

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 3, 2014

BANKFINANCIAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

0-51331
(Commission
File No.)

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

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

60527
(Zip Code)

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

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

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

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

Item 2.02. Results of Operations and Financial Condition

On February 3, 2014, the Company issued a press release announcing the results for the fourth quarter and year ended December 31, 2013 and issued the Fourth Quarter 2013 Quarterly Financial and Statistical Supplement for the latest five quarters. The press release and Quarterly Financial and Statistical Supplement are included as Exhibits 99.1 and 99.2 to this report.

Item 7.01. Regulation FD Disclosure

The press release referenced in Item 2.02, above, included certain predictions as to the Company's performance for the year ending December 31, 2014.

Item 9.01. Financial Statements and Exhibits.

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

Exhibit No. Description

- 99.1 Press Release dated February 3, 2014
- 99.2 Quarterly Financial and Statistical Supplement

SIGNATURES

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

BANKFINANCIAL CORPORATION

Dated: February 3, 2014

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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- | | |
|------|--|
| 99.1 | Press Release dated February 3, 2014 |
| 99.2 | Quarterly Financial and Statistical Supplement |

FOR IMMEDIATE RELEASE

BANKFINANCIAL CORPORATION ANNOUNCES FOURTH QUARTER 2013 FINANCIAL RESULTS

Burr Ridge, Illinois - February 3, 2014 (GLOBE NEWSWIRE) -- BankFinancial Corporation (BFIN) (the "Company") filed its Quarterly Financial and Statistical Supplement on Form 8-K with the U.S. Securities and Exchange Commission (the "SEC") today.

BankFinancial recorded net income of \$3.3 million and earnings per share of common stock of \$0.16 for the year ended December 31, 2013. The Company recorded net income of \$1.5 million, or \$0.07 earnings per common share, for the fourth quarter of 2013.

For the fourth quarter of 2013, the Company's net interest income before provision for loan losses increased to \$11.5 million due to stronger loan originations and improved asset quality. For 2014, the Company believes that net interest income before provision for loan losses should range from \$46 million and \$49 million, with a quarterly target level of approximately \$12.5 million to \$13 million. Non-interest income declined modestly due to lower deposit service fees and income from bank-owned life insurance. Based on planned changes in loan, lease and deposit product pricing, as well as stronger performance in insurance and non-deposit product sales, the Company believes that non-interest income for the year ending December 31, 2014 should range between \$6.8 million and \$7.2 million, with a quarterly target level of approximately \$1.8 million to \$1.9 million. Non-interest expense rose by \$432,000 to \$12.8 million due to higher expenses for loan and lease origination, loan underwriting and marketing expenses related to loan and lease origination, which was partially offset by lower non-performing asset expenses. Office occupancy and equipment expense included approximately \$100,000 in costs associated with the consolidation of the Hyde Park East branch, as well as \$97,000 in snow removal costs. For 2014, the Company believes that core non-interest expenses should approximate \$42 million, reaching an average quarterly core non-interest expense level of approximately \$10 million by the third quarter of 2014.

The Company's asset quality metrics continued to improve during the fourth quarter of 2013. At December 31, 2013 the Company's ratio of non-performing loans to total loans was 1.66%. The ratio of classified assets to Bank Tier 1 Capital plus loan loss reserves was 29.6% as of December 31, 2013. Based on current information and trends, the Company expects that non-performing loan to total loans ratio should decline below 1.00% by the end of the third quarter of 2014. Total non-performing asset expense was \$4.3 million in 2013; the Company also expects that non-performing asset expense should decline by as much as 50% during 2014 as the Company approaches its asset quality targets.

The Company's Tangible Capital ratio was 11.93% as of December 31, 2013. The Company's Tier 1 Risk-Based Capital ratio was 16.03%, reflecting the Company's loan growth during the fourth quarter of 2013.

The Company's liquidity and core deposit balances remained strong with total liquid funds available of \$160 million and core deposits of \$977.1 million as of December 31, 2013. The Company's core deposit ratio was 78.0% at December 31, 2013.

The Company expects to release its schedule for the filing of its Form 10-K and anticipated investor conference call by March 15, 2014. The Company also expects to participate in one or more investor conferences in 2014 and will announce events and dates during the course of 2014 as plans are finalized. The Quarterly Financial and Statistical Supplement will be available today on BankFinancial's website, www.bankfinancial.com on the "Stockholder Information" page, and through the EDGAR database on the SEC's website, www.sec.gov. The Quarterly Financial and Statistical Supplement include comparative GAAP and non-GAAP performance data and financial measures for the most recent five quarters.

BankFinancial Corporation is the holding company for BankFinancial, F.S.B., a full-service, community-oriented bank providing financial services to individuals, families and businesses through 19 full-service banking offices,

located in Cook, DuPage, Lake and Will Counties, Illinois. BankFinancial Corporation's common stock trades on the Nasdaq Global Select Market under the symbol BFIN. Additional information may be found at the company's website, www.bankfinancial.com.

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which involve significant risks and uncertainties. Forward-looking statements may include statements relating to our future plans, strategies and expectations, as well as our future revenues, expenses, earnings, losses, financial performance, financial condition, asset quality metrics and future prospects. Forward looking statements are generally identifiable by use of the words "believe," "may," "will," "should," "could," "expect," "estimate," "intend," "anticipate," "project," "plan," or similar expressions. Forward looking statements are frequently based on assumptions that may or may not materialize, and are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the forward looking statements. We intend all forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for the purpose of invoking these safe harbor provisions.

Factors that could cause actual results to differ materially from the results anticipated or projected and which could materially and adversely affect our operating results, financial condition or future prospects include, but are not limited to: (i) less than anticipated loan growth due to intense competition for high quality loans and leases, particularly in terms of pricing and credit underwriting, or a dearth of borrowers who meet our underwriting standards; (ii) the impact of re-pricing and competitors' pricing initiatives on loan and deposit products; (iii) adverse economic conditions in general and in the Chicago metropolitan area in particular, including high or increasing unemployment levels, that could result in increased delinquencies in our loan portfolio or a decline in the value of our investment securities and the collateral for our loans; (iv) declines in real estate values that adversely impact the value of our loan collateral, OREO; asset dispositions and the level of borrower equity in their investments; (v) borrowers that experience legal or financial difficulties that we do not currently foresee; (vi) results of supervisory monitoring or examinations by regulatory authorities, including the possibility that a regulatory authority could, among other things, require us to increase our allowance for loan losses or adversely change our loan classifications, write-down assets, reduce credit concentrations or maintain specific capital levels; (vii) interest rate movements and their impact on the economy, customer behavior and our net interest margin; (viii) changes, disruptions or illiquidity in national or global financial markets; (ix) the credit risks of lending activities, including risks that could cause changes in the level and direction of loan delinquencies and charge-offs or changes in estimates relating to the computation of our allowance for loan losses; (x) monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board; (xi) factors affecting our ability to access deposits or cost-effective funding, and the impact of competitors' pricing initiatives on our deposit products; (xii) the impact of new legislation or regulatory changes, including the Dodd-Frank Act and Basel III, on our products, services, operations and operating expenses; (xiii) higher federal deposit insurance premiums; (xiv) higher than expected overhead, infrastructure and compliance costs; (xv) changes in accounting principles, policies or guidelines; and (xvi) our failure to achieve expected synergies and cost savings from acquisitions.

These risks and uncertainties, as well as the Risk Factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Forward looking statements speak only as of the date they are made. We do not undertake any obligation to update any forward-looking statement in the future, or to reflect circumstances and events that occur after the date on which the forward-looking statement was made.

For Further Information Contact:

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BANKFINANCIAL CORPORATION

FOURTH QUARTER 2013

QUARTERLY FINANCIAL AND STATISTICAL SUPPLEMENT

FOR THE LATEST FIVE QUARTERS

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

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

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
PERFORMANCE MEASUREMENTS					
Return on assets (ratio of net income (loss) to average total assets) ⁽¹⁾	0.42%	0.29%	0.02%	0.19%	(6.66)%
Return on equity (ratio of net income (loss) to average equity) ⁽¹⁾	3.43	2.38	0.17	1.55	(50.32)
Net interest rate spread ⁽¹⁾	3.25	3.21	3.25	3.39	3.51
Net interest margin ⁽¹⁾	3.31	3.26	3.31	3.45	3.58
Efficiency ratio	97.51	95.36	97.84	90.51	104.71
Noninterest expense to average total assets ⁽¹⁾	3.53	3.43	3.51	3.65	4.10
Average interest-earning assets to average interest-bearing liabilities	121.97	121.95	121.24	120.81	123.20
Number of full service offices	20	20	20	20	20
Employees (full time equivalents)	301	308	308	347	352

SUMMARY STATEMENT OF FINANCIAL CONDITION

ASSETS

Cash and due from other financial institutions	\$ 15,781	\$ 18,068	\$ 18,303	\$ 17,742	\$ 20,361
Interest-bearing deposits in other financial institutions	145,176	225,410	293,790	293,386	255,403
Securities, at fair value	110,907	83,409	53,014	61,273	77,832
Loans held for sale	—	15	276	55	2,166
Loans receivable, net	1,098,077	1,035,331	1,012,316	1,004,404	1,030,465
Other real estate owned, net	6,306	5,403	6,262	8,088	10,358
Stock in Federal Home Loan Bank, at cost	6,068	6,068	6,068	7,566	8,412
Premises and equipment, net	35,328	36,154	36,830	37,530	38,251
Intangible assets	2,433	2,583	2,732	2,882	3,038
Bank owned life insurance	21,958	21,881	21,797	21,715	21,645
FDIC prepaid expense	—	—	—	2,188	2,658
Income tax receivable	—	—	—	—	461
Other assets	11,560	7,626	9,744	9,306	10,142
Total assets	\$ 1,453,594	\$ 1,441,948	\$ 1,461,132	\$ 1,466,135	\$ 1,481,192

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits	\$ 1,252,708	\$ 1,249,833	\$ 1,262,096	\$ 1,271,550	\$ 1,282,351
Borrowings	3,055	2,883	2,940	2,740	5,567
Other liabilities	22,204	14,921	22,867	18,206	20,384
Total liabilities	1,277,967	1,267,637	1,287,903	1,292,496	1,308,302
Stockholders' equity	175,627	174,311	173,229	173,639	172,890
Total liabilities and stockholders' equity	\$ 1,453,594	\$ 1,441,948	\$ 1,461,132	\$ 1,466,135	\$ 1,481,192

(1) Annualized

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
SUMMARY STATEMENT OF OPERATIONS					
Total interest income	\$ 12,296	\$ 12,107	\$ 12,276	\$ 12,713	\$ 13,801
Total interest expense	842	882	935	994	1,059
Net interest income before provision	11,454	11,225	11,341	11,719	12,742
Provision (recovery) for loan losses	(1,178)	(437)	206	722	24,328
Net interest income	12,632	11,662	11,135	10,997	(11,586)
Noninterest income	1,665	1,737	1,703	3,029	1,984
Noninterest expense	12,792	12,360	12,762	13,348	15,420
Income (loss) before income tax	1,505	1,039	76	678	(25,022)
Income tax expense (benefit)	—	—	—	—	—
Net income (loss)	\$ 1,505	\$ 1,039	\$ 76	\$ 678	\$ (25,022)
Basic earnings (loss) per common share	\$ 0.07	\$ 0.05	\$ —	\$ 0.03	\$ (1.25)
Diluted earnings (loss) per common share	\$ 0.07	\$ 0.05	\$ —	\$ 0.03	\$ (1.25)
NONINTEREST INCOME AND EXPENSE					
Noninterest Income					
Deposit service charges and fees	\$ 477	\$ 520	\$ 509	\$ 499	\$ 550
Other fee income	537	571	604	538	593
Insurance commissions and annuities income	173	106	86	109	151
Gain (loss) on sales of loans, net	24	32	(4)	1,417	246
Gain (loss) on disposition of premises and equipment	(43)	—	—	—	8
Loan servicing fees	112	112	114	123	115
Amortization of servicing assets	(40)	(49)	(85)	(59)	(68)
Recovery (impairment) of servicing assets	24	6	9	26	(17)
Earnings on bank owned life insurance	77	84	82	70	83
Trust income	175	172	183	181	188
Other	149	183	205	125	135
Total noninterest income	\$ 1,665	\$ 1,737	\$ 1,703	\$ 3,029	\$ 1,984
Noninterest Expense					
Compensation and benefits	\$ 6,614	\$ 6,143	\$ 6,686	\$ 6,752	\$ 6,278
Office occupancy and equipment	1,997	1,797	1,805	1,948	2,019
Advertising and public relations	316	195	268	146	258
Information technology	697	817	816	749	813
Supplies, telephone, and postage	463	382	403	461	413
Amortization of intangibles	150	149	150	156	156
Nonperforming asset management	607	682	655	694	1,126
Loss (gain) on sales of other real estate owned	(34)	64	49	69	379
Valuation adjustments of other real estate owned	79	241	141	89	1,783
Operations of other real estate owned	159	171	232	353	344
FDIC insurance premiums	468	476	477	492	480
Other	1,276	1,243	1,080	1,439	1,371
Total noninterest expense	\$ 12,792	\$ 12,360	\$ 12,762	\$ 13,348	\$ 15,420

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
LOANS					
One-to-four family residential real estate loans	\$ 201,382	\$ 204,205	\$ 200,181	\$ 209,540	\$ 218,596
Multi-family mortgage loans	396,058	375,786	353,924	338,502	352,019
Nonresidential real estate loans	263,567	246,524	255,429	261,207	264,672
Construction and land loans	6,570	6,429	7,152	6,933	8,552
Commercial loans	54,255	52,978	51,701	55,362	61,388
Commercial leases	187,112	161,822	157,606	147,168	139,783
Consumer loans	2,317	2,561	2,622	2,414	2,745
	<u>1,111,261</u>	<u>1,050,305</u>	<u>1,028,615</u>	<u>1,021,126</u>	<u>1,047,755</u>
Net deferred loan origination costs	970	902	798	731	745
Allowance for loan losses	(14,154)	(15,876)	(17,097)	(17,453)	(18,035)
Loans, net	<u>\$ 1,098,077</u>	<u>\$ 1,035,331</u>	<u>\$ 1,012,316</u>	<u>\$ 1,004,404</u>	<u>\$ 1,030,465</u>
LOAN ORIGINATIONS ⁽¹⁾					
One-to-four family residential real estate loans	\$ 6,316	\$ 13,425	\$ 3,670	\$ 4,601	\$ 3,864
Multi-family mortgage loans	37,351	46,675	28,606	6,308	3,453
Nonresidential real estate loans	26,009	4,185	6,017	9,298	10,464
Construction and land loans	1,118	1,015	366	55	—
Commercial loans	56,222	44,811	43,735	45,719	42,352
Commercial leases	47,101	27,192	30,854	30,047	37,893
Consumer loans	962	970	1,090	874	1,262
	<u>\$ 175,079</u>	<u>\$ 138,273</u>	<u>\$ 114,338</u>	<u>\$ 96,902</u>	<u>\$ 99,288</u>
LOAN PAYMENTS and PAYOFFS ⁽²⁾					
One-to-four family residential real estate loans	\$ 8,749	\$ 9,012	\$ 10,934	\$ 13,146	\$ 14,102
Multi-family mortgage loans	13,966	23,678	16,035	19,683	19,366
Nonresidential real estate loans	9,673	14,042	9,853	12,163	20,874
Construction and land loans	979	1,376	140	742	1,435
Commercial loans	54,744	43,760	46,851	51,801	40,864
Commercial leases	19,480	23,402	20,448	24,711	17,194
Consumer loans	951	1,036	912	886	1,024
	<u>\$ 108,542</u>	<u>\$ 116,306</u>	<u>\$ 105,173</u>	<u>\$ 123,132</u>	<u>\$ 114,859</u>
LOAN PAYMENTS and PAYOFFS (Loans rated 5 or higher) ⁽²⁾					
One-to-four family residential real estate loans	\$ 1,022	\$ 932	\$ 2,481	\$ 1,151	\$ 2,873
Multi-family mortgage loans	1,651	13,311	7,912	4,058	7,291
Nonresidential real estate loans	3,055	9,659	7,803	4,698	10,930
Construction and land loans	926	1,303	90	692	1,345
Commercial loans	6,262	4,079	3,366	6,829	7,720
Commercial leases	35	26	30	30	32
Consumer loans	—	—	—	2	9
	<u>\$ 12,951</u>	<u>\$ 29,310</u>	<u>\$ 21,682</u>	<u>\$ 17,460</u>	<u>\$ 30,200</u>

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

(2) Loan payments and payoffs exclude loan renewals.

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
CREDIT QUALITY:					
Nonperforming Assets:					
Nonaccrual loans:					
One-to-four family residential real estate loans	\$ 4,641	\$ 5,398	\$ 5,399	\$ 5,988	\$ 7,299
Multi-family mortgage loans	7,098	11,913	12,204	10,822	3,517
Nonresidential real estate loans	4,214	5,335	7,037	6,182	8,985
Construction and land loans	382	1,018	1,601	1,575	2,210
Commercial loans	77	272	689	883	256
Commercial leases	—	—	—	—	—
Consumer loans	12	2	1	11	—
Nonaccrual loans	16,424	23,938	26,931	25,461	22,267
Loans past due over 90 days, still accruing	228	965	234	243	329
Loans held for sale	—	15	15	15	1,752
Other real estate owned:					
One-to-four family residential real estate loans	901	808	1,316	1,515	1,760
Multi-family real estate	1,921	195	—	—	720
Nonresidential real estate	1,181	1,047	1,757	2,896	3,504
Land	275	919	933	1,144	1,323
Other real estate owned	4,278	2,969	4,006	5,555	7,307
Nonperforming assets (excluding purchased impaired loans and purchased other real estate owned)	20,930	27,887	31,186	31,274	31,655
Purchased impaired loans:					
One-to-four family residential real estate loans	\$ 100	\$ 405	\$ 396	\$ 388	\$ 380
Nonresidential real estate loans	1,633	1,611	1,607	2,554	2,568
Construction and land loans	—	—	997	1,021	1,021
Commercial loans	23	22	21	21	20
Purchased impaired loans	1,756	2,038	3,021	3,984	3,989
Purchased other real estate owned:					
One-to-four family residential real estate	176	201	179	205	320
Nonresidential real estate	—	372	372	372	462
Land	1,852	1,861	1,705	1,956	2,269
Purchased other real estate owned	2,028	2,434	2,256	2,533	3,051
Purchased impaired loans and OREO	3,784	4,472	5,277	6,517	7,040
Nonperforming assets	\$ 24,714	\$ 32,359	\$ 36,463	\$ 37,791	\$ 38,695
Asset Quality Ratios					
Nonperforming assets to total assets	1.70%	2.24%	2.50%	2.58%	2.61%
Nonperforming assets to total assets ⁽¹⁾	1.44	1.93	2.13	2.13	2.14
Nonperforming loans to total loans	1.66	2.57	2.94	2.91	2.70
Nonperforming loans to total loans ⁽¹⁾	1.50	2.37	2.64	2.52	2.32
Allowance for loan losses to nonperforming loans	76.89	58.90	56.61	58.76	63.64
Allowance for loan losses to nonperforming loans ⁽¹⁾	85.00	63.71	62.90	67.86	74.07

(1) Asset quality ratios exclude purchased impaired loans and acquired other real estate owned resulting from the Downers Grove National Bank merger.

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
SUBSTANDARD PERFORMING LOANS					
One-to-four family residential real estate loans	\$ 2,634	\$ 1,597	\$ 1,546	\$ 2,983	\$ 4,868
Multi-family mortgage loans	5,063	7,028	10,476	13,935	22,909
Nonresidential real estate loans	13,645	15,427	16,185	17,176	22,345
Construction and land loans	832	1,062	1,628	1,707	2,394
Commercial loans	977	1,061	1,083	1,817	2,485
Commercial leases	210	—	—	—	—
Consumer loans	1	—	—	—	3
	<u>\$ 23,362</u>	<u>\$ 26,175</u>	<u>\$ 30,918</u>	<u>\$ 37,618</u>	<u>\$ 55,004</u>
PERFORMING LOANS GREATER THAN 30 DAYS PAST DUE					
30 – 59 days past due	\$ 5,574	\$ 1,706	\$ 2,001	\$ 4,539	\$ 8,100
60 – 89 days past due	1,535	1,268	268	425	2,652
Matured Loans	3,458	2,740	1,839	2,670	3,550
	<u>\$ 10,567</u>	<u>\$ 5,714</u>	<u>\$ 4,108</u>	<u>\$ 7,634</u>	<u>\$ 14,302</u>
ALLOWANCE FOR LOAN LOSSES					
Beginning balance	\$ 15,876	\$ 17,097	\$ 17,453	\$ 18,035	\$ 20,588
Charge offs:					
One-to-four family residential real estate loans	(432)	(528)	(176)	(369)	(7,958)
Multi-family mortgage loans	(320)	(902)	(374)	(236)	(4,355)
Nonresidential real estate loans	(207)	(138)	(153)	(79)	(10,097)
Construction and land loans	—	(16)	—	(927)	(3,273)
Commercial loans	(62)	(131)	(213)	(19)	(1,255)
Commercial leases	—	—	—	—	(53)
Consumer loans	(5)	(38)	(12)	—	(8)
	<u>(1,026)</u>	<u>(1,753)</u>	<u>(928)</u>	<u>(1,630)</u>	<u>(26,999)</u>
Recoveries:					
One-to-four family residential real estate loans	12	108	85	242	41
Multi-family mortgage loans	17	3	159	57	48
Nonresidential real estate loans	68	329	103	19	6
Construction and land loans	267	193	1	2	2
Commercial loans	114	335	16	5	16
Consumer loans	4	1	2	1	5
	<u>482</u>	<u>969</u>	<u>366</u>	<u>326</u>	<u>118</u>
Net charge-offs	(544)	(784)	(562)	(1,304)	(26,881)
Provision for (recovery of) loan losses	(1,178)	(437)	206	722	24,328
Ending balance	<u>\$ 14,154</u>	<u>\$ 15,876</u>	<u>\$ 17,097</u>	<u>\$ 17,453</u>	<u>\$ 18,035</u>
Allowance for loan losses to total loans	1.27%	1.51%	1.66%	1.71%	1.72%
Net charge-off ratio ⁽¹⁾	0.20	0.31	0.22	0.51	0.97

(1) Annualized

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
DEPOSITS					
Noninterest-bearing demand	\$ 126,680	\$ 133,094	\$ 137,146	\$ 131,856	\$ 134,597
Savings deposits	149,602	146,685	147,758	148,184	144,726
Money market accounts	347,017	341,175	340,243	345,591	349,092
Interest-bearing NOW accounts	353,787	349,622	349,942	348,059	348,683
Certificates of deposits	275,622	279,257	287,007	297,860	305,253
	<u>\$ 1,252,708</u>	<u>\$ 1,249,833</u>	<u>\$ 1,262,096</u>	<u>\$ 1,271,550</u>	<u>\$ 1,282,351</u>
SELECTED AVERAGE BALANCES					
Total average assets	\$ 1,450,403	\$ 1,440,561	\$ 1,453,413	\$ 1,462,119	\$ 1,503,759
Total average interest-earning assets	1,374,544	1,364,625	1,373,855	1,379,156	1,416,629
Average loans	1,061,829	1,019,402	1,014,591	1,028,907	1,078,708
Average securities	92,223	68,109	57,022	73,284	80,485
Average stock in FHLB	6,068	6,068	6,809	8,026	8,761
Average other interest-earning assets	214,424	271,046	295,433	268,939	248,675
Total average interest-bearing liabilities	1,126,973	1,118,967	1,133,159	1,141,625	1,149,888
Average interest-bearing deposits	1,123,977	1,116,154	1,130,294	1,138,438	1,143,586
Average borrowings	2,996	2,813	2,865	3,187	6,302
Average stockholders' equity	175,305	174,790	174,643	174,766	198,908
SELECTED YIELDS AND COST OF FUNDS ⁽¹⁾:					
Total average interest-earning assets	3.55%	3.52%	3.58%	3.74%	3.88%
Average loans	4.44	4.55	4.69	4.84	4.91
Average securities	1.17	1.40	1.54	1.39	1.55
Average other interest-earning assets	0.26	0.27	0.27	0.27	0.27
Total average interest-bearing liabilities	0.30	0.31	0.33	0.35	0.37
Average interest-bearing deposits	0.30	0.31	0.33	0.35	0.36
Average borrowings	0.26	0.28	0.28	1.02	1.52
Net interest rate spread	3.25	3.21	3.25	3.39	3.51
Net interest margin	3.31	3.26	3.31	3.45	3.58

(1) Annualized

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

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
CAPITAL RATIOS					
BankFinancial Corporation					
Equity to total assets (end of period)	12.08%	12.09%	11.86%	11.84%	11.67%
Tangible equity to tangible total assets (end of period)	11.93	11.93	11.69	11.67	11.49
Risk-based total capital ratio	17.28	18.15	18.38	18.59	18.01
Risk-based tier 1 capital ratio	16.03	16.90	17.12	17.33	16.75
Tier 1 leverage ratio	11.92	11.91	11.66	11.62	11.43
Tier 1 capital	\$ 172,775	\$ 171,269	\$ 169,823	\$ 169,763	\$ 168,734
BankFinancial FSB					
Risk-based total capital ratio	14.93%	15.58%	15.74%	15.84%	15.32%
Risk-based tier 1 capital ratio	13.68	14.33	14.48	14.59	14.07
Tier 1 leverage ratio	10.16	10.10	9.86	9.77	9.60
Tier 1 capital	\$ 147,363	\$ 145,203	\$ 143,589	\$ 142,861	\$ 141,629
COMMON STOCK AND DIVIDENDS					
Stock Prices:					
Close	\$ 9.16	\$ 8.84	\$ 8.50	\$ 8.09	\$ 7.42
High	9.74	9.40	8.71	8.40	8.85
Low	8.70	8.15	7.25	7.19	6.62
Book value per share	\$ 8.32	\$ 8.26	\$ 8.21	\$ 8.24	\$ 8.20
Tangible book value per share	\$ 8.21	\$ 8.14	\$ 8.08	\$ 8.10	\$ 8.06
Cash dividends declared on common stock	\$ 0.02	\$ —	\$ 0.02	\$ —	\$ —
Stock repurchases	\$ —	\$ —	\$ —	\$ —	\$ —
Stock repurchases – shares	—	—	—	—	—
EARNINGS PER SHARE COMPUTATIONS					
Net income (loss)	\$ 1,505	\$ 1,039	\$ 76	\$ 678	\$ (25,022)
Average common shares outstanding	21,101,966	21,101,966	21,088,263	21,072,966	21,072,966
Less: Unearned ESOP shares	(1,002,041)	(1,028,158)	(1,084,709)	(1,108,938)	(1,133,374)
Unvested restricted stock shares	(25,750)	(25,750)	(13,797)	—	—
Weighted average common shares outstanding	20,074,175	20,048,058	19,989,757	19,964,028	19,939,592
Plus: Dilutive common shares equivalents	9,500	6,034	556	—	—
Weighted average dilutive common shares outstanding	20,083,675	20,054,092	19,990,313	19,964,028	19,939,592
Basic earnings (loss) per common share	\$ 0.07	\$ 0.05	\$ —	\$ 0.03	\$ (1.25)
Diluted earnings (loss) per common share	\$ 0.07	\$ 0.05	\$ —	\$ 0.03	\$ (1.25)

BANKFINANCIAL CORPORATION
NON-GAAP FINANCIAL MEASURES

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

These measures include pre-tax pre-provision earnings from core operations and pre-tax pre-provision earnings from core operations to average total assets. Management believes that by excluding gain on sale of owner-occupied and investor-owned one-to-four family residential loans that we designated as held for sale from noninterest income, and other real estate owned related income and expense items and nonperforming asset management expenses from noninterest expense, these measures better reflect our core operating performance.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
Pre-tax pre-provision earnings from core operations				
Income (loss) before income taxes	\$ 1,505	\$ (25,022)	\$ 3,298	\$ (27,109)
Provision for (recovery of) loan losses	(1,178)	24,328	(687)	31,522
	327	(694)	2,611	4,413
Adjustments:				
Gain on sale of owner-occupied and investor-owned one-to-four family residential loans designated as held for sale	—	—	(1,340)	—
Nonperforming asset management	607	1,126	2,638	5,211
Loss (gain) on sale of other real estate owned	(34)	379	148	252
Valuation adjustments of other real estate owned	79	1,783	550	5,560
Operations of other real estate owned	159	344	915	1,679
Adjustments	811	3,632	2,911	12,702
Pre-tax pre-provision earnings from core operations	\$ 1,138	\$ 2,938	\$ 5,522	\$ 17,115
Pre-tax pre-provision earnings from core operations to average total assets (1)	0.31%	0.78%	0.38%	1.13%

(1) Annualized

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

FOR THE LATEST FIVE QUARTERS

	2013				2012
	IVQ	IIIQ	IIQ	IQ	IVQ
Pre-tax pre-provision earnings from core operations					
Income (loss) before income taxes	\$ 1,505	\$ 1,039	\$ 76	\$ 678	\$ (25,022)
Provision for (recovery of) loan losses	(1,178)	(437)	206	722	24,328
	327	602	282	1,400	(694)
Adjustments:					
Gain on sale of owner-occupied and investor-owned one-to-four family residential loans designated as held for sale	—	—	(40)	(1,300)	—
Nonperforming asset management	607	682	655	694	1,126
Loss (gain) on sale of other real estate owned	(34)	64	49	69	379
Valuation adjustments of other real estate owned	79	241	141	89	1,783
Operations of other real estate owned	159	171	232	353	344
	811	1,158	1,037	(95)	3,632
Pre-tax pre-provision earnings from core operations	\$ 1,138	\$ 1,760	\$ 1,319	\$ 1,305	\$ 2,938
Pre-tax pre-provision earnings from core operations to average total assets (1)	0.31%	0.49%	0.36%	0.36%	0.78%

(1) Annualized