

FOR IMMEDIATE RELEASE
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FROM



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**Bank Mutual Corporation Announces
New Stock Repurchase Program**

Completed Repurchase Program Adopted in November

Milwaukee, Wisconsin
December 20, 2004

Bank Mutual Corporation (NASDAQ-BKMU) announced that its board of directors today approved a second stock repurchase program whereby the Company may repurchase up to an additional 5.0 million shares of its common stock, which amount represents 6.8% of its currently outstanding shares. The program does not specify the timing of purchases or the prices to be paid. Although no schedule for completion has been adopted, Bank Mutual Corporation will not begin purchases until at least the second business day after it announces its fiscal 2004 results.

The Company also announced that had completed the repurchase of 5,000,000 shares of common stock pursuant to its stock repurchase program which was adopted and announced on November 1, 2004.

“We are pleased with the response to our earlier repurchase program announced in November. Based on the success of that program and in view of our strong capital, our board has decided to approve a new program so that we can continue to use share repurchases as a method of managing

our capital position. We expect 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, to manage our capital" said Michael T. Crowley, Jr. Chairman, President and Chief Executive Officer of Bank Mutual Corporation.

Since its conversion to a fully-shareholder owned company in October 2003, Bank Mutual Corporation has repurchased 6,642,521 shares of its common stock. Under the repurchase program adopted in November 2004, Bank Mutual Corporation repurchased 5,000,000 shares at an average cost of \$12.28 per share.

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 Stock Market® under the symbol "BKMU." Its subsidiary bank, Bank Mutual, operates 70 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 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 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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