7%
Net yield on interest-earning assets	4.04%	4.20%	4.43%	3.76%	4.13%
Efficiency ratio[5]	78.6%	77.7%	77.4%	82.0%	81.7%
Noninterest income as a % of total revenues	35.7%	37.5%	46.8%	36.3%	35.6%
Tangible common equity to tangible assets[3]	8.34%	8.82%	8.92%	8.13%	8.65%
Tier 1 leverage ratio	8.67%	9.19%	8.92%	8.22%	9.19%
Tier 1 risk-based capital ratio	13.04%	13.60%	13.54%	12.40%	13.12%
Total risk-based capital ratio	14.30%	14.85%	14.80%	13.65%	14.37%
Other Information:					
Assets under management (end of period)	$ 2,594,961	$ 2,229,116	$ 1,827,436	$ 2,797,562	2,372,056
NPAs to total assets	0.32%	0.17%	0.00%	0.55%	0.41%
Charge-offs to average loans	0.10%	0.04%	0.05%	0.00%	0.40%
Ratio of ALLL to loans[6]	1.16%	1.25%	1.25%	1.08%	1.15%
Number of wealth management offices	7	6	4	7	6

(1) Includes the results of operations of DCB for the period from the date of its acquisition on August 15, 2012 to December 31, 2012.

(2) 2011 amount includes a $3.7 million gain on the sale of other real estate owned.

(3) Tangible common equity, (also referred to as tangible book value) and tangible assets, are equal to common equity and assets, respectively, less $0.2 million of intangible assets as of March 31, 2014 or less $0.3 million of intangible assets as of December 31, 2013 and December 31, 2012. As of December 31, 2011, we did not have any intangible assets.

(4) In December 2013, we sold and issued 318,987 shares of our common stock, at a price of $18 per share, in a private offering. We sold a total of 413,172 shares in a private offering, at a price of $15 per share, of which 374,438 were sold and issued in 2012 and 38,734 shares were sold and issued in 2013. Effective August 15,

2012, we issued a total of 815,447 shares of our common stock, valued at $15.00 per share, to the former DCB shareholders in our acquisition of DCB in exchange for all of the outstanding shares of DCB.

(5) The efficiency ratio is the ratio of noninterest expense to the sum of net interest income and noninterest income.

(6) This ratio excludes loans acquired in our acquisition of DCB, as generally accepted accounting principles in the United States, or GAAP, requires estimated credit losses for acquired loans to be recorded as discounts to those loans.

RISK FACTORS

An investment in our common stock involves significant risks. You should consider carefully the risks described below, together with all of the other information included in this prospectus, before investing in our common stock. If any of the following risks actually occur, our business, financial condition, operating results and prospects could suffer. In that case, the trading price of our common stock may decline and you might lose all or part of your investment. Certain statements below are forward-looking statements. See the section entitled Cautionary Note Regarding Forward-Looking Statements beginning on page 28 of this prospectus.

Risks Affecting our Business

We could incur losses on the loans we make.

Loan defaults and the incurrence of losses on loans are inherent risks in our business. The incurrence of loan losses necessitate loan charge-offs and write-downs in the carrying values of a bank s assets and, therefore, can adversely affect a bank s results of operations and financial condition. As a result, our results of operations will be directly affected by the volume and timing of loan losses, which for a number of reasons can vary from period to period. The risks of loan losses are exacerbated by economic recessions and downturns, as evidenced by the substantial magnitude of the loan losses which many banks incurred as a result of the economic recession that commenced in 2008 and continued into 2010, or by other events that can lead to local or regional business downturns. Although an economic recovery in the U.S. has begun, unemployment remains high and there continues to be uncertainties about the strength and sustainability of the recovery. If the economic recovery were to remain weak or economic conditions were again to deteriorate, our borrowers may fail to perform in accordance with the terms of their loans and loan charge-offs and asset write-downs could increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our allowance for loan and lease losses is not adequate to cover actual or estimated future loan losses, our earnings may decline.

On a quarterly basis we conduct various analyses to estimate the losses and risks inherent in our loan portfolio. However, this evaluation requires us to make a number of estimates and judgments regarding the financial condition of our borrowers, the fair value of the properties collateralizing the loans we have made to them and economic trends that could affect the ability of borrowers to meet their loan payment obligations to us and our ability to offset or mitigate loan losses by foreclosing and reselling the real properties collateralizing many of those loans. Based on those estimates and judgments, we make determinations, which are necessarily subjective, with respect to the adequacy of our allowance for loan and lease losses, or ALLL, and the extent to which it is necessary to increase our ALLL by making additional provisions for loan and lease losses through a charge to income. Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require us to increase our ALLL. In addition, our regulators, as an integral part of their examination process, periodically review our loan portfolio and the adequacy of our ALLL and may require adjustments based on judgments different than those of management. Further, if actual charge-offs in future periods exceed the amounts allocated to the ALLL, we may need additional provision for loan losses to restore the adequacy of our ALLL. If we are required to materially increase our level of ALLL for any reason, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Adverse changes in economic conditions in Southern California could disproportionately harm us.

The substantial majority of our clients and the properties securing a large proportion of the loans we have made and will continue to make are located in Southern California, where foreclosure rates and unemployment

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have remained high relative to most other regions of the country. For example, the foreclosure rate in Los Angeles County as of March 2014 was 0.10% as compared to the national average of 0.08% and the unemployment rate in Los Angeles County as of February 2014 was 8.9% as compared to the national average of 6.7%. A downturn in economic conditions, or even the continued weakness of the economic recovery in California, or the occurrence of natural disasters, such as earthquakes or fires, which are more common in Southern California than in other parts of the country, could harm our business by:

- reducing loan demand which, in turn, would lead to reductions in our net interest margins and net interest income;
- adversely affecting the financial capability of borrowers to meet their loan obligations to us, which could result in increases in loan losses and require us to make additional provisions for possible loan losses, thereby adversely affecting our operating results or causing us to incur losses in the future; and
- causing reductions in real property values that, due to our reliance on real properties to collateralize many of our loans, could make it more difficult for us to prevent losses from being incurred on nonperforming loans through the foreclosure and sale of those real properties.

Adverse changes in economic and market conditions, and changes in government regulations and government monetary policies could materially and negatively affect our business and results of operations.

Our business and results of operations are directly affected by factors such as political, economic and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. Deterioration in economic conditions, whether caused by global, national, regional or local concerns or problems, or a further downgrade in the United States debt rating, could result in the following consequences, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects:

- a deterioration in the credit quality of our banking clients;
- an increase in loan delinquencies and losses;
- an increase in problem assets and foreclosures;
- declines in the values of real properties collateralizing the loans we make;
- the need to increase our ALLL;

- fluctuations in the value of, or impairment losses which may be incurred with respect to, FFB s investment securities;
- decreases in the demand for our products and services;
- increases in competition for low cost or non-interest bearing deposits; and
- decreases in the investment management and advisory fees we generate.

Changes in interest rates could reduce our net interest margin and net interest income.

Income and cash flows from our banking operations depend to a great extent on the difference or spread between the interest we earn on interest-earning assets, such as loans and investment securities, and the interest rates we pay on interest-bearing liabilities, such as deposits and borrowings. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions, the monetary policies of the Federal Reserve Board, and competition from other banks and financial institutions. Changes in monetary policy, including changes in interest rates, will influence the origination and market value of and our yields on loans and investment securities and the interest we pay on deposits and on our borrowings. If we are unable to adjust our interest rates on loans and deposits on a timely basis in response to such changes in economic conditions or monetary policies, our earnings could be adversely affected. In addition, if the rates of interest we pay on deposits, borrowings and other interest-bearing liabilities increase faster than we are able to increase the rates of

interest we charge on loans or the yields we realize on investments and other interest-earning assets, our net interest income and, therefore, our earnings will decrease. Rising interest rates also generally result in a reduction in loan originations, declines in loan repayment rates and reductions in the ability of borrowers to repay their current loan obligations, which could result in increased loan defaults and charge-offs and could require increases to our ALLL. Additionally, we could be prevented from increasing the interest rates we charge on loans or from reducing the interest rates we offer on deposits due to price competition from other banks and financial institutions with which we compete. Conversely, in a declining interest rate environment, our earnings could be adversely affected if the interest rates we are able to charge on loans or other investments decline more quickly than those we pay on deposits and borrowings.

Residential real estate loans represent a high percentage of the loans we make, making our results of operations vulnerable to downturns in the real estate market.

At March 31, 2014, loans secured by multifamily and single family residences represented 70% of FFB s outstanding loans. The repayment of residential real estate loans is highly dependent on the market values of the real properties that collateralize these loans and on the ability of the borrowers to meet their loan repayment obligations to us, which can be adversely affected by economic downturns that lead to increases in unemployment, or by rising interest rates which can increase the amount of the interest borrowers are required to pay on their loans. As a result, our operating results are more vulnerable to adverse changes in the real estate market than other financial institutions with more diversified loan portfolios and we could incur losses in the event of changes in economic conditions that disproportionately affect the real estate markets.

Liquidity risk could adversely affect our ability to fund operations and hurt our financial condition.

Liquidity is essential to our banking business, as we use cash to make loans and purchase investment securities and other interest-earning assets and to fund deposit withdrawals that occur in the ordinary course of our business. Our principal sources of liquidity include earnings, deposits, Federal Home Loan Bank (or FHLB) borrowings, sales of loans or investment securities held for sale, and repayments by clients of loans we have made to them, and capital contributions that we may make to FFB with proceeds from sales of our common stock or from borrowings that we may incur. If the ability to obtain funds from these sources becomes limited or the costs of those funds increase, whether due to factors that affect us specifically, including our financial performance, or due to factors that affect the financial services industry in general, including weakening economic conditions or negative views and expectations about the prospects for the financial services industry as a whole, then our ability to grow our banking and investment advisory and wealth management businesses would be harmed, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our 5 largest deposit clients account for 33% of our total deposits.

As of March 31, 2014, our 5 largest bank depositors accounted for, in the aggregate, 33% of our total deposits. As a result, a material decrease in the volume of those deposits by a relatively small number of our depositors could reduce our liquidity, in which event it could became necessary for us to replace those deposits with higher-cost deposits, lower-yielding securities or FHLB borrowings, which would adversely affect our net interest income and, therefore, our results of operations.

Although we plan to grow our business by acquiring other banks, there is no assurance that we will succeed in doing so.

One of the key elements of our business plan is to grow our banking franchise and increase our market share, and for that reason, we intend to take advantage of opportunities to acquire other banks. However, there is no assurance that we will succeed in doing so. Our ability to execute on our strategy to acquire other banks may require us to raise additional capital and to increase FFB s capital position to support the growth of our banking

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franchise, and will also depend on market conditions, over which we have no control. Moreover, any bank acquisitions will require the approval of our bank regulators and there can be no assurance that we will be able to obtain such approvals on acceptable terms, if at all.

Expansion of our banking franchise may not increase our profitability and may adversely affect our future operating results.

Since we commenced our banking business in October 2007, we have grown our banking franchise by establishing three new wealth management offices in Southern California and one in Las Vegas, Nevada and acquiring two new offices in Palm Desert and El Centro, California as part of our acquisition of Desert Commercial Bank, or DCB. We plan to continue to grow our banking franchise both organically and through potential acquisitions of other banks. However, the implementation of our growth strategy will pose a number of risks, including:

- the risk that any newly established wealth management offices will not generate revenues in amounts sufficient to cover the start-up costs of those offices, which would reduce our income or possibly cause us to incur operating losses;

- the risk that any bank acquisitions we might consummate in the future will prove not to be accretive to or may reduce our earnings if we do not realize anticipated cost savings or if we incur unanticipated costs in integrating the acquired banks into our operations or if a substantial number of the clients of the acquired banks move their banking business to our competitors;

- the risk that such expansion efforts will divert management time and effort from our existing banking operations, which could adversely affect our future financial performance; and

- the risk that the additional capital which we may need to support our growth or the issuance of shares in any bank acquisitions will be dilutive of the share ownership of our existing shareholders.

We have borrowings of $21.9 million under a five year term loan that is secured by a pledge of all of FFB s shares. As a result, a failure by us either to meet certain financial covenants applicable to that term loan or to repay that loan when due would have a material adverse effect on us.

In April 2013, we obtained a five year term loan in the amount of $7.5 million from an unaffiliated bank. In March 2014, we obtained a $15 million increase in that loan, bringing the total principal amount to approximately $21.9 million. We used $17.5 million of the proceeds of the loan to make capital contributions to FFB to fund the growth of our banking business. In order to obtain that loan, however, we were required to pledge all of the shares of FFB stock to the bank lender as security for our payment and other obligations under that loan agreement. Additionally, the loan agreement contains a number of financial and other covenants which we are required to meet over the five year term of the loan. As a result, such borrowings may make us more vulnerable to general economic downturns and competitive pressures, which could cause us to fail to meet one or more of those financial covenants. If we were unable to meet any of those covenants, we could be required to repay the loan sooner than its maturity date in May 2018. If we are unable to repay the loan when due, whether at maturity or earlier, the lender would have the right to sell our FFB shares to recover the amounts that are due it by us under the loan agreement. Since the stock of FFB comprises one of our most important assets on which our success is dependent, an inability on our part to repay the

loan would have a material adverse effect on our business, financial condition, results of operations and prospects and cause us to incur significant losses. See the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Term Loan for additional information about this loan.

We face intense competition from other banks and financial institutions and other wealth and investment management firms that could hurt our business.

We conduct our business operations primarily in Southern California, where the banking business is highly competitive and is dominated by large multi-state and in-state banks with operations and offices covering

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wide geographic areas. We also compete with other financial service businesses, including investment advisory and wealth management firms, mutual fund companies, and securities brokerage and investment banking firms that offer competitive banking and financial products and services as well as products and services that we do not offer. Larger banks and many of those other financial service organizations have greater financial and marketing resources that enable them to conduct extensive advertising campaigns and to shift resources to regions or activities of greater potential profitability. They also have substantially more capital and higher lending limits, which enable them to attract larger clients and offer financial products and services that we are unable to offer, putting us at a disadvantage in competing with them for loans and deposits and investment management clients. If we are unable to compete effectively with those banking or other financial services businesses, we could find it more difficult to attract new and retain existing clients and our net interest margins, net interest income and investment management advisory fees could decline, which would adversely affect our results of operations and could cause us to incur losses in the future.

In addition, our ability to successfully attract and retain investment advisory and wealth management clients is dependent on our ability to compete with competitors investment products, level of investment performance, client services and marketing and distribution capabilities. If we are not successful in attracting new and retaining existing clients, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The loss of key personnel or inability to attract additional personnel could hurt our future financial performance.

We currently depend heavily on the contributions and services provided by Rick Keller, our Executive Chairman, Scott Kavanaugh, Chief Executive Officer of FFI and FFB, John Hakopian, President of FFA, Dave Rahn, President of FFB and John Michel, Chief Financial Officer of FFI, FFB and FFA, as well as a number of other key management personnel. Our future success also will depend, in part, on our ability to attract and retain additional qualified relationship managers, private banking officers and investment managers. Competition for such personnel is intense and we may not succeed in retaining our existing personnel or attracting additional personnel we will need to continue to grow our business. If we are unable to continue to retain the services of any of our existing executive management personnel, or attract and retain qualified relationship managers, private banking officers and investment managers, our ability to retain existing clients or attract new clients could be adversely affected and our business, financial condition, results of operations or prospects could be significantly harmed.

Banking laws and government regulations may adversely affect our operations, restrict our growth or increase our operating costs.

We are also subject to extensive supervision and regulation by federal and California state bank regulatory agencies. The primary objective of these agencies is to protect bank depositors and not shareholders, whose respective interests often differ. These regulatory agencies have the legal authority to impose restrictions which they believe are needed to protect depositors, even if those restrictions would adversely affect the ability of a banking institution to expand its business, restrict its ability to pay cash dividends, cause its costs of doing business to increase, or hinder its ability to compete with less regulated financial services companies.

We are also subject to numerous laws and government regulations that are applicable to banks and other financial institutions, including:

Consumer Protection Laws and Regulations. We are required to comply with various consumer protection laws, including the Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions.

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Bank Secrecy Act and other Anti-Money Laundering Laws and Regulations. As a financial institution, we are required by the Bank Secrecy Act, the USA PATRIOT Act of 2001 and other anti-money laundering laws and regulations, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control.

If the policies, procedures or systems which we have adopted to comply with these laws and regulations are found by any regulatory or other government agencies to be deficient or we fail to comply with any of these banking laws or regulations, we would be subject to liability, including fines and regulatory actions, which may lead to the imposition of restrictions on our ability to pay dividends or to proceed with certain aspects of our business plan, including our acquisition plans. Additionally, a failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Due, moreover, to the complex and technical nature of many of these laws and government regulations, inadvertent violations may and sometimes do occur. In such an event, we would be required to correct or implement measures to prevent a recurrence of such violations, which could increase our operating costs. If more serious violations were to occur, the regulatory agencies could limit our activities or growth, fine us, or ultimately put FFB out of business if it was to encounter severe liquidity problems or a significant erosion of capital below the minimum amounts required under applicable bank regulations. Any of these occurrences could have a material adverse effect on our business, financial condition, results of operations or prospects.

The enactment of the Dodd-Frank Act and the new Basel III capital rules pose uncertainties for our business and are likely to increase our costs of doing business in the future.

On July 21, 2010, the President signed the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, into law. Changes made by the Dodd-Frank Act include, among others: (i) the establishment of new requirements on banking, derivative and investment activities, including modified capital requirements, (ii) the repeal of the prohibition on the payment of interest on business demand deposit accounts, (iii) the imposition of limitations on debit card interchange fees, (iv) the promulgation of enhanced financial institution safety and soundness regulations, (v) increases in assessment fees and deposit insurance coverage, and (vi) the establishment of new regulatory bodies, such as the Bureau of Consumer Financial Protection, or the BCFP. The BCFP has been granted rulemaking authority over several federal consumer financial protection laws and, in some instances, has the authority to examine and supervise and enforce compliance by banks and other financial service organizations with these laws and regulations. We expect that the Dodd-Frank Act and its implementing regulations will increase the costs of doing business for us, as well as for other banking institutions. We also expect that the repeal of the prohibition on the payment by banks of interest on business demand deposits will result in increased price competition among banks for such deposits, which could increase the costs of funds to us (as well as to other banks) and result in a reduction in our net interest margins and income in the future.

In July 2013, the Board of Governors of the Federal Reserve System (or the Federal Reserve Board or FRB) adopted final rules (the New Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations based on capital guidelines adopted by the International Basel Committee on Banking Supervision (the Basel Committee), and the Federal Deposit Insurance Corporation (or FDIC) has adopted substantially identical rules. The rules not only implement the Basel Committee s December 2010 framework for strengthening international capital standards, but also certain provisions of the Dodd-Frank Act. The New Capital Rules substantially revise and heighten the risk-based capital requirements applicable to U.S. banking organizations, including FFI and FFB, from the current U.S. risk-based capital rules and replace the existing approach used in risk-weighting of a banking organization s assets with a more risk-sensitive approach. The New Capital Rules will become effective for FFI and FFB on January 1, 2015 (subject in the case of certain of those rules to phase-in periods). These new Capital Rules will

increase the amount of capital which both FFI

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and FFB will have to maintain and it is expected that it will also increase the costs of capital for bank holding companies and banks in the United States. See Supervision and Regulation *First Foundation Bank New Basel III Capital Rules* below for additional information regarding these new capital requirements.

The fair value of our investment securities can fluctuate due to factors outside of our control.

As of March 31, 2014, the fair value of our investment securities portfolio was $73.3 million. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, the process for determining whether impairment of a security is other-than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security.

Premiums for federal deposit insurance have increased and may increase even more.

The FDIC uses the Deposit Insurance Fund, or DIF, to cover insured deposits in the event of bank failures, and maintains that Fund by assessing insurance premiums on FDIC-insured banks and other depository institutions. The increase in bank failures during the three years ended December 31, 2010 caused the DIF to fall below the minimum balance required by law, forcing the FDIC to raise the insurance premiums assessed on FDIC-insured banks in order to rebuild the DIF. Depending on the frequency and severity of bank failures in the future, the FDIC may further increase premiums or assessments. In addition, our FDIC insurance premiums will increase as we grow our banking business. Such increases in FDIC insurance premiums would increase our costs of doing business and, therefore, could adversely affect our results of operations and earnings in the future.

Technology and marketing costs may negatively impact our future operating results.

The financial services industry is constantly undergoing technological changes in the types of products and services provided to clients to enhance client convenience. Our future success will depend upon our ability to address the changing technological needs of our clients and to compete with other financial services organizations which have successfully implemented new technologies. The costs of implementing technological changes, new product development and marketing costs may increase our operating expenses without a commensurate increase in our business or revenues, in which event our business, financial condition, results of operations and prospects could be materially and adversely affected.

We rely on communications, information, operating and financial control systems technology from third-party service providers, and we could suffer an interruption in those systems.

We rely heavily on third-party service providers for much of our communications, information, operating and financial control systems technology, including our internet banking services and data processing systems. Any failure or interruption, or breaches in security, of these systems could result in failures or interruptions in our client relationship management, general ledger, deposit, servicing and/or loan origination systems and, therefore, could harm our business, financial condition, results of operations and prospects. Additionally, interruptions in service and security breaches could lead existing clients to terminate their business relationships with us, could make it more

difficult for us to attract new clients and subject us to additional regulatory scrutiny and possibly financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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We may bear costs associated with the proliferation of computer theft and cyber-crime.

In the ordinary course of our business, we are required to collect, use and hold data concerning our clients. Threats to data security, including unauthorized access and cyber-attacks, rapidly emerge and change, exposing us to additional costs for protection or remediation and competing time constraints to secure our data in accordance with customer expectations and statutory and regulatory requirements. It is difficult or impossible to defend against every risk being posed by changing technologies, as well as against criminals who are intent on committing cyber-crime. Increasing sophistication of cyber-criminals and terrorists make keeping up with new threats difficult and could result in security breaches. Patching and other measures to protect existing systems and servers could be inadequate, especially on systems that are being retired. Controls employed by our information technology department and cloud vendors could prove inadequate. We could also experience a breach by intentional or negligent conduct on the part of employees or other internal sources. Our systems and those of our third-party vendors may become vulnerable to damage or disruption due to circumstances beyond our or their control, such as from catastrophic events, power anomalies or outages, natural disasters, network failures, and viruses and malware.

A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations, as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs, and reputational damage, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our ability to attract and retain clients and employees could be adversely affected if our reputation is harmed.

The ability of FFB and FFA to attract and retain clients and key employees could be adversely affected if our reputation is harmed. Any actual or perceived failure to address various issues, including legal or regulatory compliance issues, questions regarding our ability to protect the privacy of client and employee financial or other personal information; or potential conflicts of interest or other ethical issues could cause us reputational harm. Moreover, any failure to appropriately address any issues of this nature could give rise to additional regulatory restrictions and legal risks which could lead to costly litigation or subject us to enforcement actions, fines, or penalties and cause us to incur related costs and expenses. In addition, our banking, investment advisory and wealth management businesses are dependent on the integrity of our banking personnel and our investment advisory and wealth managers. Lapses in integrity could cause reputational harm to our businesses which could result in the loss of clients and, therefore, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to risk of environmental liabilities with respect to real properties that we may acquire.

From time to time, in the ordinary course of our business, we acquire, by or in lieu of foreclosure, real properties which collateralize nonperforming loans (often referred to as Real Estate Owned or REO). As an owner of such properties, we could become subject to environmental liabilities and incur substantial costs for any property damage, personal injury, investigation and clean-up that may be required due to any environmental contamination that may be found to exist at any of those properties, even if we did not engage in the activities that led to such contamination and those activities took place prior to our ownership of the properties. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties seeking damages for environmental contamination emanating from the site. If we were to become subject to significant environmental liabilities or costs, our business, financial conditions, results of operations and prospects could be materially and adversely affected.

We may incur significant losses as a result of ineffective risk management processes and strategies.

We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance systems, and internal control and

management review processes. However, those systems and review processes and the judgments that accompany their application may not be effective and, as a result, we may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes, particularly in the event of the kinds of dislocations in market conditions experienced over the last several years, which highlight the limitations inherent in using historical data to manage risk. If those systems and review processes prove to be ineffective in identifying and managing risks, our results of operations could be adversely affected.

Our investment advisory and wealth management business may be negatively impacted by changes in economic and market conditions.

Our investment advisory and wealth management businesses may be negatively impacted by changes in general economic and market conditions because the performance of those businesses is directly affected by conditions in the financial and securities markets. The financial markets and businesses operating in the securities industry are highly volatile (meaning that performance results can vary greatly within short periods of time) and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, and by the threat, as well as the occurrence of global conflicts, all of which are beyond our control. We cannot assure you that broad market performance will be favorable in the future. Declines in the financial markets or a lack of sustained growth may result in a decline in the performance of our investment advisory and wealth management business and may adversely affect the market value and performance of the investment securities that we manage, which could lead to reductions in our investment management and advisory fees, because they are based primarily on the market value of the securities we manage and could lead some of our clients to reduce their assets under management by us. If any of these events occur, the financial performance of our investment advisory and wealth management business could be materially and adversely affected.

The investment management contracts we have with our clients are terminable without cause and on relatively short notice by our clients, which makes us vulnerable to short term declines in the performance of the securities under our management.

Like most other companies with an investment and wealth management business, the investment and wealth management contracts we have with our clients are typically terminable by the client without cause upon less than 30 days notice. As a result, even short term declines in the performance of the securities we manage, which can result from factors outside our control such as adverse changes in market or economic condition or the poor performance of some of the investments we have recommended to our clients, could lead some of our clients to move assets under our management to other asset classes such as broad index funds or treasury securities, or to investment advisors which have investment product offerings or investment strategies different than ours. Therefore, our operating results are heavily dependent on the financial performance of our investment portfolios and the investment strategies we employ in our investment advisory businesses and even short-term declines in the performance of the investment portfolios we manage for our clients, whatever the cause, could result in a decline in assets under management and a corresponding decline in investment management fees, which would adversely affect our results of operations.

The market for investment managers is extremely competitive and the loss of a key investment manager to a competitor could adversely affect our investment advisory and wealth management business.

We believe that investment performance is one of the most important factors that affect the amount of assets under our management. As a result, we rely heavily on our investment managers to produce attractive investment returns for our clients. However, the market for investment managers is extremely competitive and is increasingly characterized by frequent movement of investment managers among different firms. In addition, our individual investment managers often have regular direct contact with particular clients, which can lead to a strong client relationship based on the

client s trust in that individual manager. As a result, the loss of a key investment manager to a competitor could jeopardize our relationships with some of our clients and lead to the loss of client accounts. Losses of such accounts could have a material adverse effect on our business, financial condition, results of operations and prospects.

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FFA s business is highly regulated, and the regulators have the ability to limit or restrict our activities and impose fines or other sanctions on FFA s business.

FFA is registered as an investment adviser with the Securities and Exchange Commission, or SEC under the Investment Advisers Act of 1940, or Investment Advisers Act, and FFA s business is highly regulated. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, operational and disclosure obligations. Moreover, the Investment Advisers Act grants broad administrative powers to regulatory agencies such as the SEC. If the SEC or other government agencies believe that FFA has failed to comply with applicable laws or regulations, these agencies have the power to impose fines, suspensions of individual employees or other sanctions, which could include revocation of FFA s registration under the Investment Advisers Act. Changes in legal, regulatory, accounting, tax and compliance requirements also could adversely affect FFA s operations and financial results, by, among other things, increasing its operating expenses and placing restraints on the marketing of certain investment products. Like other investment management companies, FFA also faces the risks of lawsuits by clients. The outcome of regulatory proceedings and lawsuits is uncertain and difficult to predict. An adverse resolution of any regulatory proceeding or lawsuit against FFA could result in substantial costs or reputational harm to FFA and, therefore, could have an adverse effect on the ability of FFA to retain key relationship and wealth managers and existing clients or attract new clients, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

We are also subject to the provisions and regulations of the Employee Retirement Income Security Act of 1974, or ERISA to the extent that we act as a fiduciary under ERISA with respect to certain of our clients. ERISA and the applicable provisions of the federal tax laws, impose a number of duties on persons who are fiduciaries under ERISA and prohibit certain transactions involving the assets of each ERISA plan which is a client, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans.

We may be adversely affected by the soundness of brokerage firms which act as custodians for the assets we manage.

FFA does not provide custodial services for its clients. Instead, client investment accounts are maintained under custodial arrangements with large, well established brokerage firms, either directly or through FFB. As a result, the performance of, or even rumors or questions about, one or more of these brokerage firms could adversely affect the confidence of FFA s customers in the services provided by those brokerage firms or otherwise adversely impact their custodial holdings. Such an occurrence could negatively impact the ability of FFA to attract or retain its customer relationships and, as a result, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to this Offering and an Investment in our Common Stock

We do not plan to pay dividends for the foreseeable future. Additionally, our ability to pay dividends is subject to regulatory and other restrictions.

In order to implement our growth strategy, it is our policy to retain cash for our businesses and, as a result, we have never paid any cash dividends and we have no plans to pay cash dividends at least for the foreseeable future. Additionally, our ability to pay dividends to our shareholders is restricted by California and federal law. Moreover, the term loan agreement we entered into in April 2013 prohibits us from paying cash dividends to our shareholders without the lender s prior written consent. See the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Term Loan for additional information about this loan.

Our ability to pay dividends is also dependent on the payment to us of dividends by FFB and FFA, which are subject to statutory and regulatory restrictions as well. FFA s ability to pay cash dividends to us is restricted under California law. FFB s ability to pay dividends to us is limited by various banking statutes and regulations. Moreover, based on their assessment of the financial condition of FFB or other factors, the FDIC or the California Department of Business Oversight (or the DBO) could find that the payment of cash dividends to us

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by FFB would constitute an unsafe or unsound banking practice and, therefore, prohibit FFB from paying cash dividends to us, even if FFB meets the statutory requirements to do so. See the section entitled Dividend Policy for additional information about our dividend policy and the dividend payments restrictions that apply to us and to FFB.

An active trading market for our common stock may not develop or may not be sustained, and you may not be able to sell your common stock at or above the initial public offering price.

Prior to this offering, there has been no public market for our common stock. An active trading market for shares of our common stock may never develop or be sustained following this offering. If an active trading market does not develop, or cannot be sustained, you may have difficulty selling your shares of common stock at an attractive price, or at all. The initial public offering price for our common stock will be determined by negotiations between us and the representative of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your common stock at or above the initial public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to expand our business by using our common stock as consideration.

The market prices and trading volume of our common stock may be volatile.

Even if a market develops for our common stock, the market prices of our common stock may be volatile and the trading volume may fluctuate and cause significant price variations to occur. We cannot assure you that, if a market does develop for our common stock, the market prices of our common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect the prices of our shares or result in fluctuations in those prices or in trading volume of our common stock could include the following, many of which are outside of our control:

- quarterly variations in our operating results or the quality of our earnings or assets;
- operating results that vary from the expectations of management, securities analysts, and investors;
- recommendations or lack thereof by securities analysts;
- changes in expectations as to our future financial performance;
- the operating and securities price performance of other companies that investors believe are comparable to us;
- our implementation of our growth strategy and performance of acquired businesses that vary from the expectations of securities analysts and investors;

the effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;

the adoption of new more costly government regulations that are applicable to our businesses or the imposition of regulatory restrictions on us;

our past and future dividend practices;

additions or departures of key personnel;

future sales of our equity or equity-related securities;

perceptions in the marketplace regarding us and/or our competitors;

new technology used, or services offered, by competitors;

proposed or adopted changes in laws or policies affecting us; and

announcements of strategic developments, material acquisitions and other material events in our business or in the businesses of our competitors, including the failures of other financial institutions in the recent economic downturn.

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In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company s securities. This litigation, if instituted against us, could result in substantial costs, divert our management s attention and resources, and have a material adverse effect on our business, financial condition, results of operations and prospects.

If equity research analysts do not publish research reports about our business, or if they do publish such reports but issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.

The trading market for our common stock could be affected by whether and the extent to which equity research analysts publish research reports about us and our business. We cannot predict at this time whether any research analysts will cover us and our common stock or whether they will publish research reports on us. If any of the analysts who elect to cover us downgrade their recommendation with respect to our common stock, our stock price could decline rapidly. If any of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to become less liquid.

Share ownership by our officers and directors and certain agreements make it more difficult for third parties to acquire us or effectuate a change of control that might be viewed favorably by other shareholders.

As of March 31, 2014, our executive officers and directors owned, in the aggregate, 34% of our outstanding shares. As a result, if the officers and directors were to oppose a third party s acquisition proposal for, or a change in control of, FFI, the officers and directors may have sufficient voting power to be able to block or at least delay such an acquisition or change in control from taking place, even if other shareholders would support such a sale or change of control. In addition, a number of FFI s officers have change of control agreements which could increase the costs and, therefore, lessen the attractiveness of an acquisition of FFI to a potential acquiring party. See the section entitled Executive Compensation Change of Control Agreements for additional information about the change of control arrangements we have with certain executive officers.

Our corporate governance documents, and certain corporate and banking laws applicable to us, could make a takeover attempt, which may be beneficial to our shareholders, more difficult.

Our Board of Directors, or Board, has the power, under our articles of incorporation, to issue additional shares of common stock and create and authorize the sale of one or more series of preferred stock without having to obtain shareholder approval for such action. As a result, our Board could authorize the issuance of shares of a series of preferred stock to implement a shareholders rights plan (often referred to as a poison pill) or could sell and issue preferred shares with special voting rights or conversion rights, which could deter or delay attempts by our shareholders to remove or replace management, and attempts of third parties either to engage in proxy contests or to acquire control of FFI. In addition, our charter documents:

enable our Board to fill vacant directorships except for vacancies created by the removal of a director;

enable our Board to amend our bylaws without shareholder approval subject to certain exceptions; and

require compliance with an advance notice procedure with regard to business to be brought by a shareholder before an annual or special meeting of shareholders and with regard to the nomination by shareholders of candidates for election as directors.

Furthermore, federal and state banking laws and regulations applicable to us require prior regulatory application and approval of certain transactions involving control of FFI or of FFB. These provisions may discourage potential acquisition proposals and could delay or prevent a change of control, including under circumstances in which our shareholders might otherwise receive a premium over the market price of our common stock.

Our management will have broad discretion as to the use of proceeds from this offering, you may not agree with the manner in which we use the proceeds and our use of those proceeds may not yield a favorable return on investment.

While we anticipate using $21.5 million of the offering proceeds to retire our term loan, we have not formally designated the amount of net proceeds that we will use for any other particular purpose. Accordingly, our management will have broad discretion as to the application of the net proceeds of this offering and could use them for purposes other than those contemplated at the time of this offering. We may not be successful in using the net proceeds from this offering to increase our profitability or market value, and we cannot predict whether the proceeds will yield a favorable return on investment.

You will incur immediate dilution as a result of this offering.

If you purchase common stock in this offering, you will pay more for your shares than our existing net tangible book value per share. As a result, you will incur immediate dilution of $8.97 per share, representing the difference between the initial public offering price of $22.50 per share and our adjusted net tangible book value per share after giving effect to this offering. This represents 39.9% dilution from the initial public offering price.

Future equity issuances could result in dilution, which could cause our common stock price to decline.

We are generally not restricted from issuing additional shares of our common stock up to the number of shares authorized in our Articles of Incorporation which currently is 20 million shares. Among other scenarios, we may issue additional shares of our common stock in the future pursuant to current or future equity incentive plans, in connection with future acquisitions or financings, to enhance our capital position or as a result of a regulatory order or directive. In addition, we could be required to issue up to 270,000 additional shares of our common stock, valued at $15.00 per share, to former shareholders of DCB depending on the performance of certain assets we acquired from DCB. If we were to raise capital in the future by selling shares of our common stock, or securities that are convertible into our common stock or issuing shares in a business acquisition, their issuance would have a dilutive effect on the percentage ownership of our shareholders and, depending on the prices at which such shares or convertible securities are sold or issued, on their investment in our common stock and, therefore, could have a material adverse effect on the market prices of our common stock.

Future sales of our common stock could depress the market prices of our common stock.

Sales of a substantial number of shares of our common stock in the public market following this offering, or the perception that large sales of our shares could occur, could cause the market prices of our common stock to decline or limit our future ability to raise capital through an offering of equity securities.

After completion of this offering, there will be 9,955,736 shares of our common stock outstanding. All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the federal

securities laws, other than shares which our directors or executive officers may

purchase, which will be subject to the resale limitations of Rule 144 under the Securities Act of 1933, as amended (the Securities Act). Our directors, executive officers and certain other shareholders have agreed to enter into lock-up agreements generally providing, subject to limited exceptions, that they will not, without the prior written consent of Sandler O Neill + Partners, L.P., directly or indirectly offer to sell, or otherwise dispose of any shares of our common stock during the period ending 180 days after the date of this prospectus.

On January 30, 2014, we registered under the Securities Act a total of 1,799,103 shares of our common stock reserved for issuance under our Equity Plans (as described in the section of this prospectus titled Executive Compensation Equity Incentive Plans). Accordingly, subject to certain vesting requirements and transferability restrictions on shares reserved for issuance to our executive officers and directors under the Equity Plans, those shares will be available for sale in the open market immediately by persons other than our executive officers and directors, and immediately after the lock-up agreements expire in the case of our executive officers and directors.

The requirements of being a public company will increase our costs and may strain our management and financial resources.

We have been a public reporting company since December 16, 2013 and will continue to be a public company following this offering. As a public company, we face increased legal, accounting, administrative and other costs and expenses that we have not previously incurred as a private company. We are also subject to numerous other laws that impose significant disclosure and governance requirements on public companies, including the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the Dodd-Frank Act. In addition, we are subject to the rules of the Public Company Accounting Oversight Board and, following this offering, will be subject to the rules of the NASDAQ Stock Market, each of which imposes additional reporting, governance and other requirements on public companies.

As a public company, we are required to:

- prepare and distribute periodic reports, proxy statements, and other shareholder communications in compliance with federal securities laws and the listing rules of the NASDAQ Stock Market;
- expand the roles and duties of our board of directors and committees thereof, and potentially retain and compensate advisers retained by the board or those committees;
- institute more comprehensive financial reporting and disclosure compliance functions;
- involve and retain to a greater degree outside counsel and accountants in the activities listed above;
- establish new internal policies, including those relating to trading in our securities and disclosure controls and procedures;
- comply with the Sarbanes-Oxley Act, in particular Section 404 and Section 302; and

comply with certain disclosure and governance requirements set forth in the Dodd-Frank Act.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. A number of these requirements will require us to carry out activities we have not performed previously and complying with these requirements may divert management s attention from their other responsibilities, which could have a material adverse effect on our business, financial condition, and operating results. We also expect that it will be more difficult and expensive to maintain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

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We have elected under the JOBS Act to use an extended transition period for complying with new or revised accounting standards.

We are electing to take advantage of the extended transition period afforded by the Jumpstart our Business Startups Act of 2012, or 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.

The reduced disclosures and relief from certain other significant disclosure requirements that are available to emerging growth companies may make our common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that apply to other public companies that are not emerging growth companies. These exemptions include the following:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- less extensive disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- exemptions from the requirements to hold nonbinding advisory votes on executive compensation and shareholder approval of any golden parachute payments not previously approved.

In addition, even if we comply with the greater obligations of public companies that are not emerging growth companies immediately after this offering, we may avail ourselves of the reduced requirements applicable to emerging growth companies from time to time in the future, so long as we are an emerging growth company.

We will remain an emerging growth company for up to five years, though we may cease to be an emerging growth company earlier under certain circumstances, including if, before the end of such five years, we are deemed to be a large accelerated filer under the rules of the SEC (which depends on, among other things, having a market value of common stock held by non-affiliates in excess of $700 million). Investors and securities analysts may find it more difficult to evaluate our common stock because we will rely on one or more of these exemptions. If, as a result, some investors find our common stock less attractive, there may be a less active trading market for our common stock, which could result in a reductions and greater volatility in the prices of our common stock.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934, or the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it

has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. As a result, our financial statements may not be comparable with those of another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period because of the potential differences in accounting standards used.

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Pursuant to the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting for so long as we are an emerging growth company.

Under existing SEC rules and regulations, we will be required to disclose changes made in our internal control over financial reporting on a quarterly basis and management will be required to assess the effectiveness of our disclosure controls and our internal control over financial reporting annually. However, under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an emerging growth company.

A failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock prices.

The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation, which could significantly increase our operating expenses.

Moreover, if we identify material weaknesses in our internal control over financial reporting in the future, or if we cannot comply with the requirements of the Sarbanes-Oxley Act in a timely manner or attest that our internal control over financial reporting is effective, we may not be able to report our financial results accurately and timely. In such an event, investors and clients could lose confidence in the accuracy and completeness of our financial reports; our liquidity, access to capital markets, and perceptions of our creditworthiness could be adversely affected; and the market prices of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, the Federal Reserve or the FDIC, or other regulatory authorities, which could require additional financial and management resources. These events could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may also encounter problems or delays in implementing any changes necessary to make a favorable assessment of our internal control over financial reporting or in completing the implementation of any requested improvements that may be needed for this purpose. If we cannot favorably assess the effectiveness of our internal control over financial reporting, investors could lose confidence in our financial information which could adversely affect the market prices of our common stock.

An investment in our common stock is not an insured deposit and is not guaranteed by the FDIC, so you could lose some or all of your investment.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss or guaranteed by the FDIC, any other deposit insurance fund or by any other public or private entity. An investment in our common stock is inherently risky for the reasons described herein. As a result, if you acquire our common stock, you could lose some or all of your investment.

Other risks and uncertainties.

Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business, financial condition, operating results and future prospects.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including in the sections entitled Prospectus Summary, Risk Factors, Use of Proceeds, Management Discussion and Analysis of Financial Condition and Results of Operations, and Business, contains estimates and forward-looking statements. Our estimates and forward-looking statements are based on our current assumptions and expectations about future events and trends, which affect or may affect our business, strategy, operations or financial performance. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous known and unknown risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this prospectus, may materially and adversely affect the results of our operations that are described in the forward-looking statements. You should read this prospectus and the documents that we have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different and worse from what we expect.

All statements in this prospectus other than statements of historical fact are forward-looking statements. The words believe, may, might, could, will, aim, estimate, continue, anticipate, intend, expect, plan an intended to identify estimates and forward-looking statements.

Our estimates and forward-looking statements may be affected by one or more of the following factors:

- business and economic conditions generally, and in the financial services industry, both nationally and within our local market area, principally Southern California;
- liquidity, credit and interest rate risks associated with our business;
- geographic concentration of our business operations and clients;
- changes in real estate values;
- our ability to execute our strategy;
- our ability to identify potential candidates for, and consummate acquisitions of other financial institutions or financial service businesses;
- our ability to cross-sell our services between our banking business and our investment advisory and wealth management business;
- increased competition in the financial services industry, nationally or locally;

- changes in the regulatory environment, including changes in existing banking laws or regulations, accounting regulations or standards, and federal tax law or policy;

- additional or changes in government intervention in the U.S. financial system;

- changes in the scope and cost of FDIC insurance and other coverage;

- unexpected loss of key management personnel, relationship managers or private bankers;

- natural and man-made disasters, acts of terrorism, an outbreak of hostilities, and other matters beyond our control;

- cyber-crime and theft of our clients personal and financial data;

- data processing system failures and errors; and

- other factors that are discussed in the section entitled *Risk Factors*, beginning on page 12 of this prospectus.

Other sections of this prospectus include additional factors that could adversely impact our business, strategy, operations, or financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk

factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. You should, however, review the factors and risks we describe in the reports we will file from to time to time with the SEC, after the date of this prospectus. See Where You Can Find Additional Information. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the results and outcomes set forth in the forward-looking statements discussed in this prospectus might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements when making an investment decision.

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USE OF PROCEEDS

We estimate that our net proceeds from the sale of 2,222,222 shares of our common stock in this offering will be approximately $46.1 million, or $53.1 million if the underwriters fully exercise their overallotment option to purchase additional shares, assuming an initial public offering price of $22.50 per share, which is the midpoint of the range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us.

We currently anticipate that we will use a portion of the net proceeds received by us to:

- repay the full amount of the indebtedness outstanding under our term loan described below, the aggregate principal amount of which was $21.9 million at March 31, 2014; and
- support our organic growth, including the addition of new wealth management offices;
- fund possible acquisitions that we believe are complementary to our business and provide attractive risk-adjusted returns, although we do not have any immediate plans, arrangements or understandings relating to any material acquisition;
- for other general corporate purposes, which purposes may include hiring of additional personnel and the payment of costs of operating as a public company.

In April 2013, we obtained a five year term loan in the amount of $7.5 million from an unaffiliated bank lender. In March 2014, we obtained a $15 million increase in the amount of that loan, bringing the total principal amount of that loan outstanding to approximately $21.9 million. We have used $17.5 million of the proceeds of the loan to make capital contributions to FFB, to fund the continued growth of our banking business. The principal amount of the loan bears interest at a rate of 90 day Libor plus 4.0% per annum. We intend to use $21.5 million of the net proceeds of this offering to repay that loan in full. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Term Loan for additional information about this term loan.

Our expected use of the net proceeds from this offering is based upon our present plans and business condition. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering or the amounts that we will actually spend on the uses set forth above. The amounts and timing of our actual use of proceeds will vary depending on numerous factors, including the factors described under the heading Risk Factors beginning on page 12 of this prospectus. As a result, management will retain broad discretion over the allocation of the net proceeds from this offering, and investors will be relying on the judgment of our management regarding the application of the net proceeds.

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DIVIDEND POLICY

We have not previously paid cash dividends on our common stock. It is our current intention to invest our cash flow and earnings in the growth of our businesses and, therefore, we have no plans to pay cash dividends for the foreseeable future. Investors should not purchase our common stock with the expectation of receiving cash dividends.

Additionally, our ability to pay dividends to our shareholders is subject to the restrictions set forth in the California General Corporation Law, or CGCL. The CGCL provides that a corporation may pay a dividend to its shareholders if the amount of the corporation s retained earnings immediately prior to the dividend, equals or exceeds the amount of the proposed dividend plus, if the corporation has shares of preferred stock outstanding, the amount of the unpaid accumulated dividends on those preferred shares. The CGCL further provides that, in the event that sufficient retained earnings are not available for the proposed dividend, a corporation may nevertheless pay a dividend to its shareholders if, immediately after the dividend, the value of its assets would equal or exceed the sum of its total liabilities plus, if the corporation has shares of preferred stock outstanding, the amount of the unpaid accumulated dividends on those preferred shares. In addition, since we are a bank holding company subject to regulation by the FRB, it may become necessary for us to obtain the approval of the FRB before we can pay cash dividends to our shareholders. As a bank holding company, we are required to be a source of financial strength for our bank subsidiary and, therefore, we will not be permitted to pay dividends if, in the view of the FRB, doing so would weaken our financial condition or capital resources or would otherwise be prohibited pursuant to a regulatory order.

Cash dividends from our two wholly-owned subsidiaries, First Foundation Bank and First Foundation Advisors, represent the principal source of funds available to us, which we might use to pay cash dividends to our shareholders or for other corporate purposes. Since FFA is a California corporation, the same dividend payment restrictions, described above, that apply to us under the CGCL also apply to FFA. In addition the laws of the State of California, as they pertain to the payment of cash dividends by California state chartered banks, limit the amount of funds that FFB would be permitted to dividend to us more strictly than does the CGCL and, depending on the amount of dividend, may require prior approval of the DBO. In particular, under California law, cash dividends by a California state chartered bank may not exceed, in any calendar year, the lesser of (i) the sum of the bank s net income for its last three fiscal years (after deducting all dividends or other distributions paid during the period), or (ii) the amount of its retained earnings.

Additionally, because FFB is considered a de novo institution under FDIC guidelines until September 2014, we are required to obtain prior approval from the FDIC before FFB may pay any dividends. Also, because the payment of cash dividends has the effect of reducing capital, capital requirements imposed on FFB by the DBO and the FDIC may operate, as a practical matter, to preclude the payment, or limit the amount, of cash dividends that might otherwise be permitted to be made under California law, and the DBO and the FDIC, as part of their supervisory powers, generally require insured banks to adopt dividend policies which limit the payment of cash dividends much more strictly than do applicable state laws.

Furthermore, the loan agreement governing our term loan requires us to obtain the prior approval of the lender for the payment by us of any dividends to our shareholders. However, we intend to repay the full amount of the indebtedness outstanding under the term loan with a portion of the net proceeds from this offering. See the section entitled *Use of Proceeds* for additional information.

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CAPITALIZATION

The following table sets forth our capitalization, including regulatory capital ratios, as of March 31, 2014:

on an actual basis; and

on an as adjusted basis after giving pro forma effect to the sale of 2,222,222 shares of common stock in this offering assuming an initial public offering price of $22.50 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us.

The as adjusted information below is illustrative only and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table in conjunction with Selected Historical Consolidated Financial Information, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of March 31, 2014	
(In thousands, except share and per share data)	**Actual**	**As Adjusted for the Offering**
Capitalization:		
Debt, net of current portion	$ 19,489	$ -
Shareholders equity:		
Preferred stock, par value $0.001 per share, 5,000,000 shares authorized, none issued or outstanding	-	-
Common stock, par value $0.001; 20,000,000 shares authorized; 7,733,514 shares (actual) and 9,955,736 shares (as adjusted) issued and outstanding[1]	8	10
Additional paid-in-capital	76,480	122,565
Retained earnings	13,452	13,452
Accumulated other comprehensive (loss)	(1,099)	(1,099)
Total shareholders equity	88,841	134,928
Total capitalization	$ 108,330	$ 134,928
Book Value Per Share[2]	$ 11.49	$ 13.55
Capital Ratios:[3]		
Tangible common equity to tangible assets[4]	8.13%	12.08%
Tier 1 leverage ratio	8.22%	12.30%
Tier 1 risk-based capital ratio[5]	12.40%	18.98%
Total risk-based capital ratio[5]	13.65%	20.23%

(1) The number of as adjusted shares of common stock issued and outstanding assumes the issuance of 2,222,222 shares of our common stock upon the consummation of this offering. The actual and as adjusted numbers of shares of issued and outstanding common stock exclude:

1,497,092 shares of common stock are issuable upon exercise of outstanding options to purchase shares of common stock under the Stock Incentive Plans as of March 31, 2014, at a weighted average exercise price of $12.62 per share (of which options to acquire 1,263,789 shares of our common stock were vested as of March 31, 2014);

296,345 shares of our common stock reserved for issuance under the Stock Incentive Plans; and

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up to an additional 270,000 shares of our common stock which may become issuable to the former shareholders of DCB. The number of these shares that will become issuable is dependent on the performance, over the two year period ending August 15, 2014, of certain assets we acquired as part of our acquisition of DCB in August 2012. Based on the performance of those assets through March 31, 2014, we believed, as of that date, that it was unlikely that any of these shares would become issuable. However, since the final determination will be based on the performance of those assets through August 15, 2014, some of these shares may ultimately become issuable to the former shareholders of DCB.

(2) Book value per share as of March 31, 2014 equals our total shareholders equity as of that date divided by the 7,733,514 shares of our common stock that were outstanding on that date. The as-adjusted book value per share as of March 31, 2014 equals our as-adjusted shareholders equity as of that date divided by the 9,955,736 shares of our common stock assumed to be outstanding after this offering.

(3) We expect that an aggregate of $24.6 million of the net proceeds from the sale of our common stock in this offering will remain after the anticipated repayment of $21.5 million principal amount of our term loan and those remaining net proceeds are presumed, for purposes of this table, to be invested in securities which carry no risk weighting for purposes of all adjusted risk-based capital ratios. If the underwriters exercise their overallotment option in full, the net proceeds of this offering expected to be remaining after such anticipated repayment of the term loan would be $31.6 million, in which event our tangible common equity to tangible assets ratio, our Tier 1 leverage ratio, our Tier 1 capital to risk-weighted assets and our total capital to risk-weighted assets, would be 12.63%, 12.86%, 19.98% and 21.23%, respectively.

(4) Tangible common equity (also referred to as tangible book value) and tangible assets, are equal to common equity and assets, respectively, less $0.2 million of intangible assets as of March 31, 2014.

(5) We calculated our risk-weighted assets using the standardized method of the Basel II Framework, as implemented by the Federal Reserve Board and the FDIC.

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DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the as-adjusted net tangible book value per share of our common stock upon completion of this offering. Historical net tangible book value per share is determined by dividing our total shareholders equity, less our intangible assets of $0.2 million as of March 31, 2014, by the number of our outstanding shares of common stock. Our net tangible book value at March 31, 2014 was $88.6 million, or $11.46 per share of our common stock.

Assuming an initial public offering price of $22.50 per share (which is the midpoint of the range set forth on the cover page of this prospectus), and after deducting the underwriting discount and estimated offering expenses payable by us, our as-adjusted net tangible book value as of March 31, 2014 would have been $134.7 million, or $13.53 per share of our common stock. This represents an immediate increase in net tangible book value of $2.07 per share to our existing shareholders, and an immediate dilution of $8.97 per share to investors purchasing shares in this offering, or approximately 39.9% of the midpoint of the range set forth on the cover page.

The following table illustrates the calculation of the amount of dilution per share that a purchaser of our common stock in this offering will incur:

	As to Existing Shareholders	As to Investors in this Offering
Assumed initial public offering price per share		$ 22.50
Historical net tangible book value per share as of March 31, 2014	$ 11.46	
Increase in net tangible book value per share attributable to investors purchasing shares in this offering	$ 2.07	
As adjusted net tangible book value per share after giving effect to this offering	$ 13.53	$ 13.53
Dilution per share to investors purchasing shares of common stock in this offering		$ 8.97

The following table summarizes as of March 31, 2014, on an as-adjusted basis, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by our existing shareholders and by investors purchasing shares in this offering, respectively, based upon the initial public offering price of $22.50. per share and before deducting estimated underwriting discounts and offering expenses payable by us.

(dollars in thousands except per share amounts)	**Shares**		**Consideration Paid**		
	Number	**Percent**	**Amount**	**Percent**	**Price Per Share**
Existing shareholders	7,733,514	77.7%	$ 59,466	54.3%	$ 7.69
New investors	2,222,222	22.3%	50,000	45.7%	$ 22.50
Total	9,955,736		$ 109,466		

Except as otherwise indicated, the discussion and tables above:

(1) Assumes no exercise of the underwriters overallotment option. If the underwriters exercise their overallotment option in full, the number of shares of common stock held by existing shareholders will be reduced to 75.2% of the total number of shares of common stock to be outstanding upon consummation of this offering, and the number of shares of common stock held by new investors purchasing shares in this offering will be increased to 2,555,555 shares or 24.8% of the total number of shares of common stock to be outstanding upon consummation of this offering.

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(2) Do not take into account:

- 1,497,092 shares of common stock are issuable upon exercise of outstanding options to purchase shares of common stock under the Stock Incentive Plans as of March 31, 2014, at a weighted average exercise price of $12.62 per share (of which options to acquire 1,263,789 shares of our common stock were vested as of March 31, 2014);

- 296,345 shares of our common stock reserved for issuance under the Stock Incentive Plans; and

- up to an additional 270,000 shares of our common stock which may become issuable to the former shareholders of DCB. The number of these shares that will become issuable is dependent on the performance, over the two year period ending August 15, 2014, of certain assets we acquired as part of our acquisition of DCB in August 2012. Based on the performance of those assets through March 31, 2014, we believed, as of that date, that it was unlikely that any of these shares would become issuable. However, since the final determination will be based on the performance of those assets through August 15, 2014, some of these shares may ultimately become issuable to the former shareholders of DCB.

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BUSINESS

Overview

We are a California based financial services company that provides a comprehensive platform of personalized financial services to high net-worth individuals (that is, individuals with a net worth greater than $1.0 million, exclusive of their primary residence) and their families, family businesses and other affiliated organizations. Our integrated platform provides investment management, wealth planning, consulting, trust and banking products and services to effectively and efficiently meet the financial needs of our clients. We have also established a lending platform that offers loans to individuals and entities that own and operate multifamily residential and commercial real estate properties. In addition, we provide business banking products and services to small to moderate-sized businesses and professional firms, and consumer banking products and services to individuals and families who would not be considered high net-worth. As of March 31, 2014, we had $2.80 billion of AUM, $1.09 billion of total assets, $949 million of loans and $855 million of deposits. Our investment management, wealth planning, consulting, and trust services provide us with substantial, fee-based, recurring revenues, such that in 2013, our noninterest income was 36% of our total revenues.

Our strategy is focused on expanding our strong and stable client relationships by delivering high quality, coordinated investment management, wealth planning, consulting, trust and banking products and services. We are able to maintain a client-focused approach by recruiting and retaining experienced and qualified staff, including highly qualified relationship managers, private bankers and financial planners.

We intend to continue to grow our business by (i) cross-selling our services among our wealth management and banking clients; (ii) obtaining new client referrals from existing clients, attorney and accountant referral sources and through referral agreements with asset custodial firms; (iii) marketing our services directly to prospective new clients; (iv) adding experienced relationship managers and private bankers who may have established client relationships that we can serve; (v) establishing de novo wealth management offices in select markets, both within and outside our existing market areas; and (vi) making opportunistic acquisitions of complementary businesses.

As a bank holding company, we are subject to regulation and examination by the FRB and the Federal Reserve Bank of San Francisco (or the FRBSF) under delegated authority from the FRB. As an FDIC-insured, California state chartered bank, FFB is subject to regulation and examination by the FDIC and the DBO. FFB also is a member of the Federal Home Loan Bank of San Francisco (or FHLB), which provides it with a source of funds in the form of short-term and long-term borrowings. FFA is a registered investment adviser under the Investment Advisers Act and is subject to regulation by the SEC under that Act.

Our History and Growth

We commenced our operations in 1990 as a fee-based investment advisory company, with the philosophy of providing personalized investment advisory services primarily to high net-worth individuals and their families to assist them in meeting their financial goals. From 1990 to 2007, we grew our client base and added relationship managers and supporting staff. We also entered into referral agreements with asset custodial firms from which we derived a significant portion of our new clients. As a result of this growth, our assets under management exceeded $1.2 billion and we had total staff of 23 as of June 30, 2007.

In 2005 and 2006, we experienced increased competition from other companies offering a more comprehensive platform of services to their clients, including banking, investment advisory and wealth planning services. In response to this competition, we considered various strategic options, including selling our business to a larger financial

institution, expanding our services or continuing on with our then-current limited offerings. In late 2006, we decided to establish an insured bank to expand the financial services we could provide to our clients to include trust and banking services, and to attract private banking clients to whom we could cross-sell our investment advisory and wealth planning services.

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As a result of our decision to establish an insured bank, beginning in late 2006 and into 2007, we retained experienced banking executives to prepare an application. In March 2007, we filed the application, together with a business plan, with the U.S. Office of Thrift Supervision (or the OTS) for approval to establish a federal savings bank insured by the FDIC under the name First Foundation Bank. In September 2007, FFB was granted an insured federal savings bank charter and commenced its banking operations in October 2007. During the fourth quarter of 2007, we moved our corporate operations to our existing location and opened our first wealth management office in Irvine, California. We refer to each of our offices as a wealth management office since we offer a full suite of financial and investment advisory services at all locations.

In early 2008, we expanded our wealth planning and consulting offerings to include foundation administration and consulting services and family consulting services. While the trust and banking operations began to grow in 2008 and 2009, all of our operations were negatively impacted by the economic recession which began in 2008. As a result of the recession, FFB focused its lending efforts on lower risk and lower yielding products, such as multifamily lending. Our AUM at FFA decreased by over 20% between September 2007 and March 2009, resulting in decreased revenues. However, we believe that because of our strong capital position and our conservative approach to underwriting our loans, FFB did not experience the significant difficulties that most other banks faced, and we were allowed to continue to grow our business in line with our business plan. During this time, we took advantage of the opportunities to hire highly qualified relationship managers, private bankers and investment professionals that existed as a result of the turmoil being experienced by many of our competitors. As of December 31, 2009, we had $1.29 billion of AUM, $201 million of loans, $182 million of deposits, $239 million of total assets and our staff totaled 66.

From 2010 through 2012, we continued to focus on expanding our client base. Over this period, we opened new wealth management offices in Pasadena and San Diego and a small branch office in La Quinta, California. In 2011, the OTS was dissolved and the FRB and the Office of the Comptroller of the Currency became the primary regulators of FFI and FFB, respectively. Effective June 28, 2012, we converted FFB from a federal savings bank to a California state chartered bank, and converted FFI to a bank holding company. On August 15, 2012 we acquired DCB, a California state-chartered commercial bank, based in Palm Desert, California, and merged DCB into FFB. As a result of that acquisition, we increased our total assets by $140 million, our loans by $90 million, and our deposits by $127 million, and we acquired our two wealth management offices in Palm Desert and in El Centro. Our small branch office in La Quinta was merged into the Palm Desert office. Subsequent to the acquisition of DCB in 2012, and during 2013, we opened new wealth management offices in West Los Angeles and in Las Vegas, Nevada, and completed the integration of DCB into our operations. Currently, we conduct our business from our corporate offices located in Irvine, California, and from seven wealth management offices, six of which are located in Southern California and one of which is located in Las Vegas, Nevada. As of March 31, 2014, we had $2.80 billion of AUM, $949 million of loans, $855 million of deposits and $1.09 billion of total assets and our staff totaled 194.

We believe that as a result of our client-focused approach, and our ability to offer a comprehensive platform of personalized financial services to our clients, we have been able to retain existing clients and attract new clients. This has resulted in significant growth during the four year period that ended December 31, 2013, which is demonstrated by the following financial metrics:

- AUM increased at a compound annual growth rate of 19.2%;

- Loans increased at a compound annual growth rate of 45.6%;

Deposits increased at a compound annual growth rate of 44.9%;

Total assets increased at a compound annual growth rate of 44.4%;

Trust AUM increased at a compound annual growth rate of 43.0%; and

Total revenues increased at a compound annual growth rate of 38.9%.

To achieve this growth, we have raised additional capital to support the growth of FFB and made significant investments in our staff. The number of relationship managers and private bankers has increased from 18 at December 31, 2009 to 38 at March 31, 2014. As it typically takes two to three years to break even on the investment in a relationship manager or private banker, we are in a position to benefit from these investments in the coming years as the revenues generated from these relationship managers and private bankers begin to exceed the related costs. However, these investments in relationship managers and private bankers have, and over the next few years, will continue to result in higher costs in relation to our revenues.

Our Competitive Strengths

We believe that we are well-positioned to create additional value for our shareholders, particularly as a result of our competitive strengths, which include:

Breadth of our Services. As a result of our ability to provide investment management, wealth planning, and consulting services, in addition to traditional banking services, we believe that we offer a more comprehensive range of financial services than do most banks of comparable size in our market areas. Additionally, we believe few banks of comparable size in our market provide trust services, which can provide us with a competitive advantage over those banks, as well as a source of additional fee income.

Executive Management Team with Demonstrated Ability to Grow. Our executive management team, which has been together since 2007, has proven its ability to effectively lead us and has demonstrated an ability to grow our operations, as evidenced by the over 40% compound annual growth rate in loans, deposits and total assets from December 31, 2009 to December 31, 2013, and the 19% compound annual growth rate in AUM from December 31, 2009 to December 31, 2013.

Experienced and Collaborative Wealth Management and Banking Professionals. We believe we have built a strong team of relationship managers and private bankers, who have, on average, 24 years of industry experience. Moreover, our relationship managers and private bankers work collaboratively to coordinate the investment management, wealth planning, consulting, trust and banking services that we provide to our clients and have developed considerable experience in cross-selling our services.

Commitment to High Quality and Personalized Services. We believe that our growth is largely attributable to our commitment and success in providing high quality, coordinated and personalized financial services to our clients. Our client-focused culture has resulted in the majority of our new clients coming to us from referrals from existing clients, centers of influence, including attorneys and accountants, and from unaffiliated asset custodial firms with which we have entered into non-exclusive referral arrangements. Our team oriented approach provides our clients with multiple points of contact and resources to address their various financial needs. Our fee-based investment management services allow us to make unbiased decisions regarding our clients investments, as we are not motivated by higher fees in our selection of investment alternatives, and our fee structure does not reward us for making higher risk investments that may adversely impact our clients during a downturn in the markets.

Stable and Scalable Platform. We have built a scalable corporate and administrative infrastructure, and have made significant investments in technology for our banking and investment management processes. In addition to our relationship managers and private bankers, we have in place highly qualified executives, senior managers, and investment professionals who we believe are capable of supporting our continued growth. The nature of our business requires significant investments in operational and administrative functions. By growing our interest-earning assets and AUM, we are able to spread this fixed cost over a larger revenue base. To achieve increased profitability, we believe that it is essential for us to build our operations to a level that allows us to provide our investment

management, wealth planning, consulting, trust and banking products and services in a cost effective manner.

Strong Credit Culture. We have implemented policies and procedures for credit underwriting and administration which have enabled us to maintain strong asset quality and at the same time grow our banking business, despite the continuing economic uncertainties and the sluggishness of the economic recovery in the United States. Our ratio of NPAs to total assets was 0.55% at March 31, 2014 and the ratio of net loan charge-offs-to average loans outstanding has averaged 0.07% for the three year period ended December 31, 2013.

Successful Multifamily and Commercial Real Estate Lending Platform. We have created a multifamily and commercial real estate lending platform that has resulted in the origination of over $700 million of loans since the beginning of 2009. We believe that this platform has enabled us to add interest-earning assets with minimal adverse credit results. Since FFB commenced its operations in 2007, we have not experienced any chargeoffs on loans that were originated through this platform and secured by multifamily and commercial real estate properties. As of March 31, 2014, multifamily and commercial real estate loans originated on this platform represented 56.9% of our total loans outstanding.

Located in Strategic Markets. Our wealth management offices are located in areas that either have a high concentration of high net-worth households or are in areas where we believe the competition from other companies that provide a comprehensive platform of financial services to high net-worth individuals is limited. In addition, our wealth management office in Las Vegas offers Nevada trust powers which can offer significant benefits to high net-worth individuals and their families. These benefits include the availability of asset protection trusts in Nevada and the absence of state income taxes in Nevada.

Retention of Clients. We believe that because of our client-focused culture, we have experienced a high level of retention of our clients. As an example, during the five year period ending December 31, 2013, the weighted average amount of AUM withdrawn as a result of client terminations as a percentage of the beginning of year AUM balance was less than 5%.

Diverse Revenue Base. We have a diverse revenue base as a result of our comprehensive platform of services. For 2013 our total revenue was comprised of net interest income (64%), investment management fees (28%), trust fees (3%), deposit and other banking fees (3%) and consulting fees (2%).

Strong Deposit Base. An important driver of our financial performance has been, and we believe will continue to be, the growth and stability of our deposit base, which we use to fund our loans and other interest-earning assets. In addition to the increase in the amount of our deposits, which have grown at a compound annual rate of 44.9% from December 31, 2009 to December 31, 2013, we have been able to increase the proportion of more stable demand deposits, which represented 53% of our total deposits at March 31, 2014, as compared to 12% at December 31, 2009.

Our Strategy

Grow Our Business Organically. In growing our business organically we intend to focus on adding experienced, high quality relationship managers and private bankers at both our existing wealth management offices and at new wealth management offices we may open in selected market areas, both within and outside of California, with demographics similar to those in our existing markets. Because a significant portion of our new business comes from referral sources, we plan to continue to work to obtain referrals from our clients, from centers of influence, including accountants and attorneys, and from loan brokers, and we will maintain referral agreements with unaffiliated asset custodial firms. We intend to continue our practice of establishing and maintaining advisory boards in each of our markets to provide client referrals.

Continue Cross-Selling our Services and Expand the Services We Offer Our Clients. We intend to continue to cross-sell our investment management, wealth planning, consulting, trust and banking products and services to our existing and future clients. Our compensation structures encourage a team approach to client

service and reward relationship managers and private bankers for facilitating the cross selling of services to clients. We believe that our service-oriented culture and high quality client service will continue to enable us to strengthen and expand our client relationships and will foster continued growth in the services and products we offer them and, thereby, enabling us to increase and diversify our sources of revenues.

Grow our Business through Acquisitions. We intend to make opportunistic acquisitions that we believe will enable us to grow our franchise geographically. While we believe that banks provide the most likely opportunities for acquisition, we will also consider acquisitions of investment management firms and insurance brokerage firms. We believe that our experience with previous transactions makes us qualified to acquire other institutions and integrate their operations into our platform. In addition to providing us increased interest-earning assets and deposits, bank acquisitions would allow us to cross sell our investment management, wealth planning, consulting and trust services to clients acquired in the acquisition as well as new clients situated in the related geographic area. Although we do not have any immediate plans, arrangements or understandings related to any material acquisitions, we believe that the completion of this offering will further enhance our ability to compete for acquisition opportunities by providing available equity to invest and enabling us to offer publicly-traded shares of our common stock to the shareholders of prospective acquisition candidates.

Provide High Quality Client Services. We believe that stable long-term growth and profitability are the result of building strong client relationships, one at a time, and providing high quality, coordinated financial services. Our relationship managers and private bankers strive to build long-term relationships with our clients by understanding their financial needs and identifying and delivering appropriate and coordinated financial services to them. We believe that our service-oriented culture and high quality client service differentiates us from many of our competitors.

Attract and Retain High Quality Service Professionals. Having successful and high quality service professionals is critical to driving the development of our business and delivering high quality financial services. We have experienced low turnover in our client service personnel and intend to continue hiring and developing professionals who can establish and maintain long-term customer relationships which are the key to our culture, business and growth. We also believe that our business model, culture and scalable platform enable us to attract and retain high quality relationship managers and private bankers who share our work ethic and our commitment to providing personalized and client-focused financial services.

Our Markets

Because our primary target market is high net-worth individuals and their families, family businesses and other affiliated organizations, we have located our offices in areas we believe offer us the best opportunity to locate and serve this client base. The Los Angeles-Long Beach Core-Based Statistical Area (CBSA), which includes Orange County, has over 250,000 high net-worth households (defined as those with $1.0 million or more of investable assets), making it the largest high net-worth market in the Western United States. As of December 31, 2013, 68% of our AUM was from clients located in the in Los Angeles-Long Beach CBSA. Our wealth management offices are located in or adjacent to four of the top 12 markets in the Western United States as ranked by estimated number of high net-worth households. Listed below are the largest core-based statistical areas by estimated number of high net worth households in the Western United States as of December 31, 2013, according to data obtained from Phoenix Marketing International s Global Wealth Monitor :

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Rank	Statistical Areas in Western United States[1]	Estimated Number of High Net-Worth Households	Wealth Management Office in Area
1	Los Angeles-Long Beach (CA)	252,000	Irvine, Pasadena, West Los Angeles
2	San Francisco-Oakland (CA)	128,000	
3	Seattle-Tacoma-Bellevue (WA)	90,000	
4	Phoenix-Mesa-Glendale (AZ)	72,000	
5	Riverside (CA)	70,000	Palm Desert
6	San Diego-Carlsbad (CA)	69,000	San Diego
7	Denver-Aurora-Broomfield (CO)	63,000	
8	San Jose-Sunnyvale (CA)	52,000	
9	Sacramento-Arden (CA)	48,000	
10	Portland-Vancouver (OR-WA)	46,000	
11	Las Vegas-Paradise (NV)	31,000	Las Vegas
12	Honolulu (HI)	25,000	

(1) The Western United States is defined as Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming.

In addition to offering our comprehensive platform of personalized financial services primarily to high net-worth individuals and their families, family businesses and other affiliated organizations, we have established a lending platform that offers loans to individuals and entities that own and operate multifamily residential properties and commercial real estate properties. The underlying properties which secure these loans are primarily located in communities throughout California that have a significant population base and are already built out.

The following is a breakdown of the location of our multifamily and commercial real estate loans by county as of December 31, 2013:

(dollars in thousands)	Amount	% of Total
California Counties:		
Los Angeles	$ 325,738	58.0%
Orange	51,366	9.2%
Riverside	48,460	8.6%
San Diego	38,163	6.8%
San Francisco	34,781	6.2%
Other counties Northern California	30,198	5.4%
Other counties Southern California	18,226	3.3%
Nevada all counties	2,305	0.4%
Other states	11,935	2.1%
Total	$ 561,172	100.0%

Our Business

Through FFA and FFB, we offer a comprehensive platform of personalized financial services to high net-worth individuals and their families, family businesses and other affiliated organizations. Our integrated platform provides investment management, wealth planning, consulting, trust and banking products and services to effectively and efficiently meet the financial needs of our clients. Our broad range of financial product and services are more consistent with those offered by larger financial institutions, while our high level of personalized service, accessibility and responsiveness to our clients are more typical of the services offered by boutique investment management firms and community banks. We believe this combination of an integrated platform of comprehensive financial services and products and personalized and responsive service differentiates us from many of our competitors and has contributed to the growth of our client base and our business.

Overview of our Investment Advisory and Wealth Management Business

FFA is a fee-based investment adviser which provides investment advisory services primarily to high net-worth individuals, their families and their family businesses, and other affiliated organizations. FFA strives to provide its clients with a high level of personalized service by its staff of experienced relationship managers. As of March 31, 2014, FFA had $2.80 billion of AUM as compared to $1.24 billion, $1.00 billion, $1.29 billion, $1.56 billion, $1.83 billion, $2.23 billion and $2.59 billion at December 31, 2007, 2008, 2009, 2010, 2011, 2012 and 2013, respectively. FFA s operations comprise the investment management, wealth planning and consulting segment of our business.

Overview of Our Banking Business

FFB is engaged in private and commercial banking, offering a broad range of personal and business banking products and services and trust services to its clients. Its private banking services include a variety of deposit products, including personal checking, savings and money market deposits and certificates of deposit, single family real estate loans, and consumer loans. FFB also provides the convenience of online and other personal banking services to its clients. FFB s business banking products and services include multifamily and commercial real estate loans, commercial term loans and lines of credit, transaction and other deposit accounts, online banking and enhanced business services. FFB has also established a lending platform that offers loans to individuals and entities who own and operate multifamily residential and commercial real estate properties. In addition, we provide business banking products and services to small to moderate-sized businesses and professional firms, and consumer banking products and services to individuals and families who would not be considered high net-worth. At March 31, 2014, FFB had $1.09 billion of total assets, $949 million of loans and $855 million of deposits. FFB s operations comprise the trust and banking segment of our business.

Relationship Managers and Private Bankers

Our operating strategy has been to build strong and stable long-term client relationships, one at a time, by delivering high quality, coordinated investment management, wealth planning, consulting, trust and banking products and services. The success of this strategy is largely attributable to our experienced and high quality client relationship managers and private bankers. The primary role of our relationship managers and private bankers, in addition to attracting new clients, is to develop and maintain a strong relationship with their clients and to coordinate the services we provide to their clients. We have experienced low turnover in our client service personnel and we believe we can continue to attract and retain experienced and client-focused relationship managers and private bankers. At March 31, 2014, we employed 16 relationship managers and 22 private bankers.

Wealth Management Products and Services

FFA provides fee-based investment advisory services and wealth management and consulting services primarily for high net-worth individuals and their families, family businesses and other affiliated organizations (including public and closely-held corporations, family foundations and private charitable organizations). FFA provides high net-worth clients with personalized services designed to enable them to reach their personal and financial goals by coordinating FFA s investment advisory and wealth management services with risk management and estate and tax planning services provided by outside service providers, for which FFA does not receive commissions or referral fees. FFA s clients benefit from certain cost efficiencies available to institutional managers, such as block trading, access to institutionally priced no-load mutual funds, the ability to seek competitive bid/ask pricing for bonds, low transaction costs and investment management fees charged as a percentage of the assets managed, with tiered pricing for larger accounts.

FFA s investment management team strives to create diversified investment portfolios for its clients that are individually designed, monitored and adjusted based on the discipline of fundamental investment analysis. FFA focuses on creating investment portfolios that are commensurate with a client s objectives, risk preference and time horizon, using traditional investments such as individual stocks and bonds and mutual funds. FFA also

provides comprehensive and ongoing advice and coordination regarding estate planning, retirement planning, charitable and business ownership issues, and issues faced by executives of publicly-traded companies.

AUM at FFA has grown at a compound annual growth rate of 19.2% over the four year period ending December 31, 2013. Changes in our AUM reflects additions from new clients, the gains or losses recognized from investment results, additional funds received from existing clients, withdrawals of funds by clients, and terminations. During the 3 year period ending December 31, 2013, additions from new clients and net gains from investment results were 71% and 29%, respectively, of the total of additions from new clients and net gains from investment results.

FFA does not provide custodial services for its clients. Instead, client investment accounts are maintained under custodial arrangements with large, well established brokerage firms, either directly or through FFB. However, FFA advises its clients that they are not obligated to use those services and that they are free to select securities brokerage firms and custodial service providers of their own choosing. FFA has entered into referral agreements with certain of the asset custodial firms that provide custodial services to our clients. Under these arrangements, the asset custodial firms provide referrals of prospective new clients whose increase in wealth warrants a more personalized and expansive breath of financial services that we are able to provide in exchange for a fee. This fee is either a percentage of the fees we charge to the client or a percentage of the AUM of the client. The asset custodial firms are entitled to continue to receive these fees for as long as we continue to provide services to the referral client. These referral agreements do not require the client to maintain their assets at the custodial firm and are fully disclosed to the client prior to our providing services to them.

FFA also provides wealth management services, consisting of financial, investment and economic advisory and related services, to high-net-worth individuals and their families, family businesses, and other affiliated organizations (including public and closely-held corporations, family foundations and private charitable organizations). Those services include education, instruction and consultation on financial planning and management matters, and Internet-based data processing administrative support services involving the processing and transmission of financial and economic data primarily for charitable organizations.

Banking Products and Services

Through FFB, we offer a wide range of loan products, deposit products, business and personal banking services and trust services. Our loan products are designed to meet the credit needs of our clients in a manner that, at the same time, enables us to effectively manage the credit and interest rate risks inherent in our lending activities. Deposits represent our principal source of funds for making loans and investments and acquiring other interest-earning assets. The yields we realize on our loans and other interest-earning assets and the interest rates we pay to attract and retain deposits are the principal determinants of our banking revenues. See Management s Discussion and Analysis of Financial Condition and Results of Operations elsewhere in this prospectus.

FFB also provides trust services to clients in California and Nevada. Those services, which consist primarily of the management of trust assets, complement the investment and wealth management services that FFA offers to our clients and, as a result, provide us with cross-selling opportunities. Additionally, trust service fees provide an additional source of noninterest income for us. At March 31, 2014, trust AUM totaled $364 million as compared to $173 million, $309 million and $341 million at December 31, 2011, 2012 and 2013, respectively.

Our lending activities serve the credit needs of high net-worth individuals and their businesses, owners of multifamily and commercial real estate properties, individuals and families who would not be considered high net-worth, small to moderate size businesses and professional firms in our market areas. As a result we offer a variety of loan products consisting of multifamily and single family residential real estate loans, commercial real estate loans, commercial term

loans and lines of credit, and consumer loans. We handle all loan processing, underwriting and servicing at our administrative office in Irvine, California.

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The following table sets forth information regarding the types of loans that we make, by amounts and as a percentage of our total loans outstanding at:

	March 31, 2014		December 31, 2013	
(dollars in thousands)	Balance	% of Total	Balance	% of Total
Outstanding principal balance:				
Loans secured by real estate:				
Residential properties:				
Multifamily	$ 401,877	42.4%	$ 405,984	44.9%
Single family	263,922	27.9%	227,096	25.2%
Total loans secured by residential properties	665,799	70.3%	633,080	70.1%
Commercial properties	166,290	17.5%	154,982	17.2%
Land	2,345	0.2%	3,794	0.4%
Total real estate loans	834,434	88.0%	791,856	87.7%
Commercial and industrial loans	97,248	10.2%	93,255	10.3%
Consumer loans	17,201	1.8%	18,484	2.0%
Total loans	$ 948,883	100.0%	$ 903,595	100.0%

Residential Mortgage Loans Multi-family: We make multi-family residential mortgage loans for terms up to 30 years primarily for properties located in Southern California. These loans generally are adjustable rate loans with interest rates tied to a variety of independent indexes; although in some cases these loans have fixed interest rates for periods ranging from 3 to 7 years and adjust thereafter based on an applicable index. These loans generally have interest rate floors, payment caps, and prepayment penalties. The loans are underwritten based on a variety of underwriting criteria, including an evaluation of the character and creditworthiness of the borrower and guarantors, loan-to-value and debt service coverage ratios, borrower liquidity and credit history. In addition, we perform stress testing for changes in interest rates, capitalization rates and other factors and review general economic trends such as lease rates, values and absorption rates. We typically require personal guarantees from the owners of the entities to which we make such loans.

Residential Mortgage Loans Single-family: We offer single family residential mortgage loans primarily as an accommodation to our existing clients. In most cases, these take the form of non-conforming loans and FFB does not sell or securitize any of its single family residential mortgage loan originations. FFB does not originate loans defined as high cost by state or federal banking regulators. The majority of FFB s single family residential loan originations are collateralized by first mortgages on real properties located in Southern California. These loans are generally adjustable rate loans with fixed terms ranging from 3 to 7 years terms. These loans generally have interest rate floors and payment caps. The loans are underwritten based on a variety of underwriting criteria, including an evaluation of the character and creditworthiness of the borrower and guarantors, loan-to-value and debt to income ratios, borrower liquidity, income verification and credit history. In addition, we perform stress testing for changes in interest rates and other factors and review general economic trends such as market values.

Commercial Real Estate Loans: Our commercial real estate loans are secured by first trust deeds on nonresidential real property. These loans generally are adjustable rate loans with interest rates tied to a variety of independent indexes; although in some cases these loans have fixed interest rates for periods ranging from 3 to 7 years and adjust

thereafter based on an applicable index. These loans generally have interest rate floors, payment caps, and prepayment penalties. The loans are underwritten based on a variety of underwriting criteria, including an evaluation of the character and creditworthiness of the borrower and guarantors, loan-to-value and debt service coverage ratios, borrower liquidity and credit history. In addition, we perform stress testing for changes in interest rates, cap rates and other factors and review general economic trends such as lease rates, values and absorption rates. We typically require personal guarantees from the owners of the entities to which we make such loans.

Commercial Loans: We offer commercial term loans and commercial lines of credit to our clients. Commercial loans generally are made to businesses that have demonstrated a history of profitable operations. To qualify for such loans, prospective borrowers generally must have operating cash flow sufficient to meet their obligations as they become due, and good payment histories. Commercial term loans are either fixed rate loans or adjustable rate loans with interest rates tied to a variety of independent indexes and are made for terms ranging from one to five years. Commercial lines of credit are adjustable rate loans with interest rates usually tied to the Wall Street Journal prime rate, are made for terms ranging from one to two years, and contain various covenants, including a requirement that the borrower reduce its credit line borrowings to zero for specified time periods during the term of the line of credit. The loans are underwritten based on a variety of underwriting criteria, including an evaluation of the character and creditworthiness of the borrower and guarantors, debt service coverage ratios, historical and projected client income, borrower liquidity and credit history. In addition, we perform stress testing for changes in interest rates and other factors and review general economic trends in the client s industry. We typically require personal guarantees from the owners of the entities to which we make such loans.

Consumer Loans: We offer a variety of consumer loans and credit products, including personal installment loans and lines of credit, and home equity lines of credit designed to meet the needs of our clients. Consumer loans are either fixed rate loans or adjustable rate loans with interest rates tied to a variety of independent indexes and are made for terms ranging from one to ten years. The loans are underwritten based on a variety of underwriting criteria, including an evaluation of the character creditworthiness and credit history of the borrower and guarantors, debt to income ratios, borrower liquidity, income verification, and the value of any collateral securing the loan. Consumer loan collections are dependent on the borrower s ongoing cash flows and financial stability and, as a result, generally pose higher credit risks than the other loans that we make.

For all of our loan offerings, we utilize a comprehensive approach in our underwriting process. This includes the requirement that all factors considered in our underwriting be appropriately documented. In our underwriting, our primary focus is always on the borrower s ability to repay. However, because our underwriting process allows us to view the totality of the borrower s capacity to repay, concerns or issues in one area can be compensated for by other favorable financial criteria. This personalized and detailed approach allows us to better understand and meet our clients lending needs.

Bank Deposit Products

We offer a wide range of deposit products, including personal and business checking, savings accounts, interest-bearing negotiable order of withdrawal accounts, money market accounts and time certificates of deposit. The following table sets forth information regarding the type of deposits which our clients maintained with us and the average interest rates on those deposits as of:

	March 31, 2014			December 31, 2013		
(dollars in thousands)	**Amount**	**% of Total**	**Weighted Average Rate**	**Amount**	**% of Total**	**Weighted Average Rate**
Demand deposits:						
Noninterest-bearing	$ 225,473	26.4%	-	$ 217,782	27.1%	-
Interest-bearing	228,587	26.8%	0.497%	217,129	27.1%	0.504%
Money market and savings	125,872	14.7%	0.496%	121,260	15.1%	0.499%

Certificates of deposits		274,752	32.1%	0.557%		245,866	30.7%	0.606%
Total	$	854,684	100.0%	0.385%	$	802,037	100.0%	0.398%

Insurance Services

Through First Foundation Insurance Services (or FFIS), a wholly owned subsidiary of FFB, we offer life insurance products provided by unaffiliated insurance carriers from whom we collect a brokerage fee.

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Competition

The banking and investment and wealth management businesses in California and Las Vegas, Nevada, generally, and in FFI s market areas, in particular, are highly competitive. A relatively small number of major national and regional banks, operating over wide geographic areas, including Wells Fargo, JP Morgan Chase, US Bank, Comerica, Union Bank and Bank of America, dominate the Southern California banking market. Those banks, or their affiliates, also offer private banking and investment and wealth management services. We also compete with large, well known private banking and wealth management firms, including City National, First Republic, Northern Trust and Boston Private. Those banks and investment and wealth management firms generally have much greater financial and capital resources than we do and as a result of their ability to conduct extensive advertising campaigns and their relatively long histories of operations in Southern California, are generally better known than us. In addition, by virtue of their greater total capitalization, the large banks have substantially higher lending limits than we do, which enables them to make much larger loans and to offer loan products that we are not able to offer to our clients.

We compete with these much larger banks and investment and wealth management firms primarily on the basis of the personal and one-on-one service that we provide to our clients, which many of these competitors are unwilling or unable to provide, other than to their wealthiest clients, due to costs involved or their one size fits all approaches to providing financial services to their clients. We believe that our principal competitive advantage is our ability to offer our banking, trust, and investment and wealth management services through one integrated platform, enabling us to provide our clients with the efficiencies and benefits of dealing with a cohesive group of professional advisors and banking officers working together to assist our clients to meet their personal investment and financial goals. We believe that only the largest financial institutions in our area provide similar integrated platforms of products and services, which they sometimes reserve for their wealthiest and institutional clients. In addition, while we also compete with many local and regional banks and numerous local and regional investment advisory and wealth management firms, we believe that only a very few of these banks offer investment or wealth management services and that a very few of these investment and wealth management firms offer banking services and, therefore, these competitors are not able to provide such an integrated platform of comprehensive financial services to their clients. This enables us to compete effectively for clients who are dissatisfied with the level of service provided at larger financial institutions, yet are not able to receive an integrated platform of comprehensive financial services from other regional or local financial service organizations.

While we provide our clients with the convenience of technological access services, such as remote deposit capture and internet banking, we compete primarily by providing a high level of personal service associated with our private banking focus. As a result, we do not try to compete exclusively on pricing. However, because we are located in a highly competitive market place and because we are seeking to grow our businesses, we attempt to maintain our pricing in line with our principal competitors.

Employees

As of March 31, 2014, we had a total of 188 full time employees and 6 part time employees. None of our employees are represented by labor unions and we believe that employee relations are good.

Facilities

Our headquarters and administrative offices are located at 18101 Von Karman Avenue, Suite 700, Irvine, California 92612. In addition, we operate seven wealth management offices located, respectively, in Newport Beach, Pasadena, West Los Angeles, Palm Desert, El Centro and San Diego, California and Las Vegas, Nevada. All of these offices are leased pursuant to non-cancelable operating leases that will expire between 2015 and 2020.

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Legal Proceedings

In the ordinary course of business, we are subject to claims, counter claims, suits and other litigation of the type that generally arise from the conduct of financial services businesses. We are not aware of any threatened or pending litigation that we expect will have a material adverse effect on our business operations, financial condition or results of operations.

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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, 2014 as compared to our results of operations in the quarter ended March 31, 2013; our financial condition at March 31, 2014 as compared to our financial condition at December 31, 2013; our results of operations in the year ended, and our financial condition at, December 31, 2013, as compared to our results of operation in the year ended and our financial condition at December 31, 2012; and our results of operations in the year ended December 31, 2012, as compared to our results of operation in December 31, 2011. 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 prospectus. This information is intended to facilitate the understanding and assessment of significant changes and trends related to our results of operations or financial condition. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management s expectations. Some of the factors that could cause results to differ materially from expectations are discussed in the sections entitled Risk Factors and Cautionary Note Regarding Forward-Looking Statements contained elsewhere in this prospectus.

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.

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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 financials statements of companies that comply with public company effective dates.

We have two business segments, Banking and Investment Management, Wealth Planning and Consulting (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

We have continued to grow both our Banking and Wealth Management operations. Comparing the first quarter of 2014 to the first quarter of 2013, we have increased our revenues (net interest income and noninterest income) by 20%. This growth in revenues is the result of the growth in Banking s total interest-earning assets and the growth in Wealth Management s AUM. During the first quarter of 2014, total loans and total deposits in Banking increased 5% and 7%, respectively, while the AUM in Wealth Management increased by $203 million or 8% and totaled $2.80 billion as of March 31, 2014. The growth in AUM includes the addition of $158 million of net new accounts and $66 million of gains realized in client accounts during the first quarter of 2014.

The results of operations for Banking reflect the benefits of this growth as income before taxes for Banking increased $0.9 million from $2.8 million in the first quarter of 2013 to $3.7 million in the first quarter of 2014. Because we continue to add new staff and locations as part of our business plan, the increases in our revenues in Wealth Management were partially offset by increases in noninterest expenses. On a consolidated basis, our earnings before taxes increased from $1.7 million in the first quarter of 2013 to $2.5 million in the first quarter of 2014.

In the second quarter of 2013, we entered into a loan agreement to borrow $7.5 million for a term of five years. This note bears interest at a rate of ninety day Libor plus 4.0% per annum. In the first quarter of 2014, we entered into an amendment to this loan agreement pursuant to which we obtained an additional $15,000,000 of borrowings. As a result, as of March 31, 2014, the outstanding principal amount of the loan was $21,875,000. This amendment did not alter any of the terms of the loan agreement or the loan, other than the $15,000,000 increase 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 $0.2 million plus interest, with a final payment of the unpaid principal balance, in the amount of approximately $12.1 million, plus accrued but unpaid interest, at the maturity date of the loan in May 2018. 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. 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.

Results of Operations

Quarters Ended March 31, 2014 and 2013.

Our net income for the first quarter of 2014 was $1.5 million, as compared to $1.1 million for first quarter of 2013. Income before taxes was $2.5 million in the first quarter of 2014 as compared to $1.7 million in the first quarter of 2013. The effective tax rate increased to 42.0% in the first quarter of 2014 as compared to 38.0% in the first quarter of 2013 due in part to the elimination of certain credits under California tax laws. The following is a comparison of our income before taxes between the first quarter of 2014 and first quarter of 2013.

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

(dollars in thousands)	Banking	Wealth Management	Other	Total
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
2013:				
Interest income	$ 9,004	$ -	$ -	$ 9,004
Interest expense	812	-	-	812
Net interest income	8,192	-	-	8,192
Provision for loan losses	622	-	-	622
Noninterest income	819	3,816	(102)	4,533
Noninterest expense	5,612	4,325	459	10,396
Income (loss) before taxes on income	$ 2,777	$ (509)	$ (561)	$ 1,707

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 65% and 77%, respectively,

of the total noninterest expense for Banking and Wealth Management in the first quarter of 2014.

General. Consolidated income before taxes increased $0.8 million in the first quarter of 2014 as compared to the first quarter of 2013 as a result of an increase in income before taxes for Banking and a decrease in loss before taxes for Wealth Management, which were partially offset by increases in corporate expenses. Income before taxes in Banking was $3.7 million in the first quarter of 2014 as compared to $2.8 million in the

first quarter of 2013 as higher net interest income, a lower provision for loan losses and higher noninterest income was partially offset by higher noninterest expenses. As a result of higher noninterest income, which was only partially offset by higher noninterest expenses, the loss before taxes for Wealth Management was $0.3 million lower in the first quarter of 2014 as compared to the first quarter of 2013. Our operating losses in Wealth Management are due in part to our continued investment in new relationship managers which are a key component in growing our revenues. Typically, it takes two to three years to realize enough revenues to cover the costs associated with hiring and retaining a new relationship manager. Corporate expenses were $0.4 million higher in the first quarter of 2014 as compared to the first quarter of 2013 due to interest costs on the term loan entered into in the second quarter of 2013, increased allocations of compensation costs from FFB and increased contributions made under our community support programs.

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 quarters ended March 31:

	2014			2013		
(dollars in thousands)	**Average Balances**	**Interest**	**Average Yield /Rate**	**Average Balances**	**Interest**	**Average Yield /Rate**
Interest-earning assets:						
Loans	$ 925,893	$ 10,104	4.37%	$ 757,781	$ 8,919	4.72%
Securities and FHLB Stock	63,675	392	2.46%	8,748	23	1.08%
Fed funds and deposits	49,267	179	1.48%	28,274	62	0.89%
Total interest-earning assets	1,038,835	10,675	4.12%	794,803	9,004	4.54%
Noninterest-earning assets:						
Nonperforming assets	3,112			2,290		
Other	16,410			15,318		
Total assets	$ 1,058,357			$ 812,411		
Interest-bearing liabilities:						
Demand deposits	$ 221,199	278	0.51%	$ 110,674	150	0.55%
Money market and savings	124,945	151	0.49%	91,737	106	0.47%
Certificates of deposit	255,267	375	0.60%	312,778	526	0.68%
	601,411	804	0.54%	515,189	782	0.62%

Total interest-bearing deposits						
Borrowings	151,582	121	0.32%	58,322	30	0.21%
Total interest-bearing liabilities	752,993	925	0.50%	573,511	812	0.57%
Noninterest-bearing liabilities:						
Demand deposits	210,330			158,194		
Other liabilities	7,200			6,596		
Total liabilities	970,523			738,301		
Stockholders equity	87,834			74,110		
Total liabilities and equity	$ 1,058,357			$ 812,411		
Net Interest Income		$ 9,750			$ 8,192	
Net Interest Rate Spread			3.62%			3.97%
Net Yield on Interest-earning Assets			3.76%			4.13%

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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 2014 as compared to first quarter of 2013.

(dollars in thousands)	**Increase (Decrease) due to Volume**	**Rate**	**Net Increase (Decrease)**
Interest earned on:			
Loans	$ 1,870	$ (685)	$ 1,185
Securities and FHLB Stock	307	62	369
Fed funds and deposits	60	57	117
Total interest-earning assets	2,237	(566)	1,671
Interest paid on:			
Demand deposits	141	(13)	128
Money market and savings	40	5	45
Certificates of deposit	(88)	(63)	(151)
Borrowings	67	24	91
Total interest-bearing liabilities	160	(47)	113
Net interest income	$ 2,077	$ (519)	$ 1,558

Net interest income increased 19% from $8.2 million in the first quarter of 2013 to $9.8 million in the first quarter of 2014 because of 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 3.97% in the first quarter of 2013 to 3.62% in the first quarter of 2014 was due to a decrease in yield on total interest-earning assets which was partially offset by a decrease in rates paid on interest-bearing liabilities. The decrease in yield on interest-earning assets reflected the decrease in interest rates in the overall market, prepayments of higher yielding loans, and an increase in the proportion of lower yielding securities and deposits to total interest-earning assets. The decrease in rates on interest-bearing liabilities from 0.57% in the first quarter of 2013 to 0.50% in the first quarter of 2014 was due to decreases in market interest rates on deposits and an increase in the proportion of lower rate borrowings, which were partially offset by increased borrowing costs related to interest on the FFI term loan.

Provision for loan losses. The provision for loan losses represents our determination of the amount necessary to be charged against the current period s earnings to maintain the ALLL at a level that is considered 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 our 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 was $0.2 million in the first quarter of 2014 as compared to $0.6 million in the first quarter of 2013. The decrease in the provision for loan losses in the first quarter of 2014 as compared to the first quarter of 2013 was the result of

reductions in estimated loss assumptions and the lower amount of chargeoffs. We did not recognized any chargeoffs in the first quarter of 2014, as compared to the $0.8 million of chargeoffs we recognized in the first quarter of 2013.

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

(dollars in thousands)	2014	2013
Trust fees	$ 487	$ 527
Deposit charges	93	92
Prepayment fees	116	54
Other	346	146
Total noninterest income	$ 1,042	$ 819

The $0.2 million increase in noninterest income for Banking in the first quarter of 2014 as compared to the first quarter of 2013 was due primarily to a $0.2 million increase in insurance commissions as there was larger cases closed in the first quarter of 2014 as compared to the first quarter of 2013.

Noninterest income for Wealth Management includes fees charged to high net-worth clients for managing their assets and for providing financial planning and consulting services, as well as fees for administration services provided to family foundations and private charitable organizations. The following table provides a breakdown of noninterest income for Wealth Management for the quarters ended March 31:

(dollars in thousands)	2014	2013
Asset management fees	$ 4,368	$ 3,552
Consulting and administration fees	263	270
Other	(6)	(6)
Total noninterest income	$ 4,625	$ 3,816

The $0.8 million increase in noninterest income in Wealth Management in the first quarter of 2014 as compared to the first quarter of 2013 was primarily due to increases in asset management fees of 23%. That increase was primarily due to the 16% increase in the AUM balances used for computing the asset management fees in 2014 as compared to 2013.

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	
(dollars in thousands)	2014	2013	2014	2013
Compensation and benefits	$ 4,520	$ 3,844	$ 3,728	$ 3,313
Occupancy and depreciation	1,284	926	515	393
Professional services and marketing	503	371	464	456

Other expenses	635	471	135	163
Total noninterest expense	$ 6,942	$ 5,612	$ 4,842	$ 4,325

The $1.3 million increase in noninterest expense in Banking in the first quarter of 2014 as compared to the first quarter of 2013 was due primarily to increases in staffing and costs associated with FFB s higher balances of loans and deposits and our continuing expansion. Compensation and benefits for Banking increased $0.7 million during in the first quarter of 2014 as compared to the first quarter of 2013 as the number of full-time equivalent employees, (FTE) in Banking increased to 136.3 during the first quarter of 2014 from 112.8 during the first

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quarter of 2013. The $0.4 million increase in occupancy and depreciation costs for Banking in the first quarter of 2014 as compared to the first quarter of 2013 was due to the one additional office being open during the first quarter of 2014 as compared to the first quarter of 2013 and the expansion into additional space at the administrative office in the second quarter of 2013. For Banking, the combined $0.3 million increase in professional services and marketing, which includes costs for legal, accounting, consulting and information technology services, as well as management fees paid to FFA for providing asset management services for FFB s trust clients, and other expenses, which includes office related costs, FDIC and other regulatory assessments, director fees, insurance costs, loan related expenses, employee reimbursements and REO expenses, reflect increased costs related to our larger loan and deposit balances, increased staffing and increased number of wealth management offices.

The $0.5 million increase in noninterest expense in Wealth Management in the first quarter of 2014 as compared to the first quarter of 2013 was primarily due to increases in staffing and costs associated with our continuing expansion and growth. Compensation and benefits for Wealth Management increased $0.4 million in the first quarter of 2014 as compared to the first quarter of 2013 as the number of FTE in Wealth Management increased to 54.7 during the first quarter of 2014 from 51.0 during the first quarter of 2013.

Years Ended December 31, 2013 and 2012.

Our net income for 2013 was $7.9 million, as compared to $5.8 million for 2012. The proportional increase in net income was more than the proportional increase in income before taxes because of a decrease in our effective tax rate from 26% in 2012 to 17% in 2013. In 2013 and 2012, the valuation allowance for deferred taxes was reduced by $2.4 million and $1.0 million, respectively, resulting in lower effective tax rates as compared to a normalized income tax provision of 42%.

Income before taxes was $9.5 million in 2013 as compared to $7.8 million in 2012. The following is a comparison of our income before taxes between 2013 and 2012.

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

(dollars in thousands)	**Banking**	**Wealth Management**	**Other**	**Total**
2013:				
Interest income	$ 39,181	$ -	$ -	$ 39,181
Interest expense	3,288	-	219	3,507
Net interest income	35,893	-	(219)	35,674
Provision for loan losses	2,395	-	-	2,395
Noninterest income	3,514	16,715	(405)	19,824
Noninterest expense	24,302	17,400	1,920	43,622
Income (loss) before taxes on income	$ 12,710	$ (685)	$ (2,544)	$ 9,481
2012:				
Interest income	$ 30,874	$ -	$ -	$ 30,874

Interest expense	3,145	-	-	3,145
Net interest income	27,729	-	-	27,729
Provision for loan losses	2,065	-	-	2,065
Noninterest income	2,599	14,250	(229)	16,620
Noninterest expense	18,280	14,896	1,300	34,476
Income (loss) before taxes on income	$ 9,983	$ (646)	$ (1,529)	$ 7,808

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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 62% and 76%, respectively, of the total noninterest expense for Banking and Wealth Management in 2013.

General. As a result of an increase in income before taxes for Banking, which was partially offset by an increase in corporate expenses, consolidated income before taxes increased $1.7 million in 2013 as compared to 2012. Income before taxes in Banking was $2.7 million higher in 2013 as compared to 2012 as higher net interest income and higher noninterest income was partially offset by a higher noninterest expenses. The loss before taxes for Wealth Management for 2013 was comparable to the loss for 2012 as increases in noninterest income were offset by increases in noninterest expenses. Our operating losses in Wealth Management are due in part to our continued investment in new relationship managers which are a key component in growing our revenues. Typically, it takes two to three years to realize enough revenues to cover the costs associated with hiring and retaining a new relationship manager. Corporate expenses were $1.0 million higher in 2013 as compared to 2012 due to increased sales and marketing activities, increased allocations of compensation costs from FFB and interest costs on the term loan.

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 year ended December 31:

	2013			2012		
(dollars in thousands)	**Average Balances**	**Interest**	**Average Yield /Rate**	**Average Balances**	**Interest**	**Average Yield /Rate**
Interest-earning assets:						
Loans	$ 808,747	$ 37,918	4.69%	$ 626,866	$ 30,552	4.87%
Securities	37,325	864	2.31%	16,047	193	1.20%
Fed funds and deposits	37,919	399	1.05%	17,346	129	0.75%
Total interest-earning assets	883,991	39,181	4.43%	660,259	30,874	4.68%
Noninterest-earning assets:						
Nonperforming assets	2,778			1,232		
Other	13,935			12,631		
Total assets	$ 900,704			$ 674,122		
Interest-bearing liabilities:						
Demand deposits	$ 165,736	857	0.52%	$ 43,776	251	0.58%
Money market and savings	99,826	434	0.44%	92,404	516	0.56%
Certificates of deposit	279,470	1,876	0.67%	283,677	2,151	0.76%
	545,032	3,167	0.58%	419,857	2,918	0.70%

Total interest-bearing deposits						
Borrowings	84,409	340	0.40%	99,257	227	0.23%
Total interest-bearing liabilities	629,441	3,507	0.56%	519,114	3,145	0.61%
Noninterest-bearing liabilities:						
Demand deposits	186,760			92,641		
Other liabilities	7,813			4,970		
Total liabilities	824,014			616,725		
Stockholders equity	76,690			57,397		
Total liabilities and equity	$ 900,704			$ 674,122		
Net Interest Income		$ 35,674			$ 27,729	
Net Interest Rate Spread			3.87%			4.07%
Net Yield on Interest-earning Assets			4.04%			4.20%

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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 2013 as compared to 2012.

	Increase (Decrease) due to		**Net Increase**
(dollars in thousands)	**Volume**	**Rate**	**(Decrease)**
Interest earned on:			
Loans	$ 8,565	$ (1,199)	$ 7,366
Securities	396	275	671
Fed funds and deposits	201	69	270
Total interest-earning assets	9,162	(855)	8,307
Interest paid on:			
Demand deposits	635	(29)	606
Money market and savings	39	(121)	(82)
Certificates of deposit	(33)	(242)	(275)
Borrowings	(38)	151	113
Total interest-bearing liabilities	603	(241)	362
Net interest income	$ 8,559	$ (614)	$ 7,945

Net interest income increased 29% from $27.7 million in 2012 to $35.7 million in 2013 because of a 33% increase in interest-earning assets and because we realized $1.1 million of interest income in 2013 on the net recovery of mark to market adjustments related to payoffs of acquired loans, which were partially offset by a decrease in our net interest rate spread. Excluding this net recovery, the yield on total interest-earning assets would have been 4.31%, the net interest rate spread would have been 3.75% and the net yield on interest-earning assets would have been 3.91% in 2013. Excluding the net recovery on acquired loans, the decrease in the net interest rate spread from 4.07% in 2012 to 3.75% in 2013 was due to a decrease in yield on total interest-earning assets which was partially offset by a decrease in rates paid on interest-bearing liabilities. The decrease in yield on interest-earning assets reflected the decrease in interest rates in the overall market, prepayments of higher yielding loans, and an increase in the proportion of lower yielding securities and deposits to total interest-earning assets. The decrease in rates on interest-bearing liabilities from 0.61% in 2012 to 0.56% in 2013 was due to decreases in market interest rates on deposits which were partially offset by increased borrowing costs related to interest on the FFI term loan.

Provision for loan losses. The provision for loan losses represents our determination of the amount necessary to be charged against the current period s earnings to maintain the ALLL at a level that is considered 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 our 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 was

$2.4 million for 2013 and $2.1 million for 2012. The increase in the provision for loan losses in 2013 as compared to 2012 was the result of higher loan balances and a $0.5 million increase in charge-offs which were partially offset by reductions in estimated loss assumptions.

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Noninterest income. Noninterest income for Banking includes fees charged to clients for trust services and deposit services, prepayment and late fees charged on loans and intercompany fees charged for services provided to Wealth Management. The following table provides a breakdown of noninterest income for Banking for the years ended December 31:

(dollars in thousands)	2013	2012
Trust fees	$ 1,785	$ 1,170
Deposit charges	366	143
Prepayment fees	846	779
Other	517	507
Total noninterest income	$ 3,514	$ 2,599

The $0.9 million increase in noninterest income for Banking in 2013, as compared to 2012 was due primarily to higher trust fees. The increase in trust fees reflects the continuing growth of the trust operations as evidenced by the higher level of trust AUM, which has increased to $341 million as of December 31, 2013.

Noninterest income for Wealth Management includes fees charged to high net-worth clients for managing their assets and for providing financial planning consulting services, as well as fees for administration services provided to family foundations and private charitable organizations. The following table provides a breakdown of noninterest income for Wealth Management for the years ended December 31:

(dollars in thousands)	2013	2012
Asset management fees	$ 15,560	$ 12,983
Consulting and administration fees	1,164	1,341
Other	(9)	(74)
Total noninterest income	$ 16,715	$ 14,250

The $2.5 million increase in noninterest income in Wealth Management in 2013, as compared to 2012 was primarily due to increases in asset management fees of 20%. That increase was primarily due to the 19% increase in the AUM balances used for computing the asset management fees in 2013 as compared to 2012.

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

	Banking		Wealth Management	
(dollars in thousands)	2013	2012	2013	2012
Compensation and benefits	$ 14,971	$ 11,208	$ 13,176	$ 11,673
Occupancy and depreciation	4,568	3,656	1,922	1,393
Professional services and marketing	1,752	1,000	1,536	1,179
Other expenses	3,011	2,416	766	651

Total noninterest expense	$	24,302	$	18,280	$	17,400	$	14,896

The $6.0 million increase in noninterest expense in Banking during 2013 as compared to 2012 was due primarily to increases in staffing and costs associated with FFB s higher balances of loans and deposits and our continuing expansion, including the DCB Acquisition in August 2012. Compensation and benefits for Banking increased $3.8 million during 2013 as compared to 2012 as the number of full-time equivalent employees, (FTE) in Banking increased to 123.1 during 2013 from 87.9 during 2012. The $0.9 million increase in occupancy and depreciation costs for Banking during 2013 as compared to 2012 was due to the four additional offices being open at some time during 2013 as compared to 2012 and the expansion into additional space at the

administrative office in the second quarter of 2013. Those increases were partially offset by reduced operating system costs relating to $0.6 million of costs incurred in 2012 as part of FFB s conversion to a new core processing system. Professional services and marketing for Banking, which includes costs for legal, accounting, consulting and information technology services, as well as management fees paid to FFA for providing asset management services for FFB s trust clients, increased $0.8 million during 2013 as compared to 2012. This increase was due primarily to additional consulting and legal costs incurred in relation to strategic activities of FFB and an increase in asset management fees related to trust clients. Other expenses for Banking, which include office related costs, FDIC and other regulatory assessments, director fees, insurance costs, loan related expenses, employee reimbursements and real estate owned (REO) expenses, increased $0.6 million during 2013 as compared to 2012. This increase was primarily due to a $0.3 million charge to REO reserves in 2013 and $0.1 million increases in employee reimbursements and in loan related expenses, both of which were related to our continued growth.

The $2.5 million increase in noninterest expense in Wealth Management during 2013 as compared to 2012 was primarily due to increases in staffing and costs associated with our continuing expansion and growth. Compensation and benefits for Wealth Management increased $1.5 million during 2013 as compared to 2012 as the number of FTE in Wealth Management increased to 53.4 during 2013 from 44.7 during 2012. The $0.5 million increase in occupancy and depreciation costs for Wealth Management during 2013 as compared to 2012 was due to additional offices being open during all or a portion of 2013 as compared to 2012 and $0.2 million of costs incurred related to an upgrade of our asset management operating system. Professional services and marketing for Wealth Management, which includes costs for legal, accounting and information technology services, as well as recurring referral fees paid to third parties, increased $0.4 million during 2013 as compared to 2012. This $0.4 million increase was due primarily to higher referral fees related to the increased asset management fees and higher recruiting fees paid related to the increase in staffing during 2013. Other expenses for Wealth Management, which include office related costs, insurance costs and employee reimbursements did not change significantly in 2013 as compared to 2012.

Years Ended December 31, 2012 and 2011.

Our net income for 2012 was $5.8 million, as compared to $9.1 million for 2011. The proportional decrease in net income was greater than the proportional decrease in income before taxes because of an increase in our effective tax rate from 0% in 2011 to 26% in 2012. In 2012 and 2011, the valuation allowance for deferred taxes was reduced by $1.0 million and $3.6 million, respectively, resulting in lower effective tax rates as compared to a normalized income tax provision of 42%.

Income before taxes was $7.8 million in 2012 as compared to $9.1 million in 2011. The following is a comparison of our income before taxes between 2012 and 2011.

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

(dollars in thousands)	Banking	Wealth Management	Other	Total
2012:				
Interest income	$ 30,874	$ -	$	$ 30,874
Interest expense	3,145	-	-	3,145
Net interest income	27,729	-	-	27,729
Provision for loan losses	2,065	-	-	2,065

Noninterest income	2,599	14,250	(229)	16,620
Noninterest expense	18,280	14,896	1,300	34,476
Income (loss) before taxes on income	$ 9,983	$ (646)	$ (1,529)	$ 7,808

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(dollars in thousands)	Banking	Wealth Management	Other	Total
2011:				
Interest income	$ 23,022	$ -	$ -	$ 23,022
Interest expense	2,881	-	-	2,881
Net interest income	20,141	-	-	20,141
Provision for loan losses	2,297	-	-	2,297
Noninterest income	5,094	12,719	(113)	17,700
Noninterest expense	12,137	13,027	1,282	26,446
Income (loss) before taxes on income	$ 10,801	$ (308)	$ (1,395)	$ 9,098

The primary sources of revenue for Banking are net interest income and fees from its deposit, trust and insurance services. 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. For 2012, compensation and benefits comprised 61% and 78%, respectively, of the total noninterest expense for Banking and Wealth Management, respectively.

General: In 2011, FFB realized a $3.7 million gain on sale of REO which is included in noninterest income in Banking. Excluding the gain on sale of REO, income before taxes for Banking increased to $10.0 million in 2012 from $7.1 million in 2011 due primarily to higher net interest income and higher noninterest income which were partially offset by higher noninterest expenses. The net loss before taxes in Wealth Management increased to $0.6 million in 2012 from $0.3 million in 2011 as higher noninterest expenses in 2012 were only partially offset by higher asset management fees.

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 years ended December 31:

	2012			2011		
(dollars in thousands)	Average Balances	Interest	Average Yield /Rate	Average Balances	Interest	Average Yield /Rate
Interest-earning assets:						
Loans	$ 626,866	$ 30,552	4.87%	$ 436,247	$ 22,864	5.24%
Securities and FHLB stock	16,047	193	1.20%	9,710	135	1.35%
Fed funds and deposits	17,346	129	0.75%	8,902	23	0.26%
Total interest-earning assets	660,259	30,874	4.68%	454,859	23,022	5.06%

Noninterest-earning assets:						
Nonperforming assets	1,232			467		
Other	12,631			3,876		
Total assets	$ 674,122			$ 459,202		
Interest-bearing liabilities:						
Demand deposits	$ 43,776	251	0.58%	$ 11,375	74	0.65%
Money market and savings	92,404	516	0.56%	60,844	405	0.67%
Certificates of deposit	283,677	2,151	0.76%	225,263	2,312	1.03%
Total interest-bearing deposits	419,857	2,918	0.70%	297,482	2,791	0.94%
Borrowings	99,257	227	0.23%	60,375	90	0.15%
Total interest-bearing liabilities	519,114	3,145	0.61%	357,857	2,881	0.81%

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(dollars in thousands)	2012 Average Balances	2012 Interest	2012 Average Yield /Rate	2011 Average Balances	2011 Interest	2011 Average Yield /Rate
Noninterest-bearing liabilities:						
Demand deposits	$ 92,641			$ 59,650		
Other liabilities	4,970			2,641		
Total liabilities	616,725			420,148		
Stockholders equity	57,397			39,054		
Total liabilities and equity	$ 674,122			$ 459,202		
Net Interest Income		$ 27,729			$ 20,141	
Net Interest Rate Spread			4.07%			4.25%
Net Yield on Interest-earning Assets			4.20%			4.43%

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 2012 as compared to corresponding period in 2011.

(dollars in thousands)	Increase (Decrease) due to Volume	Increase (Decrease) due to Rate	Net Increase (Decrease)
Interest earned on:			
Loans	$ 9,406	$ (1,718)	$ 7,688
Securities and FHLB stock	78	(20)	58
Fed funds and deposits	35	71	106
Total interest-earning assets	9,519	(1,667)	7,852
Interest paid on:			
Demand deposits	186	(9)	177
Money market and savings	186	(75)	111
Certificates of deposit	528	(689)	(161)
Borrowings	75	62	137
Total interest-bearing liabilities	975	(711)	264
Net interest income	$ 8,544	$ (956)	$ 7,588

The yield on interest-earning assets and the rate on interest-bearing liabilities have been impacted by the continuing decreases in market interest rates, which resulted in a 37 basis point decrease in the yield on average loans and a 20 basis point decrease in the rate paid on interest-bearing liabilities in 2012 as compared to 2011. Because the decrease in our yield on loans was greater than our decrease in the rate on interest-bearing liabilities, our net interest rate spread decreased to 4.07% in 2012 as compared to 4.25% in 2011. Because the loans and deposits acquired in the DCB Acquisition were valued at fair value, the results related to the assets acquired and liabilities assumed in the DCB Acquisition did not have a significant impact on our net yield on interest-earning assets in 2012.

Provision for loan losses: Our provision for loans losses in 2012 was $2.1 million as compared to $2.3 million in 2011 because the increase in our net loans in 2012, excluding the loans acquired in the DCB Acquisition, was 24% less than the increase in our net loans in 2011. The impact of this decrease was partially offset by a $0.3 million increase in net charge-offs in 2012 as compared to 2011. Under accounting guidelines, FFB is required to provide a calculated reserve for loan losses for its outstanding loan balances, including those acquired in the DCB Acquisition. However, these guidelines also require FFB to record the calculated reserve for acquired loans as a reduction of the carrying balance of those loans on the date they are acquired, and then amortize this calculated reserve into income for each loan over the life of the loan. Therefore, the ALLL represents the estimated credit losses of all loans not acquired in the DCB Acquisition, plus any

deficiency in the estimated credit losses, which is included as a reduction of the carrying balance of those loans, for the loans acquired in the DCB Acquisition. Excluding the loans acquired in the DCB Acquisition, FFB s ALLL levels at December 31, 2012 and 2011 equaled 1.25% of the respective loan balances then outstanding.

Noninterest income: The following table provides a breakdown of noninterest income for Banking for the years ended December 31:

(dollars in thousands)	2012	2011
Trust fees	$ 1,170	$ 555
Prepayment fees	779	208
Gain on sale of REO	-	3,695
Other	650	636
Total noninterest income	$ 2,599	$ 5,094

During 2009, FFB foreclosed on properties securing two participation loans, with a book value of $3.6 million, resulting in a $0.3 million charge-off and the transfer of the remaining outstanding balances to REO. Subsequently, FFB recorded $1.9 million and $1.4 million provisions for REO losses related to these properties in 2010 and 2009, respectively. During 2011, we reached a settlement agreement with the bank who sold us these participation loans. As a result of the settlement we transferred the properties to the other bank and recognized a $3.7 million gain on sale of REO in 2011.

Excluding the $3.7 million gain on sale of REO recognized in 2011, the $1.2 million increase in noninterest income in Banking for 2012, as compared to 2011, was due to increased activity levels in the trust operations of FFB as well as increased fees related to the prepayment of loans. Trust AUM increased from $135 million at the beginning of 2011 to $309 million at the end of 2012. Loan prepayments totaled $116 million in 2012 as compared to $61 million in 2011.

The following table provides a breakdown of noninterest income for Wealth Management for the years ended December 31:

(dollars in thousands)	2012	2011
Asset management fees	$ 12,983	$ 11,338
Consulting and administration fees	1,341	1,393
Other	(74)	(12)
Total noninterest income	$ 14,250	$ 12,719

Asset management fees increased by 15% in 2012 as compared to 2011 due to a 21% increase in the average billable AUM which was partially offset by a decrease in the weighted average investment advisory fee rate. At December 31, 2012, AUM totaled $2.23 billion as compared to $1.83 billion at December 31, 2011 and $1.56 billion at December 31, 2010.

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

	Banking		Wealth Management	
(dollars in thousands)	**2012**	**2011**	**2012**	**2011**
Compensation and benefits	$ 11,208	$ 7,808	$ 11,673	$ 10,091
Occupancy and depreciation	3,656	1,786	1,393	1,226
Professional services and marketing	1,000	501	1,179	1,231
Other expenses	2,416	2,042	651	479
Total noninterest expense	$ 18,280	$ 12,137	$ 14,896	$ 13,027

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The increase in noninterest expense in Banking during 2012 as compared to 2011 was due to increases in staffing, increases in noninterest expenses as a result of the DCB Acquisition and costs associated with our higher balances of loans and deposits. Compensation and benefits increased $3.4 million in 2012 as compared to 2011 as the number of FTE in Banking increased to 87.9 FTE during 2012 as compared to 58.6 FTE during 2011. The increase in staffing was primarily due to the opening of our new office in West Los Angeles and increased staffing related to the DCB Acquisition. The $1.9 million increase in occupancy and depreciation for Banking in 2012 as compared to 2011 reflects the facility costs for those branches acquired or opened in 2012 as well as the full year of costs related to the branch and corporate expansions that occurred in 2011. The $0.5 million increase in professional services and marketing for Banking in 2012 as compared to 2011 was due to costs related to our increased activities, including information technology upgrades and projects and increased management fees paid on trust AUM. The $0.4 million increase in other expenses in 2012 as compared to 2011 reflects costs related to our continuing growth including FDIC insurance premiums and general office costs.

The $1.9 million increase in noninterest expenses in Wealth Management during 2012 as compared to 2011 was primarily due to $1.6 million of higher compensation and benefits costs resulting from increased staffing associated with opening of our new office in West Los Angeles and increased incentive compensation related to the growth in AUM. Staffing for Wealth Management increased to 44.7 FTE in 2012 from 42.0 FTE in 2011.

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:

(dollars in thousands)	Banking	Wealth Management	Other and Eliminations	Total
March 31, 2014:				
Cash and cash equivalents	$ 50,045	$ 1,058	$ (816)	$ 50,287
Securities AFS	73,257	-	-	73,257
Loans, net	938,366	328	-	938,694
Premises and equipment	2,096	782	100	2,978
FHLB Stock	6,580	-	-	6,580
Deferred taxes	10,512	878	(190)	11,200
REO	1,875	-	-	1,875
Other assets	3,840	910	727	5,477
Total assets	$ 1,086,571	$ 3,956	$ (179)	$ 1,090,348
Deposits	$ 865,889	$ -	$ (11,205)	$ 854,684
Borrowings	119,000	-	21,875	140,875
Intercompany balances	365	400	(765)	-
Other liabilities	2,897	1,515	1,536	5,948
Shareholders equity	98,420	2,041	(11,620)	88,841
Total liabilities and equity	$ 1,086,571	$ 3,956	$ (179)	$ 1,090,348

December 31, 2013:								
Cash and cash equivalents	$	56,795	$	2,134	$	(1,975)	$	56,954
Securities AFS		59,111		-		-		59,111
Loans, net		893,364		366		-		893,730
Premises and equipment		2,286		863		100		3,249
FHLB Stock		6,721		-		-		6,721
Deferred taxes		11,426		865		(239)		12,052
REO		375		-		-		375
Other assets		3,840		717		611		5,168
Total assets	$	1,033,918	$	4,945	$	(1,503)	$	1,037,360

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(dollars in thousands)	Banking	Wealth Management	Other and Eliminations	Total
Deposits	$ 809,306	$ -	$ (7,269)	$ 802,037
Borrowings	134,000	-	7,063	141,063
Intercompany balances	857	248	(1,105)	-
Other liabilities	4,018	2,590	890	7,498
Shareholders equity	85,737	2,107	(1,082)	86,762
Total liabilities and equity	$ 1,033,918	$ 4,945	$ (1,503)	$ 1,037,360
December 31, 2012:				
Cash and cash equivalents	$ 62,965	$ 1,895	$ (1,752)	$ 63,108
Securities AFS	5,813	-	-	5,813
Loans, net	734,778	509	-	735,287
Premises and equipment	1,661	657	66	2,384
FHLB Stock	8,500	-	-	8,500
Deferred taxes	8,734	981	340	10,055
REO	650	-	-	650
Other assets	3,509	638	565	4,712
Total assets	$ 826,610	$ 4,680	$ (781)	$ 830,509
Deposits	$ 653,671	$ -	$ (3,930)	$ 649,741
Borrowings	100,000	-	-	100,000
Intercompany balances	1,451	205	(1,656)	-
Other liabilities	3,302	2,168	1,718	7,188
Shareholders equity	68,186	2,307	3,087	73,580
Total liabilities and equity	$ 826,610	$ 4,680	$ (781)	$ 830,509

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 2014, total assets for the Company and FFB increased by $53 million. For FFB, during the first quarter of 2014, loans and deposits increased $45.2 million and $52.6 million, respectively, cash and cash equivalents decreased by $6.8 million, securities AFS increased by $14.1 million and FHLB advances decreased by $15.0 million. Borrowings at FFI increased by $14.8 million during the first quarter of 2014. During 2013, total assets for the Company and FFB increased by $207 million. For FFB, during 2013, loans and deposits increased $160.2 million and $155.6 million, respectively, cash and cash equivalents decreased by $6.2 million, securities AFS increased by $53.3 million and FHLB advances increased by $34.0 million. Borrowings at FFI increased by $7.1 million during 2013. During 2012, our consolidated total assets increased by $278.9 million primarily due to a $278.0 million increase in assets at FFB. As a result of the DCB Acquisition, FFB s total assets and deposits increased $139.9 million and $126.9 million, respectively, in 2012. Excluding the DCB Acquisition, loans and deposits at FFB increased $129.6 million and $116.9 million, respectively during 2012.

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, decreased $6.8 million during the first quarter of 2014 and decreased $6.2 million during 2013. 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. The $53.0 million increase in cash and cash equivalents during 2012 includes the $34.9 million received in the DCB Acquisition.

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

(dollars in thousands)	Amortized Cost		Gross Unrealized Gains		Losses		Estimated Fair Value	
March 31, 2014:								
US Treasury security	$	300	$	-	$	-	$	300
FNMA and FHLB Agency notes		10,496		-		(528)		9,968
Agency mortgage-backed securities		64,329		108		(1,448)		62,989
Total	$	75,125	$	108	$	(1,976)	$	73,257
December 31, 2013:								
US Treasury security	$	300	$	-	$	-	$	300
FNMA and FHLB Agency notes		10,496		-		(716)		9,780
Agency mortgage-backed securities		50,983		-		(1,952)		49,031
Total	$	61,779	$	-	$	(2,668)	$	59,111
December 31, 2012:								
US Treasury Securities	$	300	$	-	$	-	$	300
FHLB Agency Notes		5,513		-		-		5,513
Total	$	5,813	$	-	$	-	$	5,813
December 31, 2011:								
US Treasury Securities	$	200	$	-	$	-	$	200
FHLB Agency Note		10,000		-		(14)		9,986
Total	$	10,200	$	-	$	(14)	$	10,186

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

The $14.1 million increase in AFS Securities during in the first quarter of 2014 and the $53.3 million increase in AFS Securities during 2013 reflected our actions to increase our on-balance sheet sources of liquidity.

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, 2014:

(dollars in thousands)	**Total**

	Less than 1 Year	1 Through 5 years	5 Through 10 Years	After 10 Years	
Amortized Cost:					
US Treasury securities	$ 300	$ -	$ -	$ -	$ 300
FNMA and FHLB Agency notes	-	-	10,496	-	10,496
Total	$ 300	$ -	$ 10,496	$ -	$ 10,796
Weighted average yield	0.21%	0.00%	1.78%	0.00%	1.74%
Estimated Fair Value:					
US Treasury securities	$ 300	$ -	$ -	$ -	$ 300
FNMA and FHLB Agency notes	-	-	9,968	-	9,968
Total	$ 300	$ -	$ 9,968	$ -	$ 10,268

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, 2014 was 2.57%.

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

(dollars in thousands)	March 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Outstanding principal balance:						
Loans secured by real estate:						
Residential properties:						
Multifamily	$ 401,877	$ 405,984	$ 367,412	$ 320,053	$ 196,059	$ 124,120
Single family	263,922	227,096	155,864	85,226	44,281	20,019
Total real estate loans secured by residential properties	665,799	633,080	523,276	405,279	240,340	144,139
Commercial properties	166,290	154,982	132,217	75,542	57,633	33,028
Land and construction	2,345	3,794	7,575			
Total real estate loans	834,434	791,856	663,068	480,821	297,973	177,167
Commercial and industrial loans	97,248	93,255	67,920	35,377	30,696	13,821
Consumer loans	17,201	18,484	12,585	8,012	8,582	10,263
Total loans	948,883	903,595	743,573	524,210	337,251	201,251
Premiums, discounts and deferred fees and expenses	(39)	50	54	(107)	(71)	20
Total	$ 948,844	$ 903,645	$ 743,627	$ 524,103	$ 337,180	$ 201,271

The $45.2 million increase in loans during the first quarter of 2014 was the result of loan originations and funding of existing credit commitments of $91.8 million, offset by $46.6 million of payoffs and scheduled principal payments. The $160.0 million increase in loans during 2013 was the result of loan originations and funding of existing credit commitments of $353.4 million, offset by $193.4 million of payoffs and scheduled principal payments. During 2012, the $219.5 million increase in loans was the result of $90.1 million in loans acquired in the DCB Acquisition and loan originations and funding of existing credit commitments of $279.4 million, partially offset by $150.0 million of payoffs and scheduled principal payments.

The scheduled maturities, as of December 31, 2013, of the performing loans categorized as land and construction loans and as commercial and industrial loans, are as follows:

	Scheduled Maturity			Loans With a Scheduled Maturity After One Year	
(dollars in thousands)	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years	Loans With Fixed Rates	Loan With Adjustable Rates

Land and construction loans	$ 2,933	$ 19	$ 842	$ 19	$ 842
Commercial and industrial loans	$ 50,272	$ 17,968	$ 24,671	$ 41,775	$ 864

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

	March 31, 2014		**December 31, 2013**		**December 31, 2012**		**December 31, 20**	
in ds)	**Amount**	**Weighted Average Rate**	**Amount**	**Weighted Average Rate**	**Amount**	**Weighted Average Rate**	**Amount**	**W Aver**
t-	$ 225,473	-	$ 217,782	-	$ 131,827	-	$ 66,383	
aring	228,587	0.497%	217,129	0.504%	103,085	0.558%	13,411	(
rket s	125,872	0.496%	121,260	0.499%	91,278	0.488%	75,534	(
s of	274,752	0.557%	245,866	0.606%	323,551	0.732%	251,498	(
	$ 854,684	0.385%	$ 802,037	0.398%	$ 649,741	0.522%	$ 406,826	(

The $52.6 million increase in deposits during the first quarter of 2014, the $152.3 million increase in deposits during 2013 and, excluding the $126.9 million in deposits acquired in the DCB Acquisition, the $116.9 million increase in deposits during 2012, reflects the organic growth of our Banking operations.

As market interest rates have continued to decline, FFB has been able to lower the cost of its deposit products. As a result, the weighted average rate of interest-bearing deposits has decreased from 0.65% at December 31, 2012 to 0.55% at December 31, 2013 to 0.52% at March 31, 2014, while the weighted average interest rates of both interest-bearing and noninterest-bearing deposits have decreased from 0.52% at December 31, 2012 to 0.40% at December 31, 2013 to 0.39% at March 31, 2014.

The maturities of our certificates of deposit of $100,000 or more were as follows as of March 31, 2014:

(dollars in thousands)	
3 months or less	$ 85,390
Over 3 months through 6 months	86,705
Over 6 months through 12 months	61,081
Over 12 months	25,715
Total	$ 258,891

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, 2014 FFB held $95.1 million of CDARs deposits. Under certain regulatory guidelines, these deposits are considered brokered deposits. As of March 31, 2014, FFB did not have any other brokered certificates of deposit.

Borrowings: At March 31, 2014, our borrowings consisted of $119.0 million of overnight FHLB advances at FFB and a $21.9 million term loan at FFI. At December 31, 2013, our borrowings consisted of $134.0 million of overnight FHLB advances at FFB and a $7.1 million term loan at FFI. At December 31, 2012, our borrowings consisted of $100.0 million of overnight FHLB advances. These FHLB advances were paid in full in the early parts of April, 2014, January 2014 and January 2013, 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 2014 was $144.5 million, as compared to $79.2 million during 2013, $99.3 million during 2012 and $60.4 million during 2011. The weighted average interest rate on these overnight borrowings was 0.13% for the first quarter of 2014, as compared to 0.15% during 2013, 0.23% during 2012 and 0.15% during 2011. The maximum amount of overnight borrowings

outstanding at any month-end during the first quarter of 2014, during 2013, and during 2012 and during 2011, was $161.0 million, $134.0 million, and $197.0 million and $114.0 million, respectively.

Term Loan. In the second quarter of 2013, we entered into a loan agreement to borrow $7.5 million for a term of five years. This note bears interest at a rate of ninety day Libor plus 4.0% per annum. In the first quarter of 2014, we entered into an amendment to this loan agreement pursuant to which we obtained an additional $15,000,000 of borrowings. As a result, as of March 31, 2014, the outstanding principal amount of the loan was $21,875,000. This amendment did not alter any of the terms of the loan agreement or the loan, other than the $15,000,000 increase 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 $0.2 million plus interest, with a final payment of the unpaid principal balance, in the amount of approximately $12.1 million, plus accrued but unpaid interest, at the maturity date of the loan in May 2018. We have the right, in our discretion, to prepay all or a portion of the loan at any time, without any penalties or premium. 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, 2014, we were in compliance with all of those financial covenants.

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.

We plan to use a $21.5 million of the net proceeds from this offering to pay the entire outstanding principal balance of this loan, together with accrued but unpaid interest due the lender. See Use of Proceeds elsewhere in this prospectus. The lender is contractually obligated, upon repayment in full of the loan, to release its pledge and security interest in our FFB shares.

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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:

(dollars in thousands)	Past Due and Still Accruing 30 59 Days	60-89 Days	90 Days or More	Nonaccrual	Total Past Due and Nonaccrual	Current	Total
March 31, 2014:							
Real estate loans:							
Residential properties	$ -	$ -	$ -	$ 3,057	$ 3,057	$ 662,742	$ 665,799
Commercial properties	338	-	-	598	936	165,354	166,290
Land and construction	-	-	-	-	-	2,345	2,345
Commercial and industrial loans	959	-	2,950	344	4,253	92,995	97,248
Consumer loans	-	-	-	130	130	17,071	17,201
Total	$ 1,297	$ -	$ 2,950	$ 4,129	$ 8,376	$ 940,507	$ 948,883
Percentage of total loans	0.14%	0.00%	0.31%	0.44%	0.88%		
December 31, 2013:							
Real estate loans:							
Residential properties	$ -	$ -	$ -	$ 1,820	$ 1,820	$ 631,260	$ 633,080
Commercial properties	-	-	417	598	1,015	153,967	154,982
Land and construction	-	-	1,480	-	1,480	2,314	3,794

Commercial and industrial loans	-	2,744	1,315	344	4,403	88,852	93,255
Consumer loans	-	-	-	132	132	18,352	18,484
Total	$ -	$ 2,744	$ 3,212	$ 2,894	$ 8,850	$ 894,745	$ 903,595
Percentage of total loans	0.00%	0.30%	0.36%	0.32%	0.98%		
December 31, 2012:							
Real estate loans:							
Residential properties	$ -	$ -	$ -	$ 146	$ 146	$ 523,130	$ 523,276
Commercial properties	2,012	-	-	-	2,012	130,205	132,217
Land and construction	-	-	3,169	524	3,693	3,882	7,575
Commercial and industrial loans	1,188	1,113	11	97	2,409	65,511	67,920
Consumer loans	-	147	-	-	147	12,438	12,585
Total	$ 3,200	$ 1,260	$ 3,180	$ 767	$ 8,407	$ 735,166	$ 743,573
Percentage of total loans	0.43%	0.17%	0.43%	0.10%	1.13%		

The amount of delinquent loans and nonaccrual loans have been adversely impacted by the loans acquired in the DCB Acquisition. As of March 31, 2014, the Company had $0.1 million of loans classified as troubled debt restructurings, which are included as nonaccrual loans in the table above.

As of December 31, 2011, the Company had $0.5 million of loans 30 to 59 days past due which represented 0.10% of total loans outstanding. The Company did not have any loans over 60 days past due as of December 31, 2011.

The Company did not have any loans over 30 days past due as of December 31, 2010 and December 31, 2009. The Company did not have any loans classified as nonaccrual as of December 31, 2011, December 31, 2010 or December 31, 2009.

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

(dollars in thousands)	Pass	Special Mention	Substandard	Impaired	Total
March 31, 2014:					
Real estate loans:					
Residential properties	$ 662,315	$ -	$ -	$ 3,484	$ 665,799
Commercial properties	161,739	-	3,734	817	166,290
Land and construction	2,345	-	-	-	2,345
Commercial and industrial loans	92,213	35	2,032	2,968	97,248
Consumer loans	17,028	-	173	-	17,201
Total	$ 935,640	$ 35	$ 5,939	$ 7,269	$ 948,883
December 31, 2013:					
Real estate loans:					
Residential properties	$ 630,832	$ -	$ -	$ 2,248	$ 633,080
Commercial properties	150,053	-	4,108	821	154,982
Land and construction	2,314	-	1,480	-	3,794
Commercial and industrial loans	88,166	43	2,047	2,999	93,255
Consumer loans	18,309	-	175	-	18,484
Total	$ 889,674	$ 43	$ 7,810	$ 6,068	$ 903,595
December 31, 2012:					
Real estate loans:					
Residential properties	$ 519,288	$ -	$ 1,731	$ 2,257	$ 523,276
Commercial properties	127,803	-	4,414	-	132,217
Land and construction	3,818	-	3,214	543	7,575
Commercial and industrial loans	62,000	889	2,295	2,736	67,920
Consumer loans	12,387	127	71	-	12,585
Total	$ 725,296	$ 1,016	$ 11,725	$ 5,536	$ 743,573
December 31, 2011:					
Real estate loans:					
Residential properties	$ 402,630	$ 291	$ 2,358	-	$ 405,279
Commercial properties	75,542	-	-	-	75,542
Commercial and industrial loans	31,627	3,750	-	-	35,377

Consumer loans	7,860	152	-	-	8,012
Total	$ 517,659	$ 4,193	$ 2,358	-	$ 524,210
December 31, 2010:					
Real estate loans:					
Residential properties	$ 240,340	$ -	$ -	-	$ 240,340
Commercial properties	57,633	-	-	-	57,633
Commercial and industrial loans	26,743	3,721	232	-	30,696
Consumer loans	8,403	179	-	-	8,582
Total	$ 333,119	$ 3,900	$ 232	-	$ 337,251
December 31, 2009:					
Real estate loans:					
Residential properties	$ 144,139	$ -	$ -	-	$ 144,139
Commercial properties	33,028	-	-	-	33,028
Commercial and industrial loans	13,577	244	-	-	13,821
Consumer loans	10,263	-	-	-	10,263
Total	$ 201,007	$ 244	$ -	-	$ 201,251

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As of March 31, 2014, $5.9 million of the loans classified as substandard and $1.0 million of the loans classified as impaired were loans acquired in the DCB acquisition.

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 allowance for loan losses 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 ninety days delinquent (other impaired loans) which we believe are not likely to be collected in accordance with 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:

(dollars in thousands)	**March 31, 2014**	**December 31, 2013**	**December 31, 2012**
Outstanding principal balance:			
Loans secured by real estate:			
Residential properties	$ -	$ -	$ 2,574
Commercial properties	5,007	5,543	5,567
Land and construction	-	2,331	6,137
Total real estate loans	5,007	7,874	14,278
Commercial and industrial loans	2,467	2,489	2,621
Consumer loans	257	260	276
Total loans	7,731	10,623	17,175
Unaccreted discount on purchased credit impaired loans	(1,921)	(2,945)	(5,782)
Total	$ 5,810	$ 7,678	$ 11,393

Allowance for Loan Losses.

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

(dollars in thousands)	**Charge-offs**	**Recoveries**

	Beginning Balance	Provision for Loan Losses			Ending Balance
Quarter ended March 31, 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	$ 9,915	$ 235	$ -	$ -	$ 10,150
Year ended December 31, 2013:					
Real estate loans:					
Residential properties	$ 4,355	$ 1,802	$ -	$ -	$ 6,157
Commercial properties	936	561	(57)	-	1,440
Commercial and industrial loans	2,841	71	(763)	-	2,149
Consumer loans	208	(39)	-	-	169
Total	$ 8,340	$ 2,395	$ (820)	$ -	$ 9,915

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(dollars in thousands)	Beginning Balance	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance
Year ended December 31, 2012:					
Real estate loans:					
Residential properties	$ 3,984	$ 646	$ (275)	$ -	$ 4,355
Commercial properties	1,218	(282)	-	-	936
Commercial and industrial loans	1,104	1,737	-	-	2,841
Consumer loans	244	(36)	-	-	208
Total	$ 6,550	$ 2,065	$ (275)	$ -	$ 8,340
Year ended December 31, 2011:					
Real estate loans:					
Residential properties	$ 2,185	$ 1,524	$ -	$ 275	$ 3,984
Commercial properties	900	318	-	-	1,218
Commercial and industrial loans	955	381	(232)	-	1,104
Consumer loans	170	74	-	-	244
Total	$ 4,210	$ 2,297	$ (232)	$ 275	$ 6,550
Year ended December 31, 2010:					
Real estate loans:					
Residential properties	$ 1,379	$ 806	$ -	$ -	$ 2,185
Commercial properties	333	567	-	-	900
Commercial and industrial loans	413	542	-	-	955
Consumer loans	385	(215)	-	-	170
Total	$ 2,510	$ 1,700	$ -	$ -	$ 4,210
Year ended December 31, 2009:					
Real estate loans:					
Residential properties	$ 818	$ 561	$ -	$ -	$ 1,379
Commercial properties	165	268	-	-	333
Land	100	175	(275)	-	-
Commercial and industrial loans	135	278	-	-	413
Consumer loans	12	373	-	-	385

Total	$	1,130	$	1,655	$	(275)	$	-	$	2,510

Excluding the loans acquired in the DCB Acquisition, our ALLL as a percentage of total loans was 1.08%, 1.16% and 1.25% as of March 31, 2014, December 31, 2013, and December 31, 2012, 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:

(dollars in thousands)	**Allowance for Loan Losses**				**Unaccreted Credit Component Other Loans**
	Evaluated for Impairment				
	Individually	**Collectively**	**Purchased Impaired**	**Total**	
March 31, 2014:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	$ -	$ 6,255	$ -	$ 6,255	$ 34
Commercial properties	190	1,403	-	1,593	269
Land and construction	-	-	-	-	14
Commercial and industrial loans	895	1,262	-	2,157	117
Consumer loans	-	145	-	145	11
Total	$ 1,085	$ 9,065	$ -	$ 10,150	$ 445
Loans:					
Real estate loans:					
Residential properties	$ 3,484	$ 662,315	$ -	$ 665,799	$ 3,428
Commercial properties	817	161,738	3,735	166,290	23,775
Land and construction	-	2,345	-	2,345	1,784
Commercial and industrial loans	2,968	92,248	2,032	97,248	10,505
Consumer loans	-	17,158	43	17,201	153
Total	$ 7,269	$ 935,804	$ 5,810	$ 948,883	$ 39,645
December 31, 2013:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	$ -	$ 6,157	$ -	$ 6,157	$ 36

Commercial properties	190	1,250	-	1,440	290
Land and construction	-	-	-	-	26
Commercial and industrial loans	925	1,224	-	2,149	126
Consumer loans	-	169	-	169	11
Total	$ 1,115	$ 8,800	$ -	$ 9,915	$ 489

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(dollars in thousands)	Allowance for Loan Losses Evaluated for Impairment				Unaccreted Credit Component Other Loans
	Individually	Collectively	Purchased Impaired	Total	
Loans:					
Real estate loans:					
Residential properties	$ 2,248	$ 630,832	$ -	$ 633,080	$ 3,449
Commercial properties	821	150,053	4,108	154,982	23,968
Land and construction	-	2,314	1,480	3,794	1,939
Commercial and industrial loans	2,999	88,209	2,047	93,255	10,354
Consumer loans	-	18,441	43	18,484	160
Total	$ 6,068	$ 889,849	$ 7,678	$ 903,595	$ 39,870
December 31, 2012:					
Allowance for loan losses:					
Real estate loans:					
Residential properties	$ -	$ 4,355	$ -	$ 4,355	$ 62
Commercial properties	-	936	-	936	617
Land and construction	-	-	-	-	129
Commercial and industrial loans	1,536	1,305	-	2,841	302
Consumer loans	-	208	-	208	19
Total	$ 1,536	$ 6,804	$ -	$ 8,340	$ 1,129
Loans:					
Real estate loans:					
Residential properties	$ 2,257	$ 519,288	$ 1,731	$ 523,276	$ 5,121
Commercial properties	-	128,035	4,182	132,217	39,862
Land and construction	543	3,818	3,214	7,575	4,521
Commercial and industrial loans	2,736	62,989	2,195	67,920	16,512
Consumer loans	-	12,514	71	12,585	324
Total	$ 5,536	$ 726,644	$ 11,393	$ 743,573	$ 66,340

The column labeled Unaccreted Credit Component Other Loans represents the amount of unaccreted credit component discount for loans acquired in the DCB acquisition, 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 unaccreted credit component discount is equal to 1.12%, 1.23% and 1.70% of the stated principal balance of these loans as of March 31, 2014, December 31, 2013, and December 31, 2012, respectively. In addition to this unaccreted credit component discount, an additional $0.2 million of the ALLL has been provided for these loans as of March 31, 2014.

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 $193.4 million at March 31, 2014.

Cash Flows Provided by Operating Activities. During the quarter ended March 31, 2014, operating activities provided net cash of $0.9 million, comprised primarily of our net income of $1.5 million and $1.2 million of non-cash charges, including provisions for loan losses, stock based compensation expense and depreciation and amortization and deferred taxes recognized in our net income. These were partially offset by a $0.3 million increase in other assets and a $1.5 million decrease in other liabilities. During the year ended December 31, 2013 operating activities provided net cash of $11.2 million, comprised primarily of our net income of $7.9 million and $4.3 million of non-cash charges, including provisions for loan losses, REO losses, stock based compensation expense and depreciation and amortization, offset by $1.3 million non-cash deferred tax benefit recognized in our net income. In 2012, operating activities provided net cash of $8.4 million, comprised primarily of net income of $5.8 million and $3.3 million of non-cash charges, including provision for loan losses, stock based compensation expense and depreciation and amortization, partially offset by a $2.1 million non-cash deferred tax benefit recognized in our net income.

Cash Flows Used in Investing Activities. During the quarter ended March 31, 2014, investing activities used net cash of $60.0 million, primarily to fund a $46.7 million net increase in loans and a $13.4 million net increase in securities AFS. During the year ended December 31, 2013, investing activities used net cash of $217.0 million, primarily to fund a $160.8 million net increase in loans and a $56.1 million net increase in securities AFS. In 2012, investing activities used net cash of $86.0 million, primarily to fund a $129.9 million net increase in loans, which was partially offset by a $10.4 million decrease net decrease in AFS securities and FHLB stock and $34.9 million of cash acquired in the DCB Acquisition.

Cash Flow Provided by Financing Activities. During the quarter ended March 31, 2014, financing activities provided net cash of $52.5 million, consisting primarily of a net increase of $52.6 million in deposits and a $15.0 million borrowing under a term note, offset by a $15.0 million decrease in FHLB advances. During the year ended December 31, 2013, financing activities provided net cash of $199.7 million, consisting primarily of a net increase of $152.3 million in deposits, a net increase of $41.1 million in borrowings and $6.3 million received from the sale of shares in a private offering. In 2012, financing activities provided net cash of $130.6 million, consisting primarily of a net increase of $116.0 million in deposits, a net increase of $9.0 million in borrowings, and $5.6 million from the sale of shares in a private offering.

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, 2014, December 31, 2013 and December 31, 2012, the loan-to-deposit ratios at FFB were 108.4%, 110.4%, and 112.4%, respectively.

Off-Balance Sheet Arrangements

The following table provides the off-balance sheet arrangements of the Company as of March 31, 2014:

(dollars in thousands)		
Commitments to fund new loans	$	27,660
Commitments to fund under existing loans, lines of credit		98,809
Commitments under standby letters of credit		1,327

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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, 2014, 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.

Asset and Liability Management: Interest Rate Risk

Interest rate risk is inherent in financial services businesses. Management of interest-earning assets and interest-bearing liabilities in terms of rate and maturity has an important effect on our liquidity and net interest margin. Interest rate risk results from interest-earning assets and interest-bearing liabilities maturing or repricing at different times, on a different basis or in unequal amounts. The Board of Directors of FFB approves policies and limits governing the management of interest rate risk. The asset / liability committee formed by these policies is responsible for monitoring our interest rate risk and providing periodic reports to the Board of Directors regarding our compliance with these policies and limits. We have established three primary measurement processes to quantify and manage our interest rate risk. These include: (i) gap analysis which measures the repricing mismatches of asset and liability cash flows; (ii) net interest income simulations which are used to measure the impact of instantaneous changes in interest rates on net interest income over a 12 month forecast period; and (iii) economic value of equity calculations which measure the sensitivity of our economic value of equity to simultaneous changes in interest rates.

Gap Analysis. Under this analysis, rate sensitivity is measured by the extent to which our interest-earning assets and interest-bearing liabilities reprice or mature at different times. Rate sensitivity gaps in which the repricing of interest-earning assets exceed the repricing of interest-bearing liabilities tend to produce an expanded net yield on interest-earning assets in rising interest rate environments and a reduced net yield on interest-earning assets in declining interest rate environments. Conversely, when the repricing of interest-bearing liabilities exceed the repricing of interest-earning assets, the net yield on interest-earning assets generally declines in rising interest rate environments and increases in declining interest rate environments. The following table sets forth the interest-earning assets and interest-bearing liabilities on the basis of when they reprice or mature as of December 31, 2013:

(dollars in thousands)	Less than 1 year	From 1 to 3 Years	From 3 to 5 Years	Over 5 Years	Total
Interest-earnings assets:					
Cash equivalents	$ 56,954	$ -	$ -	$ -	$ 56,954
Securities, FHLB stock	12,233	9,102	7,573	39,592	68,500
Loans	151,521	143,593	289,987	318,688	903,789
Interest-bearing liabilities:					
Deposits:					
Interest-bearing checking	(217,129)	-	-	-	(217,129)
Money market and savings	(121,260)	-	-	-	(121,260)
Certificates of deposit	(221,414)	(24,452)	-	-	(245,866)
Borrowings	(141,063)	-	-	-	(141,063)
Net: Current Period	$ (480,158)	$ 128,243	$ 297,560	$ 358,280	$ 303,925

Net: Cumulative	$ (480,158)	$ (351,915)	$ (54,355)	$ 303,925

The cumulative positive total of $304.0 million reflects the funding provided by noninterest-bearing deposits and equity. Because we had a $480.2 million net negative position at December 31, 2013 for the repricing period of less than one year, the result of this analysis indicate that we would be adversely impacted by a short term increase in interest rates and would benefit from a short term decrease in interest rates.

However, the extent to which our net interest margin will be impacted by changes in prevailing interest rates will depend on a number of factors, including how quickly interest-earning assets and interest-bearing liabilities react to interest rate changes. It is not uncommon for rates on certain assets or liabilities to lag behind changes in the market rates of interest. Additionally, prepayments of loans and early withdrawals of certificates of deposit could cause

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interest sensitivities to vary. As a result, the relationship or gap between interest-earning assets and interest-bearing liabilities, as shown in the above table, is only a general indicator of interest rate sensitivity and the effect of changing rates of interest on our net interest income is likely to be different from that predicted solely on the basis of the interest rate sensitivity analysis set forth in the above table.

For our loan portfolio, we also measure our interest rate sensitivity using duration analysis. The duration number is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates and is derived through a calculation involving present value, yield, coupon, final maturity and call features. The larger a duration number is, the greater the interest-rate risk exists. The duration of our loan portfolio was as 3.363 years as of December 31, 2013 as compared to 3.159 years as of December 31, 2012.

Net Interest Income Simulations (or NII). Under this analysis, we use a simulation model to measure and evaluate potential changes in our net interest income resulting from changes in interest rates. This model measures the impact of instantaneous shocks of 100, 200, 300 and 400 basis points on our net interest income over a 12 month forecast period. The computed changes to our net interest income between hypothetical rising and declining rate scenarios for the twelve month period beginning December 31, 2013 are as follows:

Assumed Instantaneous Change in Interest Rates	Estimated Increase (Decrease) in Net Interest Income
+ 100 basis points	(6.12) %
+ 200 basis points	(11.06) %
+ 300 basis points	(15.84) %
+ 400 basis points	(20.22) %
- 100 basis points	0.99 %
- 200 basis points	0.80 %

We did not include scenarios below the minus 200 basis point scenario because we believe those scenarios are not meaningful based on current interest rate levels. The NII results indicate that we would be adversely impacted by a short term increase in interest rates and would benefit from a short term decrease in interest rates. The results of the NII are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. These could include non-parallel yield curve shifts, changes in market interest rate spreads and the actual reaction to changes in interest rate levels of interest-earning assets and interest-bearing liabilities. It is not uncommon for rates on certain assets or liabilities to lag behind changes in the market rates of interest. Additionally, prepayments of loans and early withdrawals of certificates of deposit could cause interest sensitivities to vary.

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Economic Value of Equity Calculations (or EVE). The EVE measures the sensitivity of our market value equity to simultaneous changes in interest rates. EVE is derived by subtracting the economic value of FFB s liabilities from the economic value of its assets, assuming current and hypothetical interest rate environments. EVE is based on all of the future cash flows expected to be generated by the FFB s current balance sheet, discounted to derive the economic value of FFB s assets & liabilities. These cash flows may change depending on the assumed interest rate environment and the resulting changes in other assumptions, such as prepayment speeds. The computed changes to our economic value of equity between hypothetical rising and declining rate scenarios as of December 31, 2013 are as follows:

Assumed Simultaneous Change in Interest Rates	Estimated Increase (Decrease) in Economic Value of Equity
+ 100 basis points	(8.3) %
+ 200 basis points	(17.9) %
+ 300 basis points	(17.2) %
+ 400 basis points	(14.7) %
- 100 basis points	(12.4) %
- 200 basis points	(19.3) %

We did not include scenarios below the minus 200 basis point scenario because we believe those scenarios are not meaningful based on current interest rate levels. The EVE results indicate that we would be adversely impacted by a short term increase in interest rates and a short term decrease in interest rates. This differs from the NII results because, in the current interest rate environment, assumed interest rate floors for loans eliminates the benefit normally derived for loans in a declining interest rate environment. The results of the EVE are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. These could include non-parallel yield curve shifts, changes in market interest rate spreads and the actual reaction to changes in interest rate levels of interest-earning assets and interest-bearing liabilities. It is not uncommon for rates on certain assets or liabilities to lag behind changes in the market rates of interest. Additionally, prepayments of loans and early withdrawals of certificates of deposit could cause interest sensitivities to vary.

The results of these analyses and simulations do not contemplate all of the actions that we may undertake in response to changes in interest rates. In response to actual or anticipated changes in interest rates, we have various alternatives for managing and reducing FFB s exposure to interest rate risk, such as entering into hedges and obtaining long-term fixed rate FHLB advances. To date, we have not entered into any hedges or other derivative instruments for this or any other purpose and it is our policy not to use derivatives or other financial instruments for trading or other speculative purposes.

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

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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:

(dollars in thousands)	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
FFI						
March 31, 2014						
Tier 1 leverage ratio	$ 86,933	8.22%	$ 42,278	4.00%		
Tier 1 risk-based capital ratio	86,933	12.40%	28,039	4.00%		
Total risk-based capital ratio	95,717	13.65%	56,078	8.00%		
December 31, 2013						
Tier 1 leverage ratio	$ 85,268	8.67%	$ 39,321	4.00%		
Tier 1 risk-based capital ratio	85,268	13.04%	26,150	4.00%		
Total risk-based capital ratio	93,465	14.30%	52,300	8.00%		
December 31, 2012						
Tier 1 leverage ratio	$ 72,909	9.19%	$ 31,730	4.00%		
Tier 1 risk-based capital ratio	72,909	13.60%	21,446	4.00%		
Total risk-based capital ratio	79,636	14.85%	42,891	8.00%		
FFB						
March 31, 2014						
Tier 1 leverage ratio	$ 96,512	9.17%	$ 42,100	4.00%	$ 52,625	5.00%
Tier 1 risk-based capital ratio	96,512	13.66%	28,263	4.00%	42,394	6.00%
Total risk-based capital ratio	105,365	14.91%	56,526	8.00%	70,657	10.00%
December 31, 2013						
Tier 1 leverage ratio	$ 84,243	8.61%	$ 39,115	4.00%	$ 48,894	5.00%
Tier 1 risk-based capital ratio	84,243	12.95%	26,017	4.00%	39,025	6.00%
Total risk-based capital ratio	92,399	14.21%	52,034	8.00%	65,042	10.00%
December 31, 2012						
Tier 1 (core) capital ratio	$ 67,515	8.56%	$ 31,563	4.00%	$ 39,454	5.00%
Tier 1 risk-based capital ratio	67,515	12.68%	21,292	4.00%	31,939	6.00%
Total risk-based capital ratio	74,194	13.94%	42,585	8.00%	53,231	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. As a condition of approval of the DCB Acquisition by the FDIC, FFB is required to maintain a Tier 1 Leverage Ratio of 8.5% through August 15, 2014.

As of March 31, 2014 the amount of capital at FFB in excess of amounts required to be Well Capitalized was $43.9 million for the Tier 1 Leverage Ratio, $54.1 million for the Tier 1 risk-based capital ratio and $34.7 million for the Total risk-based capital ratio. No conditions or events have occurred since March 31, 2014 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 2014, FFI made a $10.0 million capital contribution to FFB. During 2013 and 2012, FFI made capital contributions to FFB of $8.5 million and $5.3 million, respectively. As of March 31, 2014, FFI had $11.1 million of available capital and, therefore, has the ability and financial resources to contribute additional capital to FFB, if needed.

Due to the adoption in June 2013 of the Basel III capital guidelines by the FRB and the FDIC, effective beginning on January 1, 2015, FFI and FFB will be required to meet higher and more stringent capital requirements than those that currently exist. For additional information regarding the Basel III capital rules, see Supervision and Regulation First Foundation Bank *New Basel III Capital Rules* elsewhere in this prospectus.

In 2007, we raised $32.0 million in a private placement. Subsequently, we raised $4.8 million, $8.8 million, $6.2 million and $5.7 million in private placements begun in 2008, 2010, 2012 and 2013, respectively.

We did not pay dividends in 2014, 2013 or 2012 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. For additional information regarding these restrictions, see the section of this prospectus entitled Supervision and Regulation Dividends. included elsewhere in this prospectus. In addition, the agreement governing the term loan obtained by FFI in April 2013 provides that we must obtain the prior consent of the lender to pay dividends to our shareholders.

We had no material commitments for capital expenditures as of March 31, 2014.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age and position with the Company of each of the persons who we expect will serve as directors and executive officers upon completion of the offering. The business address for all of these individuals is 18101 Von Karman Avenue, Suite 700, Irvine, California 92612.

Name	Age	Position
Ulrich Keller, Jr., CFP	57	Executive Chairman and Director
Scott Kavanaugh	53	Director, Vice Chairman of the Board and Chief Executive Officer
John Hakopian	45	President of FFA and Director
James Brakke(1)	72	Director
Max Briggs, CFP(2)(3)	48	Director
Victoria Collins, Ph.D., CFP	71	Director
Warren Fix(2)	75	Director
Gerald Larsen, J.D., LL.M., CFP, CPA(1)(2)	65	Director
Mitchell Rosenberg, Ph.D.(1)(3)	60	Director
Jacob Sonenshine, J.D., CFA(3)	43	Director
John Michel	54	Executive Vice President and Chief Financial Officer
David Rahn	65	President of FFB

(1) Member of the compensation committee.
(2) Member of the audit committee.
(3) Member of the nominating and corporate governance committee.

Set forth below is a biographical summary of the experience of the members of our Board of Directors and our executive officers.

Directors

Ulrich Keller, Jr., CFP. Mr. Keller is one of the founders of the Company and currently is the Executive Chairman of FFI and FFA. Mr. Keller served as Chief Executive Officer (or CEO) of FFA from 1990, when it began operations as a fee-based investment advisor, until December 2009, at which time he became its Executive Chairman. In 2007, Mr. Keller became the Executive Chairman of FFI and from June 2007 until December 2009 he also served as the CEO of FFI. Mr. Keller earned a Bachelor of Science degree in Finance from San Diego State University. Mr. Keller currently serves as a trustee of the University of California, Irvine (or UCI) Foundation, as a