



Beneficial Mutual Bancorp, Inc. Announces Second Quarter 2009 Results

PHILADELPHIA, Jul 27, 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 six months ended June 30, 2009.

For the three months ended June 30, 2009, Beneficial recorded a loss of \$50 thousand, or \$0.00 per share, compared to net income of \$5.1 million, or \$0.07 per share for the three months ended March 31, 2009. The decline in earnings resulted primarily from increased credit costs and increased FDIC deposit insurance expenses, including a special assessment imposed by the FDIC during the second quarter. In the three months ended June 30, 2008, Beneficial earned \$9.1 million, or \$0.11 per share, including a pension curtailment gain of \$7.3 million. Year to date through June 30, 2009, Beneficial has recorded earnings of \$5.1 million, or \$0.07 per share.

"The second quarter of 2009 presented significant challenges and opportunities for Beneficial," said Gerard Cuddy, Beneficial's President and CEO. "We're meeting the challenges presented by the current economic weakness head on, while capitalizing on opportunities for loan growth and expansion of our relationship-based core deposits. While increased credit costs and the FDIC special assessment adversely impacted our quarterly results, we remain confident in the strength of our balance sheet, operating performance, and our sound capital position. And we are even more encouraged by our outstanding employees as they help our customers do the right thing financially."

Highlights for the quarter included:

- Deposits increased by \$119.1 million, or 4.1%, to \$3.0 billion at June 30, 2009, up from \$2.9 billion at March 31, 2009.
- Total loans outstanding increased to \$2.7 billion during the quarter ended June 30, 2009, up from \$2.5 billion at March 31, 2009.
- Net interest income for the three months ended June 30, 2009 increased to \$30.4 million from \$29.4 million for the three months ended March 31, 2009, an increase of \$0.9 million or 3.2%.
- The provision for loan losses increased \$4.1 million for the three months ended June 30, 2009 to \$7.1 million, up from \$3.0 million for the three months ended March 31, 2009.
- FDIC deposit insurance expense increased \$2.4 million during the quarter ended June 30, 2009 to \$2.9 million, compared to \$0.5 million recorded for the quarter ended March 31, 2009. The increase included a special assessment expense of \$1.9 million.

Balance Sheet

Total assets increased \$136.3 million, or 3.4%, from March 31, 2009, to \$4.2 billion at June 30, 2009. The increase in total assets was primarily due to an increase in total loans outstanding of \$150.7 million partially offset by an increase in the allowance for loan losses of \$5.9 million. Commercial, consumer and residential real estate loan portfolios all experienced growth during the quarter ended June 30, 2009.

Total deposits increased \$119.1 million, or 4.1%, to \$3.0 billion at June 30, 2009, compared to \$2.9 billion at March 31, 2009. The largest contributor to this increase was growth in core deposits of \$152.0 million to \$2.0 billion at June 30, 2009, up from \$1.9 billion at March 31, 2009. Core deposits grew in all categories with the largest growth in municipal checking accounts, which increased 23.4% from \$370.6 million at March 31, 2009, to \$457.5 million at June 30, 2009.

At June 30, 2009, Beneficial's stockholders' equity equaled \$620.2 million, or 14.8% of total assets, compared to stockholders' equity of \$620.3 million, or 15.3% of total assets at March 31, 2009.

Asset Quality

Nonperforming loans totaled \$80.5 million, or 1.9% of total assets, at June 30, 2009, compared to \$38.3 million, or 0.9% of total assets at March 31, 2009. At June 30, 2009, nonperforming loans consisted of \$55.4 million in commercial loans, \$18.5 million in residential real estate loans and \$6.6 million in consumer loans. Net charge-offs during the three-month period ended June 30, 2009 were \$1.2 million, compared to \$2.6 million during the three months ended March 31, 2009. The allowance for loan losses at June 30, 2009 totaled \$43.2 million, or 1.6% of total loans outstanding, compared to \$37.3 million, or 1.4% of total

loans outstanding at March 31, 2009.

The Bank recorded a provision for loan losses of \$7.1 million during the three months ended June 30, 2009, compared to a provision of \$3.0 million for the quarter ended March 31, 2009. The provision for the second quarter of 2009 included \$6.2 million related to specific commercial loans, with the remainder related to 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 \$0.9 million, or 3.2%, to \$30.4 million for the quarter ended June 30, 2009, compared to \$29.5 million for quarter ended March 31, 2009, and increased by \$2.4 million, or 8.4%, compared to net interest income for the three months ended June 30, 2008.

The net interest margin increased to 3.24% for the three months ended June 30, 2009, an increase of 2 basis points from the three months ended March 31, 2009, as the decrease in interest cost exceeded the decline in the yield on interest bearing liabilities. For the quarter ended June 30, 2008, the Bank reported a net interest margin of 3.31%.

Non-interest Income

Non-interest income declined to \$6.1 million for the three months ended June 30, 2009, down \$1.9 million from the \$8.0 million recorded for the first quarter of 2009. The decrease in non-interest income for the quarter ended June 30, 2009 was primarily due to a decrease in insurance commission income of \$1.0 million and a decrease in gains on the sale of securities of \$0.3 million from the quarter ended March 31, 2009. Compared to the quarter ended June 30, 2008, non-interest income rose \$0.2 million or 3.5%.

Non-interest Expense

Non-interest expense was \$29.8 million for the three months ended June 30, 2009, up \$1.3 million, or 4.6%, from \$28.4 million for the three months ended March 31, 2009. The largest factor contributing to this increase was the expense recorded for FDIC deposit insurance assessments of \$2.9 million offset by decreases in other operating expenses. Compared to the quarter ended June 30, 2008, non-interest expense increased \$11.1 million, or 59.6%. During the quarter ended June 30, 2008, Beneficial recorded a pension curtailment gain of \$7.3 million.

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.

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.

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

June 30,	March 31,	December	June 30,
2009	2009	31, 2008	2008

ASSETS:				
Cash and Cash Equivalents:				
Cash and due from banks	\$41,989	\$72,996	\$44,380	\$46,373
Interest-bearing deposits	237	250	9	238
Federal funds sold	-	-	-	131
Total cash and cash equivalents	42,226	73,246	44,389	46,742
Investment Securities:				
Available-for-sale (amortized cost of \$1,044,000 and \$1,017,591 at June 30, and March 31, 2009 and \$1,095,252 and \$1,050,513 at December 31 and June 30, 2008, respectively)	1,066,615	1,041,614	1,114,086	1,041,424
Held-to-maturity (estimated fair value of \$59,733 and \$65,872 at March 31 and June 30, 2009 and \$77,369 and \$87,311 at December 31 and June 30, 2008, respectively)	58,086	64,062	76,014	88,159
Federal Home Loan Bank stock, at cost	28,068	28,068	28,068	22,112
Total investment securities	1,152,769	1,133,744	1,218,168	1,151,695
Loans:				
Allowance for loan losses	(43,235)	(37,345)	(36,905)	(22,539)
Net loans	2,651,736	2,506,933	2,387,677	2,211,713
Accrued Interest Receivable	17,972	18,186	17,543	16,265
Bank Premises and Equipment, net	77,691	78,328	78,490	78,192
Other Assets:				
Goodwill	111,462	111,462	111,462	110,440
Bank owned life insurance	31,589	31,216	30,850	30,117
Other intangibles	22,203	23,094	23,985	25,799
Other assets	78,163	73,287	89,486	76,969
Total other assets	243,417	239,059	255,783	243,325
Total Assets	\$4,185,811	\$4,049,496	\$4,002,050	\$3,747,932
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Liabilities:				
Deposits:				
Non-interest bearing deposits	\$ 248,487	\$243,845	\$226,382	\$228,531
Interest bearing deposits	2,789,529	2,675,109	2,515,297	2,372,797
Total deposits	3,038,016	2,918,954	2,741,679	2,601,328
Borrowed funds	443,611	443,687	580,054	471,788
Other liabilities	83,940	66,544	69,777	57,238
Total liabilities	3,565,567	3,429,185	3,391,510	3,130,354
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, 2009 and December 31 and June 30, 2008	-	-	-	-
Common Stock - \$.01 par value, 300,000,000 shares authorized, 82,264,457 shares issued and outstanding as of June 30 and March 31, 2009 and December 31 and June 30, 2008	823	823	823	823
Additional paid-in capital	343,885	343,093	342,420	360,156
Unearned common stock held by employee stock ownership plan	(26,990)	(27,609)	(28,510)	(29,829)
Retained earnings (partially restricted)	301,184	301,234	296,106	294,723
Accumulated other comprehensive gain (loss), net	3,817	4,618	(299)	(8,295)
Treasury stock, at cost, 283,204 and 211,904 shares, at June 30 and March 31, 2009 and 0 shares at December 31 and June 30, 2008	(2,475)	(1,848)	-	-
Total stockholders' equity	620,244	620,311	610,540	617,578
Total Liabilities and Stockholders' Equity	\$ 4,185,811	\$4,049,496	\$ 4,002,050	\$ 3,747,932

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

For the Three Months For the Six Months
Ended June 30, Ended June 30,

	2009	2008	2009	2008
INTEREST INCOME:				
Interest and fees on loans	\$33,921	\$32,698	\$67,278	\$65,193
Interest on federal funds sold	-	146	2	507
Interest and dividends on investment securities:				
Taxable	12,389	14,657	26,002	29,676
Tax-exempt	650	369	1,206	736
Total interest income	<u>46,960</u>	<u>47,870</u>	<u>94,488</u>	<u>96,112</u>
INTEREST EXPENSE:				
Interest on deposits:				
Interest bearing checking accounts	2,113	1,235	4,096	2,521
Money market and savings deposits	2,703	3,664	6,154	7,421
Time deposits	7,037	10,082	14,984	21,228
Total	<u>11,853</u>	<u>14,981</u>	<u>25,234</u>	<u>31,170</u>
Interest on borrowed funds	4,691	4,832	9,359	9,766
Total interest expense	<u>16,544</u>	<u>19,813</u>	<u>34,593</u>	<u>40,936</u>
Net interest income	30,416	28,057	59,895	55,176
Provision for loan losses	7,100	2,300	10,100	2,600
Net interest income after provision for loan losses	<u>23,316</u>	<u>25,757</u>	<u>49,795</u>	<u>52,576</u>
NON-INTEREST INCOME:				
Insurance commission and related income	1,715	1,876	4,463	5,141
Service charges and other income	3,111	4,388	6,762	8,330
Impairment charge on securities available for sale	-	(473)	(1,230)	(473)
Gain on sale of investment securities available for sale	1,316	143	4,165	271
Total non-interest income	<u>6,142</u>	<u>5,934</u>	<u>14,160</u>	<u>13,269</u>
NON-INTEREST EXPENSE:				
Salaries and employee benefits	14,007	13,157	28,282	26,150
Pension curtailment	-	(7,289)	-	(7,289)
Occupancy	2,899	2,812	6,102	5,758
Depreciation, amortization and maintenance	2,220	2,047	4,448	4,022
Advertising	1,238	1,214	2,987	2,325
Amortization of intangible	890	1,654	1,782	3,400
Other	8,498	5,045	14,589	10,166
Total non-interest expense	<u>29,752</u>	<u>18,640</u>	<u>58,190</u>	<u>44,532</u>
(Loss) Income before income taxes	<u>(294)</u>	<u>13,051</u>	<u>5,765</u>	<u>21,313</u>
Income tax (benefit) expense	<u>(244)</u>	<u>3,950</u>	<u>687</u>	<u>6,150</u>
NET (LOSS) INCOME	<u>\$ (50)</u>	<u>\$9,101</u>	<u>\$ 5,078</u>	<u>\$15,163</u>
(LOSS) EARNINGS PER SHARE - Basic	\$ 0.00	\$0.11	\$0.07	\$ 0.19
(LOSS) EARNINGS PER SHARE - Diluted	\$ 0.00	\$0.06	\$ 0.07	\$ 0.19
Average common shares outstanding - Basic	77,678,961	79,255,114	77,717,407	79,235,030
Average common shares outstanding - Diluted	77,678,961	79,255,114	77,726,194	79,235,030

BENEFICIAL MUTUAL BANCORP, INC. AND SUBSIDIARIES

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

(Dollars in thousands)

	June 30, 2009	March 31, 2009	December 31, 2008	June 30, 2008
ASSET QUALITY INDICATORS:				
Non-performing assets:				
Non-accruing loans	\$53,557	\$20,706	\$17,163	\$3,406
Accruing loans past due 90 days or more	26,935	17,550	20,883	12,284
Total non-performing loans	<u>80,492</u>	<u>38,256</u>	<u>38,046</u>	<u>15,690</u>
Troubled debt restructurings	17,888	16,467	16,442	-
Real estate owned	7,306	6,316	6,297	7,439
Total non-performing assets	<u>\$105,686</u>	<u>\$61,039</u>	<u>\$60,785</u>	<u>\$23,129</u>
Non-performing loans to total loans	2.99%	1.50%	1.57%	0.70%
Non-performing loans to total assets	1.92%	0.94%	0.95%	0.42%

Non-performing assets to total assets	2.52%	1.51%	1.52%	0.62%
Non-performing assets less accruing loans				
Past due 90 days or more to total assets	1.88%	1.07%	1.00%	0.29%

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	2009	2008	2009	2008

PERFORMANCE RATIOS:

(annualized)

Return on average assets	(0.00%)	0.98%	0.22%	0.82%
Return on average equity	(0.03%)	5.98%	1.47%	4.91%
Net interest margin	3.24%	3.31%	3.23%	3.31%

SOURCE: Beneficial Mutual Bancorp, Inc.

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