



Beneficial Mutual Bancorp, Inc. Announces Third Quarter 2008 Results

PHILADELPHIA, Oct 30, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- Beneficial Mutual Bancorp, Inc. (Beneficial) (Nasdaq: BNCL), the parent company of Beneficial Bank, today announced its financial results for the third quarter of 2008.

Net income for the three months ended September 30, 2008 was \$4.3 million, compared to \$9.1 million for the second quarter of 2008. Earnings per share for the third quarter of 2008 were \$0.05, compared to earnings per share of \$0.11 for the second quarter of 2008. During the second quarter, Beneficial 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. Net income for the first nine months of 2008 was \$19.5 million, or \$0.25 per share, compared to (\$1.4 million), or (\$0.02) per share for the first nine months of 2007.

In July 2007, Beneficial completed its initial public offering and acquired FMS Financial Corporation, the parent company of Farmers & Mechanics Bank of Burlington, New Jersey, which resulted in significant changes to Beneficial's balance sheet and income statement from the prior year period. These changes included a \$10.0 million contribution to The Beneficial Foundation, which was established to make grants and donations to non-profit organizations primarily located within the Company's market area.

Beneficial recorded a \$3.2 million provision for loan losses during the third quarter of 2008, and incurred an impairment charge of \$0.3 million related to the value of certain common equity securities deemed to be other-than-temporarily impaired (OTTI). In the second quarter, the provision for loan losses was \$2.3 million and an OTTI impairment charge of \$0.5 million was recorded.

"The fundamentals of our banking operations remain strong, in the face of the most challenging operating environment in generations," said Gerard Cuddy, Beneficial's President and Chief Executive Officer. "This environment is characterized by an unprecedented transformation of the regulatory, financial, investment and capital markets landscape. These extraordinary conditions and the velocity of change pose significant challenges, but also represent increased market share opportunities for Beneficial. While our third quarter performance was negatively impacted by an increase in the provision for loan losses and an impairment charge in the investment portfolio, our core deposit gathering, lending, insurance and wealth management activities remain strong. Beneficial's capital strength, asset quality, liquidity and strong customer focus continue to provide a substantial platform for sustained growth. We're proud to be the oldest and largest bank headquartered in Philadelphia, home of the world champion Phillies."

Highlights for the quarter ended September 30, 2008 included:

- Total loans outstanding grew by \$89.0 million, or 4.0%, to \$2.3 billion at September 30, 2008, up from \$2.2 billion at the end of the prior quarter.
- Total deposits increased \$33.8 million, or 1.3%, to \$2.6 billion during the quarter.
- Net interest income increased by \$1.0 million, or 3.6%, to \$29.1 million for the quarter, up from \$28.1 million for the prior quarter.
- Non-interest income increased during the quarter by \$0.5 million, or 8.3%, to \$6.5 million.

Balance Sheet

During the quarter ended September 30, 2008, total assets increased \$95.0 million, or 2.5%, to \$3.8 billion. The increase in total assets resulted primarily from an increase in total loans outstanding of \$89.0 million and an increase in cash and cash equivalents of \$15.1 million, offset by a decrease in investment securities of \$15.0 million from June 30, 2008. Total deposits increased \$33.8 million, or 1.3% during the quarter, to \$2.6 billion at September 30, 2008.

At September 30, 2008, Beneficial's stockholders' equity equaled \$606.9 million, or 15.8% of total assets, compared to stockholders' equity of \$617.6 million, or 16.5% of total assets at June 30, 2008. This decrease was mainly a result of the acquisition of approximately \$17.1 million of Beneficial common stock by a trust formed to purchase shares to fund restricted stock awards under the 2008 Equity Incentive Plan. Under this previously disclosed program, purchases were made in the open market at the discretion of the independent trustee.

Asset Quality

Beneficial is not a participant or originator in the subprime mortgage loan or subprime collateralized debt markets and therefore has no direct exposure to risks associated with these activities.

The allowance for loan losses at September 30, 2008 totaled \$25.2 million, or 1.09%, of total loans outstanding, compared to \$22.5 million, or 1.01% of total loans outstanding at June 30, 2008. This allowance represents management's estimate of the level necessary to cover known and inherent losses in the loan portfolio.

Beneficial recorded a provision for loan losses of \$3.2 million during the three months ended September 30, 2008, compared to \$2.3 million during the three months ended June 30, 2008. The increase in the provision was due primarily to our continuous evaluation of non-performing loans, a risk assessment regarding weakening economic conditions, along with the increase in commercial loans outstanding.

Net charge-offs for the three-month period ended September 30, 2008 were \$0.5 million, compared to the \$0.3 million reported for the three-month period ended June 30, 2008. Non-performing loans increased to \$28.3 million, or 0.7% of total assets, at September 30, 2008, compared to \$15.7 million, or 0.4% of total assets at June 30, 2008.

Beneficial has no exposure to losses from Fannie Mae or Freddie Mac preferred shares or subordinated debt. At September 30, 2008, Beneficial's investments in pooled trust preferred collateralized debt obligations include three securities, each of which are AAA-rated senior tranches, with a total book value of \$30.4 million and an estimated fair value of \$23.9 million. The senior tranches of collateralized debt obligations generally are protected from defaults by over-collateralization. Based on management's analysis as of September 30, 2008, all of these securities are expected to return 100% of their principal and interest.

Net Interest Income

Beneficial's net interest income increased \$1.0 million, or 3.6%, to \$29.1 million for the three months ended September 30, 2008, compared to \$28.1 million for the prior quarter as interest income increased and interest expense declined. The net interest margin increased by 10 basis points during the quarter, to 3.41%, up from 3.31% for the quarter ended June 30, 2008.

Non-interest Income

Non-interest income increased to \$6.5 million for the three months ended September 30, 2008, up \$0.5 million, or 8.5% from the previous quarter, as a decline in service charges and other income was more than offset by an increase in insurance commission revenue. In addition, an impairment charge of \$0.3 million related to the value of certain common equity securities was lower than a similar impairment charge of \$0.5 million incurred during the prior quarter.

Non-interest Expense

Non-interest expense was \$26.6 million for the three months ended September 30, 2008, compared to \$18.6 million for the prior quarter. During the prior quarter, Beneficial elected to freeze its defined benefit plans and recorded a pension curtailment gain of \$7.3 million.

About Beneficial Mutual Bancorp

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 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 Beneficial, 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 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. 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.

Joseph F. Conners
 Executive Vice President and
 Chief Financial Officer
 PHONE: (215) 864-6000

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

	September 30, 2008	June 30, 2008	December 31, 2007	September 30, 2007
ASSETS:				
Cash and Cash				
Equivalents:				
Cash and due from				
banks	\$47,674	\$46,373	\$53,545	\$58,634
Interest-bearing				
deposits	11,902	238	4,782	3,065
Federal funds sold	2,250	131	-	35,861
Total cash and				
cash equivalents	61,826	46,742	58,327	97,560
Investment Securities:				
Available-for-sale				
(amortized cost of				
\$1,032,592,				
\$1,050,513, at				
September 30 and				
June 30, 2008				
respectively and				
\$938,835 and				
\$908,324 at December				
31, and September				
30, 2007,				
respectively)	1,024,390	1,041,424	949,795	911,159
Held-to-maturity				
(estimated fair				
value of \$83,963				
and \$87,311 at				
September 30 and				
June 30, 2008				
respectively and				
\$111,127 and				
\$113,756 at				
December 31 and				
September 30, 2007,				
respectively)	84,401	88,159	111,986	116,027
Federal Home Loan				
Bank stock, at cost	27,872	22,112	18,814	18,558
Total investment				
securities	1,136,663	1,151,695	1,080,595	1,045,744
Loans:	2,323,280	2,234,252	2,120,922	2,088,141
Allowance for loan				
losses	(25,208)	(22,539)	(23,341)	(22,094)
Net loans	2,298,072	2,211,713	2,097,581	2,066,047

Accrued Interest Receivable	17,506	16,265	18,089	18,763
Bank Premises and Equipment, net	77,724	78,192	79,027	72,996
Other Assets:				
Goodwill	110,436	110,440	110,335	112,132
Bank owned life insurance	30,481	30,117	29,405	29,049
Other intangibles	24,893	25,799	29,199	23,548
Other assets	85,369	76,969	55,260	65,045
Total other assets	251,179	243,325	224,199	229,774
Total Assets	\$3,842,970	\$3,747,932	\$3,557,818	\$3,530,884

LIABILITIES AND

STOCKHOLDERS' EQUITY:

Liabilities:

Deposits:

Non-interest

bearing deposits	\$226,303	\$228,531	\$242,351	\$258,533
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Interest bearing

deposits	2,408,850	2,372,797	2,222,812	2,202,543
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Total deposits	2,635,153	2,601,328	2,465,163	2,461,076
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Borrowed funds	535,896	471,788	407,122	363,664
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Other liabilities	64,981	57,238	65,736	92,658
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Total liabilities	3,236,030	3,130,354	2,938,021	2,917,398
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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, 2008 and
December 31 and

September 30, 2007	-	-	-	-
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Common Stock - \$.01
par value, 300,000,000
shares authorized,
82,264,457 shares
issued and outstanding
as of September 30,
2008, June 30, 2008
and December 31, and

September 30, 2007	823	823	823	823
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Additional paid-in capital	343,765	360,156	360,126	360,128
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Unearned common
stock held by the
employee savings
and stockownership
plan

(29,013)	(29,829)	(30,635)	(31,515)
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Retained earnings
(partially

restricted)	299,044	294,723	291,360	291,530
Accumulated other comprehensive loss, net	(7,679)	(8,295)	(1,877)	(7,480)
Total stockholders' equity	606,940	617,578	619,797	613,486

Total Liabilities and Stockholders' Equity	\$3,842,970	\$3,747,932	\$3,557,818	\$3,530,884
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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 September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
INTEREST INCOME:				
Interest and fees on loans	\$33,564	\$32,588	\$98,756	\$84,229
Interest on federal funds sold	14	985	522	1,277
Interest and dividends on investment securities:				
Taxable	14,074	12,682	43,751	23,843
Tax-exempt	428	256	1,164	752
Total interest income	48,080	46,511	144,193	110,101
INTEREST EXPENSE:				
Interest on deposits:				
Interest bearing checking accounts	1,410	1,626	3,931	2,528
Money market and savings deposits	3,856	3,374	11,277	8,947
Time deposits	8,748	10,955	29,976	29,038
Total	14,014	15,955	45,184	40,513
Interest on borrowed funds	4,975	4,438	14,741	11,557
Total interest expense	18,989	20,393	59,925	52,070
Net interest income	29,091	26,118	84,268	58,031
Provision for loan losses	3,191	0	5,791	300
Net Interest Income After Provision for Loan Losses	25,900	26,118	78,477	57,731
NON-INTEREST INCOME:				
Insurance commission and related income	2,738	979	7,879	3,113
Service charges and other income	3,827	2,824	12,157	5,545
Impairment charge on securities available-for-sale	(264)	-	(737)	-
Net gain on sale of investment securities				

available for sale	159	(24)	430	656
Total non-interest income	6,460	3,779	19,729	9,314
NON-INTEREST EXPENSE:				
Salaries and employee benefits	13,933	13,896	40,083	32,286
Pension curtailment gain	-	-	(7,289)	-
Occupancy	3,070	2,460	8,827	6,454
Depreciation, amortization and maintenance	2,096	1,989	6,118	4,744
Advertising	1,220	1,033	3,545	2,760
Amortization of intangible	906	1,452	4,306	1,623
Other	5,414	14,580	15,582	20,605
Total non-interest expense	26,639	35,410	71,172	68,472
Income (Loss) before income taxes	5,721	(5,513)	27,034	(1,427)
Income tax expense (benefit)	1,400	(475)	7,550	(50)
NET INCOME (LOSS)	\$4,321	(\$5,038)	\$19,484	(\$1,377)
EARNINGS (LOSS) PER SHARE - Basic	\$0.05	(\$0.07)	\$0.25	(\$0.02)
EARNINGS (LOSS) PER SHARE - Diluted	\$0.05	(\$0.07)	\$0.25	(\$0.02)
Average common shares outstanding - Basic	78,566,856	74,723,331	79,010,679	55,451,926
Average common shares outstanding - Diluted	78,573,633	74,723,331	79,010,679	55,451,926

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

September 30, 2008 June 30, 2008 December 31, 2007 September 30, 2007

ASSET QUALITY INDICATORS:				
Non-performing assets:				
Non-accruing loans	\$13,342	\$3,406	\$7,685	\$8,239
Accruing loans past due 90 days or more	15,023	12,284	8,626	7,837
Total non-performing loans	28,365	15,690	16,311	16,076
Real estate owned	7,355	7,439	4,797	5,106
Total non-performing				

assets	\$35,720	\$23,129	\$21,108	\$21,182
ASSET QUALITY RATIOS:				
Non-performing loans to total loans	1.22%	0.70%	0.77%	0.77%
Non-performing loans to total assets	0.74%	0.42%	0.46%	0.46%
Non-performing assets to total assets	0.93%	0.62%	0.59%	0.60%
Non-performing assets less accruing loans Past due 90 days or more to total assets	0.54%	0.29%	0.35%	0.38%

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
PERFORMANCE RATIOS: (annualized)				
Return on average assets	0.46%	(0.59%)	0.70%	(0.07%)
Return on average equity	2.82%	(3.56%)	4.22%	(0.36%)
Net interest margin	3.41%	3.43%	3.34%	3.13%

	September 30, 2008	June 30, 2008	December 31, 2007	September 30, 2007
Other:				
Employees (full-time equivalents)	869	862	877	818

SOURCE Beneficial Mutual Bancorp, Inc.

<http://www.thebeneficial.com/>

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