

2011

Annual Report




Bethpage
Federal Credit Union

President's Message



Bethpage has established its reputation by providing extraordinary value, service and convenience, built on a foundation of sound business practices and financial strength.

In 2011, our assets grew to more than \$4.5 billion, and today we are not only the largest credit union on Long Island, but we are also the largest in New York State, largest in the Northeast and the 18th largest in the United States! Year-end results

included record net income of \$41 million and deposit growth of \$450 million. As a non-profit financial cooperative, we stand apart from all the banks on Long Island; we work for you, our member-owners. We don't chase profits for shareholders. Our mission is to serve you first and foremost, every single day.

That became even more apparent during Bank Transfer Day. What started as a dissatisfied bank customer turned into a nationwide movement to support credit unions. Bethpage saw nearly 1,500 new people come in to open a checking account in the week leading up to Bank Transfer Day on November 5.

Bethpage is better than a Bank! We provide the best rates...every day! These are statements we can stand behind. We are a better place to bank because we are a credit union. You are not a customer; you are a member-owner. You have a say in what we do.

As Long Island's premier community financial institution, we are able to turn our financial strength into benefits for each of you, with lower fees and loan rates and higher deposit rates. Amid the overall housing downturn and economic slowdown, in 2011, Bethpage funded \$1.450 billion in loans, a 7.5% increase compared to 2010. Our members took advantage of low interest rates to refinance their homes, purchase new and used autos, and consolidate their debt.

Last year, more than 26,600 new members joined Bethpage, 19% more than in 2010. As we grow and expand, we do so to better serve you.

What started with one location for Grumman employees in 1941 has expanded to 26 branches throughout Nassau and Suffolk Counties. In 2011, we celebrated the openings of Bay Shore – King Kullen (open 7 days a week), Patchogue and West Babylon.

We will never take your trust for granted, which is why we work diligently to obtain member input about what we are doing right and where we can improve. And, thanks to each of you, Bethpage was voted Best Financial Institution on Long Island in the Annual Best of Long Island Awards sponsored by the Long Island Press for the fourth year in a row.

Bethpage understands how outside forces can affect you. While the economy around us continued to struggle, the Bethpage Challenge encouraged members to come in and take a look at all our financial products to see if there was a way they could lower their loan payments and earn more interest on their savings. The results were incredible!

Extraordinary value and service, anytime, anywhere – that is our commitment to you!

Thank you for your continued loyalty and for choosing Bethpage as your trusted financial partner.

Sincerely,

Kirk Kordeleski
President & CEO

Chairman's Message



The year 2011 was once again a successful one for Bethpage Federal Credit Union. Last year was a historical one for credit unions, and one that saw amazing growth for Bethpage in particular. Once again, Bethpage ended the year financially strong, with almost 200,000 members and assets over \$4.5 billion.

At Bethpage, giving back to the community is an important part of who we are. We're committed to helping Long Islanders in every aspect of their lives – not just financial. In 2002, Bethpage created a charitable community outreach program partnering with different organizations throughout Long Island. Today, that program, "The Heart of Bethpage" reaches across both Nassau and Suffolk Counties, helping more than 100 different not-for-profit organizations make a difference in the lives of our friends and neighbors.

From providing free tax assistance through our VITA program to helping to build homes for Long Island families, Bethpage employees are ready to spring into action. In 2011, Bethpage volunteers completed over 4,800 hours of service! Volunteerism is an intrinsic part of the Bethpage culture and something we truly believe helps to make Long Island a better place.

As a financial cooperative that is owned by its members, Bethpage is also committed to providing the best rates every day.

In 2011, more than 2,600 people refinanced their mortgage with us. By refinancing, members were able to lower their monthly payment or the term of their loan, putting real savings into their pockets.

This savings helped not only the individuals, but the Long Island economy at large. In 2011, Bethpage sponsored a Small Business survey. With more than 600 Long Island small business owners taking part in the study, the results were largely positive with overall signs of modest growth. Business conditions were seen as better on Long Island than in the nation as a whole and local businesses expressed more confidence in local business leaders. Most of the companies surveyed expected to increase or maintain sales in 2012 - that's great news for the people of Long Island!

Bethpage is far more than just a financial institution – we are a trusted friend and partner. We are committed to helping Long Islanders in any way we can – and we do that by starting with what is best for you, our member-owners.

Thank you for allowing me to continue to serve you and Long Island.

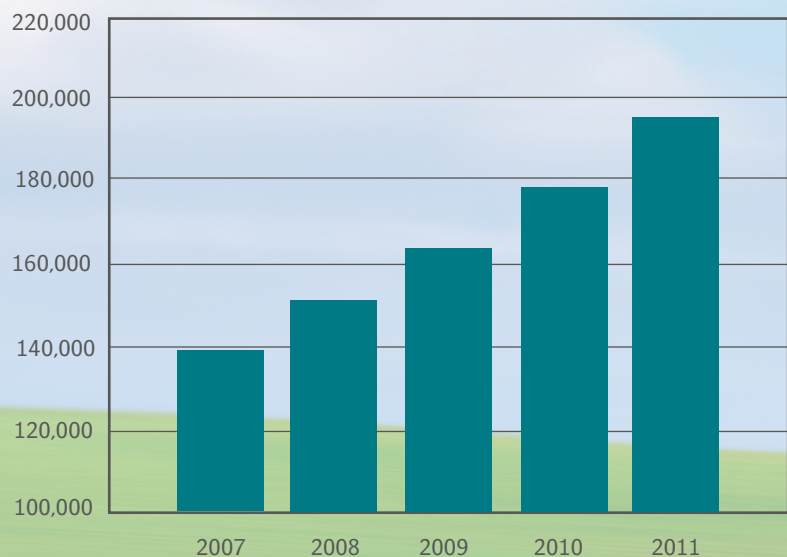
Robert Kelly
Chairman of the Board

Statements of Financial Condition

December 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 71,555	24,193
Investments		
Available-for-sale	1,988,237	1,763,527
Other	18,204	49,936
Loans held for sale	23,263	46,949
Loans receivable, net	2,297,018	2,028,566
Mortgage servicing rights, net	14,993	14,416
Accrued interest receivable	16,893	15,970
Property and equipment	23,023	20,507
National Credit Union Share Insurance Fund deposit	35,963	32,769
Real estate acquired through foreclosure	5,148	5,714
Other assets	10,807	8,786
Total assets	\$ 4,505,104	4,011,333
Liabilities and Members' Equity		
Liabilities		
Members' shares	\$ 4,035,702	3,586,771
Borrowed funds	-	18,205
Accrued expenses and other liabilities	103,929	74,050
Total liabilities	\$ 4,139,631	3,679,026
Commitments & Contingent Liabilities		
Members' Equity		
Retained earnings	\$ 356,433	315,446
Accumulated other comprehensive income	9,040	16,861
Total members' equity	\$ 365,473	332,307
Total liabilities and members' equity	\$ 4,505,104	4,011,333

Membership Growth



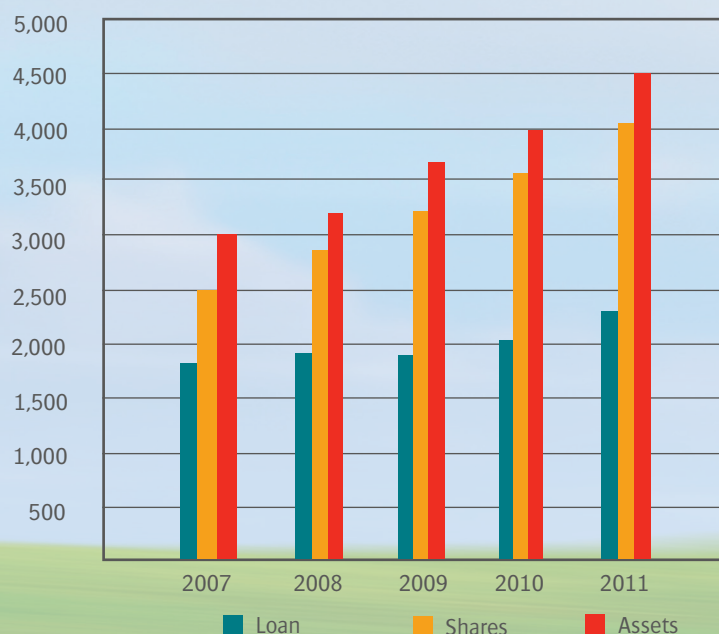
Statements of Income

Years Ended December 31, 2011 and 2010

	2011	2010
Interest Income		
Interest on loans receivable	\$ 101,266	100,236
Interest on investments and cash equivalents	60,395	59,625
Total interest income	\$ 161,661	159,861
Interest Expense		
Dividends on members' shares	\$ 48,563	53,749
Interest on borrowed funds	68	2,887
Total interest expense	48,631	56,636
Net interest income	113,030	103,225
Provision for loan losses	12,692	16,551
Net interest income after provision for loan losses	100,338	86,674
Non-Interest Income		
Members' shares service charges and other fees	\$ 11,243	10,386
Mortgage servicing and loan fees	2,231	2,057
Gain on sale of mortgage loans	11,777	14,444
Investment services and insurance fees - commissions	8,955	7,359
Other non-interest income	600	380
Total non-interest income	\$ 34,806	34,626
Net income before expenses	\$ 135,144	121,300
Non-Interest Expenses		
Salaries and benefits	\$ 40,580	36,221
Operations	46,734	40,458
Occupancy	6,843	6,539
Total non-interest expenses	\$ 94,157	83,218
Net income	\$ 40,987	38,082

Total Loans, Shares & Assets

as of December 31, dollar amount is in millions



Supervisory Committee's Report

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's major responsibilities are to you, the members of Bethpage Federal Credit Union. The Committee:

- Ensures compliance with NCUA guidelines and regulations.
- Monitors the financial reporting by management.
- Oversees the role of the Internal Audit department.
- Makes sure that Bethpage Federal Credit Union responds to the concerns of the members.

During 2011, the Committee engaged the services of Grant Thornton LLP to conduct the annual audit of Bethpage Federal Credit Union's financial statements. An annual audit is required by federal regulations. The 2011 audited financial statements of the credit union and related independent auditor's reports can be found at www.bethpagefcu.com/about-us/publication.aspx. In addition, the NCUA examination conducted during 2011 found Bethpage to be a safe and sound financial institution.

Bethpage continues to focus on measuring operational efficiency, service to members and financial performance. This is accomplished by use of internal and external scorecards and independent surveys. Use of these tools allows Bethpage to constantly deliver to its member's exceptional service and value.

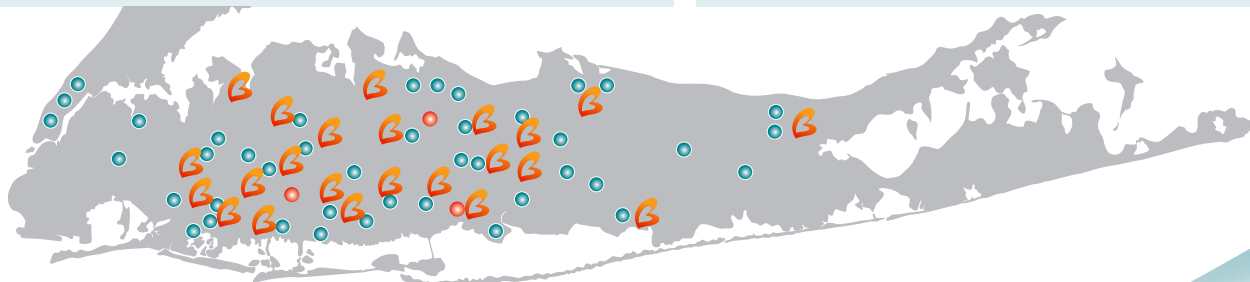
All of these accomplishments show the continued commitment by Bethpage to provide extraordinary value and service to each of you, the member-owners. These steps ensure the members' needs are being addressed while providing assurance that Bethpage Federal Credit Union's financial condition is accurately stated and presented.



Joseph Moliterno
Supervisory Committee Chair

Bethpage Full Service Branches

Bethpage	Hempstead	North Babylon
Bay Shore	Huntington	Patchogue
Bay Shore (King Kullen)	Islandia (CA Employees Only)	Port Jefferson
Central Islip	Levittown (King Kullen)	Riverhead
Commack (King Kullen)	Lynbrook	Roosevelt
Elmont	Massapequa	Seaford
Farmingdale	Melville	Smithtown
Freeport	Mineola	West Babylon
Glen Cove		Westbury



 Bethpage Branch  Shared Services Center  Branch in King Kullen (open 7 days a week)

Volunteers

Board of Directors

Robert F. Kelly, Chairman
Don Balducci, Vice Chairman
Philip Gandolfo, Secretary
Michelle Nearon, Treasurer
Thomas D. Gill
John C. Komst
Jorge A. Martinez
Sam Piazzola
Richard B. Turan

Associate Directors

Jeffrey Alter
Barrie E. Bazarsky
Francis E. Campbell
Jaci Clement

Supervisory Committee

Joseph Moliterno, Chair
John Scano, Secretary
Ann Butera
Les Poinelli
Vincent Scicchitano

Executive Team

Kirk Kordeleski
President & Chief
Executive Officer

Douglas O'Neill
Senior Vice President,
Human Resources

Wayne N. Grossé
Chief Operating Officer

Melissa Feeney
Vice President,
Human Resources

Linda Armyn
Senior Vice President,
Corporate Development &
Government Affairs

Gary Jendras
Vice President, Internal Audit

James Breen
Senior Vice President,
Information Technology

Lawrence Jones
Vice President,
Commercial Lending

Brian Clarke
Senior Vice President & CFO

Robert Lund
Vice President, Residential
Mortgage Lending

Michele Dean
Senior Vice President,
Lending & Investment Services,
COO-CUSO Operations

Gerard Schmitt
Vice President, Marketing

Robert Hoppenstedt
Senior Vice President,
Operations & Marketing

Vernon Williams
Vice President,
Branch Operations

Local Shared Service Centers

First Entertainment CU
Island FCU
Justice FCU

LOMTO FCU
Long Island State EFCU
Melrose FCU

Nassau Educators FCU
Nassau Financial FCU
Oceanside Christopher FCU

Qside FCU
Skyline FCU
Suffolk FCU

Sperry Associates FCU
Teachers FCU
Winthrop-University Hospital CU

Bethpage 

Federal Credit Union
You'll love banking here.

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