

The recent events in the financial and credit markets have been unsettling.

The federal takeover of Fannie Mae, Freddie Mac, WaMu and AIG and the bankruptcy filings and forced sales of some of the largest investment banks underscore the severity in the capital markets.

Poor credit decisions combined with extreme leverage have jeopardized institutions that were once thought to be pillars in the industry and too big to fail.

No longer is size or age relevant to the solvency of a financial institution.

Capital adequacy and strong underwriting remain fundamental principles to sound banking.

First Foundation Bank celebrated its one year anniversary on October 1. We remain unaffected by the recent turbulence in the larger capital markets.

- As of September 30, 2008 the bank had \$60 million in loans and \$50 million in deposits.
- Our Tier-one capital ratio was approximately 31.6%, which is more than six times the required level for “well-capitalized” banks. Because we are new and have maintained our focus on our core business plan and the strength of management we have a conservative loan portfolio with no delinquencies or defaults.
- Our real estate portfolio, which is largely represented by multifamily loans, has an average loan-to-value ratio of 52.06%.
- The comparison table on page 2 shows 2nd quarter Tier-one capital ratios of selected Orange County banks based upon FFIEC call reports and SEC filings.

First Foundation Bank is very well capitalized, and our strong capital position allows us to seek opportunities.

Our approach to the market, which emphasizes relationship banking with a comprehensive knowledge of our clients, continues to serve us well. As some of the larger financial institutions continue to be absorbed into other financial institutions, we believe customer service will be forsaken.

Because we emphasize our private banking and truly believe clients deserve to have a bank that will be there for you, we believe we are poised to be successful for years to come.

We sincerely appreciate the opportunity to work with you.

Tier 1 Leverage (Core Capital) Ratio

As of June 30, 2008

