UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from to

Commission File Number 0-51331

BANKFINANCIAL CORPORATION
(Exact Name of Registrant as Specified in Charter)

Maryland **(State or Other Jurisdiction of Incorporation)**	**75-3199276** **(I.R.S. Employer Identification No.)**
15W060 North Frontage Road, Burr Ridge, Illinois **(Address of Principal Executive Offices)**	**60527** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, par value $0.01 per share	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the issuer is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

The aggregate market value of the registrant's outstanding voting common stock held by non-affiliates on June 30, 2010, determined using a per share closing price on that date of $8.31, as quoted on The Nasdaq Stock Market, was $165.6 million.

At March 31, 2011, there were 21,072,966 shares of common stock, $0.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

Explanatory Note

BankFinancial Corporation (the “Company”) is filing this Amendment No. 1 on Form 10-K/A to its Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on March 9, 2011. In accordance with General Instruction G(3), the Company is now filing this amendment to include in the Form 10-K the information required to be filed pursuant to Part III of Form 10-K.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The table below sets forth certain information, as of April 29, 2011 regarding the members of the Board of Directors, including their years of service and terms of office. Except as indicated elsewhere in this Amendment No. 1 on Form 10-K/A to the Company's Annual Report on Form 10-K, there are no arrangements or understandings between any of the directors and any other person pursuant to which such directors were selected.

Name	Position(s) Held in the Company	Director Since (1)	Term of Class to Expire
F. Morgan Gasior	Chairman of the Board, Chief Executive Officer and President	1983	2011
Joseph A. Schudt	Director	1992	2011
Cassandra J. Francis	Director	2006	2012
Sherwin R. Koopmans	Director	2003	2012
Terry R. Wells	Director	1994	2012
John M. Hausmann, C.P.A.	Director	1990	2013
Glen R. Wherfel, C.P.A.	Director	2001	2013

(1) For each director, denotes the earlier of the year the individual became a director of BankFinancial, F.S.B. or the year the individual became a director of the Company or its predecessors, BankFinancial MHC and BankFinancial Corporation, the federal corporation. Except for Glen R. Wherfel and Cassandra J. Francis, each individual has served as a director of the Company since its formation in 2004. Mr. Wherfel was appointed to the Board of Directors of the Company on May 18, 2006; Ms. Francis was appointed to the Board of Directors of the Company on September 27, 2006.

The business experience for at least the past five years of each member of the Board of Directors is set forth below. The biographies also contain information regarding the person's business experience and the experiences, qualifications, attributes or skills that caused the Corporate Governance and Nominating Committee and the Board of Directors to determine that the person should serve as a director.

Cassandra J. Francis. Age 45. Ms. Francis served as Executive Director and Vice President of Clayco, Inc. through April 1, 2011. Ms. Francis was previously the Director of Olympic Village Development for the 2016 Chicago Olympic Committee. She had served in various management positions, including the office of Senior Vice President, with U.S. Equities Development, L.L.C. from 1995 to 2008. Ms. Francis is a member of the American Institute of Certified Planners, is a LEED accredited professional, and is licensed as a real estate broker in the States of Illinois and Indiana. She is also a member of the Board of Governors of Lambda Alpha International, an honorary land economics society. Ms. Francis has been a director of the Company and the Bank since 2006, is a member of the Asset Liability Management Committee of the Bank, and since the Company's 2010 Annual Meeting of Stockholders, has been a member of the Corporate Governance and Nominating Committee and the Human Resources Committee of the Company.

Ms. Francis brings to the Board, among other skills and qualifications, substantial experience in urban planning and commercial real estate development and operations, with particular emphasis in retail development and leasing. She also has extensive experience with commercial real estate finance and valuations, particularly in Midwestern markets.

F. Morgan Gasior. Age 47. Mr. Gasior has served as Chairman of the Board, Chief Executive Officer and President of the Company since its formation in 2004, and of the Bank since 1989, and as a director of the Bank since 1983. He held the same positions with the Company's predecessors, BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 1999 to 2005. Mr. Gasior has been employed by the Bank in a variety of positions since 1984, and became a full-time employee in 1988 when he was appointed as Executive Vice President and Chief Operating Officer. Mr. Gasior serves as the Chairman of the Executive Committees of the Company and the Bank and is a member of the Asset Quality Committee of the Bank. He was also a director and officer of Financial Assurance Services from 1989 through 2003. Mr. Gasior is licensed as an attorney in the States of Illinois and Michigan, but he does not actively practice law.

Mr. Gasior brings to the Board, among other skills and qualifications, a comprehensive understanding of the Bank's strategies, operations and customers based on his more than 27 years of service as an employee and officer of the Bank. He has led the development and implementation of the Bank's financial, lending, operational, technology and expansion strategies, and this experience has uniquely positioned him to adjust the Company's business strategies to respond to changing economic, regulatory and competitive conditions, and to discern and coordinate operational changes to match these strategies. His position on the Board also provides a direct channel of communication from senior management to the Board.

John M. Hausmann, C.P.A. Age 56. Mr. Hausmann has been a self-employed certified public accountant since 1980. Prior to that time, he was an accountant with Arthur Andersen. Mr. Hausmann is a member of the American Institute of Certified Public Accountants and the Illinois Certified Public Accountant Society. He has been a director of the Company since its formation in 2004, and of the Bank since 1990. He was a director of the Company's predecessors, BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 1999 to 2005. Mr. Hausmann is the Chairman of the Audit Committees of the Company and the Bank is a member of the Executive Committees of the Company and the Bank, and since the Company's 2010 Annual Meeting of Stockholders, has been a member of the Corporate Governance and Nominating Committee and the Human Resources Committee of the Company.

Mr. Hausmann brings to the Board, among other skills and qualifications, a comprehensive understanding of accounting, auditing and taxation principles based on his many years of experience as a certified public accountant. His experience as a member of the Audit Committee has provided him with a thorough knowledge of the Company's internal controls and internal and external audit procedures. His tax and accounting practice and longtime residency in the Bank's southernmost market territory have also provided him with a unique familiarity with the needs of the Bank's small business and municipal customers and communities.

Sherwin R. Koopmans. Age 69. Mr. Koopmans has been actively involved in the banking industry since 1964, including service in senior management positions with the Federal Deposit Insurance Corporation and the Resolution Trust Corporation. After retiring from government service in December 1995, Mr. Koopmans performed short-term consulting engagements on banking and deposit insurance issues for private clients, including several located in European, Asian and South American countries. Mr. Koopmans is currently retired. He was a director of Success Bancshares and its wholly-owned subsidiary, Success National Bank, from 1997 until they were acquired by the Company in 2001, and was the Chairman of Success Bancshares' Executive Committee and Asset/Liability Management Committee and a member of its Audit Committee and Human Resources Committee. Mr. Koopmans has been a director of the Company since its formation in 2004, and of the Bank since 2004. He was a director of the Company's predecessors, BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 2003 to 2005. He also served as a director of Financial Assurance Services, a subsidiary of the Bank, from 2001 to 2003. Mr. Koopmans is the Chairman of the Asset Liability Management Committee of the Bank, a member of the Human Resources Committees and Executive Committees of the Company and the Bank, a member of the Audit Committee of the Company, and since the Company's 2010 Annual Meeting of Stockholders, has been a member of the Corporate Governance and Nominating Committee and the Human Resources Committee of the Company.

Mr. Koopmans brings to the Board, among other skills and qualifications, substantial experience in the federal bank regulatory system, and with federal banking laws, regulations and examination practices and the FDIC's resolution process. His experience as a bank regulator has also provided him with a comprehensive understanding of interest rate risk and liquidity management, which he regularly utilizes as the Chairman of the Board's Asset Liability Management Committee.

Joseph A. Schudt. Age 73. Mr. Schudt served as the Principal Partner and President of Joseph A. Schudt & Associates, a professional engineering firm based in Frankfort, Illinois, specializing in engineering design, environmental analyses and land surveying, from 1972 to 2004. Mr. Schudt currently serves as a Vice President of Joseph A. Schudt & Associates. Mr. Schudt is licensed as a professional engineer in seven states, including Illinois. He has been a director of the Company since its formation in 2004, and of the Bank since 1992. He was a director of the Company's predecessors, BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 1999 to 2005. Mr. Schudt is the Chairman of the Asset Quality Committee of the Bank, and is a member of the Executive Committees of the Company and the Bank.

Mr. Schudt brings to the Board, among other skills and qualifications, substantial experience in commercial real estate construction and development, and federal, state and local requirements relating to project development, land use and environmental remediation. His experience as a member and the Chairman of the Bank's Asset Quality Committee has provided him with a thorough knowledge of the Bank's loan portfolio and portfolio management practices, as well as applicable financial, consumer and social compliance regulations.

Terry R. Wells. Age 52. Mr. Wells has served as the Mayor of the Village of Phoenix, Illinois since 1993. Mr. Wells has also taught history and social studies since 1981 at the elementary and high school levels, and presently teaches U.S. History at Thornton Township High School in Harvey, Illinois. He is also a member of the Board of Directors of Pace, a Division of the Regional Transportation Authority (Illinois), and the Board of Trustees of South Suburban College. Mr. Wells served as President of the South Suburban Mayors and Managers Association from 2009 through 2010. Mr. Wells has been a director of the Company since its formation in 2004, and of the Bank since 1994. He was a director of the Company's predecessors, BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 1999 to 2005. Mr. Wells is a member of the Audit Committees of the Company and Bank, and since the Company's 2010 Annual Meeting of Stockholders, has served as the Chairman of the Corporate Governance and Nominating Committee and the Human Resources Committee of the Company.

Mr. Wells brings to the Board, among other skills and qualifications, substantial experience in municipal government and finance, community and economic development and serving the needs of low- and moderate-income borrowers and communities. His experience as an educator has also provided him with significant expertise in secondary and post-secondary vocational training applicable to the Bank's customer service and support personnel.

Glen R. Wherfel, C.P.A. Age 61. Mr. Wherfel has been a principal in the accounting firm of Wherfel & Associates since 1984. Mr. Wherfel was a director of Success National Bank from 1993 to 2001, and of Success Bancshares from 1998 to 2001. He was the Chairman of Success National Bank's Loan Committee and a member of its Asset Liability Management Committee. Mr. Wherfel has been a director of the Company since 2006, and of the Bank since 2001. Mr. Wherfel is a member of the Asset Quality Committee of the Bank, and since the Company's 2010 Annual Meeting of Stockholders, has been a member of the Corporate Governance and Nominating Committee and the Human Resources Committee of the Company.

Mr. Wherfel brings to the Board, among other skills and qualifications, substantial experience in entrepreneurial finance and operations. His tax and accounting practice, longtime residency in the Bank's northern market territory and service as a director of Success National Bank have also provided him a unique familiarity with the needs of the Bank's small business and municipal customers and communities.

Executive Officers Who Are Not Directors

Set forth below is information, as of April 29, 2011, regarding the principal occupations for at least the past five years of the individuals who serve as executive officers of the Company and/or the Bank who are not directors of the Company or the Bank. All executive officers of the Company and the Bank are elected annually by their respective Boards of Directors and serve until their successors are elected and qualify. No executive officer identified below is related to any director or other executive officer of the Company or the Bank. Except as indicated elsewhere in this Amendment No. 1 on Form 10-K/A to the Company's Annual Report on Form 10-K, there are no arrangements or understandings between any officer identified below and any other person pursuant to which any such officer was selected as an officer.

Gregg T. Adams. Age 52. Mr. Adams has served as the Executive Vice President of the Marketing and Sales Division of the Bank since 2001 and was the Senior Vice President of the Marketing and Sales Division from 2000 to 2001. Mr. Adams joined the Bank in 1986 and has served in various positions with the Bank and its former real estate subsidiary, Financial Properties, Inc., including as Vice President of Marketing Development.

James J. Brennan. Age 60. Mr. Brennan has served as the Secretary and General Counsel of the Bank since 2000 and of the Company since its formation in 2004, and held the same positions with BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 2000 to 2005. Mr. Brennan also serves as the Executive Vice President of the Corporate Affairs Division of the Company and the Bank. Mr. Brennan was a practicing attorney from 1975 until 2000. Prior to joining the Bank and its parent companies, he was a partner in the law firm of Barack Ferrazzano Kirschbaum & Nagelberg, Chicago, Illinois, and was the Co-Chairman of the firm's Financial Institutions Group and a member of its Management Committee. Mr. Brennan is also a director of Financial Assurance Services.

Christa N. Calabrese. Age 62. Ms. Calabrese has served as the President of the Bank's Northern Region since 2001. She served as the Chief Lending Officer of Success National Bank from 1992 until it was acquired by the Company in 2001, and during that time she held the offices of Executive Vice President and Senior Vice President. Ms. Calabrese was an Asset Specialist with the Resolution Trust Corporation from 1990 to 1992 and held commercial lending positions with several Chicago area community banks from 1969 to 1990.

Paul A. Cloutier, C.P.A. Age 47. Mr. Cloutier has served as the Chief Financial Officer and Treasurer of the Company since its formation in 2004, of the Bank since 1991, and of BankFinancial MHC and BankFinancial Corporation, a federal corporation, from 1999 to 2005. Mr. Cloutier also serves as the Executive Vice President of the Finance Division of the Company and the Bank. He is a registered certified public accountant in the State of Michigan and is a member of the American Institute of Certified Public Accountants. Prior to joining the Bank and its parent companies, he was a Senior Tax Associate with Coopers & Lybrand.

John G. Manos. Age 50. Mr. Manos has served as the President of the Bank's Southern Region since 2006. He has held various positions with the Bank since 1999, including Senior Vice President, Vice President and Senior Vice President of Regional Commercial Banking. Prior to joining the Bank, Mr. Manos was the Manager – Commercial Lending for Preferred Mortgage Associates.

William J. Deutsch, Jr. Age 43. Mr. Deutsch has served as the President of the Bank's National Commercial Leasing Division since January 2011, and served as the Senior Vice President of National Commercial Leasing since 2002. Prior to joining the Bank, Mr. Deutsch was the Senior Vice President – Lease Finance Group for the First Bank of Highland Park.

Audit Committee

The Board of Directors of the Company has an Audit Committee comprised of Messrs. Hausmann (Chairman), Wells and Koopmans. Each is an "independent" director as defined in Rule 4200(a)(15) of the listing standards of the NASDAQ Stock Market and Rule 10A-3 of the Securities and Exchange Commission. The Board of Directors has determined that Messrs. Hausmann and Koopmans both qualify as an "audit committee financial expert" as currently defined in the regulations of the Securities and Exchange Commission ("SEC").

Section 16(a) Beneficial Ownership Reporting Compliance

The Company's executive officers and directors, and beneficial owners of greater than 10% of the outstanding shares of the Company's common stock are required to file reports with the SEC disclosing beneficial ownership and changes in beneficial ownership of the Company's common stock. SEC rules require disclosure if an executive officer, director or 10% beneficial owner fails to file these reports on a timely basis. Based on the Company's review of ownership reports required to be filed for the year ended December 31, 2010, no executive officer, director or 10% beneficial owner of shares of the Company's common stock failed to file any required ownership report on a timely basis during this period.

Code of Ethics

The Company has adopted a Code of Ethics for Senior Financial Officers that applies to the Company's principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. A copy of the Company's Code of Ethics was previously filed as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005. The Company has also adopted a Code of Business Conduct, pursuant to the listing standards of the NASDAQ Stock Market, that applies generally to the Company's directors, officers, and employees. The Code of Ethics for Senior Financial Officers and the Code of Business Conduct have been reviewed annually by the Board of Directors since the time of their adoption and the reviews have not resulted in any revisions.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis describes the Company's compensation philosophy and policies for 2010 as applicable to the executive officers named in the Summary Compensation Table. This section explains the structure and rationale associated with each material element of the named executive officers' compensation, and it provides context for the more detailed disclosure tables and specific compensation amounts provided in the following section. It is important to note that the Company and the Bank share an executive management team, and except for awards made pursuant to the Company's 2006 Equity Incentive Plan (the "2006 EIP"), the members of the executive management team are compensated by the Bank rather than the Company, and the Company reimburses the Bank for their services to the Company through intercompany expense allocations. The compensation packages of the named executive officers are determined and approved by the Human Resources Committee based upon each officer's performance and roles for both the Company and the Bank.

Role of the Human Resources Committee of the Board of Directors

Pursuant to its Charter, the Human Resources Committee is directly responsible for the execution of the Board of Directors' responsibilities with respect to compensation, performance evaluation and succession planning for the Company's Chief Executive Officer and other named executive officers. The Human Resources Committee is also responsible for the submission of an annual report on executive compensation to the Board of Directors for inclusion in the Company's Annual Report on Form 10-K. During 2010, the Human Resources Committee was comprised of Messrs. Wells (Chairman), Hausmann, Koopmans and Wherfel, and Ms. Francis, each of whom is expected to serve on the committee through the conclusion of the Company's Annual Meeting of Stockholders on June 28, 2011. Each of the members of the Human Resources Committee is considered "independent" according to the listing standards of the NASDAQ Stock Market, an "outside" director pursuant to Section 162(m) of the Internal Revenue Code, and a "non-employee" director under Section 16 of the Securities Exchange Act of 1934.

Compensation Philosophy and Objectives

The overall objective of the Company's compensation program is to align executive officer compensation with the success of meeting strategic, financial and management objectives and goals. The programs are designed to create meaningful and appropriate incentives to manage the business of the Company and the Bank successfully and to align executive officers' interests with those of the stockholders of the Company. The program is structured to accomplish the following:

- encourage a consistent and competitive return to stockholders over the long-term, as the Company continues to deploy the capital raised in its 2005 initial public offering;
- maintain a corporate environment that encourages stability and a long-term focus for the primary constituencies of the Company, including employees, stockholders, communities, clients and government regulatory agencies;
- maintain a program that:
    - clearly motivates personnel to perform and succeed according to the current goals of the Company;
    - provides management with the appropriate empowerment to make decisions that benefit the primary constituents;
    - attracts and retains key personnel critical to the long-term success of the Company;
    - provides for management succession planning and related considerations;
    - encourages increased productivity; and
    - provides for subjective consideration in determining incentive and compensation components; and
- ensure that management:
    - fulfills its oversight responsibility to its primary constituents;
    - conforms its business conduct to the Company's established ethical standards;
    - remains free from any influences that could impair or appear to impair the objectivity and impartiality of its judgments or treatment of the constituents of the Company; and
    - avoids any conflict between its responsibilities to the Company and each executive officer's personal interests.

Compensation Principles and Factors

Business Plan Objectives. The Boards of Directors of the Company and the Bank periodically conduct a review of current and anticipated business conditions in the context of the Company's and the Bank's financial and competitive position. The review period typically includes at least the previous two fiscal years and up to five years prospectively. In connection with this review, management submits a business plan to the Boards of Directors of the Company and the Bank that proposes strategic, financial and management objectives for the period covered, using multiple scenarios in response to a variety of stated assumptions. The Boards of Directors then evaluate the proposed business plan, and modify its provisions to the extent they deem appropriate. The business plan is updated by management and the Boards of Directors periodically throughout the year to respond to changing circumstances and conditions. The business plan provides a basis for evaluating the future progress of the organization, including all appropriate strategic alternatives, and management's performance pursuant to the Human Resources Committee's Charter.

For 2010, the Human Resources Committee considered the Company's and the Bank's performance within the context of the 2010 business plan and management's overall performance, weighing numerous factors within and outside of management's control.

Corporate Performance and Peer Comparison. In establishing named executive officer compensation, the Human Resources Committee periodically evaluates the Company's and the Bank's performance compared to management's and the Board of Directors' overall goals and business plan objectives as well as to other financial institutions. The Human Resources Committee believes that using the Company's and the Bank's performance as a factor in determining named executive officer compensation levels is a useful tool for aligning the executive officers' interests with those of the stockholders of the Company. With that in mind, the Human Resources Committee focuses on the Company's and the Bank's overall performance relative to the prior calendar year and also considers the performance of local competitors. As part of the evaluation and review, the Human Resources Committee also takes into account the manner in which various subjective issues, such as competition and general and local economic conditions, including high unemployment rates and commodities prices and adverse conditions in housing and real estate markets, may have affected performance.

For purposes of comparative analysis in assessing performance, the Company generally considers commercial banks and savings institutions of similar asset size. The group of comparative institutions used in 2010 generally, but not exclusively, included local financial institutions with total assets of $1 billion to $10 billion. Given the ever-changing landscape within the banking industry, there is no specifically defined group of companies that is utilized for this analysis. The local financial institutions that were considered in 2010 included Taylor Capital Group, Inc. (TAYC), First Midwest Bancorp, Inc. (FMBI), MB Financial, Inc. (MBFI), Wintrust Financial Corporation (WTFC), PrivateBancorp Inc. (PVTB) and CFS Bancorp, Inc. (CITZ).

The Human Resources Committee believes that peer comparison is a useful tool for staying competitive in the marketplace and attracting and retaining qualified executives. While the Human Resources Committee believes that it is prudent to consider peer comparison in determining compensation practices, it does not establish empirical parameters or benchmarks for using this data. Rather, the Human Resources Committee uses peer comparison data to ensure that executive compensation is reasonable relative to competing organizations.

Performance Reviews and Role of Executives in Committee Meetings. Management reports to the Board of Directors at least annually on its progress in achieving the strategic, financial and management objectives established by the business plan. The Board of Directors then considers the overall performance of the Company and its named executive officers in the context of these objectives, weighing numerous factors and conditions within and outside of management’s control. Upon the completion of this review, the Human Resources Committee reviews current and proposed compensation levels for the Chief Executive Officer and the other named executive officers. The Human Resources Committee relies in part upon the Chief Executive Officer’s self-assessment as well as his assessment of each named executive officer’s individual performance, which considers each named executive officer’s achievements of his or her individual goals each year. However, the Board of Directors and Human Resources Committee exclude the Chief Executive Officer and all other named executive officers from their discussions and formal meetings concerning named executive officer compensation, except to receive the results of the decisions made by the Human Resources Committee or the Board of Directors and other relevant information.

Information Resources and Role of Compensation Consultants. In reviewing current and proposed compensation levels for named executive officers, the Human Resources Committee considers the organizational structure and composition of the Company and the Bank, external information from public sources on peer and competitor compensation practices and levels and other information it deems relevant to its responsibilities. The Human Resources Committee continued to have access to its own outside counsel and compensation consultant during 2010. The Human Resources Committee engaged Frederic W. Cook & Co. to assist in the preparation of the compensation aspects of reports filed with the SEC and to be available for consultations with outside counsel to the Human Resources Committee, but did not engage an independent compensation consultant for any other specific purpose in the 2010 review process because it believed it had sufficient information from external, independent public sources to execute its responsibilities.

Components of Executive Compensation

General. All named executive officers of the Company, including the Chief Executive Officer, are currently executive officers of the Bank. On May 19, 2006, the Company adopted the 2006 EIP, and it was subsequently approved by the Company’s stockholders at the 2006 Annual Meeting. Except for awards made pursuant to the 2006 EIP, the Company does not separately compensate its named executive officers. The compensation that the Bank pays to its named executive officers, however, is taken into account in establishing the intercompany expense allocations that the Company pays to the Bank. In connection with its mutual-to-stock conversion in 2005, the Bank also established a tax-qualified employee stock ownership plan (“ESOP”), and named executive officers are eligible to participate in the ESOP subject to vesting and other requirements and limitations applicable to all participants generally.

Base Salary. Generally, base salary levels are established based on job descriptions and responsibilities, either temporary or permanent in nature (including any revisions or proposed revisions thereto), competitive conditions and general economic trends in the context of the Bank’s financial and franchise condition, and performance. No surveys were used to establish base salaries during 2010.

In 2011, the base salaries for the named executive officers are as follows:

Name	Position	2011 Base Salary(1)
F. Morgan Gasior	Chairman of the Board, Chief Executive Officer and President	$405,804
Paul A. Cloutier	Executive Vice President and Chief Financial Officer	$271,998
James J. Brennan	Executive Vice President, Corporate Secretary and General Counsel	$325,468
Christa N. Calabrese	Northern Regional President	$226,807
Gregg T. Adams	Executive Vice President, Marketing and Sales	$225,000

(1) Base salary is effective as of March 14, 2011, except that the base salaries for Ms. Calabrese, Mr. Adams and Mr. Gasior did not change and remained the same as in 2009 and 2010.

Non-Equity Incentive Plan Compensation. Annual cash incentive compensation reflects the relative achievement of the strategic, financial and management objectives established by the business plan, management's responses to unforeseen circumstances or conditions that materially differ from those originally assumed, and the individual performance factors established for the Chief Executive Officer, Chief Financial Officer and each Regional President. Annual cash incentive compensation is generally established as a range of possible awards based on a percentage of base salary. Other factors considered include recent changes or proposed changes to base salary or other compensation elements, as well as competitive considerations. The Plan-Based Awards table is included in the "Conclusions for the Year Ended December 31, 2010."

The Company prepared performance- and risk-based incentive compensation matrices for the Chief Executive Officer, the Chief Financial Officer and each Regional President. Taken together, these matrices incorporate direct relationships of the Company's principal risk exposures and performance based on the Human Resources Committee's assessments. The individual awards are discussed in "Conclusions for the Year Ended December 31, 2010."

Bonus. In 2010, the Company's business plan assumptions included a total annual bonus payment cash pool between 5% and 10% of base salary for named executive officers other than the Chief Executive Officer, the Chief Financial Officer and the Regional Presidents. Provided that, if and as applicable, the Company's overall financial performance was generally consistent with the overall projected business plan results (taking into consideration factors both within and outside of the Company's and the executive officers' control), the annual performance review process may result in an award based on an assessment of the named executive officer's execution of their applicable responsibilities. The Company does not use an empirical mathematical formula to determine the amount of the actual annual cash incentive compensation for these bonuses. The individual awards are discussed in "Conclusions for the Year Ended December 31, 2010."

Equity-Based Compensation. The 2006 EIP established a mechanism by which awards of restricted stock or stock options could be utilized to further align the financial interests of employees, including the named executive officers, with stockholders and, in the future, provide an additional means to attract, retain and reward individuals who contribute to the success of the Company. The Human Resources Committee has established share ownership guidelines (as described below) for the named executive officers and other executive officers. The Human Resources Committee also considers the significant financial investment required of a participant who retains shares granted under the 2006 EIP because such participant must pay current income tax obligations with respect to such shares without having the benefit of selling the shares to generate cash proceeds sufficient to pay such tax liability. In addition, consistent with the purpose of aligning management financial interests with stockholder interests, the Human Resources Committee delegated to the Chief Executive Officer the authority to make grants pursuant to and established a framework for the Chief Executive Officer's implementation of the 2006 EIP for individuals other than the executive officers of the Company or the Bank. In general, the delegated authority of the Chief Executive Officer is limited to grants to an aggregate of 120,000 restricted shares and 360,000 stock options, and to a maximum per individual of 10,000 restricted shares and 25,000 stock options.

No equity awards were granted to any named executive officer in 2010. The Human Resources Committee believes that the establishment of equity-based compensation programs has been an important tool for the retention and attraction of qualified management talent.

Share Ownership Guidelines. In the absence of difficult personal circumstances, the Human Resources Committee encourages the Chief Executive Officer and the other named executive officers of the Company to acquire with their own funds and hold a position in Company shares equal to 100% of the executive's three-year average annual cash compensation. At December 31, 2010, all of the Company's named executive officers met all elements of the Human Resources Committee's share ownership guidelines.

401(k) Plan. The Company has a tax-qualified defined contribution retirement plan covering all of its eligible employees. Employees are eligible to participate in the plan after attainment of age 21 and completion of six months of service. Effective April 1, 2007, the Board of Directors amended the match component of the plan to provide a fixed match in the amount of 50% of the first 6% of compensation deferred under the plan. The Board of Directors amended the match formula after considering the significant benefit provided to all eligible employees under the Bank's ESOP. The Company could also contribute an additional amount annually at the discretion of the Board of Directors. Contributions totaling $412,033 were made to the 401(k) plan for 2010.

Employee Stock Ownership Plan and Trust. The Bank implemented the ESOP in connection with the mutual-to-stock conversion, effective as of January 1, 2004. Employees are eligible to participate in the ESOP after the attainment of age 21 and completion of at least one year of employment. As part of the mutual-to-stock conversion, the ESOP trust borrowed funds from the Company and used those funds to purchase 1,957,300 shares of common stock. The shares of common stock purchased by the ESOP are the collateral for the loan. The loan will be repaid principally from the Bank through discretionary contributions to the ESOP over a period of up to 20 years. The loan documents provide that the loan may be repaid over a shorter period, without penalty for prepayments. The interest rate for the loan equals the prime rate plus 100 basis points, adjustable every five years. Shares purchased by the ESOP are held in a suspense account for allocation among participants as the loan is repaid. The Company does not have any equity compensation program that was not approved by its stockholders, other than its ESOP.

Contributions to the ESOP, and shares released from the suspense account in an amount proportional to the repayment of the ESOP loan, and consistent with historical practices, are allocated among ESOP participants on the basis of compensation in the year of allocation. Benefits under the plan become fully vested upon completion of five years of credited service, with credit given to participants for years of credited service with the Bank prior to the adoption of the plan. However, employees retained through the merger of Downers Grove National Bank into the Bank will be credited with service beginning on the date they first became employed by the Bank. A participant's interest in his or her account under the plan also fully vests in the event of termination of service due to a participant's early or normal retirement, death, disability, or upon a change of control (as defined in the plan). Vested benefits are payable in the form of shares of common stock and/or cash. Any unvested benefits will be forfeited upon termination of employment in accordance with the terms of the ESOP. Such forfeited amounts remain in the ESOP and are reallocated to remaining participants in accordance with the terms of the ESOP. The Bank's contributions to the ESOP are discretionary, subject to the loan terms and tax law limits. The ESOP will terminate in the event of a change of control (as defined in the plan).

All Other Compensation and Perquisites. The Human Resources Committee reviews and monitors the level of other compensation and perquisites offered to the named executive officers in the context of current business operations and general market practices. Excluding the effects of the Bank's contributions for the health, vacation, 401(k) and ESOP benefits available to all full-time employees and the Bank's reimbursement of the after-tax premium costs for disability insurance coverages, the Human Resources Committee generally believes that other compensation and perquisites should not exceed 10% of each named executive officer's total annual cash compensation. The Company's perquisite policy was amended in 2007 to reflect this limitation. As of December 31, 2010, the Company's compensation practices with respect to other compensation and perquisites met this standard.

Conclusions for Year Ended December 31, 2010

Executive Summary. The following is a brief summary of the compensation decisions the Human Resources Committee made with respect to the named executive officers for 2010 and 2011:

- no base salary increases were awarded for the named executive officers in 2010. On March 14, 2011, the base salaries of the Chief Financial Officer and the Executive Vice President - General Counsel were increased by 5%. No other increases were made;
- aggregate annual cash incentive payments to the named executive officers for 2010 decreased significantly from the aggregate annual cash incentives paid for 2009; and
- no equity awards were granted to any named executive officer in 2010.

Review of Chief Executive Officer. The Human Resources Committee met outside the presence of management to review the Chief Executive Officer's performance in the context of the approved business plan, and the extent to which established strategic, financial and management objectives were realized during 2010. The Human Resources Committee also evaluated the overall state of the Company's franchise and strategic position, capabilities and direction consistent with the Chief Executive Officer's execution of his leadership and planning responsibilities.

The Human Resources Committee reported that, at a meeting attended solely by committee members, it reviewed and evaluated the self-assessment and other information provided by the Chief Executive Officer and other factors for the purpose of reviewing the Chief Executive Officer's performance during 2010. The review encompassed five specific performance areas – core earnings per share, internal controls, asset quality, marketing and business development, and leadership and planning. The Chief Executive Officer's performance was rated in each category based on as assessment by the Board of Directors of the Company's performance, using both internal and external information including trends and absolute and relative performance data where applicable and pertinent. Each category was assigned a weighting that represented a percentage of the overall composite rating. The Human Resources Committee determined that the Chief Executive Officer's performance was satisfactory with respect to internal controls, marketing and business development, and leadership and planning, and noted that the Company is well positioned to pursue suitable unassisted or FDIC-assisted acquisition opportunities that might arise, as evidenced by the successful negotiation, approval and closing of the recent Downers Grove National Bank acquisition as well as the numerous other acquisition opportunities that were presented and evaluated during 2010. The Human Resources Committee further determined that, despite the decline in asset quality on an absolute basis (though less so on a relative basis), management responded appropriately to the asset quality challenges that were presented by economic conditions. Core earnings per share, however, were significantly below the business plan due in part to the decline in asset quality and in part due to excess liquidity caused by unusually low demand for loans.

Chief Executive Officer

COMPONENT	Weight	2010 Performance Results	2010 Percentage Results	2010 Percentage Awarded	2010 Maximum Percentage
Core Earnings Per Share(1)	25%	Significantly Below	— %	0%	10%
Internal Controls	25	Met	5.0	0	10
Asset Quality	25	Below	2.5	0	10
Marketing & Business Development(2)	15	Met	5.0	0	10
Leadership & Planning	10	Met	5.0	0	10
Composite	**100%**	**Below**	**3.13%(3)**	**0%(4)**	**10%(5)**

CATEGORY	2009 Performance (dollars in thousands, except for per share data)	2010 Performance	2010 Plan
Earnings Per Share			
Earnings (Loss) Per Share	$ (0.04)	$ (0.22)	$ 0.36
Core Earnings Per Share(1)	0.13	(0.09)	0.48
Internal Controls			
No Significant or Material Deficiencies			
Asset Quality(6)			
Non-Performing Assets (NPA)	$ 53,573	$ 60,317	
NPA to Total Assets	3.42%	3.94%	
Marketing & Business Development(2)(6)			
Deposit Bal. > $100,000	$ 488,645	$ 539,229	
Deposit Bal. < $ 100,000	688,043	677,904	

(1) Core earnings per share represents earnings per share adjusted for the after-tax effect of equity-based compensation, the amortization of intangible expenses, loss on sale of securities, gain on sale of merchant processing operations, FDIC special assessment and loss on impairment of securities.
(2) Excludes wholesale and internal deposit accounts.
(3) Represents the percentage of base salary earned as cash incentive compensation.
(4) Represents the percentage of base salary paid as cash incentive compensation.
(5) Represents the maximum percentage of base salary available as cash incentive compensation.
(6) The Human Resource Committee's review was based on information provided in our audited financial statements and regulatory and SEC filings; however, such results were reviewed generally but were not compared to predetermined numerical criteria.

The Human Resources Committee concluded that, based on the matrix reflected in the above table, the Chief Executive Officer was eligible to receive cash incentive compensation. However, at the Chief Executive Officer's request and by mutual consent, the Board of Directors and the Chief Executive Officer agreed that no form of incentive compensation payment would be awarded to the Chief Executive Officer for 2010. The Board of Directors and the Chief Executive Officer further agreed to defer any consideration of an increase to base compensation until a later date in 2011 or 2012. The Board of Directors, with Mr. Gasior not participating, ratified the actions of the Human Resource Committee with respect to the Chief Executive Officer.

Review of the Chief Financial Officer. The Human Resources Committee met outside the presence of management to review the performance of the Chief Financial Officer.

The Human Resources Committee noted that the Chief Executive Officer had assessed the performance of the Chief Financial Officer and the non-equity incentive plan compensation performance matrix that had historically been used for the Chief Financial Officer, and stated that the highly unusual economic environment was distorting the intended effect of the matrix for purposes of the 2010 evaluation. The Chief Executive Officer noted that the Company's core earnings per share were not affected by the Asset Quality (Securities) component of the matrix in 2010, yet the matrix would assess a negative result. In addition, the Company's excess liquidity created a "false positive" result in the Liquidity and Interest Rate Risk components of the matrix. Taken together, these components accounted for 35% of the total matrix performance assessment. The Chief Executive Officer further noted the expansion of the franchise with the Company's recent acquisition of Downers Grove National Bank, and stated that the matrix did not fully account for the responsibilities inherent in such merger and acquisition activities. Accordingly, the Chief Executive Officer recommended that, although the matrix itself provided a useful risk management monitoring function, the results of the current version of the matrix should be disregarded for 2010 and a 5% increase to base compensation be considered for 2011, which reflected the approximate growth provided by the Downers Grove National Bank transaction. The Chief Executive Officer noted the potential for additional merger and acquisition activity in 2011 and the possibility that the economic environment would return to a more normal configuration; thus, the Committee would have an opportunity to assess the matrix in 2011 and determine whether a non-equity performance matrix (if any) would be appropriate, and if appropriate, to evaluate the individual components thereof on a prospective basis.

Because the members of the Board of Directors have had considerable interaction with the Company's Chief Financial Officer throughout the year, the Human Resources Committee determined that it had a strong basis to make an evaluation of the Chief Financial Officer independent of the Chief Executive Officer's conclusions and recommendations. The Human Resources Committee considered whether to modify the existing matrix to adjust for the matters noted by the Chief Executive Officer, plus such others as may be identified in their evaluation. The Human Resources Committee concluded that it would be more appropriate to consider the continued utilization of the matrix, and any revisions to the matrix (if any), on a prospective basis. The Human Resources Committee further concluded that a base compensation increase was appropriate given the growth in the Company and concurred with the Chief Executive Officer's recommendations with respect to the proposed base compensation increase for 2011.

The matrix utilized by the Human Resources Committee with respect to the Chief Financial Officer are as follows:

COMPONENT	Weight	2010 Performance Results	2010 Percentage Results	2010 Percentage Awarded	2010 Maximum Percentage
Core Earnings Per Share (1)	5%	Significantly Below	— %	0%	10%
Internal Controls	25	Met	5.0	0	10
Asset Quality (Securities) (2)	30	Met	2.5	0	10
Liquidity & Interest Rate	30	Met	5.0	0	10
Leadership & Planning	10	Met	5.0	0	10
Composite	**100%**	**Met**	**4.00%** (3)	**0%** (4)	**10%** (5)

(1) See the information provided in the Chief Executive Officer matrix.
(2) The Human Resource Committee's review was based on information provided in our audited financial statements; however, such results were reviewed generally but were not compared to predetermined numerical criteria.
(3) Represents the percentage of base salary earned as cash incentive compensation.
(4) Represents the percentage of base salary paid as cash incentive compensation.
(5) Represents the maximum percentage of base salary available as cash incentive compensation.

Review of the Northern Regional President. The Human Resources Committee met outside the presence of management to review the performance of the Northern Regional President. The Human Resources Committee noted that the Chief Executive Officer had assessed the performance of the Northern Regional President and the applicable non-equity incentive compensation performance risk matrix, and stated that the matrix continued to be of general applicability; however, the Chief Executive Officer also believed that the material contributions made by the Northern Regional President to merger and acquisition loan due diligence (involving multiple projects, notwithstanding the ultimate outcome of the assigned projects) and the individual and collective actions to affirmatively reduce classified assets should be considered as positive factors within the Customer Service and Asset Quality components, respectively. Accordingly, the Chief Executive Officer recommended that the Human Resources Committee consider the evaluation of the matrix results using both a 5% cash incentive pool and a 10% cash incentive pool.

Because the members of the Board of Directors have had considerable interaction with the Company's Northern Regional President throughout the year, the Human Resources Committee determined that it had a strong basis to make an evaluation of the Northern Regional President independent of the Chief Executive Officer's conclusions and recommendations. The Human Resources Committee determined to adjust certain performance conclusions based on its own assessment of responsibilities and approved non-equity incentive plan compensation awards to the Northern Regional President.

Northern Regional President

COMPONENT	Weight	2010 Performance Results	2010 Percentage Results	2010 Percentage Awarded	2010 Maximum Percentage
Customer Service	25%	Exceeded	7.5%	9.0%	10%
Asset Quality (1)	25	Below	2.5	2.5	10
Loan Growth (2)	15	Below	2.5	2.5	10
Deposit Growth (2)	15	Met	5.0	5.0	10
Internal Growth	10	Met	5.0	6.5	10
Leadership & Planning	10	Met	5.0	6.5	10
Composite	**100%**	**Met**	**4.63%(3)**	**5.30%(4)**	**10%(5)**

(1) See the information provided in the Chief Executive Officer matrix.
(2) The Human Resource Committee's review was based on information provided in our audited financial statements and regulatory and SEC filings; however, such results were reviewed generally but were not compared to predetermined numerical criteria.
(3) Represents the percentage of base salary earned as cash incentive compensation.
(4) Represents the percentage of base salary paid as cash incentive compensation.
(5) Represents the maximum percentage of base salary available as cash incentive compensation.

Review of Other Named Executive Officers. The Human Resources Committee met outside the presence of management to review the performance of the other named executive officers of the Company. The Human Resources Committee noted that the Chief Executive Officer had submitted assessments of the performance of the other named executive officers of the Company to the Human Resources Committee. The Human Resources Committee reviewed and evaluated the information provided by the Chief Executive Officer.

Review of Executive Vice President – General Counsel. The Chief Executive Officer noted the expansion of the franchise with the Company's recent acquisition of Downers Grove National Bank as well as the multiple merger and acquisition projects to which the Executive Vice President – General Counsel made material contributions during 2010. Based on the growth of the Company due to the Downers Grove National Bank acquisition, the Chief Executive Officer recommended that a 5% increase to base compensation be considered for 2011.

Because the members of the Board of Directors have had considerable interaction with the Company's Executive Vice President – General Counsel throughout the year, the Human Resources Committee determined that it had a strong basis to make an evaluation of the executive officer independent of the Chief Executive Officer's conclusions and recommendations. The Human Resources Committee concurred with the Chief Executive Officer's conclusions and recommendations; however, the Committee also noted its interest in examining the feasibility of developing a formal Executive Incentive Compensation Plan for the Executive Vice President – General Counsel to ensure the Company's fairness and competitiveness in this regard. The Board of Directors, with Mr. Gasior not participating, ratified the actions of the Human Resources Committee with respect to the Executive Vice President - General Counsel.

Review of Executive Vice President – Marketing & Sales. The Chief Executive Officer noted the expansion of the franchise with the Company's recent acquisition of Downers Grove National Bank as well as the multiple merger and acquisition projects in which the Executive Vice President – Marketing & Sales participated during 2010. In addition, the Chief Executive Officer noted the continued gradual expansion of the Company's small business marketing programs, online banking enrollments and strong participation in the Company's asset-liability management functions, particularly with respect to deposit portfolio management. Taking into account the financial performance of the Company in 2010, the Chief Executive Officer recommended cash incentive payment consistent with the reduced cash incentive compensation pool for 2010.

Because the members of the Board of Directors have had considerable interaction with the Company's Executive Vice President – Marketing & Sales, the Human Resources Committee determined that it had a strong basis to make an evaluation of the executive officer independent of the Chief Executive Officer's conclusions and recommendations. The Human Resources Committee concurred with the Chief Executive Officer's conclusions and recommendations; however, the Committee also noted its interest in examining the feasibility of developing a formal incentive compensation program for the Executive Vice President – Marketing & Sales to capture the various elements of responsibilities inherent to this position, especially given the growth in responsibilities due to recent and anticipated merger and acquisition activity. The Board of Directors, with Mr. Gasior not participating, ratified the actions of the Human Resources Committee with respect to the Executive Vice President – Marketing & Sales.

Reasonableness of Compensation

After considering all components of the compensation program for the named executive officers, the Human Resources Committee has determined that such compensation is reasonable and appropriate.

In making this determination, the Human Resources Committee considered many factors, including the following:

- management has positioned the Company for future success through the planning and execution of the strategic, financial and management objectives of the Company's business plan;
- the Company is increasingly well positioned in the communities it serves as a result of management's focus and execution of the Company's community bank mission;
- no element of the Bank's compensation practices is reasonably likely to have a material adverse effect on the Company's financial condition due to the cumulatively low dollar amount of the total incentive compensation plans as a percentage of the Company's assets and capital and the incorporation of appropriate risk management measurement and control practices into the Company's incentive compensation programs at all levels.

The incentive compensation programs for the Chief Executive Officer, Chief Financial Officer and Regional Presidents include both asset quality and internal control risk measurements. Similar controls exist within the incentive compensation plans for non-executive officers and employees of the Company, as applicable. In addition, the measurement and review of the asset quality and internal controls performance are separated from the applicable business operations, including audits by the Company's Internal Audit Division, the Company's independent external audit firm and other third-party independent reviews. Finally, the overall system of internal controls is robust and provides multiple levels of controls to reasonably detect and prevent instances of excessive risk taking within the organization.

Tax and Accounting Treatment

Section 162(m) of the Internal Revenue Code. Section 162(m) of the Internal Revenue Code limits the tax deduction to $1 million for compensation paid to certain executive officers of public companies. The limitations on the deductibility of executive compensation imposed under Section 162(m) did not affect the Company during 2010 because the compensation paid to the Company's executive officers in 2010 did not exceed these limitations. The 2006 EIP provides the Human Resources Committee with flexibility to address issues that may arise under Section 162(m), and contains provisions that could be utilized to reduce its potential adverse effects.

Code Section 409A. The Human Resources Committee has monitored regulatory developments under Section 409A of the Internal Revenue Code, which was enacted as part of the American Jobs Creation Act of 2004 and deals with specific tax rules for non-qualified deferred compensation plans. The Company previously revised certain provisions in its employment agreements with the Chief Executive Officer, the other named executive officers and certain other officers to address Section 409A and the final Treasury Regulations under Section 409A. The 2006 EIP provides the Human Resources Committee with flexibility to address issues that may arise under Section 409A, and contains provisions that could be utilized to reduce its potential adverse effects.

Other Taxation Issues. The Human Resources Committee believes that, as the Company's compensation structures become more complex, the effects of the alternative minimum tax and other taxation issues could affect the net intended effect of the Company's compensation plans. Although no specific action is warranted at this time, the Human Resources Committee intends to monitor the effects of the alternative minimum tax and other taxation issues on the Company and its directors, officers and associates when evaluating various compensation principles, practices and plans.

Accounting for Stock-Based Compensation. Accounting Standards Codification Topic No. 718, Compensation-Stock Compensation ("ASC Topic 718"), requires companies to record the compensation cost for stock options, restricted stock and other equity-based compensation arrangements that are provided to employees in return for employment service. The cost is based on the grant date fair value, and this cost is expensed over the requisite service period, which is normally the vesting period of the award. ASC Topic 718 applies to awards granted or modified in years beginning in 2006 and thus applies to awards granted pursuant to the 2006 EIP. The Human Resources Committee evaluates the potential adverse impact of ASC Topic 718 on future compensation expense when determining the size and types of awards to be granted under the 2006 EIP.

HUMAN RESOURCES COMMITTEE REPORT

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10K/A and in BankFinancial Corporation's Annual Report on Form 10-K for the year ended December 31, 2010.

This report has been provided and is respectfully submitted by the Human Resources Committee:

Terry R. Wells, Chairman
Cassandra J. Francis
John M. Hausmann
Sherwin R. Koopmans
Glen R. Wherfel

EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation of the Company's Chief Executive Officer, Chief Financial Officer and the Company's other three most highly compensated executive officers who served in such capacities during 2010:

Summary Compensation Table

Name and Principal Position	Year	Salary(1)	Bonus	Non-Equity Incentive Plan Compensation(2)	Option Awards(3)	All Other Compensation(4)	Total Compensation
F. Morgan Gasior	2010	$405,804	$ —	$ —	$ —	$ 43,330	$ 449,134
Chairman of the Board,	2009	405,804	—	—	—	42,610	448,414
Chief Executive Officer	2008	395,906	—	49,488	—	42,615	488,009
and President							
Paul A. Cloutier	2010	$259,046	$ —	$ —	$ —	$ 43,551	$ 302,597
Executive Vice President	2009	259,046	—	20,724	—	43,235	323,005
and Chief Financial Officer	2008	251,417	—	36,000	3,840	42,588	333,845
James J. Brennan	2010	$309,969	$ —	$ —	$ —	$ 37,984	$ 347,953
Executive Vice President,	2009	309,969	50,000	—	—	37,661	397,630
Corporate Secretary and	2008	300,840	60,000	—	42,189	43,821	446,850
General Counsel							
Christa N. Calabrese	2010	$226,807	$ —	$ 12,000	$ —	$ 31,482	$ 270,289
Northern Regional President	2009	226,807	—	18,145	—	32,002	276,954
	2008	220,127	—	20,000	2,987	33,636	276,750
Gregg T. Adams	2010	$225,000	$14,000	$ —	$ —	$ 31,311	$ 270,311
Executive Vice President,	2009	225,000	22,500	—	—	30,959	278,459
Marketing and Sales							

(1) The actual salary paid may fluctuate due to the timing of payroll processing at each calendar-year end.

(2) In 2008, Messrs. Gasior and Cloutier, and Ms. Calabrese elected to receive stock options in lieu of cash under the 2007 management incentive plan. The number of stock options received had a grant date fair value (calculated according to the Company's FASB ASC Topic 718 expense for the stock options) equal to the amount of the cash incentive compensation foregone. In addition, stock options equal to 10% of the stock options received in lieu of the cash incentive award were granted to compensate for the additional market risk associated with the stock option awards (with the exception of the Chief Executive Officer). Stock options were granted in lieu of cash to these named executive officers on February 26, 2008.

(3) The amounts set forth in the "Option Awards" column reflect the aggregate grant date fair value of stock and option awards for the year ended December 31, 2008 in accordance with ASC Topic 718. As required under SEC rules, the amounts recognized for the February 26, 2008 stock options granted at the election of the named executive officers in lieu of the 2007 cash bonus are excluded under this column and reported under the "Non-Equity Incentive Plan" column. However, the additional stock options equal to 10% of the stock options in lieu of cash are reflected under this column. The assumptions used in calculating these amounts are set forth in Note 13 of the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on March 9, 2011.

(4) All other compensation for the named executive officers during fiscal 2010 is summarized below:

Name	Perquisites(i)	Insurance(ii)	Tax Reimbursement(iii)	401(k) Match	ESOP Contribution(iv)	Total "All Other Compensation"
F. Morgan Gasior	$ 18,572	$ 1,930	$ 1,155	$6,125	$ 15,548	$ 43,330
Paul A. Cloutier	$ 18,600	$ 1,284	$ 769	$7,350	$ 15,548	$ 43,551
James J. Brennan	$ 12,675	$ 1,508	$ 903	$7,350	$ 15,548	$ 37,984
Christa N. Calabrese	$ 6,758	$ 1,142	$ 684	$7,350	$ 15,548	$ 31,482
Gregg T. Adams	$ 6,600	$ 1,134	$ 679	$7,350	$ 15,548	$ 31,311

Footnotes continue on following page.

(i) Includes use of an automobile or an automobile allowance, and in the case of Messrs. Gasior, Cloutier and Brennan, club dues.

(ii) Consists of premiums paid by the Company during the fiscal year with respect to additional short- and long-term disability insurance for each named executive officer. Certain amounts were paid by the executive and reimbursed by the Company under employment agreement provisions that reduce, on a dollar-for-dollar basis, the Bank's obligations under such executive's employment agreement in the event of the executive's death or disability by the amount of insurance proceeds received by the executive's named beneficiary.

(iii) Reflects reimbursement for income and employment taxes incurred by the executive as a result of the insurance premiums paid by the executive and reimbursed by the Company. See note (ii) above and discussion below for additional information.

(iv) Includes the Bank's contribution to the executive's ESOP account plus any amounts reallocated as a result of forfeitures by terminated ESOP participants.

Plan-Based Awards. The following table sets forth for the year ended December 31, 2010 certain information as to grants of plan-based awards for the named executive officers under the terms of the Executive Incentive Compensation Plan. For the year ended December 31, 2010, payments were paid in March 2011 in the amounts listed in the "Summary Compensation Table."

		Estimated Future/Possible Payouts Under Non-Equity Incentive Plan Awards		
Name	**Grant Date**	**Threshold**	**Target**	**Maximum**
F. Morgan Gasior	(1)	$ —	$ 20,290	$ 40,580
Paul A .Cloutier	(1)	—	12,952	25,905
James J. Brennan		—	15,498	30,997
Christa N. Calabrese	(1)	—	11,340	22,681
Gregg T. Adams		—	11,250	22,500

(1) On an annual basis, Messrs. Gasior, Cloutier and Ms. Calabrese are eligible to receive incentive cash payments under the Executive Incentive Compensation Plan. Messrs. Brennan and Adams do not participate in the plan.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning the exercisable and unexercisable stock options at December 31, 2010 held by the individuals named in the summary compensation table.

	Option Awards		
Name	**# of Securities Underlying Unexercised Options Exercisable**	**Option Exercise Price ($)**	**Option Expiration Date**
F. Morgan Gasior	125,000	$17.62	9/5/2011
	75,000	17.62	9/5/2011
	100,000	14.82	9/5/2011
Paul A. Cloutier	85,000	$17.62	9/5/2011
	60,000	14.82	9/5/2011
	6,000	14.82	9/5/2011
James J. Brennan	85,000	$17.62	9/5/2011
	80,667	14.82	9/5/2011
Christa N. Calabrese	85,000	$17.62	9/5/2011
	46,667	14.82	9/5/2011
	4,667	14.82	9/5/2011
Gregg T. Adams	85,000	$17.62	9/5/2011

Option Exercises and Stock Vested During 2010

The following table reflects shares of restricted stock held by the named executive officers that vested during 2010. No options were exercised by the named executive officers during 2010.

Name	Stock Awards: # of Shares Acquired on Vesting	Stock Awards: Value Realized on Vesting ($)(1)
F. Morgan Gasior	25,000	$ 238,500
Paul A. Cloutier	5,000	$ 47,700
James J. Brennan	5,000	$ 47,700
Christa N. Calabrese	5,000	$ 47,700
Gregg T. Adams	4,400	$ 41,976

(1) Reflects amounts realized on December 15, 2010 at a closing stock price of $9.54.

Potential Payments upon Termination or Change of Control

The following table sets forth information concerning potential payments and benefits under the Company's compensation programs and benefit plans to which the named executive officers would be entitled upon a termination of employment as of December 31, 2010. As is more fully described below, the named executive officers entered into employment agreements with the Company and/or the Bank, as applicable (each, an "Employment Agreement"), which provide for payments and benefits to a terminating executive officer following a termination other than for "cause" or by resignation. In addition, award agreements under the 2006 EIP (the "Award Agreements") provide for the accelerated vesting of unvested awards in similar circumstances, and in addition, upon the occurrence of a change of control of the Company. Except for the payments and benefits provided by the Employment Agreements and the Award Agreements, all other payments and benefits provided to any named executive officer upon termination of his or her employment are the same as the payments and benefits provided to other eligible executives of the Bank. For purposes of estimating the value of certain equity awards, the Company has assumed a price per share of the Company's common stock of $9.75, which was the closing price of the Company's common stock on December 31, 2010, the last trading day of the year.

Executive	Potential Payments Upon Termination or Change of Control	Termination by the Bank: For Cause	Termination by the Bank: For Disability(1)	Termination by the Bank: Without Cause(2)	Other Types of Termination: By Resignation	Other Types of Termination: For Good Reason(2)	Other Types of Termination: Upon Death(1)	Change of Control (3)
F. Morgan Gasior	Cash payments	$ —	$ 943,928	$1,285,587	$ —	$1,285,587	$943,928	$1,285,587
	Accelerated Equity Awards	—	—	—	—	—	—	—
	Continued Benefits	—	14,070	18,760	—	18,760	14,070	18,760
Paul A. Cloutier	Cash payments	$ —	$ 618,566	$ 860,487	$ —	$ 860,487	$618,566	$ 860,487
	Accelerated Equity Awards	—	—	—	—	—	—	—
	Continued Benefits	—	23,316	31,088	—	31,088	23,316	31,088
James J. Brennan	Cash payments	$ —	$ 759,780	$1,133,572	$ —	$1,133,572	$759,780	$1,133,572
	Accelerated Equity Awards	—	—	—	—	—	—	—
	Continued Benefits	—	14,247	18,996	—	18,996	14,247	18,996
Christa N. Calabrese	Cash payments	$ —	$ 536,738	$ 749,032	$ —	$ 749,032	$536,738	$ 749,032
	Accelerated Equity Awards	—	—	—	—	—	—	—
	Continued Benefits	—	9,810	13,080	—	13,080	9,810	13,080
Gregg T. Adams	Cash payments	$ —	$ 302,600	$ 302,600	$ —	$ 302,600	$302,600	$ 302,600
	Accelerated Equity Awards	—	—	—	—	—	—	—
	Continued Benefits	—	7,915	7,915	—	7,915	7,915	7,915

Footnotes on following page.

(1) For each named executive officer, except Mr. Adams, cash payments include an amount equal to the average cash incentive compensation paid during the preceding two years prorated for the year of termination, prorated employer matching 401(k) contribution for the year of termination, and the base salary the executive would have received from the date of termination through the end of his/her employment period. The cash payments for Mr. Adams include a prorated annual cash incentive compensation for the year of termination, prorated employer matching 401(k) contribution for the year of termination, and the base salary he would have received from the date of termination through the end of his employment period. The intrinsic value of accelerated equity awards is zero for all named executive officers based on the closing stock price on December 31, 2010 of $9.75. Continued benefits reflect the incremental cost of core benefits to the Company during the executive's remaining employment period based on actual cost for 2010. Excludes any reduction in benefit as a result of disability insurance or federal social security disability payments.

(2) For each named executive officer, except Mr. Adams, cash payments include an amount equal to the average cash incentive compensation paid during the preceding two years prorated for the year of termination, prorated employer matching 401(k) contribution, and three times the executive's three-year average cash compensation. The cash payments for Mr. Adams includes a prorated annual cash incentive compensation for the year of termination, prorated employer matching 401(k) contribution for the year of termination, and the base salary he would have received from the date of termination through the end of his employment period. The intrinsic value of accelerated equity awards is zero for all named executive officers based on the closing stock price on December 31, 2010 of $9.75. Continued benefits reflect the incremental cost of core benefits to the Company for 36 months based on the actual cost for 2010, except for Mr. Adams, whose continued benefits reflect the incremental cost of core benefits to the Company during his remaining employment period.

(3) The payments reflected in this column assume the executive terminated for good reason in connection with a change of control. For each named executive officer, except Mr. Adams, cash payments include an amount equal to the average cash incentive compensation paid during the preceding two years prorated for the year of termination, prorated employer matching 401(k) contribution, and three times the executive's three-year average cash compensation. The cash payments for Mr. Adams includes a prorated annual cash incentive compensation for the year of termination, prorated employer matching 401(k) contribution for the year of termination, and the base salary he would have received from the date of termination through the end of his employment period. The intrinsic value of accelerated equity awards is zero for all named executive officers based on the closing stock price on December 31, 2010 of $9.75. Continued benefits reflect the incremental cost of core benefits to the Company for 36 months based on the actual cost for 2010, except for Mr. Adams, whose continued benefits reflect the incremental cost of core benefits to the Company during his remaining employment period. If applicable, executive severance benefits are reduced to avoid constituting an "excess parachute payment" under Section 280G of the Internal Revenue Code. No reduction in benefits was required as of the assumed December 31, 2010 termination date.

Accrued Pay and Regular Retirement Benefits. The amounts shown in the table on the previous page do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. These include:

- Accrued but unpaid salary and vacation pay.
- Distributions of plan balances under the Bank's 401(k) plan and its ESOP. See "401(k) Plan" and "Employee Stock Ownership Plan and Trust" on page 10 for an overview of the 401(k) and the ESOP.
- The value of option continuation upon retirement, death or disability. Except as may be provided in connection with a change of control, when an employee terminates employment other than for cause and prior to retirement, death or disability, his or her vested stock options will remain exercisable for a period of three months following termination. When an employee is terminated for cause, his or her stock options, whether vested or unvested, are terminated immediately. When a retirement-eligible employee terminates employment, or when an employee dies or becomes disabled, his or her vested stock options remain exercisable for 12 months following the date of his or her termination.

Acceleration of Vesting upon a Change of Control. Upon the occurrence of a change of control of the Company, unless otherwise stated in an award agreement, all outstanding options and Stock Appreciation Rights ("SARs") then held by a participant, including each of the named executive officers, who is employed by, or providing services to, the Company or its subsidiaries at the time of such change of control will become fully exercisable and all stock awards or cash incentive awards shall be fully earned and vested (subject to limitations on performance-based awards). Any such options or SARs, the vesting of which is accelerated upon the occurrence of a change of control, shall remain exercisable in accordance with their terms. The Company has not awarded any SARs under the 2006 EIP.

Employment Agreements. The employment agreements with Messrs. Gasior, Cloutier, Brennan and Adams and Ms. Calabrese were amended and restated in May 2008, principally to ensure compliance with Section 409A of the Internal Revenue Code. Each employment agreement had an initial term of 36 months (other than Mr. Adams' employment agreement, which had an initial term of 24 months) that can be extended each year for an additional year, at the discretion of the Board of Directors.

The Board of Directors of the Bank most recently reviewed the Bank's employment agreements with Messrs. Gasior, Cloutier, Brennan, and Adams, and Ms. Calabrese in April 2011. The Board of Directors approved the extension of the terms of the Bank's employment agreements with Messrs. Gasior, Cloutier, and Brennan, and Ms. Calabrese through March 31, 2014, and the extension of the Bank's employment agreement with Mr. Adams through March 31, 2013.

Under the employment agreements, the Bank will pay the executive officers the base salary as reflected in the Bank's payroll records, subject to discretionary increases by the Board of Directors. The 2010 base salaries for Messrs. Gasior, Cloutier, Brennan and Adams were $405,804, $259,046, $309,969 and $225,000, respectively, and the 2010 base salary for Ms. Calabrese was $226,807. The employment agreements provide that the base salary may be increased but not decreased. The employment agreements also provide that the executive officer will receive the use of an automobile or an automobile allowance and the payment of designated club dues, provided that, in a given year, these payments may not, in the aggregate, exceed ten percent of the executive officer's cash compensation. The employment agreements further provide that the executive officer is entitled to participate with other executive officers in non-equity short-term incentive compensation and discretionary non-equity bonuses declared by the Board. In addition to base salary and bonus, the employment agreements provide for, among other things, participation in a Section 125 cafeteria plan, group medical, dental, vision, disability and life insurance plans, referred to as the core plans, 401(k) plan, the ESOP and other employee and fringe benefits applicable to executive personnel.

During the employment period, each executive officer is provided with a supplemental disability insurance policy that pays 60% of base salary for the remaining term of the agreement in the event the executive officer is terminated due to disability. If an executive officer becomes disabled, his or her base salary will be reduced proportionately by the disability payments made under the disability policy and under the federal social security system. Each executive officer is responsible for paying the premiums but receives an annual allowance in an amount sufficient, on an after-tax basis, to equal the premium payments. In the event of termination of employment due to disability, the executive officer will be entitled to his or her earned salary, an amount equal to the annual average of any cash incentive compensation and bonus that the executive officer received during the preceding two fiscal years, except for Mr. Adams' who would receive an amount equal to the cash incentive compensation he would receive during the current year. The executive officer will receive the prorated employer matching 401(k) plan contribution that the executive officer would be entitled to receive for the current year. In addition, the executive officer will be entitled to the base salary the executive officer would have been paid through the date the employment period would have expired if the executive officer's employment had not been sooner terminated due to disability, which will be reduced on a dollar-for-dollar basis by the disability insurance and federal social security disability payments referenced above, and continued coverage under the core plans through the date the employment period would have expired, subject to the executive officer's continued payment of the costs and contributions for which he or she is responsible. After their continued coverage under the core plans expires, Messrs. Gasior, Cloutier, Brennan and Adams and Ms. Calabrese may elect to continue their health care coverage at their sole expense and without any cost to the Bank until they become eligible for Medicare coverage or for coverage under another employer's group health plan.

In addition to the life insurance benefits provided to regular full-time employees, a supplemental life insurance policy was historically provided to each insurable executive officer in an amount not less than three times the executive officer's base salary. In May 2007, the Bank purchased bank-owned life insurance insuring the lives of certain officers, including the executive officers. The purchase of bank-owned life insurance enabled the Bank to eliminate the separate life insurance policies on all executive officers except Mr. Gasior in 2007, and on Mr. Gasior on January 1, 2009.

In the event the executive officer's employment is terminated due to death, his or her surviving spouse and minor children, if any, will be entitled to the same coverage under the core plans that the executive officer would have been provided if his or her employment had terminated due to disability. In addition, the executive officer's estate or trust, as applicable, will be entitled to the base salary the executive officer would have been paid through the date the employment period would have expired if the executive officer's employment had not been sooner terminated due to death. If a supplemental life insurance policy has been obtained on the life of the executive officer the Bank's obligation to make such payments will be reduced on a dollar-for-dollar basis by the death benefit payments under any supplemental life insurance policy purchased for an executive officer. Except with respect to continued coverage under the core plans and the ability to elect to continue health care coverage under the core plans for an additional period at no cost to the Bank, the Bank will generally have no obligation to pay or provide an executive officer's estate, surviving spouse, or minor children with any other compensation or benefits on account of the executive officer's death.

In the event the executive officer's employment is terminated without cause by the Bank, the executive officer will receive his or her earned salary, prorated incentive compensation, accrued plan contribution, continued coverage under the core plans for 36 months, except for Mr. Adams, whose continued coverage would be during the remaining employment period, subject to the executive officer's payment of costs and contributions for which he or she is responsible, the ability to continue health care coverage thereafter at his or her sole expense, and an amount equal to three times his or her average annual compensation, with the exception of Mr. Adams who would be paid his base salary from the effective date of termination through the date the employment period would have expired. Payment of benefits will be made in a single lump sum, except for Mr. Adams' will be made in equal installments.

Under the employment agreements, the executive officer may terminate his or her employment for "Good Reason" by giving notice within 60 days after the event giving rise to the right to terminate employment. Good Reason generally includes (i) the Bank's decision not to re-elect or failure to re-elect the executive officer to his or her present position; (ii) with the exception of Mr. Adams, the Bank's failure to extend the executive officer's employment period on the anniversary date for an additional year; (iii) the relocation of the executive officer's principal place of employment by more than a specified distance; (iv) the reduction in the executive officer's base salary or a material reduction in benefits to which the executive officer is entitled; (v) the liquidation or dissolution of the Bank or the Company; (vi) the Bank's material uncured breach of the employment agreement; and (vii) with the exception of Mr. Adams, the occurrence of a "Change of Control" as such term is defined in the 2006 EIP. With respect to Mr. Gasior's employment agreement, "Good Reason" also includes the failure to elect or re-elect him as Chairman of the Board of Directors of the Bank, a change in the composition of the Board of Directors of the Bank such that the current directors no longer constitute a majority of the board other than in certain circumstances where the new board is nominated or appointed by the existing board, or a significant reduction in the scope of his duties, powers, privileges, authority or responsibilities. In the event an executive officer's employment is terminated for Good Reason, he or she will receive the same amounts, the same coverage under the core plans and the same health insurance coverage continuation rights that he or she would have received if his or her employment had been terminated without cause. An executive officer who terminates his or her employment by resignation other than due to Good Reason will only be entitled to his or her earned salary and vacation through the date of termination.

The executive officer is required under the employment agreement to execute a general release in consideration for any severance amounts. The executive officer also agrees not to compete with the Bank or its affiliates for six months after termination or during the period that severance amounts are paid, if longer. In addition, the executive officer agrees not to solicit the Bank's customers, their business or the Bank's employees for eighteen months, which may be reduced in certain circumstances. Payment of amounts due the executive officers under the employment agreements will generally be made in a single lump sum, or in the case of Mr. Adams, in equal installments with the exception upon death and will be reduced as may be necessary to avoid constituting an "excess parachute payment" under Section 280G of the Internal Revenue Code.

In October 2008, the Company entered into employment agreements with Messrs. Gasior, Cloutier and Brennan. The employment agreements have three-year terms and, except as discussed below, are otherwise substantially similar to the respective employment agreements that these individuals have with the Bank. The Board of Directors of the Company most recently reviewed the Company's employment agreements with Messrs. Gasior, Cloutier and Brennan and approved the extension of their terms through March 31, 2014.

The Company does not separately compensate Messrs. Gasior, Cloutier or Brennan for their services to the Company, except for awards made by the Company under the 2006 EIP. Instead, the Bank pays and provides their cash compensation and benefits (other than benefits under the 2006 EIP), and allocates a portion of this expense to the Company pursuant to an intercompany expense sharing arrangement in proportion to the time and services that they provide to the Company. The employment agreements between the Company and Messrs. Gasior, Cloutier and Brennan thus provide that any cash compensation and benefits that become simultaneously due under both their employment agreements with the Company and their employment agreements with the Bank will be subtracted from those due Messrs. Gasior, Cloutier and Brennan under their respective employment agreements with the Company. The payments and benefits (other than benefits under the 2006 EIP) that each of Messrs. Gasior, Cloutier and Brennan will receive under his employment agreement with the Company if his employment is terminated without cause, for Good Reason or due to death or disability are the same as those provided for in their respective employment agreements with the Bank.

The primary material differences between the Company's employment agreements with Messrs. Gasior, Cloutier and Brennan and their respective employment agreements with the Bank are that their employment agreements with the Company provide for indemnification under Maryland law (the Company's state of incorporation) rather than applicable federal law, and further provide that, upon the termination of employment based on the occurrence of a Change of Control as that term is defined in the 2006 EIP, (i) all payments that would otherwise be payable in a series of installments instead will generally be paid in a single lump sum within five business days of the date of termination; (ii) the restricted periods applicable to the non-competition and non-solicitation covenants set forth in their respective employment agreements with the Company and their employment agreements with the Bank will be reduced to six months and the scope of the competitive restrictions will be limited to those that existed immediately prior to the Change of Control; and (iii) all obligations that may become due simultaneously under both the Company's employment agreements with Messrs. Gasior, Cloutier and Brennan and their respective employment agreements with the Bank will first be provided under their employment agreements with the Company. The Company employment agreements do not impose a limit on the compensation that would be payable to Messrs. Gasior, Cloutier or Brennan upon the occurrence of a Change of Control to avoid an "excess parachute payment" under Section 280G of the Internal Revenue Code. However, the payments and benefits that would become due to Messrs. Gasior, Cloutier and Brennan upon the occurrence of a Change of Control currently would not result in any "excess parachute payments" based on their current and historic compensation levels and the relevant terms of their Company employment agreements.

Compensation of Directors

Directors' Fees. All directors of the Company are also directors of the Bank. Except for Mr. Gasior, who receives no fees for serving as a director, committee chairperson or committee member, the directors of the Bank received an annual Board fee of $2,000 per month for preparing for and attending meetings of the Board of Directors of the Bank during 2010. Except for the Audit Committee, the Bank did not pay its directors a separate fee during 2010 for serving on board committees. The members of the Audit Committee were paid an Audit Committee fee during 2010 because the Audit Committee is a required entity with separate responsibilities established by applicable laws and regulations. During 2010, the Bank paid an Audit Committee fee of $1,000 per quarter to Mr. Hausmann (the Chairman of the Audit Committee), and $800 per quarter to Mr. Wells (a member of the Audit Committee).

The Company did not separately compensate the members of its Board of Directors during 2010 for preparing for and attending meetings of the Board of Directors of the Company. A portion of the Board fees that the Bank paid to its directors, however, was allocated to the Company in the intercompany expense allocations that were made between the Company and the Bank during 2010. The Company paid an Audit Committee fee of $800 per quarter to Mr. Koopmans during 2010 for serving on the Company's Audit Committee, but did not compensate the other members of the Audit Committee due to the Audit Committee fee that they received from the Bank. The Company also partially reimbursed Mr. Koopmans for his travel expenses for attending meetings of the Company's Board of Directors.

The Board of Directors fee and the Audit Committee fees for 2010 were unchanged from 2009. The Board fees for 2010 and Audit Committee fees for 2010 have been taken into account in the intercompany expense allocations between the Company and the Bank.

Equity-Based Compensation. The 2006 EIP established a mechanism by which awards of restricted stock or stock options could further align the financial interests of the directors of the Company and the Bank with stockholders and, in the future, provide an additional means to attract, retain and reward individuals who can and do contribute to the success of the Company. The Board of Directors granted long-term equity-based compensation awards (consisting of both restricted stock and stock options) to its members in 2006 and in 2007 and 2010 for Ms. Francis as described in the table below. The 2010 grant to Ms. Francis was awarded based on her years of service consistent with the director equity participation in the 2006 Equity Incentive Plan. Awards under the 2006 EIP were based in part on a member's experience and on each member's responsibilities as assigned by the Board of Directors.

The Board of Directors also established share ownership guidelines for directors applicable both to personally-acquired shares and shares acquired through the 2006 EIP. In general, absent difficult personal financial circumstances, the Board of Directors encourages each director in office at least one year to hold a position in Company shares equal to at least 50% of a director's annual director's fees. At December 31, 2010, all eligible directors and all directors as a group significantly exceeded this ownership position. In addition, the Human Resources Committee encourages directors to retain all shares granted under the 2006 EIP. At December 31, 2010, the Company's directors retained 100% of their vested 2006 EIP restricted shares.

The table below provides information on 2010 compensation for directors who served in 2010.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Cassandra J. Francis	$ 24,000	$ 124,020	$ 148,020
John M. Hausmann, C.P.A.	$ 28,000	$ —	$ 28,000
Sherwin R. Koopmans	$ 27,200	$ —	$ 27,200
Joseph A. Schudt	$ 24,000	$ —	$ 24,000
Terry R. Wells	$ 27,200	$ —	$ 27,200
Glen R. Wherfel, C.P.A.	$ 24,000	$ —	$ 24,000

(1) The amounts set forth in the "Stock Awards" column reflect the aggregate grant date fair value of stock awards for the year ended December 31, 2010 in accordance with ASC Topic 718.

The table below shows each current non-employee director's outstanding equity awards as of December 31, 2010.

Name	Stock Awards	Option Awards Exercisable
Cassandra J. Francis	8,667	49,664
John M. Hausmann, C.P.A	—	78,664
Sherwin R. Koopmans	—	66,664
Joseph A. Schudt	—	78,664
Terry R. Wells	—	70,664
Glen R. Wherfel, C.P.A	—	63,664

Compensation Committee Interlocks and Insider Participation

Mr. Gasior is the only director of the Company and the Bank who is also an executive officer of the Company and/or the Bank. Mr. Gasior does not participate in the decisions of the Boards of Directors of the Company or the Bank or their respective Human Resources Committees concerning his compensation. No executive officer of the Company or the Bank has served on the Board of Directors or on the compensation committee of any other entity that had an executive officer serving on the Company's Board of Directors or Human Resources Committee.

ITEM 12. BENEFICIAL OWNERSHIP OF COMMON STOCK BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2011, certain information as to the beneficial ownership of shares of the Company's common stock by: (i) those persons or entities known by the Company to beneficially own more than 5% of the Company's outstanding shares of common stock; (ii) each director and nominee for election as director; (iii) each named executive officer of the Company; and (iv) all directors and executive officers of the Company and the Bank as a group. The address for each individual listed below is: care of BankFinancial Corporation, 15W060 North Frontage Road, Burr Ridge, Illinois 60527. An asterisk denotes beneficial ownership of less than one percent.

Name and Address of Beneficial Owners	Amount of Shares Owned and Nature of Beneficial Ownership(1)	Percent of Shares of Common Stock Outstanding
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	2,082,221(2)	9.88%
BankFinancial, F.S.B. Employee Stock Ownership Plan Trust 2321 Kochs Lane Quincy, Illinois 62305	1,921,283	9.12%
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, Texas 78746	1,621,032(2)	7.69%
Columbia Management Investment Advisors LLC 100 Federal Street 19th floor Boston, MA 02110-1898	1,204,086(2)	5.67%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,194,467(2)	5.71%
Directors and Nominees:		
Cassandra J. Francis	75,164(3)	*
F. Morgan Gasior	568,411(4)	2.66%
John M. Hausmann	135,473(5)	*
Sherwin R. Koopmans	114,664(6)	*
Joseph A. Schudt	172,676(7)	*
Terry R. Wells	117,664(8)	*
Glen R. Wherfel	124,179(9)	*
Named Executive Officers (other than Mr. Gasior):		
Paul A. Cloutier	278,222(10)	1.31%
James J. Brennan	335,435(11)	1.58%
Christa N. Calabrese	180,507(12)	*
Gregg T. Adams	141,494(13)	*
All Directors and Executive Officers (including Named Executive Officers) as a Group (13 persons):	**2,493,287(14)**	**11.12%**

Footnotes on following page.

(1) The information reflected in this column is based upon information furnished to us by the persons named above and the information contained in the records of our stock transfer agent. The nature of beneficial ownership for shares shown in this column, unless otherwise noted, represents sole voting and investment power and includes shares of common stock issuable upon the exercise of options that are exercisable currently or within 60 days of March 31, 2011.
(2) Amount of shares owned and reported on the most recent Schedule 13G filings with the SEC, reporting ownership as of December 31, 2010.
(3) Includes 8,667 shares of unvested restricted stock held in Ms. Francis' name and 49,664 shares issuable pursuant to options held in Ms. Francis' name.
(4) Includes 18,689 shares held by the BankFinancial and Subsidiaries Associate Investment Plan, 7,222 shares held by the BankFinancial, F.S.B. Employee Stock Ownership Plan, and 300,000 shares issuable pursuant to options held in Mr. Gasior's name. Also includes 122,500 shares held in trust for Mr. Gasior's spouse and 2,500 shares held by Mr. Gasior's spouse's individual retirement account. Mr. Gasior disclaims beneficial ownership of these 125,000 shares.
(5) Includes 78,664 shares issuable pursuant to options held in Mr. Hausmann's name.
(6) Includes 66,664 shares issuable pursuant to options held in Mr. Koopmans' name.
(7) Includes 78,664 shares issuable pursuant to options held in Mr. Schudt's name, 55,044 shares held in trust and 24,991 shares held by an individual retirement account. In addition, includes 5,977 shares held by Mr. Schudt's spouse's individual retirement account. Mr. Schudt disclaims beneficial ownership of these 5,977 shares.
(8) Includes 70,664 shares issuable pursuant to options held in Mr. Wells' name.
(9) Includes 63,664 shares issuable pursuant to options held in Mr. Wherfel's name, and includes 28,015 shares held in trust and 7,500 shares held by an individual retirement account.
(10) Includes 7,222 shares held by the BankFinancial, F.S.B. Employee Stock Ownership Plan. Also, includes 151,000 shares issuable pursuant to options held in Mr. Cloutier's name. Mr. Cloutier's holdings include 115,000 shares of common stock subject to pledge.
(11) Includes 77,246 shares held by the BankFinancial and Subsidiaries Associate Investment Plan, 7,222 shares held by the BankFinancial, F.S.B. Employee Stock Ownership Plan, 165,667 shares issuable pursuant to options held in Mr. Brennan's name. Also includes 300 shares held by Mr. Brennan's spouse. Mr. Brennan disclaims beneficial ownership of these 300 shares.
(12) Includes 11,951 shares held by the BankFinancial and Subsidiaries Associate Investment Plan, 7,222 shares held by the BankFinancial, F.S.B. Employee Stock Ownership Plan, and 136,334 shares issuable pursuant to options held in Ms. Calabrese's name.
(13) Includes 27,272 shares held by the BankFinancial and Subsidiaries Associate Investment Plan, 7,222 shares held by the BankFinancial, F.S.B. Employee Stock Ownership Plan, and 85,000 shares issuable pursuant to options held in Mr. Adams' name.
(14) Includes 1,356,819 shares issuable pursuant to options held.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Certain Related Persons

Neither the Bank nor the Company had any outstanding extensions of credit as of December 31, 2010 to any executive officer or directors or to a related interest of a director or executive officer other than Ms. Francis. The Bank made certain secured real estate loans to Ms. Francis and her spouse prior to Ms. Francis' appointment as a director in 2006, and these loans were considered to be grandfathered from the Bank's practice of not making loans to directors or executive officers. This extension of credit was made in the ordinary course of business on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with persons not related to the Bank, does not involve more than normal risk of collectability or present other unfavorable features, and is not past due or classified as non-accrual, restructured or a potential problem loan. The Bank's Professional Responsibility Policy provides that no director or executive officer (as defined by the Bank's Board of Directors) may provide goods or services to the Bank or an affiliate (which includes the Company) unless approved by the disinterested majority of the Board of Directors after full disclosure and it is determined that the arrangement is fair and appropriate. In addition, all transactions between the Bank or its affiliates and a director or executive officer must be conducted on an arm's length basis, comply with all applicable laws and regulations and be on terms that are no more favorable to the director or executive officer than those afforded to similarly situated customers and vendors.

Director Independence

The Board of Directors has determined that, except for Mr. Gasior, who serves as the Chairman, Chief Executive Officer and President of the Company, each of the Company's directors is "independent" as defined in Rule 5605(a)(2) of the listing standards of the NASDAQ Stock Market.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Set forth below is certain information concerning aggregate fees billed for professional services rendered by Crowe Horwath LLP during the years ended December 31, 2010 and 2009:

Audit Fees. The aggregate fees billed to the Company by Crowe Horwath for professional services rendered by Crowe Horwath for the audit of the Company's annual financial statements and internal controls, review of the financial statements included in the Company's Annual Reports on Form 10-K and services that are normally provided by Crowe Horwath in connection with statutory and regulatory filings and engagements were $367,800 and $368,500 during the years ended December 31, 2010 and 2009, respectively.

Audit-Related Fees. The aggregate fees billed to the Company by Crowe Horwath for assurance and related services rendered by Crowe Horwath that are reasonably related to the performance of the audit of and review of the financial statements and that are not already reported in "Audit Fees" above, were $38,000 and $40,200 during the years ended December 31, 2010 and 2009, respectively. The 2010 and 2009 fees were billed to the Company for services related to the Bank's ESOP and 401(k) Plans.

Tax Fees. The aggregate fees billed to the Company by Crowe Horwath for professional services rendered by Crowe Horwath for tax consultations and tax compliance were $55,150 and $29,050 during the years ended December 31, 2010 and 2009, respectively.

All Other Fees. Crowe Horwath did not perform any professional services for us that would be considered in the all other fee category during the fiscal years ended December 31, 2010 and 2009.

Audit Committee Pre-Approval Policy

The Audit Committee pre-approves all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by Crowe Horwath, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended, which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee pre-approved the audit related fees and tax fees described above during the years ended December 31, 2010 and 2009.

ITEM 15. <u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u>

(a)(3) <u>Exhibits</u>

The documents set forth below are filed herewith or incorporated herein by reference to the location indicated.

	Exhibit	Location
10.32	BankFinancial FSB Employment Agreement with William J. Deutsch, Jr. and Extension Agreement	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	BANKFINANCIAL CORPORATION
Date: May 2, 2011	By: /s/ F. Morgan Gasior
	F. Morgan Gasior
	Chairman of the Board, Chief Executive Officer and President
	(Duly Authorized Representative)

BANKFINANCIAL, F.S.B.
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "**Agreement**") is made effective as of May 6, 2008 (the "**Effective Date**"), by and between **BankFinancial, F.S.B.** (the "**Bank**"), a federally chartered stock savings bank having its principal office at 21110 South Western Avenue, Olympia Fields, Illinois, and **William J. Deutsch, Jr.** ("**Executive**").

WHEREAS, the Bank and the Executive have previously entered into an Employment Agreement dated July 12, 2002 (the "**Initial Agreement**");

WHEREAS, the Board of Directors of the Bank (the "**Board**") considers the continued availability of Executive's services to be important to the successful management and conduct of the Bank's business, and wishes to assure the continued availability of Executive's full-time services to the Bank as provided in this Agreement; and

WHEREAS, Executive is willing to continue to serve in the employ of the Bank on a full-time basis on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and upon the other terms and conditions hereinafter provided, the parties hereby agree as follows:

1. POSITION AND RESPONSIBILITIES.

(a) Position. During the period of employment established by Section 2(a) of this Agreement (the "**Employment Period**"), Executive agrees to serve, if appointed to serve, as the Senior Vice President - National Commercial Leasing Department of the Bank.

(b) Duties and Responsibilities. Executive shall have and exercise the duties, responsibilities, privileges, powers and authority commensurate with such position as the Board or the Chief Executive Officer, or any person designated by him, has assigned and may hereafter assign to Executive.

(c) Faithful Performance. Except for periods of paid time off taken in accordance with Section 3(f) hereof or following a Disability Determination made in accordance with Section 4(b) hereof, or for services performed for the Bank's Affiliates (as defined below) Executive shall devote substantially all of his business time, attention, skill and efforts during the Employment Period to the faithful performance of his duties hereunder, and shall not engage in any business or activity that interferes with the performance of such duties or conflicts with the business, affairs or interests of the Bank or BankFinancial Corporation ("**BFC**"); provided that, notwithstanding the foregoing, Executive may hold directorships, offices or other positions in one or more other organizations to the extent permitted by the Bank's Professional Responsibility Policy, as amended from time to time, or as otherwise approved by the Board or the Chairman and Chief Executive Officer.

(d) **Performance Standards**. During the Employment Period, Executive shall perform his duties in accordance with the policies and procedures of the Bank, as amended from time to time, such reasonable performance standards as the Board or the Chief Executive Officer of the Bank has established or may hereafter establish in the exercise of good faith business judgment, including those set forth in the Bank's Personnel Manual, as amended from time to time, and such Business Plans as the Board or the Chief Executive Officer of the Bank has established or may hereafter establish in the exercise of good faith business judgment.

2. TERM OF EMPLOYMENT.

(a) **Term**. The Employment Period shall commence on the Effective Date and shall thereafter continue for a period of twenty-four (24) months unless extended as provided herein. On or before each anniversary of the Effective Date during the Employment Period (each an "**Anniversary Date**"), the Board, subject to the review process set forth in Section 2(b) hereof, may extend the Employment Period for an additional one (l) year so that the remaining term of the Employment Period shall be twenty-four (24) months. All references herein to the Employment Period shall mean, for all purposes of this Agreement, Executive's Employment Period as initially established by, and as may subsequently be extended pursuant to, this Section 2(a).

(b) **Annual Review**. The Board or the Board's Human Resources Committee (the "**Human Resources Committee**") shall review this Agreement and the compensation arrangements provided for herein at least annually on, before or within a reasonable time (not to exceed forty-five (45) days) after each Anniversary Date. As part of each annual review, the Board or the Human Resources Committee shall determine whether or not to increase Executive's Base Salary as provided in Section 3(a) hereof and to extend the Employment Period for an additional one (1) year as provided in Section 2(a) hereof. The rationale and results of such review, and the justification for any such increase or extension, shall be documented in the minutes of the meeting at which the Board or the Human Resources Committee conducted such review, or in any written performance reviews referenced in such minutes. The Board, the Human Resources Committee or a person designated by either of them shall notify Executive in writing as soon as practicable, and not later than forty-five (45) days, after each applicable Anniversary Date, of the results of such review, including its decision whether or not to increase Executive's Base Salary and to extend the Employment Period. A decision by or the failure of the Board or the Human Resources Committee to increase Executive's Base Salary and/or to extend the Employment Period shall not constitute a breach of this Agreement or a "Good Reason" under Section 5(b) hereof. All decisions and actions of the Human Resources Committee pursuant to this Section 2(b) shall be subject to ratification by the Board only to the extent, if any, that ratification may be required by applicable laws and regulations.

3. COMPENSATION AND OTHER BENEFITS.

(a) **Base Salary**. During the Employment Period, the Bank shall pay Executive the annual base salary that is reflected in the payroll records of the Bank on the Effective Date ("**Base Salary**"), subject to any discretionary increases that the Board may hereafter elect to make pursuant to this Section 3(a). Executive's Base Salary shall be payable in accordance with the regular payroll practices of the Bank. The Board or the Human Resources Committee may increase Executive's Base Salary at any time, but shall not reduce Executive's Base Salary during the Employment Period without the Executive's express prior written consent. All references herein to Base Salary shall mean, for all purposes of this Agreement, Executive's Base Salary as initially established in, and as may subsequently be increased pursuant to, this Section 3(a).

(b) <u>Bonuses; Incentive Compensation</u>. In addition to Executive's Base Salary, Executive shall be entitled to any cash or equity-based incentive compensation and bonuses to the extent earned pursuant to any plan or arrangement of the Bank or BFC in which Executive is eligible to participate during the Employment Period, or to such other extent as the Board or its Human Resources Committee may determine in its discretion to award to Executive.

(c) <u>Other Compensation</u>. The Bank may provide such additional compensation to Executive in such form and in such amounts as may be approved by the Board or the Human Resources Committee in its sole discretion.

(d) <u>Special Allowances</u>. The Bank shall provide Executive with either the use of an automobile or an automobile allowance and either the use of a cellular telephone or a cellular telephone allowance during the Employment Period in accordance with the standard policies and practices of the Bank and consistent with that provided to Executive as of the Effective Date; provided that the allowance for a given year must be paid to the Executive not later than 2.5 months after the end of such year.

(e) <u>Reimbursement of Expenses</u>. The Bank shall pay or reimburse Executive in accordance with the standard policies and practices of the Bank for all reasonable expenses incurred by Executive during the Employment Period in connection with his employment hereunder or the business of the Bank; provided that such payment or reimbursement must occur not later than 2.5 months after the end of the year in which such expense was incurred.

(f) <u>Paid Time Off</u>. Executive shall be entitled to receive not less than 176 hours of paid time off ("**PTO**") per calendar year during the Employment Period in accordance with the PTO policies of the Bank as then applicable to senior executive officers of the Bank. Executive shall also be entitled to take time off during all legal holidays approved by the Board for Bank employees generally. Executive shall receive his Base Salary and the other amounts and benefits provided for in Section 3 hereof during all PTO periods and legal holidays. Except as permitted by the PTO policies of the Bank, Executive shall not be entitled to receive any additional compensation for his failure to take PTO or accumulate unused PTO from one year to the next.

(g) <u>Other Benefits</u>. The Bank shall provide Executive with all other benefits that are now or hereafter provided uniformly to non-probationary full-time employees of the Bank during the Employment Period, including, without limitation, benefits under any Section 125 Cafeteria Plan, any group medical, dental, vision, disability and life insurance plans that are now or hereafter maintained by the Bank (collectively, the "**Core Plans**"), and under any 401(k) plan ("**401(k) Plan**") and Employee Stock Ownership Plan ("**ESOP**") that is now or hereafter sponsored by the Bank, in each case subject to the Bank's policies concerning employee payments and contributions under such plans. The Bank shall not make any changes to any Core Plan that would materially and adversely affect Executive's rights or benefits under such plan unless such changes are made applicable to all non-probationary full-time employees of the Bank on a non-discriminatory basis. Nothing paid to Executive under any Core Plan or any 401(k) Plan or ESOP shall be deemed to be in lieu of any other compensation that Executive is entitled to receive under this Agreement.

(h) <u>Disability Insurance</u>. During the Employment Period, the Bank may provide Executive with a disability insurance policy with coverage sufficient to provide Executive with annual disability insurance payments in an amount up to sixty percent (60%) of Executive's Base Salary for a period at least equal to the then remaining term of the Employment Period (the "**Disability Policy**") in the event that Executive's employment is terminated by reason of a Disability Determination (as defined below). If a Disability Policy is so provided, Executive shall be responsible for the payment of all premiums on the Disability Policy and shall cooperate with the Bank in all respects as necessary or appropriate to enable the Bank to procure the Disability Policy, and the Bank shall provide Executive with an annual allowance in an amount sufficient, on an after-tax basis, to equal the annual premiums for the Disability Policy; provided that the allowance for a given year must be paid to the Executive not later than 2.5 months after the end of the year in which such premiums are paid.

(i) <u>Disability Insurance Adjustment</u>. If Executive receives disability benefits under the Disability Policy or any Core Plan or receives federal Social Security disability benefits (collectively, "**Disability Payments**"), the Bank's obligation under Section 3(a) and 6(b) hereof to pay Executive his Base Salary shall be reduced, as of the date the Disability Payments are first received by Executive, to an amount equal to the difference between Executive's Base Salary and the Disability Payments that Executive received during each applicable payroll period. The Executive shall make reasonable good faith efforts to notify the Bank of the receipt of Disability Payments.

4. <u>TERMINATION BY THE BANK.</u>

(a) <u>Termination For Cause</u>. The Board may terminate Executive's employment with the Bank "For Cause" at any time during the Employment Period, subject to the requirements set forth in this Section 4(a) and in Section 7 of this Agreement. A termination "**For Cause**" shall mean the Bank's termination of Executive's full-time employment hereunder because of Executive's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation (other than traffic violations or similar offenses), or final cease-and-desist order, a repeated and material failure to achieve minimum objectives under a Business Plan established in accordance with Section 1(d) of this Agreement, a repeated and material failure of Executive to meet reasonable performance standards established in accordance with Section 1(d) of this Agreement, or a material breach of any provision of this Agreement. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated For Cause unless and until (i) there shall have been delivered to Executive a written notice of the Board's intention to terminate Executive's employment For Cause, specifying the alleged grounds for such termination; (ii) if the alleged grounds for such termination are a material breach of this Agreement, a repeated and material failure to achieve minimum objectives under a Business Plan established in accordance with Section 1(d) of this Agreement, or a repeated and material failure of Executive to meet reasonable performance standards established in accordance with Section 1(d) of this Agreement, providing Executive with a reasonable opportunity to cure, if curable, any conduct or acts alleged to be such; (iii) following delivery of such written notice, Executive (together with any counsel selected by him) shall have been given a reasonable opportunity to present to the Board, at a meeting called and held for or including that purpose, Executive's position regarding any dispute that exists regarding the alleged grounds for termination For Cause; and (iv) the Board shall adopt a resolution by the affirmative vote of not less than a majority of its members, finding in good faith and on the basis of reasonable evidence that Executive was guilty of conduct justifying a termination For Cause. The Notice of Termination (as defined in Section 7 below) issued in connection with the termination of Executive's employment For Cause shall be accompanied by a copy of such resolution. Should a dispute arise concerning the Executive's termination For Cause, any review of the For Cause termination in any judicial or arbitration proceeding will be limited to a determination of whether the Board acted in good faith and on the basis of reasonable evidence.

(b) <u>Termination for Disability</u>. Upon a determination (a "**Disability Determination**") of Disability (as defined below), the Board, in its discretion, may terminate Executive's employment with the Bank at any time from and after the date of such Disability Determination. Following a Disability Determination, the Board may, in lieu of terminating Executive's employment by reason of the Disability Determination, appoint one or more other persons to serve as Senior Vice President - National Commercial Leasing Department of the Bank to fulfill, on a temporary basis, the duties and responsibilities of Executive. Any such temporary appointment shall be without prejudice to the Board's right to thereafter terminate Executive's employment based on a Disability Determination made pursuant to this Section 4(b) or as otherwise provided herein. The term "**Disability**" shall mean that (i) the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) the Executive is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank.

(c) <u>Termination Without Cause</u>. The Board, in its discretion, may terminate Executive's employment with the Bank "Without Cause" at any time, subject to the notification requirements set forth in Section 7 hereof. A termination "**Without Cause**" shall mean the Board's termination of Executive's employment for any reason other than a termination For Cause or a termination based on a Disability Determination or death.

(d) <u>Termination under Code Section 409A</u>. Any termination described in this Section 4 will only be deemed to have occurred if such termination constitutes a "separation from service" as defined under Section 409A of the Internal Revenue Code of 1986, as amended, or any successor thereto (the "**Code**").

5. <u>TERMINATION BY EXECUTIVE OR BY REASON OF DEATH.</u>

(a) <u>Termination By Resignation</u>. Executive may, in his discretion, terminate his employment with the Bank "By Resignation" at any time during the Employment Period, subject to the notification requirements set forth in Section 7 hereof. A termination "**By Resignation**" shall mean Executive's termination of his employment for any reason other than a "Good Reason" as such term is defined in Section 5(b) hereof.

(b) __Termination For Good Reason__. Executive may terminate Executive's employment with the Bank for "Good Reason," subject to the requirements set forth in this Section 5(b) and the notification requirements set forth in Section 7 hereof. A termination for "**Good Reason**" shall mean Executive's resignation from the Bank's employ during the Employment Period based upon any of the following reasons, but only if taken or occurring during the Employment Period without Executive's consent: (i) a decision by the Board not to elect or re-elect or to appoint or re-appoint Executive to the office of Senior Vice President - National Commercial Leasing Department of the Bank, provided that, upon a change of control of the Bank or its parent company, a change of Executive's title or office shall not constitute "Good Reason" unless accompanied by a material diminution of Executive's duties and responsibilities; (ii) the Board's relocation of Executive's principal place of employment to a place that is located more than twenty-five (25) miles from Burr Ridge, Illinois; (iii) a reduction in Executive's Base Salary; (iv) a liquidation or dissolution of the Bank; and (v) a material uncured breach of this Agreement by the Bank. Executive shall have the right to elect to terminate his employment for Good Reason only by giving the Chairman and Chief Executive Officer of the Bank a Notice of Termination (as defined below) within sixty (60) days after the act, omission or event giving rise to said right to elect. Notwithstanding the foregoing, Executive shall not have a right to elect to terminate his employment (i) based on the events set forth in this Section 5(b) solely on the basis of the Board's appointment of an Senior Vice President - National Commercial Leasing Department of the Bank following a Disability Determination made in accordance with Section 4(b) of this Agreement, or (ii) if the Bank fully rescinds or cures, within ten (10) days after its receipt of Executive's Notice of Termination, the act, omission or event giving rise to Executive's right to elect to terminate his employment for Good Reason.

(c) __Termination Upon Death__. Executive's employment with the Bank shall terminate immediately upon Executive's death, without regard to the notification requirements set forth in Section 7 hereof.

(d) __Termination under Code Section 409A__. Any termination described in this Section 5 will only be deemed to have occurred if such termination constitutes a "separation from service" as defined under Code Section 409 A.

6. __FINANCIAL CONSEOUENCES OF TERMINATION__.

(a) __Termination For Cause__. In the event that Executive's employment is terminated For Cause during the Employment Period, the Bank shall pay Executive the unpaid balance of Executive's Base Salary through the effective date of the termination of Executive's employment ("**Earned Salary**"), but Executive shall receive no bonus or incentive compensation for the current year (all such amounts shall remain unearned and unvested), and shall receive no compensation or other benefits (including the compensation and benefits set forth in Section 3(a) through Section 3(i) and Section 6 hereof) for any period after the effective date of the termination of Executive's employment; *provided, however,* that any rights of Executive under any applicable state and federal laws, including ERISA and COBRA, and any rights of Executive that have vested, whether by application of any state or federal law, the provisions of any contract, employee benefits plan or otherwise, shall not be terminated or prejudiced by a termination For Cause. Upon Executive's death, any payments due under this Section 6(a) shall be paid, as applicable, to Executive's estate, trust or as otherwise required by law.

(b) **<u>Termination for Disability</u>**. In the event that Executive's employment is terminated during the Employment Period based on a Disability Determination, the Bank shall: (i) pay Executive his Earned Salary (as defined above); (ii) pay Executive an amount equal to the cash incentive compensation, if any, that the Board determines in its sole and absolute discretion that Executive is to receive during the current year based on Executive's demonstrable achievement of the objectives set forth in Executive's incentive compensation program for the current year, prorated based on the number of days during such year that elapsed prior to the effective date of the termination of Executive's employment ("**Prorated Incentive Compensation**"); (iii) make, for the benefit of Executive, the matching 401(k) plan contribution that Executive is entitled to receive for the current year, prorated based on the number of days during such year that elapsed prior to the effective date of the termination of Executive's employment ("**Accrued Plan Contribution**"); (iv) subject to the disability insurance adjustment set forth in Section 3(i) hereof, pay Executive the Base Salary that Executive would have been paid pursuant to Section 3(a) hereof from the effective date of termination through the date the Employment Period would have expired if Executive's employment had not been sooner terminated based on a Disability Determination; and (v) provide Executive (and upon his death his surviving spouse and minor children, if any) with the same coverage under the Core Plans that Executive (and his surviving spouse and minor children, if any) would have been provided pursuant to Section 3(g) hereof from the effective date of termination through the date the Employment Period would have expired if Executive's employment had not been sooner terminated based on a Disability Determination (subject to payment of the costs and contributions that such plans provide are the responsibility of the insured employee). Amounts payable under Subsections (ii) and (iv) of this Section 6(b) shall be paid in equal installments over the period beginning on the Bank's first regular payroll date after the effective date of termination and continuing through the Bank's first regular payroll date after the date the Employment Period would have expired if Executive's employment had not been sooner terminated based on a Disability Determination.

(c) **<u>Termination Without Cause</u>**. In the event that Executive's employment is terminated Without Cause during the Employment Period, the Bank shall: (i) pay Executive his Earned Salary (as defined above); (ii) pay Executive his Prorated Incentive Compensation (as defined above); (iii) make, for the benefit of Executive, the Accrued Plan Contribution (as defined above); (iv) pay Executive the Base Salary that Executive would have been paid pursuant to Section 3(a) hereof from the effective date of termination through the date the Employment Period would have expired if Executive's employment had not been sooner terminated Without Cause; and (v) provide Executive (and upon his death his surviving spouse and minor children, if any) with coverage under the Core Plans that Executive would have been provided pursuant to Section 3(g) from the effective date of the termination of Executive's employment through the date the Employment Period would have expired if Executive's employment had not been sooner terminated Without Cause (subject to payment of the costs and contributions that such plans provide are the responsibility of the insured employee). Amounts payable under Subsections (ii) and (iv) of this Section 6(c) shall be paid in equal installments over the period beginning on the Bank's first regular payroll date after the effective date of termination and continuing through the Bank's first regular payroll date after the date the Employment Period would have expired if Executive's employment had not been sooner terminated Without Cause; *provided, however,* to the extent any portion of the applicable payment amount under this Section 6(c) exceeds the "safe harbor" amount described in Treasury Regulation Section 1.409A-l(b)(9)(iii)(A), the Executive shall receive such portion of the applicable payment that exceeds the "safe harbor" amount in a single lump sum payment payable within five (5) days after the Executive's termination.

(d) <u>Termination By Resignation</u>. In the event that Executive's full-time employment is terminated By Resignation during the Employment Period, the Bank shall pay Executive his Earned Salary (as defined above), but Executive shall receive no compensation or other benefits (including the compensation and benefits set forth in Section 3(a) through Section (i) hereof) for any period after the effective date of the termination of Executive's employment; *provided, however*, that any rights of Executive under any applicable state and federal laws, including ERISA and COBRA, and any rights of Executive that have vested, whether by application of any applicable state or federal law, the provisions of any contract, employee benefits plan or otherwise, shall not be terminated or prejudiced by a termination By Resignation.

(e) <u>Termination for Good Reason</u>. In the event that Executive's employment is terminated by Executive for Good Reason during the Employment Period, the Bank shall pay Executive the same amounts that Executive would have been paid pursuant to Sections 6(c)(i), (ii), (iii) and (iv), and shall provide Executive (and upon his death his surviving spouse and minor children, if any) with the same coverages under the Core Plans coverage that Executive (and his spouse and minor children, if any) would have been provided pursuant to 6(c)(v) (subject to the payment of the costs and contributions that such plans provide are the responsibility of the insured employee) if Executive's employment had been terminated by the Bank Without Cause on the effective date of the termination of Executive's employment. Amounts payable under this Section 6(e) shall be paid in equal installments over the period beginning on the Bank's first regular payroll date after the effective date of termination and continuing through the Bank's first regular payroll date after the date the Employment Period would have expired if Executive's employment had not been sooner terminated for Good Reason; *provided, however,* to the extent any portion of the applicable payment amount under this Section 6(e) exceeds the "safe harbor" amount described in Treasury Regulation Section 1.409A-l(b)(9)(iii)(A), the Executive shall receive such portion of the applicable payment that exceeds the "safe harbor" amount in a single lump sum payment payable within five (5) days after the Executive's termination.

(f) <u>Termination Upon Death</u>. In the event Executive's employment with the Bank is terminated during the Employment Period by reason of Executive's death, the Bank shall pay Executive's estate or trust, as applicable, the same amounts Executive would have been paid pursuant to Sections 6(b)(i), (ii), (iii) and (iv), and shall provide his surviving spouse and minor children, if any, with the same coverages under the Core Plans that they would have been provided pursuant to Section 6(b)(v) (subject to the payment of the costs and contributions that such plans provide are the responsibility of the insured employee) if Executive's employment had been terminated by the Bank based on a Disability Determination on the date of Executive's death. Amounts payable under this Section 6(f) shall be paid in a single lump sum on the Bank's second regular payroll date after the date of Executive's death.

(g) Capital Limitations. Notwithstanding any other provisions of this Agreement and to the extent permitted under Code Section 409A: (i) in the event the Bank is not in compliance with its minimum capital requirements as established by applicable federal laws and regulations at the time any payment becomes due to Executive pursuant to Section 6 hereof, the Bank shall be entitled to defer such payment until such time as the Bank is in compliance with such minimum capital requirements; and (ii) if the Bank is in compliance with such minimum capital requirements at the time any such payment becomes due, but the making of any such payment would cause the Bank's capital to fall below such minimum capital requirements, the Bank shall be entitled to reduce the amount of such payment as necessary to enable the Bank to remain in compliance with such minimum capital requirements, subject to the Bank's obligation to pay the amount of any such reductions (or any portion thereof) as soon as such amount can be paid without causing the Bank's capital to fall below such minimum capital requirements.

(h) Section 280G Limitation. Notwithstanding any other provisions of this Agreement, in no event shall the aggregate payments or benefits to be made or afforded to Executive pursuant to Section 6 of this Agreement constitute an "excess parachute payment" under Section 280G of the Code. In order to avoid such a result, such aggregate payments or benefits will be reduced, if necessary, to a lesser amount, the value of which is one dollar ($1.00) less than an amount equal to three (3) times Executive's "base amount" as determined in accordance with said Section 280G. The reduction shall be allocated among the components of such payments and benefits in the manner designated by Executive.

(i) General Release. In consideration of the Bank's agreements with respect to the monetary payments and other benefits provided for in Section 6 of this Agreement (which payments and benefits exceed the nature and scope of that to which Executive would have been legally entitled to receive absent this Agreement), and as a condition precedent to Executive's receipt of such payments and other benefits, Executive (or in the event of Executive's death, Executive's executor, trustee, administrator or personal representative, as applicable), shall, at the time the first of any such payments and other benefits is tendered, execute and deliver to the Bank a general release in favor of the Bank and its Affiliates (as defined below), releasing all claims, demands, causes of actions and liabilities arising out of this Agreement, Executive's employment or the termination thereof, including, but not limited to, claims, demands, causes of action and liabilities for wages, back pay, front pay, attorney's fees, other sums of money, insurance, benefits, or contracts; and all claims, demands, causes of actions and liabilities arising out of or under the statutory, common law or other rules, orders or regulations of the United States or any State or political subdivision thereof, whether now existed or hereinafter enacted or adopted, including the Age Discrimination in Employment Act and the Older Workers Benefit Protection Act, and no further payments shall be due Executive until such time as all applicable waiting or rescission periods thereunder shall have expired or shall have been waived. Notwithstanding the foregoing or anything to the contrary herein, the general release shall not release, and shall expressly reserve, any unperformed obligations of the Bank under this Agreement.

7. NOTICE OF TERMINATION.

Any termination or purported termination by the Bank or Executive of Executive's employment with the Bank shall be communicated by a Notice of Termination to the other party. A "**Notice of Termination**" shall mean a written notice that shall set forth the effective date of the termination of Executive's employment, identify the specific termination provision(s) in this Agreement relied upon, and set forth in reasonable detail the facts and circumstances claimed to provide a basis for the termination of Executive's employment under the provision so identified. The party issuing the Notice of Termination shall cause it to be delivered to the other party either in person, by United States mail or via a reputable commercial delivery service (i) not less than thirty (30) days prior to the effective date of termination in the case of a termination Without Cause or By Resignation or based on a Disability Determination; (ii) not less than thirty (30) days prior to the effective date of termination and as otherwise provided in Section 4(a) hereof in the case of a termination For Cause; and (iii) as provided in Section 5(b) hereof in the case of a termination for Good Reason. Notices to the Bank shall be addressed and delivered to the principal headquarters office of the Bank, Attention: Chief Executive Officer and General Counsel, with a copy concurrently so delivered to General Corporate Counsel to the Bank, Barack Ferrazzano Kirschbaum & Nagelberg LLP, 200 West Madison Street, Suite 3900, Chicago, Illinois 60606, to the joint attention of Edwin S. del Hierro and Donald L. Norman, Jr. Notices to the Executive shall be sent to the address set forth below the Executive's signature on this Agreement, or to such other address as Executive may hereafter designate in a written notice given to the Bank and its counsel.

8. NON-COMPETITION AND OTHER AGREEMENTS.

(a) Non-Competition. Executive shall not, during the Non-Competition Period (as hereinafter defined), directly or indirectly, and in any capacity, including as an individual for Executive's own account, or as an employee, agent, independent contractor, consultant, officer, director, stockholder, owner or member of any association, corporation (whether for profit or not for profit), partnership (whether general or limited), limited liability company, trust, firm, any federal, state or local government, agency, commission, board, district or body politic, any other registered or legal entity of any type (each a "**Legal Entity**"), or as an employee, agent, independent contractor or consultant of or for any person, compete with the Bank in any of the following lines of business: the business of originating or purchasing loans, leases and payment streams thereunder, accepting deposits, selling or providing insurance, securities, financial planning, and asset management products and services, accepting referrals of any of the foregoing, and other business contracts, relationships or activities of the Bank and any Affiliate (as defined below) of the Bank (collectively, "**Banking Business**") from a place that is located within five (5) miles of a place where the Bank or any Affiliate maintains a branch, office or other place of business, or has filed a regulatory notice or application to establish a branch, office or other place of business (collectively, the "**Restricted Area**"). The term "**Non-Competition Period**" shall mean: (i) the greater of (A) six (6) months after the effective date of the termination of Executive's employment, and (B) any period of time during which Executive is entitled to receive payments or benefits pursuant to Section 6(b), 6(c) or 6(e) of this Agreement on account of a termination based on a Disability Determination, Without Cause or for Good Reason, respectively; and (ii) six (6) months from the effective date of the termination of Executive's employment if such employment is terminated By Resignation or With Cause. The term "**Affiliate**" means, for all purposes of this Agreement, any Legal Entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Bank. The following Legal Entities are Affiliates of the Bank as of the date of this Agreement: BFC; Financial Assurance Services, Inc.; SXNB Corporation (an Illinois corporation in dissolution); Success Bancshares, Inc. (a Delaware corporation in dissolution); and BF Asset Recovery Corporation.

(b) Non-Solicitation. Executive shall not, during the Non-Solicitation Period (as hereinafter defined), directly or indirectly, either as an individual for Executive's own account, or as an employee, agent, independent contractor or consultant of or for any person or Legal Entity, or as an officer, director, stockholder, owner or member of any Legal Entity: (i) call upon or solicit for the purpose of obtaining Banking Business from, or do any Banking Business with, any person or Legal Entity that was or is a customer of the Bank or any Affiliate at any time between the Effective Date of this Agreement and the last day of the Non-Solicitation Period, and with which Executive had dealings on behalf of the Bank (a "**Protected Customer**"); (ii) divert or take away from the Bank or an Affiliate any existing Banking Business between the Bank or an Affiliate and a Protected Customer; (iii) call upon or solicit for the purpose of obtaining Banking Business from, or do any Banking Business with, any person or Legal Entity from which the Bank or an Affiliate purchased loans or personal property leases (or any payment streams thereunder), or that referred or originated loans or personal property leases (or any payment streams thereunder) to, for or on behalf of the Bank or an Affiliate at any time between the Effective Date of this Agreement and the last day of the Non-Solicitation Period (a "**Protected Referral Source**"); (iv) divert or take away from the Bank or an Affiliate any existing Banking Business between the Bank or an Affiliate and a Protected Referral Source; (v) solicit or induce any Protected Customer or Protected Referral Source to terminate or not renew or continue any Banking Business with the Bank or any Affiliate, or to terminate or not renew or continue any contractual relationship with the Bank or any Affiliate; (vi) hire, or assist or cause any person or Legal Entity with which Executive is affiliated or associated in hiring, any person who was or is an employee of the Bank or any Affiliate between the Effective Date of this Agreement and the last day of the Non-Solicitation Period (a "**Protected Employee**"); (vii) solicit or induce any Protected Employee to terminate his employment with the Bank or any Affiliate; or (viii) attempt to do, or conspire with or aid and abet others in doing or attempting to do, any of the foregoing. The term "**Non-Solicitation Period"** shall mean, except as provided in Section 8(f) below, a period of eighteen (18) months commencing on the effective date of the termination of Executive's employment.

(c) Confidentiality. Executive recognizes and acknowledges that personal information and knowledge thereof regarding the customers of the Bank and its Affiliates are protected by state and federal law and the Privacy Principles of the Bank and its Affiliates, as amended from time to time (collectively, "**Protected Customer Information**"), and that customer lists, trade secrets, nonpublic financial information, and nonpublic past, present, planned or considered business activities of the Bank and its Affiliates and any plans for such business activities (collectively, "**Proprietary Information**") are valuable, special and unique assets of the Bank. Executive will not, during or after the Employment Period, disclose any Protected Customer Information or Proprietary Information or his knowledge thereof to any person or Legal Entity other than the Bank of any Affiliate, or use any Protected Customer Information or Proprietary Information to the detriment of the Bank, any Affiliate or any of their respective customers or employees, or for the benefit of himself, any person or any Legal Entity, for any reason or purpose whatsoever. Notwithstanding the foregoing, Executive may (i) disclose and use information that becomes publicly known through no wrongful act or omission of Executive, but only if the disclosure of such information is not restricted by any applicable state or federal laws or regulations and the information is not received from a person who was or is bound by an obligation not to disclose such information; (ii) disclose and use any financial, banking, business or economic principles, concepts or ideas that do not constitute Protected Customer Information or Proprietary Information; (iii) disclose any information regarding the business activities of the Bank or its Affiliates to a governmental authority pursuant to a formal written request made by such governmental authority; and (iv) disclose any information required to be disclosed by Executive pursuant to an order or judicial process issued by a court of competent jurisdiction; *provided, however,* that to the extent not prohibited by applicable state or federal law, Executive shall provide the Bank or the applicable Affiliate with at least ten (10) days' prior written notice of his intention to disclose information pursuant to subparagraph (iii) or (iv) of this Section 8(c).

(d) <u>Cooperation in Legal Proceedings</u>. During the Employment Period and for a period equal to three (3) years from the effective date of the termination of Executive's employment, Executive shall, upon reasonable notice, furnish such cooperation, information and assistance to the Bank as may reasonably be required by the Bank or any Affiliate of the Bank in connection with any pending or threatened judicial, administrative or arbitration proceeding or any investigation that is based on events or circumstances in which Executive had personal knowledge or involvement and in which the Bank or any of its Affiliates is or may become a party or target, except for proceedings instituted against Executive by the Bank or any governmental or regulatory authority, or proceedings instituted by Executive against the Bank to enforce the terms of this Agreement or any other duties or obligations of the Bank to Executive. The Bank, or if applicable, its Affiliate, shall reimburse Executive for all reasonable costs and expenses incurred by Executive in providing such cooperation, information and assistance. Unless Executive's appearance is compelled by a court order or other legal process, Executive shall not be obligated to devote more than two (2) days per calendar month in fulfilling his obligations under this Section 8(d), and the Bank or its Affiliate shall make reasonable accommodations to avoid interfering with any duties that Executive may then have to any client or other employer. Notwithstanding anything to the contrary in this Section 8(d) or this Agreement, while Executive will be encouraged to voluntarily provide sworn testimony where appropriate, Executive shall have no duty to provide sworn testimony in any judicial, arbitration or discovery proceeding except as may be required by any rule of procedure, subpoena or judicial process applicable to or enforceable against Executive, and in no case shall Executive be required to provide any testimony that, in the judgment of Executive, might or could expose him to civil liability or compromise his privilege against self incrimination. Any testimony given by Executive in such a proceeding shall be truthful, but in no event shall the content of any testimony given by Executive in such a proceeding constitute a breach of this Section 8(d) or any other provision of this Agreement. Executive may condition his providing of assistance and testimony hereunder on his receipt of an undertaking from the Bank that it will indemnify him for such actions to the fullest extent permitted by applicable law.

(e) Remedies. Executive and the Bank stipulate that irreparable injury will result to the Bank and its Affiliates and their business and property in the event of Executive's violation of any provision of this Section 8, and agree that, in the event of any such violation by Executive, the Bank, and if applicable, its Affiliates, will be entitled, in addition to any other rights, remedies and money damages that may then be available, to injunctive relief to restrain the violation hereof by Executive, Executive's partners, agents, servants, employees and all persons acting for, under the direction or control of or in concert with Executive, and to such other equitable remedies as may then be available. Nothing herein will be construed as prohibiting the Bank or any Affiliate from pursuing any other remedies available to the Bank or such Affiliate for such breach or threatened breach, including the recovery of money damages from Executive.

(f) Adjustment of Non-Solicitation Period. The Non-Solicitation Period shall be reduced from eighteen (18) months to ninety (90) days, but only with respect to the restrictions set forth in Subsection (b)(i) and Subsection (b)(iii) of Section 8 of this Agreement (and the prohibitions in Subsection (b)(viii) of Section 8 against, aiding, abetting, inducing or conspiring with others to violate those restrictions), in the event that Executive resigns his employment within twelve (12) months after the Board fails to extend the Employment Period within ninety (90) days (before or after) an applicable Anniversary Date pursuant to Section 2(a) for an additional one (1) year and Executive provides the Board with notice of such failure at least thirty (30) days prior to the expiration of such ninety (90) day period, or in the event that the Bank terminates Executive's employment For Cause based on a repeated and material failure to achieve minimum objectives under a Business Plan established in accordance with Section led) of this Agreement, or a repeated and material failure of Executive to meet reasonable performance standards established in accordance with Section led) of this Agreement. The NonSolicitation Period shall be reduced from eighteen (18) months to six (6) months, but only with respect to the restrictions set forth in Subsection (b)(i) and Subsection (b)(iii) of Section 8 of this Agreement (and the prohibitions in Subsection (b)(viii) of Section 8 against, aiding, abetting, inducing or conspiring with others to violate those restrictions), in the event that the Bank terminates this Agreement Without Cause or Executive terminates this Agreement for Good Reason, provided that, in either case, Executive executes and delivers to the Bank a writing, acceptable in form and substance to the Bank, that releases and waives any and all obligations that the Bank may have under Section 6(c) or 6(e) of this Agreement to pay Executive any Base Salary after the expiration of such six-month period, or to provide Executive (or upon his death, his surviving spouse and minor children, if any) with coverage under the Core Plans after the expiration of such six-month Non-Solicitation Period.

9. SOURCE OF FUNDS.

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank.

10. EFFECT ON PRIOR AGREEMENTS AND EXISTING PLANS.

This Agreement contains the entire understanding between the parties hereto with respect to Executive's employment with the Bank, and supersedes the Initial Agreement, any prior offer of employment, employment letter or other agreements or understandings between the Bank and Executive, whether oral or written, with respect thereto, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind provided for in any Core Plan or any separate plan or program established for the benefit of Bank employees generally, or any separate plan or program established after the date of this Agreement for the specific benefit of Executive. No provision of this Agreement shall be interpreted to mean that Executive is subject to receiving fewer benefits than those available to him without reference to this Agreement.

11. <u>MODIFICATION AND WAIVER</u>.

This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto and approved by the Board. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived. Notwithstanding the foregoing, in the event that any provision or the implementation of any provision of this Agreement is finally determined to violate any applicable law, regulation or other regulatory requirement that is binding on the Bank, or to constitute an unsafe and unsound banking practice, Executive and the Bank agree to amend such provision to the extent necessary to remove or eliminate such violation or unsafe and unsound banking practice, and such provision shall then be applicable in the amended form.

12. <u>NO ATTACHMENT</u>.

Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

13. <u>REQUIRED PROVISIONS</u>.

In the event any of the foregoing provisions of this Agreement are in conflict with the provisions of this Section 13, this Section 13 shall prevail.

(a) <u>Rights Not Prejudiced</u>. The Bank may terminate Executive’s employment at any time, but any termination by the Bank, other than For Cause, shall not prejudice any right of Executive to compensation or other benefits under this Agreement. Executive shall not have the right to receive compensation or other benefits for any period after a termination For Cause as provided in Section 6(a) hereof.

(b) <u>Suspension; Temporary Removal</u>. If Executive is suspended and/or temporarily prohibited from participating in the conduct of the affairs of the Bank or an Affiliate by a notice served under Section 8(e)(3) or 8(g)(1) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1818(e)(3) or (g)(1), the Bank’s obligations under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion: (i) pay Executive all or part of the compensation withheld while the contract obligations were suspended; and (ii) reinstate (in whole or in part) any of the obligations which were suspended.

(c) Removal; Prohibition. If Executive is removed and/or permanently prohibited from participating in the conduct of the affairs of the Bank or an Affiliate by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act, 12 U.S.C. Section 181 8(e)(4) or (g)(1), all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) Bank in Default. If the Bank is in default as defined in Section 3(x)(1) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1813(x)(1), all obligations of the Bank under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) Regulatorv Termination. All obligations under this Agreement shall be terminated, except to the extent determined that continuation of this Agreement is necessary for the continued operation of the institution: (i) by the Director of the OTS (or his designee) at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1823(c); or (ii) by the Director of the OTS (or his designee) at the time the Director (or his designee) approves a supervisory merger to resolve problems related to the operations of the Bank or when the Bank is determined by the Director to be in an unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

(f) Certain Payments. Any payments made to Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon compliance with 12 U.S.C. Section 1828(k) and 12 C.F.R. Section 545.121 and any rules and regulations promulgated thereunder.

(g) OTS Limitation. Notwithstanding anything to the contrary in this Agreement, in no case shall the total Departure Compensation (defined below) paid to Executive upon the termination of his employment with the Bank, regardless of the reason, exceed three (3) times Executive's Average Annual Regulatory Compensation (defined below). The term "**Departure Compensation"** shall mean any payments and other things of value that the Bank makes or provides to Executive upon the termination of Executive's employment with the Bank, but shall not mean or include any Prorated Incentive Compensation (defined above) that the Board determines was earned by Executive prior to the Effective Date of termination, any Earned Salary (defined above) or any Accrued Plan Contributions (defined above). The term "**Average Annual Regulatory Compensation**" shall mean the average of Executive's annual Regulatory Compensation (defined below) based on the most recent three (3) tax years, or if Executive was employed by the Bank for less than three (3) full tax years, based on such lesser number of tax years or portions thereof as Executive was employed by the Bank. The term "**Regulatory Compensation**" shall mean, for the purposes of the foregoing definition as it relates to any tax year, any payment of money or provision of any other thing of value by the Bank to Executive in consideration of Executive's employment, including, without limitation, Base Salary, commissions, bonuses, pension and profit-sharing plans, severance payments, retirement, director or committee fees, fringe benefits, payment of expense items without accountability or business purpose or that do not meet Internal Revenue Service requirements for deductibility by the association. In the event that the total Departure Compensation that becomes due to Executive under this Agreement exceeds three (3) times Executive's Average Annual Regulatory Compensation, the aggregate payments or other things of value constituting Departure Compensation shall be reduced to a lesser amount, the value of which shall be one dollar ($1.00) less than three (3) times Executive's Average Annual Regulatory Compensation. In such a case, the reduction shall be allocated among the components of such payments and other things of value in the manner designated by Executive.

14. WITHHOLDING.

All payments required to be made to Executive under this Agreement shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Bank reasonably determines should be withheld pursuant to any applicable state or federal law or regulation.

15. SEVERABILITY.

If, for any reason, any provision of this Agreement, or any part of any provision, is held invalid, such invalidity shall not affect any other provision of this Agreement or any part of such provision that is not held invalid, and each such other provision and part thereof shall to the full extent consistent with law continue in full force and effect. Without limiting the foregoing, if any provisions of Section 8 of this Agreement are held to be unenforceable because of the scope, duration or area of applicability, the court making such determination shall have the power to modify such scope, duration or area of applicability, or all of them, and such provision shall then be applicable in the modified form.

16. HEADINGS FOR REFERENCE ONLY.

The headings of sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

17. GOVERNING LAW.

The validity, interpretation, performance and enforcement of this Agreement shall be governed by the internal laws of the State of Illinois, without regard or reference to any principles of conflicts of law of the State of Illinois, except to the extent that such internal laws are preempted by the laws of the United States or the regulations of the OTS or any other agency of the United States.

18. <u>DISPUTE RESOLUTION</u>.

(a) <u>Arbitration</u>. Except for claims, cases or controversies based on or arising out of Section 8 of this Agreement ("**Section 8 Claims**"), all claims, cases or controversies arising out of or in connection with either this Agreement, Executive's employment with the Bank or the termination or cessation of such employment (collectively, **"Employment Claims**"), whether asserted against the Bank, an Affiliate (as defined below), and/or an officer, director or employee of the Bank or an Affiliate, and whether based on this Agreement or existing or subsequently enacted or adopted statutory or common law doctrines, shall be finally settled by arbitration conducted by JAMS Endispute or a successor entity ("**JAMS**") in Chicago, Illinois, in accordance with the then applicable Employment Arbitration Rules and Procedures of JAMS, or in the event JAMS or a successor in interest of JAMS no longer provides arbitration services, by the American Arbitration Association or a successor entity (the "**AAA**") in accordance with its then applicable National Rules for the Resolution of Employment Disputes. The costs and fees imposed by JAMS or the AAA for conducting such arbitration shall be borne equally by Executive and the Bank unless the arbitrator determines otherwise. The award rendered by the arbitrator(s) shall be final and binding upon Executive, the Bank and any other parties to such proceeding, and may be entered and enforced as a judgment in any court of competent jurisdiction. The Employment Claims subject to arbitration hereunder shall include, but shall not be limited to, those arising under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, including the amendments of the Civil Rights Act of 1991, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the law of contract, the law of tort, and other claims under federal, state or local statutes, ordinances and rules or the common law. Executive and the Bank acknowledge that by agreeing to arbitration they are relinquishing all rights they have to sue each other for Employment Claims that do not constitute Section 8 Claims and any rights that they may have to a jury trial on Employment Claims that do not constitute Section 8 Claims.

(b) <u>Section 8 Claims</u>. All Section 8 Claims shall be brought, commenced and maintained only in a state or federal court of competent jurisdiction situated in the County of Cook or the County of DuPage, State of Illinois. Executive and the Bank each hereby (i) consents to the exercise of jurisdiction over his or its person and property by any court of competent jurisdiction situated in the County of Cook or the County of DuPage, State of Illinois for the enforcement of any claim, case or controversy based on or arising under Section 8 of this Agreement; (ii) waives any and all personal or other rights to object to such jurisdiction for such purposes; and (iii) waives any objection which it may have to the laying of venue of any such action, suit or proceeding in any such court.

19. <u>INDEMNIFICATION AND INSURANCE</u>.

(a) <u>Indemnification, Advancement and Insurance</u>. The Bank shall, subject to the conditions and findings set forth in 12 C.F.R. Section 545.121:
(i) provide Executive (including his heirs, executors and administrators), at the Bank's expense, with insurance under a directors' and officers' liability insurance policy that reasonably and adequately insures Executive for his acts and omissions as a director, officer or employee of the Bank and its subsidiaries;
(ii) indemnify Executive (and his heirs, executors and administrators) against all judgments entered and settlements made in any pending or threatened action and any appeal or other proceeding for review of such action, regardless of whether such action is a judicial or administrative proceeding, if such action was brought or threatened because Executive is or was a director, officer or employee of the Bank or any of its subsidiaries; (iii) indemnify Executive (and his heirs, executors and administrators) against all and reasonable costs and expenses, including reasonable attorney's fees, actually paid or incurred by Executive in defending or settling any such action, or in enforcing Executive's rights to indemnification under this Section 19; and (iv) to the extent that the Bank is not then authorized by applicable law to provide such indemnification, advance Executive his reasonable costs and expenses, including reasonable attorney's fees, arising from the settlement or defense of any such action, subject to the Bank's receipt of a written undertaking from Executive to repay all costs and expenses so advanced if Executive is later determined not to be entitled to indemnification. In the event that 12 C.F.R. Section 545.121 or the provisions of the Bank's bylaws or charter that relate to indemnification and the advancement of expenses are hereafter amended, such amendment shall apply to the Bank's obligations under this Section 19, but only to the extent that it increases the Bank's authority to indemnify or advance expenses to Executive beyond the authority that was provided, or reduces any limitations on such authority that were imposed, by 12 C.F.R. Section 545.121 and the provisions of the Bank's bylaws or charter on the Effective Date. Notwithstanding the foregoing and anything to the contrary in this Agreement, the Bank shall have no obligations under this Section 19 or under any provision of its charter or bylaws to provide indemnification or advance expenses to Executive in connection with any pending or threatened action, and any appeal or other proceeding for review of such action, regardless of whether such action is a judicial or administrative proceeding, if such action was brought or threatened because Executive is or was a director, officer or employee of a person or Legal Entity that is not or was not an Affiliate of the Bank, or because of any duty or alleged duty arising out of a past or present employment, contractual or other legal relationship between Executive and a Legal Entity that is or was not an Affiliate of the Bank. Any payments made to Executive pursuant to this Section 19 shall be subject to and conditioned upon compliance with the applicable provisions of 12 U.S.C. 1828(k), as amended, and 12 C.F.R. Section 545.121, as amended, and any rules or regulations promulgated in connection with therewith.

(b) Procedures. Any request for indemnity or the advancement of expenses shall be made in a written notice delivered by Executive to the General Counsel of the Bank. The notice shall describe with reasonable particularity the claim that has been made or threatened against Executive and the reasons why Executive believes that it is lawful and appropriate for the Bank to indemnify or advance expenses to him in connection with such claim. Following the delivery of such written notice, the Board shall, as soon as practicable and by no later than its next regularly scheduled Board meeting, adopt a resolution by the affirmative vote of not less than a majority of its members (i) determining in good faith and on the basis of reasonable evidence or other information whether or not Executive, in connection with such claim, was acting in good faith within the scope of his employment or authority as he perceived it under the circumstances and for a purpose he could reasonably have believed under the circumstances was in the best interests of the Bank, and (ii) determining whether or not the Bank will approve or deny Executive's request subject to any regulatory notification requirements; *provided, however,* that if the Board lacks sufficient evidence or other information at the time of such meeting to make the determination set forth in Subsection (i) of this Section 19(b), the Board shall adopt a resolution at such meeting by the affirmative vote of not less than a majority of its members determining whether or not the Bank will advance Executive the reasonable costs of defending or settling such claim, subject to such undertakings by Executive as may be required by applicable law. The Board shall provide Executive with a copy of each such resolution promptly after its adoption.

20. COSTS AND LEGAL FEES.

(a) Payment to Executive. Except as provided in Section 18(a) hereof, in the event any dispute or controversy arising under or in connection with any provision of this Agreement other than Section 8 hereof is resolved on the merits in favor of Executive pursuant to an arbitration award or final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected), the Bank shall be obligated to pay Executive, within thirty (30) days after the date on which such judgment becomes final and not subject to further appeal, all reasonable costs and legal fees paid or incurred by Executive in connection with such dispute or controversy.

(b) Payment to Bank. Except as provided in Section 18(a) hereof, in the event any dispute or controversy arising under or in connection with Section 8 of this Agreement is resolved on the merits in favor of the Bank pursuant to an arbitration award or final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected), Executive shall be obligated to pay the Bank, within thirty (30) days after the date on which such judgment becomes final and not subject to further appeal, all reasonable costs and legal fees paid or incurred by the Bank in connection with such dispute or controversy.

21. NO CONFLICTS.

Executive has heretofore advised the Bank and hereby represents that the execution and delivery of this Agreement and the performance of the obligations hereunder do not and will not conflict with, or result in any default, violation or breach of any contract or agreement to which Executive is a party, or of any legal duty of Executive.

22. SURVIVAL.

The rights and obligations of Executive and the Bank under Sections 6,8,13,17,18,19 and 20 of this Agreement shall survive the termination of Executive's employment and the termination or expiration of this Agreement. All other rights and obligations of Executive and the Bank shall survive the termination or expiration of this Agreement only to the extent that they expressly contemplate future performance and remain unperformed.

23. SUCCESSORS AND ASSIGNS.

(a) Continuing Rights and Obligations. This Agreement shall be binding upon, and inure to the benefit of, Executive and his heirs, executors, administrators and assigns, and the Bank and its successors and assigns. The Bank shall require any of its successors or assigns, whether resulting from a purchase, merger, consolidation, reorganization, conversion or a transfer of all or substantially all of its business or assets, to expressly and unconditionally to assume and agree to perform its obligations under this Agreement, in the same manner and to the same extent that it would be required to perform such obligations if no such succession or assignment had occurred.

(b) Payments to Estate or Trust. Any amounts due Executive hereunder shall be paid to Executive's estate in the event of Executive's death except as expressly provided herein; provided that, notwithstanding the foregoing, Executive may, in his discretion, provide for the payment of some or all of such amounts to a trust established by Executive. In the event that Executive desires that such amounts be paid to a trust, Executive shall notify the Bank of such intention in writing and comply with any requirements of applicable law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, BankFinancial, F.S.B. has caused this Agreement to be executed by its duly authorized officers and directors, and Executive has signed this Agreement as of this 6th day of May 2008.

BANKFINANCIAL, F.S.B.	**EXECUTIVE**
By: /s/ F. Morgan Gasior	**/s/ William J. Deutsch, Jr.**
Its: Chief Executive Officer	**William J. Deutsch, Jr.**

FORM OF EXTENSION OF TERM
OF EMPLOYMENT PERIOD

MEMORANDUM

To: William Deutsch
From: Patricia Smith Lawler
EVP/Human Resources Division
Re: Extension of Employment Period
Date: April 11, 2011

The Board of Directors of BankFinancial Corporation (the “Company”) and its Human Resources Committee have completed their annual review of your Employment Agreement with the Company dated May 6, 2008, and have determined to offer to amend your Employment Agreement to extend the term of the “Employment Period” as referenced in Section 2(a) of your Employment Agreement to March 31, 2013.

All references to Senior Vice President in the Employment Agreement are hereby changes to be references to President.

If you are agreeable to amending your Employment Agreement to extend the term of the Employment Period as provided above, please sign and date this document in the space indicated below and return it to me by no later than Monday, April 18, 2011.

If you do not sign and return this document to me by such date, the term of your Employment Period and the Anniversary Date applicable to your Employment Agreement will remain unchanged.

Name: William J. Deutsch, Jr.
Signature: /s/ William J. Deutsch, Jr.
Date: April 11, 2011

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, F. Morgan Gasior, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of BankFinancial Corporation, a Maryland corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2011

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

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul A. Cloutier, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of BankFinancial Corporation, a Maryland corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2011

/s/ Paul A. Cloutier
Paul A. Cloutier
Executive Vice President and
Chief Financial Officer