



## **PUBLIC DISCLOSURE**

June 13, 2022

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

BankFinancial, National Association  
Charter Number: 25140

21220 Western Avenue  
Olympia Fields, IL 60461-1929

ADC – Downers Grove Field Office (8308)  
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.

## Table of Contents

Overall CRA Rating.....	3
Description of Institution.....	4
Scope of the Evaluation.....	5
Discriminatory or Other Illegal Credit Practices Review.....	6
State Rating.....	7
State of Illinois.....	7
Appendix A: Scope of Examination.....	A-1
Appendix B: Summary of State Ratings.....	B-1
Appendix C: Definitions and Common Abbreviations.....	C-1
Appendix D: Tables of Performance Data.....	D-1

## Overall CRA Rating

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

The following table indicates the performance level of BankFinancial (BF) with respect to the lending, investment, and service tests:

Performance Levels	BankFinancial Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			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:

- Lending levels reflect excellent responsiveness to meeting the credit needs in the BankFinancial (BF) assessment area (AA), given the bank’s product mix, business strategy, and community development activities had a significantly positive impact on the bank’s performance.
- BF made extensive use of innovative or flexible practices within the BF AA in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank’s responsiveness to the community development needs is excellent in their AA, as they made a significant level of investments, grants, and donations.
- The bank’s branch distribution and retail banking services are accessible to geographies and individuals of different income levels within its AA. Additionally, the bank engaged in a relatively high level of community development (CD) services.

### Lending in Assessment Area

An adequate percentage of the bank’s loans are in its assessment area. The bank originated and purchased 64.1 percent of its total loans inside the AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geographies.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	207	57.8	151	42.2	358	102,377	38.7	162,003	61.3	264,380
Small Business	622	66.5	314	33.5	936	50,137	54.2	42,417	45.8	92,554
Total	829	64.1	465	35.9	1,294	152,513	42.7	204,420	57.3	356,933

The bank originated a total of 1,294 loans over a three-period ranging from 2019 to 2021. Sixty-four percent, or 829 loans, were originated within the AA. Home mortgage originations remained consistent over the three-year period with an average of 57.8 percent within the AA. Small business loans originations saw a decrease in 2021; however, overall originations over the three-year period had an average of 66.5 percent.

## Description of Institution

BankFinancial, NA (“BF” or “bank”) is a full-service intrastate community bank. BF is wholly owned by BankFinancial Corporation, a one-bank holding company with consolidated assets of \$1.7 billion as of December 31, 2021. For the same reporting period, the bank had total assets of \$1.7 billion and tier 1 capital of \$165.6 million. The loan portfolio totaled \$1 billion and consisted of 42.2 percent of multifamily loans, 44.1 percent commercial loans, 10.1 percent non-farm non-residential loans, 3.41 percent one- to four-family residential loans, and 0.19 percent consumer and other loans.

The bank also offers its customers a variety of financial products and services that are related or ancillary to loans and deposits, including cash management, funds transfers, bill payment and other online banking transactions, automated teller machines, safe deposit boxes, trust services, and wealth management. The bank owns two subsidiary companies including Financial Assurance Services, Inc. and BF Asset Recovery. Financial Assurance Services, Inc. offers general insurance agency services, and BF Asset Recovery is an Illinois corporation that holds titles to other real estate owned properties. The bank exited the retail consumer lending market in 2017, and its lending strategy now centers on originating multifamily and small business loans within their AA.

During the COVID-19 pandemic, the bank participated in the Small Business Administration’s Paycheck Protection Program (PPP) in years 2020-2021. The bank engaged in both rounds of PPP. The first round focused on existing business customers while the second round was centered on existing and new customers located in low-to-moderate-income census tracts. Small business loans increased significantly during the evaluation period as a result of the PPP loan program and is the largest driving factor impacting the lending, investment, and service opportunities in the assessment area.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated BF's CRA Performance using Large Bank evaluation procedures, which assessed the bank's performance under the lending, investment, and service tests. In evaluating the bank's lending performance, we reviewed BF's small loans to businesses included on their CRA loan application registers (LARs) and residential mortgage loans recorded on their HMDA LARs for the period from January 1, 2019, through December 31, 2021. For purposes of this evaluation residential/home mortgage loans consist of multifamily loans only.

We evaluated BF's community development (CD), retail services, qualified investments, and CD lending for the period beginning January 1, 2019, through December 31, 2021. The investment test included a review of investments, grants, and donations made by the bank during the current and prior evaluation periods. Evaluation of services included an assessment of the bank's branch distribution, hours of operation, alternative delivery systems, deposit products and services, and CD services provided by the bank throughout the BF AA. Refer to Appendix A for additional information regarding the scope of the review and the AA.

### **Selection of Areas for Full-Scope Review**

A full scope review was performed of bank performance in its only AA.

### **Ratings**

The bank's overall rating is based on the full scope review of performance in the BF AA located in the Chicago-Naperville-Elgin IL-IN-WI MSA.

When determining conclusions for the lending test, home mortgage lending was given greater weight than small business lending. This weighting is reflective of the bank's distribution of lending volume throughout the three-year evaluation period. Within home mortgage lending, we gave the greatest weight to the bank's financing of multifamily properties, as it is the bank's primary lending focus.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **CRA Performance Complaints**

BF did not receive any complaints regarding its CRA performance during the evaluation period.

## State Rating

### State of Illinois

**CRA rating for the State of Illinois:** Outstanding

**The Lending Test is rated:** Outstanding

**The Investment Test is rated:** Outstanding

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to meeting the credit needs in the BankFinancial (BF) assessment area (AA), given the bank's product mix, business strategy, and community development activities had a significantly positive impact on the bank's performance.
- BF made extensive use of innovative or flexible practices within the BF AA in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank's responsiveness to the community development needs is excellent in their AA, as they made a significant level of investments, grants, and donations.
- The bank's branch distribution and retail banking services are accessible to geographies and individuals of different income levels within its AA. Additionally, the bank engaged in a relatively high level of community development (CD) services.

### Description of Institution's Operations in Illinois

BF is headquartered in Olympia Fields, IL, in Cook County. The bank has 19 branches, including the main office in Olympia Fields, and ATMs at all branch locations as well as three stand-alone ATM locations in Chicago, Calumet Park, and Downers Grove. There have been no branch acquisitions or mergers since the prior CRA examination. BF has one designated AA (BF AA), which consists of the whole counties of Cook, DuPage, and Will in the Chicago-Naperville-Arlington Heights Metropolitan Division (Chicago MD) and Lake County in the Lake County-Kenosha County MD (Lake County MD). Both MDs are part of the Chicago-Naperville-Evanston IL-IN-WI MSA.

The most recent Federal Deposit Insurance Corporation (FDIC) deposit market share data as of June 30, 2021, showed that BF had a 0.28 percent market share and ranked 31 out of 128 financial institutions taking deposits in the BF AA. Deposit competition within the AA is strong and includes numerous national, regional, and community financial institutions. The financial institutions with the top four deposit market shares within the AA include JP Morgan Chase, NA, BMO Harris Bank N.A., Bank of America, NA, and The Northern Trust Company and collectively they held 55.8 percent of the total deposits. The following table depicts demographic information for the bank's assessment area:

Table A – Demographic Information of the Assessment Area						
Assessment Area: BankFinancial AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,841	14.9	24.0	27.5	32.6	0.9
Population by Geography	7,553,698	11.1	24.1	30.2	34.4	0.3
Housing Units by Geography	3,034,026	11.3	23.0	29.9	35.4	0.4
Owner-Occupied Units by Geography	1,718,054	5.0	18.3	33.8	42.7	0.1
Occupied Rental Units by Geography	1,029,054	18.4	29.4	25.2	26.2	0.7
Vacant Units by Geography	286,918	23.6	27.9	23.7	24.2	0.5
Businesses by Geography	684,046	6.6	17.1	27.2	48.6	0.5
Farms by Geography	8,742	4.7	17.5	33.1	44.6	0.1
Family Distribution by Income Level	1,774,419	24.1	16.3	18.2	41.4	0.0
Household Distribution by Income Level	2,747,108	26.0	15.3	16.8	41.9	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$75,024	Median Housing Value			\$251,497
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI		\$87,137	Median Gross Rent			\$1,054
			Families Below Poverty Level			10.9%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Information collected from the community contacts during this examination and obtained from an OCC database expressed the need for financial institutions to support local small businesses, provide financing to investors of multifamily buildings for acquisition and rehabilitation in low-to-moderate-income geographies, increase accessibility to banking services, and support first-time homebuyer programs.

### Scope of Evaluation in Illinois

Examiners completed a full-scope review of the bank's one AA. Refer to the scoping section above or Appendix A for more information.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS

### LENDING TEST

The institution's performance under the lending test is rated **Outstanding**. Based on a full-scope review, the bank's performance in the AA was excellent.

### Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs. Lending levels reflect excellent responsiveness to meeting credit needs in the BF AA given the bank's product mix and business strategy.



<b>Number of Loans</b>					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
BF AA	207	622	N/A	113	942

<b>Dollar Volume of Loans</b>					
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total
BF AA	102,377	50,137	N/A	53,260	205,774

Market share reports for the year 2020 showed the bank ranked 266 of 870 home mortgage lenders in the AA and has a market share for home lending of 0.02 percent. The bank ranked four out of 335 small business lenders in the AA for a market share of 6.38 percent.

Management made the decision to prioritize home mortgage lending in the financing or refinancing of multifamily residential properties or for investor-owned multifamily residential properties for which borrower income was not required to report. Therefore, we did not perform an analysis on the borrower distribution of loans reported as home mortgages. Over the evaluation period, the bank experienced a substantial increase in small business lending due to participation in the first and second rounds of the PPP program which also increased lending outside the assessment area. PPP loans did not require revenue information to be recorded. This led to businesses with revenues not available making up 73 percent of all small business loans originated or purchased limiting our analysis to the 27 percent of loans where revenue information was recorded. However, we were able to expand our analysis of small business loans due to the bank providing internal documents that analyzed the revenues of PPP loan borrowers through deposit accounts.

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

The bank exhibits an excellent geographic distribution of loans in its AA.

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

Refer to Table O of appendix D for the data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of BF home mortgages loans in the AA is excellent.

#### **Years 2019-2021**

The geographic distribution of the bank's mortgage loan origination in the 2019-2021 evaluation period was excellent. Demographics from the 2015 ACS census found that 5.0 percent of the owner-occupied housing units (OOHUs) within the AA were in low-income census tracts and 18.3 percent were in moderate-income census tracts. Bank lending in low-income census tracts at 22.7 percent greatly exceeded aggregate peer performance at 3 percent as well as the percentage of OOHUs. Bank lending in moderate-income census tracts at 44 percent greatly exceeded aggregate peer performance at 12.6 percent as well as the percentage of OOHUs.

***Small Loans to Businesses***

Refer to Table Q of appendix D for the data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Overall, the geographic distribution of BF small business loans within the AA is reasonable.

**Years 2019-2021**

The bank's small business lending to geographies of different income levels in the evaluation period from 2019-2021 is reasonable. Lending in moderate-income census tracts at 15.3 percent is within the reasonable range of the aggregate peer performance of 16.3 percent and the percentage of small businesses in the moderate-income tracts at 17.1 percent. Bank lending in low-income census tracts at 3.5 percent is within a reasonable range of the aggregate peer performance of 5.4 percent and the percentage of business in low-income census tracts at 6.6 percent.

***Lending Gap Analysis***

Maps and reports detailing BF's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

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

The bank exhibits an excellent distribution of loans among individuals of different income levels and business and farms of different sizes.

***Home Mortgage Loans***

We did not perform an analysis on the borrower distribution of loans reported as home mortgages as the bank exited the retail consumer lending market in 2017 and its lending strategy now centers on originating multifamily loans within their AA. Multifamily loans do not include individual income information; therefore, an analysis is not meaningful.

***Small Loans to Businesses***

Refer to Table R of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

Overall, the distribution of small business loans to business of different sizes is excellent.

**Years 2019-2021**

The bank's origination of small business loans to small businesses with annual revenues equal to or less than \$1 million was excellent. A total of 622 small business loans were originated or purchased in the 2019-2021 evaluation period. Of the total small business loans, 21.2 percent were made to small business with annual revenues equal to or less than \$1 million, which is below the percentage of businesses in the AA at 86.8 percent and the aggregate peer performance of 37.6 percent. Of the loans originated or purchased, 168 have revenue information recorded of which 131 were made to small

business with revenues less than or equal to \$1 million and would represent 78 percent of loans that recorded revenue information.

Since the first and second rounds of PPP loans did not require the reporting of annual revenues, we were required to use internal bank reports to determine the overall distribution of the PPP loans that did not report annual revenues. Through bank reports we were able to determine the revenue information of 502 of the 527 PPP loans originated inside the AA over the 2020-2021 time period. Of the PPP loans, 409 were originated to businesses with less than or equal to \$1 million in revenues, of which 92 already had revenue information reported and were reflected in Table R. The bank originated 317 of the loans to PPP customers with revenues less than or equal to \$1 million inside the AA. With this information, in total 448 small business loans were originated to small business customers with revenues less than or equal to \$1 million and would represent in total 72 percent of small business loans. This remains below the percentage of business in the AA but well above the aggregate peer performance.

## **Community Development Lending**

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

BF originated or renewed CD loans totaling \$53.3 million, which represents 32.2 percent of the bank's tier 1 capital (\$165.6 million) as of December 31, 2021. The bank originated 113 multifamily affordable housing loans compared to 81 loans totaling \$45 million during the prior assessment period. The CD loans originated by BF demonstrated responsiveness to needs identified by community contacts, particularly in regard to the provision of affordable housing.

BF's multifamily lending activity, during the current assessment period, provided 1,053 units of affordable housing to individuals and families. This included 27 loans that provided 121 units with subsidized-housing assistance to eligible tenants.

## **Product Innovation and Flexibility**

BF made extensive use of innovative or flexible practices within the BF AA, which had a positive impact on the lending test conclusions. Following is a summary of the innovative and flexible loan products that were available during the assessment period:

- Small Dollar Lending Products

The bank offers two loan products that meet the small dollar credit needs of low- and moderate-income borrowers: SurePay Line of Credit and LifeLine of Credit. Both are small dollar loan products available to borrowers that hold BF deposit accounts. The SurePay product offers lines of credit totaling \$1,000, \$2,500, or \$5,000. The LifeLine of Credit is a smaller dollar option with lines available from \$50 to \$1,000. There is no credit report review to qualify, but rather the bank reviews the borrower's deposit account activity.

During the assessment period, the bank originated 131 SurePay loans and 877 LifeLine loans totaling \$303,557 and \$434,937, respectively. Borrowers in low- and moderate- income census

tracts accounted for 51.5 percent of the total number of small dollar loans originated and 39.8 percent of the total dollar amount of small dollar lending.

- Flexible Repayment: COVID-19 Pandemic Loan Deferral Programs

To assist borrowers with the economic disruption caused by the COVID-19 pandemic in 2020, BF offered loan deferral programs that temporarily suspended or modified loan payments pursuant to the CARES Act of 2020. BF completed a total of 182 loan deferrals in 2020, and all programs successfully concluded in 2021 with zero borrower defaults. Refer to specific deferral programs below:

Small-Balance Apartment Loan Deferral Program-

BF completed 40 small-balance apartment loan deferrals (\$14,174,131) in 2020, of which 38 (95 percent) involved loans in BF's AA. The 38 small-balance apartment loan deferrals completed within the AA had a total principal balance of \$13,329,627 as of April 30, 2020, of which \$4,373,671 (38 percent) were loans in low- and moderate-income census tracts. The average loan balance in the small-balance apartment loan deferral program was \$354,350.

Standard Apartment & Commercial Real Estate Loan Deferral Program-

BF completed 114 standard apartment and commercial real estate (CRE) loan deferrals (\$100,170,443) in 2020 with 96 (84.2 percent) located in BF's AA. The 96 standard apartment and CRE loan deferrals within the AA had a total principal balance of \$76,049,999, of which \$23,819,058 (42 percent) were loans in low- and moderate-income census.

- Paycheck Protection Program Activity

In 2020 and 2021, BF participated in the SBA Paycheck Protection Program (PPP). The bank originated 550 PPP loans totaling \$21.2 million. Of the total PPP loan originations, 523 (95 percent) loans for \$19.2 million (91 percent) were to businesses located in BF's AA. Of the 523 loans in BF's AA, 83 (16 percent) loans for \$3.3 million (17 percent) were to businesses located in low- to moderate-income (LMI) census tracts.

To ensure the broadest distribution of the limited funds available, BF focused its PPP 2020 lending on existing business customers with a limit of \$150,000 per loan. To help expand the availability of banking services in LMI and SM census tracts, the bank expanded its PPP 2021 lending to include new business deposit customers.

## INVESTMENT TEST

The institution's performance under the Investment Test in the AA is rated **Outstanding**.

Based on a full-scope review, the institution's performance in the AA is excellent

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits excellent responsiveness to credit and community economic development needs. The institution makes extensive use of innovative and/or complex investments to support CD initiatives.

## Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Inside AA	9	3,522	125	775	134	68.0	4,297	22.1	0	0
Outside AA	19	4,709	44	10,413	63	32.0	15,122	77.9	0	0

\* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

For our review of qualified investments, we focused on the volume and types of investments, grants, and donations made by the bank relative to the CD opportunities in the AA. The bank has an excellent level of qualified investments, grants, and donations. The volume of qualified CD investments was \$11.2 million (6.8 percent of tier 1 capital) during the current assessment period and \$8.2 million (5.0 percent of tier 1 capital) from the prior period that were outstanding at beginning of the current period. The combined total was \$19.4 million or 11.7 percent of tier 1 capital, which is an increase compared to the prior assessment period of \$17.3 million or 10.7 percent of tier 1 capital.

- In response to AA needs during the evaluation period, many CD investments were made to non-profit organizations whose primary focus met one of the definitions of community development. Specifically, two investment purchases totaling \$400,000 were made in the AA to a non-profit organization to develop moderate-income neighborhood park facilities.
- The bank purchased 65 certificates of deposit in minority- or women-owned financial institutions, and low-income credit unions, which meet CD criteria.

The bank provided two grant programs that benefitted 29 recipients during the current assessment period. The Federal Home Loan Bank COVID-19 Relief Grant provided 20 recipients throughout the bank's AA with \$1,000 to support their community development missions. The BankFinancial Community Reinvestment Grant Program provided 9 local businesses and non-profit organizations with grants ranging between \$1,000 and \$3,000.

## SERVICE TEST

The institution's performance under the Service Test in the AA is rated **High Satisfactory**.

Based on a full-scope review, the institution's performance in the AA is good.

## Retail Banking Services

The bank's service delivery systems are accessible to geographies and individuals of different income levels in the BF AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
BankFinancial AA	100%	19	100	0.0	21.1	26.3	52.6	11.1	24.1	30.2	34.4

The bank has 19 full-service branch offices and three limited-service ATMs within their AA. Eleven of the bank's branches are located in Cook County, four are located in Lake County, three are located in DuPage County, and one is located in Will County. The bank has no branch locations in low-income census tracts within the AA, which is below the population percentage. Four branches are located in moderate-income census tracts and is within a reasonable range of the population percentage.

The bank did not open or permanently close branches during the evaluation period. The temporary closure of the Libertyville South branch occurred due to staffing shortages and did not affect the accessibility of service systems, particularly to low- or moderate-income census tracts.

The bank's hours and services did not vary significantly in a way that inconvenienced individuals living in low- or moderate-income census tracts. The lobby hours are generally 10AM-4PM Monday through Friday, which is a change from the prior examination period of 9AM-5PM. However, drive-thru hours compensate for the decline in lobby hours by generally opening from 8:30AM-5:30PM. The lobbies are also typically open 9AM-12PM on Saturdays. One branch has Sunday lobby hours from 9AM-1PM. All branches have 24-hour drive-up ATM services. The distribution of ATMs is adequate. The bank has 19 branch ATMs and three offsite ATM locations in the AA. BF has two ATMs located in upper-income areas and one located in a moderate-income area. The bank did close two ATMs over the evaluation period due to lack of usage, with one in an upper income census tract and the other in a moderate-income census tract.

Services are uniform across the bank's 19 branches. BF utilizes alternative banking systems to expand its reach and increase accessibility for their customers. BF offers online and mobile banking through its website and mobile banking application. These systems reach the needs of low- and moderate-income individuals in the AA. For many low-to-moderate- income individuals, mobile banking is the most convenient and affordable way to use services with the bank, maintaining strong penetration of online and mobile banking service deliveries to those census tracts. Low- and moderate-income persons comprising the usage of online and mobile banking totals 30.7 percent and 31.7 percent, respectively. The Bank at Work Program, which provides basic banking services to businesses, is targeted to low-income areas.

## Community Development Services

The institution provides a significant level of CD services.

During the assessment period, 34 bank employees provided 706 hours and served 33 organizations whose missions or specific activities met CD criteria. Community services provided included financial literacy courses, as well as participation in leadership roles at groups that championed affordable

housing causes. Of the total number of hours served, 148 were spent in leadership roles ranging from board member to President. Below are some of the most prominent service activities.

- Two bank employees provided 173 service hours to a minority owned organization in a low-income census tract within the bank's AA. The service hours consisted of financial education training for residents in a predominately low-income area. The training focused on money management skills and budgeting workshops.
- Five bank employees provided 61 service hours to a Federally Qualified Health Center (FQHC) located in a moderate-income census tract within the bank's AA. The service hours consisted of financial education training for residents in low-and moderate-income areas.
- A member of bank management provided 49 service hours to a non-profit organization that provides affordable housing in low-and moderate-income census tracts within the bank's AA. The member of management served as a board director and member of the finance committee.

## 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 MSAs and non-MSAs 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 CD Loans): 01/01/2019 to 12/31/2021 Investment and Service Tests and CD Loans: 01/01/2019 to 12/31/2021	
<b>Bank Products Reviewed:</b>	Home mortgage loans, small business loans, community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Financial Assurance Services, Inc. BankFinancial Asset Recovery	Subsidiary Company Subsidiary Company	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA(s)</b>		
Chicago-Naperville-Arlington Heights Metropolitan Division (Chicago MD) Lake County-Kenosha County MD (Lake County MD)	Full Scope	Cook, DuPage, and Will County  Lake County
<b>State</b>		
Illinois		



## Appendix B: Summary of State Ratings

---

<b>RATINGS: BankFinancial, NA</b>				
<b>Overall Bank:</b>	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Rating
BankFinancial, NA	Outstanding	Outstanding	High Satisfactory	Outstanding
<b>State:</b>				
Illinois	Outstanding	Outstanding	High Satisfactory	Outstanding

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

## Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

**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-Scope 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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

**MMSA (state):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 Consolidated Report of Condition and Income (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.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2019-21**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bank Financial AA	207	102,377	100.0	380,694	5.0	22.7	3.0	18.3	44.0	12.6	33.8	23.7	30.3	42.7	9.7	54.0	0.1	0.0	0.1
<b>Total</b>	<b>207</b>	<b>102,377</b>	<b>100.0</b>	<b>380,694</b>	<b>5.0</b>	<b>22.7</b>	<b>3.0</b>	<b>18.3</b>	<b>44.0</b>	<b>12.6</b>	<b>33.8</b>	<b>23.7</b>	<b>30.3</b>	<b>42.7</b>	<b>9.7</b>	<b>54.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2019-21**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bank Financial AA	622	50,137	100.0	233,635	6.6	3.5	5.4	17.1	15.3	16.3	27.2	28.3	28.9	48.6	52.7	49.0	0.5	0.2	0.3
<b>Total</b>	<b>622</b>	<b>50,137</b>	<b>100.0</b>	<b>233,635</b>	<b>6.6</b>	<b>3.5</b>	<b>5.4</b>	<b>17.1</b>	<b>15.3</b>	<b>16.3</b>	<b>27.2</b>	<b>28.3</b>	<b>28.9</b>	<b>48.6</b>	<b>52.7</b>	<b>49.0</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%



<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2019-21</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>		
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	
BankFinancial AA	622	50,137	100.0	233,635	86.8	21.2	37.6	5.0	5.8	8.1	73.0	
<b>Total</b>	<b>622</b>	<b>50,137</b>	<b>100.0</b>	<b>233,635</b>	<b>86.8</b>	<b>21.2</b>	<b>37.6</b>	<b>5.0</b>	<b>5.8</b>	<b>8.1</b>	<b>73.0</b>	

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data "--" data not available.  
 Due to rounding, totals may not equal 100.0%