

Annual Report.

2017 Year in Review.



Enriching Lives of our members,
employees and communities.

Message from the President



Last year was an incredible one for Bethpage Federal Credit Union in terms of growth and development. We added more than 47,000 new members plus 17,000 new members from the successful merger of Bethpage with Northwell Health Federal Credit Union. This partnership provides the opportunity to expand with the Northwell Healthcare System and deliver our “Bank@Work” services to their growing employee base.

In 2017, deposits grew by \$569 million, we provided more than \$1.7 billion in mortgages and over \$1.4 billion in consumer loans. With great rates and low fees, our goal is to help our members realize their dreams of a better life.

Bethpage continues to be the first choice for individuals looking for federally-insured accounts that provide higher returns. We increased the rates of our Money Market and Certificate Accounts to ensure that our members’ hard-earned money works even harder for them. Members can take advantage of the Money Market rate with as little as \$500, providing easy access to our great rates.

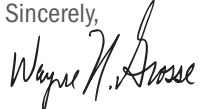
We know that our members on and off Long Island want to stay connected through our digital channels. As technology has changed, so have the needs and expectations of our members. I am pleased to report that, in the Fall of 2017, we introduced an entirely new online and mobile banking system that provides many of the features our members have requested. Implementing this new system has been a

large undertaking, but we have successfully migrated approximately 85 percent of our user base, and we are incorporating member feedback into our plans for future improvements. Our goal for 2018 is to complete the journey toward providing our members with a truly state-of-the-art digital banking experience.

We are especially proud of several recognitions that we received in 2017. We were named “Best Bank” in New York by Money Magazine, one of the Top 5 Best Credit Unions in the United States by Bankrate, and one of the Best Companies to Work For in New York by the New York State Society for Human Resource Management. These acknowledgments were based on a combination of our great products and services, and our commitment to our members and employees.

Bethpage has long been the leading credit union on Long Island and in the Northeast. We are committed to making banking better and more convenient for our members by providing great rates and exceptional service. As we expand our membership throughout the Tri-State area and across the country, we will have the opportunity to help more members achieve their goals.

Thank you for your support. We look forward to helping you realize your financial goals in 2018 and beyond.

Sincerely,

Wayne N. Grossé
President and CEO

Message from the Chair



In 2017, Bethpage Federal Credit Union continued to expand the Heart of Bethpage charitable giving program, which extends across Long Island and the Tri-State area to help improve the quality of life of our neighbors.

This program, now in its 16th 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 have volunteered 5,000 hours of service for nonprofit organizations, such as the Family Service League, the Ronald McDonald House of Long Island, the YMCA of Long Island, United Way, Habitat for Humanity, and Island Harvest. In partnering with Island Harvest, our annual Turkey Drive provided families in need with over 2,300 turkeys, \$5,000 in monetary donations and 9,000 pounds of food to enjoy for the holiday.

In addition to employee volunteerism, our senior management serves on the boards of 29 community-based organizations, a further sign of our commitment to the Long Island community.

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

I would also like to mention notable achievements with three of our signature community initiatives: the Bethpage Volunteer Income Tax Assistance Program (VITA), the Financial Seminar Series 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 nearly 2,300 tax returns, bringing \$2.6 million in tax refunds back to Long Island families and our local economy.

Bethpage also conducts financial seminars for members and non-members alike, with a goal of providing education on topics relevant to local residents. These seminars help guide community members to make sound decisions to achieve their financial goals. In 2017, Bethpage conducted over 92 seminars, both in English and Spanish, with over 2,600 attendees at local community-based organizations and onsite at the Bethpage headquarters.

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 2017, more than 350,000 people gathered to kick off summer and to honor the men and women who made the ultimate sacrifice on our nation’s behalf.

I am proud to be a part of Bethpage Federal Credit Union.

Thank you for your continued loyalty and support.

Sincerely,

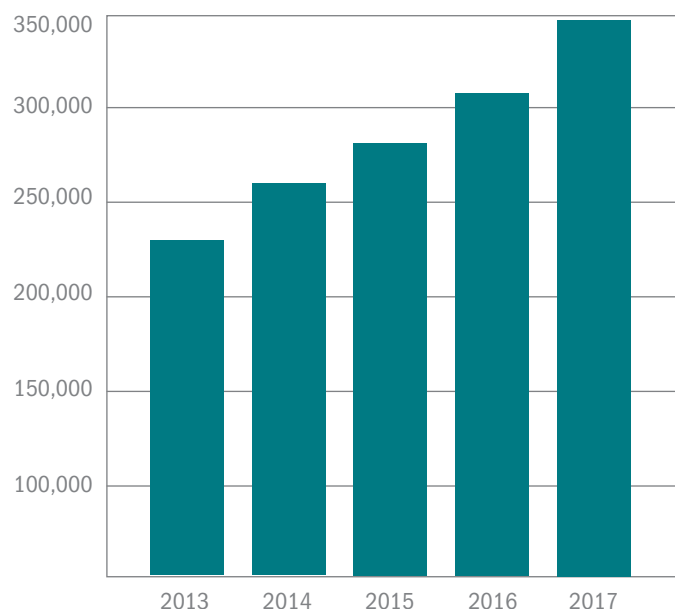
Dr. Michelle Nearon
Chair of the Board

Statements of Financial Condition

December 31, 2017 and 2016 (dollars in thousands)

Assets	2017	2016
Cash and cash equivalents	\$730,229	\$60,186
Investments:		
Available-for-sale	1,380,314	1,663,661
Other	46,440	19,562
Loans held for sale	35,489	57,021
Loans receivable, net	5,476,469	4,873,262
Accrued interest receivable	23,281	20,278
Mortgage servicing rights, net	27,337	24,162
Property and equipment, net	47,023	37,410
National Credit Union Share Insurance Fund deposit	59,491	55,098
Goodwill	56,788	56,788
Other intangibles	20,079	18,951
Real estate acquired through foreclosure	1,888	1,392
Other assets	43,104	30,879
Total assets	\$7,947,932	\$6,918,650
Liabilities and Members' Equity		
Liabilities		
Members' shares	\$6,668,821	\$6,099,533
Borrowed funds	500,000	100,000
Accrued expenses and other liabilities	156,334	143,707
Total liabilities	\$7,325,155	\$6,343,240
Members' Equity		
Retained earnings	\$638,962	\$591,994
Equity acquired in merger	5,304	-
Accumulated other comprehensive loss	(21,489)	(16,584)
Total members' equity	\$622,777	\$575,410
Total liabilities and members' equity	\$7,947,932	\$6,918,650

Membership Growth



Statements of Income

Years Ended December 31, 2017 and 2016 (dollars in thousands)

Interest Income	2017	2016
Interest and fees on loans receivable	\$196,321	\$153,219
Interest on investments and cash equivalents	40,731	41,248
Total interest income	\$237,052	\$194,467
Interest Expense		
Dividends on members' shares	\$48,477	\$43,056
Interest on borrowed funds	5,863	772
Total interest expense	54,340	43,828
Net interest income	182,712	150,639
Provision for loan losses	40,831	8,192
Net interest income after provision for loan losses	\$141,881	\$142,447
Non-interest Income		
Members' shares service charges and other fees	\$23,175	\$20,222
Gain on sale of mortgage loans	12,847	15,669
Mortgage servicing and loan fees	15,027	12,633
Investment services and insurance fees - commissions	6,889	9,130
Bargain purchase gain	5,161	-
Other non-interest income	912	590
Total non-interest income	\$64,011	\$58,244
Net income before expenses	\$205,892	\$200,691
Non-interest Expenses		
Salaries and benefits	\$63,921	\$59,747
Operations	84,844	70,317
Occupancy	10,159	9,890
Total non-interest expenses	\$158,924	\$139,954
Net income	\$46,968	\$60,737

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 is fully committed 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; attends the monthly Board of Director meetings and monitors the financial reporting of management; reviews annual Information Security reports and monitors concerns of the members.

During 2017, 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 financially strong and well managed, with sound policies and programs. The 2017 audited financial statements for Bethpage and the Independent Auditor's Report can be found at bethpagefcu.com.

Lawrence Waldman
Supervisory Committee Chair
Bethpage Federal Credit Union

Bethpage Branches

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

Bethpage Main Office

899 South Oyster Bay Road, Bethpage, NY 11714

Everyone can bank at Bethpage.*

lovebethpage.com | 800-628-7070

Volunteers

Board of Directors

Dr. Michelle Nearon,
Chair

Les Poinelli,
Vice Chair

Jorge A. Martinez,
Secretary

Vincent Scicchitano,
Treasurer

Don Balducci

Anne N. Brigis

Phil Gandolfo

Joseph M. Moliterno

Richard B. Turan

Senior Associate Director

John Komst

Associate Directors

Jason Golden

Gregg Nevola

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

Lawrence Jones
Senior Vice President,
Lending

Gerard Schmitt
Senior Vice President,
Marketing

David Bogdanski
Vice President,
Internal Audit

Melissa Feeney
Vice President,
Human Resources,
Learning &
Development

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 Financial
Group

John Witterschein
Vice President,
Consumer Credit

*Membership requires a \$5 minimum share account.

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