Ben Franklin Financial, Inc.
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Financial Report At and For the Nine Months Ended September 30, 2019

Note: This report is intended to be read in conjunction with our Annual Report for the year ended December 31, 2018. This report is dated September 30, 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 and per share amounts)
(Unaudited)

	September 30, 2019	December 31, 2018
ASSETS		
Cash and due from banks	$ 1,206	$ 893
Interest-earning deposit accounts and federal funds sold	15,569	10,611
Cash and cash equivalents	16,775	11,504
Securities available-for-sale at fair value	5,547	5,559
Loans receivable, net of allowance for loan losses of $881 at September 30, 2019 and $871 at December 31, 2018	74,032	74,535
Federal Home Loan Bank stock	209	212
Premises and equipment, net	1,790	856
Repossessed assets, net	1,213	1,239
Accrued interest receivable	235	225
Other assets	157	136
Total assets	$ 99,958	$ 94,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	$ 5,795	$ 5,337
Interest bearing	74,556	69,559
Total deposits	80,351	74,896
Federal Home Loan Bank Advances	7,000	7,000
Advances from borrowers for taxes and insurance	466	726
Other liabilities	1,347	370
Total liabilities	89,164	82,992
Stockholders' equity		
Preferred stock, no par value; authorized 1,000,000 no shares issued and outstanding September 30, 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 September 30, 2019 and December 31, 2018	13	13
Additional paid-in-capital	14,522	14,481
Retained deficit	(3,408)	(2,752)
Unearned Employee Stock Ownership Plan (ESOP) shares	(323)	(371)
Accumulated other comprehensive income	(10)	(97)
Total equity	10,794	11,274
Total liabilities and stockholders' equity	$ 99,958	$ 94,266

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Interest income				
Loans	$ 985	$ 981	$ 2,926	$ 2,963
Securities	22	22	65	64
Federal funds sold and interest earning deposit accounts	76	59	197	178
	1,083	1,062	3,188	3,205
Interest expense				
Deposits	239	165	589	491
Federal Home Loan Bank advances	40	18	117	53
	279	183	706	544
Net interest income	804	879	2,482	2,661
Credit for loan losses	-	(30)	(82)	(78)
Net interest income after credit for loan losses	804	909	2,564	2,739
Non-interest income				
Service fee income	13	13	41	39
Other	14	9	36	24
	27	22	77	63
Non-interest expense				
Compensation and employee benefits	505	497	1,508	1,500
Occupancy and equipment	174	171	528	522
Data processing	81	75	240	227
Professional fees	234	74	683	276
FDIC insurance premiums	1	35	13	110
Repossessed asset expenses, net	18	7	75	87
Other	75	99	250	290
	1,088	958	3,297	3,012
Loss before income taxes	(257)	(27)	(656)	(210)
Income tax benefit	-	-	-	-
Net loss	$ (257)	$ (27)	$ (656)	$ (210)
Weighted average common shares outstanding	1,281,897	1,281,256	1,281,111	1,214,535
Loss per common share, basic and diluted	$ (0.20)	S (0.02)	S (0.51)	S (0.17)

	For the Nine Months Ended September 30,	
	2019	2018
Selected Financial Ratios:		
Performance Ratios [(1)]:		
Return on assets (ratio of net loss to average total assets)	(0.91)%	(0.28)%
Return on equity (ratio of net loss to average equity)	(7.87)%	(2.56)%
Interest rate spread [(2)]	3.44%	3.58%
Net interest margin [(3)]	3.62%	3.71%
Efficiency ratio [(4)]	128.84%	110.57%
Non-interest expense to average total assets	4.59%	4.05%
Average interest-earning assets to average interest-bearing liabilities	117.93%	116.85%
Loans to deposits	93.23%	96.46%
Average equity to average total assets	11.60%	11.03%

	At September 30, 2019	At December 31, 2018
Asset Quality Ratios:		
Non-performing loans to gross loans	0.00%	0.00%
Non-performing assets to total assets	1.23%	1.34%
Allowance for loan losses to non-performing loans	5,873.33%	3,110.71%
Allowance for loan losses to total loans	1.18%	1.16%
Capital Ratios:		
Equity to total assets at end of period	10.80%	11.96%
Total capital (to risk-weighted assets) [(5)]	15.60%	16.76%
Common equity Tier I capital (to risk-weighted assets) [(5)]	14.35%	15.51%
Tier I capital (to risk-weighted assets) [(5)]	14.35%	15.51%
Tier I capital (to total adjusted assets) [(5)]	9.93%	11.17%

(1) All ratios are annualized where applicable and 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 regulatory restrictions on the rates it can 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.

On July 17, 2019, Corporate America Family Credit Union (“CAFCU”), Ben Franklin Financial, Inc. (the “Company”), and Ben Franklin Bank of Illinois (the “Bank”) signed a definitive purchase and assumption agreement (the “Agreement”) whereby CAFCU will acquire the assets and assume the liabilities of the Bank in an all-cash transaction. Following the completion of this transaction, the existence of Bank and the Company will end and their remaining assets, after all obligations are settled, will be distributed to the Company’s stockholders.

Under the terms of the purchase and assumption agreement, the Company’s stockholders are currently estimated to receive between $10.33 and $10.70 in cash consideration for each share of the Company’s common stock (the “per share consideration”). The per share consideration is subject to significant variation based on various items, such as the Bank's ability to meet a minimum equity target at closing; the regulatory treatment of and costs associated with the liquidation accounts maintained by the Company and the Bank; the amount of cash held by the Company at closing; costs related to terminating the existence of the Bank and the Company and distributing the remaining assets to stockholders; and future operating results. Other factors that may cause a reduction in the per share consideration include, among others, final costs associated with terminating specific employee benefit plans including payments to participants in the Banks employee stock ownership plan and any Bank environmental problems with remediation costs over $500,000.

The transaction has been unanimously approved by the board of directors of each party and is expected to close in early 2020, subject to customary closing conditions, the approval of the Company's stockholders and regulatory approvals. The distribution of cash to Company stockholders is expected to occur within several months after completion of the sale of assets to CAFCU. Additional information regarding the proposed transaction with CAFCU will be available to stockholders in the proxy statement relating to the special meeting of stockholders to vote on the proposed transaction.

Total assets for the Company at September 30, 2019 were $100.0 million, an increase of $5.7 million or 6.0% compared to the balance at December 31, 2018 primarily due to the $5.3 million increase in the balance of our cash and cash and equivalents and the $934,000 increase in the balance of our fixed assets. The increase in fixed asset was primarily due to the adoption in January 2019 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 loan portfolio balance decreased $503,000. Our deposit balances increased $5.5 million primarily due to the $8.9 million increase in the balance of our certificate of deposit accounts, partially offset by the $2.3 million decrease in our money market account balances, the $777,000 decrease in are savings account balances, and the $319,000 decrease in our checking accounts. Our other liabilities increased $977,000 primarily due to the adoption of ASU 2016-02 Leases.

Our net loss for the nine months ended September 30, 2019 was $656,000 compared to the net loss of $210,000 for the nine months ended September 30, 2018. The increase in our net loss was primarily due to the $179,000 decrease in our net interest income and the $285,000 increase in our non-interest expense.

The decrease in our net interest income was primarily due to the $37,000 decrease in our interest income from loans and the $162,000 increase in our interest expense. The average balance of our loan portfolio decreased $1.6 million for the nine months ended September 30, 2019 compared to the prior year period. The average cost of our interest bearing deposits increased 27 basis points primarily due to the 47 basis point increase in the cost of our certificates of deposit due to higher market rates. The average balance of our deposit accounts decreased $7.2 million for the nine months ended September 30, 2019 compared to the prior year period primarily due to the decrease in our certificates of deposit during 2018. The average balance of our Federal Home Loan Bank advances increased $3.0 million while the average cost of such advances increased 45 basis points. Our net interest margin was 3.62% for the nine months ended September 30, 2019 compared to 3.71% for the prior year period.

Our non-interest income increased $14,000 for the nine months ended September 30, 2019 compared to the prior year period primarily due to the increase in our other real estate owned income.

Our non-interest expense increased $285,000 or 9.5% for the nine months ended September 30, 2019 compared to the prior year period. Our professional fees increased $407,000 primarily due to the $399,000 increase in legal fees related to: the strategic initiative to market the Company, the costs associated with the resolution of regulatory issues, and the negotiation of the Agreement; and $75,000 for investment banker fees related to the Agreement. These increases were partially offset by the $73,000 decrease in audit related fees. Our FDIC insurance premium decreased $97,000 primarily due to adjustments related to the change in our assessment rate and the Small Bank Assessment Credit received in the third quarter of 2019. Our other expense decreased $40,000 primarily due to lower regulatory assessments.

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 risks 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.