FOR IMMEDIATE RELEASE

BankFinancial Corporation Reports Financial Results for the Fourth Quarter of 2007 and the Full Year of 2007

Burr Ridge, Illinois - (February 20, 2008) BankFinancial Corporation (Nasdaq – BFIN) (“BankFinancial”) today reported net income of $929,000 and basic earnings per share of $0.05 for the three months ended December 31, 2007, compared to net income of $1.2 million and basic earnings per share of $0.06 for the three months ended December 31, 2006.

For the year ended December 31, 2007, BankFinancial reported net income of $7.2 million and basic earnings per share of $0.35, compared to net income of $10.0 million and basic earnings per share of $0.45 for the year ended December 31, 2006.

Net income for the three months and for the year ended December 31, 2007 included a pre-tax charge of $1.2 million reflecting BankFinancial’s proportionate share of Visa’s estimated litigation obligations. The charge was recorded because BankFinancial, like other Visa USA members, is obligated to share expenses, resulting from certain Visa litigation, proportionately with its ownership interests in Visa USA. If Visa USA’s initial public offering is completed as planned, BankFinancial’s proportionate share of the proceeds of the initial offering is expected to offset or exceed the amount of this charge.

Overview of Business Conditions

Business conditions became increasingly uncertain in the fourth quarter of 2007. Our targeted commercial loan categories remained essentially constant. Our residential loan portfolio declined in part due to accelerating prepayments and in part due to a transfer of Fannie Mae-securitized loans to our available-for-sale securities portfolio. We expect that the uncertainty surrounding the U.S. economy and certain real estate markets will increase the unpredictability of the volume of our loan originations and loan repayments in 2008, though we believe the overall residential, construction and selected healthcare loan segments will decline during the year, with the decline offset by growth in commercial loans and lease receivables.

Our non-accrual loans increased this quarter, principally due to a $2.7 million loan secured by an apartment building located in a northern Chicago suburb. The borrower is now subject to, and in compliance with, a forbearance agreement that is expected to restore the loan to accrual status at the end of the first quarter of 2008. Overall trends in the quality of the multi-family and commercial real estate portfolios remained stable. The healthcare loan portfolio continues to receive priority resolution attention with our exposure expected to continue to decline materially in 2008. The quality of our overall residential and home equity portfolio remains strong.

Our construction loan portfolio quality remains stable. Reductions of the construction portfolio increased recently due to project sales, but we are closely monitoring the capability of certain borrowers to continue making debt service payments on their construction projects. We expect that there will be isolated cases where we elect not to renew certain construction loans and pursue either negotiated collateral dispositions or formal legal remedies if the borrower is unable to continue scheduled debt service or proposes unacceptable exit solutions.

As we expected, pursuant to our model, our general loan loss reserves continued to increase due to the changes in national and local economic risk factors. We continue to believe that adherence to our historical loan underwriting standards remains appropriate.

Deposits declined in the fourth quarter of 2007 principally due to our decision to reduce interest rates on higher-balance money market accounts and certificates of deposit consistent with overall declines in the Prime Rate and U.S. Treasury yields. Competition for deposits from certain institutions increased, however, as these competitors maintained constant deposit interest rates on higher-balance checking, savings, money market and certificates of deposit accounts. We expect the intensity of this competition to moderate to a limited extent in 2008, but this could be offset by the continued pressures from competitors with mortgage- or construction-related liquidity issues or competitors engaged in de novo branch office expansion.

Our net interest margin and net interest spread were relatively stable during the quarter. Nonetheless, we believe that such behavior may not necessarily continue because of further reductions in our construction and healthcare loan portfolios and continued deposit pricing pressures. These factors could be offset by a more favorable interest rate environment and potentially widening commercial credit spreads on multifamily and commercial real estate loans. In addition, on a comparative basis, other factors affecting net interest margin include the cumulative effects of our share repurchase program and the fact that our recent investment in Bank-Owned Life Insurance produces non-interest income rather than interest income. We expect that these factors will continue to affect our net interest margin in future quarters; however, we are also focused on generating positive influences through the further diversification of our commercial credit portfolio, optimization of the overall mix of the loan portfolio and gathering non-interest bearing deposits from local small businesses.

Non-interest income was essentially constant during the quarter. We expect that Title Insurance and Wealth Management will not contribute as strongly to earnings in 2008 as in 2007 based on our current expectations concerning interest rates and our anticipated residential mortgage lending activity.

Non-interest expenses rose during the quarter, principally due to seasonal factors, but the overall non-interest expense trend remained well contained. We expect expenses for marketing (especially retail deposits and small business customers), commercial business development personnel and certain technology investments related to customer service and commercial loan operations to increase in 2008, but the increase is expected to be partially offset by continued targeted reductions in staff and expenses consistent with the results of performance reviews and new technology deployments.

Overview of Financial Condition and Operating Results

Financial Condition

Net loans receivable decreased $22.3 million, or 1.7%, to $1.254 billion during the fourth quarter of 2007, primarily due to a reduction of our holdings of one- to four-family residential real estate loans by $28.6 million, or 7.6%, to $345.2 million. Multi-family real estate loans increased $2.5 million, or 0.9%, to $291.4 million, and commercial loans increased $2.9 million, or 3.6%, to $83.2 million. Construction and land loans increased $3.0 million, or 4.9%, to $64.5 million. Other loan categories remained relatively constant. Nonresidential real estate loans decreased by $483,000, or 0.1%, to $325.9 million, and commercial leases decreased by $920,000, or 0.6%, to $144.8 million. Future loan growth could be adversely affected by our unwillingness to compete for loans by relaxing our historical underwriting standards.

Securities available-for-sale increased by $9.4 million, or 13.8%, to $77.0 million. During the fourth quarter of 2007 we securitized $23.5 million of conforming adjustable rate residential mortgage loans with Fannie Mae. We received securities in exchange for the securitized loans, and recorded no gain or loss on the transaction. In addition the balance of the securities available-for-sale decreased due to maturing securities and a negative $13.2 million change in market value principally related to our Freddie Mac preferred stocks.

Total deposits decreased by $24.9 million, or 2.3%, during the fourth quarter of 2007, primarily due to the reduction of higher cost money market accounts and certificates of deposits. Money market accounts decreased by $16.1 million, or 6.0%, and certificates of deposit decreased by $13.7 million, or 4.3%. NOW accounts increased by $8.9 million, or 3.0%, and savings accounts decreased by $3.9 million, or 3.9%. Federal Home Loan Bank advances increased by $17.5 million, or 27.3%.

Asset Quality

Non-performing loans increased by $2.5 million to $12.1 million during the fourth quarter, and represented 0.95% of loans. The increase was due in substantial part to our placing on non-accrual status a $2.7 million loan that is secured by an apartment building located in a northern Chicago suburb. We placed the loan on non-accrual status because the borrowers used the investment property cash flow to make equity investor distributions rather than to make scheduled loan payments that were due on or before December 31, 2007. We subsequently entered into a forbearance agreement with the borrowers that is expected to restore the loan to accrual status by the end of the first quarter of 2008. The same borrowers have a second loan that is secured by a similarly-situated apartment building that remained on accrual status as of December 31, 2007.

Our allowance for loan losses totaled $11.051 million at December 31, 2007, a decrease of $29,000 compared to the allowance at September 30, 2007. The decrease was based on several factors, including our reversal and partial recharacterization of a $428,000 specific loan loss reserve that we recorded during the first quarter of 2007 based on defalcations committed by a third-party loan servicing company that initiated bankruptcy proceedings. We settled the claims that we made with the bankruptcy trustee and our blanket bond carrier for the defalcations during the fourth quarter of 2007. This reduction to our allowance for loan losses was partially offset by a $95,000 net increase in the portion of the allowance that we allocate to impaired loans pursuant to SFAS No. 114 and a $304,000 net increase in the general loan loss reserves that we establish pursuant to SFAS No. 5 based on changes to the economic factors utilized in our model.

As of December 31, 2007, our SFAS No. 114 allocation for impaired loans totaled $806,000. The specific reserves that we allocate to loans are strongly influenced by the market value of the underlying collateral for the loans. As changes in the market value of the underlying collateral occur, fluctuations in the specific reserves attributable to loans secured by the collateral should also be expected to occur, and any declines in the market value of collateral could result in new or additional provisions for specific reserves. Certain types of collateral, such as marketable securities, are particularly susceptible to sudden changes in market value.

Fourth Quarter of 2007 Operating Results

We had net income of $929,000 for the fourth quarter of 2007, compared to net income of $1.2 million for the fourth quarter of 2006. Our operating results for the fourth quarter of 2007 included a pre-tax charge of $1.2 million, which reflected our proportionate share of Visa's estimated litigation obligations. The charge was recorded because BankFinancial, like other Visa USA members, is obligated to share expenses, resulting from certain indemnified Visa litigation, proportionately with its ownership interests in Visa USA. If Visa USA's initial public offering is completed as planned, BankFinancial's proportionate share of the proceeds of the initial offering is expected to offset or exceed the amount of this charge. Net of tax, the amount of the Visa litigation charge was $747,000, or $0.04 per share.

Our operating results for the fourth quarter of 2007 included a $1.2 million pre-tax expense for equity-based compensation and benefits, compared to a $3.5 million pre-tax expense for the fourth quarter of 2006. These expenses relate in substantial part to the vesting of equity-based awards that were made in 2006 pursuant to the Equity Incentive Plan that our stockholders approved, and to expenses arising from the ESOP that we established in connection with our mutual-to-stock conversion in June of 2005. Net of tax, our equity-based compensation expenses totaled approximately $734,000, or $0.04 per share, for the fourth quarter of 2007, compared to $2.1 million, or $0.10 per share, for the fourth quarter of 2006.

Net interest income for the fourth quarter of 2007 was $13.0 million, compared to net interest income of $14.0 million for the fourth quarter of 2006, due in part to a $51.2 million, or 3.9%, decrease in average loans commensurate with our planned reduction of exposure to the construction, healthcare and residential lending segments, and the cumulative effect of scheduled maturities of higher-yielding investment securities during 2007. These influences were partially offset by the retirement of higher-cost deposits and borrowings during 2007. In addition, on a comparative basis, other factors affecting net interest income include the cumulative effects of our share repurchase program in 2007 and the fact that our recent investment in Bank-Owned Life Insurance produces non-interest income rather than interest income. Our net interest margin was 3.80% for the fourth quarter of 2007, compared to 3.74% for the fourth quarter of 2006. Our net interest rate spread for the fourth quarter of 2007 was 3.02%, compared to 2.91% for the fourth quarter of 2006.

Non-interest income for the fourth quarter of 2007 was $2.5 million, unchanged from the fourth quarter of 2006. Non-interest income for the fourth quarter of 2007 included $231,000 in earnings on Bank-Owned Life Insurance, compared to no such earnings for the same period in 2006. Deposit service charges and fees decreased by $107,000, or 10.5%, and other fee income decreased by $23,000, or 4.5%, compared to the same period in 2006. Insurance commissions and annuities income decreased $91,000, or 24.1%, to $287,000. Gain on the sale of loans totaled $34,000 in the fourth quarter of 2007, compared to a gain of $61,000 for the fourth quarter of 2006. We recorded no gain or loss on the sale of investment securities in the fourth quarter of 2007, compared to a net loss of $43,000 on the sale of investment securities for the fourth quarter of 2006. Mortgage loan servicing fees decreased by $23,000, or 10.1%. Operation expenses for real estate owned totaled $13,000 for the fourth quarter of 2007, compared to $1,000 in income for the same period in 2006. Other income decreased by $72,000, or 14.4%, to $428,000.

Non-interest expense for the fourth quarter of 2007 was $14.3 million, compared to $15.4 million for the fourth quarter of 2006, a decrease of $1.1 million, or 7.0%. This decrease was due in part to a decline in expense for equity-based compensation and benefits to $1.2 million for the fourth quarter of 2007, from $3.5 million for the fourth quarter of 2006. On a comparative basis, this decline was attributable in substantial part to differences in the timing of the recording of expense for equity-based awards that were predominantly made during the third quarter of 2006 and vest over a period of time. Non-interest expense for the fourth quarter of 2007 included a pre-tax charge of $1.2 million reflecting our proportionate share of Visa's estimated litigation obligations. Office occupancy and equipment expenses increased $199,000, or 14.1%, primarily due to a $94,000 increase in rental expense and the write-off of feasibility and design costs related to a possible remodeling project. Advertising and public relations expenses increased $77,000, or 31.7%. Data processing expenses decreased $7,000, or 0.8%. Other expenses decreased by $107,000, or 9.3% to $1.0 million, compared to $1.2 million in other expenses for the quarter ended December 31, 2006. Other expenses for the fourth quarter of 2007 included $150,000 of the total $250,000 fraud loss that we recorded in connection with claims that we settled with the bankruptcy trustee and our blanket bond carrier for defalcations committed by a third party loan servicing company. Other expenses for the fourth quarter of 2007 also reflected a $171,000 increase in the amount of loan expenses net of capitalized direct loan origination costs.

2007 Operating Results

We had net income of $7.2 million for the year ended December 31, 2007, compared to net income of $10.0 million for the year ended December 31, 2006. Among the factors affecting this decrease in net income was a $2.9 million decrease in net interest income that was due in part to various measures that we implemented in 2007 to preserve asset quality and protect our net interest margin in anticipation of increasingly challenging economic conditions, including the reduction of our exposure to various asset classes and borrowers and the repayment of wholesale borrowings with maturing securities. As a result of these measures and other factors, interest income from securities decreased $4.1 million due in part to a $117.0 million, or 57.4%, decrease in the average balance of securities available-for-sale to $86.9 million for the year ended December 31, 2007, from $203.9 million for the year ended December 31, 2006. This decrease in interest income from securities was partially offset by a $2.7 million decrease in interest expense on borrowings primarily due to a $78.5 million, or 42.8%, decrease in the average balance of borrowings to $104.8 million for the year ended December 31, 2007, from $183.3 million for the year ended December 31, 2006. In addition, net interest income was negatively impacted by a $2.3 million, or 0.2%, decrease in average loans commensurate with our planned reduction of exposure to the construction, healthcare and residential lending segments, the cumulative effects of our share repurchase program and the investment in 2007 in Bank-Owned Life Insurance, which produces non-interest income rather than interest income. The $2.9 million decrease in net interest income was partially offset by a $2.2 million decrease in compensation and benefits.

Net income for 2007 was also affected by a pre-tax non-interest expense of $1.2 million, which reflected our proportionate share of Visa's estimated litigation obligations. If Visa USA's initial public offering is completed as planned, our proportionate share of the proceeds of the initial offering is expected to offset or exceed the amount of this charge. Non-interest expense for 2007 also included a $250,000 fraud loss that we sustained, net of blanket bond and bankruptcy estate recoveries, due to defalcations by a third-party loan servicing company. In addition, net income for 2007 was affected by an $833,000 increase in our provision for loan losses and an $861,000 decrease in non-interest income predominantly due to a $600,000 decrease in deposit service charges and fees and a $300,000 decrease in insurance commissions and annuities income.

Dividends

On January 30, 2008, our Board of Directors declared a cash dividend of $0.07 per share payable on Friday, March 7, 2008 to stockholders of record on Wednesday, February 13, 2008. Total dividends paid in 2007 were $6.5 million.

Stock Repurchases

For the three months ended December 31, 2007, we repurchased 335,900 shares of our common stock at an aggregate cost of $5.3 million. As of December 31, 2007, we have purchased a total of 3,055,223 shares at an aggregate cost of $51.2 million under our authorization to purchase up to 3,605,384 shares.

Conference Call

BankFinancial's executive management will hold a conference call to discuss the contents of this news release, as well as business and financial highlights, on Thursday, February 21, 2008, at 9:30 a.m. CST. The telephone number for the conference call is 888-713-4211 and the participant passcode is 56958239. The conference call will also be available by webcast within the Stockholder Information section of our web site: www.bankfinancial.com.

About BankFinancial

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 our 18 full-service banking offices, located in Cook, DuPage, Lake and Will counties, Illinois. At December 31, 2007, BankFinancial Corporation had total assets of $1.481

billion, total loans of $1.254 billion, total deposits of $1.074 billion and stockholders' equity of $291 million. BankFinancial Corporation's common stock is listed on the Nasdaq Global Select Market under the symbol BFIN. Additional information may be found at the company's web site, www.bankfinancial.com.

Safe Harbor

Certain statements made in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this release, the words "may," "will," "should," "would," "anticipate," "estimate," "expect," "plan," "believe," "intend," and similar expressions identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following without limitation: general, regional, and local economic conditions and their effect on interest rates, the company and its customers; credit risks and risks from concentrations (geographic and by industry) within the loan portfolio; changes in regulations or accounting policies affecting financial institutions; the costs and effects of litigation and of unexpected or adverse outcomes of such litigation; technological changes; acquisitions and integration of acquired business; the failure of assumptions underlying the establishment of resources for loan losses and estimations of values of collateral and various financial assets and liabilities; the outcome of efforts to manage interest rate or liquidity risk; competition; and acts of war or terrorism. We undertake no obligation to release revisions to these forward-looking statements or to reflect events or conditions occurring after the date of this release.

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