

First Foundation Inc.  
Form 10-Q  
November 13, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2014

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-55090

FIRST FOUNDATION INC.

(Exact name of Registrant as specified in its charter)

California  
(State or other jurisdiction  
of incorporation or organization)

20-8639702  
(I.R.S. Employer  
Identification Number)

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

92612  
(Zip Code)

(949) 202-4160

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

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

7,736,736 shares of Common Stock, par value \$0.001 per share, as of November 1, 2014

FIRST FOUNDATION INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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(i)

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## PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS  
FIRST FOUNDATION INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	September 30, 2014 (unaudited)	December 31, 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$28,842	\$56,954
Securities available-for-sale (“AFS”)	134,760	59,111
Loans, net of deferred fees	1,101,775	903,645
Allowance for loan and lease losses (“ALLL”)	(10,150 )	(9,915 )
Net loans	1,091,625	893,730
Premises and equipment, net	2,452	3,249
Investment in FHLB stock	9,776	6,721
Deferred taxes	10,639	12,052
Real estate owned (“REO”)	334	375
Other assets	6,085	5,168
Total Assets	\$1,284,513	\$1,037,360
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>		
Liabilities:		
Deposits	\$951,164	\$802,037
Borrowings	228,682	141,063
Accounts payable and other liabilities	10,807	7,498
Total Liabilities	1,190,653	950,598
Commitments and contingencies	-	-
Shareholders’ Equity	8	8

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Common Stock, par value \$.001: 20,000,000 shares authorized; 7,736,736 and 7,733,514 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively

Additional paid-in-capital	76,721		76,334	
Retained earnings	17,378		11,990	
Accumulated other comprehensive income (loss), net of tax	(247	)	(1,570	)
Total Shareholders' Equity	93,860		86,762	
Total Liabilities and Shareholders' Equity	\$1,284,513		\$1,037,360	

(See accompanying notes to the consolidated financial statements)

## FIRST FOUNDATION INC.

## CONSOLIDATED INCOME STATEMENTS - UNAUDITED

(In thousands, except share and per share amounts)

	Quarter Ended		Nine Months Ended	
	September 30, 2014	2013	September 30, 2014	2013
Interest income:				
Loans	\$ 11,404	\$ 9,108	\$ 31,735	\$ 28,111
Securities AFS	799	304	1,741	480
Fed funds sold, FHLB stock and deposits	181	112	514	287
Total interest income	12,384	9,524	33,990	28,878
Interest expense:				
Deposits	953	781	2,595	2,328
Borrowings	284	105	682	232
Total interest expense	1,237	886	3,277	2,560
Net interest income	11,147	8,638	30,713	26,318
Provision for loan losses	-	445	235	1,753
Net interest income after provision for loan losses	11,147	8,193	30,478	24,565
Noninterest income:				
Asset management, consulting and other fees	6,309	4,597	17,388	13,508
Other income	428	491	1,316	1,323
Total noninterest income	6,737	5,088	18,704	14,831
Noninterest expense:				
Compensation and benefits	8,764	7,172	25,278	21,437
Occupancy and depreciation	1,867	1,870	5,499	4,712
Professional services and marketing costs	1,192	982	4,540	3,013
Other expenses	1,272	914	4,195	3,197
Total noninterest expense	13,095	10,938	39,512	32,359
Income before taxes on income	4,789	2,343	9,670	7,037
Taxes on income	2,130	890	4,282	2,674
Net income	\$ 2,659	\$ 1,453	\$ 5,388	\$ 4,363
Net income per share:				
Basic	\$ 0.34	\$ 0.20	\$ 0.70	\$ 0.59
Diluted	0.32	0.19	0.66	0.57

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Shares used to compute net income per share:

Basic	7,735,350	7,414,527	7,734,372	7,402,044
Diluted	8,240,424	7,756,475	8,188,633	7,708,028

(See accompanying notes to the consolidated financial statements)

FIRST FOUNDATION INC.

CONSOLIDATED STATEMENTS OF

COMPREHENSIVE INCOME - UNAUDITED

(In thousands)