



## **PUBLIC DISCLOSURE**

June 27, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

BankFinancial, FSB  
Charter Number 702402

21110 Western Ave  
Olympia Fields, IL 60461-1929

Office of the Comptroller of the Currency

2001 Butterfield Road  
Suite 400  
Downers Grove, IL 60515

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Outstanding**.

The following table indicates the performance level of **BankFinancial, FSB** (“Bank”) with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | BankFinancial, FSB<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                           | Investment Test | Service Test |
| Outstanding               | x                                       |                 |              |
| High Satisfactory         |   | x               | x            |
| Low Satisfactory          |   |                 |              |
| Needs to Improve          |   |                 |              |
| Substantial Noncompliance |   |                 |              |

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The geographic distribution of loans reflects excellent penetration throughout the assessment area (AA).
- BankFinancial is a leader in making community development loans.
- The Bank has a significant level of community investments.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area (MA)/AA.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. CT boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. CTs usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. CTs are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (FDIC) have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A MD consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination.

Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the call report. These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

BankFinancial, FSB is a federal stock savings bank, operating as a full-service financial company. As of March 31, 2016, the Bank had \$1.5 billion in total assets and \$165 million in tier 1 capital. The Bank is wholly-owned by BankFinancial Corporation, a one-bank holding company with consolidated assets of \$1.5 billion. The holding company is publically traded and thus subject to the Securities and Exchange Commission (SEC) reporting requirements. The Bank offers a variety of financial products and services, including loans, deposits, online banking, telephone banking, cash management, funds transfers, bill payment, automated teller machines (ATMs), remote deposit capture, safe deposit boxes, trust services, and wealth management. The Bank's subsidiary, Financial Assurance Services, Inc., offers general insurance agency services. BF Asset Recovery is another subsidiary of the Bank and is an Illinois corporation that holds titles to other real estate owned (OREO) properties.

BankFinancial is headquartered in Olympia Fields, Illinois, a suburb of Chicago in southern Cook County. The Bank has 19 branches, including the main office in Olympia Fields, and five stand-alone ATMs. Eleven of the Bank's branches are located in Cook County, four in Lake County, three in DuPage County, and one in Will County. Eleven branches are located in upper-income CTs, three are in middle-income CTs, five are in moderate-income CTs, and none in low-income CTs. The Bank also has a corporate office in Burr Ridge, Illinois, that does not offer retail banking services. All the Bank's ATMs are in Illinois.

As of June 30, 2015, BankFinancial ranked as the 27<sup>th</sup> largest FDIC-insured Depository institution out of 165 institutions in its AA of Cook, DuPage, Lake, and Will counties. The Bank had \$1.23 billion in deposits in the AA, with a 0.35 percent market share.

BankFinancial continues to have a lending focus in real estate, specifically loans secured by multifamily properties. As of March 31, 2016, the bank had \$1.2 billion in total loans. Real estate loans totaled \$890 million or 72 percent of total loans. The largest component of real estate loans are loans secured by multifamily properties, which account for \$514 million or 41 percent of total loans. See below for a breakdown of loans by category.

| BankFinancial, FSB                            |                             |                  |                     |                          |
|---|-----------------------------|------------------|---------------------|--------------------------|
| Selected Loan Categories as of March 31, 2016 |                             |                  |                     |                          |
| BankFinancial, FSB                            |                             |                  | Peer Median % Loans | BankFinancial Percentile |
| Loan Category Description                     | Dollar Amount \$000 Omitted | Percent of Loans |                     |                          |
| Real Estate Loans                             | \$890,241                   | 71.7%            | 86%                 | 15 <sup>th</sup>         |
| Commercial and Industrial Loans               | \$347,057                   | 27.9%            | 6.5%                | 96 <sup>th</sup>         |
| Consumer Loans                                | \$1,890                     | 0.2%             | 3.14%               | 28 <sup>th</sup>         |
| Other Loans                                   | \$2,713                     | 0.2%             | 0.29%               | 72 <sup>rd</sup>         |

Source: Call report data as of March 31, 2016. Peer Median % from 3/31/16 Uniform Bank Performance Report (UBPR).

For 2014 (the year with the most recent peer data available), BankFinancial was ranked 109<sup>th</sup> of 835 HMDA reporters, in its AA based on originations and purchases of loans. For the same year, the Bank ranked 155<sup>th</sup> of 491 reporters for loans to low- and moderate-income (LMI) individuals, and 89<sup>th</sup> of 531 reporters for lending within LMI geographies.

The Bank's lending environment continues to pose an extremely intense level of competition for loans, which is an impediment to the Bank's ability to help meet the credit needs of its AA. The 165 depository institutions in the AA operate out of 2,305 offices within the AA. Some of the nation's largest financial institutions are among the competing lenders in the Bank's AA.

The Bank's strategic focus is to serve the banking needs of its customers in a manner consistent with principles of safety and soundness and adherence to applicable laws and regulations.

The Bank has not had any merger or acquisition activity during its evaluation period.

The Bank was rated "Outstanding" during its last CRA examination dated August 19, 2013.

## Scope of the Evaluation

We evaluated BankFinancial's CRA performance using Large Bank procedures. The Bank's asset size meets the definition of a Large Bank, which is consistent with our prior evaluation. The Large Bank examination procedures include three tests: Lending, Investment, and Service. We evaluated the Bank's performance under all three tests to derive an overall CRA rating for the Bank. The Bank has one AA, which received a full-scope review. The evaluation period for this examination is August 20, 2013, the start date of the previous evaluation, through June 27, 2016, the start date of this evaluation.

The evaluation period for the Lending Test, excluding community development loans, is July 1, 2013, through December 31, 2015. Lending activity is evaluated against 2010 Census data. The products we reviewed in the Lending Test include home mortgage, small business, community development loans, and innovative and flexible loan products. Loans to small farms were not evaluated because none were originated during the review period, and the Bank opted not to include consumer loans in this evaluation. As part of our evaluation, we performed a data integrity review of the Bank's HMDA data. Our review included HMDA data from July 1 through December 31, 2013, and all the data from 2014 and 2015. We verified loan data from the Bank's loan application registers to actual loan files. We found this data to be reliable. We compared the Bank's lending performance to other HMDA and small business lending reporters (aggregate/peer) by using 2014 peer lending data, the most recent data available for home mortgage and small business loans.

The evaluation period for the Investment Test, Service Test, and community development lending is August 20, 2013, through June 27, 2016. Our review of investments included an analysis of the investment portfolio along with grants and donations to organizations that have community development as their primary purpose. Our evaluation of the Bank's services included analyzing the Bank's branch and ATM network for the availability and

effectiveness of delivering retail services. We also took into account the Bank's community development activities in meeting the credit needs of its AA. We conducted two community contacts as part of our examination procedures. These contacts include a representative of a Federally Qualified Health Center and a representative of a Chicago based non-profit organization that provides affordable housing to LMI individuals. The contacts indicated that there is a need for affordable housing finance programs, and there are opportunities for financial institutions in the areas of community development.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Description of Assessment Area**

BankFinancial has one AA that includes all of Cook, DuPage, Will and Lake Counties, in Illinois. All of the Bank's branch offices are located in these four counties. Cook, DuPage and Will Counties are part of the Chicago-Naperville-Joliet MD. Lake County is part of the Lake County – Kenosha County, IL-WI-MD. The AA is entirely in the State of Illinois. All of the following table combines the data from these four contiguous counties (from the two MDs). These counties are part of the Chicago-Joliet-Naperville, IL-IN-WI MSA. This AA received a full-scope review to assess the Bank's performance. The following table outlines demographic information about the Bank's AA using 2010 Census data.

| 2010 Census Demographic Information for Full Scope Area: Lake, DuPage, Cook, and Will Counties |           |            |                            |               |              |            |
|--|-----------|------------|----------------------------|---------------|--------------|------------|
| Demographic Characteristics  | #         | Low % of # | Moderate % of #            | Middle % of # | Upper % of # | NA* % of # |
| Geographies (CTs)  | 1,839     | 13.59      | 23.33                      | 31.16         | 31.54        | 0.38       |
| Population by Geography  | 7,492,621 | 9.70       | 23.59                      | 33.49         | 33.16        | 0.06       |
| Owner-Occupied Housing by Geography  | 1,799,922 | 4.32       | 17.90                      | 37.20         | 40.57        | 0.00       |
| Business by Geography  | 466,200   | 4.78       | 15.69                      | 31.67         | 47.74        | 0.13       |
| Farms by Geography   | 6,658     | 3.23       | 14.40                      | 35.49         | 46.85        | 0.03       |
| Family Distribution by Income Level  | 1,789,939 | 22.99      | 16.81                      | 19.28         | 40.92        | 0.00       |
| Distribution of Low and Moderate Income Families throughout AA Geographies                     | 712,429   | 17.00      | 33.93                      | 32.63         | 16.45        | 0.00       |
| Median Family Income 2016  |           | 74,700     | Median Housing Value       |               | 296,225      |            |
| Median Family Income 2015  |           | 77,700     | Unemployment Rate May 2016 |               | 5.4%         |            |
| Median Family Income 2014  |           | 76,300     | (US Dept. of Labor)        |               |              |            |
| Families Below Poverty Level*  |           | 11.64%     |                            |               |              |            |

(\* ) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 US Census and 2014, 2015, and 2016 FFIEC Updated MFIs

Based on the most recent census data (2010), BankFinancial’s AA includes 679 LMI geographies or CTs. Cook County is the second most populous county in the United States with a population of 5.2 million or about 69 percent of the total AA population. Cook County contains 1,318 geographies, including 595 of the 679 LMI geographies of the AA (88 percent). It also encompasses all of the City of Chicago. The AA does not arbitrarily exclude any LMI geographies and conforms to the regulatory requirements for AAs.

As shown on the table above, the Chicagoland unemployment rate was 5.4 percent. This unemployment rate is lower than the State of Illinois at 6.4 percent, but higher than the U.S. at 4.9 percent. High levels of unemployment have had a negative impact on the AA’s economy, and the demand for home financing. According to Bankrate data as of May 2016, Illinois had the sixth highest level of foreclosures of any state in the nation, with one in every 878 units receiving a foreclosure filing.

According to the Bureau of Labor Statistics, the Chicagoland area occupations, in order of most employment, were: office and administrative support; sales; transportation and material moving; food preparation and serving; management; and production occupations. Some of the larger, high profile employers headquartered in the AA include Boeing, Walgreens, Sears Holding, Kraft Foods, Allstate, Abbott Laboratories, and McDonalds.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The Bank's performance under the Lending Test is rated "outstanding" and exceeds the standards for satisfactory performance. Lending inside its AA reflects good responsiveness to AA credit needs, and a high percentage of loans are made in the Bank's AA. The geographic distribution of loans reflects excellent penetration throughout the AA, and the distribution of lending reflects good penetration among retail customers of different income levels and business customers of different sizes. The Bank exhibited excellent performance with respect to community development lending and has reasonable performance with respect to innovative and flexible lending programs.

### Lending Activity and Inside/Outside Ratio

Overall lending activity in the AA is good. Lending levels reflect good responsiveness to AA credit needs. A high percentage of loans are made in the Bank's AA.

As reflected in the following table, the percentage of the Bank's loans originated in the AA during the review period is good, with a high percentage of loans made within the Bank's AA.

| BankFinancial, FSB<br>Overall Lending (Excluding Community Development Lending) Activity<br>July 1, 2013 through December 31, 2015 |                      |                          |                   |              |                       |               |
|--|----------------------|--------------------------|-------------------|--------------|-----------------------|---------------|
|  | Total Lending<br>(#) | Total Lending<br>(\$000) | AA Lending<br>(#) | Pct. # in AA | AA Lending<br>(\$000) | Pct. \$ in AA |
| <b>HMDA</b>  |                      |                          |                   |              |                       |               |
| <b>2013 (3Q – 4Q)</b>  | 176                  | \$87,787                 | 129               | 73.3%        | \$47,361              | 54.0%         |
| <b>2014</b>  | 251                  | 143,734                  | 197               | 78.5         | 76,192                | 53.0          |
| <b>2015</b>  | 197                  | 121,408                  | 133               | 67.5         | 45,583                | 37.6          |
| <b>Total</b>   | <b>624</b>           | <b>\$352,929</b>         | <b>459</b>        | <b>73.6%</b> | <b>\$169,136</b>      | <b>47.9%</b>  |
| <b>Small Business</b>  |                      |                          |                   |              |                       |               |
| <b>2013 (3Q – 4Q)</b>  | 39                   | \$9,287                  | 35                | 89.7         | \$7,068               | 76.1%         |
| <b>2014</b>  | 86                   | 29,678                   | 79                | 91.9         | 26,776                | 90.2          |
| <b>2015</b>  | 79                   | 29,889                   | 62                | 78.5         | 22,404                | 75.0          |
| <b>Total</b>   | <b>204</b>           | <b>\$68,854</b>          | <b>176</b>        | <b>86.3</b>  | <b>\$56,248</b>       | <b>81.7%</b>  |
| <b>Total All Loans</b>   | <b>828</b>           | <b>\$421,783</b>         | <b>635</b>        | <b>76.7%</b> | <b>\$225,384</b>      | <b>53.4%</b>  |

During each year of the review period, a high percentage of loans are made in the Bank's AA. However, the overall dollar amount of HMDA reportable loans in the AA is slightly less than 50 percent. In 2014, BankFinancial was ranked 109<sup>th</sup> (of 835 reporting lenders in its AA) in HMDA loan originations and purchases with a 0.11 percent market share. The Bank was ranked 69<sup>th</sup> (of 204 reporters) in small business lending with a 0.05 percent market share. This volume of lending reflects good responsiveness to AA's credit needs given the size of the AA, and the highly competitive environment in which the Bank operates.

### Distribution of Loans by Income Level of the Geography

The geographic distribution of loans reflects excellent penetration throughout the AA. BankFinancial's HMDA reportable and small business loan origination and purchase performance exceeded aggregate comparisons during the review period.

### Home Mortgage Loans

The following table reports the Bank's distribution of loans by income level of geography, by year, and compares performance to demographic and aggregate measurements. The table reflects the Bank's superior performance compared to aggregate lending within the AA, and the Bank's market share in LMI geographies exceed its overall lending market share.

| Distribution of BankFinancial's HMDA-Reportable Loans<br>By Geography/CT Income Level in the Assessment Area<br>(Dollars in thousands) |                 |              |                 |              |                 |              |   |              |                |
|--|-----------------|--------------|-----------------|--------------|-----------------|--------------|---|--------------|----------------|
| CT<br>Income<br>Level  | 2013 (3Q – 4Q)  |              | 2014            |              | 2015            |              | Review Period<br>7/1/2013 –<br>12/31/2015 |              | Aggregate/Peer |
|  | #               | %            | #               | %            | #               | %            | #   | %            | % by #         |
| <b>By Number:</b>  |                 |              |                 |              |                 |              |   |              |                |
| Low  | 3               | 2.3          | 10              | 5.1          | 3               | 2.3          | 16  | 3.5          | 3.0            |
| Moderate   | 27              | 20.9         | 36              | 18.3         | 27              | 20.3         | 90  | 19.6         | 13.9           |
| Middle   | 53              | 41.1         | 72              | 36.5         | 48              | 36.1         | 173                                       | 37.7         | 35.2           |
| Upper  | 46              | 35.7         | 79              | 40.1         | 55              | 41.3         | 180                                       | 39.2         | 47.9           |
| NA   | 0               | 0.0          | 0               | 0.0          | 0               | 0.0          | 0   | 0.0          | 0.0            |
| <b>Total</b>   | <b>129</b>      | <b>100.0</b> | <b>197</b>      | <b>100.0</b> | <b>133</b>      | <b>100.0</b> | <b>459</b>                                | <b>100.0</b> | <b>100.0</b>   |
| <b>By \$ Amt:</b>  | <b>\$</b>       | <b>%</b>     | <b>\$</b>       | <b>%</b>     | <b>\$</b>       | <b>%</b>     | <b>\$</b>                                 | <b>%</b>     | <b>% by \$</b> |
| Low  | 1,642           | 3.5          | 4,981           | 6.5          | 823             | 1.8          | 7,446                                     | 4.4          | 2.8            |
| Moderate   | 17,222          | 36.4         | 17,588          | 23.1         | 9,314           | 20.4         | 44,124                                    | 26.1         | 9.6            |
| Middle   | 15,265          | 32.2         | 19,636          | 25.8         | 13,661          | 30.0         | 48,562                                    | 28.7         | 26.7           |
| Upper  | 13,232          | 27.9         | 33,987          | 44.6         | 21,785          | 47.8         | 69,004                                    | 40.8         | 60.9           |
| NA   | 0               | 0.0          | 0               | 0.0          | 0               | 0.0          | 0   | 0.0          | 0.0            |
| <b>Total</b>   | <b>\$47,361</b> | <b>100.0</b> | <b>\$76,192</b> | <b>100.0</b> | <b>\$45,583</b> | <b>100.0</b> | <b>\$169,136</b>                          | <b>100.0</b> | <b>100.0</b>   |

The Bank's penetration percentages in LMI geographies, in terms of loan volume (23.1 percent) exceeds that of the aggregate (16.9 percent) and in terms of dollar amount, the Bank's penetration percentage (30.5 percent) is more than twice that of the aggregate. The Bank's lending penetration percentage is most profound in the moderate-income geographies where its penetration percentage has been consistently near 20 percent compared to the aggregate's 13.9 percent.

Lending performance inside LMI geographies compares favorably to the percentage of Owner-Occupied Housing Units in the AA, which is 4.3 percent and 17.9 percent for LMI geographies respectively (per 2010 US Census data).

For 2014, BankFinancial ranked 89<sup>th</sup> in lending in the LMI geographies of its AA (of 531 HMDA reporters) with a 0.15 percent market share, which exceeds the Bank's overall 0.11 percent market share for HMDA lending in the AA.

### **Small Loans to Businesses**

The following table reports the distribution of the Bank's small loans to businesses by geographic distribution, by year, and compares performance to demographic and peer group measurements. The table reflects the Bank's very superior performance compared to the aggregate.

| Distribution of BankFinancial's Small Business Loans<br>By Geography Income Level in the Assessment Area<br>(Dollars in thousands) |                |              |                 |              |               |              |                                      |              |                    |
|--|----------------|--------------|-----------------|--------------|---------------|--------------|--------------------------------------|--------------|--------------------|
| Geography<br>Income<br>Level   | 2013 (3Q – 4Q) |              | 2014            |              | 2015          |              | Review Period<br>7/1/2013-12/31/2015 |              | Aggregate/<br>Peer |
|  | #              | %            | #               | %            | #             | %            | #                                    | %            | 2014<br>% by #     |
| <b>By Number:</b>  |                |              |                 |              |               |              |                                      |              |                    |
| Low  | 1              | 2.9          | 6               | 7.6          | 2             | 3.2          | 9                                    | 5.1          | 3.5                |
| Moderate   | 5              | 14.3         | 11              | 13.9         | 9             | 14.5         | 25                                   | 14.2         | 14.8               |
| Middle   | 10             | 28.5         | 29              | 36.7         | 20            | 32.3         | 59                                   | 33.5         | 33.4               |
| Upper  | 19             | 54.3         | 33              | 41.8         | 31            | 50.0         | 83                                   | 47.2         | 48.2               |
| NA   | 0              | 0.0          | 0               | 0.0          | 0             | 0.0          | 176                                  | 0.0          | 0.1                |
| <b>Total</b>   | <b>35</b>      | <b>100.0</b> | <b>79</b>       | <b>100.0</b> | <b>62</b>     | <b>100.0</b> | <b>176</b>                           | <b>100.0</b> | <b>100.0</b>       |
| <b>By \$ Amt:</b>  | <b>\$</b>      | <b>%</b>     | <b>\$</b>       | <b>%</b>     | <b>\$</b>     | <b>%</b>     | <b>\$</b>                            | <b>%</b>     | <b>% by \$</b>     |
| Low  | 97             | 1.4          | 2,187           | 8.2          | 1,500         | 6.7          | 3,784                                | 6.7          | 4.0                |
| Moderate   | 1,345          | 19.0         | 3,752           | 14.0         | 2,002         | 8.9          | 7,099                                | 12.6         | 16.0               |
| Middle   | 2,757          | 39.0         | 9,149           | 34.2         | 9,925         | 44.3         | 21,831                               | 38.8         | 33.2               |
| Upper  | 2,869          | 40.6         | 11,688          | 43.6         | 8,977         | 40.1         | 23,534                               | 41.9         | 48.1               |
| NA   | 0              | 0.0          | 0               | 0.0          | 0             | 0.0          | 0                                    | 0.0          | 0.1                |
| <b>Total</b>   | <b>\$7,068</b> | <b>100.0</b> | <b>\$26,776</b> | <b>100.0</b> | <b>22,404</b> | <b>100.0</b> | <b>\$56,248</b>                      | <b>100.0</b> | <b>100.0</b>       |

BankFinancial's percentage of loans to small businesses located in LMI geographies, in terms of loan volume (19.3 percent) exceeds that of the aggregate (18.3 percent), and the dollar amount of small business loans by the Bank in LMI geographies (19.3 percent) is slightly less than that of the aggregate (20.0 percent). In addition, the percentage of small loans to businesses in low-income geographies (5.1 percent) exceeded the percentage of non-farm businesses located in these geographies (4.6 percent per 2010 Census data). And the percentage of small loans to businesses in moderate-income geographies (14.2 percent) is slightly less than the percentage of non-farm businesses located in these geographies (15.1 percent per 2010 Census data). Overall, the Bank's small business lending performance in LMI geographies throughout the review period is indicative of a strong commitment to serve the credit needs of all segments of the local community and considered excellent.

### **Distribution of Loans by Income Level of the Borrower**

The Bank's distribution of lending to individuals of different income levels and businesses of different sizes reflect good penetration among individuals of different income levels and businesses of different sizes.

#### ***Home Mortgage Loans***

The following table reports the Bank's distribution of loans by borrower income, by year, and compares performance to demographic and peer group measurements. We did not include loans where the applicant's income was not available. The table reflects good performance compared to the aggregate in that the Bank's penetration to LMI individuals is near that of the aggregate.

| Distribution of BankFinancial's HMDA-Reportable Loans<br>By Borrower Income Level in the Assessment Area<br>(Dollars in thousands) |                 |               |                 |               |                |               |   |              |   |
|--|-----------------|---------------|-----------------|---------------|----------------|---------------|---|--------------|---|
| Borrower<br>Income<br>Level  | 2013 (3Q – 4Q)  |               | 2014            |               | 2015           |               | Review Period<br>7/1/2013 –<br>12/31/2015 |              | Aggregate/Peer<br>2014 (Does not<br>include Income<br>NA) |
|  | #               | %             | #               | %             | #              | %             | #   | %            | % by #  |
| <b>By Number:</b>  |                 |               |                 |               |                |               |   |              |   |
| Low  | 8               | 10.0          | 3               | 2.7           | 12             | 16.0          | 23  | 8.7          | 8.9   |
| Moderate   | 11              | 13.8          | 21              | 19.1          | 13             | 17.3          | 45  | 17.0         | 19.3  |
| Middle   | 19              | 23.7          | 30              | 27.3          | 27             | 36.0          | 76  | 28.7         | 22.3  |
| Upper  | 42              | 52.5          | 56              | 50.9          | 23             | 30.7          | 121                                       | 45.6         | 49.5  |
| <b>Total</b>   | <b>80</b>       | <b>100.0%</b> | <b>110</b>      | <b>100.0%</b> | <b>75</b>      | <b>100.0%</b> | <b>265</b>                                | <b>100.0</b> | <b>100.0%</b>   |
| Income NA  | 49              |               | 87              |               | 58             |               | 194                                       |              |   |
| <b>By \$ Amt:</b>  | <b>\$</b>       | <b>%</b>      | <b>\$</b>       | <b>%</b>      | <b>\$</b>      | <b>%</b>      | <b>\$</b>                                 | <b>%</b>     | <b>% by \$</b>  |
| Low  | 498             | 3.8           | 222             | 1.4           | 661            | 7.1           | 1,381                                     | 3.6          | 3.6   |
| Moderate   | 1,067           | 8.1           | 1,813           | 11.6          | 1,448          | 15.5          | 4,328                                     | 11.3         | 10.9  |
| Middle   | 2,599           | 19.7          | 3,186           | 20.3          | 3,243          | 34.6          | 9,028                                     | 23.6         | 16.9  |
| Upper  | 9,005           | 68.4          | 10,449          | 66.7          | 4,017          | 42.8          | 23,471                                    | 61.5         | 68.6  |
| <b>Total</b>   | <b>\$13,169</b> | <b>100.0</b>  | <b>\$15,670</b> | <b>100.0</b>  | <b>\$9,369</b> | <b>100.0</b>  | <b>\$38,208</b>                           | <b>100.0</b> | <b>100.0</b>  |
| Income NA  | \$34,192        |               | \$60,522        |               | 36,214         |               | 130,928                                   |              |   |

The Bank's HMDA lending penetration percentage of 25.7 percent among LMI borrowers during the review period was comparable to the 28.2 percent penetration percentage of the aggregate. The Bank's 8.7 percent penetration percentage to low-income borrowers is near that of the aggregate (8.9 percent) and considered good. Lending penetration to moderate-income borrowers is also good. While the Bank's 17.0 percent penetration to moderate-income borrowers is near that of the aggregate, this percentage is higher than the percentage of moderate-income families residing in the AA (16.8 percent). The Bank's dollar lending performance relative to LMI borrowers during the review period was higher than that of the aggregate (14.9 percent for BankFinancial vs. 14.5 percent for the aggregate). The Bank's HMDA reportable loan penetration (8.7 percent) to low-income borrowers is well below the percentage of low-income families residing in the AA (23.0 percent per 2010 Census data). However, this is mitigated by the 11.6 percent of families in the AA with income below the poverty level. Persons at or below the poverty level typically lack the financial resources for home ownership, especially in a higher cost real estate market such as the AA.

BankFinancial's percentage of the market share to LMI borrowers is poor. According to 2014 market share data (most recent available) for the AA, the Bank was ranked 232<sup>nd</sup> of 375 reporting lenders with a 0.02 percent market share in lending to low-income individuals. This market share percentage is the result of the Bank making only three loans to this segment of the community in 2014, compared to eight in the last six months of 2013 and 12 in 2015. The Bank's market share percentage for moderate-income individuals was 0.08 percent and ranked 143<sup>rd</sup> of 461 reporting lenders. Both of these percentages are below the Bank's overall lending market share percentage of 0.11 percent. The Bank uses Fannie Mae (FNMA) guidelines in underwriting mortgage loans, and LMI individuals have difficulty qualifying for such mortgage loans.

### Small Business Lending

The borrower distribution of small business loans in the AA is reasonable given the limited number of small loans to businesses originated by the Bank. The distribution of loans to businesses with less than \$1 million in gross annual revenues is somewhat below the percentage of such businesses located in the AA. The Bank originated the majority of its small loans to businesses with annual revenues of less than \$1 million. Businesses with revenues of less than \$1 million usually have a greater need for smaller loans. The volume of small loans to businesses by loan size shows that the Bank originated approximately 30 percent of such loans in amounts of \$100,000 or less, and approximately 24 percent of such loans in amounts between \$100,000 and \$250,000. According to 2014 market share reports, BankFinancial's market share percentage of loans to businesses with revenue of \$1 million or less (0.07 percent) exceeds its overall small business lending market share percentage of 0.05 percent.

| Distribution of Small Businesses Within the Assessment Area |              |              |                 |       |
|---|--------------|--------------|-----------------|-------|
| Business Revenue  | ≤\$1 Million | >\$1 Million | Revenue Unknown | Total |
| % of AA Businesses Per 2010 Census Data                     | 75.2%        | 6.9%         | 17.9%           | 100%  |

| Distribution of BankFinancial's Small Business Loans |                |             |                 |             |                 |             |                 |             |
|--|----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| By Revenue of Business in the Assessment Area        |                |             |                 |             |                 |             |                 |             |
| <i>(Dollars in thousands)</i>                        |                |             |                 |             |                 |             |                 |             |
| Revenue of Business                                  | 2013 (3Q – 4Q) |             | 2014            |             | 2015            |             | Review Period   |             |
|  | #              | %           | #               | %           | #               | %           | #               | %           |
| <b>By Number:</b>                                    |                |             |                 |             |                 |             |                 |             |
| ≤ \$1 Million  | 20             | 57.1%       | 41              | 51.9%       | 40              | 64.5%       | 101             | 57.4%       |
| >\$1 Million   | 7              | 20.0%       | 33              | 41.8%       | 21              | 33.9%       | 61              | 34.7%       |
| Revenue Unknown                                      | 8              | 22.9%       | 5               | 6.3%        | 1               | 1.6%        | 14              | 7.9%        |
| <b>Total</b>   | <b>35</b>      | <b>100%</b> | <b>79</b>       | <b>100%</b> | <b>62</b>       | <b>100%</b> | <b>176</b>      | <b>100%</b> |
| <b>By \$ Amount:</b>                                 |                |             |                 |             |                 |             |                 |             |
| ≤ \$1 Million  | 5,244          | 74.2%       | 13,724          | 51.3%       | 16,368          | 73.1%       | 35,336          | 62.8%       |
| >\$1 Million   | 1,300          | 18.4%       | 11,252          | 42.0%       | 6,012           | 26.8%       | 18,564          | 33.0%       |
| Revenue Unknown                                      | 524            | 7.4%        | 1,800           | 6.7%        | 24              | 0.1%        | 2,348           | 4.2%        |
| <b>Total</b>   | <b>\$7,068</b> | <b>100%</b> | <b>\$26,776</b> | <b>100%</b> | <b>\$22,404</b> | <b>100%</b> | <b>\$56,248</b> | <b>100%</b> |

| Distribution of BankFinancial's Small Business Loans<br>By Loan Origination Amount in the Assessment Area<br>(Dollars in thousands) |                |             |                 |             |                 |             |  |             |
|---|----------------|-------------|-----------------|-------------|-----------------|-------------|--|-------------|
| Loan Amount<br>At Origination   | 2013 (3Q – 4Q) |             | 2014            |             | 2015            |             | Review Period<br>7/1/2013 – 12/31/2015 |             |
|   | #              | %           | #               | %           | #               | %           | #                                      | %           |
| <b>By Number:</b>   |                |             |                 |             |                 |             |  |             |
| ≤ \$100,000   | 18             | 51.4%       | 20              | 25.3%       | 16              | 25.8%       | 54                                     | 30.7%       |
| \$100,001 - \$250,000   | 7              | 20.0%       | 18              | 22.8%       | 17              | 27.4%       | 42                                     | 23.9%       |
| \$250,001 - \$1 million   | 10             | 28.6%       | 41              | 51.9%       | 29              | 46.8%       | 80                                     | 45.4%       |
| <b>Total</b>  | <b>35</b>      | <b>100%</b> | <b>79</b>       | <b>100%</b> | <b>62</b>       | <b>100%</b> | <b>176</b>                             | <b>100%</b> |
| <b>By \$ Amount:</b>  |                |             |                 |             |                 |             |  |             |
| ≤ \$100,000   | \$ 829         | 11.7%       | \$ 1,196        | 4.5%        | \$ 927          | 4.1%        | \$ 2,952                               | 5.3%        |
| \$100,001 - \$250,000   | \$ 1,389       | 19.7%       | \$ 2,992        | 11.2%       | \$ 2,544        | 11.4%       | \$ 6,925                               | 12.3%       |
| \$250,001 - \$1 million   | \$ 4,850       | 68.6%       | \$ 22,588       | 84.3%       | \$ 18,933       | 84.5%       | \$ 46,371                              | 82.4%       |
| <b>Total</b>  | <b>\$7,068</b> | <b>100%</b> | <b>\$26,776</b> | <b>100%</b> | <b>\$22,404</b> | <b>100%</b> | <b>\$56,248</b>                        | <b>100%</b> |

## Community Development Lending

The Bank is a leader in making community development loans. The Bank originated or purchased 50 loans totaling \$27.4 million inside of its AA during the evaluation period. Community development loans represent 16.61 percent of tier 1 capital. Community development loans largely consisted of loans secured by multi-family dwellings that are HMDA reportable. To determine if the multifamily loans qualify for community development consideration, the Bank identifies multifamily dwellings located in LMI geographies. If the overall rental rates in the multifamily dwellings do not exceed 30 percent of the respective CT's median family income, the Bank will internally identify these loans as community development loans. The assumption is that the rental rates would be affordable to the residents in LMI geographies and likely serve LMI individuals. The total above includes \$1.1 million in three Modifications, Extension, and Consolidation Agreements (MECA) loans and \$1.7 million in Other Loan Data, which were primarily renewals.

The Bank also originated or renewed \$8 million in lines of credit to three nursing homes within the AA that provide services to Medicaid recipients.

## Product Innovation and Flexibility

Innovative and flexible lending practices can assist borrowers with the purchase of a home by way of underwriting flexibility or grants for down payments and other closing costs. BankFinancial's performance with respect to innovative and flexible lending products is reasonable and rated "high satisfactory." The Bank uses innovative lending programs to serve AA credit needs. The following is a summary of these programs.

- **FNMA Modifications** - The Bank participates in the Home Affordable Mortgage Program (HAMP) and other Modification programs for FNMA/ Freddie Mac loans it services. HAMP is a national program to assist at risk borrowers by reducing mortgage payments to allow

sustainable monthly mortgage payments. BankFinancial originated seven HAMP and other Modification loans totaling \$661,000.

- Portfolio 1<sup>st</sup> Mortgage Repayment Plans - This bank-created program assists borrowers who are having financial hardship with a potential solution. The plan was designed to provide borrowers with a practical mechanism for preventing foreclosure, allowing ample opportunity to bring the loan current. During the review period BankFinancial used this plan for one loan, totaling \$95,000 (based on the original loan balance prior to modification or forbearance).
- Portfolio Renewal Fixed Home Equity Forbearance and Repayment Plans - This bank-created plan was designed to address the difficulties that borrowers under financial stress face when their home equity lines of credit (HELOCs) mature and become due and payable in full. This plan was designed to provide borrowers with a mechanism to prevent foreclosure. The program permits the conversion of a maturing HELOC into a fixed rate amortizing home equity loan. During the review period, the Bank originated 48 loans totaling \$3.3 million, of which 11 loans totaling \$609,000 were non-conforming conversion fixed home equity loans.
- Consumer Maturity Extension to HELOC Plan - This plan is also designed to address difficulties that borrowers in financial difficulties face when their HELOC matures and becomes due and payable in full. Maturity extensions provide a mechanism to prevent foreclosure when there is a first lien position, or to protect further deterioration of the borrower's credit. This plan also helps borrowers who are in the process of selling their house or refinancing and need additional time to complete the sale or refinancing. During the review period, BankFinancial extended the maturity on 39 HELOCs totaling \$6.5 million under this program.
- Illinois Housing Development Authority (IHDA) Hardest Hit Fund Emergency Loan Program (HHF) - The Illinois Homeowners Emergency Loan Program (HELP) offers homeowners that are in financial difficulty due to unemployment or under employment with a Monthly Mortgage Payment Assistance Program and a Reinstatement Assistance Program.

BankFinancial also participates in other lending programs intended to assist first time buyers, those with limited down payments, and those in need of underwriting flexibility regarding credit and income. These lending programs include the Federal Home Loan Bank (Down Payment Plus Program Temporary Loan Payment Modification Plan) and FNMA (My Community 97 Program & Home Ready Mortgage). However, these programs did not result in any loan originations during the review period.

## INVESTMENT TEST

The Bank's performance under the Investment Test is rated High Satisfactory. Bank financial has a significant level of Community Development Investments (CDIs), qualified investments, and a reasonable level of grants. The Bank exhibits good responsiveness to both credit and community economic development needs. As of May 31, 2016, the Bank has \$3.4 million in CDIs remaining from prior periods and has \$7.9 million in new investments. All new investments represent Certificates of Deposit (CDs) in FDIC insured Minority Depository Institutions (MDIs). In total, CDIs amount to \$11.3 million as of May 31, 2016, representing 6.85 percent of tier 1 capital. This is an increase from \$3.4 million in CDIs at the last evaluation, which represented 4.5 percent of tier 1 capital. Based on asset size, similar peer institutions within our portfolio have a much lower volume of CDIs, representing 2 or below as a percentage of tier 1 capital. While management has made efforts to find investment opportunities within their AA, options are limited due to the level of competition from larger financial institutions. Of the total CDIs, 63.49 percent, or \$7.183 million are outside of the Bank's AA. Additionally, the Bank donated \$14,746 to charities and grants in the last five months of 2013, \$45,587 in 2014, \$41,564 in 2015, and \$32,691 as of June 2016.

*See the Table of Community Development Investments / Qualified Investments on the next page.*

| <b>BankFinancial, FSB</b><br><b>Community Development Investments/Qualified Investments</b> |                                   |                                  |  |  |                                     |
|---|-----------------------------------|----------------------------------|--|--|-------------------------------------|
| <b>Date of Investment</b>   | <b>Original \$ Amount (\$000)</b> | <b>Balance 5/31/2016 (\$000)</b> | <b>Investment Name</b>   | <b>Investment Description</b>  | <b>Area of Impact: AA/ Regional</b> |
| <b>Prior Period Investments</b>   |                                   |                                  |  |  |                                     |
| Various (Feb 2006- Sept 2006)   | \$4,599                           | \$868                            | Mortgage Backed Securities (MBS)                                 | Four targeted MBS collateralized by loans in the Chicago MSA, all purchased during 2006  | Regional                            |
| 10/1/1999   | \$2,000                           | \$443                            | CIC Corp of Chicago  | CIC is a pooled-risk mortgage lender specializing in multi-family rehabilitation in LMI neighborhoods                                | AA                                  |
| 3/18/2011   | \$500                             | \$500                            | CRA Fund (CRAIX)   | The fund's principal investment strategy is to invest in debt securities that will cause shares of the fund to qualify under the CRA | Regional                            |
| 8/20/2012   | \$2,459                           | \$1,583                          | GNF MSB Pool   | Qualifying 30 year GNMA MBS. All loans in pool qualify as community development loans  | AA                                  |
| <b>Subtotal</b>   | <b>\$9,558</b>                    | <b>\$3,394</b>                   |  |  |                                     |
| <b>Current Period Investments</b>   |                                   |                                  |  |  |                                     |
| Various   | \$728                             | \$736                            | Seaway Bank and Trust, Millennium Bank, & Urban Partnership Bank | CD in FDIC Insured Minority Depository Institutions  | AA                                  |
| Various   | \$7,183                           | \$7,183                          | CDs in various banks   | CD in FDIC Insured Minority Depository Institution throughout Nation   |                                     |
| <b>Subtotal</b>   | <b>\$7,911</b>                    | <b>\$7,919</b>                   |  |  |                                     |
| <b>Total</b>  | <b>\$17,469</b>                   | <b>\$11,313</b>                  |  |  |                                     |

## SERVICE TEST

BankFinancial's performance under the Service Test is rated High Satisfactory. The Bank has a good record of providing services to all portions of its AA. BankFinancial's service delivery systems are accessible to essentially all portions of its AA. The Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Services do not vary in a way that inconveniences its AA, particularly LMI geographies and LMI individuals. The Bank provides a relatively high level of community development services.

## Retail Services

BankFinancial continues to have a Customer Service Center to handle customer inquiries. The Customer Service Center is open from 8:00 am to 8:00 p.m. Monday through Friday, and 8:00 am to 3:00 p.m. on Saturday. The Customer Service Center is especially useful to those persons with limited transportation options or nonstandard work hours. The Bank also provides a 24 hour automated bank-by-phone service, and online banking that includes text message banking and mobile web banking. Online banking and mobile banking provide for bill payment services.

BankFinancial operates 19 full service branch offices. Bank branches are accessible to essentially all portions of the Bank's geographies and individuals of different income levels in the AA. Eleven of the Bank's branch offices are located in Cook County, three are located in DuPage County, one is located in Will County, and four are located in Lake County. Five branches are located in moderate-income CTs, three are located in middle-income CTs, and eleven branches are located in upper-income CTs. There are no offices in the low-income geographies. There were no branch closings in the moderate-income CTs, but there was one branch closing in an upper income CT. The Bank's opening and closing of branches has not affected the accessibility of its delivery systems, particularly for LMI individuals.

During the review period, only one ATM was closed in a moderate-income CT. The closure was attributable to low volume of activity for this specific ATM. The closure of this ATM did not adversely affect the accessibility of the Bank's delivery systems to the LMI geography or individuals due to another similar drive up ATM in the same location, which continues to fully operate. An on premise ATM was opened at the Family Christian Health Center ("FCHC") in Harvey, Illinois (moderate-income CT). FCHC is a non-profit, Federally Qualified Health Center that provides comprehensive health care services primarily to Medicaid and Medicare recipients. The ATM at this location is a positive delivery system and will provide a convenient way for employees and patients to easily access funds while at the Center.

The hours of operation and services available at the branches have not materially changed within the low-, moderate-, middle-, and upper-income geographies in the Bank's AA since the last CRA evaluation. Services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies or individuals.

The Bank also offers other loan products that targets low to moderate-income CT. For example, the Community Promotion Discount 5/5 ARM, is targeted in providing affordable residential mortgage loans with flexible underwriting guidelines to low- to moderate-income persons and persons residing in low- to moderate-income CTs. Also, as an alternative to Payday Loans, BankFinancial is now offering Lifeline, a checking account and line of credit that benefits qualified individuals who have had banking challenges in the past.

## Community Development Services

BankFinancial's performance in providing community development services to its AA is good. The Bank provides a relatively high level of community development services.

The Bank provided qualified community development services to organizations that provide affordable housing, community services to LMI individuals and organizations that provide economic development services. Bank employees have spent hours providing services to organizations that have community development as their primary purpose. Some employees continue their hours every quarter and annually. The Bank shows strong community support.

Major highlights of community development service activities in the AA during the evaluation period include the following:

- A branch administration marketing and sales employee is associated with an organization for kids. This organization raises on average \$750,000 annually for family services. It supports the bi-lingual interpreter's project for hospital patients and their families, emotional and mental well-being, and families who are displaced from their homes.
- A commercial real estate lending employee is a member of a scholarship committee that has an annual \$16,000 budget for college students in low- to moderate-income families.
- A commercial real estate lending employee is a member of an association that promotes decent, safe, and crime free housing by providing education, supporting landlords, improving rental property investment, and enhancing the community image. The association provides forums for discussion of common multifamily housing, affordable housing, rental rehabilitation problems and solutions.
- A residential loan banker facilitates a First Time Home Buyer Workshop Seminar.
- An executive serves on the board of directors of an organization that provides college grants to LMI persons based on qualifications that include financial need.

The Bank also leases multiple properties to not-for-profit community and social service organizations at a reduced rental rate compared to rent figures based on similar space and location. The Bank does not charge common area maintenance, taxes or utilities. The Bank provides a relatively high level of community development services.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|  |  |                          |
|--|--|--------------------------|
| <b>Time Period Reviewed</b>  | Lending Test (excludes community development loans):<br>(07/01/2013 to 12/31/15)   |                          |
|  | Investment and Service Tests and<br>Community Development Loans: (08/20/2013 to 06/27/2016)  |                          |
| <b>Financial Institution</b>   | <b>Products Reviewed</b>   |                          |
| BankFinancial, FSB<br>Olympia Fields, IL   | Home Mortgage; Small Business and<br>Community Development Loans.<br>Qualified Investments; Retail and<br>Community Development Services |                          |
| <b>Affiliate(s)</b>  | <b>Affiliate Relationship</b>  | <b>Products Reviewed</b> |
| NA   | NA   | NA                       |
| <b>List of Assessment Areas and Type of Examination</b>  |  |                          |
| <b>Assessment Area</b>   | <b>Type of Exam</b>  | <b>Other Information</b> |
| AA consists of four Illinois<br>counties (Lake, Cook, DuPage<br>and Will) Part of Chicago-<br>Naperville- Elgin IL-IN-WI<br>MSA #16980 | Full Scope   |                          |

