

FOR IMMEDIATE RELEASE

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FROM



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**Bank Mutual Corporation Announces
Expansion of its Stock Repurchase Program**

Milwaukee, Wisconsin
February 5, 2007

Bank Mutual Corporation (NASDAQ-BKMU) announced that its board of directors today approved an amendment to the Company current stock repurchase program to increase the number of shares of its common stock which may be repurchased under that plan to 6.0 million (which is an increase from the 3.0 million shares of its common stock which previously authorized for repurchase). The program does not specify the timing of purchases or the prices to be paid.

The current stock repurchase program was originally adopted and announced on May 1, 2006, and now has been amended to extend through January 31, 2008. Through February 2, 2007, the Company had repurchased 1,910,852 shares, at an average per share price of \$11.55, under this program. Therefore, the Company may repurchase an additional 4,089,148 shares under the plan as amended. At February 2, 2007, Bank Mutual Corporation had outstanding 59,351,764 shares;

CORPORATE HEADQUARTERS

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therefore, the remaining shares which may be repurchased under the amended plan would constitute 6.9% of the Company's currently outstanding shares.

"In view of our strong capital position and the market alternatives, our board has decided to expand the number of shares which we may purchase under our current repurchase program so that we can continue to use share repurchases as a method of managing our capital position. We expect to continue to use repurchases along with dividends, expansion of our banking products and services, and possible expansion of our banking franchise by acquisitions or de novo offices, as tools to manage our capital" said Michael T. Crowley, Jr. Chairman, President and Chief Executive Officer of Bank Mutual Corporation.

Bank Mutual Corporation is the fourth largest financial institution holding company headquartered in the state of Wisconsin and its stock is quoted on The NASDAQ Global Select MarketSM under the symbol 'BKMU'. Its subsidiary bank, Bank Mutual, operates 76 offices in the state of Wisconsin and one office in Minnesota.

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Cautionary Statements

The discussions in this news release which are not historical statements contain forward-looking statements that involve risk and uncertainties. Statements which are not historical statements include those regarding possible future stock purchase. There can be no assurance that Bank Mutual Corporation will in fact repurchase shares, nor of the timing, amounts or pricing of any such repurchases. Also, Bank Mutual Corporation's actual future results could affect its ability to repurchase shares. Bank Mutual Corporation's actual use of capital will depend upon future events, and it cannot assure any particular use of its capital resources or that any expansion will occur. Factors which could affect future results or actions include changing interest rates, changes in demand for loans or other services, competition from other institutions, changes in OTS regulations or interpretations, the results of our lending activities and loan loss experience, general economic and political developments, and other factors discussed in our filings with the Securities and Exchange Commission.

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