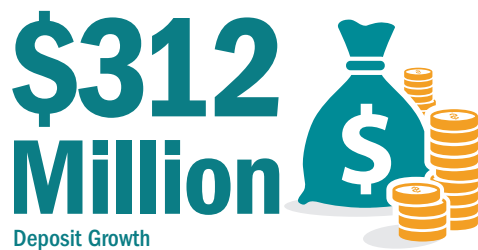
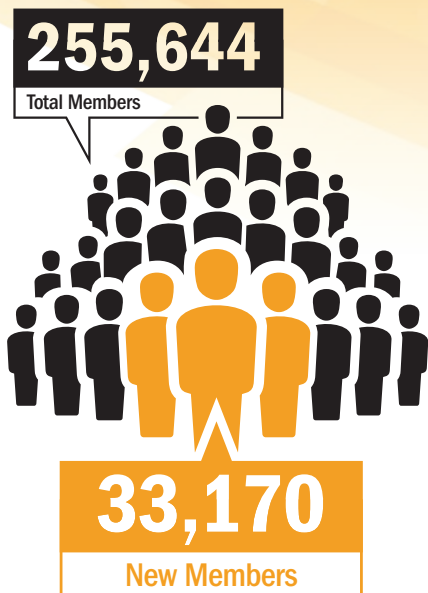


# ANNUAL REPORT

2014



Data as of December 31, 2014.

Commitment to extraordinary

**VALUE & SERVICE**

anytime, anywhere.

## PRESIDENT'S MESSAGE



Last year was another outstanding one for Bethpage Federal Credit Union. More Long Islanders continued to place their trust in us and we ended the year on a very strong financial footing. Year-end results included net income just under \$34 million, and deposit growth of \$312 million.

For more than 74 years, our vision has been to dominate our competition through commitment to excellence and financial strength, exceeding the expectations of our members and employees. This focus has led us to become the largest credit union in the Northeast because of the loyalty and support members have shown us. Your credit union ended last year with \$5.8 billion in assets.

Today, Bethpage is the leading community financial institution on Long Island. With that position comes responsibility that we take very seriously. As you will see in the Chairman's message below, Bethpage is committed to the communities in which we live and work, and to improving the quality of life for all Long Islanders. From coat collections to turkey drives to volunteer income tax preparation, we work with leading charities and other partners to help our fellow Long Islanders enrich their lives.

It is gratifying to know that more and more Long Islanders are discovering the Bethpage credit union advantage. We added more than 33,000 new members in 2014, a sure sign that we are recognized for delivering value and service that no bank can match.

Last year we also opened almost 30,000 new checking accounts and provided \$1.3 billion in real estate loans. As Long Island's #1 home equity lender, we helped countless Long Islanders leverage the equity in their homes to fulfill their dreams.

While Bethpage has become a large financial cooperative, all of our strategies are developed to help us better meet the needs of you, our member-owners. Our goal is to provide extraordinary value and service, anytime and anywhere.

To help deliver on that promise, growth continues to be one of our driving principles. By growing we can deliver our credit union advantage to more Long Islanders and greater convenience to all our members. Today, we offer the most free ATMs on Long Island – more than 500 – plus thousands more nationwide. We also offer free online banking, free online bill pay, and free mobile check deposit. Last year we initiated a digital banking strategy designed to provide the same high level of service through all the channels you use to bank with us. We want to ensure that we provide the latest technology whether you use your computer, phone or tablet to connect to Bethpage.

At the same time, we understand that banking is a personal business built on relationships and trust. So last year we also opened 6 new branches. The new locations include Long Beach, Albertson, Baldwin, East Northport, East Meadow (inside Nassau University Medical Center), and a campus branch at LIU Post in Brookville.

Our employees are here to help you with all your financial needs, whether it's buying your dream home, opening a child's first account or building a nest egg for retirement. I invite you to take advantage of all that Bethpage has to offer, and I thank you for your continued loyalty and support.

Sincerely,

Wayne N. Grossé  
President and CEO

## CHAIRMAN'S MESSAGE



Bethpage had another strong financial performance in 2014, and was once again able to fulfill its commitment to its members and Long Island.

With more than 255,000 members and 33 branches across Long Island, Bethpage continues to adapt to changes and invest in resources for the future. Through technology and branch expansion, our goal is to provide increased access and convenience to a growing and diverse membership.

Another central part of our mission is to improve the quality of life for all Long Islanders. Toward that end, our Heart of Bethpage program has touched the lives of individuals as well as many non-profit and community organizations. For example, Bethpage is dedicated to providing financial education to Long Island residents. Our Community Development team works with non-profit organizations, employee assistance programs and corporate business partners to offer free financial literacy workshops in both English and Spanish. In 2014, Bethpage facilitated more than 320 workshops.

In addition to corporate participation in numerous activities, Bethpage staff and management support many community efforts. Senior management serves on the boards of 19 community-based organizations, and last year employee volunteerism grew to more than 8,500 hours.

One of our signature volunteer programs is the Volunteer Income Tax Assistance Program (VITA). Bethpage offers the largest VITA program on Long Island, to assist low-to-moderate income households prepare their tax returns at no cost. Since its inception in 2004, Bethpage's VITA program has experienced record growth, from the number of volunteers involved to the number of returns that have been filed. Last year marked the 11th year for Bethpage's participation

in the program. During that time we have served more than 10,000 community members and returned more than \$12 million in tax refunds to the Long Island economy.

As with VITA, last year also marked the 11th year that Bethpage has teamed up with New York State Parks to sponsor one of the largest events on Long Island, the Bethpage Air Show at Jones Beach. The Bethpage Air Show kicks off every Memorial Day Weekend, attracting thousands of Long Islanders to celebrate the beginning of summer and enjoy the scenery of our beautiful South Shore beaches. In 2014, more than 315,000 spectators gathered for the event.

Another place where Long Islanders can gather for a variety of events and activities is the new Bethpage Federal Credit Union Stadium at LIU Post in Brookville, which was dedicated last fall. In addition to the stadium, Bethpage's partnership with LIU Post includes our first university branch, which also opened its doors in 2014. The branch is staffed with Bethpage employees and LIU Post students to provide on-the-job learning experiences.

As you can see, Bethpage has become integrated into the very fabric of Long Island. Last year was one of continuing commitment to our members as well as the people and communities across Long Island. I am proud to be a part of Bethpage Federal Credit Union and to support its mission of service.

Sincerely,

Don Balducci  
Chairman of the Board

## STATEMENTS OF FINANCIAL CONDITION

December 31, 2014 and 2013  
(dollars in thousands)

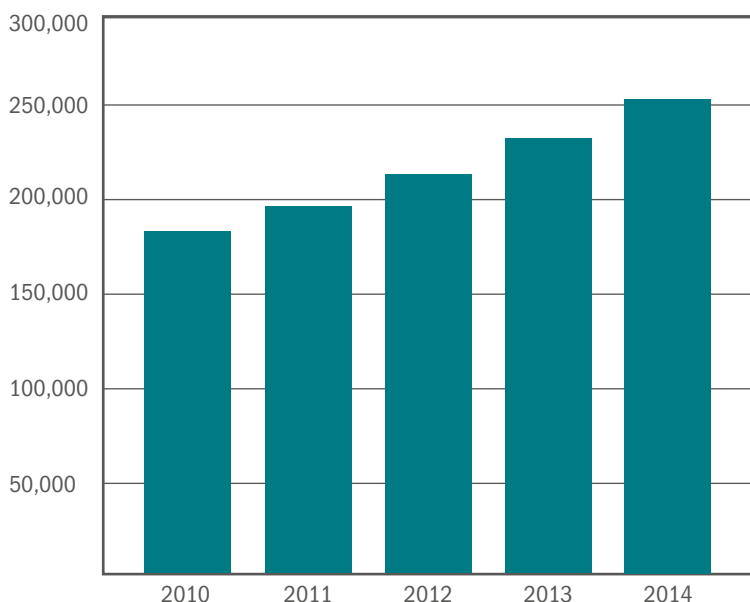
	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$40,763	\$36,000
Investments:		
Available-for-sale	2,348,110	2,428,311
Other	12,656	13,510
Loans held for sale	24,293	14,497
Loans receivable, net	3,266,851	2,830,747
Mortgage servicing rights, net	18,025	18,691
Accrued interest receivable	18,717	18,240
Property and equipment, net	27,652	21,785
National Credit Union Share Insurance Fund deposit	46,389	44,749
Real estate acquired through foreclosure	4,010	4,064
Other assets	24,211	14,406
<b>Total assets</b>	<b>\$5,831,677</b>	<b>\$5,445,000</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Members' shares	\$5,199,290	\$4,887,788
Borrowed funds	33,600	19,750
Accrued expenses and other liabilities	108,566	85,646
<b>Total liabilities</b>	<b>\$5,341,456</b>	<b>\$4,993,184</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>		
<b>MEMBERS' EQUITY</b>		
Retained earnings	\$490,814	\$457,049
Accumulated other comprehensive (loss)	(593)	(5,233)
<b>Total members' equity</b>	<b>\$490,221</b>	<b>\$451,816</b>
<b>Total liabilities and members' equity</b>	<b>\$5,831,677</b>	<b>\$5,445,000</b>

## STATEMENTS OF INCOME

Years Ended December 31, 2014 and 2013  
(dollars in thousands)

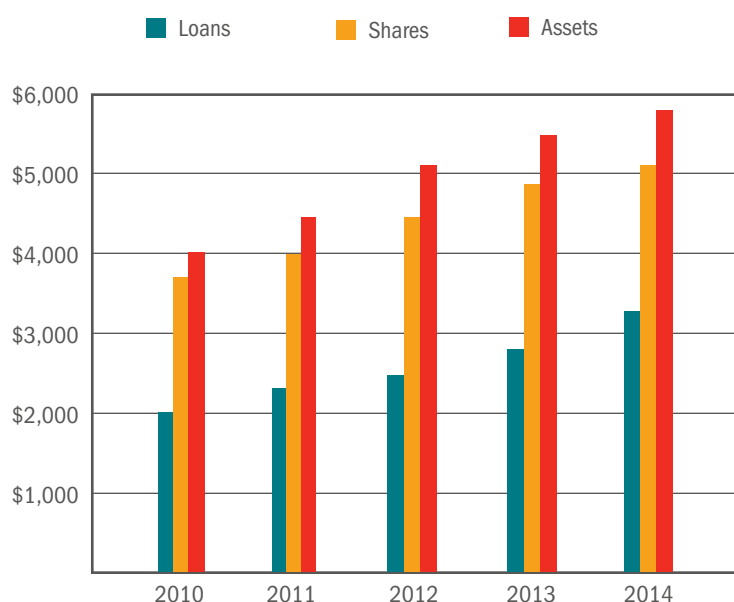
	2014	2013
<b>INTEREST INCOME</b>		
Interest and fees on loans receivable	\$110,381	\$104,897
Interest on investments and cash equivalents	50,118	49,734
<b>Total interest income</b>	<b>\$160,499</b>	<b>\$154,631</b>
<b>INTEREST EXPENSE</b>		
Dividends on members' shares	\$39,265	\$42,916
Interest on borrowed funds	203	325
<b>Total interest expense</b>	<b>39,468</b>	<b>43,241</b>
<b>Net interest income</b>	<b>121,031</b>	<b>111,390</b>
Provision for loan losses	5,470	(2,051)
<b>Net interest income after provision for loan losses</b>	<b>\$115,561</b>	<b>\$113,441</b>
<b>NON-INTEREST INCOME</b>		
Members' shares service charges and other fees	\$16,033	\$14,623
Mortgage servicing and loan fees	7,626	5,538
Gain on sale of mortgage loans	5,409	9,747
Investment services and insurance fees - commissions	7,720	9,242
Other non-interest income	2,373	3,480
<b>Total non-interest income</b>	<b>\$39,161</b>	<b>\$42,630</b>
<b>Net income before expenses</b>	<b>\$154,722</b>	<b>\$156,071</b>
<b>NON-INTEREST EXPENSES</b>		
Salaries and benefits	\$49,611	\$50,169
Operations	62,759	54,528
Occupancy	8,587	7,409
<b>Total non-interest expenses</b>	<b>\$120,957</b>	<b>\$112,106</b>
<b>Net income</b>	<b>\$33,765</b>	<b>\$43,965</b>

## MEMBERSHIP GROWTH



## TOTAL LOANS, SHARES & ASSETS

As of December 31, dollar amount in millions



# Supervisory Committee's Report

The Supervisory Committee is comprised 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, and
- Makes sure that Bethpage Federal Credit Union responds to the concerns of the members.

During 2014, the Committee engaged the services of Moss Adams, LLP to conduct the annual audit of Bethpage Federal Credit Union's financial statements. An annual audit is required by federal regulations. The 2014 audited financial statements for the credit union and related independent auditor's reports can be found at [www.bethpagefcu.com](http://www.bethpagefcu.com). In addition, the NCUA examination conducted during 2014 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 the use of internal and external scorecards and independent surveys. Use of these tools allows Bethpage to consistently deliver exceptional service and value to its members.

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 that the members' needs are being addressed while providing assurance that Bethpage Federal Credit Union's financial condition is accurately stated and presented.

**Vincent Scicchitano**  
Supervisory Committee Chair  
Bethpage Federal Credit Union



## Volunteers

### Board of Directors

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

### Associate Directors

Barrie E. Bazarsky  
Anne N. Brigis

### Supervisory Committee

Vincent Scicchitano, Chair  
John Scano, Secretary  
Richard Cooke  
Marie Ann Hoenings  
Lawrence Waldman

### Senior Associate Directors

Francis E. Campbell  
Sam Piazzola

## Executive Team

Wayne N. Grossé  
President &  
Chief Executive Officer

Brian Clarke  
Executive Vice President  
& Chief Financial Officer

Kyle Markland  
Chief Strategy Officer

Lynda Nicolino  
General Counsel

Linda Armysn  
Senior Vice President,  
Corporate Affairs

James Breen  
Senior Vice President,  
Information Technology

Robert Hoppenstedt  
Senior Vice President,  
Operations & Marketing

Doug O'Neill  
Senior Vice President,  
Human Resources

Melissa Feeney  
Vice President,  
Human Resources,  
Learning & Development

Gary Jendras  
Vice President,  
Internal Audit

Lawrence Jones  
Vice President,  
Commercial Lending

Robert Lund  
Vice President,  
Residential Mortgage Lending

Gerard Schmitt  
Vice President,  
Marketing

Vernon Williams  
Vice President,  
Branch Operations

John Witterschein  
Vice President,  
Consumer Credit

## Bethpage Branches

Albertson	Central Islip	Glen Cove	Lynbrook	NUMC/East Meadow (NuHealth Medical Center)	Seaford
Baldwin	Commack (King Kullen)	Hempstead	Massapequa	Patchogue	Smithtown
Bay Shore	East Northport	Huntington	Melville	Port Jefferson	Valley Stream (King Kullen)
Bay Shore (King Kullen)	Elmont	Levittown (King Kullen)	Mineola	Riverhead	West Babylon
Bethpage	Farmingdale	LIU Post	North Babylon	Roosevelt	Westbury
Centereach	Freeport	Long Beach			