



Beneficial Mutual Bancorp, Inc. Announces Second Quarter 2008 Results

PHILADELPHIA, July 31, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Beneficial Mutual Bancorp, Inc. (the "Company") (Nasdaq: BNCL), the parent company of Beneficial Bank (the "Bank"), today announced its financial results for the second quarter of 2008.

Net income for the three months ended June 30, 2008 was \$9.1 million, an increase of \$3.0 million from the \$6.1 million earned in the first quarter of 2008. Earnings per share for the second quarter of 2008 were \$0.11, compared to earnings per share of \$0.08 for the first quarter of 2008. During the second quarter, the Company recorded a non-recurring curtailment gain of \$7.3 million related to pension plan modifications. The after-tax impact of this curtailment gain was \$4.7 million, or \$0.06 per share.

The Company recorded a \$2.3 million provision for loan losses during the quarter, and incurred an impairment charge of \$0.5 million related to the value of certain common equity securities deemed to be other-than-temporarily impaired.

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

"Beneficial's capital strength, asset quality and liquidity continue to provide a substantial platform supporting sustained growth in loans and deposits," said Gerard Cuddy, the Company's President and CEO. "Based on our success in building commercial loans and in light of overall economic conditions, we've prudently increased our allowance for loan losses while maintaining the quality of our loan portfolio through disciplined underwriting and proactive portfolio management. We continue to focus our entire team on customer service, increased market share and profitability."

Highlights for the quarter included:

-- Deposits increased \$47.0 million, or 1.8%, during the quarter to \$2.6 billion at June 30, 2008, and total loans outstanding grew by \$77.9 million, or 3.6%, to \$2.2 billion.

-- Net interest income increased by \$0.9 million, or 3.5%, to \$28.1 million for the quarter ended June 30, 2008. The Company's net interest margin increased one basis point during the quarter to 3.31%.

-- The Company froze the Bank's defined benefit pension plan as well as the defined benefit pension plan it assumed in connection with its acquisition of Farmers & Mechanics Bank, effective June 30, 2008, which resulted in a curtailment gain of \$7.3 million. Additionally the Company has enhanced its 401(k) Plan and combined it with its recently adopted Employee Stock Ownership Plan to fund employer contributions.

Balance Sheet

Total assets increased \$49.2 million, or 1.3%, to \$3.7 billion at June 30, 2008. The increase in total assets resulted primarily from an increase in total loans outstanding of \$77.9 million, which was partially offset by a decrease in investment securities of \$26.6 million from March 31, 2008. Total deposits increased \$47.0 million, or 1.8% from March 31, 2008 to \$2.6 billion at June 30, 2008.

At June 30, 2008, the Company's stockholders' equity equaled \$617.6 million, or 16.5% of total assets, compared to stockholder's equity of \$613.8 million, or 16.6% of total assets at March 31, 2008.

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 for the three-month period ended June 30, 2008 were \$0.3 million, compared to the \$3.1 million reported for the three-month period ended March 31, 2008. Net charge-offs during the first quarter resulted primarily from the charge-off of a single loan to an affiliate of a Philadelphia-based development company that filed for Chapter 11 bankruptcy in June 2007. The full amount of this loan was reserved for in the fourth quarter of 2007. Non-performing loans increased to \$15.7 million, or

0.4% of total assets, at June 30, 2008, compared to \$13.5 million, or 0.4% of total assets at March 31, 2008.

The Bank recorded a provision for loan losses of \$2.3 million during the three months ended June 30, 2008 compared to \$0.3 million during the three months ended March 31, 2008. The allowance for loan losses at June 30, 2008 totaled \$22.5 million, or 1.01%, of total loans outstanding, compared to \$20.6 million, or 0.95% of total loans outstanding at March 31, 2008.

The increase in the provision was due primarily to a risk assessment regarding general economic conditions along with the increase in commercial loans outstanding. The allowance for loan losses at June 30, 2008 represents management's estimate of the level necessary to cover inherent losses in the loan portfolio. Overall, the quality of the loan portfolio has remained strong.

Net Interest Income

The Company's net interest income increased \$0.9 million, or 3.5%, to \$28.1 million for the three months ended June 30, 2008, primarily due to a decrease in interest expense related to time deposits. The net interest margin was 3.31% for the three months ended June 30, 2008, a one basis point increase from the quarter ended March 31, 2008.

Non-interest Income

Non-interest income declined to \$5.9 million for the three months ended June 30, 2008, down \$1.4 million from the \$7.3 million recorded for the first quarter of 2008. The decrease in non-interest income was primarily due to the cyclical nature of insurance commission revenue, coupled with the impairment charge of \$0.5 million related to the value of certain common equity securities in the available-for-sale investment portfolio.

Non-interest Expense

Non-interest expense was \$18.6 million for the three months ended June 30, 2008, down \$7.3 million, or 28.0%, from \$25.9 million for the first quarter of 2008. This decrease in expense is primarily the result of the pension curtailment gain recorded in the second quarter.

About Beneficial Mutual Bancorp

The Company 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 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 Southern New Jersey regions. Insurance services are offered through Beneficial Insurance Services, LLC and wealth management services are offered through Beneficial Advisors, LLC, both wholly owned subsidiaries of the Bank. For more information about the Bank and the Company, please visit 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 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. 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.

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(Dollars in thousands, except per share amounts)

	June 30, 2008	March 31, 2008	December 31, 2007	June 30, 2007
ASSETS:				
Cash and Cash Equivalents:				
Cash and due from banks	\$46,373	\$46,061	\$53,545	\$20,348
Interest-bearing deposits	238	4,650	4,782	3,518
Federal funds sold	131	-	-	71,512
Total cash and cash equivalents	46,742	50,711	58,327	95,378
Investment Securities:				
Available-for-sale				
(amortized cost of \$1,050,513, \$1,052,459, \$938,835 and \$592,508 at June 30 and March 31, 2008, December 31, and June 30, 2007, respectively)				
	1,041,424	1,062,297	949,795	585,297
Held-to-maturity				
(estimated fair value of \$87,311, \$93,412, \$111,127 and \$117,043 at June 30 and March 31, 2008, December 31 and June 30, 2007, respectively)				
	88,159	92,903	111,986	120,710
Federal Home Loan Bank stock, at cost	22,112	23,086	18,814	13,717
Total investment securities	1,151,695	1,178,286	1,080,595	719,724
Loans:				
Allowance for loan losses	2,234,252	2,156,313	2,120,922	1,632,639
	(22,539)	(20,580)	(23,341)	(17,238)
Net loans	2,211,713	2,135,733	2,097,581	1,615,401
Accrued Interest Receivable	16,265	17,224	18,089	11,526
Bank Premises and Equipment, net	78,192	77,602	79,027	35,500
Other Assets:				
Goodwill	110,440	110,214	110,335	6,679
Bank owned life insurance	30,117	29,758	29,405	28,698
Other intangibles	25,799	27,452	29,199	1,785
Other assets	76,969	71,729	55,260	65,574
Total other assets	243,325	239,153	224,199	102,736
Total Assets	\$3,747,932	\$3,698,709	\$3,557,818	\$2,580,265
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Liabilities:				
Deposits:				
Non-interest bearing deposits	\$228,531	\$243,179	\$242,351	\$89,689

Interest bearing deposits	2,372,797	2,311,199	2,222,812	1,522,997
Total deposits	2,601,328	2,554,378	2,465,163	1,612,686
Borrowed funds	471,788	461,080	407,122	232,746
Other liabilities	57,238	69,454	65,736	452,423
Total liabilities	3,130,354	3,084,912	2,938,021	2,297,855

Commitments and Contingencies

Stockholders' Equity:

Preferred Stock - \$.01 par value, 100,000,000 shares authorized, none issued or outstanding as of June 30 and March 31, 2008 and December 31 and June 30, 2007	-	-	-	-
Common Stock - \$.01 par value, 300,000,000 shares authorized, 82,264,457 shares issued and outstanding as of June 30, 2008, March 31, 2008 and December 31, 2007; \$1.00 par value, 100,000 authorized, 100 shares issued and outstanding as of June 30, 2007	823	823	823	-
Additional paid-in capital	360,156	360,108	360,126	-
Unearned common stock held by employee stock ownership plan	(29,829)	(30,232)	(30,635)	-
Retained earnings (partially restricted)	294,723	285,621	291,360	296,568
Accumulated other comprehensive loss, net	(8,295)	(2,523)	(1,877)	(14,158)
Total stockholders' equity	617,578	613,797	619,797	282,410

Total Liabilities and Stockholders' Equity	\$3,747,932	\$3,698,709	\$3,557,818	\$2,580,265
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BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES Unaudited Consolidated Statements of Operations (Dollars in thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
INTEREST INCOME:				
Interest and fees on loans	\$32,698	\$25,875	\$65,193	\$51,641
Interest on federal funds sold	146	280	507	292
Interest and dividends on				

investment securities:				
Taxable	14,657	5,805	29,676	11,161
Tax-exempt	369	248	736	495
Total interest income	47,870	32,208	96,112	63,589
INTEREST EXPENSE:				
Interest on deposits:				
Interest bearing checking accounts	1,235	478	2,521	901
Money market and savings deposits	3,664	2,904	7,421	5,573
Time deposits	10,082	8,888	21,228	18,083
Total	14,981	12,270	31,170	24,557
Interest on borrowed funds	4,832	3,412	9,766	7,119
Total interest expense	19,813	15,682	40,936	31,676
Net interest income	28,057	16,526	55,176	31,913
Provision for loan losses	2,300	0	2,600	300
Net Interest Income After Provision for Loan Losses	25,757	16,526	52,576	31,613
NON-INTEREST INCOME:				
Insurance commission and related income	1,876	938	5,141	2,134
Service charges and other income	4,388	1,385	8,330	2,721
Impairment charge on securities available-for-sale	(473)	-	(473)	-
Net gain on sale of investment securities available for sale	143	367	271	679
Total non-interest income	5,934	2,690	13,269	5,534
NON-INTEREST EXPENSE:				
Salaries and employee benefits	13,157	9,267	26,150	18,390
Pension curtailment gain	(7,289)	-	(7,289)	-
Occupancy	2,812	2,034	5,758	3,994
Depreciation, amortization and maintenance	2,047	1,406	4,022	2,754
Advertising	1,214	1,041	2,325	1,727
Amortization of intangible	1,654	84	3,400	172
Other	5,045	3,247	10,166	6,024
Total non-interest expense	18,640	17,079	44,532	33,061
Income before income taxes	13,051	2,137	21,313	4,086
Income tax expense	3,950	225	6,150	425
NET INCOME	\$9,101	\$1,912	\$15,163	\$3,661
EARNINGS PER SHARE - Basic and Diluted	\$0.11	\$0.04	\$0.19	\$0.08
Average common shares				

outstanding - Basic
and Diluted

79,255,114 45,792,775 79,235,030 45,792,775

Earnings per share information for June 30, 2007 is calculated by giving retroactive application to the weighted average number of mutual holding company shares outstanding (45,792,775) on the July 13, 2007 closing date of the Company's minority stock offering.

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

	June 30, 2008	March 31, 2008	December 31, 2007	June 30, 2007
ASSET QUALITY INDICATORS:				
Non-performing assets:				
Non-accruing loans	\$3,406	\$2,573	\$7,685	\$7,203
Accruing loans past due 90 days or more	12,284	10,918	8,626	4,911
Total non-performing loans	15,690	13,491	16,311	12,114
Real estate owned	7,439	5,561	4,797	2,773
Total non-performing assets	\$23,129	\$19,052	\$21,108	\$14,887

ASSET QUALITY RATIOS:

Non-performing loans to total loans	0.70 %	0.63 %	0.77 %	0.74 %
Non-performing loans to total assets	0.42 %	0.36 %	0.46 %	0.47 %
Non-performing assets to total assets	0.62 %	0.52 %	0.59 %	0.58 %
Non-performing assets less accruing loans Past due 90 or more to total assets	0.29 %	0.22 %	0.35 %	0.39 %

	For the Three Months Ended June 30, 2008		For the Six Months Ended June 30, 2007	
PERFORMANCE RATIOS: (annualized)				
Return on average assets	0.98 %	0.32 %	0.82 %	0.32 %
Return on average equity	5.98 %	2.72 %	4.91 %	2.62 %
Net interest margin	3.31 %	3.02 %	3.30 %	2.94 %

June 30,
2008

March 31,
2008

December 31,
2007

June 30,
2007

Other:

Employees (full-time equivalents)	862	864	877	563
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