

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): August 31, 2006

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: (630) 242-7700

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))
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Item 1.01 Entry into a Material Definitive Agreement.

On August 31, 2006, the Human Resources Committee (the "Committee") of the Board of Directors (the "Board") of BankFinancial Corporation (the "Company") approved a form of Incentive Stock Option Award Terms, a form of Performance Based Incentive Stock Option Award Terms, a form of Non-Qualified Stock Option Award Terms, a form of Performance Based Non-Qualified Stock Option Award Terms, a form of Restricted Stock Unit Award Agreement, a form of Performance Based Restricted Stock Award Agreement, a form of Restricted Stock Award Agreement and a form of Stock Appreciation Rights Agreement, each pursuant to the Company's 2006 Equity Incentive Plan (the "Plan"). Each of the above-described forms of agreements is attached hereto as an exhibit and is incorporated herein by reference.

Item 8.01. Other Events.

On August 30, 2006, the Company announced that the Board has authorized the repurchase of up to 2,446,250 shares of the Company's common stock, which represents approximately 10% of the Company's issued and outstanding shares of common stock. The authorization permits shares to be repurchased in open market or negotiated transactions, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. The authorization will be utilized at management's discretion, subject to the limitations set forth in Rule 10b-18 of the Securities and Exchange Commission and other applicable legal requirements, and to price and other internal limitations established by the Board. The authorization will expire on March 31, 2007, and may be suspended, terminated or modified at any time prior to that date for any reason, including market conditions, the cost of repurchasing shares, the availability of alternative investment opportunities, liquidity, and other factors deemed relevant. These factors will also affect the timing and amount of share repurchases.

A copy of the press release announcing this item is attached as Exhibit 99.1 to this report. The information in the preceding paragraph, as well as Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits.

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

<u>Exhibit No.</u>	<u>Document</u>
10.1	Form of Incentive Stock Option Award Terms.
10.2	Form of Performance Based Incentive Stock Option Award Terms.
10.3	Form of Non-Qualified Stock Option Award Terms.
10.4	Form of Performance Based Non-Qualified Stock Option Award Terms.
10.5	Form of Restricted Stock Unit Award Agreement.
10.6	Form of Performance Based Restricted Stock Award Agreement.
10.7	Form of Restricted Stock Award Agreement.
10.8	Form of Stock Appreciation Rights Agreement.
99.1	Press Release dated August 30, 2006.

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
(Registrant)

Dated: August 31, 2006

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.1	Form of Incentive Stock Option Award Terms.
10.2	Form of Performance Based Incentive Stock Option Award Terms.
10.3	Form of Non-Qualified Stock Option Award Terms.
10.4	Form of Performance Based Non-Qualified Stock Option Award Terms.
10.5	Form of Restricted Stock Unit Award Agreement.
10.6	Form of Performance Based Restricted Stock Award Agreement.
10.7	Form of Restricted Stock Award Agreement.
10.8	Form of Stock Appreciation Rights Agreement.
99.1	Press Release dated August 30, 2006.

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
INCENTIVE STOCK OPTION AWARD TERMS

The Participant specified below has been granted this Option by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The Option shall be subject to the Plan as well as the following terms and conditions (the “**Option Terms**”):

Section 1. Award. In accordance with the Plan, the Company hereby grants an Option for the number of Covered Shares set forth in **Section 2** to the Participant, subject to the Option Terms.

Section 2. Terms of Award. The following words and phrases relating to the grant of the Option shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Covered Shares**” shall be [_____].
- (d) The “**Exercise Price**” is \$[_____] per share.

Except where the context clearly implies to the contrary, any capitalized term in this award shall have the meaning ascribed to that term under the Plan.

Section 3. Incentive Stock Option. The Option is intended to constitute an “incentive stock option” as that term is used in Code section 422. To the extent that the aggregate fair market value (determined at the time of grant) of Shares with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, the options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as nonstatutory stock options. It should be understood that there is no assurance that the Option will, in fact, be treated as an incentive stock option.

Section 4. Vesting. Subject to the limitations of the Option Terms, each installment of Covered Shares of the Option (“**Installment**”) shall become vested and exercisable on and after the “**Vesting Date**” for such Installment as described in the following schedule (but only if the Participant’s Termination of Service has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
[] of Covered Shares	[]
[] of Covered Shares	[]
[] of Covered Shares	[]

Notwithstanding the foregoing provisions of this **Section 4**, the Option shall become fully exercisable upon the earliest of the following events to occur: (i) a Change in Control that occurs on or before the Participant's Termination of Service; or (ii) Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(a) The Option may only be exercised on or after the Participant's Termination of Service only as to that portion of the Covered Shares for which it was exercisable immediately prior to the Participant's Termination of Service, or became exercisable on the date of the Participant's Termination of Service.

Section 5. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "**Expiration Date**" shall be the earliest to occur of:

(a) the date of the Participant's Termination of Service due to Cause;

(b) the [] anniversary of the Grant Date;

(c) the twelve (12) month anniversary of the Participant's Termination of Service if the Termination of Service occurs due to Death, Disability or Retirement; or

(d) the three (3) month anniversary of the Participant's Termination of Service if the Termination of Service occurs for reasons other than Death, Disability, Retirement or Cause; *provided, however*, that if the Participant returns to employment with, or as a director or consultant to, the Company, within three (3) months after the Termination of Service, such termination shall have no effect on the Option and the Participant shall have the same number of shares and the same vesting schedule as set forth in this Agreement.

Notwithstanding the foregoing provisions of this **Section 5**, in the event a Participant dies during the period provided for in subsection (d) above, the Option shall not expire, and shall remain exercisable, until the one (1) year anniversary of the date of Death, but in no event beyond the expiration date provided in subsection (b) above.

Section 6. Method of Option Exercise.

(a) *Method of Exercise.* Subject to the Option Terms and the Plan, the Option may be exercised in whole or in part by filing an exercise notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. The notice requirement may only be

satisfied by (i) the proper use of a specified electronic medium (phone, intranet, internet or other), whether or not such medium is the property of, or maintained, by the Company or a third party service provider; or (ii) any other method prescribed by the Committee; *provided, however*, the Committee shall retain the right to limit or expand the method of exercise to any one or more of the above methods with respect to any individual Participant or group or class of Participants. Such notice shall specify the number of Covered Shares which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such Covered Shares indicated by the Participant's election.

(b) *Payment of Exercise Price.* Payment may be by cash or, subject to limitations imposed by applicable law, by such means as the Committee from time to time may permit, including, (i) by tendering, either actually or by attestation, shares of Common Stock acceptable to the Committee, valued at Fair Market Value on the date of exercise; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price; (iii) by personal, certified or cashiers' check; (iv) by other property deemed acceptable by the Committee; or (v) any combination of the above. If payment is made pursuant to clauses (i) or (ii) above, the Participant's election must be made on or prior to the date of exercise of the Option and must be irrevocable. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded and shall not be exercisable during any blackout period established by the Company from time to time.

Section 7. Withholding. The exercise of the Option, and the Company's obligation to issue shares upon exercise, is subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied (i) through cash payment by the Participant; or (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay any tax and withholding resulting from such exercise; or (iii) by tendering, actually or by attestation, shares of Common Stock acceptable to the Committee; or (iv) subject to the Committee's discretion, through the surrender of Covered Shares to which the Participant is otherwise entitled under the Plan; *provided, however*, that such shares under this clause (iv) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

Section 8. Transferability. No portion of this Option may be assigned, transferred, pledged or hypothecated by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation, or other disposition of this Option contrary to the provisions hereof, and the levy of any attachment or similar process upon this option, shall be null and void and without effect. Notwithstanding the above, an Option may be assigned, transferred, pledged or hypothecated by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Section 9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been exercised or distributed, respectively, at the time of the Participant's Death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on a Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of the Option Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Option Terms as it has with respect to the Plan. Any interpretation of the Option Terms or the Plan by the Committee and any decision made by it with respect to the Option Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in the Option Terms to the contrary, the Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company, nor will it interfere in any way with any right the Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the Covered Shares, until a stock certificate has been duly issued following exercise of the Option as provided herein.

Section 14. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 15. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED
INCENTIVE STOCK OPTION AWARD TERMS

The Participant specified below has been granted this Option by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The Option shall be subject to the Plan as well as the following terms and conditions (the “**Option Terms**”):

Section 1. Award. In accordance with the Plan, the Company hereby grants an Option for the number of Covered Shares set forth in **Section 2** to the Participant, subject to the Option Terms.

Section 2. Terms of Award. The following words and phrases relating to the grant of the Option shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Covered Shares**” shall be [_____].
- (d) The “**Exercise Price**” is \$[_____] per share.

Except where the context clearly implies to the contrary, any capitalized term in this award shall have the meaning ascribed to that term under the Plan.

Section 3. Incentive Stock Option. The Option is intended to constitute an “incentive stock option” as that term is used in Code section 422. To the extent that the aggregate fair market value (determined at the time of grant) of Shares with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, the options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as nonstatutory stock options. It should be understood that there is no assurance that the Option will, in fact, be treated as an incentive stock option.

Section 4. Vesting. Subject to the limitations of the Option Terms, each installment of Covered Shares of the Option (“**Installment**”) shall become vested and exercisable on and after the “**Vesting Date**” for such Installment as described in the following schedule if, and only if, both (i) the Participant’ Termination of Service has not occurred prior

to the Vesting Date and (ii) the **[To Be Determined]** goals of the Company have been attained pursuant to the following schedule:

INSTALLMENT	VESTING DATE*	CUMULATIVE [EPS] GOALS
[] of Covered Shares	[Insert Date]	[TBD] for [Insert year]
[] of Covered Shares	[Insert Date]	[TDB] for [Insert year]
[] of Covered Shares	[Insert Date]	[TDB] for [Insert year]
Remaining Covered Shares	[Insert Date]	[TDB] for [Insert year]

(a) Notwithstanding the foregoing provisions of this **Section 4**, the Option shall become fully exercisable upon the earliest of the following events to occur, whether or not the cumulative **[TBD]** Goals have been met: (i) a Change in Control that occurs on or before the Participant's Termination of Service; or (ii) Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) The Option may only be exercised on or after the Participant's Termination of Service only as to that portion of the Covered Shares for which it was exercisable immediately prior to the Participant's Termination of Service, or became exercisable on the date of the Participant's Termination of Service.

(c) In the event that any Installment of Covered Shares does not vest as of the date scheduled above such shares shall be **[forfeited] [included with the next Installment subject to vesting]**.

Section 5. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "**Expiration Date**" shall be the earliest to occur of:

(a) the date of the Participant's Termination of Service due to Cause;

(b) the [] anniversary of the Grant Date;

(c) the twelve (12) month anniversary of the Participant's Termination of Service if the Termination of Service occurs due to Death, Disability or Retirement; or

(d) the three (3) month anniversary of the Participant's Termination of Service if the Termination of Service occurs for reasons other than Death, Disability, Retirement or Cause; *provided, however*, that if the Participant returns to employment with, or as a director or consultant to, the Company, within three (3) months after the Termination of Service, such termination shall have no effect on the Option and the Participant shall have the same number of shares and the same vesting schedule as set forth in this Agreement.

* Provided **[TBD]** Goals are achieved.

Notwithstanding the foregoing provisions of this **Section 5**, in the event a Participant dies during the period provided for in subsection (d) above, the Option shall not expire, and shall remain exercisable, until the one (1) year anniversary of the date of Death, but in no event beyond the expiration date provided in subsection (b) above.

Section 6. Method of Option Exercise.

(a) *Method of Exercise.* Subject to the Option Terms and the Plan, the Option may be exercised in whole or in part by filing an exercise notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. The notice requirement may only be satisfied by (i) the proper use of a specified electronic medium (phone, intranet, internet or other), whether or not such medium is the property of, or maintained, by the Company or a third party service provider, or (ii) any other method prescribed by the Committee; *provided, however,* the Committee shall retain the right to limit or expand the method of exercise to any one or more of the above methods with respect to any individual Participant or group or class of Participants. Such notice shall specify the number of Covered Shares which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such Covered Shares indicated by the Participant's election.

(b) *Payment of Exercise Price.* Payment may be by cash or, subject to limitations imposed by applicable law, by such means as the Committee from time to time may permit, including, (i) by tendering, either actually or by attestation, shares of Common Stock acceptable to the Committee, valued at Fair Market Value on the date of exercise; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price; (iii) by personal, certified or cashiers' check; (iv) by other property deemed acceptable by the Committee; or (v) any combination of the above. If payment is made pursuant to clauses (i) or (ii) above, the Participant's election must be made on or prior to the date of exercise of the Option and must be irrevocable. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded and shall not be exercisable during any blackout period established by the Company from time to time.

Section 7. Withholding. The exercise of the Option, and the Company's obligation to issue shares upon exercise, is subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied (i) through cash payment by the Participant; or (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the

sale proceeds to pay any tax and withholding resulting from such exercise; or (iii) by tendering, actually or by attestation, shares of Common Stock acceptable to the Committee; or (iv) subject to the Committee's discretion, through the surrender of Covered Shares to which the Participant is otherwise entitled under the Plan; *provided, however*, that such shares under this clause (iv) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

Section 8. Transferability. No portion of this Option may be assigned, transferred, pledged or hypothecated by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation, or other disposition of this Option contrary to the provisions hereof, and the levy of any attachment or similar process upon this option, shall be null and void and without effect. Notwithstanding the above, an Option may be assigned, transferred, pledged or hypothecated by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Section 9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been exercised or distributed, respectively, at the time of the Participant's Death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on a Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of the Option Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Option Terms as it has with respect to the Plan. Any interpretation of the Option Terms or the Plan by the Committee and any decision made by it with respect to the Option Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in the Option Terms to the contrary, the Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company, nor will it interfere in any way with any right the Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the Covered Shares, until a stock certificate has been duly issued following exercise of the Option as provided herein.

Section 14. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 15. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
NON-QUALIFIED STOCK OPTION AWARD TERMS

The Participant specified below has been granted this Option by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The Option shall be subject to the Plan as well as the following terms and conditions (the “**Option Terms**”):

Section 1. Award. In accordance with the Plan, the Company hereby grants an Option for the number of Covered Shares set forth in **Section 2** to the Participant, subject to the Option Terms.

Section 2. Terms of Option Award. The following words and phrases relating to the grant of the Option shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Covered Shares**” is [_____].
- (d) The “**Exercise Price**” is \$[_____] per share.

Except where the context clearly implies to the contrary, any capitalized term in this Option award shall have the meaning ascribed to that term under the Plan.

Section 3. Non-Qualified Stock Option. The Option is not intended to constitute an “incentive stock option” as that term is used in Code section 422.

Section 4. Vesting. Subject to the limitations of the Option Terms, each installment of Covered Shares of the Option (“**Installment**”) shall become vested and exercisable on and after the “**Vesting Date**” for such Installment as described in the following schedule (but only if the Participant’s Termination of Service has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
[_____] of Covered Shares	[_____]
[_____] of Covered Shares	[_____]
[_____] of Covered Shares	[_____]

(a) Notwithstanding the foregoing provisions of this **Section 4**, the Option shall become fully exercisable upon the earliest of the following events to occur: (i) a Change of Control that occurs on or before the Participant's Termination of Service; or (ii) Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) The Option may only be exercised on or after the Participant's Termination of Service only as to that portion of the Covered Shares for which it was exercisable immediately prior to the Participant's Termination of Service, or became exercisable on the date of the Participant's Termination of Service.

Section 5. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "**Expiration Date**" shall be the earliest to occur of:

(a) the date of the Participant's Termination of Service due to Cause;

(b) the [_____] anniversary of the Grant Date;

(c) the twelve (12) month anniversary of the Participant's Termination of Service if the Termination of Service occurs due to Death, Disability or Retirement; or

(d) the three (3) month anniversary of the Participant's Termination of Service if the Termination of Service occurs for reasons other than Death, Disability, Retirement or Cause; *provided, however*, that if the Participant returns to employment with, or as a director or consultant to, the Company, within three (3) months after the Termination of Service, such termination shall have no effect on the Option and the Participant shall have the same number of shares and the same vesting schedule as set forth in this Agreement.

Notwithstanding the foregoing provisions of this Section 5, in the event a Participant dies during the period provided for in subsection (d) above, the Option shall not expire, and shall remain exercisable, until the one (1) year anniversary of the date of Death, but in no event beyond the expiration date provided in subsection (b) above.

Section 6. Option Exercise.

(a) *Method of Exercise.* Subject to the Option Terms and the Plan, the Option may be exercised in whole or in part by filing an exercise notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. The notice requirement may only be satisfied by (i) the proper use of a specified electronic medium (phone, intranet, internet or other), whether or not such medium is the property of, or maintained, by the Company or a third party service provider, or (ii) any other method prescribed by the Committee; *provided, however*, the Committee shall retain the right to limit or expand the method of exercise to any one or more of the above methods with respect to any individual Participant or group or class of Participants. Such notice shall specify the number of Covered Shares which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such Covered Shares indicated by the Participant's election.

(b) *Payment of Exercise Price.* Payment may be by cash or, subject to limitations imposed by applicable law, by such means as the Committee from time to time may permit, including, (i) by tendering, either actually or by attestation, Stock acceptable to the Committee, valued at Fair Market Value on the date of exercise; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price; (iii) by personal, certified or cashiers' check; (iv) by other property deemed acceptable by the Committee; or (v) any combination of the above. If payment is made pursuant to clauses (i) or (ii) above, the Participant's election must be made on or prior to the date of exercise of the Option and must be irrevocable. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded and shall not be exercisable during any blackout period established by the Company from time to time.

Section 7. Withholding. The exercise of the Option, and the Company's obligation to issue shares upon exercise, is subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied (i) through cash payment by the Participant; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay any tax and withholding resulting from such exercise (iii) by tendering, actually or by attestation, shares of Common Stock acceptable to the Committee; or (iv) subject to the Committee's discretion, through the surrender of Covered Shares to which the Participant is otherwise entitled under the Plan; *provided, however,* that such shares under this clause (iv) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

Section 8. Transferability. The Option, or a portion thereof, may be transferable or assignable to a member or members of the Participant's "immediate family," as such term is defined in Rule 16a-1(e) under the Exchange Act, or to a trust for the benefit solely of a member or members of the Participant's immediate family, or to a partnership or other entity whose only owners are members of the Participant's immediate family (such transferee being a "Participant"), subject to the terms and conditions of the Plan. It may not be assigned, transferred (except as aforesaid), pledged or hypothecated by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation, or other disposition of this Option contrary to the provisions hereof, and the levy of any attachment or similar process upon this option, shall be null and void and without effect. Notwithstanding the above, an Option may be assigned, transferred, pledged or hypothecated by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Section 9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been exercised or distributed, respectively, at the time of the Participant's Death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on the Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of the Option Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Option Terms as it has with respect to the Plan. Any interpretation of the Option Terms or the Plan by the Committee and any decision made by it with respect to the Option Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in the Option Terms to the contrary, the Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company, nor will it interfere in any way with any right the Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the Covered Shares, until a stock certificate has been duly issued following exercise of the Option as provided herein.

Section 14. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 15. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Option award constitutes acknowledgement and consent to such rights of the Committee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED
NON-QUALIFIED STOCK OPTION AWARD TERMS

The Participant specified below has been granted this Option by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The Option shall be subject to the Plan as well as the following terms and conditions (the “**Option Terms**”):

Section 1. Award. In accordance with the Plan, the Company hereby grants an Option for the number of Covered Shares set forth in **Section 2** to the Participant, subject to the Option Terms.

Section 2. Terms of Option Award. The following words and phrases relating to the grant of the Option shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Covered Shares**” is [_____].
- (d) The “**Exercise Price**” is \$[_____] per share.

Except where the context clearly implies to the contrary, any capitalized term in this Option award shall have the meaning ascribed to that term under the Plan.

Section 3. Non-Qualified Stock Option. The Option is not intended to constitute an “incentive stock option” as that term is used in Code section 422.

Section 4. Vesting. Subject to the limitations of the Option Terms, each installment of Covered Shares of the Option (“**Installment**”) shall become vested and exercisable on and after the “**Vesting Date**” for such Installment as described in the following schedule if, and only if, both (i) the Participant’s Termination from Service has not occurred prior to the Vesting Date and (ii) the [**To Be Determined**] goals of the Company have been attained or maintained pursuant to the following Schedule [**Schedule to be modified per performance goals**]:

INSTALLMENT	VESTING DATE*	CUMULATIVE [TBD] GOALS
[] Covered Shares	[Insert Date]	([TBD] for [Insert year] only)
[] Covered Shares	[Insert Date]	([TBD] for [Insert year] only)
[] Covered Shares	[Insert Date]	([TBD] for [Insert year] only)
Remaining Covered Shares	[Insert Date]	

(a) Notwithstanding the foregoing provisions of this **Section 4**, the Option shall become fully exercisable upon the earliest of the following events to occur, whether or not the cumulative **[TBD]** Goals have been met: (i) a Change of Control that occurs on or before the Participant's Termination of Service; or (ii) Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) The Option may only be exercised on or after the Participant's Termination of Service only as to that portion of the Covered Shares for which it was exercisable immediately prior to the Participant's Termination of Service, or became exercisable on the date of the Participant's Termination of Service.

(c) In the event that any Installment of Covered Shares does not vest as of the date scheduled above such shares shall be **[forfeited] [included with the next Installment subject to vesting]**.

Section 5. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "**Expiration Date**" shall be the earliest to occur of:

- (a) the date of the Participant's Termination of Service due to Cause;
- (b) the [] anniversary of the Grant Date;

(c) the twelve (12) month anniversary of the Participant's Termination of Service if the Termination of Service occurs due to Death, Disability or Retirement; or

(d) the three (3) month anniversary of the Participant's Termination of Service if the Termination of Service occurs for reasons other than Death, Disability, Retirement or Cause; *provided, however*, that if the Participant returns to employment with, or as a director or consultant to, the Company, within three (3) months after the Termination of Service, such termination shall have no effect on the Option and the Participant shall have the same number of shares and the same vesting schedule as set forth in this Agreement.

* Provided Cumulative **[TBD]** Goals are achieved.

Notwithstanding the foregoing provisions of this Section 5, in the event a Participant dies during the period provided for in subsection (d) above, the Option shall not expire, and shall remain exercisable, until the one (1) year anniversary of the date of Death, but in no event beyond the expiration date provided in subsection (b) above.

Section 6. Option Exercise.

(a) *Method of Exercise.* Subject to the Option Terms and the Plan, the Option may be exercised in whole or in part by filing an exercise notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. The notice requirement may only be satisfied by (i) the proper use of a specified electronic medium (phone, intranet, internet or other), whether or not such medium is the property of, or maintained, by the Company or a third party service provider, or (ii) any other method prescribed by the Committee; *provided, however,* the Committee shall retain the right to limit or expand the method of exercise to any one or more of the above methods with respect to any individual Participant or group or class of Participants. Such notice shall specify the number of Covered Shares which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such Covered Shares indicated by the Participant's election.

(b) *Payment of Exercise Price.* Payment may be by cash or, subject to limitations imposed by applicable law, by such means as the Committee from time to time may permit, including, (i) by tendering, either actually or by attestation, Stock acceptable to the Committee, valued at Fair Market Value on the date of exercise; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price; (iii) by personal, certified or cashiers' check; (iv) by other property deemed acceptable by the Committee; or (v) any combination of the above. If payment is made pursuant to clauses (i) or (ii) above, the Participant's election must be made on or prior to the date of exercise of the Option and must be irrevocable. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded and shall not be exercisable during any blackout period established by the Company from time to time.

Section 7. Withholding. The exercise of the Option, and the Company's obligation to issue shares upon exercise, is subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied (i) through cash payment by the Participant; (ii) by irrevocably authorizing a third party, acceptable to the Committee, to sell shares of the Common Stock (or a sufficient portion of the Shares) acquired upon exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay any tax and withholding resulting from such exercise (iii) by tendering, actually or by attestation, shares of Common Stock acceptable to the Committee; or (iv) subject to the Committee's discretion, through the surrender of Covered Shares to which the Participant is otherwise entitled under the Plan; *provided, however,* that such shares under

this clause (iv) may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

Section 8. Transferability. The Option, or a portion thereof, may be transferable or assignable to a member or members of the Participant's "immediate family," as such term is defined in Rule 16a-1(e) under the Exchange Act, or to a trust for the benefit solely of a member or members of the Participant's immediate family, or to a partnership or other entity whose only owners are members of the Participant's immediate family (such transferee being a "Participant"), subject to the terms and conditions of the Plan. It may not be assigned, transferred (except as aforesaid), pledged or hypothecated by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation, or other disposition of this Option contrary to the provisions hereof, and the levy of any attachment or similar process upon this option, shall be null and void and without effect. Notwithstanding the above, an Option may be assigned, transferred, pledged or hypothecated by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Section 9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been exercised or distributed, respectively, at the time of the Participant's Death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on the Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under this Agreement or before the complete distribution of benefits to the Designated Beneficiary under this Agreement, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of the Option Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Option Terms as it has with respect to the Plan. Any interpretation of the Option Terms or the Plan by the Committee and any decision made by it with respect to the Option Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in the Option Terms to the contrary, the Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company, nor will it interfere in any way with any right the Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the Covered Shares, until a stock certificate has been duly issued following exercise of the Option as provided herein.

Section 14. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 15. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Option award constitutes acknowledgement and consent to such rights of the Committee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 Equity Incentive Plan
RESTRICTED STOCK UNIT AWARD AGREEMENT

The Participant specified below has been granted these Restricted Stock Units (“RSUs”) by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The RSUs shall be subject to the terms of the Plan as well as the following terms and conditions set forth herein (the “**RSU Terms**”).

Section 1. Award. In accordance with the Plan, the Company hereby grants to the Participant these RSUs where each unit represents the right to receive one share of Common Stock in the future. These RSUs are in all respects limited and conditioned as provided herein. Except where the context clearly implies to the contrary, any capitalized terms in this award shall have the meaning ascribed to them in the Plan.

Section 2. Terms of Award. The following words and phrases relating to the grant of the RSUs shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Units**” is [_____].
- (d) The “**Delivery Date**” shall be the end of the Restricted Period, with respect to the applicable Units.

Section 3. Restricted Period. This Agreement evidences the Company’s grant to the Participant as of the Grant Date, on the terms and conditions described in this Agreement and in the Plan, RSUs, as well as the right of the Participant to become entitled to receive Stock with respect to that portion of the Units no longer covered by a Restricted Period. Subject to the limitations of the RSU Terms, the “**Restricted Period**” for each installment of Units (“**Installment**”) shall begin on the Grant Date and end as described in the following schedule (but only if the Participant has not had a Termination of Service before the end of the Restricted Period):

INSTALLMENT	RESTRICTED PERIOD WILL END ON:
[] of Covered Units	[]
[] of Covered Units	[]
[] of Covered Units	[]

(a) Notwithstanding the foregoing provisions of this **Section 3**, the Restricted Period shall cease immediately upon the earliest of the following events to occur: (i) a Change in Control that occurs on or before the Participant's Termination of Service; or (ii) the Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) In the event the Participant's Termination of Service other than due to Death, Disability or Retirement occurs prior to the expiration of one or more Restricted Periods, the Participant shall forfeit all rights, title and interest in and to that portion of Units which have not vested as of the Participant's Termination of Service date.

Section 4. Settlement of Units. As soon as administratively practicable following the end of a Restricted Period or upon immediate vesting as described in **Section 3**, the Company shall deliver to the Participant one share of the Company's Stock free and clear of any restrictions in settlement of each of the unrestricted Units.

Notwithstanding the foregoing provisions of **Sections 3** or **4**, in the event that the settlement of the Units (or the payment of any dividend equivalents pursuant to **Section 9**, below) would generate taxable income to the Participant that would not be deductible to the Company due to the application of the limitations of section 162(m) of the Code, such delivery shall be deferred until the earlier of (i) such time as Company reasonably anticipates that the limitations of Code section 162(m) on the Company's deduction for amounts paid to the Participant no longer apply or (ii) January 15th of the year following the year in which the Participant's Termination of Service occurs.

Section 5. Withholding. All deliveries of Common Stock pursuant to this Agreement shall be subject to withholding of all applicable taxes. The Company shall have the right to require the Participant (or if applicable, permitted assigns, heirs or Designated Beneficiaries) to remit to the Company an amount sufficient to satisfy any tax requirements prior to the delivery of any certificate or certificates for Stock under this Agreement. At the election of the Participant, subject to the rules and limitations as may be established by the Committee, such withholding obligations may be satisfied through the surrender of shares of Common Stock which the Participant already owns, or to which Participant is otherwise entitled under the Plan.

Section 6. Heirs and Successors. The RSU Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or

benefits distributable to the Participant under this Agreement have not been settled or distributed, respectively, at the time of the Participant's Death, such rights shall be settled and payable to the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on a Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been payable to the Participant and shall be payable to the legal representative of the estate of the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been payable to the Participant and shall be payable to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the settlement of Designated Beneficiary's rights under this Agreement, then any rights that would have been payable to the Designated Beneficiary shall be payable to the legal representative of the estate of the Designated Beneficiary.

Section 7. Non-Transferability of RSU. During the Restricted Period, the Participant shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or dispose of any Units awarded under this Agreement.

Section 8. Dividend Equivalents. Subject to the application of **Section 4**, the Participant shall be entitled to receive a payment of additional Units equal in value to any cash dividends and property distributions paid with respect to the RSUs (other than dividends or distributions of securities of the Company which may be issued with respect to its shares by virtue of any stock split, combination, stock dividend or recapitalization – to the extent covered in **Section 2.3(d) of the Plan**) that become payable during the Restricted Period ("**Dividend Equivalents**"); *provided, however*, that no Dividend Equivalents shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions occurring prior to the Grant Date, or with respect to record dates for such dividends or distributions occurring on or after the date, if any, on which the Participant has forfeited the Units. Dividend Equivalents shall be paid at such times as the Committee shall determine in its discretion and shall be subject to the same restrictions applicable to the underlying Units.

Section 9. No Voting Rights. The Participant shall not be a shareholder of record with respect to the Units during the Restricted Period and shall have no voting rights with respect to the Units during the Restricted Period.

Section 10. Securities Laws. The Participant acknowledges that certain restrictions under state or federal securities laws may apply with respect to the Units granted pursuant to this Award, even after they have been delivered as shares of Common Stock to the Participant. Specifically, Participant acknowledges that, to the extent he or she is an "affiliate" of the Company (as that term is defined by the Securities Act of 1933), the Common Stock granted

pursuant to this Award are subject to certain trading restrictions under applicable securities laws (including particularly the Securities and Exchange Commission's Rule 144). Participant hereby agrees to execute such documents and take such actions as the Company may reasonably require with respect to state and federal securities laws and any restrictions on the resale of such shares which may pertain under such laws.

Section 11. Administration. The authority to manage and control the operation and administration of the RSU Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the RSU Terms as it has with respect to the Plan. Any interpretation of the RSU Terms or the Plan by the Committee and any decision made by it with respect to the RSU Terms or the Plan are final and binding on all persons.

Section 12. Plan Governs. Notwithstanding anything in the RSU Terms to the contrary, the RSU Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the RSU Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 13. Not An Employment Contract. The RSUs will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 14. Amendment. The RSU Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 15. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED
RESTRICTED STOCK AWARD AGREEMENT

The Participant specified below has been granted this Restricted Stock Award (“Award”) by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “Company”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “Plan”). The Award shall be subject to the terms of the Plan as well as the following terms and conditions set forth herein (the “Award Terms”).

Section 1. Award. In accordance with the Plan, the Company hereby grants to the Participant this Award which represents the right to receive Stock (the “Covered Shares”). This Award is in all respects limited and conditioned as provided herein. Except where the context clearly implies to the contrary, any capitalized terms in this award shall have the meaning ascribed to them in the Plan.

Section 2. Terms of Award. The following words and phrases relating to the grant of the Award shall have the following meanings:

- (a) The “Participant” is [_____].
- (b) The “Grant Date” is [_____].
- (c) The number of “Covered Shares” is [_____].

Section 3. Restricted Period. This Agreement evidences the Company’s grant to the Participant as of the Grant Date, on the terms and conditions described in this Agreement and in the Plan, the right of the Participant to receive Stock free of restrictions once the Restricted Period ends. Subject to the limitations of the Award Terms, the “Restricted Period” for each installment of Covered Shares (“Installment”) shall begin on the Grant Date and end when the [To Be Determined] goals of the Company have been attained pursuant to the following schedule (if the Participant has not had a Termination of Service before the end of the Restricted Period) [Schedule to be modified per performance goals]:

INSTALLMENT	END OF RESTRICTED PERIOD*	CUMULATIVE [EPS] GOALS
[] of Covered Shares	[Insert Date]	[TBD] for [Insert year]
[] of Covered Shares	[Insert Date]	[TBD] for [Insert year]
[] of Covered Shares	[Insert Date]	[TBD] for [Insert year]
Remaining Covered Shares	[Insert Date]	[TBD] for [Insert year]

(a) Notwithstanding the foregoing provisions of this **Section 3**, the Restricted Period shall cease immediately upon the earliest of the following events to occur, whether or not the cumulative **[TBD]** Goals have been met: (i) a Change in Control that occurs on or before the Participant's Termination of Service; or (ii) the Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) In the event the Participant's Termination of Service other than due to Death, Disability or Retirement occurs prior to the expiration of one or more Restricted Periods, the Participant shall forfeit all rights, title and interest in and to any Installment(s) of Covered Shares still subject to a Restricted Period as of the Participant's Termination of Service date.

(c) In the event that any Installment of Covered Shares does not vest as of the date scheduled above such shares shall be **[forfeited] [included with the next Installment subject to vesting]**.

Section 4. Withholding. All deliveries of Covered Shares pursuant to this Agreement shall be subject to withholding of all applicable taxes. The Company shall have the right to require the Participant (or if applicable, permitted assigns, heirs or Designated Beneficiaries) to remit to the Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any certificate or certificates for Stock under this Agreement. At the election of the Participant, subject to the rules and limitations as may be established by the Committee, such withholding obligations may be satisfied through the surrender of shares of Common Stock which the Participant already owns, or to which Participant is otherwise entitled under the Plan.

Section 5. Heirs and Successors. The Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been settled or distributed, respectively, at the time of the Participant's Death, such rights shall be settled and payable to the Designated Beneficiary, and such benefits shall be distributed to the Designated

* Provided Cumulative **[TBD]** Goals are achieved.

Beneficiary, in accordance with the provisions of this Agreement and the Plan. The “**Designated Beneficiary**” shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on the Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been payable to the Participant and shall be payable to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the settlement of Designated Beneficiary’s rights under this Agreement, then any rights that would have been payable to the Designated Beneficiary shall be payable to the legal representative of the estate of the Designated Beneficiary.

Section 6. Non-Transferability of Award. During the Restricted Period, the Participant shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or dispose of any Units awarded under this Agreement.

Section 7. Dividends. The Participant shall be entitled to receive dividends and distributions paid on the Restricted Stock during the Restricted Period; *provided, however*, that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions occurring before or prior to the Grant Date, or with respect to record dates for such dividends or distributions occurring on or after the date, if any, on which the Participant has forfeited those Covered Shares.

Section 8. Voting Rights. The Participant shall be entitled to vote the Restricted Stock during the Restricted Period; *provided, however*, that the Participant shall not be entitled to vote Covered Shares with respect to record dates for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those Covered Shares.

Section 9. Deposit of Restricted Stock Award. Each certificate issued with respect to Covered Shares awarded under these Award Terms and subject to the restrictions contained herein, shall be registered in the name of the Participant and shall be retained by the Company, or an agent of the Company, until the end of the Restricted Period with respect to such Covered Shares.

Section 10. Administration. The authority to manage and control the operation and administration of the Award Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Award Terms as it has with respect to the Plan. Any interpretation of the Award Terms or the Plan by the Committee and any decision made by it with respect to the Award Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in these Award Terms to the contrary, the Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. Amendment. The Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 14. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____

Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

The Participant specified below has been granted this Restricted Stock Award (“**Award**”) by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The Award shall be subject to the terms of the Plan as well as the following terms and conditions set forth herein (the “**Award Terms**”).

Section 1. Award. In accordance with the Plan, the Company hereby grants to the Participant this Award which represents the right to receive Stock (the “**Covered Shares**”). This Award is in all respects limited and conditioned as provided herein. Except where the context clearly implies to the contrary, any capitalized terms in this award shall have the meaning ascribed to them in the Plan.

Section 2. Terms of Award. The following words and phrases relating to the grant of the Award shall have the following meanings:

- (a) The “**Participant**” is [_____].
- (b) The “**Grant Date**” is [_____].
- (c) The number of “**Covered Shares**” is [_____].

Section 3. Restricted Period. This Agreement evidences the Company’s grant to the Participant as of the Grant Date, on the terms and conditions described in this Agreement and in the Plan, the right of the Participant to receive Stock free of restrictions once the Restricted Period ends. Subject to the limitations of the Award Terms, the “**Restricted Period**” for each installment of Covered Shares (“**Installment**”) shall begin on the Grant Date and end as described in the following schedule (but only if the Participant has not had a Termination of Service before the end of the Restricted Period):

INSTALLMENT	RESTRICTED PERIOD WILL END ON:
[_____] of Covered Shares	[_____]
[_____] of Covered Shares	[_____]
[_____] of Covered Shares	[_____]

(a) Notwithstanding the foregoing provisions of this **Section 3**, the Restricted Period shall cease immediately upon the earliest of the following events to occur: (i) a Change in Control that occurs on or before the Participant’s Termination of Service; or (ii) the Participant’s Termination of Service as a result of the Participant’s Death, Disability or Retirement.

(b) In the event the Participant's Termination of Service other than due to Death, Disability or Retirement occurs prior to the expiration of one or more Restricted Periods, the Participant shall forfeit all rights, title and interest in and to any Installment(s) of Covered Shares still subject to a Restricted Period as of the Participant's Termination of Service date.

Section 4. Withholding. All deliveries of Covered Shares pursuant to this Agreement shall be subject to withholding of all applicable taxes. The Company shall have the right to require the Participant (or if applicable, permitted assigns, heirs or Designated Beneficiaries) to remit to the Company an amount sufficient to satisfy any tax requirements prior to the delivery date of any certificate or certificates for Stock under this Agreement. At the election of the Participant, subject to the rules and limitations as may be established by the Committee, such withholding obligations may be satisfied through the surrender of shares of Common Stock which the Participant already owns, or to which Participant is otherwise entitled under the Plan.

Section 5. Heirs and Successors. The Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been settled or distributed, respectively, at the time of the Participant's Death, such rights shall be settled and payable to the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been payable to the Participant and shall be payable to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the settlement of Designated Beneficiary's rights under this Agreement, then any rights that would have been payable to the Designated Beneficiary shall be payable to the legal representative of the estate of the Designated Beneficiary.

Section 6. Non-Transferability of Award. During the Restricted Period, the Participant shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or dispose of any Units awarded under this Agreement.

Section 7. Dividends. The Participant shall be entitled to receive dividends and distributions paid on the Restricted Stock during the Restricted Period; *provided, however*, that no dividends or distributions shall be payable to or for the benefit of the Participant with

respect to record dates for such dividends or distributions occurring before or prior to the Grant Date, or with respect to record dates for such dividends or distributions occurring on or after the date, if any, on which the Participant has forfeited those Covered Shares.

Section 8. Voting Rights. The Participant shall be entitled to vote the Restricted Stock during the Restricted Period; *provided, however*, that the Participant shall not be entitled to vote Covered Shares with respect to record dates for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those Covered Shares.

Section 9. Deposit of Restricted Stock Award. Each certificate issued with respect to Covered Shares awarded under these Award Terms and subject to the restrictions contained herein, shall be registered in the name of the Participant and shall be retained by the Company, or an agent of the Company, until the end of the Restricted Period with respect to such Covered Shares.

Section 10. Administration. The authority to manage and control the operation and administration of the Award Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the Award Terms as it has with respect to the Plan. Any interpretation of the Award Terms or the Plan by the Committee and any decision made by it with respect to the Award Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in these Award Terms to the contrary, the Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. Amendment. The Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 14. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

By: _____
Its: _____

[PARTICIPANT]

Date: _____

BANKFINANCIAL CORPORATION
2006 EQUITY INCENTIVE PLAN
STOCK APPRECIATION RIGHTS AWARD AGREEMENT

The Participant specified below has been granted these Stock Appreciation Rights (“SARs”) by **BANKFINANCIAL CORPORATION**, a Maryland corporation (the “**Company**”), under the terms of the **BANKFINANCIAL CORPORATION 2006 EQUITY INCENTIVE PLAN** (the “**Plan**”). The SARs shall be subject to the terms of the Plan as well as the following terms and conditions set forth herein (the “**SAR Terms**”).

Section 1. Award. In accordance with the Plan, the Company hereby grants to the Participant these SARs which represent the right to receive the aggregate dollar value of appreciation (“**Appreciation**”) in the Fair Market Value of the Company’s Stock, par value [**\$_____**] per share, on a number of shares (the “**Covered Shares**”). The Appreciation shall be computed by multiplying (A) the excess, if any, of (i) the Fair Market Value of a share on the exercise date, over (ii) the Grant Price, times (B) the number of Covered Shares settled. The Appreciation shall be payable by the Company only in [**Shares OR cash OR combination**]. These SARs are in all respects limited and conditioned as provided herein. Except where the context clearly implies to the contrary, any capitalized terms in this SAR shall have the meaning ascribed to them under the Plan.

Section 2. Terms of Award. The following words and phrases relating to the grant of the SARs shall have the following meanings:

- (a) The “**Participant**” is [**_____**].
- (b) The “**Grant Date**” is [**_____**].
- (c) The number of “**Covered Shares**” is [**_____**].
- (d) The **Grant Price** is [**\$_____**] per share.

Section 3. Vesting. Subject to the limitations of the SAR Terms, each installment of Covered Shares of the SAR (“**Installment**”) shall become vested and exercisable on after the “**Vesting Date**” for such SAR as described in the following scheduled (but only if the Participant’s Termination of Service has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
[_____] of Covered Shares	[_____] _____
[_____] of Covered Shares	[_____] _____
[_____] of Covered Shares	[_____] _____

(a) Notwithstanding the foregoing provisions of this **Section 3**, the SAR shall become fully exercisable upon the earliest of the following events to occur: (i) a Change in Control that occurs on or before the Participant's Termination of Service; or (ii) the Participant's Termination of Service as a result of the Participant's Death, Disability or Retirement.

(b) The SAR may only be exercised on or after the Participant's Termination of Service only as to that portion of the Covered Shares for which it was exercisable immediately prior to the Participant's Termination of Service, or became exercisable on the date of the Participant's Termination of Service.

Section 4. Expiration Date. The SAR shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "**Expiration Date**" shall be the earliest to occur of:

(a) the date of the Participant Termination of Service due to Cause;

(b) the [_____] anniversary of the Grant Date;

(c) the twelve (12) month anniversary of the Participant's Termination of Service if the Termination of Service occurs due to Death, Disability or Retirement; or

(d) the three (3) month anniversary of the Participant's Termination of Service if the Termination of Service occurs for reasons other than Death, Disability, Retirement or Cause; *provided, however*, that if the Participant returns to employment with, or as a director or consultant to, the Company, within three (3) months after the Termination of Service, such termination shall have no effect on the SAR and the Participant shall have the same number of shares and the same vesting schedule as set forth in this Agreement.

Notwithstanding the foregoing provisions of this **Section 4(d)**, in the event a Participant dies during the period provided for in subsection (d) above, the SAR shall not expire, and shall remain exercisable, until the one (1) year anniversary of the date of Death, but in no event beyond the expiration date provided in subsection (b) above.

Section 5. Settlement.

(a) *Method of Exercise.* Subject to the SAR Terms and the Plan, the SAR may be exercised in whole or in part by filing an exercise notice with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last

business day that occurs prior to the Expiration Date. The notice requirement may only be satisfied by (i) *provided, however*, the Committee shall retain the right to limit or expand the method of exercise to any one or more of the above methods with respect to any individual Participant or group or class of Participants. Such notice shall specify the number of Covered Shares which the Participant elects to exercise the SAR rights. In the event this SAR is exercised by any person or persons after the legal disability or Death of the Participant, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this SAR.

(b) *Payment of Appreciation.* As soon as practicable following the exercise of all or a portion of the SAR, the Company shall deliver to the Participant the Appreciation [in cash] OR [in shares of Common Stock, based on the Fair Market Value of such shares on the date of exercise, less any shares to satisfy withholding obligations. The certificate or certificates for the number of shares of Common Stock so determined shall be registered in the name of the person or persons so exercising this SAR (or, if this SAR shall be exercised by the Participant and if the Participant shall so request in the notice exercising this SAR, shall be registered in the name of the Participant and the Participant's spouse, jointly, with right of survivorship or a trust established by the Participant for estate planning purposes) and shall be delivered as provided above to or upon the written order of the person or persons exercising this SAR. All shares of Common Stock that shall be delivered upon the exercise of this SAR as provided herein shall be fully paid and non-assessable by the Company.]

Section 6. Withholding. The settlement of the SARs is subject to withholding of all applicable taxes.

Section 7. Rights of the Participant. The Participant shall not be, or deemed to be, for any purpose, the owner of any Covered Shares subject to any SARs.

Section 8. Transferability of SAR. This SAR, or a portion thereof, may be transferable or assignable to a member or members of the Participant's "immediate family," as such term is defined in Rule 16a-1(e) under the Exchange Act, or to a trust for the benefit solely of a member or members of the Participant's immediate family, or to a partnership or other entity whose only owners are members of the Participant's immediate family (such transferee being a "Participant"), subject to the terms and conditions of the Plan. No SAR is transferable by the Participant other than by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant. It may not be assigned, transferred (except as aforesaid), pledged or hypothecated by the Participant in any way whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process. Any attempt at assignment, transfer, pledge or hypothecation, or other disposition of this SAR contrary to the provisions hereof, and the levy of any attachment or similar process upon this SAR, shall be null and void and without effect. Notwithstanding the above, an SAR may be assigned, transferred, pledged or hypothecated by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Section 9. Heirs and Successors. The SAR Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights of the Participant or benefits distributable to the Participant under this Agreement have not been settled or distributed, respectively, at the time of the Participant's Death, such rights shall be settled and payable to the Designated Beneficiary, and such benefits shall be distributed to the Designated Beneficiary, in accordance with the provisions of this Agreement and the Plan. The "**Designated Beneficiary**" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee on a Beneficiary Designation Form, or such other form as the Committee may require. The Beneficiary Designation Form may be amended or revoked from time to time by the Participant. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been payable to the Participant and shall be payable to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the settlement of Designated Beneficiary's rights under this Agreement, then any rights that would have been payable to the Designated Beneficiary shall be payable to the legal representative of the estate of the Designated Beneficiary.

Section 10. Administration. The authority to manage and control the operation and administration of the SAR Terms and the Plan shall be vested in the Committee, and the Committee shall have all powers with respect to the SAR Terms as it has with respect to the Plan. Any interpretation of the SAR Terms or the Plan by the Committee and any decision made by it with respect to the SAR Terms or the Plan are final and binding on all persons.

Section 11. Plan Governs. Notwithstanding anything in the SAR Terms to the contrary, the SAR Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and the SAR Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.

Section 12. Not An Employment Contract. The SARs will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time.

Section 13. Amendment. The SAR Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

Section 14. Section 409A Amendment. The Committee reserves the right (including the right to delegate such right) to unilaterally amend this Agreement without the consent of the Participant in order to maintain an exclusion from the application of, or to maintain compliance with, Code Section 409A. Participant's acceptance of this Award constitutes acknowledgement and consent to such rights of the Committee.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf, all as of the Grant Date and the Participant acknowledges acceptance of the terms and conditions of this Agreement.

BANKFINANCIAL CORPORATION

By: _____
Its: _____

[PARTICIPANT]

Date: _____

FOR IMMEDIATE RELEASE**BankFinancial Corporation Announces Share Repurchase Program**

Burr Ridge, Illinois - (August 30, 2006) BankFinancial Corporation (Nasdaq – BFIN) announced today that its Board of Directors has authorized the repurchase of up to 2,446,625 shares of BankFinancial's common stock, which represents 10% of the Company's issued and outstanding shares of common stock.

The authorization permits shares to be repurchased in open market or negotiated transactions, and pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities and Exchange Commission. Sandler O'Neill & Partners, L.P. will initially assist the Company in implementing the share repurchase authorization.

The authorization will be utilized at management's discretion, subject to the limitations set forth in Rule 10b-18 of the Securities and Exchange Commission and other applicable legal requirements, and to price and other internal limitations established by the Company's Board of Directors.

The authorization will expire on March 31, 2007, and may be suspended, terminated or modified at any time prior to that date for any reason, including market conditions, the cost of repurchasing shares, the availability of alternative investment opportunities, liquidity, and other factors deemed appropriate. These factors may also affect the timing and amount of share repurchases.

The authorization does not obligate the Company to purchase any particular number of shares. Any shares that are repurchased pursuant to the authorization may be utilized to fund grants that are made under the Equity Incentive Plan that the Company's stockholders approved at the Company's 2006 Annual Meeting, and for other corporate purposes.

Share repurchases will be funded from available working capital, supplemented if deemed necessary or desirable with dividends from the Company's principal subsidiary that will be subject to regulatory approval or non-objection.

The Company is the holding company for BankFinancial, F.S.B., a full-service, community-oriented savings bank providing financial services to individuals, families and businesses through 18 full-service banking offices, located in Cook, DuPage, Lake and Will Counties, Illinois. At June 30, 2006, the Company had total assets of \$1.67 billion, total loans of \$1.28 billion, total deposits of \$1.14 billion and stockholders' equity of \$334.7 million. The Company became a publicly-traded company on June 24, 2005, and its common stock trades on the Nasdaq Stock Market under the symbol BFIN. As of August 30, 2006, the Company had 24,466,250 million issued and outstanding shares of common stock.

“Forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995 may be included in this release. A variety of factors could cause BankFinancial Corporation’s actual results to differ from those expected at the time of this release. Investors are urged to carefully review and consider the various disclosures made by BankFinancial Corporation in its periodic reports filed with the Securities and Exchange Commission, including the risk factors and other information disclosed in BankFinancial Corporation’s Annual Report on Form 10-K for the most recently ended fiscal year. Copies of these filings are available at no cost on the SEC’s web site at <http://www.sec.gov> or on BankFinancial’s web site at <http://www.bankfinancial.com>.

For Further Information

Contact: Shareholder, Analyst
and Investor Inquiries:
Terence C. Wise,
Vice President – Investor Relations
BankFinancial Corporation
Telephone: 630-242-7151

Media Inquiries:
Gregg T. Adams,
Executive Vice President – Marketing & Sales
BankFinancial Corporation
Telephone: 630-242-7234