

**BANKFINANCIAL CORPORATION**

**FOURTH QUARTER 2014**

**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)

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>PERFORMANCE MEASUREMENTS</b>					
Return on assets (ratio of net income to average total assets) <sup>(1)</sup>	9.76%	1.01%	0.39%	0.26%	0.42%
Return on equity (ratio of net income to average equity) <sup>(1)</sup>	75.56	7.98	3.15	2.12	3.43
Net interest rate spread <sup>(1)</sup>	3.39	3.35	3.37	3.30	3.25
Net interest margin <sup>(1)</sup>	3.44	3.40	3.43	3.34	3.31
Efficiency ratio	81.24	83.45	82.15	88.79	97.51
Noninterest expense to average total assets <sup>(1)</sup>	3.08	3.13	3.04	3.15	3.53
Average interest-earning assets to average interest-bearing liabilities	124.17	123.12	122.57	121.85	121.97
Number of full service offices	19	19	19	19	20
Employees (full time equivalents)	269	270	276	281	301
<b>SUMMARY STATEMENT OF FINANCIAL CONDITION</b>					
<b>ASSETS</b>					
Cash and due from other financial institutions	\$ 9,693	\$ 11,078	\$ 13,715	\$ 13,869	\$ 15,781
Interest-bearing deposits in other financial institutions	49,888	81,847	119,790	137,855	145,176
Securities, at fair value	121,174	115,001	108,979	115,977	110,907
Loans held for sale	—	—	—	—	—
Loans receivable, net	1,172,356	1,134,442	1,117,593	1,097,888	1,098,077
Other real estate owned, net	6,358	5,990	7,704	8,670	6,306
Stock in Federal Home Loan Bank, at cost	6,257	6,257	6,257	6,068	6,068
Premises and equipment, net	34,286	34,030	34,432	34,882	35,328
Intangible assets	1,855	1,998	2,141	2,284	2,433
Bank owned life insurance	22,193	22,140	22,083	22,022	21,958
Deferred taxes	31,643	—	—	—	—
Other assets	9,707	8,150	9,612	9,027	11,560
<b>Total assets</b>	<b>\$ 1,465,410</b>	<b>\$ 1,420,933</b>	<b>\$ 1,442,306</b>	<b>\$ 1,448,542</b>	<b>\$ 1,453,594</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Deposits	\$ 1,211,713	\$ 1,218,302	\$ 1,237,340	\$ 1,252,819	\$ 1,252,708
Borrowings	12,921	2,834	3,068	2,668	3,055
Other liabilities	24,655	18,521	23,579	16,191	22,204
Total liabilities	1,249,289	1,239,657	1,263,987	1,271,678	1,277,967
Stockholders' equity	216,121	181,276	178,319	176,864	175,627
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,465,410</b>	<b>\$ 1,420,933</b>	<b>\$ 1,442,306</b>	<b>\$ 1,448,542</b>	<b>\$ 1,453,594</b>

(1) Annualized

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**  
**Latest Five Quarters**

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>SUMMARY STATEMENT OF OPERATIONS</b>					
Total interest income	\$ 12,413	\$ 12,368	\$ 12,482	\$ 12,086	\$ 12,296
Total interest expense	714	746	774	812	842
Net interest income before provision	11,699	11,622	11,708	11,274	11,454
Provision for (recovery of) loan losses	(756)	(1,413)	957	476	(1,178)
Net interest income	12,455	13,035	10,751	10,798	12,632
Noninterest income	1,769	1,748	1,660	1,532	1,665
Noninterest expense	10,941	11,157	10,982	11,371	12,792
Income before income tax	3,283	3,626	1,429	959	1,505
Income tax expense (benefit)	(31,395)	36	25	17	—
Net income	\$ 34,678	\$ 3,590	\$ 1,404	\$ 942	\$ 1,505
Basic earnings per common share	\$ 1.72	\$ 0.17	\$ 0.07	\$ 0.05	\$ 0.07
Diluted earnings per common share	\$ 1.72	\$ 0.17	\$ 0.07	\$ 0.05	\$ 0.07
<b>NONINTEREST INCOME AND EXPENSE</b>					
<b>Noninterest Income</b>					
Deposit service charges and fees	\$ 516	\$ 519	\$ 465	\$ 433	\$ 477
Other fee income	566	571	600	527	537
Insurance commissions and annuities income	152	106	86	87	173
Gain on sales of loans, net	51	39	44	24	24
Loss on sale of securities	—	—	—	(7)	—
Gain (loss) on disposition of premises and equipment	—	—	3	2	(43)
Loan servicing fees	108	102	104	104	112
Amortization of servicing assets	(29)	(36)	(38)	(32)	(40)
Recovery (impairment) of servicing assets	(2)	4	(6)	(4)	24
Earnings on bank owned life insurance	53	57	61	64	77
Trust income	178	171	170	164	175
Other	176	215	171	170	149
<b>Total noninterest income</b>	<b>\$ 1,769</b>	<b>\$ 1,748</b>	<b>\$ 1,660</b>	<b>\$ 1,532</b>	<b>\$ 1,665</b>
<b>Noninterest Expense</b>					
Compensation and benefits	\$ 5,828	\$ 5,492	\$ 5,596	\$ 5,958	\$ 6,614
Office occupancy and equipment	1,651	1,687	1,626	1,914	1,997
Advertising and public relations	363	271	304	162	316
Information technology	672	674	691	639	697
Supplies, telephone, and postage	410	394	384	391	463
Amortization of intangibles	143	143	143	149	150
Nonperforming asset management	219	418	97	104	607
Loss (gain) on sales of other real estate owned	75	52	(98)	6	(34)
Valuation adjustments of other real estate owned	46	315	33	44	79
Operations of other real estate owned	127	127	474	207	159
FDIC insurance premiums	259	208	470	479	468
Other	1,148	1,376	1,262	1,318	1,276
<b>Total noninterest expense</b>	<b>\$ 10,941</b>	<b>\$ 11,157</b>	<b>\$ 10,982</b>	<b>\$ 11,371</b>	<b>\$ 12,792</b>

**BANKFINANCIAL CORPORATION**  
**SELECTED QUARTERLY FINANCIAL AND STATISTICAL DATA**  
**Latest Five Quarters**

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>LOANS</b>					
One-to-four family residential real estate loans	\$ 180,337	\$ 187,318	\$ 193,826	\$ 197,831	\$ 201,382
Multi-family mortgage loans	480,349	453,720	439,318	416,356	396,058
Nonresidential real estate loans	234,500	243,047	246,962	251,873	263,567
Construction and land loans	1,885	2,356	2,882	3,396	6,570
Commercial loans	66,882	53,962	45,803	53,661	54,255
Commercial leases	217,143	203,563	199,908	185,474	187,112
Consumer loans	2,051	2,458	2,290	2,476	2,317
	<u>1,183,147</u>	<u>1,146,424</u>	<u>1,130,989</u>	<u>1,111,067</u>	<u>1,111,261</u>
Net deferred loan origination costs	1,199	1,069	1,056	1,002	970
Allowance for loan losses	(11,990)	(13,051)	(14,452)	(14,181)	(14,154)
<b>Loans, net</b>	<u>\$ 1,172,356</u>	<u>\$ 1,134,442</u>	<u>\$ 1,117,593</u>	<u>\$ 1,097,888</u>	<u>\$ 1,098,077</u>
<b>LOAN ORIGINATIONS <sup>(1)</sup></b>					
One-to-four family residential real estate loans	\$ 4,119	\$ 5,584	\$ 3,740	\$ 2,548	\$ 6,316
Multi-family mortgage loans	47,929	26,342	40,191	24,419	37,351
Nonresidential real estate loans	7,024	3,477	5,927	6,088	26,009
Construction and land loans	—	—	—	—	1,118
Commercial loans	52,810	47,332	45,611	49,659	56,222
Commercial leases	38,454	32,743	43,266	22,870	47,101
Consumer loans	803	798	779	870	962
	<u>\$ 151,139</u>	<u>\$ 116,276</u>	<u>\$ 139,514</u>	<u>\$ 106,454</u>	<u>\$ 175,079</u>
<b>LOAN PAYMENTS and PAYOFFS <sup>(2)</sup></b>					
One-to-four family residential real estate loans	\$ 10,489	\$ 10,735	\$ 6,069	\$ 5,811	\$ 8,749
Multi-family mortgage loans	21,284	12,299	16,072	6,539	13,966
Nonresidential real estate loans	13,637	8,409	10,456	12,663	9,673
Construction and land loans	176	402	509	791	979
Commercial loans	39,955	42,153	54,471	48,638	54,744
Commercial leases	22,923	31,354	26,593	26,097	19,480
Consumer loans	895	902	950	1,057	951
	<u>\$ 109,359</u>	<u>\$ 106,254</u>	<u>\$ 115,120</u>	<u>\$ 101,596</u>	<u>\$ 108,542</u>
<b>LOAN PAYMENTS and PAYOFFS (Loans rated 5 or higher) <sup>(2)</sup></b>					
One-to-four family residential real estate loans	\$ 1,151	\$ 927	\$ 1,420	\$ 28	\$ 1,022
Multi-family mortgage loans	5,000	829	6,275	2,724	1,651
Nonresidential real estate loans	5,869	2,135	6,632	6,899	3,055
Construction and land loans	141	263	407	748	926
Commercial loans	3,149	2,569	2,064	4,441	6,262
Commercial leases	—	—	—	26	35
Consumer loans	—	—	—	2	—
	<u>\$ 15,310</u>	<u>\$ 6,723</u>	<u>\$ 16,798</u>	<u>\$ 14,868</u>	<u>\$ 12,951</u>

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

(2) Loan payments and payoffs exclude loan renewals.

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**Latest Five Quarters**

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>CREDIT QUALITY:</b>					
<b>Nonperforming Assets:</b>					
Nonaccrual loans:					
One-to-four family residential real estate loans	\$ 4,356	\$ 4,226	\$ 5,156	\$ 5,008	\$ 4,641
Multi-family mortgage loans	4,481	6,223	4,274	6,617	7,098
Nonresidential real estate loans	3,245	4,384	4,959	8,715	4,214
Construction and land loans	—	120	118	269	382
Commercial loans	76	82	77	77	77
Commercial leases	—	—	8	8	—
Consumer loans	3	1	—	—	12
Nonaccrual loans	<u>12,161</u>	<u>15,036</u>	<u>14,592</u>	<u>20,694</u>	<u>16,424</u>
Loans past due over 90 days, still accruing	—	—	16	—	228
Loans held for sale	—	—	—	—	—
Other real estate owned:					
One-to-four family residential real estate loans	806	945	979	1,098	901
Multi-family real estate	2,307	1,502	2,572	3,220	1,921
Nonresidential real estate	885	1,448	1,887	2,086	1,181
Land	135	181	258	258	275
Other real estate owned	<u>4,133</u>	<u>4,076</u>	<u>5,696</u>	<u>6,662</u>	<u>4,278</u>
Nonperforming assets (excluding purchase impaired loans and purchased other real estate owned)	<u>16,294</u>	<u>19,112</u>	<u>20,304</u>	<u>27,356</u>	<u>20,930</u>
<b>Purchased impaired loans:</b>					
One-to-four family residential real estate loans	\$ 52	\$ 51	\$ 102	\$ 101	\$ 100
Nonresidential real estate loans	—	161	157	153	1,633
Commercial loans	—	—	—	23	23
Purchased impaired loans	<u>52</u>	<u>212</u>	<u>259</u>	<u>277</u>	<u>1,756</u>
<b>Purchased other real estate owned:</b>					
One-to-four family residential real estate	457	132	156	156	176
Land	1,768	1,782	1,852	1,852	1,852
Purchased other real estate owned	<u>2,225</u>	<u>1,914</u>	<u>2,008</u>	<u>2,008</u>	<u>2,028</u>
Purchased impaired loans and OREO	<u>2,277</u>	<u>2,126</u>	<u>2,267</u>	<u>2,285</u>	<u>3,784</u>
<b>Nonperforming assets</b>	<u>\$ 18,571</u>	<u>\$ 21,238</u>	<u>\$ 22,571</u>	<u>\$ 29,641</u>	<u>\$ 24,714</u>
<b>Asset Quality Ratios</b>					
Nonperforming assets to total assets	1.27%	1.49%	1.56%	2.05%	1.70%
Nonperforming assets to total assets <sup>(1)</sup>	1.11	1.35	1.41	1.89	1.44
Nonaccrual loans to total loans	1.03	1.33	1.31	1.89	1.66
Nonaccrual loans to total loans <sup>(1)</sup>	1.03	1.31	1.29	1.86	1.50
Allowance for loan losses to nonperforming loans	98.17	85.59	97.21	67.62	76.89
Allowance for loan losses to nonperforming loans <sup>(1)</sup>	98.59	86.80	98.93	68.53	85.00

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

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**Latest Five Quarters**

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>SUBSTANDARD PERFORMING LOANS</b>					
One-to-four family residential real estate loans	\$ 2,010	\$ 2,036	\$ 1,691	\$ 3,690	\$ 2,634
Multi-family mortgage loans	3,949	4,346	5,293	5,906	5,063
Nonresidential real estate loans	6,698	6,805	5,360	7,454	13,645
Construction and land loans	613	796	222	109	832
Commercial loans	705	845	1,020	952	977
Commercial leases	—	—	—	184	210
Consumer loans	—	—	—	1	1
	<u>\$ 13,975</u>	<u>\$ 14,828</u>	<u>\$ 13,586</u>	<u>\$ 18,296</u>	<u>\$ 23,362</u>
<b>PERFORMING LOANS GREATER THAN 30 DAYS PAST DUE</b>					
30 – 59 days past due	\$ 4,265	\$ 2,006	\$ 316	\$ 4,131	\$ 5,574
60 – 89 days past due	1,167	802	1,446	1,277	1,535
Matured Loans	553	4,306	1,340	2,913	3,458
	<u>\$ 5,985</u>	<u>\$ 7,114</u>	<u>\$ 3,102</u>	<u>\$ 8,321</u>	<u>\$ 10,567</u>
<b>ALLOWANCE FOR LOAN LOSSES</b>					
Beginning balance	\$ 13,051	\$ 14,452	\$ 14,181	\$ 14,154	\$ 15,876
Charge offs:					
One-to-four family residential real estate loans	(229)	(298)	(290)	(56)	(432)
Multi-family mortgage loans	(449)	(97)	(594)	(90)	(320)
Nonresidential real estate loans	(266)	(695)	(186)	(580)	(207)
Construction and land loans	—	—	(1)	—	—
Commercial loans	(23)	(78)	—	(22)	(62)
Commercial leases	—	(8)	—	—	—
Consumer loans	(2)	—	(4)	(6)	(5)
	<u>(969)</u>	<u>(1,176)</u>	<u>(1,075)</u>	<u>(754)</u>	<u>(1,026)</u>
Recoveries:					
One-to-four family residential real estate loans	284	26	97	11	12
Multi-family mortgage loans	69	11	6	14	17
Nonresidential real estate loans	23	116	264	20	68
Construction and land loans	90	29	8	250	267
Commercial loans	198	1,005	14	8	114
Consumer loans	—	1	—	2	4
	<u>664</u>	<u>1,188</u>	<u>389</u>	<u>305</u>	<u>482</u>
Net (charge-offs) recoveries	(305)	12	(686)	(449)	(544)
Provision for (recovery of) loan losses	(756)	(1,413)	957	476	(1,178)
Ending balance	<u>\$ 11,990</u>	<u>\$ 13,051</u>	<u>\$ 14,452</u>	<u>\$ 14,181</u>	<u>\$ 14,154</u>
Allowance for loan losses to total loans	1.01%	1.14%	1.28%	1.28%	1.27%
Net charge-off ratio <sup>(1)</sup>	0.11	—	0.25	0.16	0.20

(1) Annualized

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**Latest Five Quarters**

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>DEPOSITS</b>					
Noninterest-bearing demand	\$ 130,711	\$ 128,498	\$ 131,775	\$ 129,732	\$ 126,680
Savings deposits	154,532	152,545	154,263	156,174	149,602
Money market accounts	338,499	345,331	349,639	353,656	347,017
Interest-bearing NOW accounts	355,112	348,293	349,874	353,338	353,787
Certificates of deposits	232,859	243,635	251,789	259,919	275,622
	<u>\$ 1,211,713</u>	<u>\$ 1,218,302</u>	<u>\$ 1,237,340</u>	<u>\$ 1,252,819</u>	<u>\$ 1,252,708</u>

<b>SELECTED AVERAGE BALANCES</b>					
Total average assets	\$ 1,421,804	\$ 1,427,550	\$ 1,444,697	\$ 1,442,667	\$ 1,450,403
Total average interest-earning assets	1,350,815	1,355,436	1,370,391	1,367,225	1,374,544
Average loans	1,144,281	1,127,735	1,119,255	1,114,433	1,061,829
Average securities	116,234	114,805	112,691	115,089	92,223
Average stock in FHLB	6,257	6,257	6,224	6,068	6,068
Average other interest-earning assets	84,043	106,639	132,221	131,635	214,424
Total average interest-bearing liabilities	1,087,860	1,100,947	1,118,088	1,122,027	1,126,973
Average interest-bearing deposits	1,084,373	1,097,762	1,115,437	1,119,445	1,123,977
Average borrowings	3,487	3,185	2,651	2,582	2,996
Average stockholders' equity	183,584	179,929	178,477	177,331	175,305

<b>SELECTED YIELDS AND COST OF FUNDS <sup>(1)</sup>:</b>					
Total average interest-earning assets	3.65%	3.62%	3.65%	3.59%	3.55%
Average loans	4.17	4.22	4.33	4.26	4.44
Average securities	0.98	0.98	1.02	1.04	1.17
Average other interest-earning assets	0.40	0.36	0.32	0.27	0.26
Total average interest-bearing liabilities	0.26	0.27	0.28	0.29	0.30
Average interest-bearing deposits	0.26	0.27	0.28	0.29	0.30
Average borrowings	0.34	0.25	0.15	0.31	0.26
Net interest rate spread	3.39	3.35	3.37	3.30	3.25
Net interest margin	3.44	3.40	3.43	3.34	3.31

(1) Annualized

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

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>CAPITAL RATIOS</b>					
<b>BankFinancial Corporation</b>					
Equity to total assets (end of period)	14.75	12.76%	12.36%	12.21%	12.08%
Tangible equity to tangible total assets (end of period)	13.08	12.63	12.23	12.07	11.93
Risk-based total capital ratio	18.31	17.65	17.41	17.52	17.28
Risk-based tier 1 capital ratio	17.21	16.45	16.16	16.27	16.03
Tier 1 leverage ratio	13.04	12.62	12.21	12.05	11.92
Tier 1 capital	\$ 187,290	\$ 178,904	\$ 175,778	\$ 174,580	\$ 172,775
<b>BankFinancial FSB</b>					
Risk-based total capital ratio	16.21%	15.48%	15.13%	15.17%	14.93%
Risk-based tier 1 capital ratio	15.11	14.28	13.88	13.92	13.68
Tier 1 leverage ratio	11.45	10.95	10.50	10.31	10.16
Tier 1 capital	\$ 164,420	\$ 155,208	\$ 151,035	\$ 148,943	\$ 147,363
<b>COMMON STOCK AND DIVIDENDS</b>					
Stock Prices:					
Close	\$ 11.86	\$ 10.55	\$ 11.16	\$ 9.98	\$ 9.16
High	12.17	10.69	11.24	10.33	9.74
Low	10.24	10.43	9.40	9.06	8.70
Book value per share	\$ 10.24	\$ 8.59	\$ 8.45	\$ 8.38	\$ 8.32
Tangible book value per share	\$ 10.15	\$ 8.50	\$ 8.35	\$ 8.27	\$ 8.21
Cash dividends declared on common stock	\$ 0.03	\$ 0.04	\$ 0.01	\$ —	\$ 0.02
Dividend payout ratio	1.83%	23.50%	15.05%	N.M.	28.04%
Stock repurchases	\$ —	\$ —	\$ —	\$ —	\$ —
Stock repurchases – shares	—	—	—	—	—
<b>EARNINGS PER SHARE COMPUTATIONS</b>					
Net income	\$ 34,678	\$ 3,590	\$ 1,404	\$ 942	\$ 1,505
Average common shares outstanding	21,101,966	21,101,966	21,101,966	21,101,966	21,101,966
Less: Unearned ESOP shares	(841,526)	(866,193)	(937,585)	(977,561)	(1,002,041)
Unvested restricted stock shares	(16,822)	(16,822)	(18,572)	(25,750)	(25,750)
Weighted average common shares outstanding	20,243,618	20,218,951	20,145,809	20,098,655	20,074,175
Plus: Dilutive common shares equivalents	9,755	16,456	14,241	12,045	9,500
Weighted average dilutive common shares outstanding	20,253,373	20,235,407	20,160,050	20,110,700	20,083,675
Basic earnings per common share	\$ 1.72	\$ 0.17	\$ 0.07	\$ 0.05	\$ 0.08
Diluted earnings per common share	\$ 1.72	\$ 0.17	\$ 0.07	\$ 0.05	\$ 0.08



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

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

These measures include 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,		Year Ended December 31,	
	2014	2013	2014	2013
<b>Pre-tax pre-provision earnings from core operations</b>				
Income before income taxes	\$ 3,283	\$ 1,505	\$ 9,297	\$ 3,298
Recovery of loan losses	(756)	(1,178)	(736)	(687)
	<u>2,527</u>	<u>327</u>	<u>8,561</u>	<u>2,611</u>
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	219	607	838	2,638
Loss (gain) on sale of other real estate owned	75	(34)	35	148
Valuation adjustments of other real estate owned	46	79	438	550
Operations of other real estate owned	127	159	935	915
Adjustments	<u>467</u>	<u>811</u>	<u>2,246</u>	<u>2,911</u>
<b>Pre-tax pre-provision earnings from core operations</b>	<u>\$ 2,994</u>	<u>\$ 1,138</u>	<u>\$ 10,807</u>	<u>\$ 5,522</u>
Pre-tax pre-provision earnings from core operations to average total assets (1)	0.84%	0.31%	0.75%	0.38%

(1) Annualized

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

**FOR THE LATEST FIVE QUARTERS**

	2014				2013
	IVQ	IIIQ	IIQ	IQ	IVQ
<b>Pre-tax pre-provision earnings from core operations</b>					
Income before income taxes	\$ 3,283	\$ 3,626	\$ 1,429	\$ 959	\$ 1,505
Provision for (recovery of) loan losses	(756)	(1,413)	957	476	(1,178)
	2,527	2,213	2,386	1,435	327
<b>Adjustments:</b>					
Nonperforming asset management	219	418	97	104	607
Loss (gain) on sale of other real estate owned	75	52	(98)	6	(34)
Valuation adjustments of other real estate owned	46	315	33	44	79
Operations of other real estate owned	127	127	474	207	159
	467	912	506	361	811
<b>Pre-tax pre-provision earnings from core operations</b>	<b>\$ 2,994</b>	<b>\$ 3,125</b>	<b>\$ 2,892</b>	<b>\$ 1,796</b>	<b>\$ 1,138</b>
Pre-tax pre-provision earnings from core operations to average total assets (1)	0.84%	0.88%	0.80%	0.50%	0.31%

(1) Annualized