



## Beneficial Mutual Bancorp, Inc. Announces Fourth Quarter and Year End Results

PHILADELPHIA, Feb 08, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Beneficial Mutual Bancorp, Inc. (the "Company") (Nasdaq: BNCL) today announced a net loss of \$168,000 or \$0.00 per share for the fourth quarter of 2007, compared to net income of \$3.4 million or \$0.08 per share for the fourth quarter of 2006. The loss included a \$3.9 million charge for severance benefits for 40 employees released in a reduction in force, which was announced on October 12, 2007, an increase in the provision for loan losses of \$2.2 million during the three months ended December 31, 2007 compared to the same three month period in 2006 and an impairment charge of \$1.2 million related to the value of common equity securities of various financial services companies that it deemed to be other- than-temporarily-impaired. These charges were partially offset by an income tax benefit of \$4.4 million recorded in the fourth quarter of 2007, compared to income tax expense of \$317,000 in the same period in 2006.

In July 2007, the Company completed its initial public minority stock offering and acquired FMS Financial Corporation ("FMS"), parent company of Farmers & Mechanics Bank of Burlington, New Jersey, which resulted in significant changes to the Company's balance sheet and income statement for the year ended December 31, 2007.

"2007 was a transformative year for Beneficial," said President and CEO Gerard Cuddy. "With the completion of our initial public minority stock offering and the acquisitions of FMS and the CLA Insurance Agency, we have strengthened our capital position, expanded our market area, and doubled our capacity to generate insurance revenue." Cuddy added, "Equally important, we have refocused our entire team on customer service, growth, increased market share and profitability." He continued, "In a challenging credit environment, we remain proud of our tradition of conservative underwriting and portfolio management, which are the hallmarks of our strong asset quality."

For the year ended December 31, 2007, the Company reported a net loss of \$1.5 million or \$0.03 per share, compared to net income of \$11.6 million or \$0.25 per share for the year 2006. The net loss for the year ended December 31, 2007 included the Company's \$10.0 million contribution to The Beneficial Foundation (the "Foundation") and an income tax benefit of \$4.5 million compared to income tax expense of \$2.3 million in fiscal 2006. The Foundation was established in connection with the Company's minority stock offering to make grants and donations to non-profit organizations primarily located within the Company's market area.

The Company is a community-based, diversified financial services company providing consumer and commercial banking services. Its principal subsidiary, Beneficial Bank (the "Bank"), has served individuals and businesses in the Delaware Valley area for more than 150 years. The Bank is the oldest and largest bank headquartered in Philadelphia, Pennsylvania with 72 offices in the greater Philadelphia and South Jersey regions. Insurance services are offered through the Beneficial Insurance Services, LLC and wealth management services are offered through the Beneficial Advisors, LLC, both wholly owned subsidiaries of the Bank. For more information about the Bank and the Company, please visit [www.thebeneficial.com](http://www.thebeneficial.com).

Highlights for the quarter included:

- The Company, through the Bank's wholly owned subsidiary, Beneficial Insurance Services, LLC, acquired the business of the CLA Agency, Inc. ("CLA"). Headquartered in Newtown Square, Pennsylvania, CLA is a full-service property and casualty, and professional liability insurance brokerage company.
- The Bank's net interest margin increased 36 basis points during the three months ended December 31, 2007 to 3.27% compared to 2.91% during the same period in 2006.
- The Bank's non-interest income increased \$1.5 million, or 56.9% to \$4.1 million for the quarter ended December 31, 2007, compared to the same period in 2006, and included an increase in insurance commission income of \$875,000, related primarily to the acquisition of CLA, and an increase in service charges and other income of \$2.0 million, associated with the acquisition of FMS.

Total assets increased \$1.3 billion, or 54.7%, to \$3.6 billion at December 31, 2007, compared to \$2.3 billion at December 31, 2006. The increase in total assets was primarily due to an increase in investment securities of \$601.8 million and an increase to net loans of \$426.1 million during this period. In addition, goodwill and other intangibles increased by approximately \$130.9 million, resulting from the acquisitions of FMS and CLA.

Total deposits increased \$787.1 million, or 46.9%, to \$2.5 billion at December 31, 2007 compared to \$1.7 billion at December 31, 2006. Interest bearing deposits increased \$634.8 million, or 40.0%, to \$2.2 billion and non-interest bearing deposits increased \$152.3 million, or 169.2%, to \$242.4 million during this period.

Stockholders' equity increased \$338.7 million, or 120.8%, to \$619.1 million at December 31, 2007 compared to \$280.4 million at December 31, 2006. The proceeds of the Company's minority stock offering and merger with FMS increased stockholders' equity \$328.8 million during this period.

#### Asset Quality

The Bank does not originate subprime loans, which are defined as mortgage loans advanced to borrowers who do not qualify for market interest rates because of problems with their credit history.

Net charge-offs during the three month period ended December 31, 2007 increased to \$923,000, or 0.04% of average loans outstanding, compared to \$366,000, or 0.02% of average loans outstanding for the same three month period in 2006. For the year ended December 31, 2007, net charge-offs increased to \$1.5 million, or 0.08% of average loans outstanding, compared to \$1.3 million, or 0.07% in the period in 2006.

Nonperforming loans totaled \$16.3 million, or 0.46% of total assets, at December 31, 2007 compared to \$8.2 million, or 0.35% of total assets, at December 31, 2006. The increase in nonperforming loans during the year ended December 31, 2007 includes two loans to affiliates of a Philadelphia-based builder and development company that filed for Chapter 11 bankruptcy in June 2007.

Real estate owned increased \$2.0 million to \$4.8 million at December 31, 2007 compared to \$2.8 million at December 31, 2006. The increase is largely the result of real estate owned that was recorded as part of the acquisition of FMS and its wholly owned subsidiary, Farmers & Mechanics Bank, which primarily includes former Farmers & Mechanics Bank branch and potential branch office locations that were closed by FMS in June 2007 prior to the acquisition.

The allowance for loan losses at December 31, 2007 totaled \$23.3 million, or 1.10%, of total loans outstanding, compared to \$17.4 million, or 1.03%, of total loans outstanding, at December 31, 2006. The Bank recorded a provision for loan losses of \$2.2 million during the three months ended December 31, 2007 compared to \$0 for the same three month period in 2006. The Bank recorded a provision for loan losses of \$2.5 million for the year ended December 31, 2007 compared to \$1.6 million for the comparable period in 2006. The increase in the provision for loan losses in the 2007 periods compared to the same periods in 2006 is primarily the result of increases in nonperforming loans.

#### Net Interest Income

The Company's net interest income increased \$9.8 million, or 60.4%, to \$26.1 million for the three months ended December 31, 2007 from the comparable period in 2006. The net interest margin increased 36 basis points to 3.27% and average interest earning assets increased \$957.2 million, or 42.8%, during this period. For the year ended December 31, 2007, net interest income increased \$19.7 million, or 30.6%, to \$84.1 million from the comparable period in 2006.

#### Non-interest Income

Non-interest income increased \$1.5 million, or 56.9%, to \$4.1 million for the three months ended December 31, 2007 from the comparable period in 2006. For the year ended December 31, 2007, non-interest income increased \$2.8 million, or 27.0%, to \$13.4 million from fiscal 2006. The increases in non-interest income were primarily due to increases in insurance commission and service charges and other income during the three months and year ended December 31, 2007.

#### Non-interest Expense

Non-interest expense increased by \$17.5 million, or 115.7%, to \$32.6 million for the three months ended December 31, 2007 from the comparable period in 2006. For the year ended December 31, 2007, non-interest expense increased \$41.6 million, or 70.0%, to \$101.0 million from fiscal 2006. The increases in non-interest expense were primarily due to a \$10.0 million contribution to the Foundation, a reduction in force totaling \$3.9 million, as well as increases in salaries, employee benefits, advertising expenses and professional fees incurred as a result of the Company's minority stock offering and integration of Farmers & Mechanics Bank.

## Forward Looking Statements

This news release may contain forward-looking statements, which can be identified by the use of words such as "believes," "expects," "anticipates," "estimates" or similar expressions. Such forward-looking statements and all other statements that are not historic facts are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors. These factors include, but are not limited to, general economic conditions, changes in the interest rate environment, legislative or regulatory changes that may adversely affect our business, changes in accounting policies and practices, changes in competition and demand for financial services, adverse changes in the securities markets, changes in deposit flows and changes in the quality or composition of the Company's loan or investment portfolios. Additionally, other risks and uncertainties may be described in the Company's Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q or its other reports as filed with the Securities and Exchange Commission, which are available through the SEC's website at [www.sec.gov](http://www.sec.gov). Should one or more of these risks materialize, actual results may vary from those anticipated, estimated or projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as may be required by applicable law or regulation, the Company assumes no obligation to update any forward-looking statements.

BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES  
 Unaudited Consolidated Statements of Financial Condition  
 (Dollars in thousands, except share amounts)

	December 31, 2007	December 31, 2006
ASSETS:		
Cash and Cash Equivalents:		
Cash and due from banks	\$53,545	\$20,320
Interest-bearing deposits	4,782	252
Federal funds sold	0	502
Total cash and cash equivalents	58,327	21,074
Investment Securities:		
Available for sale (amortized cost of \$938,835 and \$337,338 at December 31, 2007 and December 31, 2006, respectively)	949,795	332,940
Held to maturity (estimated fair value of \$111,127 and \$127,233 at December 31, 2007 and December 31, 2006, respectively)	111,986	130,357
Federal Home Loan Bank stock, at cost	18,814	15,544
Total investment securities	1,080,595	478,841
Loans:		
Loans	2,120,922	1,688,825
Allowance for loan losses	(23,341)	(17,368)
Net loans	2,097,581	1,671,457
Accrued Interest Receivable	18,089	11,565
Bank Premises and Equipment, net	79,027	33,168
Other Assets:		
Goodwill	110,735	6,679
Bank owned life insurance	29,405	28,003
Other intangibles	28,799	1,956
Other assets	55,627	47,476
Total other assets	224,566	84,114
Total Assets	\$3,558,184	\$2,300,219
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Deposits:		

Non-interest bearing deposits	\$242,351	\$90,040
Interest bearing deposits	2,222,812	1,588,014
Total deposits	2,465,163	1,678,054
Borrowed funds	407,122	294,896
Other liabilities	66,781	46,854
Total liabilities	2,939,066	2,019,804

Commitments and Contingencies

Stockholders' Equity:

Preferred Stock - \$.01 par value, 100,000,000 shares authorized, none issued or outstanding as of December 31, 2007; none authorized, issued or outstanding as of December 31, 2006	0	0
Common Stock - \$.01 par value, 300,000,000 shares authorized, 82,264,600 shares issued and outstanding as of December 31, 2007; \$1.00 par value 100,000 authorized, 100 shares issued and outstanding as of December 31, 2006	823	0
Additional paid-in capital	360,126	0
Unearned common stock held by employee stock ownership plan	(30,635)	0
Retained earnings (partially restricted)	291,360	293,157
Accumulated other comprehensive loss, net	(2,556)	(12,742)
Total stockholders' equity	619,118	280,415

Total Liabilities and Stockholders' Equity      \$3,558,184      \$2,300,219

BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Operations

(Dollars in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$33,106	\$27,054	\$117,334	\$104,143
Interest on federal funds sold	336	20	1,613	78
Interest and dividends on investment securities:				
Taxable	14,042	5,715	37,885	22,160
Tax-exempt	310	248	1,062	945
Total interest income	47,793	33,037	157,894	127,326
<b>INTEREST EXPENSE:</b>				
Interest on deposits:				
Interest bearing checking accounts	1,722	427	4,250	1,747
Money market and savings deposits	3,556	2,536	12,503	8,898
Time deposits	11,464	9,393	40,501	33,974
Total	16,742	12,356	57,254	44,619
Interest on borrowed funds	4,963	4,417	16,520	18,277
Total interest expense	21,705	16,773	73,774	62,896

Net interest income	26,088	16,264	84,120	64,430
Provision for loan losses	2,170	0	2,470	1,575
Net Interest Income After Provision for Loan Losses	23,918	16,264	81,650	62,855
NON-INTEREST INCOME:				
Insurance commission income	2,110	1,235	5,223	4,279
Service charges and other income	3,508	1,455	9,053	5,581
Impairment charge on securities available for sale	(1,192)	0	(1,192)	0
(Loss) Gain on sale of investment securities available for sale	(368)	(102)	288	672
Total non-interest income	4,058	2,586	13,372	10,531
NON-INTEREST EXPENSE:				
Salaries and employee benefits	18,832	8,819	51,118	34,412
Contribution to Beneficial Foundation	0	0	9,995	0
Occupancy	2,913	2,031	9,367	7,566
Depreciation, amortization and maintenance	2,227	1,310	6,970	5,269
Advertising	1,747	286	4,507	2,049
Amortization of intangible	1,810	107	3,434	426
Other	5,030	2,545	15,641	9,717
Total non-interest expense	32,559	15,098	101,032	59,439
(Loss) Income before income taxes	(4,583)	3,752	(6,010)	13,947
Income tax (benefit) expense	(4,415)	317	(4,465)	2,322
NET (LOSS) INCOME	\$(168)	\$3,435	\$(1,545)	\$11,625
(LOSS) EARNINGS PER SHARE -				
Basic and Diluted	\$(0.00)	\$0.08	\$(0.03)	\$0.25
Average common shares				
outstanding - Basic and Diluted	79,143,390	45,792,775	61,374,792	45,792,775

Earnings per share information is calculated by giving retroactive application to the periods presented of the weighted average number of mutual holding company shares outstanding (45,792,775) on the July 13, 2007 closing date of the minority stock offering.

BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES  
Selected Consolidated Financial and Other Data of the Company (Unaudited)  
(Dollars in thousands)

December 31,                      December 31,  
2007                                      2006

ASSET QUALITY INDICATORS:

Non-performing assets:		
Non-accruing loans	\$7,685	\$534
Accruing loans past due 90 days or more	8,626	7,617
Total non-performing loans	16,311	8,151
Real estate owned	4,797	2,809
Total non-performing assets	\$21,108	\$10,960
Ratio of nonperforming loans to total loans	0.77 %	0.48 %
Ratio of nonperforming loans to total assets	0.46 %	0.35 %
Ratio of nonperforming assets to total assets	0.59 %	0.48 %

	For the Three Months		For the Year Ended	
	Ended December 31, 2007	2006	December 31, 2007	2006
PERFORMANCE RATIOS: (annualized)				
Return on average assets	(0.02%)	0.58%	(0.05%)	0.49%
Return on average equity	(0.11%)	4.70%	(0.35%)	4.04%
Net interest margin	3.27%	2.91%	3.17%	2.87%

	December 31,	
	2007	2006
Other:		
Employees (full-time equivalents)	820	546

CONTACT: Joseph F. Conners  
Executive Vice President and Chief Financial Officer

PHONE: (215) 864-6000

EMAIL: [jconners@thebeneficial.com](mailto:jconners@thebeneficial.com)

SOURCE Beneficial Mutual Bancorp, Inc.

<http://www.thebeneficial.com>

Copyright (C) 2008 PR Newswire. All rights reserved

News Provided by COMTEX