

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): January 30, 2017

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 2.02 Results of Operations and Financial Condition

On January 30, 2017, BankFinancial Corporation (Nasdaq – BFIN) issued a press release announcing the results for the fourth quarter and year ended December 31, 2016 and issued the Fourth Quarter 2016 Quarterly Financial and Statistical Supplement for the latest five quarters. The press release and Quarterly Financial and Statistical Supplement are included as Exhibits 99.1 and 99.2 to this report.

BankFinancial Corporation will review fourth quarter 2016 results in a conference call and webcast for stockholders and analysts on Tuesday, January 31, 2017 at 9:30 a.m. Chicago, Illinois Time.

The conference call may be accessed by calling (844) 413-1780 using participant passcode 60249177. The conference call will be simultaneously webcast at www.bankfinancial.com, “Investor Relations” page. For those persons unable to participate in the conference call, the webcast will be archived through 11:59 p.m. Chicago Time on Friday, February 24, 2017 on our website. BankFinancial Corporation’s Quarterly Financial and Statistical Supplement is scheduled to be available on our website, under the “Investor Relations” section, on January 30, 2017.

Item 7.01. Regulation FD Disclosure

The press release referenced in Item 2.02, above, included certain predictions and other forward looking statements as to the Company’s performance for the years ending December 31, 2016 and 2017.

Item 9.01. Financial Statements and Exhibits.

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

Exhibit No. Description

99.1 Press Release dated January 30, 2017

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: January 30, 2017

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press Release dated January 30, 2017
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99.2	Quarterly Financial and Statistical Supplement
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**FOR IMMEDIATE RELEASE****BankFinancial Corporation Reports Financial Results for 2016 and****Will Host Conference Call and Webcast on January 31, 2017**

Burr Ridge, Illinois - (January 30, 2017) BankFinancial Corporation (Nasdaq - BFIN) (the "Company") announced today the Company recorded net income of \$2.3 million and basic and dilutive earnings per share of common stock of \$0.12 for the fourth quarter ended December 31, 2016.

Total loans increased by \$71 million during the fourth quarter due to growth in commercial leases and multi-family loans, which was partially offset by reduced balances in commercial real estate loans and residential loans. Total commercial-related loan balances reached a new record level of \$1.2 billion, and now comprise 89.6% of total loans. Loan payoffs increased primarily due to a payoff resulting from the sale of a commercial equipment lessor to another lessor customer at the end of 2016.

In addition to organic commercial loan and lease originations, the Company agreed to acquire a portfolio of investment-grade commercial leases from a competitor exiting the sector. The Company closed \$55 million of the portfolio acquisition late in the fourth quarter of 2016, consisting of leases at an average rate of 2.31% and an average duration of approximately 26 months. The Company anticipates closing up to an additional \$22 million of the remaining portfolio at a similar rate during the first quarter of 2017. The portfolio acquisition enables the Company to deepen relationships with the commercial equipment lessors and redeploy the rapidly amortizing portfolio proceeds into higher-yielding commercial leases during 2017 and 2018.

Total organic commercial-related loan originations (including commercial line of credit utilization) for the fourth quarter of 2016 were \$146.6 million at an average 4.18% rate, compared to an average 3.86% rate for the third quarter of 2016. Combined with the commercial lease portfolio acquisition, total commercial-related loan originations for the quarter were \$201.6 million at an average 3.67% rate. Because commercial-related loans have become the dominant part of its lending activities, the Company's banking subsidiary, BankFinancial, NA, converted to a National Bank charter on November 30, 2016.

To ensure compliance with regulatory limits on commercial loan balances that existed before the national bank charter conversion, and to anticipate loan funding needs, the Company added \$50 million of short-term borrowings during the fourth quarter of 2016. This growth in total assets and total liabilities contributed to a temporary dilution of net interest margin and net interest spread for the fourth quarter of 2016. Due to these actions and the timing and nature of the commercial lease portfolio acquisition, the average yield on loans, net interest margin and net interest spread declined for the fourth quarter of 2016.

Noninterest income increased modestly in the fourth quarter due primarily to slightly higher deposit account-related income and trust income. The Company expects to continue to make progress in increasing noninterest income in 2017 through new deposit account product offerings and commercial loan and lease participation or sale revenues related to new loan originations.

Noninterest expense increased modestly in the fourth quarter. Compensation expense increased by \$419,000 primarily due to increased ESOP expense and to incentive compensation related to loan growth. Other expenses experienced seasonal fluctuations; however, the trends in noninterest expense remained intact.

Past due and classified loan trends remain favorable. The ratio of nonperforming loans to total loans was 0.25% and the ratio of nonperforming assets to total assets ratio was 0.44% at December 31, 2016. Nonperforming commercial-related loans represented 0.04% of total commercial-related loans. Nonperforming asset expenses decreased by \$155,000 due to resolutions of nonperforming loans and assets. The Company continues to focus on proactive portfolio management and resolutions of nonperforming loans and assets to maintain asset quality and reduce nonperforming asset expense to the lowest practicable levels.

The Company's net income for the year 2016 was \$7.5 million. Basic earnings per share of common stock were \$0.40 and dilutive earnings per share of common stock were \$0.39. The Company's total loans increased by \$79 million (6%), and its total commercial-related loans increased by \$103 million (10%). The Company increased its commercial / industrial loan and lease portfolio by \$111 million, and its multifamily loan portfolio by \$37 million, partially offset by a \$44 million reduction in its commercial real estate portfolio and a \$25 million reduction in residential loans.

The Company's total core deposits remained stable. The Company's liquid assets exceeded 12% of total assets. The Company's capital ratios remained strong with a Tier 1 capital ratio of 12% and a Tier 1 risk-based capital ratio of 16%.

"Our 2016 results reflect the successful execution of key business plan objectives, including accelerating our growth in commercial loans and leases following our conversion to a national bank charter in November, 2016, achieving exceptionally strong asset

quality and improving our overall efficiency. Building on our new capacities, we look forward to further improvements in these very positive trends in 2017,” said F. Morgan Gasior, the Chairman and CEO of the Company. He added that “We remain encouraged by the recent favorable trends in market yields on our commercial loan and lease originations and the ongoing flow of new opportunities at these yield levels.”

The Quarterly Financial and Statistical Supplement will be available today on BankFinancial's website, www.bankfinancial.com on the “Stockholder Information” page, and through the EDGAR database on the SEC's website, 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 2016 results in a conference call and webcast for stockholders and analysts on Tuesday, January 31, 2017 at 9:30 a.m. Chicago, Illinois Time. The conference call may be accessed by calling (844) 413-1780 using participant passcode 60249177. The conference call will be simultaneously webcast at www.bankfinancial.com, “Investor Relations” page. For those unable to participate in the conference call, the webcast will be archived through 11:59 p.m. Chicago Time on Friday, February 24, 2017.

BankFinancial Corporation is the holding company for BankFinancial, NA, a full-service, community-oriented bank providing financial services to individuals, families and businesses through 19 full-service banking offices, located in Cook, DuPage, Lake and Will Counties, Illinois. BankFinancial Corporation's common stock trades on the Nasdaq Global Select Market under the symbol BFIN. Additional information may be found at the company's website, www.bankfinancial.com.

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, as supplemented by subsequent filings 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 or on BankFinancial's web site at 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:	Media Inquiries:
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BankFinancial Corporation	BankFinancial, NA
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BANKFINANCIAL CORPORATION

FOURTH QUARTER 2016

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 to 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)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
PERFORMANCE MEASUREMENTS					
Return on assets (ratio of net income to average total assets) ⁽¹⁾	0.57%	0.66%	0.22%	0.50%	0.58%
Return on equity (ratio of net income to average equity) ⁽¹⁾	4.41	4.86	1.59	3.59	3.96
Net interest rate spread ⁽¹⁾	3.01	3.23	3.21	3.30	3.35
Net interest margin ⁽¹⁾	3.11	3.33	3.31	3.39	3.43
Efficiency ratio	76.23	73.60	79.80	80.98	83.16
Noninterest expense to average total assets ⁽¹⁾	2.59	2.62	2.78	2.89	3.08
Average interest-earning assets to average interest-bearing liabilities	133.71	134.36	136.17	136.26	138.91
Number of full service offices	19	19	19	19	19
Employees (full time equivalents)	246	242	253	255	251
SUMMARY STATEMENT OF FINANCIAL CONDITION					
ASSETS					
Cash and due from other financial institutions	\$ 13,053	\$ 9,499	\$ 11,509	\$ 10,238	\$ 13,192
Interest-bearing deposits in other financial institutions	83,631	91,031	74,048	55,705	46,185
Securities, at fair value	107,212	99,899	105,698	111,386	114,753
Loans receivable, net	1,312,952	1,241,808	1,207,553	1,232,485	1,232,257
Other real estate owned, net	3,895	4,381	5,373	5,629	7,011
Stock in Federal Home Loan Bank and Federal Reserve Bank, at cost	11,650	6,257	6,257	6,257	6,257
Premises and equipment, net	31,413	31,856	32,021	32,308	32,726
Intangible assets	782	911	1,040	1,169	1,305
Bank owned life insurance	22,594	22,538	22,484	22,438	22,387
Deferred taxes	22,411	23,715	25,187	25,641	26,695
Other assets	10,444	8,378	8,661	8,552	9,675
Total assets	\$ 1,620,037	\$ 1,540,273	\$ 1,499,831	\$ 1,511,808	\$ 1,512,443
LIABILITIES AND STOCKHOLDERS' EQUITY					
Deposits	\$ 1,339,390	\$ 1,316,695	\$ 1,268,602	\$ 1,264,689	\$ 1,212,919
Borrowings	51,069	1,406	1,469	17,621	64,318
Other liabilities	24,798	18,505	23,053	20,010	22,842
Total liabilities	1,415,257	1,336,606	1,293,124	1,302,320	1,300,079
Stockholders' equity	204,780	203,667	206,707	209,488	212,364
Total liabilities and stockholders' equity	\$ 1,620,037	\$ 1,540,273	\$ 1,499,831	\$ 1,511,808	\$ 1,512,443

(1) Annualized

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015	For the years ended December 31,	
	IVQ	IIIQ	IIQ	IQ	IVQ	2016	2015
SUMMARY STATEMENT OF OPERATIONS							
Total interest income	\$ 12,743	\$ 12,845	\$ 12,581	\$ 12,759	\$ 12,411	\$ 50,928	\$ 48,962
Total interest expense	1,148	1,014	952	856	738	3,970	2,814
Net interest income before recovery	11,595	11,831	11,629	11,903	11,673	46,958	46,148
Recovery of loan losses	(539)	(525)	1,315	(490)	(1,038)	(239)	(3,206)
Net interest income	12,134	12,356	10,314	12,393	12,711	47,197	49,354
Noninterest income	1,777	1,637	1,537	1,594	1,757	6,545	6,691
Noninterest expense	10,194	9,912	10,506	10,930	11,169	41,542	41,945
Income before income tax	3,717	4,081	1,345	3,057	3,299	12,200	14,100
Income tax expense	1,458	1,573	514	1,153	1,183	4,698	5,425
Net income	\$ 2,259	\$ 2,508	\$ 831	\$ 1,904	\$ 2,116	\$ 7,502	\$ 8,675
Basic earnings per common share	\$ 0.12	\$ 0.13	\$ 0.04	\$ 0.10	\$ 0.11	\$ 0.40	\$ 0.44
Diluted earnings per common share	\$ 0.12	\$ 0.13	\$ 0.04	\$ 0.10	\$ 0.11	\$ 0.39	\$ 0.44
NONINTEREST INCOME AND EXPENSE							
Noninterest Income							
Deposit service charges and fees	\$ 563	\$ 583	\$ 541	\$ 567	\$ 603	\$ 2,254	\$ 2,248
Other fee income	574	478	505	495	505	2,052	2,143
Insurance commissions and annuities income	122	53	72	55	169	302	386
Gain on sales of loans, net	16	38	3	18	10	75	102
Gain on sale of securities	—	—	—	46	—	46	—
Gain (loss) on disposition of premises and equipment	38	—	—	—	—	38	(1)
Loan servicing fees	62	66	75	73	83	276	354
Amortization of servicing assets	(32)	(28)	(40)	(28)	(32)	(128)	(137)
Recovery (impairment) of servicing assets	16	—	3	(3)	(1)	16	(3)
Earnings on bank owned life insurance	56	54	46	51	52	207	194
Trust income	182	167	165	160	183	674	712
Other	180	226	167	160	185	733	693
Total noninterest income	\$ 1,777	\$ 1,637	\$ 1,537	\$ 1,594	\$ 1,757	\$ 6,545	\$ 6,691
Noninterest Expense							
Compensation and benefits	\$ 5,734	\$ 5,315	\$ 5,713	\$ 5,993	\$ 6,034	\$ 22,755	\$ 22,222
Office occupancy and equipment	1,611	1,487	1,635	1,647	1,620	6,380	6,522
Advertising and public relations	252	144	252	222	208	870	991
Information technology	762	707	699	724	687	2,892	2,669
Supplies, telephone, and postage	346	345	297	376	397	1,364	1,586
Amortization of intangibles	129	129	129	136	136	523	550
Nonperforming asset management	99	89	127	84	239	399	681
Loss (gain) on sales of other real estate owned	(113)	(15)	(38)	38	33	(128)	(58)
Valuation adjustments of other real estate owned	70	115	10	119	81	314	548
Operations of other real estate owned	121	143	177	219	169	660	573
FDIC insurance premiums	64	238	236	217	205	755	904
Other	1,119	1,215	1,269	1,155	1,360	4,758	4,757
Total noninterest expense	\$ 10,194	\$ 9,912	\$ 10,506	\$ 10,930	\$ 11,169	\$ 41,542	\$ 41,945

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
LOANS					
One-to-four family residential real estate loans	\$ 135,218	\$ 142,130	\$ 147,876	\$ 154,588	\$ 159,501
Multi-family mortgage loans	542,887	505,369	504,158	513,450	506,026
Nonresidential real estate loans	182,152	186,504	191,685	219,339	226,735
Construction and land loans	1,302	1,005	1,767	1,799	1,313
Commercial loans	103,063	106,878	84,951	76,325	79,516
Commercial leases	352,539	304,753	282,629	272,849	265,405
Consumer loans	2,255	1,846	1,744	1,890	1,831
	<u>1,319,416</u>	<u>1,248,485</u>	<u>1,214,810</u>	<u>1,240,240</u>	<u>1,240,327</u>
Net deferred loan origination costs	1,663	1,657	1,658	1,661	1,621
Allowance for loan losses	(8,127)	(8,334)	(8,915)	(9,416)	(9,691)
Loans, net	<u>\$ 1,312,952</u>	<u>\$ 1,241,808</u>	<u>\$ 1,207,553</u>	<u>\$ 1,232,485</u>	<u>\$ 1,232,257</u>
LOAN ORIGINATIONS ⁽¹⁾					
One-to-four family residential real estate loans	\$ 1,426	\$ 2,322	\$ 2,279	\$ 1,637	\$ 2,657
Multi-family mortgage loans	54,954	25,062	18,017	24,385	43,110
Nonresidential real estate loans	9,033	3,518	3,587	5,002	20,408
Construction and land loans	359	92	—	198	—
Commercial loans	49,385	67,919	54,149	35,771	44,293
Commercial leases ⁽³⁾	87,855	54,717	54,633	39,303	71,201
Consumer loans	611	883	1,025	588	725
	<u>\$ 203,623</u>	<u>\$ 154,513</u>	<u>\$ 133,690</u>	<u>\$ 106,884</u>	<u>\$ 182,394</u>
LOAN PAYMENTS and PAYOFFS ⁽²⁾					
One-to-four family residential real estate loans	\$ 8,698	\$ 7,245	\$ 8,500	\$ 6,413	\$ 7,471
Multi-family mortgage loans	16,999	24,276	27,188	17,082	13,559
Nonresidential real estate loans	12,697	8,740	30,024	11,878	12,748
Construction and land loans	24	852	33	57	41
Commercial loans	53,147	45,990	45,528	39,030	45,460
Commercial leases	35,984	31,437	48,774	31,552	26,353
Consumer loans	633	801	1,080	664	701
	<u>\$ 128,182</u>	<u>\$ 119,341</u>	<u>\$ 161,127</u>	<u>\$ 106,676</u>	<u>\$ 106,333</u>
LOAN PAYMENTS and PAYOFFS (Loans rated 5 or higher) ⁽²⁾					
One-to-four family residential real estate loans	\$ 350	\$ 220	\$ 778	\$ 441	\$ 363
Multi-family mortgage loans	1,131	1,155	4,163	5,117	2,199
Nonresidential real estate loans	1,690	500	19,164	409	784
Construction and land loans	—	828	—	24	8
Commercial loans	5,681	6,037	12,243	7,861	4,873
Commercial leases	177	203	197	194	—
	<u>\$ 9,029</u>	<u>\$ 8,943</u>	<u>\$ 36,545</u>	<u>\$ 14,046</u>	<u>\$ 8,227</u>

(1) Loan originations include draws on revolving lines of credit and exclude loan renewals.

(2) Loan payments and payoffs exclude loan renewals.

(3) Fourth quarter 2016 originations include \$55.0 million purchased investment grade commercial leases.

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
CREDIT QUALITY:					
Nonperforming Assets:					
Nonaccrual loans ⁽¹⁾ :					
One-to-four family residential real estate loans	\$ 2,851	\$ 2,691	\$ 2,625	\$ 3,370	\$ 2,455
Multi-family mortgage loans	185	508	1,021	953	821
Nonresidential real estate loans	260	717	754	295	296
Construction and land loans	—	—	—	803	—
Nonaccrual loans	3,296	3,916	4,400	5,421	3,572
Loans past due over 90 days, still accruing	—	—	828	—	—
Other real estate owned:					
One-to-four family residential real estate loans	1,565	2,281	2,433	2,619	2,621
Multi-family real estate	370	393	737	737	951
Nonresidential real estate	1,066	780	1,065	1,135	1,747
Land	894	927	1,138	1,138	1,692
Other real estate owned	3,895	4,381	5,373	5,629	7,011
Nonperforming assets	\$ 7,191	\$ 8,297	\$ 10,601	\$ 11,050	\$ 10,583
Asset Quality Ratios					
Nonperforming assets to total assets	0.44%	0.54%	0.71%	0.73%	0.70%
Nonperforming loans to total loans	0.25	0.31	0.43	0.44	0.29
Nonperforming commercial-related loans to total commercial-related loans ⁽²⁾	0.04	0.11	0.24	0.19	0.10
Nonperforming residential and consumer loans to total residential and consumer loans	2.08	1.87	1.75	2.15	1.52
Allowance for loan losses to nonperforming loans	246.57	212.82	170.52	173.69	271.30
Concentrations of Credit					
Commercial Real Estate for FFEIC Concentration Limits	\$ 690,879	\$ 658,887	\$ 662,493	\$ 685,732	\$ 682,012
% FFIEC Total Capital	410.96%	399.18%	410.28%	392.73%	398.28%
Multi-family mortgage loans - 50% risk based capital qualified (included above)	\$ 305,436	\$ 269,641	\$ 246,117	\$ 238,922	\$ 233,409
% FFIEC Total Capital	181.68%	163.36%	152.42%	136.84%	136.31%
Commercial Leases - Investment Grade	\$ 268,022	\$ 215,237	\$ 199,020	\$ 182,057	\$ 170,100
Commercial Leases - Other	84,517	89,516	83,609	90,792	95,305

(1) Purchased impaired loans are combined with nonaccrual loans in the above table.

(2) Commercial-related loans include Multi-family mortgage, Nonresidential, Construction, Land and Commercial loans and Leases.

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
SUBSTANDARD PERFORMING LOANS					
One-to-four family residential real estate loans	\$ 670	\$ 475	\$ 335	\$ 440	\$ 847
Multi-family mortgage loans	1,048	2,119	2,025	3,347	5,167
Nonresidential real estate loans	1,845	2,407	3,194	4,981	4,981
Construction and land loans	—	—	830	—	842
Commercial loans	66	75	225	137	614
Consumer loans	—	—	2	—	—
	<u>\$ 3,629</u>	<u>\$ 5,076</u>	<u>\$ 6,611</u>	<u>\$ 8,905</u>	<u>\$ 12,451</u>
PERFORMING LOANS GREATER THAN 30 DAYS PAST DUE					
30 – 59 days past due	\$ 2,237	\$ 685	\$ 171	\$ 3,012	\$ 2,036
60 – 89 days past due	617	419	71	30	926
Matured Loans	270	784	277	1,387	1,467
	<u>\$ 3,124</u>	<u>\$ 1,888</u>	<u>\$ 519</u>	<u>\$ 4,429</u>	<u>\$ 4,429</u>
ALLOWANCE FOR LOAN LOSSES					
Beginning balance	\$ 8,334	\$ 8,915	\$ 9,416	\$ 9,691	\$ 10,081
Charge offs:					
One-to-four family residential real estate loans	(30)	(102)	(355)	(52)	(59)
Multi-family mortgage loans	(28)	—	(6)	(45)	(9)
Nonresidential real estate loans	(3)	(55)	(1,657)	(3)	(102)
Commercial loans	—	—	—	—	(54)
Consumer loans	(1)	(6)	(2)	(16)	(5)
	<u>(62)</u>	<u>(163)</u>	<u>(2,020)</u>	<u>(116)</u>	<u>(229)</u>
Recoveries:					
One-to-four family residential real estate loans	229	5	6	81	407
Multi-family mortgage loans	6	10	9	137	5
Nonresidential real estate loans	—	39	161	—	460
Construction and land loans	—	—	—	35	—
Commercial loans	159	45	28	77	5
Commercial leases	—	7	—	—	—
Consumer loans	—	1	—	1	—
	<u>394</u>	<u>107</u>	<u>204</u>	<u>331</u>	<u>877</u>
Net (charge-offs) recoveries	332	(56)	(1,816)	215	648
Provision for (recovery of) loan losses	(539)	(525)	1,315	(490)	(1,038)
Ending balance	<u>\$ 8,127</u>	<u>\$ 8,334</u>	<u>\$ 8,915</u>	<u>\$ 9,416</u>	<u>\$ 9,691</u>
Allowance for loan losses to total loans	0.62%	0.67 %	0.73 %	0.76%	0.78%
Net (charge-off) recovery ratio ⁽¹⁾	0.11	(0.02)	(0.60)	0.07	0.22

(1) Annualized

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
DEPOSITS					
Noninterest-bearing demand	\$ 249,539	\$ 234,652	\$ 231,928	\$ 238,848	\$ 254,830
Savings deposits	160,002	155,199	158,669	161,554	156,752
Money market accounts	311,183	320,814	315,615	323,197	329,654
Interest-bearing NOW accounts	267,054	263,286	258,083	247,434	248,982
Certificates of deposits - retail	220,602	223,642	223,948	221,101	211,010
Certificates of deposits - wholesale	131,010	119,102	80,359	72,555	11,691
	<u>\$ 1,339,390</u>	<u>\$ 1,316,695</u>	<u>\$ 1,268,602</u>	<u>\$ 1,264,689</u>	<u>\$ 1,212,919</u>

SELECTED AVERAGE BALANCES

Total average assets	\$ 1,576,345	\$ 1,511,475	\$ 1,510,115	\$ 1,513,683	\$ 1,448,857
Total average interest-earning assets	1,481,775	1,414,736	1,413,161	1,414,008	1,348,782
Average loans	1,253,224	1,225,480	1,210,726	1,238,270	1,175,723
Average securities	99,767	106,904	108,865	118,557	107,344
Average stock in FHLB & FRB	8,133	6,257	6,257	6,257	6,257
Average other interest-earning assets	120,651	76,095	87,313	50,924	59,458
Total average interest-bearing liabilities	1,108,181	1,052,916	1,037,781	1,037,730	971,000
Average interest-bearing deposits	1,088,265	1,050,935	1,034,674	962,823	951,631
Average borrowings	19,916	1,981	3,107	74,907	19,369
Average stockholders' equity	205,071	206,237	209,231	212,322	213,858

SELECTED YIELDS AND COST OF FUNDS ⁽¹⁾:

Total average interest-earning assets	3.42%	3.61%	3.58%	3.63%	3.65%
Average loans	3.87	4.02	4.02	4.01	4.06
Average securities	1.20	1.14	1.13	1.07	1.07
Average other interest-earning assets	0.78	0.73	0.75	0.69	0.51
Total average interest-bearing liabilities	0.41	0.38	0.37	0.33	0.30
Average interest-bearing deposits	0.41	0.38	0.37	0.33	0.30
Average borrowings	0.64	0.40	0.26	0.37	0.25
Net interest rate spread	3.01	3.23	3.21	3.30	3.35
Net interest margin	3.11	3.33	3.31	3.39	3.43

(1) Annualized

BANKFINANCIAL CORPORATION
SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA
Latest Five Quarters
(Dollars in thousands; except per share) – (Unaudited)

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
CAPITAL RATIOS					
BankFinancial Corporation					
Equity to total assets (end of period)	12.64%	13.22%	13.78%	13.86%	14.04%
Tangible equity to tangible total assets (end of period)	12.60	13.17	13.72	13.79	13.97
Risk-based total capital ratio	16.96	17.64	18.09	17.80	17.89
Common Tier 1 (CET1)	16.25	16.87	17.26	16.95	17.01
Risk-based tier 1 capital ratio	16.25	16.87	17.26	16.95	17.01
Tier 1 leverage ratio	11.92	12.28	12.41	12.53	13.26
Tier 1 capital	\$ 185,718	\$ 183,092	\$ 184,695	\$ 186,964	\$ 189,044
BankFinancial, NA					
Risk-based total capital ratio	14.72%	15.21%	15.09%	15.83%	15.41%
Common Tier 1 (CET1)	14.01	14.44	14.26	14.98	14.54
Risk-based tier 1 capital ratio	14.01	14.44	14.26	14.98	14.54
Tier 1 leverage ratio	10.27	10.51	10.25	11.08	11.33
Tier 1 capital	\$ 159,986	\$ 156,725	\$ 152,559	\$ 165,183	\$ 161,545
COMMON STOCK AND DIVIDENDS					
Stock Prices:					
Close	\$ 14.82	\$ 12.70	\$ 11.99	\$ 11.82	\$ 12.63
High	15.12	12.80	12.89	13.29	13.22
Low	12.15	11.75	11.38	11.42	12.10
Common shares outstanding	19,233,760	19,271,211	19,678,697	19,939,500	20,297,317
Book value per share	\$ 10.65	\$ 10.57	\$ 10.50	\$ 10.51	\$ 10.46
Tangible book value per share	\$ 10.61	\$ 10.52	\$ 10.45	\$ 10.45	\$ 10.40
Cash dividends declared on common stock	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.04
Dividend payout ratio	51.09%	38.82%	119.60%	53.50%	38.59%
Stock repurchases	\$ 520	\$ 5,022	\$ 3,280	\$ 4,393	\$ 2,582
Stock repurchases – shares	37,451	407,486	260,803	357,817	204,649
EARNINGS PER SHARE COMPUTATIONS					
Net income	\$ 2,259	\$ 2,508	\$ 831	\$ 1,904	\$ 2,116
Average common shares outstanding	19,257,435	19,460,022	19,827,581	20,155,541	20,428,979
Less: Unearned ESOP shares	(645,751)	(670,351)	(694,773)	(719,109)	(743,659)
Unvested restricted stock shares	(940)	(940)	(2,690)	(7,881)	(7,932)
Weighted average common shares outstanding	18,610,744	18,788,731	19,130,118	19,428,551	19,677,388
Plus: Dilutive common shares equivalents	170,683	323	317	2,939	25,141
Weighted average dilutive common shares outstanding	18,781,427	18,789,054	19,130,435	19,431,490	19,702,529
Basic earnings per common share	\$ 0.12	\$ 0.13	\$ 0.04	\$ 0.10	\$ 0.11
Diluted earnings per common share	\$ 0.12	\$ 0.13	\$ 0.04	\$ 0.10	\$ 0.11
Number of anti-dilutive stock options excluded from the diluted earnings per share calculation	—	536,459	536,459	1,752,156	536,459
Weighted average exercise price of anti-dilutive options	\$ —	\$ 12.99	\$ 12.99	\$ 12.30	\$ 12.99

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 pre-tax pre-provision earnings from adjusted operations and pre-tax pre-provision earnings from adjusted operations to average total assets. Management believes that by excluding equity-based compensation expense, other real estate owned related income and expense items and nonperforming asset management expenses from noninterest expense, these measures better reflect our adjusted operating performance.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Pre-tax pre-provision earnings from adjusted operations				
Income before income taxes	\$ 3,717	\$ 3,299	\$ 12,200	\$ 14,100
Recovery of loan losses	(539)	(1,038)	(239)	(3,206)
	3,178	2,261	11,961	10,894
Adjustments:				
Equity-based compensation	107	306	982	638
Nonperforming asset management	99	239	399	681
Loss (gain) on sale of other real estate owned	(113)	33	(128)	(58)
Valuation adjustments of other real estate owned	70	81	314	548
Operations of other real estate owned	121	169	660	573
Adjustments	284	828	2,227	2,382
Pre-tax pre-provision earnings from adjusted operations	\$ 3,462	\$ 3,089	\$ 14,188	\$ 13,276
Pre-tax pre-provision earnings from adjusted operations to average total assets (1)	0.88%	0.85%	0.93%	0.92%

(1) Annualized

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

FOR THE LATEST FIVE QUARTERS

	2016				2015
	IVQ	IIIQ	IIQ	IQ	IVQ
Pre-tax pre-provision earnings from adjusted operations					
Income before income taxes	\$ 3,717	\$ 4,081	\$ 1,345	\$ 3,057	\$ 3,299
Recovery of loan losses	(539)	(525)	1,315	(490)	(1,038)
	<u>3,178</u>	<u>3,556</u>	<u>2,660</u>	<u>2,567</u>	<u>2,261</u>
Adjustments:					
Equity-based compensation	107	107	391	377	306
Nonperforming asset management	99	89	127	84	239
Loss (gain) on sale of other real estate owned	(113)	(15)	(38)	38	33
Valuation adjustments of other real estate owned	70	115	10	119	81
Operations of other real estate owned	121	143	177	219	169
	<u>284</u>	<u>439</u>	<u>667</u>	<u>837</u>	<u>828</u>
Pre-tax pre-provision earnings from adjusted operations	\$ 3,462	\$ 3,995	\$ 3,327	\$ 3,404	\$ 3,089
Pre-tax pre-provision earnings from adjusted operations to average total assets ⁽¹⁾	0.88%	1.06%	0.88%	0.90%	0.85%

(1) Annualized