

Continuous
Growth



2006 ANNUAL REPORT



Bethpage
Federal Credit Union



Our Vision

Commitment to extraordinary
value and **service**, anytime, anywhere.



Main Office

899 S. Oyster Bay Road | Bethpage, NY 11714
1.800.628.7070 | www.bethpagefcu.coop

Directory

Public Access Branches

Bethpage (Main Office)
899 South Oyster Bay Road

Bay Shore
591 E. Main St. (Montauk Highway)

Commack (King Kullen Supermarket)
120 Veterans Highway

Farmingdale
1033 Route 109

Freeport (Coming Soon!)
210 West Merrick Road

Glen Clove
111 School Street

Hempstead
170 Fulton Avenue

Huntington
33 Gerard Street

Levittown (King Kullen Supermarket)
3284 Hempstead Turnpike

Lynbrook
613 Sunrise Highway

Massapequa (Coming Soon!)
5257 Sunrise Highway

Melville
722 Walt Whitman Road (Rte. 110)

North Babylon
1350 Deer Park Avenue

Port Jefferson
4802 Nesconset Highway

Riverhead
1095 Old Country Road

Smithtown
240 Middle Country Road

Limited Access Branches

Greenlawn (BAE Systems employees)
Islandia (CA employees)

Local Shared Service Centers

Amityville, Teachers FCU
Bay Shore, Teachers FCU
Bohemia, Teachers FCU
Central Islip, Teachers FCU
Commack, Teachers FCU
East Meadow, Nassau Financial FCU
Farmingville, Teachers FCU
Flushing, Qside FCU
Garden City, Nassau Financial FCU
Hauppauge, Long Island State EFCU
Holbrook, Teachers FCU
Islandia, Suffolk FCU
Manhattan, First Entertainment CU
Manhattan, Justice FCU
Manhattan, Skyline FCU
Massapequa, Nassau Financial FCU
Medford, Suffolk FCU
Miller Place, Suffolk FCU
Mineola, Winthrop University Hospital EFCU
North Babylon, Teachers FCU
Oceanside, Nassau Financial FCU
Oceanside, Oceanside Christopher FCU
Plainview, Nassau Educators FCU
Port Jefferson Station, Teachers FCU
Riverhead, Suffolk FCU
Riverhead, Teachers FCU
Rockville Centre, Nassau Educators FCU
Rocky Point, Teachers FCU
Seaford, Oceanside Christopher FCU
Selden, Teachers FCU
Smithtown, Teachers FCU
South Setauket, Teachers FCU
Syosset, Nassau Educators FCU
Valley Stream, Nassau Educators FCU
West Babylon, Suffolk FCU
Westbury, Nassau Educators FCU

Corporate Information

Board of Directors

Philip Gandolfo, Chairman
Richard B. Turan, Vice Chairman
Robert F. Kelly, Secretary
Don Balducci, Treasurer

Francis E. Campbell
Thomas D. Gill
John C. Komst
Michelle Nearon
Sam Piazzola

Associate Directors

Jaci Clement
Jorge A. Martinez

Supervisory Committee

Peter Letizia, Chairman
Joseph Moliterno, Secretary
John Scano

Executive Staff

Kirk Kordeleski
President & Chief Executive Officer

Wayne N. Grossé
Chief Operating Officer

Brian Clarke
Senior Vice President & CFO

Robert Hoppenstedt
Senior Vice President, Operations & Marketing

Michele Dean
Senior Vice President, Lending
& COO, CUSO Operations

Linda Armyn
Vice President, Corporate Development
& Government Affairs

James Breen
Vice President, Information Technology

Gary Jendras
Vice President, Internal Audit

Lisa King
Vice President, Human Resources

Gerard Schmitt
Vice President, Marketing



We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act.



Your savings are federally insured to at least \$100,000 and backed by the full faith and credit of the United States Government.



President's Message



On October 28, 1941, we opened our doors for the employees of Grumman Plants 1 and 2. On that first day, 114 members deposited \$413.50 and, by the end of the year, there were 400 members who had saved \$4,750.

We Have Come a Long Way

We ended 2006, our 65th year, with 15 branches across Long Island serving more than 130,000 members with \$2.2 billion in deposits and \$1.7 billion in loans. Our continuous growth is due to the underlying commitment to our members, who are our owners, and to the values that we had in 1941 and still have to this day. Those values are best expressed through our vision of "Extraordinary Value (rates and fees) and Service Anytime, Anywhere."

We have heard Long Islanders say loud and clear that they want a different place to bank—a place that will always give them the best rates for their hard-earned money, a place they can trust and a place that knows their names, their families and their needs. That place is Bethpage Federal Credit Union.

A Community Credit Union—Not a Bank

But we are not just a Long Island financial cooperative helping all Long Islanders with their financial needs. Day in and day out we help each of our communities through various programs, like the Volunteer Tax Assistance Program (VITA), which helped 175 people get nearly \$200,000 in refunds last year; the Bethpage Federal Credit Union Foundation, which gave \$20,000 in educational grants; or our Financial Literacy seminars, where we help people understand financial concepts and the importance of savings and home ownership. Our employees give their time to many of Long Island's charities and not-for-profit organizations. Last year was no exception, with Bethpage employees volunteering more than 1,000 hours of their personal time.

Our Commitment to Service

First and foremost, we are here to serve our members. We deliver on that commitment through greater convenience, better products, and continuous improvement in speed and access to our services. It is our staff that makes the difference. They treat each member, in each transaction, like an owner. These folks are what make us different and better than any bank.

We recognize that Long Islanders are busy people and need access to financial services 24 hours a day, 7 days a week, 365 days a year. As a Bethpage member, you can access your money from more than 200 surcharge-free ATMs throughout Long Island and more than 3,500 ATMs throughout the country at 7-Eleven stores. In addition to our 15 branch offices, members can also bank in person at more than 30 shared branching facilities throughout Long Island. In September, we opened full-service branch offices in the King Kullen supermarkets in Commack and Levittown. Not only are these offices open later in the day, they

are open on Sundays and most holidays. In addition to these two branches, we also opened two full-service offices in Farmingdale and Lynbrook.

Our commitment to all our members continued in 2006 as we expanded our products to fully include our youngest members. We now offer a special Youth Savings Account and a Youth Checking Account. Our Youth Savings Account starts with a special 6% rate up to \$1,000 for any child up to age 21. Our young adults need checking accounts early on in their lives, so we have begun offering a special Youth Checking Account for those 15 to 21 years of age.

Building on Your Trust

It is because of our commitment to you and all our members that we consistently keep growing. Our assets totaled \$2.5 billion at the end of the year, an increase of \$247 million. So, while other financial institutions barely grew at all, Bethpage Federal Credit Union grew by 10%.

Our membership kept on growing in 2006, with 15,000 people joining us. Now, nearly one out of every 10 households on Long Island has a banking relationship with us.

We continued to earn your trust and loyalty last year. In our annual member survey 97% of our members were either highly satisfied or satisfied with our services. On a national level, that places us in the top 10% of all credit unions. But one survey doesn't tell the whole story. We also asked J.D. Powers to ask our members the same question. Again, you ranked us in the top 5%. But we want to be very sure, so every two weeks we again ask our members if they are satisfied with the service they receive from us. Consistently, more than 90% of our members respond that they are.

We are dedicated to making Bethpage Federal Credit Union more convenient to all members—whether they live on Long Island or anywhere else. Our Online Banking service is easier to use than ever before. Our four new branch offices are comfortable, friendly and inviting, with features that include plasma screens, 24/7 ATMs, large conference rooms, online banking kiosks and coin machines.

We look forward to serving all your financial needs, and to continuing our commitment to improve the quality of life for all Long Islanders.

Thank you.

Kirk Kordeleski
President and Chief Executive Officer



Bethpage Federal Credit Union is more than just a place to bank. Banking is only part of our story. Our roots lie in people helping people—because we are a financial cooperative owned by our members. Our goal is to continually strive to have the best rates, the lowest fees and the best service, because we are here to serve you.

The Heart of Bethpage

Long Island is our home. It is a great place to live, work and raise a family. Last year, our employees were involved in dozens of charities and gave more than 1,000 hours to them—helping to raise money, working in soup kitchens and serving on various boards and committees. We also started a “Not-for-Profit Workshop Series” for executive directors of those charitable organizations. The topics discussed ranged from strategic planning to board governance to Sarbanes-Oxley. In all, there was an average of 50 not-for-profit leaders attending each of the programs.

We continued to work with a number of charities, including Island Harvest, the Interfaith Nutrition Network (INN), SCO Family of Services, Family Service League, Abilities!, Urban League, Project GRAD, Make-A-Wish Foundation, 1 in 9: The Long Island Breast Cancer Action Coalition, Cold Spring Harbor Learning Center, John Theissen Children’s Fund, Rebuilding Together, Education & Assistance Corporation (EAC), and Friends of the Arts (FOTA). Our sponsorship of the “Kids Go Free” program allows children 12 and younger to attend FOTA Summer and Jazz Festival concerts for free.

In 2006, we began to reach out to our local high schools. At Bethpage High School, for instance, we started a program to help high school seniors understand the importance of financial responsibility—from balancing a checkbook to budgeting to establishing a long-term savings plan.

We continued our support of Project GRAD, Grumman Retirees Club scholarships, Bethpage Foundation scholarships and the Bethpage Endowed Scholarship at Adelphi University.

We also worked with the Long Island Ducks and the New York Islanders. We sponsored the First Annual Breast Cancer Awareness Night with the Ducks and Suites for Charity with the Islanders. And, in conjunction with 1 in 9, we sponsored a *Boy of Steel* book tour with author Ray Negron.

The Air Show

The Bethpage Federal Credit Union New York Air Show at Jones Beach is the largest community event on Long Island. More than 400,000 people came to Jones Beach during Memorial Day weekend in 2006 to watch the U.S. Navy Blue Angels and others perform aerobatic maneuvers over one of the nation’s largest public beaches. This year, we are once again the proud sponsor of this event that symbolizes Long Island’s aviation history and Bethpage Federal Credit Union’s roots. Please join us at the beach on the 26th and 27th of May to watch this year’s featured performers, the U.S. Air Force Thunderbirds.

Without our members, none of these efforts would be possible. We are now a \$2.5 billion organization, which gives us the financial strength and resources to continue with all these initiatives and many more. So, from all of us—our employees, management team, associate directors, supervisory committee and volunteer board of directors—thank you for being a member of Bethpage Federal Credit Union. With your ongoing help, we can continue to make a difference with banking that can change lives.

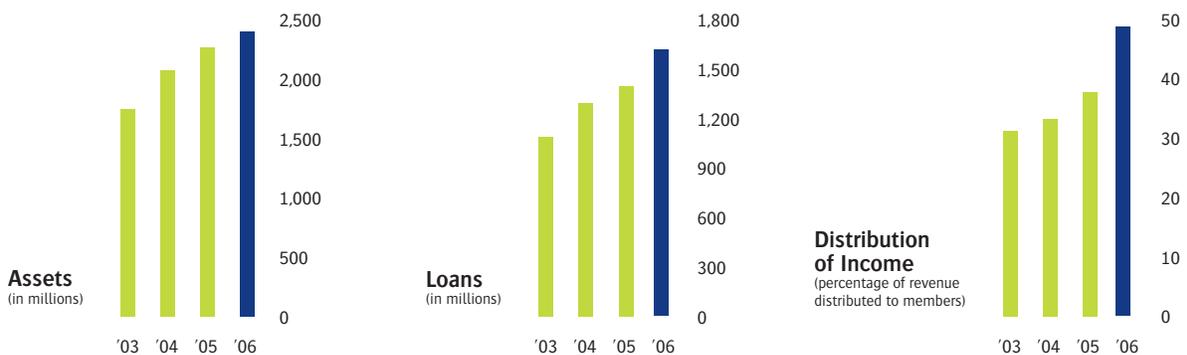
A handwritten signature in blue ink that reads "Philip Gandolfo". The signature is fluid and cursive.

Philip Gandolfo
Chairman

Consolidated Statements of Financial Condition

December 31, 2006 and 2005
(in thousands)

	2006	2005
ASSETS		
Cash and cash equivalents	\$ 139,190	\$ 67,935
Investments		
Available-for-sale	551,847	590,796
Other	98,276	101,301
Loans held for sale	340	862
Loans receivable, net	1,634,483	1,418,626
Accrued interest receivable	12,578	11,850
Property and equipment	15,075	13,895
National Credit Union Share Insurance Fund deposits	15,656	13,955
Other assets	9,824	11,418
	<u>\$ 2,477,269</u>	<u>\$ 2,230,638</u>
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' shares	\$ 2,185,764	\$ 1,987,803
Borrowed funds	35,491	0
Accrued expenses and other liabilities	37,748	50,470
	<u>2,259,003</u>	<u>2,038,273</u>
Commitments and contingent liabilities		
Members' equity		
Retained earnings	224,726	209,384
Accumulated other comprehensive loss	(6,460)	(17,019)
	<u>218,266</u>	<u>192,365</u>
	<u>\$ 2,477,269</u>	<u>\$ 2,230,638</u>



Consolidated Statements of Income

For the years ended December 31, 2006 and 2005
(in thousands)

	2006	2005
INTEREST INCOME		
Interest on loans receivable	\$ 95,778	\$ 72,427
Interest on investments and cash equivalents	28,557	22,726
	<hr/>	<hr/>
Total interest income	124,335	95,153
INTEREST EXPENSE		
Dividends on members' shares	68,317	42,995
Interest on borrowed funds	316	0
	<hr/>	<hr/>
Total interest expense	68,633	42,995
NET INTEREST INCOME	55,702	52,158
PROVISION FOR LOAN LOSSES	6,590	3,981
	<hr/>	<hr/>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	49,112	48,177
NON-INTEREST INCOME		
Members' shares service charges and other fees	8,165	6,401
Mortgage servicing and loan fees	2,955	3,264
Gain on sale of mortgage loans	236	1,031
Investment services and insurance fees – commissions	4,688	4,357
Other non-interest income	171	3,788
	<hr/>	<hr/>
Total non-interest income	16,215	18,841
Net income before expenses	65,327	67,018
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	22,200	21,435
Operations	23,757	22,493
Occupancy	4,028	3,195
	<hr/>	<hr/>
Total general and administrative expenses	49,985	47,123
NET INCOME	<u>\$ 15,342</u>	<u>\$ 19,895</u>

Consolidated Statements of Members' Equity and Comprehensive Income (Loss)

For the years ended December 31, 2006 and 2005
(in thousands)

	Regular Reserve	Undivided Earnings	Total	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)
Balance, December 31, 2004	\$ 21,384	\$ 168,105	\$ 189,489	\$ (5,865)	\$ –
Net income		19,895	19,895		19,895
Net change in unrealized holding (losses) gains on available-for-sale investments				(9,936)	(9,936)
Minimum pension liability				(1,218)	<u>(1,218)</u>
Comprehensive income					<u>\$ 8,741</u>
Balance, December 31, 2005	21,384	188,000	\$ 209,384	(17,019)	–
Net income		15,342	15,342		15,342
Net change in unrealized holding (losses) gains on available-for-sale investments				4,188	4,188
Minimum pension liability				6,371	<u>6,371</u>
Comprehensive income					<u>\$ 25,901</u>
Balance, December 31, 2006	<u>\$ 21,384</u>	<u>\$ 203,342</u>	<u>\$ 224,726</u>	<u>\$ (6,460)</u>	

Consolidated Statements of Cash Flows

For the years ended December 31, 2006 and 2005
(in thousands)

	2006	2005
OPERATING ACTIVITIES		
Net income	\$ 15,342	\$ 19,895
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of servicing rights	1,510	927
Amortization of net premium on investments	3,050	6,813
Provision for loan losses	6,590	3,981
Depreciation and amortization	2,641	2,684
Decrease in loans held for sale	522	372
Increase in accrued interest receivable	(728)	(1,704)
Decrease (increase) in other assets	84	(539)
(Decrease) increase in accrued expenses and other liabilities	(12,722)	9,005
	<hr/>	<hr/>
Net cash provided by operating activities	16,289	41,434
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Purchases of available-for-sale investments	(118,203)	(178,191)
Proceeds from maturities of available-for-sale investments	158,290	223,154
Net decrease (increase) in other investments	3,025	(37,954)
Net increase in loans receivable	(222,447)	(178,538)
(Increase) decrease in the National Credit Union Share Insurance Fund deposit	(1,701)	9
Comprehensive income	6,371	(1,218)
Purchases of property and equipment	(3,821)	(2,127)
	<hr/>	<hr/>
Net cash used in investing activities	(178,486)	(174,865)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Increase in borrowed funds	35,491	0
Net increase in members' shares	197,961	141,100
	<hr/>	<hr/>
Net cash provided by financing activities	233,452	141,100
	<hr/>	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS	71,255	7,669
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	67,935	60,266
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 139,190	\$ 67,935
	<hr/> <hr/>	<hr/> <hr/>
SUPPLEMENTAL CASH FLOW INFORMATION		
Dividends paid on members' shares	\$ 68,634	\$ 42,995

Notes to Consolidated Financial Statements

December 31, 2006 and 2005

1. SIGNIFICANT ACCOUNTING POLICIES

Organization: Bethpage Federal Credit Union (the Credit Union) is a cooperative association holding a corporate charter under the provisions of the Federal Credit Union Act.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Credit Union and its wholly owned subsidiary, Bethpage Management Services, LLC. The Credit Union owns 51% of Land Bound Services, LLC, and CU Settlements Services, LLC. All material intercompany balances and transactions have been eliminated in consolidation. Other affiliates in which there is at least 20% ownership are accounted for by the equity method; those in which there is less than 20% ownership are carried at cost.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for loan losses.

Cash, Cash Equivalents and Cash Flows: Cash and cash equivalents consist of cash on hand, demand deposits, overnight investments, and non-term share deposits in a corporate credit union. For purposes of reporting cash flows, loans receivable, other investments, members' shares are reported net.

Investments: Investments that the Credit Union intends to hold for an indefinite period of time, but not necessarily to maturity, are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on investments classified as available-for-sale have been accounted for as accumulated other comprehensive income (loss). Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Amortization of premiums and discounts are recognized in interest income over the period to maturity. Declines in the fair value of individual available-for-sale securities below their costs that are other than temporary result in write-downs of the individual securities to their fair value. Factors affecting the determination of whether an other-than-temporary impairment has occurred include a downgrading of the security by a rating agency, a significant deterioration in the financial condition of the issuer, or that management would not have the ability to hold a security for a period of time sufficient to allow for any anticipated recovery in fair value. Other investments are classified separately and are stated at cost.

Federal Home Loan Bank Stock: The Credit Union as a member of the Federal Home Loan Bank (FHLB) system is required to maintain an investment in capital stock of the FHLB in an amount equal to the greater of 1% of its outstanding mortgage loans or 5% of advances from the FHLB. No ready market exists for the FHLB stock, and it has no quoted market value.

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or estimated market value. All sales are made without recourse.

Loans Receivable and Allowance for Loan Losses: Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses and increased by deferred net loan origination costs. Interest on loans receivable is recognized over the terms of the loans and is calculated using the simple interest method on principal amounts outstanding. Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income.

The Credit Union determines a loan to be delinquent when payments have not been made according to contractual terms, typically evidenced by non-payment of a monthly installment by the due date.

Large groups of smaller-balance homogenous loans are collectively evaluated for impairment. Accordingly, the Credit Union does not separately identify individual consumer and residential loans for impairment disclosures. Additionally, the Credit Union performs a loan-by-loan analysis of impaired commercial participation loans and assigns an appropriate reserve amount based on the facts and circumstances related to the impairment of the loan.

The allowance for loan losses is increased by a provision for loan losses charged to expense and decreased by charge-offs (net of recoveries). Loans are charged against the allowance for loan losses when management believes that collectibility of the principal is unlikely. The allowance is an amount management believes will be adequate to absorb estimated losses on existing loans. Management's periodic evaluation of the adequacy of the allowance is based on the Credit Union's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. While management uses the best information available to make its evaluations, further adjustments to the allowance may be necessary if there are significant changes in economic conditions.

Transfers and Servicing of Financial Assets: The Credit Union accounts for transfers and servicing of financial assets in accordance with SFAS No. 140, Accounting for Transfers and Servicing Financial Assets and Extinguishment of Liabilities. SFAS No. 140 requires application of a financial component's approach that focuses on control. Under this approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. The statement also distinguishes transfers of financial assets that are sales from transfers of financial assets that are secured borrowings.

The Credit Union entered into loan sales agreements that due to the terms of the agreements are required to be classified as secured borrowings under SFAS No. 140.

The Credit Union generally retains the right to service mortgage loans sold to others. The cost allocated to the mortgage servicing rights retained has been recognized as a separate asset and is being amortized in proportion to and over the period of estimated net servicing income.

Mortgage servicing rights are periodically evaluated for impairment based on the fair value of those rights. Fair values are estimated using discounted cash flows based on current market rates of interest and current expected future prepayment rates. For purposes of measuring impairment, the rights must be stratified by one or more predominant risk characteristics of the underlying loans. The Credit Union stratifies its capitalized mortgage servicing rights based on the type of loan, term, investor, maturity date and origination date of the underlying loans. The amount of impairment recognized is the amount, if any, by which the amortized cost of the rights for each stratum exceed their fair value.

Accrued Interest on Loans: Accrual of interest on loans is discontinued when management believes that, after considering economics, business conditions, and collection efforts, the borrower's financial condition is such that collection of interest is doubtful. The Credit Union's policy is to stop accruing interest when the loan becomes 90 days delinquent. All interest accrued but not collected for loans that are placed on non-accrual status or subsequently charged off are reversed against interest income. Income is subsequently recognized on the cash basis until, in management's judgment, the borrower's ability to make periodic interest and principal payments is back to normal and future payments are reasonably assured, in which case the loan is returned to accrual status.

Property and Equipment: Land is carried at cost. Building, furniture and equipment, data processing and leasehold improvements are carried at cost, less accumulated depreciation and amortization. Buildings, furniture and equipment and data processing are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the terms of the related leases.

National Credit Union Share Insurance Fund Deposit: The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each federally insured Credit Union in an amount equal to 1% of its insured members shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, if it converts its insurance coverage to another source, or if management of the fund is transferred from the NCUA Board.

NCUSIF Insurance Premium: The Credit Union is required to pay an annual insurance premium equal to one-twelfth of one percent of total insured shares, unless the payment is waived or reduced by the NCUA Board. The NCUA Board waived the 2006 and 2005 insurance premiums.

Members' Shares: Members' shares are the savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in the annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Dividends on members' shares are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates are set by the Credit Union's Management.

Income Taxes: The Credit Union is exempt, by statute, from federal income taxes.

Pension Plan: The Credit Union has a qualified, noncontributory defined-benefit pension plan covering substantially all of its employees. The Credit Union's policy is to fund an amount in excess of the minimum amount required under ERISA.

Comprehensive Income: Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the members' equity section of the statements of financial condition. For 2006 and 2005, other comprehensive income includes no reclassification adjustments.

Reclassifications: Certain account reclassifications have been made to the 2005 consolidated financial statements in order to conform to classifications used in the current year.

Recent Accounting Pronouncements: In March 2006, the Financial Accounting Standards Board issued SFAS No. 156, Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140. Among other matters, this Statement requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a service contract under certain situations. This Statement permits an entity to determine the method of measuring the servicing asset or liability by choosing either the *amortization method* or the *fair value measurement method*. The new standard is effective for fiscal years beginning after September 15, 2006. Management does not expect the adoption of this statement to have a material impact on its consolidated financial position or results of operations.

In September 2006, the Financial Accounting Standards Board issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R). Among other matters, this Statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. This Statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. The new standard is effective for credit unions with fiscal years ending after June 15, 2007. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for credit unions with fiscal years ending after December 15, 2008. Management does not expect the adoption of this statement to have a material impact on its consolidated financial position or results of operations.

2. INVESTMENTS

Investments classified as available-for-sale consist of the following (in thousands):

December 31, 2006	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government obligations and federal agencies securities	\$ 404,870	\$ 69	\$ (5,474)	\$ 399,465
Mortgage-backed securities	136,403	318	(1,296)	135,425
Municipal bonds	17,034	22	(99)	16,957
	<u>\$ 558,307</u>	<u>\$ 409</u>	<u>\$ (6,869)</u>	<u>\$ 551,847</u>

December 31, 2005	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. government obligations and federal agencies securities	\$ 459,095	\$ 30	\$ (8,893)	\$ 450,232
Mortgage-backed securities	130,518	83	(1,825)	128,776
Municipal bonds	11,831	0	(43)	11,788
	<u>\$ 601,444</u>	<u>\$ 113</u>	<u>\$ (10,761)</u>	<u>\$ 590,796</u>

Gross unrealized losses and fair value by length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2006 and 2005 are as follows (in thousands):

December 31, 2006	Fair Value	Continuous Unrealized Losses Existing For:		Total Unrealized Losses
		Less Than 12 Months	More Than 12 Months	
Available-for-sale				
U.S. government obligations and federal agencies securities	\$ 380,078	\$ (271)	\$ (5,203)	\$ (5,474)
Mortgage-backed securities	72,695	(97)	(1,199)	(1,296)
Municipal bonds	14,154	(56)	(43)	(99)
	<u>\$ 466,927</u>	<u>\$ (424)</u>	<u>\$ (6,445)</u>	<u>\$ (6,869)</u>

December 31, 2005	Fair Value	Continuous Unrealized Losses Existing For:		Total Unrealized Losses
		Less Than 12 Months	More Than 12 Months	
Available-for-sale				
U.S. government obligations and federal agencies securities	\$ 440,204	\$ (5,629)	\$ (3,264)	\$ (8,893)
Mortgage-backed securities	110,148	(524)	(1,301)	(1,825)
Municipal bonds	11,788	(43)	0	(43)
	<u>\$ 562,140</u>	<u>\$ (6,196)</u>	<u>\$ (4,565)</u>	<u>\$ (10,761)</u>

There are a total of 101 and 116 investments with unrealized losses as of December 31, 2006 and 2005, respectively. The unrealized losses associated with these investments are considered temporary as the Credit Union has the ability to hold these investments for a period of time sufficient to allow for any anticipated recovery in fair value.

Other investments consist of the following (in thousands):

December 31	2006	2005
Certificates of deposit in banks and savings institutions	\$ 2,990	\$ 4,646
Share certificates in a corporate credit union	84,000	88,000
Federal Home Loan Bank	2,344	0
Member capital account in a corporate credit union	8,942	8,655
	<u>\$ 98,276</u>	<u>\$ 101,301</u>

Certificates are generally non-negotiable and non-transferable, and may incur substantial penalties for withdrawal prior to maturity.

Member capital accounts are uninsured equity capital accounts that may be redeemed with a three-year notice.

At December 31, 2006 and 2005, there were approximately \$201,649,000 and \$132,701,000, respectively, in credit union and bank deposits with individual balances in excess of the insured limit.

Investments by maturity as of December 31, 2006 are summarized as follows (in thousands):

	Available-for-sale		Other
	Amortized Cost	Fair Value	
No contractual maturity	\$ 0	\$ 0	\$ 11,286
Less than 1 year maturity	196,421	194,961	38,082
1 – 5 years maturity	225,483	221,461	48,813
5 – 10 years maturity	0	0	95
Mortgage-backed securities	136,403	135,425	0
	<u>\$ 558,307</u>	<u>\$ 551,847</u>	<u>\$ 98,276</u>

Expected maturities of mortgage-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay the obligations and are, therefore, classified separately with no specific maturity date. Member capital accounts have been classified with no contractual maturity.

3. LOANS RECEIVABLE

Loans receivable consist of the following (in thousands):

December 31	2006	2005
Mortgage loans:		
Fixed rate	\$ 569,586	\$ 367,085
Hybrid/balloon	263,510	260,727
Home equity line of credit, variable rate	387,577	408,430
Business secured loans	11,822	9,993
Commercial participation loans	69,937	38,006
	<u>1,302,432</u>	<u>1,084,241</u>
Vehicle loans	212,318	207,565
Vehicle participation loans	15,765	23,500
Consumer loans	71,980	70,043
Credit card loans, unsecured	31,080	31,230
	<u>1,633,575</u>	<u>1,416,579</u>
Deferred net loan origination costs	7,458	7,463
Allowance for loan losses	(6,550)	(5,416)
	<u>\$ 1,634,483</u>	<u>\$ 1,418,626</u>

The Credit Union has purchased commercial loan participations originated by various other credit unions. All of these loan participations were purchased without recourse and are secured by real property. The Credit Union also purchased vehicle participation loans that consist of pools of vehicle loans. These loans were purchased non-recourse, full recourse and limited subordination. In limited subordination, the credit union is responsible for loan losses that exceed thresholds varying between 3.5% and 5%. The originating credit unions perform all servicing functions on these loans.

The Credit Union offers non-traditional hybrid/balloon mortgage loans to its members. Hybrid/Balloon loans consist of loans that are fixed for an initial period of three, five or seven years. After this period, the mortgages are converted to variable rate using the fully indexed rate capped at an annual increase of two percent, which can result in significant payment shock to the borrower.

The Credit Union entered into an agreement to sell the credit card loan portfolio. Due to specific provisions of the sale agreements, the transaction is treated as secured borrowings under SFAS 140. Since the Credit Union has not released effective control over those assets, the loans are required to be classified as pledged. Credit card loans pledged under these participation loan agreements totaled \$31,080,000 as of December 31, 2006.

The following is an analysis of the allowance for loan losses (in thousands):

Years ended December 31	2006	2005
Balance, beginning of year	\$ 5,416	\$ 5,372
Provision for loan losses	6,590	3,981
Recoveries	1,341	830
Loans charged off	(6,797)	(4,767)
Balance, end of year	<u>\$ 6,550</u>	<u>\$ 5,416</u>

Outstanding mortgage loan commitments at December 31, 2006 and 2005 total approximately \$32,383,000 and \$22,586,000, respectively.

Available credit on home equity and unsecured lines of credit is summarized as follows (in thousands):

December 31	2006	2005
Home equity	\$ 253,057	\$ 243,581
Other consumer	128,069	90,205
Other unused member business loan	20,155	4,013
	<u>\$ 401,281</u>	<u>\$ 337,799</u>

Commitments for home equity and unsecured lines of credit may expire without being drawn upon. Therefore, the total commitment amount does not necessarily represent future cash requirements of the Credit Union. These commitments are not reflected in the consolidated financial statements.

4. LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unpaid principal balances of these loans at December 31, 2006 and 2005 are summarized as follows (in thousands):

December 31	2006	2005
Mortgage loans underlying pass-through securities:		
FNMA	\$ 722,002	\$ 769,475
Charlie Mac, LLC	19,979	18,482
	<u>\$ 741,981</u>	<u>\$ 787,957</u>

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in members' shares, were approximately \$4,312,000 and \$4,386,000 at December 31, 2006 and 2005, respectively.

A summary of the changes in the balance of mortgage servicing rights in 2006 and 2005 were as follows (in thousands):

Years ended December 31	2006	2005
Balance, beginning of year	\$ 7,421	\$ 7,024
Servicing assets recognized during the year	238	1,406
Amortization of servicing assets	(1,510)	(927)
Impairment of servicing assets	(13)	(82)
Balance, end of year	<u>\$ 6,136</u>	<u>\$ 7,421</u>
Fair value of mortgage servicing rights	\$ 8,700	\$ 9,317

5. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows (in thousands):

December 31	2006	2005
Land	\$ 1,712	\$ 1,712
Building	13,017	12,420
Furniture and equipment	7,156	7,278
Data processing	10,795	10,163
Leasehold improvements	4,504	3,000
	<u>37,184</u>	<u>34,573</u>
Accumulated depreciation and amortization	(22,109)	(20,678)
	<u>\$ 15,075</u>	<u>\$ 13,895</u>

The Credit Union leases various offices. The operating leases contain renewal options and provisions requiring the Credit Union to pay property taxes and operating expenses over base period amounts. All rental payments are dependent only upon the lapse of time. Minimum rental payments under operating leases with initial or remaining terms of one year or more at December 31, 2006 are as follows (in thousands):

Years ending December 31	
2007	\$ 1,190
2008	1,069
2009	1,064
2010	1,027
2011	860
Subsequent years	<u>2,244</u>
	<u>\$ 7,454</u>

Rental expense for the years ended December 31, 2006 and 2005 for all facilities leased under operating leases totaled \$ 1,597,936 and \$1,271,271, respectively.

6. MEMBERS' SHARES

Members' shares are summarized as follows (in thousands):

December 31	2006	2005
Regular shares	\$ 279,623	\$ 369,929
Share draft accounts	195,829	176,620
Money market accounts	582,746	589,014
Individual retirement accounts – money market	107,581	124,590
Certificates	<u>1,019,985</u>	<u>727,650</u>
	<u>\$ 2,185,764</u>	<u>\$ 1,987,803</u>

Shares by maturity as of December 31, 2006 are summarized as follows (in thousands):

No contractual maturity	\$ 1,165,779
0 – 1 year maturity	828,202
1 – 2 years maturity	94,486
2 – 3 years maturity	36,980
3 – 4 years maturity	43,861
4 – 5 years maturity	<u>16,456</u>
	<u>\$ 2,185,764</u>

Regular shares, share draft accounts, money market accounts, and individual retirement account shares have no contractual maturity. Certificate accounts have maturities of five years or less.

The National Credit Union Share Insurance Fund insures members' shares up to \$100,000, and certain individual retirement and Keogh accounts up to \$250,000.

The aggregate amount of certificates in denominations of \$100,000 or more at December 31, 2006 and 2005 is approximately \$300,558,000 and \$209,955,000 respectively.

At December 31, 2006 overdraft demand shares reclassified to loans totaled \$274,000.

7. BOROWED FUNDS

In 2006, the Credit Union entered into a sale agreement to sell its credit card loan portfolio. Due to specific provisions of the sale agreements, the transaction is treated as secured borrowings under SFAS 140. Specific provisions of the agreements include the Credit Union's option to repurchase these loans in five years as specified in the contract.

Since the Credit Union has not released effective control over those assets, the loans are classified as pledged, and a secured borrowing was established. Outstanding credit card loan balances under this loan agreement totaled \$31,080,000, as of December 31, 2006.

The Credit Union utilizes a demand loan agreement with a corporate credit union. The terms of this agreement call for the pledging of all assets as security for any and all obligations taken by the Credit Union under this agreement. The agreement provides for a credit limit of \$50 million with interest charged at a rate determined by the lender on a periodic basis. At December 31, 2006 and 2005, there were no borrowings under this agreement. The agreement is reviewed for continuation by the lender and the Credit Union annually.

8. CONCENTRATIONS OF CREDIT RISK

Participation in the Credit Union is limited to those individuals who qualify for membership. The field of membership is defined in the Credit Union's bylaws. Under a community charter approved during 2003 by the National Credit Union Administration ("NCUA"), the Credit Union's field of membership includes all individuals who live, work, worship, or attend school in New York's Nassau County and in substantially all of New York's Suffolk County. Although the Credit Union has a diversified loan portfolio, borrowers' ability to repay loans may be affected by the economic climate of the overall geographic region in which borrowers reside.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The Credit Union is a party to various legal actions normally associated with collections of loans and other business activities of financial institutions, the aggregate effect of which, in management's opinion, would not have a material adverse effect on the financial condition or results of operations of the Credit Union.

The Credit Union has approximately \$908,000 and \$1,958,000 in outstanding commitments to sell loans at December 31, 2006 and 2005, respectively. There are no commitments to sell investments at December 31, 2006.

10. EMPLOYEE BENEFITS

The Credit Union sponsors a funded, non-contributory defined benefit pension plan for the benefit of its employees. The Credit Union also sponsors an un-funded, non-contributory non-qualified defined benefit Supplemental Executive Retirement plan. The plans call for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Credit Union and compensation levels at retirement. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of equity securities.

The Credit Union also sponsors a postretirement benefit plan to provide health care benefits to retirees of the Credit Union from retirement until Medicare benefits become available. The postretirement benefits take into account actuarial assumptions that consider employee's age, years to retirement, and years to Medicare benefits. Other assumptions include that the plan will pay a portion of the health care premium for the retirees, and a factor of the health care cost trend rate.

The accrued pension benefits and net periodic pension costs for the years ended December 31, 2006 and 2005 are as follows (in thousands):

	Pension Plans		Postretirement Benefit	
	2006	2005	2006	2005
Benefit obligation at December 31	\$ 27,344	\$ 27,375	\$ 5,912	\$ 5,759
Fair value of plan assets	26,036	21,369	0	0
Funded status	\$ (1,308)	\$ (6,006)	\$ (5,912)	\$ (5,759)
Accrued benefit cost recognized in the consolidated statements of financial condition	\$ (3,483)	\$ 4,439	\$ 3,750	\$ 3,267
Minimum pension liability recognized in the consolidated statements of financial condition	\$ 0	\$ 6,371	\$ 0	\$ 0
Accumulated benefit obligation	\$ 25,236	\$ 25,692	\$ 0	\$ 0
Assumptions used to determine benefit obligation:				
Discount rate	6.10%	5.80%	6.10%	5.80%
Rate of compensation increase	5.00%	5.00%	-	-
Net pension cost	\$ 1,050	\$ 708	\$ 714	\$ 679
Employer contribution	\$ 2,602	\$ 1,310	\$ 231	\$ 322
Benefit payments	\$ 1,075	\$ 1,007	\$ 231	\$ 322
Assumptions used to determine net pension cost:				
Discount rate	5.80%	6.00%	5.75%	6.00%
Expected long-term return on plan assets	8.00%	8.00%	-	-
Rate of compensation increase	5.00%	5.00%	-	-
Inflation rate	3.00%	3.00%	-	-

	Postretirement Benefit	
	2006	2005
Assumptions used to determine health care inflation:		
Medical trend rates	10.0% - 5.0%	11.0% - 5.0%
Dental trend rates	7.5% - 5.0%	7.5% - 5.0%
Year of ultimate rate achievement	2013	2013

The funded, non-contributory defined benefit pension plan's expected long-term rate of return assumption is based on a building block approach, determining risk-free asset return assumptions, and applying a weighted average methodology to the proportion of plan assets in each applicable asset class.

The Credit Union's pension plan weighted-average asset allocations by asset category are as follows:

	Pension Plans	
	2006	2005
Equity securities	80%	80%
Debt securities	20%	20%
	100%	100%

The Credit Union's pension's investment strategies are to invest in a prudent manner for the exclusive purpose of providing benefits to participants. The investment strategies are targeted to produce a total return that, when combined with the Credit Union's contributions to the Plan, will maintain the funds' ability to meet all required benefit obligations. Risk is controlled through diversification of asset types and investments in domestic and international equities, fixed income securities and cash.

The Credit Union expects to contribute \$2,000,000 to the pension plans and approximately \$351,000 to the postretirement benefit plan in 2007.

The following pension and postretirement benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows (in thousands):

Years ending December 31

2007	\$	1,429
2008		1,465
2009		1,497
2010		1,516
2011		1,588
2012 – 2015		9,333
	\$	<u>16,828</u>

The Credit Union has a defined contribution 401(k) plan that allows employees to defer a portion of their salary into the 401(k) plan. The Credit Union matches a portion of employees' wage reductions. Plan costs are accrued and funded on a current basis. The Credit Union contributed approximately \$499,000 and \$366,000, respectively, to the plan for the years ended December 31, 2006 and 2005.

11. MEMBERS' EQUITY

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory — and possibly additional discretionary — actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital guidelines that involve quantitative measures of the Credit Union's assets, liabilities, and certain off-balance-sheet items as calculated under generally accepted accounting principles. The Credit Union's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth to total assets. Further, credit unions over \$10,000,000 in assets are also required to calculate a Risk-Based Net Worth (RBNW) requirement which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The Credit Union's RBNW requirements as of December 31, 2006 and 2005 were 5.66% and 5.65%, respectively. The minimum requirement to be considered "complex" under the regulatory framework is 6%. Management believes, as of December 31, 2006 and 2005, that the Credit Union meets all capital adequacy requirements to which it is subject.

As of December 31, 2006, the most recent call reporting period, and 2005, the NCUA categorized the Credit Union as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized," the Credit Union must maintain a minimum net worth ratio of 7% of assets. There are no conditions or events since that notification that management believes have changed the institution's category.

The Credit Union's actual capital amounts and ratios are presented in the following table (in thousands):

	December 31, 2006		December 31, 2005	
	Amount	Ratio/ Requirement	Amount	Ratio/ Requirement
Amount needed to be classified as "adequately capitalized"	\$ 148,636	6.0%	\$ 133,838	6.0%
Amount needed to be classified as "well capitalized"	\$ 173,409	7.0%	\$ 156,145	7.0%
Actual net worth	\$ 224,726	9.1%	\$ 209,384	9.4%

Because the RBNW requirement is less than the net worth ratio, the Credit Union retains its original category. Further, in performing its calculation of total assets, the Credit Union used the quarter-end balance option, as permitted by regulation.

12. RELATED PARTY TRANSACTIONS

In the normal course of business, the Credit Union extends credit to directors, supervisory committee members and executive officers. The aggregate loans to related parties at December 31, 2006 and 2005 are \$4,016,968 and \$4,348,538, respectively. Deposits from related parties at December 31, 2006 and 2005 amounted to \$1,864,920 and \$2,662,455, respectively.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts have been determined by the Credit Union using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Credit Union could realize in a market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate fair value:

Investments

Estimated fair values for investments are obtained from quoted market prices where available. Where quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments.

Loans Receivable

The estimated fair value for all fixed rate loans is determined by discounting the estimated cash flows using the current rate at which similar loans would be made to borrowers with similar credit ratings and maturities.

The estimated fair value for variable rate loans is the carrying amount. Credit card loans are considered, for estimation of fair value purposes, variable rate loans since interest rates may be changed by the Credit Union.

The impact of delinquent loans on the estimation of the fair values described above is not considered to have a material effect and, accordingly, delinquent loans have been disregarded in the valuation methodologies employed.

Members' Shares and Borrowed Funds

The estimated fair value of demand deposit accounts (regular shares, share draft accounts, money market accounts and individual retirement accounts) is the carrying amount. The fair value of fixed-maturity certificates and borrowed funds is estimated by discounting the estimated cash flows using the current rate at which similar certificates would be issued.

Other On-Balance-Sheet Financial Instruments

Other on-balance-sheet financial instruments include cash and cash equivalents and accrued interest receivable. The carrying value of each of these financial instruments is a reasonable estimation of fair value.

Off-Balance-Sheet Financial Instruments

The fair values for the Credit Union's off-balance sheet commitments are estimated based on fees charged to others to enter into similar agreements taking into account the remaining terms of the agreements and credit standing of the members. The estimated fair value of these commitments is not significant.

The estimated fair value of the Credit Union's financial instruments are summarized as follows (in thousands):

	December 31, 2006		December 31, 2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	\$ 139,190	\$ 139,190	\$ 67,935	\$ 67,935
Investments				
available-for-sale	551,847	551,847	590,796	590,796
Other investments	98,276	98,276	101,301	101,301
Loans held for sale and loans receivable, net	1,634,483	1,603,290	1,419,488	1,407,263
Accrued interest receivable	12,578	12,578	11,850	11,850
Financial Liabilities:				
Members' shares	2,185,764	2,180,651	1,987,803	1,983,660
Borrowed funds	35,491	35,491	0	0

Independent Auditor's Report

Supervisory Committee
Bethpage Federal Credit Union and Subsidiaries
Bethpage, New York

We have audited the accompanying consolidated statements of financial condition of Bethpage Federal Credit Union (a federally chartered credit union) and Subsidiaries as of December 31, 2006 and 2005 and the related consolidated statements of income, comprehensive income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bethpage Federal Credit Union and Subsidiaries as of December 31, 2006 and 2005 and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



McGladrey & Pullen
Beverly, Massachusetts
April 27, 2007

Supervisory Committee's Message

The Supervisory Committee is composed of independent volunteers who are primarily responsible for ensuring that the financial condition of Bethpage Federal Credit Union is accurately stated and presented. The Committee is also responsible for verifying that the Credit Union is responding to members' needs, requests and suggestions. During 2006, the Credit Union again engaged the services of McGladrey & Pullen, LLP to conduct the annual audit of Bethpage Federal Credit Union's financial statements. An annual audit is required by federal regulations. The 2006 audited financial statements of the Credit Union, and related independent auditor's reports, are included in this annual report.

The year 2006 was again marked with an increased commitment from Bethpage to serve its members by adding new branches in the community. The Credit Union expanded its service capabilities by adding four new branches in 2006 in Farmingdale, Levittown, Commack, and Lynbrook. Also, the Riverhead branch office was moved to a location that is more convenient to that community, and is now open on Saturdays as well.

Bethpage continues to focus on measuring operational efficiency and financial performance. This is being accomplished by implementing service level agreements on internal scorecards and independent surveys. This type of improvement to systems and processes will reduce risk while providing our members with better service.

All of these achievements demonstrate Bethpage's continued commitment to providing better service and convenience to the membership, and this has led to a high level of member satisfaction. These steps ensure the members' needs are being addressed while providing assurance that the Credit Union's financial condition is accurately stated and presented.



Peter Letizia
Supervisory Committee Chairman



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