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## BankFinancial Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). And your first question comes from the line of Mark Zahorik of Keeley Asset Management. Please proceed.

#### Mark Zahorik - Keeley Asset Management

Good morning. I noticed that over the course of the year, that you bought back, it looks like about 4.5% little bit less than that of the stock outstanding, and continued to buyback stock in the fourth quarter. Just was wondering what your intention was going forward with the excess capital, if you could give me -- give a little bit of color on that?

#### F. Morgan Gasior

Well, as we've said in previous calls, two things; one, the Board expanded the share repurchase program late last year and setup a structure for a few of us that we continue to observe... I would anticipate that given market conditions, share repurchases will be of increasing interest, given the current trading levels of the stock. As excess capital, share repurchases are one possible use of excess capital. Obviously, acquisitions and organic growth are two others, and we want to make sure at all times that we have plenty of capital to run the business especially in very turbulent times, both at the holding company and at the bank. Two, and we want to make sure that we have capital available for growth opportunity. So, while share repurchases are an important component to capital management, they are not the exclusive component.

#### Mark Zahorik - Keeley Asset Management

Alright, thank you. If I could just ask a follow-on question there, you mentioned acquisitions I am just wondering, there is probably opportunities in this kind of a market right now through the FDIC, or just others that are approaching you, because you do have a healthy level of excess capital. I'm just wondering, would you lean more towards that as of way of deploying this capital or would you prefer just to buyback stock?

#### F. Morgan Gasior

It's a very good question. Actually, a couple of different elements to that question that I can address for you. First; regulatory source deals, the FDIC is an example, we are principally interested in transactions that would be probably best represented by a clean purchase and assumption type transaction. To date, in Illinois we really haven't seen that opportunity up. The FDIC seems to be

down the payout of doing either loss sharing deals or hold bank deals. And truthfully we're not particularly interested in taking on somebody else's problems particularly in an environment where it seems that the exit strategies are diminished and could take quite a long time to do. And it just directs us from doing what we want to do with the core franchise.

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