



## Beneficial Mutual Bancorp, Inc. Announces Third Quarter 2009 Results

PHILADELPHIA, Oct 28, 2009 (BUSINESS WIRE) -- Beneficial Mutual Bancorp, Inc. ("Beneficial") (NASDAQGS: BNCL), the parent company of Beneficial Bank (the "Bank"), today announced its financial results for the three and nine months ended September 30, 2009.

For the three months ended September 30, 2009, Beneficial recorded net income of \$5.8 million, or \$0.07 per share, compared to net loss of \$50 thousand, or \$0.00 per share for the three months ended June 30, 2009. The increase in earnings resulted primarily from an increase of \$2.3 million in net interest income and a reduction in the provision for loan losses of \$5.1 million, partially offset by an impairment charge of \$1.0 million recorded as a result of an evaluation of goodwill and other intangible assets related to the Company's insurance brokerage subsidiary. During the nine months ended September 30, 2009, Beneficial recorded earnings of \$10.9 million, or \$0.14 per share. For the nine-month period ended September 30, 2008, which included a pre-tax curtailment gain of \$7.3 million related to pension plan modifications, Beneficial earned \$19.5 million, or \$0.25 per share.

"We are pleased to report positive earnings for the quarter, and are particularly focused on growing the core components of our business," said Gerard Cuddy, Beneficial's President and CEO. "Deposit and loan balances continued to expand during the quarter while our net interest margin increased to 3.39%. Our relationship-based core deposits now constitute 70% of total deposits, up from 60% at September 30, 2008. Credit quality challenges continue. While our quarterly loan loss provision declined during the quarter, we believe that credit costs will remain elevated due to continued economic weakness. We remain confident in our strong balance sheet, sound capital position, improving operating performance and the commitment of our employees to help our customers do the right thing financially."

Highlights for the quarter included:

- Deposits increased by \$244.2 million, or 8.0%, to \$3.3 billion at September 30, 2009, up from \$3.0 billion at June 30, 2009.
- Total loans outstanding increased \$56.0 million during the quarter ended September 30, 2009 to \$2.8 billion from \$2.7 billion at June 30, 2009.
- Net interest income for the three months ended September 30, 2009 increased to \$32.7 million from \$30.4 million for the three months ended June 30, 2009, an increase of \$2.3 million or 7.4%.
- The provision for loan losses decreased \$5.1 million for the three months ended September 30, 2009 to \$2.0 million, down from \$7.1 million for the three months ended June 30, 2009.
- A non-cash impairment charge of \$1.0 million was recorded during the quarter ended September 30, 2009 as a result of an evaluation of goodwill and other intangible assets related to the Company's insurance brokerage subsidiary.

### Balance Sheet

Total assets increased \$259.3 million, or 6.2%, from \$4.2 billion at June 30, 2009, to \$4.4 billion at September 30, 2009. The increase in total assets was primarily due to an increase in cash and cash equivalents of \$106.2 million, an increase in investment securities of \$92.7 million and an increase in total loans outstanding of \$56.0 million. Both commercial and residential real estate loan portfolios experienced growth during the quarter ended September 30, 2009.

Total deposits increased \$244.2 million, or 8.0%, to \$3.3 billion at September 30, 2009, compared to \$3.0 billion at June 30, 2009. Core deposits, including savings, money market and checking account balances, grew by \$265.8 million to \$2.3 billion at September 30, 2009, up from \$2.0 billion at June 30, 2009. The strongest growth was in municipal checking account balances, which increased 44.3% from \$457.5 million at June 30, 2009 to \$659.9 million at September 30, 2009. Time deposits declined \$12.7 million from June 30, 2009 to \$963.3 million at September 30, 2009.

At September 30, 2009, Beneficial's stockholders' equity equaled \$635.3 million, or 14.3% of total assets, compared to stockholders' equity of \$620.2 million, or 14.8% of total assets at June 30, 2009.

### Asset Quality

Non-performing loans totaled \$120.7 million, or 2.7% of total assets, at September 30, 2009, compared to \$80.5 million, or

1.9% of total assets, at June 30, 2009. At September 30, 2009, non-performing loans consisted of \$76.7 million in commercial loans, \$22.5 million in residential real estate loans and \$21.5 million in consumer loans. Of the total non-performing consumer loans, \$21.1 million, or 98.1%, are government guaranteed student loans. Net charge-offs during the three-month period ended September 30, 2009 were \$2.5 million, compared to \$1.2 million during the three months ended June 30, 2009. The allowance for loan losses at September 30, 2009 totaled \$42.7 million, or 1.6% of total loans outstanding, compared to \$43.2 million, or 1.6% of total loans outstanding, at June 30, 2009.

The Bank recorded a provision for loan losses of \$2.0 million during the three months ended September 30, 2009, compared to a provision of \$7.1 million for the quarter ended June 30, 2009. The provision includes \$0.5 million related to specific commercial loans, with the remainder related to portfolio growth and the ongoing evaluation of risk factors applied to the loan portfolio, reflecting the continued weakness in the economic environment during the quarter.

#### Net Interest Income

Beneficial's net interest income increased \$2.3 million, or 7.4%, to \$32.7 million for the quarter ended September 30, 2009, compared to \$30.4 million for quarter ended June 30, 2009, and increased by \$3.6 million, or 12.3%, compared to net interest income for the three months ended September 30, 2008.

The net interest margin increased to 3.39% for the three months ended September 30, 2009, an increase of 15 basis points from the three months ended June 30, 2009, as a result of an increase in interest income of \$1.5 million and a decrease of \$0.8 million in interest expense. The Bank has continued to improve its mix of deposits. At September 30, 2009, core deposits comprised 70.7% of total deposits, with time deposits representing 29.3% of total deposits.

#### Non-interest Income

Non-interest income increased to \$6.5 million for the three months ended September 30, 2009, up \$0.4 million from the \$6.1 million recorded for the second quarter of 2009. The increase in non-interest income resulted primarily from an increase in service charges and other income. During the quarter ended September 30, 2009, the Company recorded a charge of \$0.5 million in other real estate owned relating to a decline in property value.

#### Non-interest Expense

Non-interest expense was \$30.5 million for the three months ended September 30, 2009, up \$0.7 million, or 2.6%, from \$29.8 million for the three months ended June 30, 2009. The largest factor contributing to this increase was the \$1.0 million non-cash impairment charge related to goodwill associated with the Bank's wholly owned insurance subsidiary, Beneficial Insurance Services, LLC. Formed to facilitate the 2005 asset purchase of its foundation insurance agency, the subsidiary subsequently acquired an additional agency in 2007. This non-cash charge was the consequence of deterioration in general conditions in the economy, and its impact on insurance premiums. Beneficial does not anticipate any similar charges in future quarters.

#### About Beneficial Mutual Bancorp, Inc.

Beneficial is a community-based, diversified financial services company providing consumer and commercial banking services. Its principal subsidiary, Beneficial Bank, has served individuals and businesses in the Delaware Valley area since 1853. The Bank is the oldest and largest bank headquartered in Philadelphia, Pennsylvania, with 68 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 Beneficial, please visit [www.thebeneficial.com](http://www.thebeneficial.com).

#### 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 Beneficial's loan or investment portfolios. Additionally, other risks and uncertainties may be described in Beneficial'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, Beneficial 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)

	September 30, 2009	June 30, 2009	December 31, 2008	September 30, 2008
<b>ASSETS:</b>				
Cash and Cash Equivalents:				
Cash and due from banks	\$147,975	\$41,989	\$44,380	\$47,674
Interest-bearing deposits	423	237	9	11,902
Federal funds sold	-	-	-	2,250
Total cash and cash equivalents	<u>148,398</u>	<u>42,226</u>	<u>44,389</u>	<u>61,826</u>
Investment Securities:				
Available-for-sale (amortized cost of \$1,129,150 and \$1,044,000 at September 30, and June 30, 2009 and \$1,095,252 and \$1,032,592 at December 31 and September 30, 2008, respectively)	1,165,253	1,066,615	1,114,086	1,024,390
Held-to-maturity (estimated fair value of \$54,479 and \$59,733 at September 30 and June 30, 2009 and \$77,369 and \$83,963 at December 31 and September 30, 2008, respectively)	52,176	58,086	76,014	84,401
Federal Home Loan Bank stock, at cost	28,068	28,068	28,068	27,872
Total investment securities	<u>1,245,497</u>	<u>1,152,769</u>	<u>1,218,168</u>	<u>1,136,663</u>
Loans:				
Allowance for loan losses	(42,742)	(43,235)	(36,905)	(25,208)
Net loans	<u>2,708,207</u>	<u>2,651,736</u>	<u>2,387,677</u>	<u>2,298,072</u>
Accrued Interest Receivable	19,264	17,972	17,543	17,506
Bank Premises and Equipment, net	77,402	77,691	78,490	77,724
Other Assets:				
Goodwill	110,486	111,462	111,462	110,436
Bank owned life insurance	31,971	31,589	30,850	30,481
Other intangibles	21,311	22,203	23,985	24,893
Other assets	82,531	78,163	89,486	85,369
Total other assets	<u>246,299</u>	<u>243,417</u>	<u>255,783</u>	<u>251,179</u>
<b>Total Assets</b>	<b><u>\$4,445,067</u></b>	<b><u>\$4,185,811</u></b>	<b><u>\$4,002,050</u></b>	<b><u>\$3,842,970</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>				
Liabilities:				
Deposits:				
Non-interest bearing deposits	\$ 230,856	\$ 248,487	\$226,382	\$226,303
Interest bearing deposits	3,051,369	2,789,529	2,515,297	2,408,850
Total deposits	<u>3,282,225</u>	<u>3,038,016</u>	<u>2,741,679</u>	<u>2,635,153</u>
Borrowed funds	443,616	443,611	580,054	535,896
Other liabilities	83,957	83,940	69,777	64,981
Total liabilities	<u>3,809,798</u>	<u>3,565,567</u>	<u>3,391,510</u>	<u>3,236,030</u>
Commitments and Contingencies				
Stockholders' Equity:				
Preferred Stock - \$.01 par value, 100,000,000 shares authorized, none issued or outstanding as of September 30 and June 30, 2009 and December 31 and September 30, 2008	-	-	-	-
Common Stock - \$.01 par value, 300,000,000 shares authorized, 82,264,457 shares issued and outstanding as of September 30 and June 30, 2009 and December 31 and September 30, 2008	823	823	823	823
Additional paid-in capital	344,663	343,885	342,420	343,765
Unearned common stock held by employee stock ownership				

plan	(26,385)	(26,990)	(28,510)	(29,013)
Retained earnings (partially restricted)	307,004	301,184	296,106	299,044
Accumulated other comprehensive gain (loss), net	12,760	3,817	(299)	(7,679)
Treasury stock, at cost, 410,904 and 283,204 shares, at September 30 and June 30, 2009 and 0 shares at December 31 and September 30, 2008	(3,596)	(2,475)	-	-
Total stockholders' equity	635,269	620,244	610,540	606,940
Total Liabilities and Stockholders' Equity	\$4,445,067	\$4,185,811	\$4,002,050	\$3,842,970

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$36,244	\$33,564	\$103,522	\$98,756
Interest on federal funds sold	-	14	2	522
Interest and dividends on investment securities:				
Taxable	11,293	14,074	37,294	43,751
Tax-exempt	902	428	2,108	1,164
Total interest income	48,439	48,080	142,926	144,193
<b>INTEREST EXPENSE:</b>				
Interest on deposits:				
Interest bearing checking accounts	2,319	1,410	6,415	3,931
Money market and savings deposits	2,515	3,856	8,669	11,277
Time deposits	6,176	8,748	21,160	29,976
Total	11,010	14,014	36,244	45,184
Interest on borrowed funds	4,749	4,975	14,108	14,741
Total interest expense	15,759	18,989	50,352	59,925
Net interest income	32,680	29,091	92,574	84,268
Provision for loan losses	2,000	3,191	12,100	5,791
Net interest income after provision for loan losses	30,680	25,900	80,474	78,477
<b>NON-INTEREST INCOME:</b>				
Insurance commission and related income	1,818	2,738	6,281	7,879
Service charges and other income	3,456	3,827	10,217	12,157
Impairment charge on securities available for sale	(195)	(264)	(1,425)	(737)
Gain on sale of investment securities available for sale	1,383	159	5,548	430
Total non-interest income	6,462	6,460	20,621	19,729
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	14,583	13,933	42,865	40,083
Pension curtailment	-	-	-	(7,289)
Occupancy	2,970	3,070	9,072	8,827
Depreciation, amortization and maintenance	2,277	2,096	6,724	6,118
Advertising	1,138	1,220	4,124	3,545
Amortization of intangible	892	906	2,674	4,306
Impairment of goodwill	976	-	976	-
Other	7,686	5,414	22,275	15,582
Total non-interest expense	30,522	26,639	88,710	71,172
Income before income taxes	6,620	5,721	12,385	27,034
Income tax expense	800	1,400	1,487	7,550
<b>NET INCOME</b>	<b>\$5,820</b>	<b>\$4,321</b>	<b>\$10,898</b>	<b>\$19,484</b>
<b>EARNINGS PER SHARE - Basic</b>	<b>\$0.07</b>	<b>\$0.05</b>	<b>\$0.14</b>	<b>\$0.25</b>

EARNINGS PER SHARE - Diluted	\$0.07	\$0.05	\$0.14	\$0.25
Average common shares outstanding - Basic	77,651,098	78,566,856	77,695,061	79,010,679
Average common shares outstanding - Diluted	77,675,526	78,573,633	77,707,151	79,010,679

**BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES**

**Selected Consolidated Financial and Other Data of the Company (Unaudited)**

(Dollars in thousands)

	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>December 31, 2008</b>	<b>September 30, 2008</b>
<b>ASSET QUALITY INDICATORS:</b>				
Non-performing assets:				
Non-accruing loans	\$73,692	\$53,557	\$17,163	\$13,342
Accruing loans past due 90 days or more	46,996	26,935	20,883	15,023
Total non-performing loans	<u>120,688</u>	<u>80,492</u>	<u>38,046</u>	<u>28,365</u>
Troubled debt restructurings	14,247	17,888	16,442	-
Real estate owned	8,194	7,306	6,297	7,355
Total non-performing assets	<u>\$143,129</u>	<u>\$105,686</u>	<u>\$60,785</u>	<u>\$35,720</u>
Non-performing loans to total loans	4.39%	2.99%	1.57%	1.22%
Non-performing loans to total assets	2.72%	1.92%	0.95%	0.74%
Non-performing assets to total assets	3.22%	2.52%	1.52%	0.93%
Non-performing assets less accruing loans				
Past due 90 days or more to total assets	2.16%	1.88%	1.00%	0.54%
	<b>For the Three Months Ended September 30, 2009</b>	<b>2008</b>	<b>For the Nine Months Ended September 30, 2009</b>	<b>2008</b>
<b>PERFORMANCE RATIOS: (annualized)</b>				
Return on average assets	0.53%	0.46%	0.35%	0.70%
Return on average equity	3.69%	2.82%	2.36%	4.22%
Net interest margin	3.39%	3.41%	3.27%	3.34%

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SOURCE: Beneficial Mutual Bancorp, Inc.

Beneficial Mutual Bancorp, Inc.

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