Ben Franklin Financial, Inc.
830 E. Kensington Road
Arlington Heights, IL 60004
(847) 398-0990

Financial Report At and For the Six Months Ended June 30, 2018

Note: This report is intended to be read in conjunction with our Annual Report for the year ended December 31, 2017. This report is dated June 30, 2018 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)

	June 30, 2018	December 31, 2017
ASSETS		
Cash and due from banks	$ 789	$ 924
Interest-earning deposit accounts and federal funds sold	13,011	17,043
Cash and cash equivalents	13,800	17,967
Certificates of deposit in other financial institutions	-	245
Securities available-for-sale	5,590	5,691
Loans receivable, net of allowance for loan losses of $913 at June 30, 2018 and $954 at December 31, 2017	75,207	74,910
Federal Home Loan Bank stock	212	188
Premises and equipment, net	937	1,019
Repossessed assets	1,254	714
Accrued interest receivable	215	236
Other assets	173	196
Total assets	$ 97,388	$ 101,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	$ 4,894	$ 5,308
Interest bearing	76,189	83,516
Total deposits	81,083	88,824
Federal Home Loan Bank Advances	4,000	4,000
Advances from borrowers for taxes and insurance	661	641
Other liabilities	325	369
Total liabilities	86,069	93,834
Stockholders' equity		
Preferred stock, no par value; authorized 1,000,000 no shares issued and outstanding June 30, 2018 and December 31, 2017		
Common stock, par value $0.01 per share; authorized 30,000,000 shares issued and outstanding, - 1,309,726 shares at June 30, 2018 and - 709,726 shares at December 31, 2017	13	7
Additional paid-in-capital	14,474	10,317
Retained deficit	(2,629)	(2,446)
Unearned Employee Stock Ownership Plan (ESOP) shares	(403)	(435)
Accumulated other comprehensive income	(136)	(111)
Total equity	11,319	7,332
Total liabilities and stockholders' equity	$ 97,388	$ 101,166

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

	Three Months Ended June 30,		Six Months Ended June 31,	
	2018	2017	2018	2017
Interest income				
Loans	$ 992	$ 867	$ 1,982	$ 1,665
Securities	21	29	42	62
Federal funds sold and interest earning deposit accounts	52	22	119	43
	1,065	918	2,143	1,770
Interest expense				
Deposits	159	110	326	205
Federal Home Loan Bank advances	17	9	35	18
	176	119	361	223
Net interest income	889	799	1,782	1,547
Provision (credit) for loan losses	(65)	48	(48)	110
Net interest income after provision (credit) for loan losses	954	751	1,830	1,437
Non-interest income				
Service fee income	13	16	26	32
Loss on sale of securities available for sale	-	(6)	-	(6)
Gain on sale of repossessed assets	-	3	-	3
Other	11	17	15	29
	24	30	41	58
Non-interest expense				
Compensation and employee benefits	507	513	1,003	1,012
Occupancy and equipment	176	179	351	359
Data processing	75	73	152	149
Professional fees	102	115	202	257
FDIC insurance premiums	34	35	75	68
Repossessed asset expenses, net	69	36	80	57
Other	97	118	191	286
	1,060	1,069	2,054	2,188
Loss before income taxes	(82)	(288)	(183)	(693)
Income tax benefit	-	(31)	-	(43)
Net loss	$ (82)	$ (257)	$ (183)	$ (650)
Weighted average common shares outstanding	1,280,460	672,600	1,180,622	675,224
Loss per common share, basis and diluted	(0.06)	(0.38)	(0.16)	(0.96)

	For the Six Months Ended June 30, 2018	2017
Selected Financial Ratios:		
Performance Ratios [1]:		
Return on assets (ratio of net loss to average total assets)	(0.36)%	(1.46)%
Return on equity (ratio of net loss to average equity)	(3.42)%	(16.48)%
Interest rate spread [2]	3.56%	3.52%
Net interest margin [3]	3.68%	3.60%
Efficiency ratio [4]	112.67%	136.01%
Non-interest expense to average total assets	4.10%	4.90%
Average interest-earning assets to average interest-bearing liabilities	116.48%	114.69%
Loans to deposits	93.88%	92.90%
Average equity to average total assets	10.67%	8.94%

	At June 30 2018	At December 31 2017
Asset Quality Ratios:		
Non-performing loans to gross loans	0.00%	0.71%
Non-performing assets to total assets	1.33%	1.29%
Allowance for loan losses to non-performing loans	2,467.57%	162.52%
Allowance for loan losses to total loans	1.20%	1.26%
Capital Ratios:		
Equity to total assets at end of period	11.62%	7.25%
Total capital (to risk-weighted assets) [5]	16.73%	11.06%
Common equity Tier I capital (to risk-weighted assets) [5]	15.48%	9.81%
Tier I capital (to risk-weighted assets) [5]	15.48%	9.81%
Tier I capital (to total adjusted assets) [5]	10.65%	6.59%

(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 January 31, 2018, Ben Franklin Financial, Inc. (the "Company") entered into securities purchase agreements with various purchasers under which it issued and sold a total of 600,000 shares of its common stock at $7.50 per share. The offering resulted in gross proceeds of $4.5 million, and commissions and other costs associated with the offering totaling $366,000. On January 31, 2018, the Company made a capital contribution to Ben Franklin Bank of Illinois (the "Bank") of $4.0 million to enable the Bank to comply with the capital requirements of the Consent Order (the "Consent Order") with the Office of the Comptroller of the Currency dated November 25, 2015.

The Company deregistered with the Securities and Exchange Commission in February 2018, which is expected to reduce our operating costs beginning in 2018.

Total assets for the Company at June 30, 2018 were $97.4 million, a decrease of $3.8 million or 3.7% compared to the balance at December 31, 2017. The largest changes in assets included the $4.2 million decrease in our cash and cash equivalents, partially offset by the $540,000 increase in the balance of our repossessed assets and the $297,000 increase in our net loan portfolio balance. Our deposit balances decreased $7.7 million or 8.7% primarily due to the $6.9 million decrease in the balance of our certificate of deposit accounts. The decrease in our certificate of deposit accounts was primarily due to the restrictions on interest rates we are allowed to offer on such products as a result of the Consent Order. Because we are not in compliance with the Consent Order, we are prohibited from paying interest rates that are higher than 75 basis points above the national rate published by the FDIC.

Our net loss for the six months ended June 30, 2018 was $183,000 compared to the net loss of $650,000 for the six months ended June 30, 2017. The decrease in our net loss was primarily due to the $235,000 increase in our net interest income, the $158,000 decrease in our provision for loan losses, and the $134,000 decrease in our non-interest expense, partially offset by the $17,000 decrease in our non-interest income.

The increase in our net interest income was primarily due to the $317,000 increase in our interest income from loans as the average balance of our loan portfolio increased $7.0 million for the six months ended June 30, 2018 compared to the prior year period, and from the $48,000 recovery of interest from a foreclosed property transferred to other real estate owned during the first quarter of 2018. The increase in our average loan portfolio was largely due to the $6.4 million increase in the average balance of our multi-family and commercial real estate portfolio and the $952,000 increase in the average balance of our one-to-four family residential loans. Our interest expense increased $138,000 primarily due to the $7.8 million increase in the average balance of our certificate of deposit balances and the 35 basis point increase in the cost of our certificate of deposit accounts for the six months ended June 30, 2018 compared to the prior year period. Our net interest margin was 3.68% for the six months ended June 30, 2018 compared to 3.60% for the prior year period.

Our non-interest expense decreased $134,000 or 6.1% for the six months ended June 30, 2018 compared to the prior year period. Our professional fees decreased $55,000 primarily due to the $29,000 decrease in legal fees and the $16,000 decrease in audit and accounting fees. Other non-interest expense decreased $95,000 primarily due to the $53,000 decrease in problem asset costs and the $25,000 decrease in our provision for off-balance sheet commitments. Repossessed asset costs increased $23,000 primarily due to the $50,000 write down of a repossessed residential property during the six months ended June 30, 2018. 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, 2017, 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.