

BankFinancial CORP
Form 10-Q
May 08, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended March 31, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from _____ to _____
Commission File Number 0-51331

BANKFINANCIAL CORPORATION
(Exact Name of Registrant as Specified in Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

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

15W060 North Frontage Road, Burr Ridge, Illinois 60527
(Address of Principal Executive Offices)
Registrant's telephone number, including area code: (800) 894-6900
Not Applicable
(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date, at May 6, 2013, there were 21,072,966 shares of Common Stock, \$0.01 par value, outstanding.

BANKFINANCIAL CORPORATION

Form 10-Q

March 31, 2013

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BANKFINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share and per share data) - Unaudited

	March 31, 2013	December 31, 2012
Assets		
Cash and due from other financial institutions	\$17,742	\$20,361
Interest-bearing deposits in other financial institutions	293,386	255,403
Cash and cash equivalents	311,128	275,764
Securities, at fair value	61,273	77,832
Loans held-for-sale	55	2,166
Loans receivable, net of allowance for loan losses: March 31, 2013, \$17,453 and December 31, 2012, \$18,035	1,004,404	1,030,465
Other real estate owned, net	8,088	10,358
Stock in Federal Home Loan Bank, at cost	7,566	8,412
Premises and equipment, net	37,530	38,251
Accrued interest receivable	3,951	4,146
Core deposit intangible	2,882	3,038
Bank owned life insurance	21,715	21,645
FDIC prepaid expense	2,188	2,658
Income tax receivable	—	461
Other assets	5,355	5,996
Total assets	\$1,466,135	\$1,481,192
Liabilities:		
Deposits		
Noninterest-bearing	\$131,856	\$134,597
Interest-bearing	1,139,694	1,147,754
Total deposits	1,271,550	1,282,351
Borrowings	2,740	5,567
Advance payments by borrowers taxes and insurance	9,790	10,705
Accrued interest payable and other liabilities	8,416	9,679
Total liabilities	1,292,496	1,308,302
Commitments and contingent liabilities		
Stockholders' equity:		
Preferred Stock, \$0.01 par value, 25,000,000 shares authorized, none issued or outstanding	—	—
Common Stock, \$0.01 par value, 100,000,000 shares authorized; 21,072,966 shares issued at March 31, 2013 and December 31, 2012	211	211
Additional paid-in capital	193,544	193,590
Retained earnings (deficit)	(9,118	) (9,796)
Unearned Employee Stock Ownership Plan shares	(11,992	) (12,233)
Accumulated other comprehensive income	994	1,118
Total stockholders' equity	173,639	172,890
Total liabilities and stockholders' equity	\$1,466,135	\$1,481,192

See accompanying notes to the consolidated financial statements.

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BANKFINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data) - Unaudited

	For the Three Months Ended March 31,	
	2013	2012
Interest and dividend income		
Loans, including fees	\$12,278	\$16,112
Securities	250	442
Other	185	80
Total interest income	12,713	16,634
Interest expense		
Deposits	986	1,214
Borrowings	8	26
Total interest expense	994	1,240
Net interest income	11,719	15,394
Provision for loan losses	722	996
Net interest income after provision for loan losses	10,997	14,398
Noninterest income		
Deposit service charges and fees	499	557
Other fee income	375	385
Insurance commissions and annuities income	109	122
Gain on sale of loans, net	1,417	267
Loan servicing fees	123	128
Amortization and impairment of servicing assets	(33	) (82
Earnings on bank owned life insurance	70	126
Trust	181	184
Other	125	145
	2,866	1,832
Noninterest expense		
Compensation and benefits	6,752	6,679
Office occupancy and equipment	1,948	2,032
Advertising and public relations	146	106
Information technology	749	848
Supplies, telephone, and postage	461	390
Amortization of intangibles	156	163
Nonperforming asset management	694	1,240
Operations of other real estate owned	511	552
FDIC insurance premiums	492	348
Other	1,276	1,078
	13,185	13,436
Income before income taxes	678	2,794
Income tax expense	—	457
Net income	\$678	\$2,337
Basic earnings per common share	\$0.03	\$0.12
Diluted earnings per common share	\$0.03	\$0.12
Weighted average common shares outstanding	19,964,028	19,835,273
Diluted weighted average common shares outstanding	19,964,028	19,836,080

See accompanying notes to the consolidated financial statements.

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BANKFINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands) - Unaudited

	For the Three Months Ended March 31,	
	2013	2012
Net income	\$ 678	\$ 2,337
Unrealized holding loss arising during the period, net of tax	(124	) (55
Amount reclassified from accumulated other comprehensive income	—	—
Net current period other comprehensive loss	(124	) (55
Comprehensive income	\$ 554	\$ 2,282

See accompanying notes to the consolidated financial statements.

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BANKFINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands, except per share data) - Unaudited

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unearned Employee Stock Ownership Plan Shares	Accumulated Other Comprehen-sive Income	Total
Balance at January 1, 2012	\$211	\$193,801	\$17,946	\$(13,212)	\$ 1,111	\$199,857
Net income	—	—	2,337	—	—	2,337
Other comprehensive income, net of tax effects	—	—	—	—	(55)	(55)
Nonvested stock awards-stock-based compensation expense	—	21	—	—	—	21
Cash dividends declared on common stock (\$0.01 per share)	—	—	(211)	—	—	(211)
ESOP shares earned	—	(82)	—	244	—	162
Balance at March 31, 2012	\$211	\$193,740	\$20,072	\$(12,968)	\$ 1,056	\$202,111
Balance at January 1, 2013	\$211	\$193,590	\$(9,796)	\$(12,233)	\$ 1,118	\$172,890
Net income	—	—	678	—	—	678
Other comprehensive income, net of tax effects	—	—	—	—	(124)	(124)
ESOP shares earned	—	(46)	—	241	—	195
Balance at March 31, 2013	\$211	\$193,544	\$(9,118)	\$(11,992)	\$ 994	\$173,639

See accompanying notes to the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) - Unaudited

	For the Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities		
Net income	\$678	\$2,337
Adjustments to reconcile to net income to net cash from operating activities		
Provision for loan losses	722	996
ESOP shares earned	195	162
Stock-based compensation expense	—	21
Depreciation and amortization	1,111	1,154
Amortization of premiums and discounts on securities and loans	(214	) (943
Amortization of core deposit and other intangible assets	156	163
Amortization and impairment of servicing assets	33	82
Net change in net deferred loan origination costs	14	60
Net loss (gain) on sale of other real estate owned	69	(139
Net gain on sale of loans	(1,417	) (267
Loans originated for sale	(3,357	) (6,127
Proceeds from sale of loans	4,163	7,791
Other real estate owned valuation adjustments	89	389
Net change in:		
Accrued interest receivable	195	662
Earnings on bank owned life insurance	(70	) (126
Other assets	1,163	603
Accrued interest payable and other liabilities	(1,263	) (2,553
Net cash from operating activities	2,267	4,265
Cash flows from investing activities		
Securities		
Proceeds from maturities	14,626	6,455
Proceeds from principal repayments	4,938	6,209
Purchases of securities	(3,175	) (1,153
Loans receivable		
Principal payments on loans receivable	130,457	156,725
Purchases of loans	—	—
Originated for investment	(105,573	) (108,142
Proceeds from sale of loans	2,868	—
Proceeds of redemption of Federal Home Loan Bank of Chicago stock	846	5,010
Proceeds from sale of other real estate owned	2,667	2,984
Purchase of premises and equipment, net	(14) (685
Net cash from investing activities	47,640	67,403

Continued

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) - Unaudited

	For the Three Months Ended	
	March 31,	
	2013	2012
Cash flows from financing activities		
Net change in deposits	\$(10,801	) \$(11,914
Net change in borrowings	(2,827	) (2,840
Net change in advance payments by borrowers for taxes and insurance	(915	) 673
Repurchase and retirement of common stock	—	—
Cash dividends paid on common stock	—	(211
Net cash used in financing activities	(14,543	) (14,292
Net change in cash and cash equivalents	35,364	57,376
Beginning cash and cash equivalents	275,764	120,704
Ending cash and cash equivalents	\$311,128	\$178,080
Supplemental disclosures of cash flow information:		
Interest paid	\$1,014	\$1,263
Income taxes paid	—	—
Income taxes refunded	461	—
Loans transferred to other real estate owned	555	1,127

See accompanying notes to the consolidated financial statements.

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: BankFinancial Corporation, a Maryland corporation headquartered in Burr Ridge, Illinois (the “Company”), is the owner of all of the issued and outstanding capital stock of BankFinancial, F.S.B. (the “Bank”).

Principles of Consolidation: The interim unaudited consolidated financial statements include the accounts of and transactions of BankFinancial Corporation, the Bank, and the Bank’s wholly-owned subsidiaries, Financial Assurance Services, Inc. and BF Asset Recovery Corporation (collectively, “the Company”), and reflect all normal and recurring adjustments that are, in the opinion of management, considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. All significant intercompany accounts and transactions have been eliminated. The results of operations for the three months ended March 31, 2013, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2013.

Certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission.

Use of Estimates: To prepare financial statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses, mortgage servicing rights, deferred tax assets, goodwill, other intangible assets, stock-based compensation, impairment of securities and fair value of financial instruments are particularly subject to change and the effect of such change could be material to the financial statements.

Reclassifications: Certain reclassifications have been made in the prior period’s financial statements to conform them to the current period’s presentation.

These unaudited consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board issued an amendment to improve the reporting of reclassifications out of accumulated other comprehensive income. ASC Topic 220, “Comprehensive Income” amended prior guidance to improve the reporting of reclassifications out of accumulated other comprehensive income by requiring an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount reclassified is required under GAAP. The Company adopted this new authoritative guidance on January 1, 2013, and it did not have an impact on the Company’s statements of operations and financial condition as the Company did not have any amounts reclassified during the periods ended March 31, 2013 and 2012.

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 2 - EARNINGS PER SHARE

Amounts reported in earnings per share reflect earnings available to common stockholders for the period divided by the weighted average number of shares of common stock outstanding during the period, exclusive of unearned ESOP shares and unvested restricted stock shares. Stock options and restricted stock are regarded as potential common stock and are considered in the diluted earnings per share calculations to the extent that they would have a dilutive effect if converted to common stock.

	For the Three Months Ended March 31,	
	2013	2012
Net income available to common stockholders	\$678	\$2,337
Average common shares outstanding	21,072,966	21,072,966
Less:		
Unearned ESOP shares	(1,108,938	) (1,233,359
Unvested restricted stock shares	—	(4,334
Weighted average common shares outstanding	19,964,028	19,835,273
Add - Net effect of dilutive stock options and unvested restricted stock	—	807
Weighted average dilutive common shares outstanding	19,964,028	19,836,080
Basic earnings per common share	\$0.03	\$0.12
Diluted earnings per common share	\$0.03	\$0.12
Number of antidilutive stock options excluded from the diluted earnings per share calculation	—	2,055,553
Weighted average exercise price of anti-dilutive option shares	\$—	\$16.53

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 3 - SECURITIES

The fair value of securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income is as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2013				
Certificates of deposit	\$22,281	\$—	\$—	\$22,281
Municipal securities	350	16	—	366
Equity mutual fund	500	24	—	524
Mortgage-backed securities - residential	31,026	1,614	(31	) 32,609
Collateralized mortgage obligations - residential	5,398	63	(8	) 5,453
SBA-guaranteed loan participation certificates	40	—	—	40
	\$59,595	\$1,717	\$(39	) \$61,273
December 31, 2012				
Certificates of deposit	\$33,456	\$—	\$—	\$33,456
Municipal securities	350	19	—	369
Equity mutual fund	500	28	—	528
Mortgage-backed securities - residential	32,572	1,661	—	34,233
Collateralized mortgage obligations - residential	9,111	95	(2	) 9,204
SBA-guaranteed loan participation certificates	42	—	—	42
	\$76,031	\$1,803	\$(2	) \$77,832

Mortgage-backed securities and collateralized mortgage obligations reflected in the preceding table were issued by U.S. government-sponsored entities and agencies, Freddie Mac, Fannie Mae and Ginnie Mae, and are obligations which the government has affirmed its commitment to support. All securities reflected in the preceding table were classified as available-for-sale at March 31, 2013 and December 31, 2012.

The amortized cost and fair values of securities by contractual maturity are shown below. Securities not due at a single maturity date are shown separately. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2013	
	Amortized Cost	Fair Value
Due in one year or less	\$22,451	\$22,455
Due after one year through five years	180	192
	22,631	22,647
Equity mutual fund	500	524
Mortgage-backed securities - residential	31,026	32,609
Collateralized mortgage obligations - residential	5,398	5,453
SBA-guaranteed loan participation certificates	40	40
	\$59,595	\$61,273

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 3 - SECURITIES (continued)

Securities with unrealized losses not recognized in income are as follows:

	Less than 12 Months		12 Months or More		Total	Unrealized
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
	Value	Loss	Value	Loss	Value	Loss
March 31, 2013						
Mortgage-backed securities - residential	\$2,673	\$(31)	\$—	\$—	\$2,673	\$(31)
Collateralized mortgage obligations - residential	—	—	1,142	(8)	1,142	(8)
	\$2,673	\$(31)	\$1,142	\$(8)	\$3,815	\$(39)
December 31, 2012						
Collateralized mortgage obligations - residential	\$—	\$—	\$1,956	\$(2)	\$1,956	\$(2)

The Company evaluates marketable investment securities with significant declines in fair value on a quarterly basis to determine whether they should be considered other-than-temporarily impaired under current accounting guidance, which generally provides that if a marketable security is in an unrealized loss position, whether due to general market conditions or industry or issuer-specific factors, the holder of the securities must assess whether the impairment is other-than-temporary.

A collateralized mortgage obligation that the Company holds in its investment portfolio remained in an unrealized loss position at March 31, 2013, but the unrealized loss was not considered significant under the Company's impairment testing methodology. In addition, the Company does not intend to sell this security, and it is likely that the Company will not be required to sell the security before its anticipated recovery occurs.

There were no sales of securities for the three months ended March 31, 2013 and 2012.

NOTE 4 - LOANS RECEIVABLE

Loans receivable are as follows:

	March 31, 2013	December 31, 2012
One-to-four family residential real estate loans	\$209,540	\$218,596
Multi-family mortgage loans	338,502	352,019
Nonresidential real estate loans	261,207	264,672
Construction and land loans	6,933	8,552
Commercial loans	55,362	61,388
Commercial leases	147,168	139,783
Consumer loans	2,414	2,745
Total loans	1,021,126	1,047,755
Net deferred loan origination costs	731	745
Allowance for loan losses	(17,453)	(18,035)
Loans, net	\$1,004,404	\$1,030,465

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 4 - LOANS RECEIVABLE

The following tables present the balance in the allowance for loan losses and the loans receivable by portfolio segment and based on impairment method:

	Allowance for loan losses				Loan Balances			
	Individually evaluated for impairment	Purchased impaired loans	Collectively evaluated for impairment	Total	Individually evaluated for impairment	Purchased impaired loans	Collectively evaluated for impairment	Total
March 31, 2013								
One-to-four family residential real estate loans	\$116	\$3	\$ 4,332	\$4,451	\$4,961	\$388	\$204,191	\$209,540
Multi-family mortgage loans	747	—	3,724	4,471	11,243	—	327,259	338,502
Nonresidential real estate loans	351	24	5,386	5,761	5,883	2,554	252,770	261,207
Construction and land loans	135	74	631	840	1,576	1,021	4,336	6,933
Commercial loans	81	—	1,149	1,230	882	21	54,459	55,362
Commercial leases	—	—	604	604	—	—	147,168	147,168
Consumer loans	—	—	96	96	—	—	2,414	2,414
	\$1,430	\$101	\$ 15,922	\$17,453	\$24,545	\$3,984	\$992,597	1,021,126
Net deferred loan origination costs								731
Allowance for loan losses								(17,453)
Loans, net								\$1,004,404
	Allowance for loan losses				Loan Balances			
	Individually evaluated for impairment	Purchased impaired loans	Collectively evaluated for impairment	Total	Individually evaluated for impairment	Purchased impaired loans	Collectively evaluated for impairment	Total
December 31, 2012								
One-to-four family residential real estate loans	\$137	\$5	\$ 4,584	\$4,726	\$5,256	\$380	\$212,960	\$218,596
Multi-family mortgage loans	729	—	3,851	4,580	4,801	—	347,218	352,019
Nonresidential real estate loans	401	8	5,136	5,545	11,918	2,568	250,186	264,672
Construction and land loans	294	96	641	1,031	2,210	1,021	5,321	8,552
Commercial loans	23	1	1,300	1,324	256	20	61,112	61,388
Commercial leases	—	—	666	666	—	—	139,783	139,783
Consumer loans	—	—	163	163	—	—	2,745	2,745
	\$1,584	\$110	\$ 16,341	\$18,035	\$24,441	\$3,989	\$1,019,325	1,047,755

Net deferred loan origination costs	745
Allowance for loan losses	(18,035)
Loans, net	\$1,030,465

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 4 - LOANS RECEIVABLE (continued)

Activity in the allowance for loan losses is as follows:

	For the Three Months Ended	
	March 31,	
	2013	2012
Beginning balance	\$18,035	\$31,726
Loans charged offs:		
One-to-four family residential real estate loans	(369	) (672
Multi-family mortgage loans	(236	) (554
Nonresidential real estate loans	(79	) (433
Construction and land loans	(927	) (47
Commercial loans	(19	) (138
Consumer loans	—	(12
	(1,630	) (1,856
Recoveries:		
One-to-four family residential real estate loans	242	111
Multi-family mortgage loans	57	384
Nonresidential real estate loans	19	31
Construction and land loans	2	184
Commercial loans	5	57
Commercial leases	—	—
Consumer loans	1	5
	326	772
Net charge-off	(1,304	) (1,084
Provision for loan losses	722	996
Ending balance	\$17,453	\$31,638
Impaired loans		

Several of the following disclosures are presented by “recorded investment,” which the FASB defines as “the amount of the investment in a loan, which is not net of a valuation allowance, but which does reflect any direct write-down of the investment.” The following represents the components of recorded investment:

Loan principal balance
Less unapplied payments
Plus negative unapplied balance
Less escrow balance
Plus negative escrow balance
Plus unamortized net deferred loan costs
Less unamortized net deferred loan fees
Plus unamortized premium
Less unamortized discount
Less previous charge-offs
Plus recorded accrued interest
Less reserve for uncollected interest
= Recorded investment

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 4 - LOANS RECEIVABLE (continued)

The following table presents loans individually evaluated for impairment by class of loans, excluding purchased impaired loans:

	Loan Balance	Recorded Investment	Partial Charge-off	Allowance for Loan Losses Allocated	Average Investment in Impaired Loans	Interest Income Recognized
March 31, 2013						
With no related allowance recorded:						
One-to-four family residential real estate loans	\$5,142	\$ 4,047	\$ 1,051	\$ —	\$ 2,983	\$ 15
One-to-four family residential real estate loans - non-owner occupied	810	649	139	—	1,379	7
Multi-family mortgage loans	7,651	7,379	4	—	3,417	12
Nonresidential real estate loans	4,088	3,467	251	—	5,519	2
Land loans	421	310	108	—	78	—
Commercial loans - secured	—	—	—	—	52	—
Commercial loans - unsecured	125	53	70	—	—	—
	18,237	15,905	1,623	—	13,428	36
With an allowance recorded:						
One-to-four family residential real estate loans	162	149	3	18	—	—
One-to-four family residential real estate loans - non-owner occupied	134	100	34	98	373	—
Multi-family mortgage loans	3,609	3,099	477	685	2,758	9
Wholesale commercial lending	656	647	—	62	162	7
Nonresidential real estate loans	2,628	2,404	181	351	2,511	3
Land loans	2,500	1,264	1,232	135	1,972	—
Commercial loans - secured	1,034	830	201	81	361	—
	10,723	8,493	2,128	1,430	8,137	19
Total	\$28,960	\$ 24,398	\$ 3,751	\$ 1,430	\$ 21,565	\$ 55

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BANKFINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Table amounts in thousands, except share and per share data)

NOTE 4 - LOANS RECEIVABLE (continued)

	Loan Balance	Recorded Investment	Partial Charge-off	Allowance for Loan Losses Allocated	Average Investment in Impaired Loans	Interest Income Recognized
December 31, 2012						
With no related allowance recorded:						
One-to-four family residential real estate loans	\$5,250	\$ 4,216	\$ 1,027	\$ —	\$ 2,814	\$ 149
One-to-four family residential real estate loans - non-owner occupied	567	534	34	—	4,322	90
Multi-family mortgage loans	2,959	2,106	819	—	9,303	189
Nonresidential real estate loans	11,850	9,220	2,490	—	6,218	347
Land loans	—	—	—	—	409	—
Commercial loans - secured	—	—	—	—	137	—
Commercial loans - other	529	52	477	—	25	21
Non-rated commercial leases	—	—	—	—	23	3
	21,155	16,128	4,847	—	23,251	799
With an allowance recorded:						
One-to-four family residential real estate loans	—	—	—	—	2,500	—
One-to-four family residential real estate loans - non-owner occupied	626	499	128	137	1,996	13
Multi-family mortgage loans	3,182	2,645	521	729	6,562	20
Wholesale commercial lending	—	—	—	—	—	—
Nonresidential real estate loans	2,825	2,549	266	401	21,077	20
Land loans	3,812	2,210	1,602	294		