

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 9, 2011

**BANKFINANCIAL CORPORATION**

(Exact Name of Registrant as Specified in Charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

0-51331  
(Commission File No.)

75-3199276  
(I.R.S. Employer  
Identification No.)

15W060 North Frontage Road, Burr Ridge, Illinois  
(Address of Principal Executive Offices)

60527  
(Zip Code)

Registrant's telephone number, including area code: (800) 894-6900

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 8.01. Other Events.**

On March 9, 2011, the Company issued a press release announcing the filing of its Annual Report on Form 10-K for the year ended December 31, 2010 and issued the Fourth Quarter 2010 Quarterly Financial and Statistical Supplement for the latest five quarters. The press release also reported earnings for the year ended December 31, 2010. The press release and Quarterly Financial and Statistical Supplement are included as Exhibits 99.1 and 99.2 to this report.

**Item 9.01. Financial Statements and Exhibits.**

- (a) Not Applicable.
- (b) Not Applicable.
- (c) Not Applicable.
- (d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u>                             |
|--------------------|--|
| 99.1               | Press Release dated March 9, 2011              |
| 99.2               | Quarterly Financial and Statistical Supplement |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**BANKFINANCIAL CORPORATION**

Date: March 9, 2011

/s/ F. MORGAN GASIOR  
By: \_\_\_\_\_  
F. Morgan Gasior  
Chairman of the Board, Chief Executive  
Officer and President

**FOR IMMEDIATE RELEASE****BankFinancial Corporation Reports Financial Results  
for the Fourth Quarter of 2010 and the Full Year of 2010**

**Burr Ridge, Illinois**—(March 9, 2011) BankFinancial Corporation (Nasdaq – BFIN) (“BankFinancial”) reported a net loss of \$5.5 million and basic loss per share of \$0.28 for the three months ended December 31, 2010, compared to a net loss of \$1.6 million and basic loss share of \$0.08 for the three months ended December 31, 2009.

BankFinancial’s operating results for the fourth quarter of 2010 included an \$8.1 million provision for loan losses and \$4.7 million recorded in nonperforming asset expense and operations of other real estate owned (“OREO”) due to fourth quarter 2010 OREO expense accruals, OREO property write-downs to net realizable value, and final resolution of certain classified loans and assets. 2009 fourth quarter results included \$4.2 million of provision for loan losses, partially offset by a \$1.3 million gain recognized on the sale of our merchant processing operations.

For the year ended December 31, 2010, BankFinancial recorded a net loss of \$4.3 million and basic loss per share of \$0.22, compared to a net loss of \$738,000 for 2009. The net loss in 2010 was due in substantial part to our recording a \$12.1 million provision for loan losses, \$7.3 million for nonperforming asset management expense and operations of OREO combined with a \$1.8 million decrease in net interest income. The net loss in 2009 was due to the recording of an \$8.8 million provision for loan losses, a \$2.1 million increase in FDIC expense and \$1.4 million in combined pre-tax losses that we recorded in connection with the impairment and subsequent sale of our Freddie Mac preferred stocks. The impact of these items was partially offset by a \$1.3 million gain that we recognized on the sale of our merchant processing operations in 2009.

At December 31, 2010, BankFinancial had total assets of \$1.531 billion, total loans of \$1.051 billion, total deposits of \$1.235 billion and stockholders’ equity of \$253 million. Its wholly-owned subsidiary, BankFinancial, F.S.B., is considered well capitalized under applicable banking laws and regulations, with a total capital to risk-weighted assets ratio of 18.38%, a Tier 1 capital to risk-weighted assets ratio of 17.20%, and a Tier 1 capital to adjusted total assets ratio of 12.48% at December 31, 2010. The minimum capital requirements that must be met to be considered well capitalized are a total capital to risk weighted assets ratio of at least 10%, a Tier 1 capital to risk weighted assets ratio of at least 6%, and a Tier 1 capital to adjusted total assets ratio of at least 5%.

BankFinancial filed its Annual Report on Form 10-K for the year ended December 31, 2010 and a Quarterly Financial and Statistical Supplement on Form 8-K with the SEC today. Both reports will be available on BankFinancial’s website, [www.bankfinancial.com](http://www.bankfinancial.com) on the “Stockholder Information” page, and through the EDGAR database on the SEC’s website, [www.sec.gov](http://www.sec.gov). The Quarterly Financial and Statistical Supplement includes comparative GAAP and non-GAAP performance data and financial measures for the most recent five quarters.

BankFinancial’s management will review fourth quarter and full year 2010 results in a conference call and webcast for stockholders and analysts on Friday, March 11, 2011 at 9:30 a.m. Chicago Time. The conference call may be accessed by calling (866) 783-2145 and using participant passcode 24315181. The conference call will be simultaneously webcast at [www.bankfinancial.com](http://www.bankfinancial.com), on the Stockholder Information page. For those persons unable to participate in the conference call, the webcast will be archived through 5:00 p.m. Chicago Time on March 25, 2011 on our website.

BankFinancial Corporation is the holding company for BankFinancial, F.S.B., a full-service, community-oriented bank providing financial services to individuals, families and businesses through 18 full-service banking offices, located in Cook, DuPage, Lake and Will Counties, Illinois. BankFinancial Corporation became a publicly-traded company on June 24, 2005, and its common stock trades on the Nasdaq Global Select Market under the symbol BFIN. Additional information may be found at the company’s website.

This release includes “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. A variety of factors could cause BankFinancial’s actual results to differ from those expected at the time of this release. For a discussion of some of the factors that may cause actual results to differ from expectations, please refer to BankFinancial’s most recent Annual Report on Form 10-K as filed with the SEC. Investors are urged to review all information contained in these reports, including the risk factors discussed therein. Copies of these filings are available at no cost on the SEC’s web site at [www.sec.gov](http://www.sec.gov) or on BankFinancial’s web site at [www.bankfinancial.com](http://www.bankfinancial.com). Forward looking statements speak only as of the date they are made, and we do not undertake to update them to reflect changes.

**For Further Information Contact:**

Shareholder, Analyst and Investor Inquiries:  
Elizabeth A. Doolan  
Senior Vice President – Controller  
**BankFinancial Corporation**  
Telephone: 630-242-7151

Media Inquiries:  
Gregg T. Adams  
Executive Vice President – Marketing & Sales  
**BankFinancial F.S.B.**  
Telephone: 630-242-7234

**BANKFINANCIAL CORPORATION**

**FOURTH QUARTER 2010**

**QUARTERLY FINANCIAL AND STATISTICAL SUPPLEMENT**

**FOR THE LATEST FIVE QUARTERS**

Note: Certain reclassifications have been made in the prior period's financial statements and reflected in the Selected Quarterly Financial and Statistical Data tables to conform with the current period's presentation.

The information and statistical data contained herein have been prepared by BankFinancial Corporation and have been derived or calculated from selected quarterly and period-end historical financial statements prepared in accordance with accounting principles generally accepted in the United States. BankFinancial Corporation is under no obligation to update, keep current or continue to provide the information contained herein. This information is provided solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or establish any business relationships with BankFinancial Corporation or its subsidiary.

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**

**Latest Five Quarters**

(Dollars in thousands; except per share) – (Unaudited)

| PERFORMANCE MEASUREMENTS:   | 2010    |        |         |        | 2009    |
|---|---------|--------|---------|--------|---------|
|   | IVQ     | IIIQ   | IIQ     | IQ     | IVQ     |
| Return on assets (ratio of net income (loss) to average total assets) (1) | (1.40)% | 0.19%  | (0.07)% | 0.18%  | (0.41)% |
| Return on equity (ratio of net income (loss) to average equity) (1)       | (8.41)  | 1.13   | (0.44)  | 1.08   | (2.40)  |
| Net interest rate spread (1)  | 3.41    | 3.25   | 3.30    | 3.48   | 3.38    |
| Net interest margin (1)   | 3.57    | 3.45   | 3.53    | 3.73   | 3.67    |
| Efficiency ratio  | 104.71  | 89.65  | 84.81   | 86.42  | 89.95   |
| Noninterest expense to average total assets (1)                           | 4.00    | 3.35   | 3.14    | 3.25   | 3.57    |
| Average interest-earning assets to average interest-bearing liabilities   | 123.30  | 122.26 | 122.10  | 122.57 | 123.82  |
| Number of full service offices  | 18      | 18     | 18      | 18     | 18      |
| Employees (full time equivalents)   | 328     | 327    | 338     | 352    | 372     |

| SUMMARY STATEMENT OF OPERATIONS:         | 2010              |               |                 |               | 2009              |
|--|-------------------|---------------|-----------------|---------------|-------------------|
|  | IVQ               | IIIQ          | IIQ             | IQ            | IVQ               |
| Total interest income                    | \$ 15,448         | \$ 15,892     | \$ 16,451       | \$ 17,145     | \$ 17,980         |
| Total interest expense                   | 2,442             | 3,138         | 3,677           | 3,929         | 4,483             |
| Net interest income before provision     | 13,006            | 12,754        | 12,774          | 13,216        | 13,497            |
| Provision for loan losses                | 8,148             | 419           | 2,665           | 851           | 4,193             |
| Net interest income                      | 4,858             | 12,335        | 10,109          | 12,365        | 9,304             |
| Noninterest income                       | 1,903             | 1,958         | 1,812           | 1,455         | 2,135             |
| Noninterest expense                      | 15,611            | 13,190        | 12,370          | 12,678        | 14,061            |
| Income (loss) before income tax          | (8,850)           | 1,103         | (449)           | 1,142         | (2,622)           |
| Income tax expense (benefit)             | (3,378)           | 366           | (161)           | 426           | (1,026)           |
| Net income (loss)                        | <u>\$ (5,472)</u> | <u>\$ 737</u> | <u>\$ (288)</u> | <u>\$ 716</u> | <u>\$ (1,596)</u> |
| Basic earnings (loss) per common share   | \$ (0.28)         | \$ 0.04       | \$ (0.01)       | \$ 0.04       | \$ (0.08)         |
| Diluted earnings (loss) per common share | \$ (0.28)         | \$ 0.04       | \$ (0.01)       | \$ 0.04       | \$ (0.08)         |

| NONINTEREST INCOME AND EXPENSE:                 | 2010             |                  |                  |                  | 2009             |
|---|------------------|------------------|------------------|------------------|------------------|
|   | IVQ              | IIIQ             | IIQ              | IQ               | IVQ              |
| <b>Noninterest Income:</b>                      |                  |                  |                  |                  |                  |
| Deposit service charges and fees                | \$ 679           | \$ 776           | \$ 792           | \$ 773           | \$ 869           |
| Other fee income                                | 452              | 482              | 500              | 434              | 450              |
| Insurance commissions and annuities income      | 227              | 234              | 179              | 135              | 234              |
| Gain on sales of loans, net                     | 184              | 202              | 68               | 47               | 175              |
| Gain (loss) on sales of securities              | -                | -                | 31               | -                | (988)            |
| Loss on disposition of premises and equipment   | -                | (2)              | (17)             | -                | (35)             |
| Loan servicing fees                             | 137              | 143              | 154              | 170              | 162              |
| Amortization and impairment of servicing assets | (64)             | (90)             | (78)             | (243)            | (17)             |
| Earnings on bank owned life insurance           | 144              | 115              | 92               | 79               | 60               |
| Other   | 144              | 98               | 91               | 60               | 1,225            |
| Total noninterest income                        | <u>\$ 1,903</u>  | <u>\$ 1,958</u>  | <u>\$ 1,812</u>  | <u>\$ 1,455</u>  | <u>\$ 2,135</u>  |
| <b>Noninterest Expense:</b>                     |                  |                  |                  |                  |                  |
| Compensation and benefits                       | \$ 5,993         | \$ 6,583         | \$ 6,552         | \$ 7,211         | \$ 7,285         |
| Office occupancy and equipment                  | 1,247            | 1,723            | 1,609            | 1,801            | 1,845            |
| Advertising and public relations                | 437              | 321              | 303              | 216              | 399              |
| Information technology                          | 958              | 893              | 961              | 921              | 915              |
| Supplies, telephone, and postage                | 438              | 391              | 406              | 361              | 453              |
| Amortization of intangibles                     | 392              | 399              | 399              | 405              | 417              |
| Loss on impairment of securities                | -                | -                | -                | -                | -                |
| Nonperforming asset management                  | 1,898            | 821              | 355              | 268              | 471              |
| Operations of other real estate owned           | 2,784            | 554              | 500              | 134              | 788              |
| FDIC insurance premiums                         | 519              | 520              | 532              | 555              | 461              |
| Other   | 945              | 985              | 753              | 806              | 1,027            |
| Total noninterest expenses                      | <u>\$ 15,611</u> | <u>\$ 13,190</u> | <u>\$ 12,370</u> | <u>\$ 12,678</u> | <u>\$ 14,061</u> |

(1) Annualized

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**

**Latest Five Quarters**

(Dollars in thousands; except per share) – (Unaudited)

|  | 2010                |                     |                     |                     | 2009                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | IVQ                 | IIIQ                | IIQ                 | IQ                  | IVQ                 |
| <b>SUMMARY STATEMENT OF FINANCIAL CONDITION</b>                |                     |                     |                     |                     |                     |
| <b>ASSETS:</b>   |                     |                     |                     |                     |                     |
| Cash and due from other financial institutions                 | \$ 18,097           | \$ 12,855           | \$ 13,618           | \$ 13,934           | \$ 20,355           |
| Interest-bearing deposits in other financial institutions      | 202,713             | 248,857             | 205,666             | 161,897             | 87,843              |
| Securities, at fair value                                      | 120,747             | 78,272              | 84,688              | 94,447              | 102,126             |
| Loans held-for-sale  | 2,716               | 3,051               | 212                 | -                   | -                   |
| Loans receivable, net  | 1,050,766           | 1,098,505           | 1,123,949           | 1,152,385           | 1,218,540           |
| Other real estate owned and other real estate owned in process | 14,622              | 11,158              | 8,929               | 6,882               | 4,084               |
| Stock in Federal Home Loan Bank, at cost                       | 15,598              | 15,598              | 15,598              | 15,598              | 15,598              |
| Premises and equipment, net                                    | 32,495              | 32,934              | 33,575              | 34,305              | 34,614              |
| Intangible assets  | 25,266              | 25,658              | 26,057              | 26,456              | 26,861              |
| Bank owned life insurance                                      | 20,581              | 20,437              | 20,322              | 20,230              | 20,151              |
| FDIC prepaid expense   | 4,845               | 5,315               | 5,785               | 6,268               | 6,777               |
| Income tax receivable  | 1,749               | 515                 | 9,057               | 9,108               | 11,729              |
| Deferred taxes, net  | 9,333               | 6,726               | 6,735               | 6,160               | 6,561               |
| Other assets   | 11,127              | 10,539              | 11,448              | 10,984              | 11,724              |
| <b>Total assets</b>  | <b>\$ 1,530,655</b> | <b>\$ 1,570,420</b> | <b>\$ 1,565,639</b> | <b>\$ 1,558,654</b> | <b>\$ 1,566,963</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>                   |                     |                     |                     |                     |                     |
| Deposits   | \$ 1,235,377        | \$ 1,260,694        | \$ 1,253,259        | \$ 1,231,971        | \$ 1,233,395        |
| Borrowings   | 23,749              | 29,275              | 35,566              | 48,092              | 50,784              |
| Other liabilities  | 18,244              | 20,906              | 17,417              | 14,882              | 19,181              |
| Total liabilities  | 1,277,370           | 1,310,875           | 1,306,242           | 1,294,945           | 1,303,360           |
| Stockholders' equity   | 253,285             | 259,545             | 259,397             | 263,709             | 263,603             |
| <b>Total liabilities and stockholders' equity</b>              | <b>\$ 1,530,655</b> | <b>\$ 1,570,420</b> | <b>\$ 1,565,639</b> | <b>\$ 1,558,654</b> | <b>\$ 1,566,963</b> |

|                                     | 2010                |                     |                     |                     | 2009                |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                     | IVQ                 | IIIQ                | IIQ                 | IQ                  | IVQ                 |
| <b>DEPOSITS:</b>                    |                     |                     |                     |                     |                     |
| Non-interest-bearing demand         | \$ 112,549          | \$ 99,648           | \$ 103,602          | \$ 101,284          | \$ 108,308          |
| Savings deposits                    | 98,894              | 97,757              | 97,907              | 99,107              | 96,107              |
| Money market accounts               | 341,048             | 357,557             | 357,078             | 336,089             | 322,126             |
| Interest-bearing NOW accounts       | 302,812             | 296,537             | 294,157             | 290,929             | 303,219             |
| Certificates of deposit – Retail    | 379,975             | 405,999             | 390,635             | 390,587             | 388,871             |
| Certificates of deposit – Wholesale | 99                  | 3,196               | 9,880               | 13,975              | 14,764              |
| Total certificates of deposit       | 380,074             | 409,195             | 400,515             | 404,562             | 403,635             |
| <b>Total deposits</b>               | <b>\$ 1,235,377</b> | <b>\$ 1,260,694</b> | <b>\$ 1,253,259</b> | <b>\$ 1,231,971</b> | <b>\$ 1,233,395</b> |



**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**

**Latest Five Quarters**

(Dollars in thousands; except per share) – (Unaudited)

| LOANS:   | 2010                |                     |                     |                     | 2009                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | IVQ                 | IIIQ                | IIQ                 | IQ                  | IVQ                 |
| One-to-four family residential real estate loans | \$ 256,300          | \$ 267,800          | \$ 276,440          | \$ 283,556          | \$ 289,623          |
| Multi-family mortgage loans                      | 296,916             | 306,509             | 305,519             | 308,268             | 329,227             |
| Nonresidential real estate loans                 | 281,987             | 293,197             | 306,993             | 307,816             | 316,607             |
| Construction and land loans                      | 18,398              | 17,583              | 18,477              | 26,186              | 32,577              |
| Commercial loans                                 | 64,679              | 74,621              | 72,716              | 70,420              | 88,067              |
| Commercial leases                                | 151,107             | 154,254             | 158,990             | 169,633             | 176,821             |
| Consumer loans                                   | 2,182               | 2,484               | 2,263               | 2,394               | 2,539               |
| Total loans                                      | 1,071,569           | 1,116,448           | 1,141,398           | 1,168,273           | 1,235,461           |
| Net deferred loan origination costs              | 1,377               | 1,474               | 1,520               | 1,628               | 1,701               |
| Allowance for loan losses                        | (22,180)            | (19,417)            | (18,969)            | (17,516)            | (18,622)            |
| Loans, net                                       | <u>\$ 1,050,766</u> | <u>\$ 1,098,505</u> | <u>\$ 1,123,949</u> | <u>\$ 1,152,385</u> | <u>\$ 1,218,540</u> |

| CREDIT QUALITY RATIOS:                           | 2010             |                  |                  |                  | 2009             |
|--|------------------|------------------|------------------|------------------|------------------|
|  | IVQ              | IIIQ             | IIQ              | IQ               | IVQ              |
| <b>Nonperforming Assets:</b>                     |                  |                  |                  |                  |                  |
| Nonaccrual loans:                                |                  |                  |                  |                  |                  |
| One-to-four family residential real estate loans | \$ 10,059        | \$ 9,180         | \$ 10,788        | \$ 9,064         | \$ 11,453        |
| Multi-family mortgage loans                      | 13,228           | 18,287           | 16,405           | 13,033           | 13,961           |
| Nonresidential real estate loans                 | 12,428           | 9,858            | 9,511            | 10,810           | 11,074           |
| Construction and land loans                      | 6,139            | 6,139            | 6,948            | 6,948            | 8,841            |
| Commercial loans                                 | 3,766            | 4,715            | 4,508            | 4,110            | 4,160            |
| Commercial leases                                | 72               | 72               | -                | -                | -                |
| Consumer loans                                   | 3                | 3                | 3                | -                | -                |
| Nonaccrual loans                                 | 45,695           | 48,254           | 48,163           | 43,965           | 49,489           |
| Other real estate owned:                         |                  |                  |                  |                  |                  |
| One-to-four family residential real estate       | 2,770            | 2,571            | 1,462            | 1,254            | 601              |
| Multi-family real estate                         | 2,486            | 1,418            | 2,649            | 1,958            | 976              |
| Nonresidential real estate                       | 5,835            | 1,590            | 1,815            | 2,056            | 1,416            |
| Land   | 1,745            | 1,405            | 1,583            | 1,614            | 1,091            |
| Other real estate owned                          | 12,836           | 6,984            | 7,509            | 6,882            | 4,084            |
| Other real estate owned in process:              |                  |                  |                  |                  |                  |
| One-to-four family residential real estate       | 245              | 1,105            | 117              | -                | -                |
| Multi-family real estate                         | -                | 615              | -                | -                | -                |
| Nonresidential real estate                       | 1,541            | 1,573            | 1,303            | -                | -                |
| Land   | -                | 881              | -                | -                | -                |
| Other real estate owned in process               | 1,786            | 4,174            | 1,420            | -                | -                |
| Nonperforming assets                             | <u>\$ 60,317</u> | <u>\$ 59,412</u> | <u>\$ 57,092</u> | <u>\$ 50,847</u> | <u>\$ 53,573</u> |
| <b>Asset Quality Ratios:</b>                     |                  |                  |                  |                  |                  |
| Nonperforming assets to total assets             | 3.94%            | 3.78%            | 3.65%            | 3.26%            | 3.42%            |
| Nonaccrual loans to total loans                  | 4.26             | 4.32             | 4.22             | 3.76             | 4.01             |
| Allowance for loan losses to nonaccrual loans    | 48.54            | 40.24            | 39.39            | 39.84            | 37.63            |
| Allowance for loan losses to total loans         | 2.07             | 1.74             | 1.66             | 1.50             | 1.51             |
| Net charge-off ratio <sup>(1)</sup>              | 1.96             | (0.01)           | 0.42             | 0.66             | 0.80             |

(1) Annualized

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**

**Latest Five Quarters**

(Dollars in thousands; except per share) – (Unaudited)

| ALLOWANCE FOR LOAN LOSSES: | 2010             |                  |                  |                  | 2009             |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
|                            | IVQ              | IIIQ             | IIQ              | IQ               | IVQ              |
| Beginning balance          | \$ 19,417        | \$ 18,969        | \$ 17,516        | \$ 18,622        | \$ 16,923        |
| Provision for loan losses  | 8,148            | 419              | 2,665            | 851              | 4,193            |
| Loans charged off          | (5,504)          | (570)            | (1,241)          | (1,974)          | (2,573)          |
| Recoveries                 | 119              | 599              | 29               | 17               | 79               |
| Ending balance             | <u>\$ 22,180</u> | <u>\$ 19,417</u> | <u>\$ 18,969</u> | <u>\$ 17,516</u> | <u>\$ 18,622</u> |

| SELECTED AVERAGE BALANCES:                 | 2010        |             |             |             | 2009        |
|--|-------------|-------------|-------------|-------------|-------------|
|  | IVQ         | IIIQ        | IIQ         | IQ          | IVQ         |
| Total average assets                       | \$1,559,424 | \$1,576,186 | \$1,574,013 | \$1,559,221 | \$1,573,800 |
| Total average interest-earning assets      | 1,446,151   | 1,468,442   | 1,452,835   | 1,437,236   | 1,458,026   |
| Average loans                              | 1,099,919   | 1,116,574   | 1,153,960   | 1,194,313   | 1,245,601   |
| Average securities                         | 80,837      | 78,751      | 88,017      | 96,778      | 103,141     |
| Average stock in FHLB                      | 15,598      | 15,598      | 15,598      | 15,598      | 15,598      |
| Average other interest-earning assets      | 249,797     | 257,519     | 195,260     | 130,547     | 93,686      |
| Total average interest-bearing liabilities | 1,172,904   | 1,201,045   | 1,189,847   | 1,172,612   | 1,177,492   |
| Average interest-bearing deposits          | 1,146,141   | 1,170,022   | 1,146,869   | 1,122,434   | 1,109,892   |
| Average borrowings                         | 26,763      | 31,023      | 42,978      | 50,178      | 67,600      |
| Average stockholders' equity               | 260,192     | 260,073     | 264,043     | 264,739     | 266,542     |

| SELECTED YIELDS AND COST OF FUNDS (1):     | 2010  |       |       |       | 2009  |
|--|-------|-------|-------|-------|-------|
|  | IVQ   | IIIQ  | IIQ   | IQ    | IVQ   |
| Total average interest-earning assets      | 4.24% | 4.29% | 4.54% | 4.84% | 4.89% |
| Average loans                              | 5.24  | 5.30  | 5.36  | 5.45  | 5.36  |
| Average securities                         | 3.73  | 4.08  | 4.15  | 4.22  | 4.22  |
| Average other interest-earning assets      | 0.25  | 0.25  | 0.25  | 0.25  | 0.25  |
| Total average interest-bearing liabilities | 0.83  | 1.04  | 1.24  | 1.36  | 1.51  |
| Average interest-bearing deposits          | 0.80  | 1.00  | 1.20  | 1.31  | 1.46  |
| Average borrowings                         | 1.94  | 2.29  | 2.27  | 2.42  | 2.41  |
| Net interest rate spread                   | 3.41  | 3.25  | 3.30  | 3.48  | 3.38  |
| Net interest margin                        | 3.57  | 3.45  | 3.53  | 3.73  | 3.67  |

(1) Annualized

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**

**Latest Five Quarters**

(Dollars in thousands; except per share) – (Unaudited)

| CAPITAL RATIOS:  | 2010   |        |        |        | 2009   |
|--|--------|--------|--------|--------|--------|
|  | IVQ    | IIIQ   | IIQ    | IQ     | IVQ    |
| <b>BankFinancial Corporation:</b>                        |        |        |        |        |        |
| Equity to total assets (end of period)                   | 16.55% | 16.53% | 16.57% | 16.92% | 16.82% |
| Tangible equity to tangible total assets (end of period) | 14.74  | 15.01  | 15.15  | 15.40  | 15.26  |
| Risk-based total capital ratio                           | 21.51  | 21.71  | 21.44  | 21.10  | 20.06  |
| Risk-based tier 1 capital ratio                          | 20.33  | 20.54  | 20.31  | 20.00  | 18.97  |
| Tier 1 leverage ratio                                    | 14.73  | 15.01  | 15.16  | 15.41  | 15.27  |
| <b>BankFinancial FSB:</b>                                |        |        |        |        |        |
| Risk-based total capital ratio                           | 18.38  | 18.56  | 18.06  | 17.41  | 16.40  |
| Risk-based tier 1 capital ratio                          | 17.20  | 17.39  | 16.94  | 16.32  | 15.31  |
| Tier 1 leverage ratio                                    | 12.48  | 12.70  | 12.74  | 12.67  | 12.44  |

| COMMON STOCK AND DIVIDENDS:                      | 2010     |          |          |          | 2009     |
|--|----------|----------|----------|----------|----------|
|  | IVQ      | IIIQ     | IIQ      | IQ       | IVQ      |
| <b>Stock Prices:</b>                             |          |          |          |          |          |
| Close  | \$ 9.75  | \$ 9.17  | \$ 8.31  | \$ 9.17  | \$ 9.90  |
| High   | 9.90     | 9.38     | 9.99     | 10.16    | 10.40    |
| Low  | 9.06     | 8.12     | 8.28     | 9.01     | 9.07     |
| Book value per share                             | \$ 12.02 | \$ 12.32 | \$ 12.32 | \$ 12.31 | \$ 12.31 |
| Tangible book value per share                    | \$ 10.82 | \$ 11.11 | \$ 11.08 | \$ 11.08 | \$ 11.05 |
| Cash dividends declared and paid on common stock | \$ 0.07  | \$ 0.07  | \$ 0.07  | \$ 0.07  | \$ 0.07  |
| Stock repurchases                                | \$ -     | \$ -     | \$ 3,124 | \$ -     | \$ -     |
| Stock repurchases – shares                       | -        | -        | 356,411  | -        | -        |

| EARNINGS PER SHARE COMPUTATIONS:   | 2010              |                   |                   |                   | 2009              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | IVQ               | IIIQ              | IIQ               | IQ                | IVQ               |
| Net income (loss)  | \$ (5,472)        | \$ 737            | \$ (288)          | \$ 716            | \$ (1,596)        |
| Average common shares outstanding  | 21,062,368        | 21,059,966        | 21,301,212        | 21,416,377        | 21,416,377        |
| Less: Unearned ESOP shares   | (1,399,056)       | (1,423,724)       | (1,457,047)       | (1,488,018)       | (1,512,499)       |
| Unvested restricted stock shares   | (89,131)          | (106,850)         | (106,850)         | (108,650)         | (197,672)         |
| Weighted average common shares outstanding   | 19,574,181        | 19,529,392        | 19,737,315        | 19,819,709        | 19,706,206        |
| Plus: Dilutive common shares equivalents   | -                 | 57,542            | -                 | -                 | -                 |
| Weighted average dilutive common shares outstanding  | <u>19,574,181</u> | <u>19,586,934</u> | <u>19,737,315</u> | <u>19,819,709</u> | <u>19,706,206</u> |
| Number of anti-dilutive stock options excluded from the diluted earnings per share calculation | 2,287,553         | 2,298,603         | 2,320,803         | 2,322,603         | 2,322,603         |
| Weighted average exercise price of anti-dilutive options                                       | \$ 16.52          | \$ 16.51          | \$ 16.51          | \$ 16.51          | \$ 16.51          |
| Basic earnings (loss) per common share   | \$ (0.28)         | \$ 0.04           | \$ (0.01)         | \$ 0.04           | \$ (0.08)         |
| Diluted earnings (loss) per common share   | \$ (0.28)         | \$ 0.04           | \$ (0.01)         | \$ 0.04           | \$ (0.08)         |

**BANKFINANCIAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**

BankFinancial Corporation, a Maryland corporation (“the Company”) utilizes a number of different financial measures, both GAAP and non-GAAP, in making operating, budgeting and planning decisions for future periods. Generally, a non-GAAP financial measure is a numerical measure of a company’s performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States, or GAAP. The Company believes that the use of the non-GAAP financial measures described below provides the Board of Directors and management, and may provide some investors, with a more complete understanding of the Company’s operating results and trends, and facilitate comparisons to historical and peer performance. The Company’s non-GAAP financial measures should be considered supplemental in nature and should not be considered in isolation, or as superior to or a substitute for, financial measures that are prepared in accordance with GAAP. In addition, the Company’s non-GAAP financial measures may differ from similar non-GAAP financial measures that are used by other companies, thus limiting their usefulness as a comparative tool.

These measures include core return on assets, core return on equity, core dilutive earnings (loss) per share, core operating expense to average total assets, and core efficiency ratio. Management also believes that by excluding equity-based compensation expense, amortization of intangibles expenses, loss on sale of our Freddie Mac preferred stocks, loss on impairment of securities, gain on sale of merchant processing operations, and the FDIC special assessment from other noninterest income and expense, these ratios and earnings (loss) per share better reflect our core operating performance.

**BANKFINANCIAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**  
(Dollars in thousands; except per share) – (Unaudited)

FOR THE QUARTERS AND YEARS MONTH PERIODS  
ENDED DECEMBER 31, 2010 AND 2009

|   | Three months ended |                   | Year ended ended  |                  |
|---|--------------------|-------------------|-------------------|------------------|
|   | December 31,       |                   | December 31,      |                  |
|   | 2010               | 2009              | 2010              | 2009             |
| Core operating income: (loss)   |                    |                   |                   |                  |
| Net loss  | \$ (5,472)         | \$ (1,596)        | \$ (4,307)        | \$ (738)         |
| Adjustments:  |                    |                   |                   |                  |
| Equity-based compensation   | 735                | 682               | 2,650             | 3,038            |
| Amortization of intangibles   | 392                | 417               | 1,595             | 1,690            |
| Loss (gain) on sales of securities  | -                  | 988               | -                 | 988              |
| Loss on impairment of securities  | -                  | -                 | -                 | 401              |
| Gain on sale of merchant processing operations  | -                  | (1,300)           | -                 | (1,300)          |
| FDIC special assessment   | -                  | -                 | -                 | 700              |
| Tax effect on adjustments assuming 39.745% tax rate   | (448)              | (313)             | (1,687)           | (2,193)          |
| Core operating income (loss)  | <u>\$ (4,793)</u>  | <u>\$ (1,122)</u> | <u>\$ (1,749)</u> | <u>\$ 2,586</u>  |
| Return on assets (ratio of net income to average total assets) (1)  | (1.41)%            | (0.41)%           | (0.28)%           | (0.05)%          |
| Core return on assets (ratio of core operating income to average total assets) (1)                          | (1.23)%            | (0.29)%           | (0.11)%           | 0.17%            |
| Return on equity (ratio of net income (loss) to average equity) (1)   | (8.41)%            | (2.40)%           | (1.64)%           | (0.28)%          |
| Core return on equity (ratio of core operating income (loss) to average equity)(1)                          | (7.37)%            | (1.68)%           | (0.67)%           | 0.97%            |
| Diluted earnings (loss) per common share  | \$ (0.28)          | \$ (0.08)         | \$ (0.22)         | \$ (0.04)        |
| Core dilutive earnings (loss) per common share  | \$ (0.24)          | \$ (0.06)         | \$ (0.09)         | \$ 0.13          |
| Core operating expenses:  |                    |                   |                   |                  |
| Noninterest expenses  | \$ 15,611          | \$ 14,061         | \$ 53,849         | \$ 52,731        |
| Adjustments:  |                    |                   |                   |                  |
| Equity-based compensation   | (735)              | (682)             | (2,650)           | (3,038)          |
| Amortization of intangibles   | (392)              | (417)             | (1,595)           | (1,690)          |
| Loss on impairment of securities  | -                  | -                 | -                 | (401)            |
| FDIC special assessment   | -                  | -                 | -                 | (700)            |
| Core operating expenses   | <u>\$ 14,484</u>   | <u>\$ 12,962</u>  | <u>\$ 49,604</u>  | <u>\$ 46,902</u> |
| Noninterest expense to average total assets (1)   | 4.00%              | 3.57%             | 3.45%             | 3.36%            |
| Core operating expense to average total assets (1)  | 3.72%              | 3.30%             | 3.17%             | 2.99%            |
| Efficiency ratio (ratio of noninterest expense to net interest income plus noninterest income)              | 104.71%            | 89.95%            | 91.46%            | 86.74%           |
| Core efficiency ratio (ratio of core operating expense to net interest income plus core noninterest income) | 97.15%             | 84.61%            | 84.25%            | 77.55%           |

(1) Annualized for the three-month periods.

**BANKFINANCIAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURES**  
(Dollars in thousands; except per share) – (Unaudited)

| FOR THE LATEST FIVE QUARTERS  | 2010              |                  |                  |                  | 2009              |
|---|-------------------|------------------|------------------|------------------|-------------------|
|   | IVQ               | IIIQ             | IIQ              | IQ               | IVQ               |
| Core operating income (loss)  |                   |                  |                  |                  |                   |
| Net income (loss)   | \$ (5,472)        | \$ 737           | \$ (288)         | \$ 716           | \$ (1,596)        |
| Adjustments:  |                   |                  |                  |                  |                   |
| Equity-based compensation   | 735               | 688              | 595              | 632              | 682               |
| Amortization of intangibles   | 392               | 399              | 399              | 405              | 417               |
| Loss on sales of Freddie Mac preferred stocks   | -                 | -                | -                | -                | 988               |
| Loss on impairment of securities  | -                 | -                | -                | -                | -                 |
| Gain on sale of merchant processing operations  | -                 | -                | -                | -                | (1,300)           |
| Tax effect on adjustments assuming 39.745% tax rate   | (448)             | (432)            | (395)            | (412)            | (313)             |
| Core operating income (loss)  | <u>\$ (4,793)</u> | <u>\$ 1,392</u>  | <u>\$ 311</u>    | <u>\$ 1,341</u>  | <u>\$ (1,122)</u> |
| Return on assets (ratio of net income (loss) to average total assets) (1)                                   | (1.41)%           | 0.19%            | (0.07)%          | 0.18%            | (0.41)%           |
| Core return on assets (ratio of core operating income (loss) to average total assets) (1)                   | (1.23)%           | 0.35%            | 0.08%            | 0.34%            | (0.29)%           |
| Return on equity (ratio of net income (loss) to average equity)(1)  | (8.41)%           | 1.13%            | (0.44)%          | 1.08%            | (2.40)%           |
| Core return on equity (ratio of core operating income (loss) to average equity) (1)                         | (7.37)%           | 2.14%            | 0.47%            | 2.03%            | (1.68)%           |
| Diluted earnings (loss) per common share  | \$ (0.28)         | \$ 0.04          | \$ (0.01)        | \$ 0.04          | \$ (0.08)         |
| Core diluted earnings (loss) per common share   | \$ (0.24)         | \$ 0.07          | \$ 0.02          | \$ 0.07          | \$ (0.06)         |
| Core operating expense:   |                   |                  |                  |                  |                   |
| Noninterest expense   | \$ 15,611         | \$ 13,190        | \$ 12,370        | \$ 12,678        | \$ 14,061         |
| Adjustments:  |                   |                  |                  |                  |                   |
| Equity-based compensation   | (735)             | (688)            | (595)            | (632)            | (682)             |
| Amortization of intangibles   | (392)             | (399)            | (399)            | (405)            | (417)             |
| Core operating expense  | <u>\$ 14,484</u>  | <u>\$ 12,103</u> | <u>\$ 11,376</u> | <u>\$ 11,641</u> | <u>\$ 12,962</u>  |
| Noninterest expense to average total assets (1)   | 4.00%             | 3.35%            | 3.14%            | 3.25%            | 3.57%             |
| Core operating expense to average total assets (1)  | 3.72%             | 3.07%            | 2.89%            | 2.99%            | 3.30%             |
| Efficiency ratio (ratio of noninterest expense to net interest income plus noninterest income)              | 104.71%           | 89.65%           | 84.81%           | 86.42%           | 89.95%            |
| Core efficiency ratio (ratio of core operating expense to net interest income plus core noninterest income) | 97.15%            | 82.27%           | 77.99%           | 79.35%           | 84.61%            |

(1) Annualized for the three-month periods.