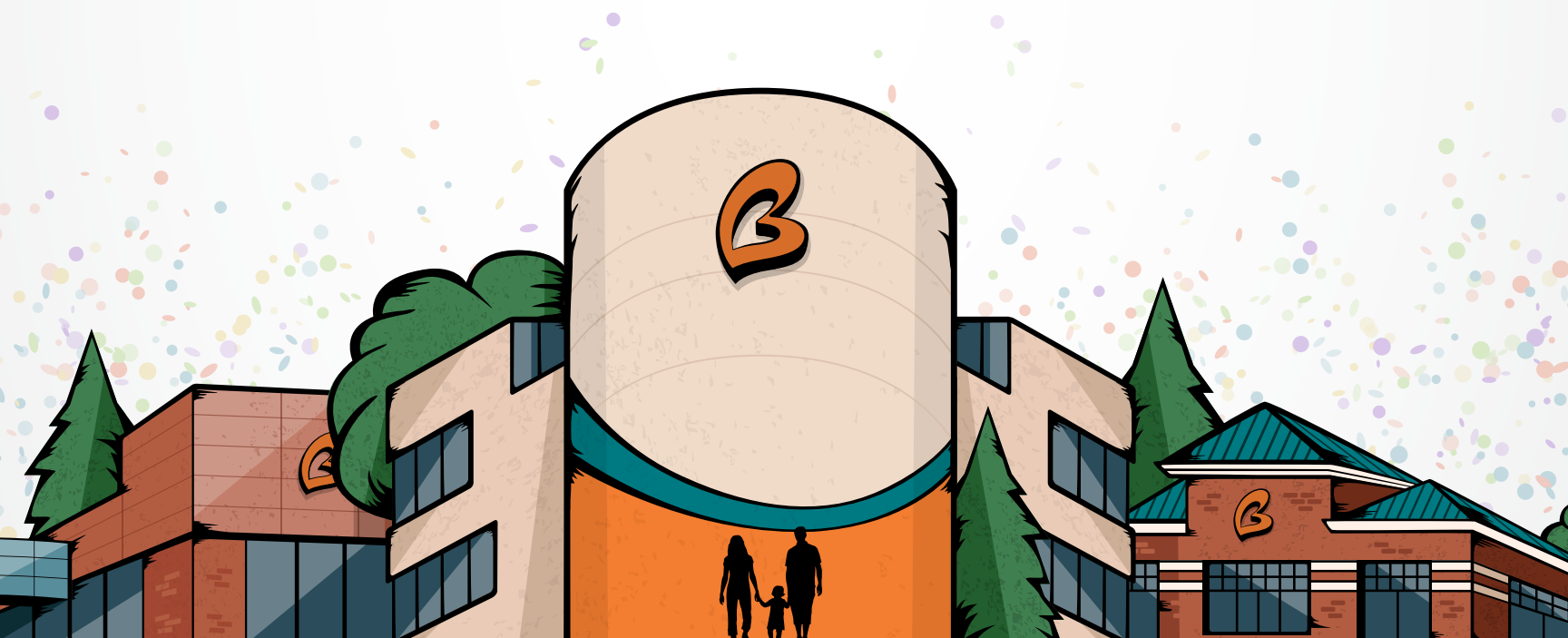


# Annual Report

## 2015



**Enriching Lives** of our members,  
employees and communities.

## President's Message



Bethpage Federal Credit Union is celebrating its 75th year of service. As we ended 2015, we continued to experience the steady growth that has made us the leading community financial institution on Long Island.

Through our commitment to enriching the lives of our members, employees, and communities, we ended last year with more

than \$6.2 billion in assets. Our 2015 results included net income of \$40 million and deposit growth of \$377 million. More people are placing their trust in us as we welcomed over 36,000 new members to Bethpage last year and opened more than 35,000 new checking accounts.

Our employees provide personal service for all your banking needs because they truly care about what you care about. Real estate lending is a case in point. In 2015 we provided more than \$1.2 billion in mortgage loans to help members lower their payments or purchase the home of their dreams.

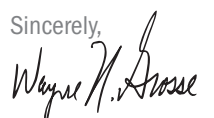
We are also Long Island's number one home equity lender providing \$720 million in 2015 to help members leverage the equity in their homes to make renovations, consolidate debt, finance college or even take a much needed vacation.

Another important focus for Bethpage is young people. We offer the best youth savings account around. In 2015 our members opened almost 11,000 youth savings accounts for their children, grandchildren, and even great-grandchildren to help secure a sound financial future for them.

Bethpage is committed to enriching the lives of all our members. What sets us apart is our desire to help people achieve their dreams. Our goal is to build long-standing relationships based on trust, integrity, exceptional service and value.

Thank you for being a member and for allowing us to meet your banking needs. We look forward to growing together in the years ahead.

Sincerely,



Wayne N. Grossé  
President and CEO

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## Chairman's Message



In 2015, we had a strong financial performance plus a record year of volunteer service through our Heart of Bethpage charitable giving program.

Our charitable giving program focuses on education, science, technology, healthy living programs, community development, and the arts. Our mission is to improve the quality of life on Long Island. It

remains the same as when we first opened our doors to the employees of Grumman Corporation in 1941.

Last year, Bethpage volunteers dedicated over 4,700 hours to making a difference in the lives of families in their communities. Last year we partnered with non-profit organizations such as Family Service League, Ronald McDonald House of Long Island, the YMCA of Long Island, Habitat for Humanity, and Island Harvest. Working with Island Harvest, our annual Turkey Drive collected over 2,400 turkeys and more than 8,000 pounds of food.

In addition to employee volunteerism our senior management serves on the boards of 20 community-based organizations.

Bethpage is dedicated to providing financial education to all, inspiring members and non-members alike to make empowered financial decisions for their futures. Our Community Development team visits local non-profit organizations, employee assistance programs, and corporations to offer on-site financial literacy workshops in both English and Spanish at no cost. In 2015, we facilitated more than 250 workshops.

Last year marked significant achievements for two of our signature community initiatives, the Bethpage Volunteer Income Tax Assistance Program (VITA) and the Bethpage Air Show at Jones Beach.

Bethpage offers the largest VITA program on Long Island; assisting low-to-moderate income households prepare their tax returns at no cost. Last year, we filed over 2,500 tax returns bringing \$2.8 million in tax refunds back to Long Island families and our local economy.

For the past 13 years, the Bethpage Air Show at Jones Beach has become one of the largest events on Long Island. During that time, 3 million spectators have enjoyed high flying stunts and aerial maneuvers that never disappoint! This event brings Long Islanders together each Memorial Day weekend to kick off the beginning of the beach season in spectacular fashion, while honoring those who made the ultimate sacrifice.

I am proud to be a part of Bethpage Federal Credit Union and thank you for your continued loyalty and support.

Sincerely,



Don Balducci  
Chairman of the Board

## Statements of Financial Condition

December 31, 2015 and 2014 (dollars in thousands)

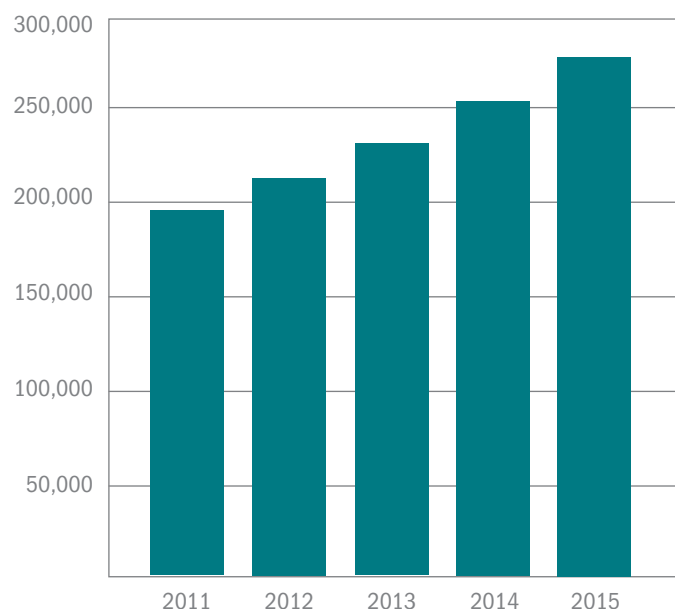
Assets	2015	2014
Cash and cash equivalents	\$42,516	\$40,763
Investments:		
Available-for-sale	2,004,210	2,348,110
Other	13,353	12,656
Loans held for sale	30,746	24,293
Loans receivable, net	4,007,176	3,266,851
Accrued interest receivable	18,775	18,717
Mortgage servicing rights, net	21,246	18,025
Property and equipment, net	27,958	27,652
National Credit Union Share Insurance Fund deposit	48,691	46,389
Real estate acquired through foreclosure	6,459	4,010
Other assets	26,622	24,211
<b>Total assets</b>	<b>\$6,247,752</b>	<b>\$5,831,677</b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares	\$5,576,510	\$5,199,290
Borrowed funds	26,500	33,600
Accrued expenses and other liabilities	121,991	108,566
<b>Total liabilities</b>	<b>\$5,725,001</b>	<b>\$5,341,456</b>
<b>Members' Equity</b>		
Retained earnings	\$531,257	\$490,814
Accumulated other comprehensive loss	(8,506)	(593)
<b>Total members' equity</b>	<b>\$522,751</b>	<b>\$490,221</b>
<b>Total liabilities and members' equity</b>	<b>\$6,247,752</b>	<b>\$5,831,677</b>

## Statements of Income

Years Ended December 31, 2015 and 2014 (dollars in thousands)

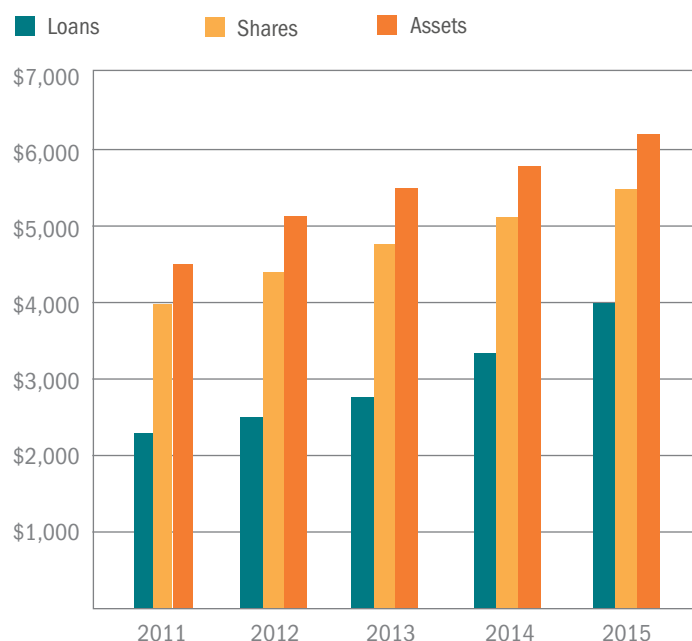
Interest Income	2015	2014
Interest and fees on loans receivable	\$125,109	\$110,381
Interest on investments and cash equivalents	45,852	50,118
<b>Total interest income</b>	<b>\$170,961</b>	<b>\$160,499</b>
<b>Interest Expense</b>		
Dividends on members' shares	\$40,105	\$39,265
Interest on borrowed funds	414	203
Total interest expense	40,519	39,468
Net interest income	130,442	121,031
Provision for loan losses	7,593	5,470
<b>Net interest income after provision for loan losses</b>	<b>\$122,849</b>	<b>\$115,561</b>
<b>Non-interest Income</b>		
Members' shares service charges and other fees	\$17,844	\$16,033
Gain on sale of mortgage loans	10,137	5,409
Mortgage servicing and loan fees	9,964	7,626
Investment services and insurance fees - commissions	9,704	7,720
Other non-interest income	2,198	2,373
Total non-interest income	\$49,847	\$39,161
Net income before expenses	\$172,696	\$154,722
<b>Non-interest Expenses</b>		
Salaries and benefits	\$53,921	\$49,611
Operations	68,610	62,759
Occupancy	9,722	8,587
Total non-interest expenses	\$132,253	\$120,957
<b>Net income</b>	<b>\$40,443</b>	<b>\$33,765</b>

## Membership Growth



## Total Loans, Shares & Assets

As of December 31, dollar amount in millions



# Supervisory Committee's Report

The Supervisory Committee (the "Committee") is comprised of four independent volunteers who are primarily responsible for ensuring that the Board of Directors and Management of Bethpage Federal Credit Union ("Bethpage") meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets. The Committee's major responsibilities are to you, the members of Bethpage.

In this regard, the Committee meets at least quarterly to review, among other things, internal and external audit services, internal controls and risk management processes, and examinations by regulatory agencies.

The Committee also:

- Appoints the independent auditor and oversees the annual audit
- Monitors the financial reporting by management
- Verifies members' accounts every two years
- Reviews annual Information Security reports
- Monitors Bethpage's responses to the concerns of the members

During 2015, the Committee engaged the services of Moss Adams LLP to conduct the annual audit of Bethpage's financial statements, in conformity with federal regulations. In addition, the NCUA evaluated Bethpage's financial condition, safety, soundness, and areas of regulatory compliance. Based on the results of both the Independent Auditor's Report and the Examination Report of the NCUA, it is the opinion of your Supervisory Committee that Bethpage continues to be safe and sound. The 2015 audited financial statements for Bethpage and the Independent Auditor's Report can be found at [www.bethpagefcu.com](http://www.bethpagefcu.com).

## Lawrence Waldman

Supervisory Committee Chair  
Bethpage Federal Credit Union

## Bethpage Branches

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

## Bethpage Main Office

899 South Oyster Bay Road, Bethpage, NY 11714



**Bethpage**   
Federal Credit Union

[lovebethpage.com](http://lovebethpage.com) | 800-628-7070

## Volunteers

### Board of Directors

**Don Balducci**,  
Chairman  
**Michelle Nearon**,  
Vice Chair  
**Les Poinelli**,  
Secretary  
**Jorge Martinez**,  
Treasurer  
**Anne N. Brigis**  
**Phil Gandolfo**  
**Joseph Moliterno**  
**Vincent Scicchitano**  
**Richard B. Turan**

### Senior Associate Directors

**Sam Piazzola**  
**John Komst**

### Supervisory Committee

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

## 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

**Doug O'Neill**  
Chief Human  
Resources Officer

**Linda Armyn**  
Senior Vice President,  
Corporate Affairs

**James Breen**  
Senior Vice President,  
Information Technology

**Robert Hoppenstedt**  
Senior Vice President,  
Operation

**Melissa Feeney**  
Vice President,  
Human Resources,  
Learning &  
Development

**Lawrence Jones**  
Vice President,  
Commercial Lending

**Robert Lund**  
Vice President,  
Residential Mortgage  
Lending

**Gerard Schmitt**  
Vice President,  
Marketing

**Karen Sweeney**  
Vice President,  
Member Experience

**Linda Ward**  
Vice President,  
Digital Strategy

**Vernon Williams**  
Vice President,  
Retail Banking &  
Bethpage Investment  
Strategies

**John Witterschein**  
Vice President,  
Consumer Credit

