



ANNUAL REPORT

2013

Commitment to extraordinary

VALUE & SERVICE,

anytime, anywhere.

PRESIDENT'S MESSAGE



I am excited to report that last year was one of continued success for Bethpage Federal Credit Union. Our organization is built on a foundation of financial strength; we continue to attract new members by offering the best rates and lowest fees on Long Island, and by delivering world class service to our member-owners every day.

To reinforce our unique position as a member-owned financial cooperative, and to invite all Long Islanders to benefit from our credit union differ-

ence, we launched a new advertising campaign with the theme "Built to Give You More." Because we are a credit union and not a bank, giving more to our members and the Long Island community is at the heart of everything we do.

In 2013, our assets grew to \$5.4 billion, solidifying our presence as the largest credit union in New York State and the Northeast region. More than 32,000 members joined Bethpage last year, allowing more families to realize their dreams. With \$1.7 billion in loans, our members were able to secure mortgages, consumer loans, and extra funding for their businesses. Year-end results included net income of \$44 million, and deposit growth of \$317 million.

We also want to make banking at Bethpage as convenient as possible for all our members. In addition to 24/7 access through our free online and mobile banking, we offer the most free ATMs on Long Island—more than 500. With the opening of in-store branches in East Meadow (NUMC) and Valley Stream (King Kullen) we now have 27 branches open to the public. During the next 12 months, we project opening branches in the following locations to better serve our members: Long Beach, Baldwin, Albertson, LIU CW Post University, Centereach and East Northport.

It is important that we continue to grow and be successful. As a not-for-profit financial cooperative, existing solely to serve our members, we offer a strong

alternative to banks. We do what's right for you and in your best interest because we are not owned by shareholders.

In addition to serving individuals and their families, Bethpage is committed to the thousands of small businesses that are the economic engine for Long Island. In 2013, we formed the Bethpage Business Banking group to provide the same level of value and service to small businesses that we do to individual consumers. More and more of our members are starting their own businesses, and thus Bethpage was proud to support LaunchPad Long Island, which was created to help entrepreneurs improve their odds of success.

At Bethpage, we are optimistic that this year will be more successful than the last. Our third annual Long Island Small Business survey, conducted by Stony Brook University last September showed positive signs for the local business community. Of the small business executives who were surveyed, 69% rated the current financial status of their business positively, and 89% expected sales to stay the same or increase in 2014. Together, we can make 2014 a year of growth for all Long Islanders.

While the world has changed a great deal in the more than seven decades since we have been in business, our commitment to serve you has never been stronger. Our credit union mission and values drive our employees to deliver on our promise to you every day.

Thank you for continuing to have confidence in our ability to serve your financial needs.

Sincerely,

Kirk Kordeleski
President & CEO

CHAIRMAN'S MESSAGE



Bethpage Federal Credit Union ended 2013 in a strong financial position.

As we have continued to grow in the marketplace and provide members with the best rates and service, the Heart of Bethpage, our community outreach program, has partnered with more than 100 nonprofit organizations on Long Island. A large part of our work with community groups is provided through the time and commitment of our employees, who dedicated over 5,000 hours of service in 2013.

While we can see the physical improvements to the region's infrastructure after Hurricane Sandy many families are still displaced from their homes and need assistance. Last year, Bethpage and the United Way of Long Island came together to establish the "Rebuilding Long Island Shore to Shore Fund" to raise dollars to assist these families. For the entire month of May, every branch in our network participated in collecting donations for the fund. Donations were also collected at the 10th Annual Bethpage Airshow at Jones Beach, as it was the first public event for Long Islanders at the storm damaged beaches of our South Shore.

Last year also marked the 5th anniversary of our partnership with Island Harvest including our annual Turkey Drive that provides a traditional Thanksgiving dinner for Long Island families who are faced with hunger. Again, our employees were an integral part of this effort, which collected close to 1,500 frozen turkeys and 13,000 pounds of food.

We are also proud to have celebrated 10 years of participation in the Volunteer Income Tax Assistance Program, which offers low and moderate income families

free federal and state tax preparation. In 2013, we completed 2,028 tax returns generating \$2.5 million dollars in refunds to taxpayers.

Through these and many other efforts, we are committed to improving the quality of life for all Long Islanders. This includes sponsorship of events that bring joy to families and individuals across Long Island. In 2013, we were pleased once again to sponsor our annual Bethpage Air Show, the largest outdoor event on Long Island. We also partnered with local towns and villages to support evenings of free movies and concerts. A special partnership for us last year was with the City of Long Beach. We invested \$60,000 towards helping the City recover from Super Storm Sandy and supported their ad campaign, "Long Beach is Open for Business," to bring awareness to the major summer and fall events, many of which we supported as well.

Bethpage is more than your trusted financial institution. We are also a dedicated community partner committed making Long Island a great place to live, work and play.

I am proud of Bethpage and privileged to serve you every day.

Robert Kelly
Chairman of the Board

STATEMENTS OF FINANCIAL CONDITION

December 31, 2013 and 2012

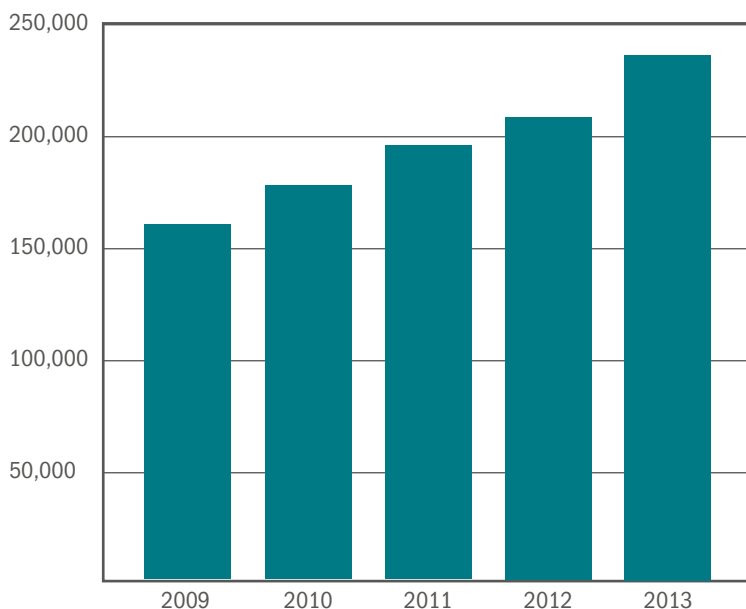
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 36,000	36,036
Investments		
Available-for-sale	2,428,311	2,355,991
Other	13,510	16,051
Loans held for sale	14,497	31,984
Loans receivable, net	2,830,747	2,588,573
Mortgage servicing rights, net	18,691	17,365
Accrued interest receivable	18,240	17,785
Property and equipment	21,785	22,786
National Credit Union Share Insurance Fund deposit	44,749	40,926
Real estate acquired through foreclosure	4,064	5,261
Other assets	14,406	11,300
Total assets	\$ 5,445,000	5,144,058
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' shares	\$ 4,887,788	4,571,213
Borrowed funds	19,750	—
Accrued expenses and other liabilities	85,646	132,753
Total liabilities	\$ 4,993,184	4,703,966
COMMITMENTS AND CONTINGENT LIABILITIES		
MEMBERS' EQUITY		
Retained earnings	\$ 457,049	413,084
Accumulated other comprehensive (loss) income	(5,233)	27,008
Total members' equity	\$ 451,816	440,092
Total liabilities and members' equity	\$ 5,445,000	5,144,058

STATEMENTS OF INCOME

Years Ended December 31, 2013 and 2012

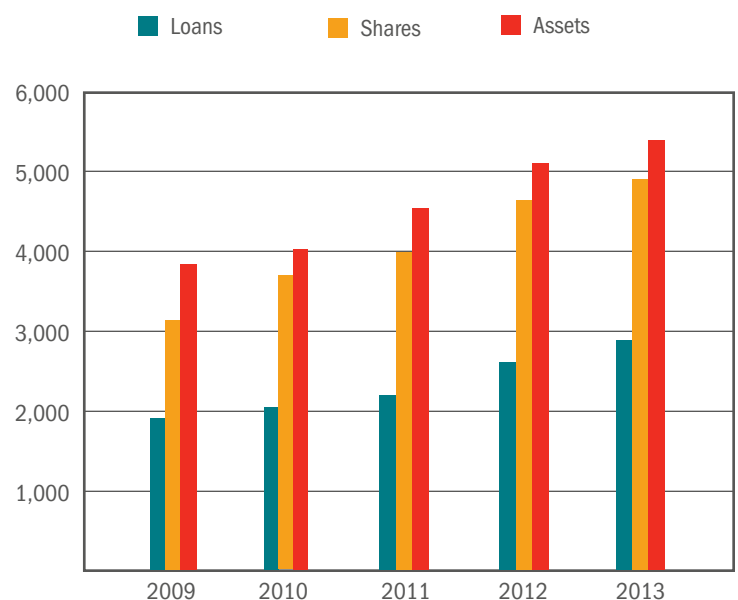
	2013	2012
INTEREST INCOME		
Interest on loans receivable	\$ 104,897	105,762
Interest on investments and cash equivalents	49,734	51,255
Total interest income	\$ 154,631	157,017
INTEREST EXPENSE		
Dividends on members' shares	\$ 42,916	46,885
Interest on borrowed funds	325	156
Total interest expense	43,241	47,041
Net interest income	111,390	109,976
Provision for loan losses	(2,051)	9,104
Net interest income after provision for loan losses	113,441	100,872
NON-INTEREST INCOME		
Members' shares service charges and other fees	\$ 14,623	12,677
Mortgage servicing and loan fees	5,538	2,722
Gain on sale of mortgage loans	9,747	29,681
Investment services and insurance fees - commissions	9,242	10,233
Other non-interest income	3,480	7,448
Total non-interest income	\$ 42,630	62,761
Net income before expenses	\$ 156,071	163,633
NON-INTEREST EXPENSES		
Salaries and benefits	\$ 50,169	50,202
Operations	54,528	49,432
Occupancy	7,409	7,348
Total non-interest expenses	\$ 112,106	106,982
Net income	\$ 43,965	56,651

MEMBERSHIP GROWTH



TOTAL LOANS, SHARES & ASSETS

As of December 31, dollar amount in millions



Supervisory Committee's Report

The Supervisory Committee is composed 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.
- Makes sure that Bethpage Federal Credit Union responds to the concerns of its members.

During 2013, the Committee engaged the services of Grant Thornton LLP to conduct the annual audit of Bethpage Federal Credit Union's financial statements. An annual audit is required by federal regulations. The 2013 audited financial statements of the credit union and related independent auditor's reports can be found at www.bethpagefcu.com. In addition, the NCUA examination conducted during 2013 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 use of internal and external scorecards and independent surveys. Use of these tools allows Bethpage to constantly 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 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

Bethpage Full Service Branches

Bethpage	Hempstead	Patchogue
Bay Shore	Huntington	Port Jefferson
Bay Shore (King Kullen)	Islandia (CA Employees Only)	Riverhead
Central Islip	Levittown (King Kullen)	Roosevelt
Commack (King Kullen)	Lynbrook	Seaford
Elmont	Massapequa	Smithtown
Farmingdale	Melville	Valley Stream (King Kullen)
Freeport	Mineola	West Babylon
Glen Cove	North Babylon	Westbury
	NUMC (NuHealth Medical Center)	

Volunteers

Board of Directors

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

Associate Directors

Barrie E. Bazarsky
Anne N. Brigis
Jaci Clement
Deidra Parrish Williams

Supervisory Committee

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

Senior Associate Directors

Francis E. Campbell
Sam Piazzola

Executive Team

Kirk Kordeleski President & Chief Executive Officer	Melissa Feeney Vice President, Human Resources, Learning & Development
Wayne N. Grossé Chief Operating Officer	Gary Jendras Vice President, Internal Audit
Linda Armyn Senior Vice President, Corporate Strategy	Lawrence Jones Vice President, Commercial Lending
James Breen Senior Vice President, Information Technology	Robert Lund Vice President, Residential Mortgage Lending
Brian Clarke Senior Vice President & Chief Financial Officer	Gerard Schmitt Vice President, Marketing
Michele Dean Senior Vice President, Lending & Investment Operations, COO-CUSO Operations	Vernon Williams Vice President, Branch Operations
Robert Hoppenstedt Senior Vice President, Operations & Marketing	John Witterschein Vice President, Consumer Credit
Douglas O'Neill Senior Vice President, Human Resources	

Local Shared Service Centers

Island FCU	Melrose FCU	Oceanside Christopher FCU	Suffolk FCU	Winthrop-University Hospital CU
LOMTO FCU	Nassau Educators FCU	Qside FCU	Sperry Associates FCU	
Long Island State EFCU	Nassau Financial FCU	Skyline FCU	Teachers FCU	