Ben Franklin Financial, Inc.
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Financial Report At and For the Three Months Ended March 31, 2019

Note: This report is intended to be read in conjunction with our Annual Report for the year ended December 31, 2018 which is available on our website. This report is dated March 31, 2019 and should not be read to cover any subsequent periods. We specifically disclaim any obligation to update this report.

This report has not been prepared in accordance with Securities and Exchange Commission rules applicable to public companies and is not intended to comply with such rules.

BEN FRANKLIN FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars in thousands except share data)
(Unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Cash and due from banks	$ 1,024	$ 893
Interest-earning deposit accounts and federal funds sold	10,070	10,611
Cash and cash equivalents	11,094	11,504
Securities available-for-sale	5,571	5,559
Loans receivable, net of allowance for loan losses of $876 at March 31, 2019 and $871 at December 31, 2018	72,619	74,535
Federal Home Loan Bank stock	212	212
Premises and equipment, net	2,011	856
Repossessed assets	1,239	1,239
Accrued interest receivable	249	225
Other assets	177	136
Total assets	$ 93,172	$ 94,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	$ 4,887	$ 5,337
Interest bearing	68,096	69,559
Total deposits	72,983	74,896
Federal Home Loan Bank Advances	7,000	7,000
Advances from borrowers for taxes and insurance	433	726
Other liabilities	1,548	370
Total liabilities	81,964	82,992
Stockholders' equity		
Preferred stock, no par value; authorized 1,000,000 no shares issued and outstanding March 31, 2019 and December 31, 2018		
Common stock, par value $0.01 per share; authorized 30,000,000 shares issued and outstanding, - 1,307,195 shares at March 31, 2019 and December 31, 2018	13	13
Additional paid-in-capital	14,494	14,481
Retained deficit	(2,889)	(2,752)
Unearned Employee Stock Ownership Plan (ESOP) shares	(355)	(371)
Accumulated other comprehensive income	(55)	(97)
Total equity	11,208	11,274
Total liabilities and stockholders' equity	$ 93,172	$ 94,266

BEN FRANKLIN FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Interest income		
Loans	$ 968	$ 990
Securities	21	21
Federal funds sold and interest earning deposit accounts	53	67
	1,042	1,078
Interest expense		
Deposits	147	167
Federal Home Loan Bank advances	39	18
	186	185
Net interest income	856	893
Provision for loan losses	-	17
Net interest income after provision for loan losses	856	876
Non-interest income		
Service fee income	12	13
Other	10	4
	22	17
Non-interest expense		
Compensation and employee benefits	500	496
Occupancy and equipment	179	175
Data processing	78	77
Professional fees	143	100
FDIC insurance premiums	-	41
Repossessed asset expenses, net	16	11
Other	99	94
	1,015	994
Loss before income taxes	(137)	(101)
Income tax	-	-
Net loss	$ (137)	$ (101)
Weighted average common shares outstanding	1,680,315	1,079,674
Loss per common share, basis and diluted	(0.08)	(0.09)

	For the Three Months Ended March 31, 2019	2018
Selected Financial Ratios:		
Performance Ratios [1]:		
Return on assets (ratio of net loss to average total assets)	(0.60)%	(0.40)%
Return on equity (ratio of net loss to average equity)	(4.88)%	(4.00)%
Interest rate spread [2]	3.73%	3.48%
Net interest margin [3]	3.88%	3.60%
Efficiency ratio [4]	115.60%	109.11%
Non-interest expense to average total assets	4.40%	3.88%
Average interest-earning assets to average interest-bearing liabilities	118.55%	115.78%
Loans to deposits	100.70%	91.80%
Average equity to average total assets	12.17%	9.79%

	At March 31 2019	At December 31 2018
Asset Quality Ratios:		
Non-performing loans to gross loans	0.00%	0.00%
Non-performing assets to total assets	1.36%	1.34%
Allowance for loan losses to non-performing loans	3,650.00%	3,110.71%
Allowance for loan losses to total loans	1.19%	1.16%
Capital Ratios:		
Equity to total assets at end of period	12.03%	11.96%
Total capital (to risk-weighted assets) [5]	16.81%	16.76%
Common equity Tier I capital (to risk-weighted assets) [5]	15.56%	15.51%
Tier I capital (to risk-weighted assets) [5]	15.56%	15.51%
Tier I capital (to total adjusted assets) [5]	11.10%	11.17%

(1) All ratios are expressed as percentages.
(2) The interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities for the period.
(3) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.
(4) The efficiency ratio represents noninterest expense divided by the sum of net interest income and noninterest income excluding net gains (losses) on the sale of other assets.
(5) Capital ratios are for Ben Franklin Bank only.

On February 5, 2019, the Office of the Comptroller of the Currency (OCC) terminated the consent order that the Bank was subject to and entered into a formal agreement (the “Formal Agreement”) with the Bank covering strategic planning, capital planning, reporting and corporate governance. With the termination of the consent order, the Bank is no longer subject to certain restrictions on the rates it could pay for new and renewed deposits. While subject to the consent order, the Bank could not accept new deposits, or renew or rollover existing deposits, with rates more than 75 basis points above the national deposit rate published by the FDIC.

Total assets for the Company at March 31, 2019 were $93.2 million, a decrease of $1.1 million or 1.2% compared to the balance at December 31, 2018 primarily due to the $1.9 million decrease in our loan portfolio balance and the $410,000 decrease in our cash and interest earning cash, partially offset by the $1.2 million increase in fixed assets. The increase in fixed asset was primarily due to the adoption in January 2019 of ASU 2016-02 Leases. Our deposit balances decreased $1.9 million primarily due to the $2.5 million decrease in the balance of our checking, savings, and money market accounts, partially offset by the $614,000 increase in our certificate of deposit accounts. Our other liabilities increased $1.2 million primarily due to the adoption of ASU 2016-02 Leases, which required that all leases, with the exception of short-term leases that have contractual terms no greater than one year, be recorded on the balance sheet.

Our net loss for the three months ended March 31, 2019 was $137,000 compared to the net loss of $101,000 for the three months ended March 31, 2018. The increase in our net loss was primarily due to the $37,000 decrease in our net interest income and the $21,000 increase in our non-interest expense, partially offset by the $17,000 decrease in our provision for loan losses and the $5,000 increase in our non-interest income.

The decrease in our net interest income was due to the $22,000 decrease in our interest income from loans and the $14,000 decrease in our interest income from interest earning deposits. The average balance of our loan portfolio and interest earning cash decreased $1.3 million and $9.7 million respectively, for the three months ended March 31, 2019 compared to the prior year period, Our net interest margin was 3.88% for the three months ended March 31, 2019 compared to 3.60% for the prior year period.

Our non-interest expense increased $21,000 or 2.1% for the three months ended March 31, 2019 compared to the prior year period. Our professional fees increased $43,000 primarily due to the increase in legal fees. Our FDIC insurance premium decreased $41,000 primarily due to adjustments related to the change in our assessment rate. Our other expense increased $5,000 primarily due to the $13,000 increase in our provision for off-balance sheet commitments.

For a discussion of risks that may affect our financial condition and results of operations, see the factors discussed in our annual report for the year ended December 31, 2018, under the heading “Forward-Looking Statements”. These and other risk factors not presently known to us, or that we currently deem immaterial, could adversely affect our future results and prevent us from successfully implementing our strategic growth plan.