Ben Franklin Financial, Inc.
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Arlington Heights, IL 60004
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Financial Report
For the Three Months Ended March 31, 2013

Note: This report is intended to be read in conjunction with our Annual Report for the year ended December 31, 2012. This report is dated March 31, 2013 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.
Quarterly Report
For The Three Months Ended
March 31, 2013

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

	March 31, 2013	December 31, 2012
ASSETS		
Cash and due from banks	$ 855	$ 1,161
Interest-earning deposit accounts and federal funds sold	16,920	11,075
Cash and cash equivalents	17,775	12,236
Securities available-for-sale	2,167	3,232
Loans receivable, net of allowance for loan losses of $2,095 at March 31, 2013 and $2,095 at December 31, 2012	76,463	81,429
Federal Home Loan Bank stock	921	921
Premises and equipment, net	700	721
Repossessed assets	891	1,652
Accrued interest receivable	280	302
Prepaid FDIC premiums	140	201
Other assets	153	88
Total assets	$ 99,490	$ 100,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Demand deposits - noninterest-bearing	$ 2,667	$ 2,871
Demand deposits - interest-bearing	8,488	8,717
Savings deposits	8,994	8,302
Money market deposits	16,206	16,524
Certificates of deposit	52,045	52,993
Total deposits	88,400	89,407
Advances from borrowers for taxes and insurance	299	488
Other liabilities	234	355
Common stock in ESOP subject to contingent purchase obligation	62	50
Total liabilities	88,995	90,300
Stockholders' equity		
Common stock, par value $0.01 per share; authorized 20,000,000 shares issued and outstanding, net of treasury shares, at: March 31, 2013 – 1,949,956 shares December 31, 2012 – 1,949,956 shares	20	20
Additional paid-in-capital	8,294	8,278
Treasury stock, at cost – 68,270 shares at March 31, 2013 and December 31, 2012	(462)	(462)
Retained earnings, substantially restricted	3,097	3,098
Unearned Employee Stock Ownership Plan (ESOP) shares	(444)	(456)
Accumulated other comprehensive income	52	54
Reclassification of ESOP shares	(62)	(50)
Total stockholders' equity	10,495	10,482
Total liabilities and stockholders' equity	$ 99,490	$ 100,782

See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Interest income		
Loans	$ 1,026	$ 1,073
Securities	15	33
Federal funds sold and interest bearing deposit accounts	4	2
	1,045	1,108
Interest expense		
Deposits	151	197
	151	197
Net interest income	894	911
Provision for loan losses	-	1,260
Net interest income (loss) after provision for loan losses	894	(349)
Non-interest income		
Service fee income	27	42
Gain (loss) on sale of other assets, net	69	(24)
Other	2	4
	98	22
Non-interest expense		
Compensation and employee benefits	457	399
Occupancy and equipment	150	126
Data processing services	75	74
Professional fees	140	65
FDIC insurance premiums	62	34
Repossessed asset expenses, net	10	121
Other	99	92
	993	911
Loss before income taxes	(1)	(1,238)
Income tax (benefit)	-	-
Net loss	$ (1)	$ (1,238)
Loss per common share	(0.00)	(0.65)

See accompanying notes to consolidated financial statements

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Net loss	$ (1)	$ (1,238)
Other comprehensive income		
Unrealized gains (losses) on securities		
Unrealized holding gains (losses) arising during the period	(4)	(11)
Reclassification adjustment for losses (gains) Included in net income	-	-
	(4)	(11)
Tax effect	(2)	(4)
Net of tax	(2)	(7)
Comprehensive loss	$ (3)	$ (1,245)

See accompanying notes to consolidated financial statements

BEN FRANKLIN FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2013 and 2012 – (Unaudited)
(Dollars in thousands)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income	Amount Reclassified on ESOP Shares	Total
Balance at January 1, 2012	$ 20	$ 8,217	$ (462)	$ 5,218	$ (507)	$ 76	$ (26)	$ 12,536
Net loss	-	-	-	(1,238)	-	-	-	(1,238)
Other comprehensive loss	-	-	-	-	-	(7)	-	(7)
Earned ESOP shares and other stock based compensation	-	15	-	-	13	-	-	28
Reclassification due to change in fair value of common stock in ESOP subject to contingent repurchase obligation	-	-	-	-	-	-	(27)	(27)
Balance at March 31, 2012	20	8,232	(462)	3,980	(494)	69	(53)	11,292
Balance at January 1, 2013	$ 20	$ 8,278	$ (462)	$ 3,098	$ (456)	$ 54	$ (50)	$ 10,482
Net loss	-	-	-	(1)	-	-	-	(1)
Other comprehensive loss	-	-	-	-	-	(2)	-	(2)
Earned ESOP shares and other stock based compensation	-	16	-	-	12	-	-	28
Reclassification due to change in fair value of common stock in ESOP subject to contingent repurchase obligation	-	-	-	-	-	-	(12)	(12)
Balance at March 31, 2013	$ 20	$ 8,294	$ (462)	$ 3,097	$ (444)	$ 52	$ (62)	$ 10,495

See accompanying notes to consolidated financial statements

BEN FRANKLIN FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities		
Net loss	$ (1)	$ (1,238)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation	30	32
ESOP and other stock based compensation	28	28
Amortization of premiums and discounts	1	1
Provision for loan losses	-	1,260
(Gain) loss on sale of repossessed assets	(69)	24
Write down of repossessed assets	-	16
Changes in:		
Deferred loan costs	-	(45)
Accrued interest receivable	22	(10)
Other assets	(4)	5
Other liabilities	(81)	27
Net cash from operating activities	(74)	100
Cash flows from investing activities		
Principal repayments on mortgage-backed securities	62	105
Proceeds from the sale of loans	-	187
Proceeds from the redemption of Federal Home Loan Bank stock	-	317
Calls of securities available for sale	1,000	-
Net (increase) decrease in loans	4,964	(377)
Sales of repossessed assets	792	164
Expenditures to improve repossessed assets	-	(83)
Expenditures for premises and equipment	(9)	(8)
Net cash from investing activities	6,809	305
Cash flows from financing activities		
Net increase (decrease) in deposits	(1,007)	(944)
Net change in advances from borrowers for taxes and insurance	(189)	(242)
Net cash from financing activities	(1,196)	(1,186)
Net change in cash and cash equivalents	5,539	(781)
Cash and cash equivalents at beginning of year	12,236	10,771
Cash and cash equivalents at end of period	$ 17,775	$ 9,990
Supplemental disclosures		
Interest paid	$ 150	$ 195
Transfers from loans to repossessed assets	-	603

See accompanying notes to consolidated financial statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Financial Statement Presentation

The accompanying unaudited consolidated financial statements of Ben Franklin Financial, Inc. (the "Company") and its wholly owned subsidiary Ben Franklin Bank of Illinois (the "Bank") have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto that were included in the Company's Annual Report for the year ended December 31, 2012. All significant intercompany transactions are eliminated in consolidation. In the opinion of the Company's management, all adjustments necessary (i) for a fair presentation of the financial statements for the interim periods included herein and (ii) to make such financial statements not misleading have been made and are of a normal and recurring nature. Interim results are not necessarily indicative of results for a full year.

In preparing the financial statements, management is required to make estimates and assumptions that affect the recorded amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates. For further information with respect to significant accounting policies followed by the Company in preparation of the financial statements, refer to the Company's 2012 Annual Report.

We are not subject to the reporting requirements of the Securities Exchange Act of 1934 and accordingly this report has not been prepared in accordance with applicable Securities and Exchange Commission rules. This report is intended to cover the three months ended March 31, 2013 and should not be read to cover any other periods.

The Bank is a federally chartered stock savings bank and a member of the Federal Home Loan Bank ("FHLB") system. The Bank maintains insurance on deposit accounts with the Deposit Insurance Fund ("DIF") of the Federal Deposit Insurance Corporation ("FDIC"). Ben Franklin Financial, MHC (the "MHC"), a federally chartered mutual holding company, owns 1,091,062 shares of the Company's common stock and will continue to own at least a majority of the Company's common stock as long as the MHC exists.

Note 2 – Securities Available-for-Sale

The following table sets forth the composition of our securities available for sale by type, at the dates indicated.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
March 31, 2013				
U.S. Government sponsored entities	$ 1,000	$ 16	$ -	$ 1,016
Residential mortgage-backed securities	1,082	69	-	1,151
Total	$ 2,082	$ 85	$ -	$ 2,167
December 31, 2012				
U.S. Government sponsored entities	$ 2,000	$ 19	$ -	$ 2,019
Residential mortgage-backed securities	1,143	70	-	1,213
Total	$ 3,143	$ 89	$ -	$ 3,232

Note 3 – Loans

The following table sets forth the composition of our loan portfolio by segment and class, at the dates indicated.

	March 31, 2013		December 31, 2012	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
First mortgage loans:				
Secured by one- to four- family	$ 32,060	40.82%	$ 33,181	39.73%
Secured by multi-family	12,947	16.49	13,356	16.00
Secured by commercial real estate	13,416	17.08	13,604	16.29
Construction	248	0.32	319	0.38
Secured by land	377	0.48	381	0.46
Total first mortgage loans	59,048	75.19	60,841	72.86
Commercial, consumer and other loans:				
Home equity lines-of-credit	13,213	16.82	13,800	16.53
Commercial business loans	3,427	4.36	5,575	6.68
Automobile loans	2,840	3.62	3,205	3.84
Other consumer loans	8	0.01	79	0.09
Total commercial, consumer and other loans	19,488	24.81	22,659	27.14
Gross loans	78,536	100.00	83,500	100.00
Premiums and net deferred loan costs	22		24	
Allowance for loan losses	(2,095)		(2,095)	
Total loans, net	$ 76,463		$ 81,429	

The following table presents the activity in the allowance for loan losses by portfolio segment and class for the three months ended March 31, 2013 and 2012.

	First Mortgages					Commercial, Consumer and Other				
	(Dollars in thousands)									
	One-to-four family	Multi-family	Commercial real estate	Land	Construction	Home equity lines-of-credit	Commercial	Automobile	Other Consumer	Total
For the three months ended March 31, 2013										
Allowance for loan losses										
Beginning balance	$ 786	$ 440	$ 601	$ 31	$ 14	$ 86	$ 108	$ 29	$ -	$ 2,095
Provision for loan losses	(82)	80	(5)	7	(4)	16	(2)	(10)	-	-
Loans charged-off	-	-	-	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-	-	-	-
Total ending allowance balance March 31, 2013	$ 704	$ 520	$ 596	$ 38	$ 10	$ 102	$ 106	$ 19	$ -	$ 2,095
For the three months ended March 31, 2012										
Allowance for loan losses										
Beginning balance	$ 270	$ 253	$ 315	$ 115	$ -	$ 64	$ 103	$ 17	$ -	$ 1,137
Provision for loan losses	378	344	375	11	13	100	27	14	-	1,260
Loans charged-off	(181)	-	(47)	(108)	-	(125)	-	(1)	-	(462)
Recoveries	-	-	-	-	-	-	-	-	-	-
Total ending allowance balance March 31, 2012	$ 465	$ 597	$ 643	$ 18	$ 13	$ 39	$ 130	$ 30	$ -	$ 1,935

The following table represents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and class based on the impaired method at the dates indicated. The recorded investment in loans excludes accrued interest and loan origination fees due to immateriality.

	Loan Balance			Allowance		
	(Dollars in thousands)					
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total Recorded Investment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total Recorded Investment
March 31, 2013						
One-to-four-family	$ 1,361	$ 30,699	$ 32,060	$ 165	$ 539	$ 704
Multi-family	3,299	9,648	12,947	283	237	520
Commercial real estate	582	12,834	13,416	189	407	596
Land	131	246	377	29	9	38
Construction	-	248	248	-	10	10
Home equity lines of credit	-	13,213	13,213	-	102	102
Commercial	607	2,820	3,427	70	36	106
Automobile	-	2,840	2,840	-	19	19
Other consumer	-	8	8	-	-	-
Total	$ 5,980	$ 72,556	$ 78,536	$ 736	$ 1,359	$ 2,095
December 31, 2012						
One-to-four-family	$ 1,365	$ 31,816	$ 33,181	$ 129	$ 657	$ 786
Multi-family	3,311	10,045	13,356	262	178	440
Commercial real estate	-	13,604	13,604	-	601	601
Land	131	250	381	25	6	31
Construction	-	319	319	-	14	14
Home equity lines of credit	-	13,800	13,800	-	86	86
Commercial	654	4,921	5,575	78	30	108
Automobile	-	3,205	3,205	-	29	29
Other consumer	-	79	79	-	-	-
Total	$ 5,461	$ 78,039	$ 83,500	$ 494	$ 1,601	$ 2,095

The following table presents information related to loans individually evaluated for impairment by class of loans at the dates indicated.

	March 31, 2013			December 31, 2012		
	(Dollars in thousands)					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With no related allowance recorded						
One-to-four-family	$ 432	$ 432	$ -	$ 781	$ 781	$ -
Multi-family	-	-	-	-	-	-
Commercial real estate	-	-	-	-	-	-
Land	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Home equity line of credit	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Automobile	-	-	-	-	-	-
Other consumer	-	-	-	-		-
Total with no related allowance recorded	432	432	-	781	781	-
With an allowance recorded						
One-to-four-family	929	929	165	584	584	129
Multi-family	3,299	3,299	283	3,311	3,311	262
Commercial real estate	582	582	189	-	-	-
Land	131	131	29	131	131	25
Construction	-	-	-	-	-	-
Home equity line of credit	-	-	-	-	-	-
Commercial	607	607	70	654	654	78
Automobile	-	-	-	-	-	-
Other consumer	-	-	-	-	-	-
Total with a related allowance recorded	5,548	5,548	736	4,680	4,680	494
Total	$ 5,980	$ 5,980	$ 736	$ 5,461	$ 5,461	$ 494

The following table presents the aging of the recorded investment in past due loans at the dates indicated by class of loans.

	30 -59 Days Past due	60 - 89 Days Past due	Greater than 90 Days Past Due Still on Accrual	Nonaccrual	Loans Not Past Due	Total
			(Dollars in thousands)			
March 31, 2013						
One-to-four-family	$ 7	$ -	$ -	$ 782	$ 31,271	$ 32,060
Multi-family	-	-	-	-	12,947	12,947
Commercial real estate	-	-	-	-	13,416	13,416
Land	-	-	-	131	248	248
Construction	-	-	-	-	246	377
Home equity line of credit	-	-	-	-	13,213	13,213
Commercial	-	-	-	85	3,342	3,427
Automobile	15	-	-	-	2,825	2,825
Other consumer	-	-	-	-	8	8
Total	$ 22	$ -	$ -	$ 998	$ 77,516	$ 78,536
December 31, 2012						
One-to-four-family	$ 25	$ -	$ -	$ 781	$ 32,375	$ 33,181
Multi-family	-	-	-	-	13,356	13,356
Commercial real estate	318	-	-	-	13,296	13,604
Land	-	-	-	131	250	381
Construction	-	-	-	-	319	319
Home equity line of credit	-	-	-	-	13,800	13,800
Commercial	-	-	-	109	5,466	5,575
Automobile	-	-	-	-	3,205	3,205
Other consumer	-	-	-	-	79	79
Total	$ 343	$ -	$ -	$ 1,021	$ 82,136	$ 83,500

Nonperforming loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

Credit Quality Indicators

The Bank categorizes loans into risk categories based on relevant information about the ability of a borrower to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. The analysis includes the non-homogeneous loans, such as multi- family, commercial real estate, construction, and commercial loans. The analysis is performed on a quarterly basis. Homogeneous loans are monitored based on past due status of the loan. The risk category of these loans is evaluated at origination, when a loan becomes delinquent or when a borrower requests a concession.

Substandard
Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful
Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans. The following table reflects the risk category by loans at the dates indicated based on the most recent analysis performed.

	Pass	Substandard	Doubtful	Total
		(Dollars in thousands)		
March 31, 2013				
One-to-four-family	$ 30,658	$ 1,402	$ -	$ 32,060
Multi-family	10,404	2,543	-	12,947
Commercial real estate	11,731	1,685	-	13,416
Land	246	131	-	377
Construction	248	-	-	248
Home equity lines of credit	13,213	-	-	13213
Commercial	2,819	608	-	3,427
Automobile	2,840	-	-	2,840
Other consumer	8	-	-	8
Total	$ 72,167	$ 6,369	$ -	$ 78,536
December 31, 2012				
One-to-four-family	$ 31,627	$ 1,554	$ -	$ 33,181
Multi-family	10,804	2,552	-	13,356
Commercial real estate	11,976	1,628	-	13,604
Land	250	131	-	381
Construction	319	-	-	319
Home equity lines of credit	13,800	-	-	13,800
Commercial	4,921	654	-	5,575
Automobile	3,205	-	-	3,205
Other consumer	79	-	-	79
Total	$ 76,981	$ 6,519	$ -	$ 83,500

Note 4 - Non-Performing Assets and Troubled Debt Restructurings

There were two loans modified as troubled debt restructurings ("TDR") that occurred during the three months ended March 31, 2013.

The Company has allocated $486,000 and $469,000 to specific reserves on $4.6 million and $4.7 million of loans to customers whose loan terms have been modified as troubled debt restructurings as of March 31, 2013 and December 31, 2012, respectively. The Company has not committed to lend additional amounts as of March 31, 2013 and December 31, 2012 to customers with outstanding loans that are classified as troubled debt restructurings.

The following table sets forth our non-performing assets and troubled debt restructurings by category at the dates indicated (dollars in thousands).

	March 31, 2013		December 31, 2012	
	(Dollars in thousands)			
	Number	Amount	Number	Amount
Non-performing loans				
One-to four-family [1]	4	$ 782	4	$ 782
Multi-family	-	-	-	-
Land	1	131	1	131
Commercial real estate	-	-	-	-
Home equity lines-of-credit	-	-	-	-
Total non-performing loans	5	913	5	913
Troubled debt restructurings				
One-to four-family	2	580	2	583
Multi-family	4	3,299	4	3,311
Commercial business [2]	2	607	2	654
Total troubled debt restructurings	8	4,486	8	4,548
Repossessed assets				
Foreclosed real estate	5	874	7	1,635
Repossessed other	1	17	1	17
Total non-performing assets	6	891	8	$ 1,652
Total non-performing loans, troubled debt restructurings, and repossessed assets	19	$ 6,290	21	$ 7,113
Non-performing loans to total loans		1.16%		1.09%
Non-performing loans and troubled debt restructurings to total loans		6.87%		6.54%
Non-performing assets and troubled debt restructurings to total assets		6.32%		7.06%

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(1) One one-to four-family loan with a balance of $107,000 at March 31, 2013 and December 31, 2012 respectively, was a TDR and non-performing and is reflected in the non-performing section in the above table.

(2) One commercial loan with a balance of $86,000 and $109,000 at March 31, 2013 and December 31, 2012 respectively, was considered non-accrual and a TDR and is reflected in the TDR section in the above table.

Note 5 – Earnings (loss) Per Share

The following table presents a reconciliation of the components used to compute basic and diluted earnings (loss) per share:

	For the Three Months Ended	
	March 31, 2013	March 31, 2012
Net income (loss)	$ (1,000)	$ (1,238,000)
Weighted average common shares outstanding	1,904,961	1,899,897
Basic and diluted income (loss) per share	$ 0.00	$ (0.65)

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This quarterly report may contain statements relating to the future results of the Company (including certain projections and business trends) that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). Such forward-looking statements, in addition to historical information, which involve risk and uncertainties, are based on the beliefs, assumptions and expectations of management. Words such as "expects," "believes," "should," "plans," "anticipates," "will," "potential," "could," "intend," "may," "outlook," "predict," "project," "would," "estimates," "assumes," "likely," and variations of such similar expressions are intended to identify such forward-looking statements. Examples of forward-looking statements include, but are not limited to: statements of our goals, intentions, and expectations; statements regarding our business plans and prospects and growth and operating strategies; statements regarding the asset quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits. For this presentation, the Company and its subsidiary claim the protection of the safe harbor for forward-looking statements contained in the PSLRA.

Factors that could cause future results to vary from current management expectations include, but are not limited to: our ability to manage the risk from our one-to four-family, home equity line-of-credit, multi-family, commercial real estate, construction, land, commercial business, and automobile lending including purchased loans; our ability to comply with the terms of the Consent Order(the "Order") entered into between the Bank and the Office of the Comptroller of the Currency (the "OCC"); the future level of deposit insurance premiums applicable to us; significantly increased competition among depository and other financial institutions; our ability to execute our plan to grow our assets on a profitable basis; our ability to execute on a favorable basis any plan we may have to acquire other institutions or branches or establish new offices; changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments; inflation; general economic conditions, both nationally and in our market area; adverse changes in the securities and national and local real estate markets (including loan demand, housing demand, and real estate values); our ability to originate a satisfactory amount of high quality loans in an unfavorable economic environment; legislative or regulatory changes that adversely affect our business including the effect of the Dodd-Frank Reform Act, our ability to enter new markets successfully and take advantage of growth opportunities; changes in consumer spending, borrowing and savings habits; changes in accounting policies and practices, as may be adopted by the bank regulatory agencies and the authoritative accounting bodies; the performance of our investment in FHLB of Chicago stock; changes in our organization, compensation and benefit plans; and other factors. The forward-looking statements are made as of the date of this report, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

General

The Bank is a federally chartered savings bank headquartered in Arlington Heights, Illinois. The Bank was originally founded in 1893 as a building and loan association. We conduct our business from our main office and one branch office. Both of our offices are located in the northwestern corridor of the Chicago metropolitan area.

Our principal business activity is attracting retail deposits from the general public in our market and investing those deposits, together with funds generated from operations and to a lesser extent borrowings, in one- to four-family residential mortgage loans and, to a lesser extent, home equity lines-of-credit, commercial real estate loans, multi-family real estate loans, construction and land loans, and other loans. We have also invested in mortgage-backed securities and U.S. Government sponsored entity notes. Our primary sources of funds are deposits and principal and interest payments on loans and securities. The Bank offers a variety of deposit accounts, including checking, money market, savings, and certificates of deposit, and emphasizes personal and efficient service for its customers. We also use borrowings as necessary, primarily Federal Home Loan Bank of Chicago advances, to supplement cash flow needs, to lengthen the maturities of liabilities for interest rate risk purposes and to manage the cost of funds. Our competition for loans and deposits comes principally from commercial banks, savings institutions, mortgage banking firms and credit unions. Our primary focus is to develop and build profitable customer relationships across all lines of business while maintaining our focus as a community bank.

Our results of operations depend primarily on our net interest income. Net interest income is the difference between the interest income we earn on our interest-earning assets, consisting primarily of loans, mortgage-backed and other securities, and other interest-earning assets, and the interest paid on our interest-bearing liabilities, consisting primarily of savings and transaction accounts, certificates of deposit, and Federal Home Loan Bank of Chicago advances. Our results of operations also are affected by our provision for loan losses, non-interest income and non-interest expense. Non-interest income consists primarily of deposit service charges and loan origination service fees charged for loans funded by other institutions, gains and losses on the sale of securities and repossessed assets, and miscellaneous other income. Non-interest expense consists primarily of compensation and employee benefits, occupancy and equipment expenses, data processing, professional fees, FDIC insurance premiums and assessments, repossessed asset expenses, and other operating expenses. Our results of operations may be affected significantly by general and local economic and competitive conditions, changes in market interest rates, governmental policies and actions of regulatory authorities.

Critical Accounting Policies

Certain of our accounting policies are important to the reporting of our financial results, since they require management to make difficult, complex and/or subjective judgments, some of which may relate to matters that are inherently uncertain. Estimates associated with these policies are susceptible to material changes as a result of changes in facts and circumstances. Facts and circumstances which could affect these judgments include, but are not limited to, changes in interest rates, changes in performance of the local economy, changes in the financial condition of borrowers, and changes in value of loan collateral such as real estate. As discussed in the Company's Annual Report for the year ended December 31, 2012, management believes that its critical accounting policies include determining the allowance for loan losses, determination of the fair value of stock options and accounting for stock based compensation under the Company's Equity Incentive Plan, and accounting for deferred income taxes.

Comparison of Financial Condition at March 31, 2013 and December 31, 2012

General. On December 19, 2012, the Bank entered into a Consent Oder (the "Order") with the Office of the Comptroller of the Currency (the "OCC") which outlined areas of weakness the Bank must address. During the first quarter of 2013, managements' primary focus has been to correct the weakness detailed in the Order as an initial step in strengthening the financial position of the Bank and the Company. During the first quarter of 2013, the Company contributed $1.0 million of capital to the Bank in order to meet the capital requirements in the Order. As part of our strategy to comply with the Order, we have utilized outside consultants which resulted in an increase in our professional fees. We anticipate a decrease in these fees during the remainder of 2013. As of March 31, 2013, management believes that substantial progress has been made to meet the requirements and timeframes of the Order. At March 31, 2013, the Bank was in compliance with the capital requirements of the Order.

Assets. Total assets at March 31, 2013 were $99.5 million compared to $100.8 million at December 31, 2012, a decrease of $1.3 million or 1.3%. This decrease was primarily due to the $5.0 million decrease in our loan portfolio, a $1.1 million decrease in our securities available for sale, and a $761,000 decrease in the balance of our repossessed assets. These decreases were partially offset by the $5.5 million increase in the balance of our cash and cash equivalents.

Our first mortgage loan portfolio decreased $1.8 million or 3.0%, to $59.0 million at March 31, 2013 compared to $60.8 million at December 31, 2012 primarily due to the $1.1 million decrease in our one- to four-family residential loans, the $409,000 decrease in our multi- family loans, and the $188,000 decrease in our commercial real estate loans. Our commercial business, consumer and other loan balances decreased $3.2 million to $19.5 million at March 31, 2013 compared to $22.7 million at December 31, 2012 primarily due to the $2.1 million decrease in our commercial business loans. The decrease in our loan portfolio was primarily due to the low volume of new originations during the first three months of 2013 and the repayments from existing loans.

At March 31, 2013 our allowance for loan losses was $2.1 million or 2.67% of total loans compared to $2.1 million or 2.51% of total loans at December 31, 2012. Our loans classified as substandard decreased to $6.4 million at March 31, 2013 compared to $6.5 million at December 31, 2012.

Our securities portfolio decreased $1.0 million or 31.2% to $2.2 million at March 31, 2013 compared to $3.2 million at December 31, 2012 primarily due to the call of a $1.0 million government sponsored entity note along with repayments on mortgage-backed securities. Cash and cash equivalents increased $5.5 million to $17.8 million at March 31, 2013. Given the weak loan demand we are currently experiencing and the low interest rate environment, we anticipate a continued strong liquidity position throughout the remainder of 2013.

Our repossessed assets decreased $761,000 during the first three months of 2013 primarily due to the sale of a $644,000 commercial real estate property and a $115,000 single-family residential property.

Liabilities. Our deposits decreased by $1.0 million or 1.1 % to $88.4 million at March 31, 2013 compared to $89.4 million at December 31, 2012, primarily due to the $948,000 or 1.8% decrease in our certificate of deposit accounts to $52.0 million at March 31, 2013.

Stockholders' Equity. Total stockholders' equity at March 31, 2013 was $10.5 million, an increase of $13,000 or 0.12% from December 31, 2012. The increase resulted primarily from an increase of $16,000 for ESOP and other stock based compensation, partially offset by the $2,000 decrease in the unrealized gains on available-for-sale securities, and the net loss of $1,000 for the three months ended March 31, 2013.

Comparison of Operating Results for the Three Months Ended March 31, 2013 and 2012

General. For the three months ended March 31, 2013 our net loss was $1,000 compared to a net loss of $1.2 million for the three months ended March 31, 2012. The decrease in our net loss was primarily due to the decrease in our provision for loan losses.

Interest Income. Interest income was $1.0 million for the three months ended March 31, 2013, $63,000 or 5.7% less than the prior year period. Interest income from loans decreased $47,000 or 4.4% for the three months ended March 31, 2013 primarily due to a $4.9 million decrease in the average balance of our loan portfolio to $79.0 million for the three months ended March 31, 2013 compared to $83.9 million for the prior year period. The decrease in the average balance of loans was due to repayments, pay-offs, transfers of loans to repossessed assets, and low origination volume. The average yield of our loan portfolio was 5.24% for the first quarter of 2013 compared to 5.13% for the prior year period.

Interest income from securities decreased $18,000 to $15,000 for the three months ended March 31, 2013. The average balance of our securities portfolio decreased $3.3 million to $3.3 million for the three months ended March 31, 2013 compared to the prior year period primarily due to the calls of securities during 2013 and 2012, the redemption of Federal Home Loan Bank of Chicago stock, and repayments on mortgage-backed securities. The average yield on securities for the three months ended March 31, 2013 was 1.82% compared to 1.98% for the prior year period due to the interest rate environment.

Interest Expense. Interest expense for the three months ended March 31, 2013 was $151,000, a decrease of $46,000 or 23.4% from the prior year period due to the decrease in interest expense on deposits. The average cost of deposits decreased to 0.71% for the three months ended March 31, 2013 compared to 0.88% for the prior year period as the average cost of our certificate of deposit accounts decreased to 1.00% for the three months ended March 31, 2013 compared to 1.21% for the prior year period due to the general low market interest rates. The average balance of our certificate of deposit accounts decreased $3.6 million to $53.1 million while the average balance of our non-certificate of deposit accounts increased $1.1 million to $34.0 million for the first quarter of 2013 compared to the prior year period.

Net Interest Income. Net interest income for the three months ended March 31, 2013 was $894,000 compared to $911,000 for the three months ended March 31, 2012. For the three months ended March 31, 2013, the average yield on interest-earning assets was 4.48% and the average cost of interest-bearing liabilities was 0.71% compared to

4.45% and 0.88%, respectively, for the three months ended March 31, 2012. These changes resulted in an increase in our net interest rate spread and net interest margin to 3.77% and 3.83% respectively for the first quarter of 2013 compared to a net interest rate spread of 3.57% and net interest margin of 3.66% for the first quarter of 2012. Further improvement in our net interest rate spread may be limited as our deposit costs have approached current market rates.

Provision for Loan Losses. We had no provision for loan losses for the three months ended March 31, 2013 compared to a provision of $1.3 million for the three months ended March 31, 2012. At March 31, 2013, the increase in the allowance related to our individually evaluated loans which was primarily due to an increase in such loans, was offset by the decrease in our allowance related to the collectively evaluated loan which was primarily due to the decrease in the balance of our loan portfolio and a decrease in the historical loss ratio applied to such pools of loans. Our provision for the three months ended March 31, 2012 was primarily related to an increase in the number of loans classified as substandard and the increase in the allocated allowance due to revisions in our assumptions used to project cash flows for our impaired loans.

Non-interest Income. For the three months ended March 31, 2013, non-interest income was $98,000 compared to $22,000 for the three months ended March 31, 2012 primarily due to the $69,000 gain on the sale of repossessed assets for the first three months of 2013 compared to the $24,000 loss on sales for the prior year period.

Non-interest Expense. For the three months ended March 31, 2013, non-interest expense totaled $993,000 compared to $911,000 for the three months ended March 31, 2012, an increase of 9.0%. Our professional fees increased $75,000 due to a $46,000 increase in consulting fees, a $22,000 increase in legal fees, and an $11,000 increase in internal audit fees. Our compensation and employee benefit expense increased $58,000 due to an increase in staffing. Our occupancy expense increased $24,000 due to the real estate tax credit received in 2012. Our FDIC insurance premium increased $28,000 due to a change in our premium rate. These increases were partially offset by a $111,000 decrease in our repossessed asset costs primarily due to $13,000 for write-downs on owned real estate and $83,000 for improvement cost for one property for the three months ended March 31, 2012. All other expenses increased $8,000 on a net basis.

Income Tax. Our review of the deferred tax asset for the three months ended March 31, 2013 and 2012 resulted in no provision or benefit for income taxes.

Analysis of Net Interest Income

Net interest income represents the difference between the income we earn on interest-earning assets and the interest expense we pay on interest-bearing liabilities. Net interest income also depends upon the relative amounts of interest-earning assets and interest-bearing liabilities and the interest rates earned or paid on them.

The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income.

	Three Months Ended March 31,					
	2013			2012		
	Average Outstanding Balance	Interest	Yield/Cost	Average Outstanding Balance	Interest	Yield/Cost
	(Dollars in thousands)					
Assets:						
Loans:						
One- to four-family	$ 30,912	$ 379	4.91%	$ 32,753	$ 393	4.80%
Multi-family, commercial real estate, and land	26,399	402	6.18	28,991	443	6.13
Construction	300	5	7.03	208	5	10.22
Commercial business	5,015	77	6.18	3,878	58	6.03
Home equity lines-of-credit	13,327	120	3.64	15,481	135	3.48
Automobile and other consumer	3,031	43	5.81	2,557	39	6.16
Total loans	78,984	1,026	5.24	83,868	1,073	5.13
Securities (1)	3,302	15	1.82	6,620	33	1.98
Other interest-earning assets	11,881	4	0.15	9,202	2	0.10
Total interest-earning assets	94,167	$ 1,045	4.48	99,690	$ 1,108	4.45
Non-interest-earning assets	6,323			5,800		
Total assets	$ 100,490			$ 105,490		
Liabilities and stockholders' equity:						
Savings deposits	$ 9,102	$ 3	0.15	$ 8,357	$ 3	0.15
Money market/demand deposits	24,934	17	0.27	24,535	23	0.37
Certificates of deposit	53,085	131	1.00	56,699	171	1.21
Total deposits	87,121	151	0.71	89,591	197	0.88
Non-interest-bearing deposits	2,665			2,402		
Other liabilities	714			863		
Total liabilities	90,500			92,856		
Stockholders' equity	9,990			12,634		
Total liabilities and stockholders' equity	$ 100,490			$ 105,490		
Net interest income		$ 894			$ 911	
Net interest rate spread			3.77%			3.57%
Net interest-earning assets	$ 7,046			$ 10,099		
Net interest margin			3.83%			3.66%
Average of interest-earning assets to interest-bearing Liabilities			108.09%			111.27%

1 Securities include Federal Home Loan Bank stock with an average balance of $921,000 and $1.2 million for the three months ended March 31, 2013 and 2012, respectively.

Rate/Volume Analysis

The following table presents the dollar amount of changes in interest income and interest expense for the major categories of Ben Franklin Financial, Inc.'s interest-earning assets and interest-bearing liabilities. Information is provided for each category of interest-earning assets and interest-bearing liabilities with respect to (i) changes attributable to changes in volume (i.e., changes in average balances multiplied by the prior-period average rate) and (ii) changes attributable to rate (i.e., changes in average rate multiplied by prior-period average balances). For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately to the change due to volume and the change due to rate.

	Three Months Ended March 31, 2013 vs. 2012		
	Increase (Decrease) Due to		**Total Increase (Decrease)**
	Volume	**Rate**	
	(Dollars in thousands)		
Interest-earning assets:			
Loans:			
One- to four-family	$ (22)	$ 8	$ (14)
Multi-family, commercial real estate, and land	(44)	3	(41)
Construction	2	(2)	-
Commercial business.....	17	2	19
Home equity lines-of-credit.............................	(21)	6	(15)
Automobile and other consumer	7	(3)	4
Total loans	(61)	14	(47)
Securities	(12)	(6)	(18)
Other interest-earning assets...............................	1	1	2
Total interest-earning assets	(72)	9	(63)
Interest-bearing liabilities:			
Savings deposits	-	-	-
Money market/demand accounts	-	(6)	(6)
Certificates of deposit......	(13)	(27)	(40)
Total deposits	(13)	(33)	(46)
Change in net interest income	$ (59)	$ (42)	$ (17)