

2018 Annual Report.

Year in review.

Enriching lives because we care.

Message from the President.



A stylized, handwritten signature in white ink that reads "Wayne N. Grossé".

Last year was an incredible one for Bethpage Federal Credit Union in terms of growth and development. We added nearly 53,000 new members and grew by \$647 million in deposits. We provided more than \$1.0 billion in residential mortgages and over \$1.47 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 steady returns. We increased the rates of our Money Market Account 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 more value than the big banks.

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 mid-2018, we completed the implementation of our new online and mobile banking system that provides many of the features our members have requested. We developed several mechanisms to gather member feedback about the system, and we have already incorporated member ideas into enhancements we are currently designing. Our goal for this year is to continue to listen to our members and address their needs in terms of delivering a truly state-of-the-art digital banking experience.

We are probably most proud of a couple of recognitions that we received in 2018. We were named Newsday's Top Long Island Workplace and one of the best and "most engaged" companies to work for in New York. We have earned these accolades because of the hard work and commitment of our employees, who are dedicated to each other and our members. I feel confident that 2019 will bring more of the same.

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 and to enrich more lives.

Thank you for your support. We look forward to helping you realize your financial goals in 2019 and beyond.

Sincerely,

Wayne N. Grossé
President and CEO

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Message from the Chair.



A stylized, handwritten signature in white ink that reads "Michelle J.".

An integral part of Bethpage Federal Credit Union's vision is to enrich lives in the communities we serve. In 2018, Bethpage 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 17th 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.

Our Bethpage teammates showed they care by volunteering nearly 4,400 hours of service in 2018 for nonprofit organizations. They painted benches in Madison Square Park, prepared and served food to families at Ronald McDonald House and the Mary Brennan Inn, built homes with Habitat for Humanity, performed Spring cleaning at the Fire Island Light House, served Sundaes on Mondays for children attending Sunrise Day Camp (a camp for kids with cancer and their siblings), and installed smoke detectors with the American Red Cross. Through our partnership with Island Harvest, we hosted our 10th annual Turkey Drive, which provided families in need with over 3,000 turkeys to enjoy for the holiday.

In addition to employee volunteerism, our senior management serves on the boards of 26 community-based organizations throughout the Tri-State area, a further sign of our commitment to the surrounding 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), charitable grants and sponsorships 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 2,000 tax returns, bringing nearly \$2.6 million in tax refunds back to Long Island families and our local economy.

Bethpage financially supported the community through \$2 million in charitable grants and sponsorships, helping organizations like the United Way, YMCA, Family Service League, Girl Scouts, Mentor NY, Pal-O-Mine, American Heart Association, The Inn and dozens more.

Over the last 15 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 fail to dazzle and delight! In 2018, despite a rain day on Sunday, nearly 300,000 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

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Bethpage financially supported the community through \$2 million in charitable grants and sponsorships.

Consolidated Statements of Financial Condition

December 31, 2018 and 2017 (dollars in thousands)

	2018	2017
ASSETS		
Cash and cash equivalents	\$139,060	\$730,229
Investments:		
Available-for-sale	1,552,499	1,380,314
Trading	370,000	–
Other	34,674	46,440
Loans held for sale	25,494	35,489
Loans receivable, net	5,986,847	5,476,469
Accrued interest receivable	27,448	23,281
Mortgage servicing rights, net	29,341	27,337
Property and equipment, net	49,221	47,023
National Credit Union Share		
Insurance Fund deposit	65,304	59,491
Goodwill	56,788	56,788
Other intangibles	19,900	20,079
Foreclosed and repossessed assets	7,491	4,194
Other assets	36,680	40,798
Total assets	\$8,400,747	\$7,947,932
Liabilities and Members' Equity		
Liabilities		
Members' shares	\$7,315,688	\$6,668,821
Borrowed funds	300,000	500,000
Accrued expenses and other liabilities	116,321	156,334
Total liabilities	\$7,732,009	\$7,325,155
Members' Equity		
Retained earnings	\$701,636	\$638,962
Equity acquired in merger	5,304	5,304
Accumulated other comprehensive loss	(38,202)	(21,489)
Total members' equity	\$668,738	\$622,777
Total liabilities and members' equity	\$8,400,747	\$7,947,932

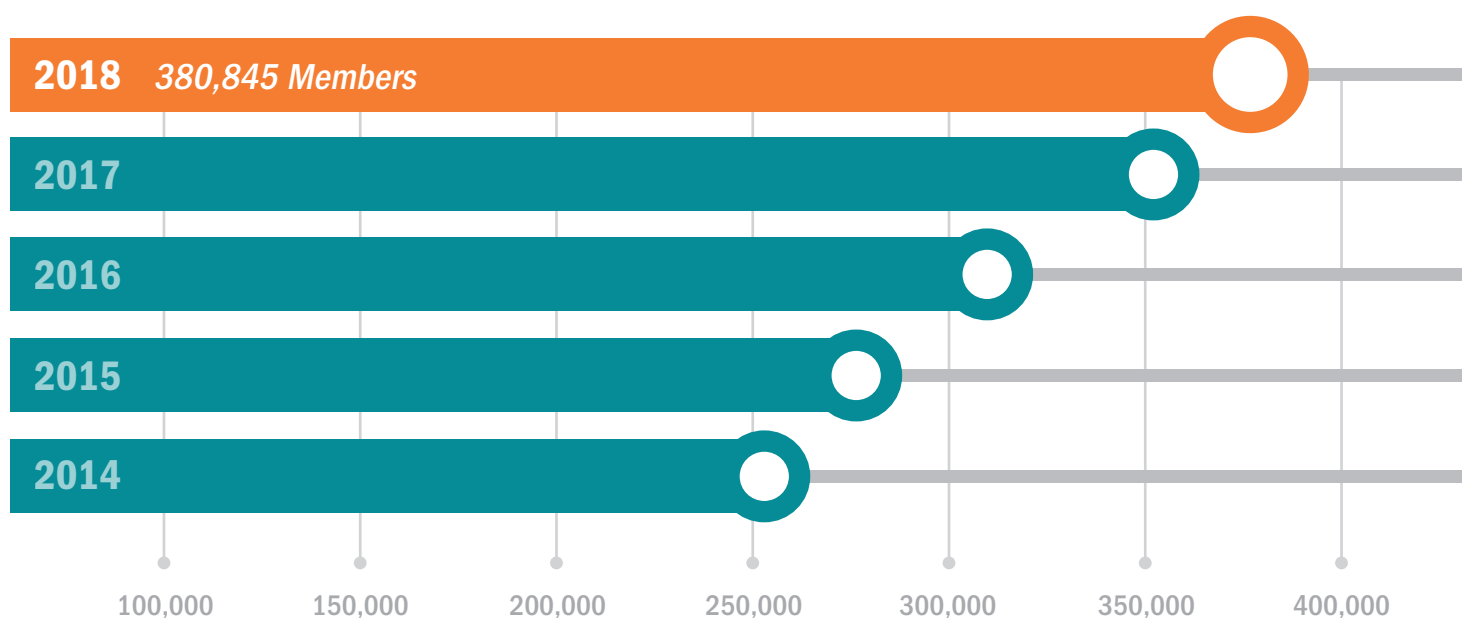
Consolidated Statements of Income

Year ended December 31, 2018 and 2017 (dollars in thousands)

	2018	2017
INTEREST INCOME		
Interest and fees on loans receivable	\$233,521	\$196,321
Interest on investments and cash equivalents	47,189	40,731
Total interest income	\$280,710	\$237,052
Interest Expense		
Dividends on members' shares	\$82,977	\$48,477
Interest on borrowed funds	4,627	5,863
Total interest expense	87,604	54,340
Net interest income	193,106	182,712
Provision for loan losses	25,807	40,831
Net interest income after provision for loan losses	\$167,299	\$141,881
Non-interest Income		
Members' shares service charges and other fees	\$26,894	\$23,175
Gain on sale of mortgage loans	9,892	12,847
Mortgage servicing and loan fees	16,616	15,027
Investment services and insurance fees - commissions	6,703	6,889
Bargain purchase gain	-	5,161
Other non-interest income	4,286	912
Total non-interest income	\$64,391	\$64,011
Net income before expenses	\$231,690	\$205,892
Non-interest Expenses		
Salaries and benefits	\$67,752	\$63,921
Operations	90,474	84,844
Occupancy	10,790	10,159
Total non-interest expenses	\$169,016	\$158,924
Net income	\$62,674	\$46,968

Membership Growth & Total Loans, Shares & Assets

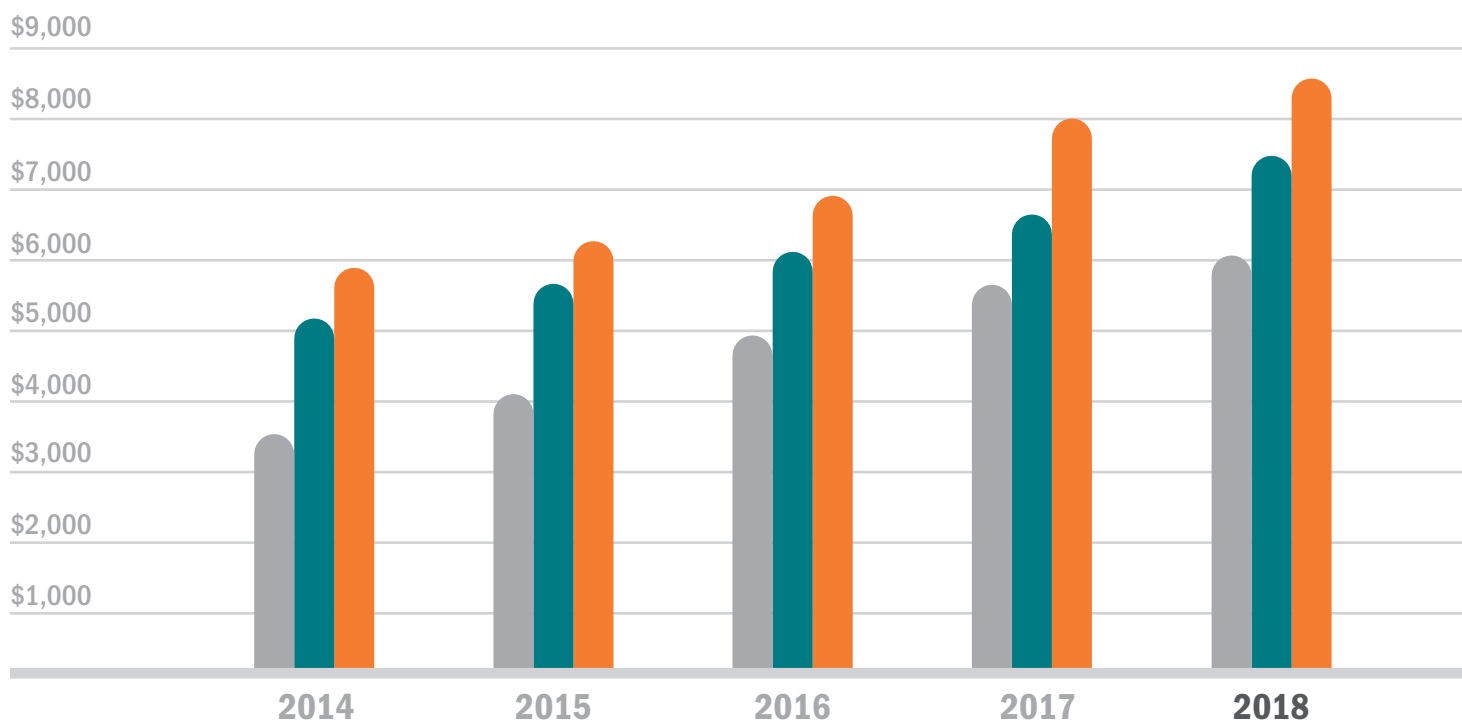
Membership Growth



Total Loans, Shares & Assets

As of December 31, dollar amount in millions

Loans Shares Assets



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, in accordance with the Federal Credit Union Act. The Committee is fully committed to you, the members of Bethpage.

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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 tracks the progression of any action items noted in audit reports to ensure that Management has properly addressed the issues.

The Committee also appoints the independent auditor and oversees the annual audit; attends the monthly Board of Directors meetings and monitors the financial reporting of Management; reviews annual Information Security reports and monitors concerns of the members.

During 2018, 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 2018 audited financial statements for Bethpage can be found at our website.

Lawrence Waldman
Supervisory Committee Chair
Bethpage Federal Credit Union

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

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 Armin
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

Cania Infante
Vice President,
Brand Strategy

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

Bethpage Branches



Bethpage Main Office: 899 South Oyster Bay Road, Bethpage, NY 11714

Bethpage 
Federal Credit Union
We care about what you care about.®

Everyone can bank at Bethpage.*

*Membership requires a \$5 minimum share account.

lovebethpage.com | 800-628-7070

 Federally Insured
By NCUA