

## FIRST FOUNDATION INC.

### CHARTER OF THE AUDIT COMMITTEE

#### I. Purpose

The purpose of the Audit Committee (the “*Committee*” or “*Audit Committee*”) of the Board of Directors (the “*Board*”) of First Foundation Inc. (the “*Company*”) is to assist the Board in fulfilling its oversight responsibilities regarding the Company’s accounting and system of internal controls, the quality and integrity of the Company’s financial reports and the independence and performance of the Company’s outside auditor. The Committee’s principal functions are to:

- Provide oversight of the integrity of the financial statements of the Company and its subsidiaries, including the financial reporting processes and systems of internal controls regarding finance, accounting, legal and regulatory compliance;
- Provide oversight of the independence, qualifications and performance of the Company’s independent auditors and internal audit function; and
- Monitor the open communication among the independent auditor, management, the internal audit function and the Board.

#### II. Membership

**A. Appointment of Committee Members.** The Committee shall consist of at least three members of the Board. The members of the Committee shall be appointed by and serve at the discretion of the Board. The Chairman of the Committee also shall be appointed by the Board. Committee members may be removed, without cause, by the affirmative vote of the majority of the Board of Directors at any time. Any Committee member may resign effective upon giving oral or written notice to the Chairman of the Board, the Corporate Secretary or the full Board of Directors (unless the notice specifies a later time for the effectiveness of such resignation). Vacancies occurring on the Committee shall be filled by the Board.

**B. Independence Requirements.** Each member of the Committee shall (1) be an “independent director” as defined under the listing standards of the NASDAQ Stock Market (“*NASDAQ*”), (2) satisfy the independence requirements applicable to the Committee members set forth in the rules and regulations promulgated by the Securities and Exchange Commission (the “*SEC*”), (3) not have participated in the preparation of the financial statements of the Company at any time during the past five years, (4) be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member, and (5) meet any other requirements imposed by applicable laws, rules, regulations or NASDAQ listing standards, subject to any applicable exemptions and transition provisions.

**C. Additional Audit Committee Membership Requirements.** Each member of the Committee shall be able to read and understand financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the

Committee shall have prior experience in accounting, financial management, financial oversight, requisite professional certification in accounting, or any other comparable experience or background, and qualify as a “financial expert” as defined under the rules promulgated by the SEC. No member may be a member of more than three public company audit committees (including this Committee), unless the Board has determined that doing so will not impair the member’s ability to serve effectively on this Committee, which determination is properly disclosed in the Company’s annual proxy statement.

If a joint Audit Committee structure is in place, one of the three members set forth above can be a Director of First Foundation Bank that meets the independence requirements outlined above. This First Foundation Bank Director will be authorized to vote on matters relating to the Company and will be considered a member for purposes of determining if a quorum exists.

### **III. Responsibilities and Authority**

The following are general guidelines establishing the responsibilities and authority of the Committee. This list is not intended to be exhaustive and, subject to the approval of the Board, the Committee may modify the list as appropriate, establishing policies and procedures as required or recommended to meet its purposes and carry out its principal functions.

#### **A. Selection, Performance and Independence of Independent Auditors**

The Committee shall:

1. Be directly responsible for the selection, retention, compensation and termination of the Company’s independent auditors, which are engaged for the purpose of preparing and issuing an audit report, and performing other audit, review or attest services for the Company. The independent auditors will report directly to the Committee.
2. Be directly responsible for oversight of the work of the independent auditors, including resolution of any disagreements between management and the independent auditors regarding financial reporting.
3. Evaluate the independent auditors’ qualifications, performance and independence. The Committee shall assure the regular rotation of the audit partners as required under the rules promulgated by the SEC.
4. Review and assess the continuing independence of the Company’s independent auditors in compliance with applicable laws, rules, regulations, NASDAQ listing requirements and accounting guidance. In this regard, the Committee shall (a) receive from the outside auditors a formal written statement delineating all relationships between the auditors and the Company, in accordance with the rules and regulations of the Public Company Accounting Oversight Board, (b) actively engage in dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors, and (c) take, or recommend that the full Board take, appropriate action to oversee the independence of the outside auditors.

5. Approve the fees and other compensation to be paid to the independent auditors, and pre-approve all audit and non-audit related services of the independent auditors permitted by applicable laws, rules, regulations and NASDAQ listing standards. The Committee may establish pre-approval policies and procedures, as permitted by applicable laws, rules, regulations and NASDAQ listing standards, for the engagement of the independent auditors to render services to the Company, including, without limitation, policies that would allow the delegation of pre-approval authority to one or more members of the Committee. However, any such services that are so pre-approved must be reported to the full Committee at the next meeting.

## **B. Financial Statements and Disclosures**

The Committee shall:

1. Review and discuss the Company's overall audit plan (both internal and external) with the independent auditors, management and any internal audit function that the Company may have that is responsible for preparing the Company's financial statements.

2. Review and discuss with management the Company's quarterly and annual financial statements and any report or opinion by the independent auditors, prior to distribution to the public or filing with the SEC.

3. Discuss any items required to be communicated by the independent auditors in accordance with the applicable auditing guidance. These discussions should include, among other things, the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the Company's financial statements and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

4. Discuss with management and the independent auditors any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.

5. Recommend to the Board whether the annual financial statements should be included in the Company's Annual Report on Form 10-K.

6. Prepare the report of the Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

7. Review and discuss with management earnings press releases and whether and to what extent earnings guidance and similar information shall be disclosed publicly by the Company.

8. Review and discuss with management and the independent auditors, prior to the filing of the Company's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K:

- The Company’s financial statements and the Company’s related disclosures under “Management’s Discussion and Analysis of the Financial Condition and Results of Operations”;
  - Such issues as may be brought to the Committee’s attention by the independent auditors; and
  - Any significant financial reporting issues that have arisen in connection with the preparation of the Company’s financial statements during the relevant period.
9. Review and discuss the following:
- Adequacy of the Company’s accounting and financial reporting process and systems of internal controls;
  - Any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting; and
  - Any fraud involving management or any employee of the Company with a significant role in the Company’s internal controls over financial reporting that is disclosed to the Committee by the Company’s Chief Executive Officer or Chief Financial Officer.

**C. Internal Controls**

The Committee shall:

1. Obtain and review, at least annually, a report by the independent auditors describing:
- The firm’s internal quality control procedures;
  - Any material issues raised by the most recent internal quality control review of the firm or by any inquiry or investigation by governmental or professional authorities respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and
  - All relationships between the independent auditors and the Company that may bear on the independence of the independent auditors.
2. Discuss any comments or recommendations of the independent auditors outlined in their annual management letter or internal control reports.
3. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and review any such

complaints and submissions that have been received, including the current status and the resolution if one has been reached.

4. Periodically consult with the independent auditors (without the presence of management) about internal controls, the completeness and accuracy of the Company's financial statements and any other matters that the Committee believes should be discussed with the Committee.

#### **D. Risk Management and Assessment**

Review and discuss with management and, as appropriate, the independent auditors the Company's risk management and risk assessment guidelines and policies related to the Company's accounting and financial risk exposures and the steps taken by management to monitor and control these exposures.

#### **E. Annual Review of Charter**

The Committee shall review and assess the adequacy of this Charter at least annually and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.

#### **F. Additional Audit Committee Authority**

The Committee is authorized, on behalf of the Board, to do any of the following, as the Committee deems necessary or appropriate in its discretion:

1. Review the Committee's composition and performance on an annual basis.
2. Review on a regular basis the status of any pending or threatened legal matters that could have a significant impact on the Company's financial statements.
3. Review (a) the fairness of and make decisions regarding any proposed transaction between the Company and any related persons, that are brought to the attention of the Committee, in accordance with the Company's Related Party Transaction Policy, and (b) any conflicts of interest arising under the Company's Code of Business and Ethical Conduct, applicable to all Company officers and employees and, subject to certain exceptions, to the Company's directors, and make any decisions regarding any such conflicts.
4. Form and delegate authority to subcommittees consisting of one or more of its members as the Committee deems appropriate to carry out its responsibilities and exercise its powers; provided that the Committee will ultimately be responsible for the decisions made and actions taken by any such subcommittee.
5. Engage such independent legal and other advisors as it deems necessary or advisable to carry out its responsibilities and powers, and determine the compensation or fees payable to such counsel or other advisors.

6. Rely upon advice and information that it receives in its discussions and communications with management, the independent auditors and such advisors as may be engaged by the Committee.

7. Request that any officer or employee of the Company, the Company's independent legal counsel, the Company's independent auditors, or any other advisor retained by the Company to render advice to the Company, attend a meeting of the Committee, or meet with any members of or advisors to the Committee.

8. Perform other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws (each as amended and in effect from time to time), and applicable laws, rules, regulations or NASDAQ listing standards as the Committee or the Board deems necessary or appropriate.

9. Have the authority to direct and supervise any investigation into any matters within the scope of the Committee's responsibilities and, in connection therewith, to have access to Company personnel and documents relevant to any such investigation.

10. Incur such expenses as are necessary or appropriate in carrying out its duties.

11. Perform such other functions as may be requested by the Board from time to time.

12. With respect to any authority or responsibilities granted to the Committee by this Charter, in lieu of making a final determination with respect thereto, make a recommendation to the full Board for its final approval thereof.

#### **IV. Meetings and Procedures**

The Committee will meet at least once per quarter or more frequently, as deemed appropriate by the Committee or its Chairman. The Committee will regularly report to the Board on significant matters related to the Committee's responsibilities and as requested by the Board with respect to other matters. A quorum of the Committee for the transaction of business will be a majority of its members. Meetings may be held telephonically or by video conferencing. The Committee may also act by unanimous written consent in lieu of a meeting, including through electronic communications as permitted under the Company's Bylaws. The Committee will maintain written minutes of its meetings and will make such minutes available to the Board.

#### **V. Limitations on Audit Committee Responsibilities**

Notwithstanding the responsibilities and powers of the Committee set forth in this Charter, the Committee does not have the responsibility of planning or conducting audits of the Company's financial statements or determining whether the Company's financial statements are complete, accurate or prepared in accordance with Generally Accepted Accounting Principles. Such responsibilities are those of management and, to the extent of the independent auditors' responsibilities, those of the independent auditors. Each member of the Committee is entitled to rely on the integrity of those persons and organizations within and outside the Company that

provides information to the Committee and the accuracy and completeness of the financial and other information provided to the Committee by such persons and organizations absent actual knowledge to the contrary. In addition, the members of the Committee are not independent auditors and the term “review” as used in this Charter is not intended to be interpreted to suggest that the members of the Committee can or should follow the procedures required of auditors performing a review of financial statements.