

# Annual Report.

*2016 Year in Review.*



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

## President's Message



Last year was special for all of us at Bethpage Federal Credit Union as we celebrated 75 years of service. On October 28, we invited all of our members to join us for our anniversary celebration. We thank those of you who were able to celebrate with us. We look forward to continually fulfilling our vision of enriching the lives of our members, employees and communities.

To expand our services, we welcomed Montauk Federal Credit Union to the Bethpage family in a merger that resulted in an open charter and the opening of our first New York City branch. Now, regardless of where you live or work, everyone can bank at Bethpage.

In 2016, Bethpage ended the year with \$6.9 billion in assets. Last year's results include net income of \$61 million. We also welcomed more than 38,000 new members and added more than \$500 million in deposits. Our strategic focus on growth and member service continues to provide opportunities for Bethpage to attract new members.

In lending, we saw unprecedented growth in auto loans with \$207 million funded. An increase of 54% from the previous year, our success can be attributed to great rates and additional product offerings. We also

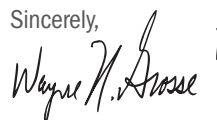
generated \$3 billion in residential, commercial, and consumer loans -- an increase of 13.7% from the previous year. Helping members, whether it's with getting a new set of wheels or buying their dream home, is what makes Bethpage different from the big banks.

Bethpage has long been the leading credit union on Long Island and in the Northeast. As our membership continues to grow, we will have the opportunity to help more members achieve their goals.

We are committed to our members and motivated to make the next 75 years even more successful than the first. We will continue to provide great rates and service to our members.

Thank you for your support. We look forward to helping you realize your financial goals in 2017 and beyond.

Sincerely,



**Wayne N. Grossé**  
President and CEO

## Chairman's Message



In 2016, the Heart of Bethpage charitable giving program continued to improve the quality of life on Long Island.

This program, now in its 15th year, enriches lives through education, science and technology programs, healthy living events, community development and the arts -- all accomplished through employee volunteers, charitable giving and lasting partnerships.

Over the last year, Bethpage employees volunteered more than 6,400 hours of service for nonprofit organizations like the Family Service League, the Ronald McDonald House of Long Island, the YMCA of Long Island, Habitat for Humanity and Island Harvest. In partnering with Island Harvest, our annual Turkey Drive provided families in need with over 2,300 turkeys and 18,300 pounds of food to enjoy for the holidays.

In addition to employee volunteerism, our senior management serves on the boards of 20 community-based organizations, a further sign of our commitment to the Long Island community.

Bethpage was also the recipient of the American Heart Association's coveted AHA Gold Status Award - recognizing Bethpage as a "Fit Friendly Worksite" for its initiatives to promote employee health and fitness.

On behalf of our members, we continue to advocate in Washington D.C. in support of credit union legislation. We focus on regulation and preserving the credit union tax status.

I would also like to mention notable achievements with 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, helping low-to-moderate income households prepare income tax returns free of charge. 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.

Over the last 14 years, the Bethpage Air Show at Jones Beach has become one of the largest events on Long Island. The high-flying stunts and aerial maneuvers over the Memorial Day weekend never disappoint! In 2016, more than 453,000 people gathered to kick off summer and to honor the men and women who have made the ultimate sacrifice on our nation's behalf.

I am proud to be a part of Bethpage Federal Credit Union and the Long Island community.

Thank you for your continued loyalty and support.

Sincerely,



**Don Balducci**  
Chairman of the Board

## Statements of Financial Condition

Years Ended December 31, 2016 and 2015 (dollars in thousands)

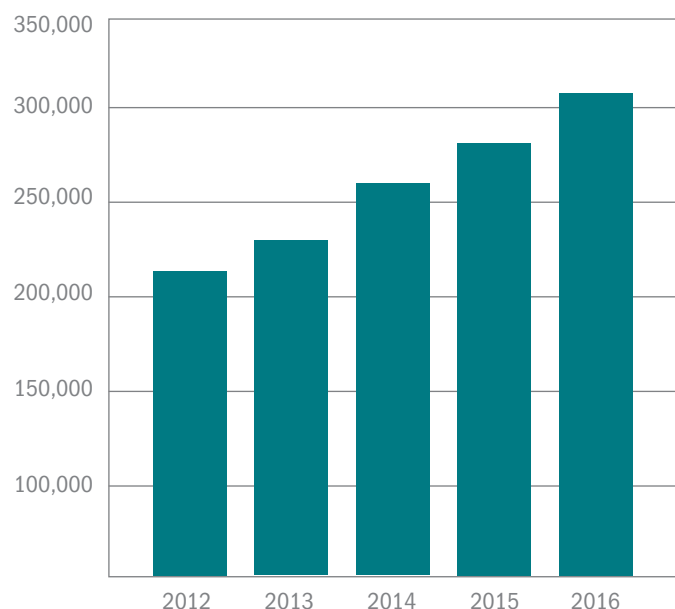
Assets	2016	2015
Cash and cash equivalents	\$60,186	\$42,516
Investments:		
Available-for-sale	1,663,661	2,004,210
Other	19,562	13,353
Loans held for sale	57,021	30,746
Loans receivable, net	4,873,262	4,007,176
Accrued interest receivable	20,278	18,775
Mortgage servicing rights, net	24,162	21,246
Property and equipment, net	37,410	27,958
National Credit Union Share Insurance Fund deposit	55,098	48,691
Goodwill	56,788	-
Other intangibles	18,951	-
Other assets	32,271	33,081
<b>Total assets</b>	<b>\$6,918,650</b>	<b>\$6,247,752</b>
<b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Members' shares	\$6,099,533	\$5,576,510
Borrowed funds	100,000	26,500
Accrued expenses and other liabilities	143,707	121,991
<b>Total liabilities</b>	<b>\$6,343,240</b>	<b>\$5,725,001</b>
<b>Members' Equity</b>		
Retained earnings	\$591,994	\$531,257
Accumulated other comprehensive loss	(16,584)	(8,506)
<b>Total members' equity</b>	<b>\$575,410</b>	<b>\$522,751</b>
<b>Total liabilities and members' equity</b>	<b>\$6,918,650</b>	<b>\$6,247,752</b>

## Statements of Income

Years Ended December 31, 2016 and 2015 (dollars in thousands)

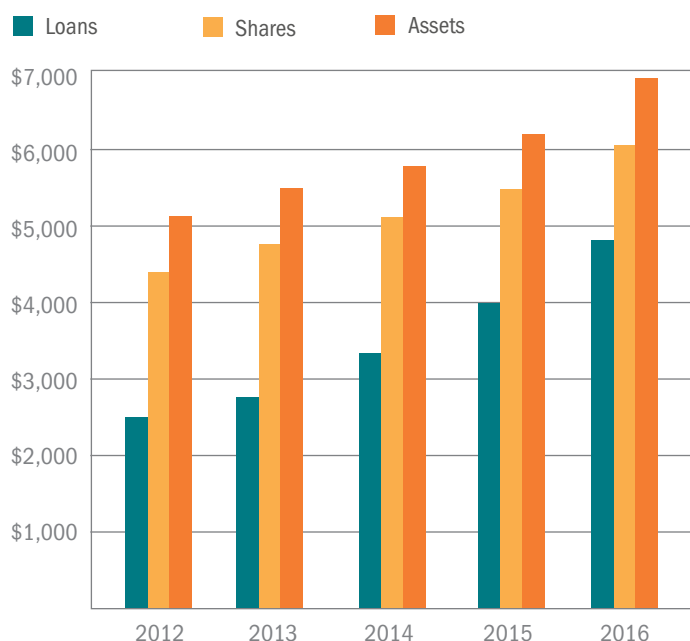
Interest Income	2016	2015
Interest and fees on loans receivable	\$153,219	\$125,109
Interest on investments and cash equivalents	41,248	45,852
<b>Total interest income</b>	<b>\$194,467</b>	<b>\$170,961</b>
<b>Interest Expense</b>		
Dividends on members' shares	\$43,056	\$40,105
Interest on borrowed funds	772	414
Total interest expense	43,828	40,519
Net interest income	150,639	130,442
Provision for loan losses	8,192	7,593
<b>Net interest income after provision for loan losses</b>	<b>\$142,447</b>	<b>\$122,849</b>
<b>Non-interest Income</b>		
Members' shares service charges and other fees	\$20,222	\$17,844
Gain on sale of mortgage loans	15,669	10,137
Mortgage servicing and loan fees	12,633	9,964
Investment services and insurance fees - commissions	9,130	9,704
Other non-interest income	590	2,198
Total non-interest income	\$58,244	\$49,847
Net income before expenses	\$200,691	\$172,696
<b>Non-interest Expenses</b>		
Salaries and benefits	\$59,747	\$53,921
Operations	70,317	68,610
Occupancy	9,890	9,722
Total non-interest expenses	\$139,954	\$132,253
<b>Net income</b>	<b>\$60,737</b>	<b>\$40,443</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 five 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 with the Internal Audit Department and Executive Management to review, among other things, internal and external audit services, internal controls and risk management processes, and examinations by regulatory agencies. The Committee will track the progression of action items noted in audit reports to ensure management has properly addressed the issues.

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; and
- Monitors Bethpage's responses to the concerns of the members.

During 2016, 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 2016 audited financial statements for Bethpage's Independent Auditor's Report can be found at [lovebethpage.com](http://lovebethpage.com).

**Lawrence Waldman**  
Supervisory Committee Chair

## Bethpage Branches

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

## 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 Director

**John Komst**

### Associate Director

**Juan Vides**

### Supervisory Committee

**Lawrence Waldman**, Chair

**Marie Ann Hoenings**,  
Secretary

**Richard Cooke**

**John Scano**

**Adam Silvers**

## Executive Team

**Wayne N. Grossé**  
President &  
Chief Executive Officer

**Brian Clarke**  
Executive Vice  
President & Chief  
Financial Officer

**Kyle Markland**  
Chief Operating Officer

**Lynda Nicolino**  
Senior Vice President,  
General Counsel

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

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

**Robert Hoppenstedt**  
Senior Vice President,  
Operations

**Gerard Schmitt**  
Senior Vice President,  
Marketing

**David Bogdanski**  
Vice President,  
Internal Audit

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

**Lawrence Jones**  
Vice President,  
Commercial Lending

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

**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

