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Bethpage
Federal Credit Union

President's Message



I am proud to report that the past year has been one of positive and forward momentum for Bethpage Federal Credit Union. From extraordinary growth in revenue and assets to our increasing membership base, new products and enhanced electronic and mobile services, we are committed to serving your needs as Long Island's premier community financial institution.

In 2012, more than 33,400 new members joined Bethpage, a 25% increase compared to 2011. Plus our assets grew to more than \$5.1 billion, making us not only the largest credit union on Long Island, but also the largest in New York State and the Northeast, and number 16 in the nation! Year-end results included record net income of \$57 million, a 38% increase compared to 2011 and deposit growth of \$536 million, 13% over 2011. Last year, we funded \$1.9 billion in loans, a 30% increase over 2011, including mortgages, consumer loans, business lending and commercial real estate.

Why is our continued growth and success important?

As a not-for-profit financial cooperative, Bethpage exists only to serve you, our members, providing a level of service and value that can't be matched by "for profit" banks. As we grow and increase our financial strength, we are able to return value to our members through world-class service and rates that are the best in the market. We are also able to invest in making banking as convenient as possible for you through investments in new online and mobile technologies as well as branches. Today, we also offer the most free ATMs on Long Island...more than 425.

Value, service and trust have been the hallmarks of Bethpage's success since we were founded in 1941. Last year we drew on those values more than ever in the aftermath of Hurricane Sandy, creating special hurricane relief loans to help get our members back on their feet and reaching out to support the community in a myriad of ways. In addition to helping

our members directly, we worked closely with the United Way of Long Island and raised more than \$100,000 for Long Island relief efforts. We also donated \$25,000 to Red Cross relief operations and expanded our annual turkey drive to collect essential items for storm victims in addition to food for special holiday dinners.

For Bethpage, last year will go down as one of the most successful we have ever had. While we continue to see economic challenges nationally and locally, there are also reasons for optimism. According to the data collected from more than 600 small business executives in our second annual Long Island Small Business Survey, 50% are very or somewhat optimistic about Long Island economic conditions, compared to 37% the previous year. And 87% of small business executives expect sales to stay the same or increase in 2013, up from 77% in 2012. I truly hope you benefit from an improving economy in 2013.

A lot has changed since 1941, when we opened our doors to our first members, the employees of Grumman Corporation. What hasn't changed is our mission to our members—you and your family. You remain the top priority in every decision we make at Bethpage. With a vision to see every member succeed, we proudly serve and welcome you to your credit union every day. We look forward to providing you with more innovations, products and services, and more opportunities to exceed your expectations in 2013.

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

Sincerely,

Kirk Kordeleski
President & CEO

Chairman's Message



Last year was a successful one for Bethpage Federal Credit Union. As Kirk indicated in his President's Message, we had unprecedented growth and record income. Once again, your credit union ended the year in a position of financial strength and with strong membership growth.

In addition to growing and providing our members with the best value of any financial institution on Long Island, giving back to the community is an important part of who we are. This runs at the very core of our organization and I am proud to be part

of the Bethpage team. In 2012 our employees dedicated over 6,000 hours to serve the community of Long Island. We are honored to be part of the spirit of giving that makes Long Island a wonderful place to live and work.

Our ongoing effort to be at the heart of the Long Island community was demonstrated by our commitment to do everything possible for those who were severely affected by Hurricane Sandy. Bethpage partnered with United Way of Long Island in support of their Operation Rebuild to set up a Hurricane Sandy Disaster Relief Fund. At the end of 2012, the fund exceeded \$500,000 and it continues to grow to help families with unmet storm-related needs.

Another important initiative that we undertook in 2012 was to help our veterans returning home to Long Island. Many of our veterans today need help with starting over, whether it's assistance with finding a job, housing or a car. Our ongoing work with the United Way of Long Island's Military Family Assistance Project last year included a \$100,000 donation to this special veterans program. We also invested in an advertising campaign featuring our "returning heroes" to increase awareness of the unique challenges they face as they acclimate to living, working and raising their families once again on Long Island.

Providing tax preparation assistance for low- to moderate- income households also is a priority for Bethpage. In 2012 we completed more than 1,500 tax returns through the Volunteer Income Tax Assistance program, generating nearly \$2 million in refunds to Long Island taxpayers. Since its inception in 2003, this program has resulted in a total of 5,500 returns and refunds of \$6.6 million.

Bethpage is not only dedicated to volunteerism but we are also committed to enhancing the quality of life on Long Island through sponsored activities and events. Some of our major sponsorships in 2012 included the annual Bethpage Air Show at Jones Beach, the Long Island Arts Alliance for Arts Alive LI program (Long Island's first ever island wide multi-venue arts festival), and our annual Turkey Drive, where supporters donated 10,000 turkeys and established a new record by collecting more than 25,000 pounds of non-perishable food.

As you can see, we are more than just a place to do your banking. We're committed to helping Long Islanders in every aspect of their lives and doing what's best for you and the communities where you live and work.

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, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 36,036	71,555
Investments		
Available-for-sale	2,355,991	1,988,237
Other	16,051	18,204
Loans held for sale	31,984	23,263
Loans receivable, net	2,588,573	2,297,018
Mortgage servicing rights, net	17,365	14,993
Accrued interest receivable	17,785	16,893
Property and equipment	22,786	23,023
National Credit Union Share Insurance Fund deposit	40,926	35,963
Real estate acquired through foreclosure	5,261	5,148
Other assets	11,300	10,807
Total assets	\$ 5,144,058	4,505,104
Liabilities and Members' Equity		
Liabilities		
Members' shares	\$ 4,571,213	4,035,702
Accrued expenses and other liabilities	132,753	103,929
Total liabilities	\$ 4,703,966	4,139,631
Commitments & Contingent Liabilities		
Members' Equity		
Retained earnings	\$ 413,084	356,433
Accumulated other comprehensive income	27,008	9,040
Total members' equity	\$ 440,092	365,473
Total liabilities and members' equity	\$ 5,144,058	4,505,104

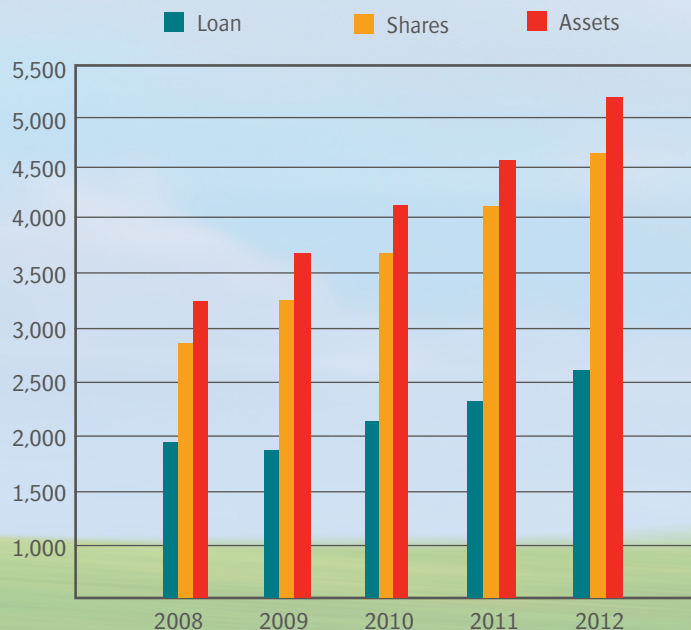
Statements of Income

Years Ended December 31, 2012 and 2011

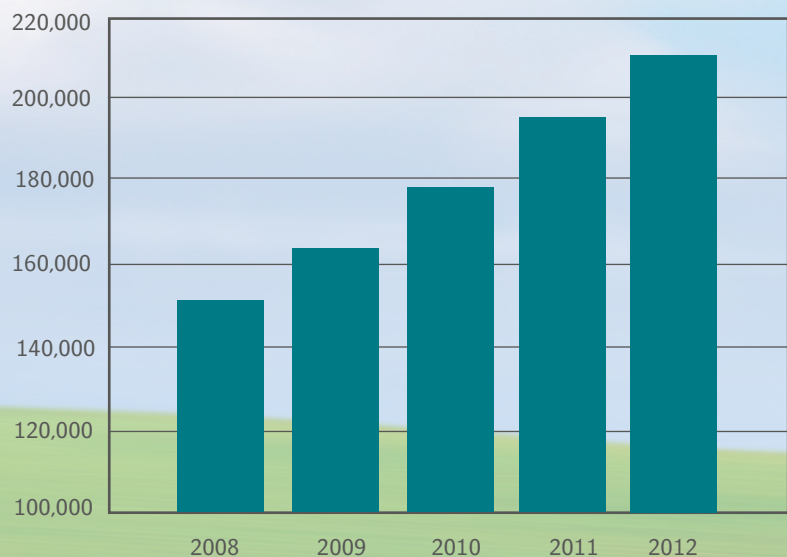
	2012	2011
Interest Income		
Interest on loans receivable	\$ 105,762	101,266
Interest on investments and cash equivalents	51,255	60,395
Total interest income	\$ 157,017	161,661
Interest Expense		
Dividends on members' shares	\$ 46,885	48,563
Interest on borrowed funds	156	68
Total interest expense	47,041	48,631
Net interest income	109,976	113,030
Provision for loan losses	9,104	12,692
Net interest income after provision for loan losses	100,872	100,338
Non-Interest Income		
Members' shares service charges and other fees	\$ 12,677	11,243
Mortgage servicing and loan fees	2,722	2,231
Gain on sale of mortgage loans	29,681	11,777
Investment services and insurance fees - commissions	10,233	8,955
Other non-interest income	7,448	600
Total non-interest income	\$ 62,761	34,806
Net income before expenses	\$ 163,633	135,144
Non-Interest Expenses		
Salaries and benefits	\$ 50,202	40,580
Operations	49,432	46,734
Occupancy	7,348	6,843
Total non-interest expenses	\$ 106,982	94,157
Net income	\$ 56,651	40,987

Total Loans, Shares & Assets

as of December 31, dollar amount is in millions



Membership Growth



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 2012, 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 2012 audited financial statements of the credit union and related independent auditor's reports can be found at www.bethpagefcu.com. In addition, the NCUA examination conducted during 2012 found Bethpage to be a safe and sound financial institution.

Bethpage continues to focus on measuring operational efficiency, service to members, regulatory compliance, 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 members exceptional service and value.

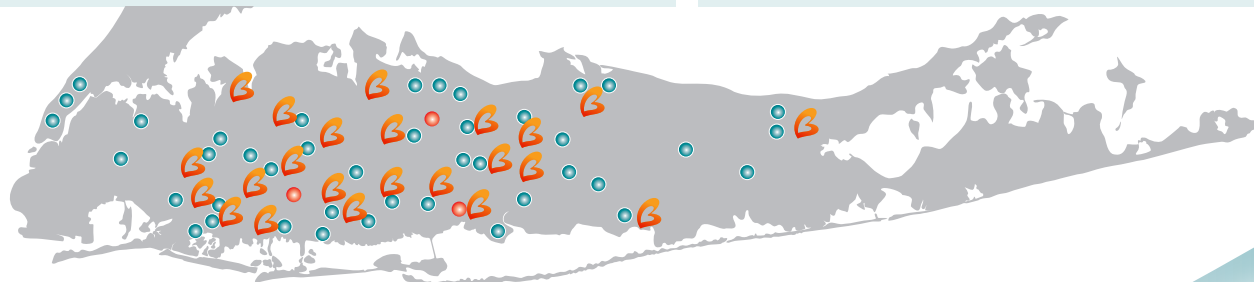
All of these accomplishments show Bethpage's continued commitment to provide extraordinary value and service to each of you, the member-owners. These steps ensure the members' needs are being addressed while providing assurance that Bethpage Federal Credit Union's financial condition is accurately stated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

Ann Butera

Supervisory Committee Chair
Bethpage Federal Credit Union

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)

Local Shared Service Centers

Island FCU	Melrose FCU	Oceanside Christopher FCU	Suffolk FCU	Teachers FCU
LOMTO FCU	Nassau Educators FCU	Qside FCU	Sperry Associates FCU	Winthrop-University Hospital CU
Long Island State EFCU	Nassau Financial FCU	Skyline FCU		

Volunteers

Board of Directors

Robert F. Kelly, Chairman
Don Balducci, Vice Chairman
Philip Gandolfo, Secretary
Michelle Nearon, Treasurer
John C. Komst
Jorge A. Martinez
Joseph M. Moliterno
Les P. Poinelli
Richard B. Turan

Senior Associate Directors

Francis E. Campbell
Sam Piazzola

Associate Directors

Barrie E. Bazarsky
Jaci Clement

Supervisory Committee

Ann Butera, Chair
Vincent Scicchitano, Secretary
John Scano

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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

Bethpage 

Federal Credit Union
You'll love banking here.

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BY NCUA

