



50TH

ANNIVERSARY

SCIENT

Federal Credit Union®

1968 – 2018



2018 ANNUAL
MEETING

Pfizer Employees Credit Union
Charter Date: February 20, 1968



Services

SAVINGS & CHECKING PROGRAMS

- Share Savings Accounts
- Free Checking with eStatements
- Money Market Accounts
- Certificates
- Club Accounts
- Individual Retirement Accounts (IRAs)
- Coverdell Education Savings Accounts

CONSUMER LOANS

- Auto Loans
- Signature Personal Loans
- Visa® Classic and Platinum Credit Cards
- Visa® Signature HELIX Credit Cards
- Deposit Secured Loans
- Executive Reserve Lines of Credit
- Education Loans
- Student Loans

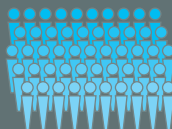
MORTGAGE & EQUITY LOANS

- Fixed Rate Mortgages
- Adjustable Rate Mortgages
- SMARTChoice Mortgages
- Jumbo Mortgages
- No Closing Cost Mortgages
- Fixed Rate Home Equity Loans
- Home Equity Lines of Credit

ACCESS YOUR ACCOUNTS ANYWHERE, ANYTIME

- Mobile App with mobile deposit
- Online Banking
- Free unlimited online bill payment
- Free Email Alerts on Transactions
- Free SMS Text Alerts
- Free ATM transactions at over 30,000 CO-OP® Network ATMs nationwide
- Free account transactions at over 5,000 CO-OP® Shared Branches nationwide
- Payment access via Apple Pay®, Samsung Pay™, Android Pay™ and Visa Checkout®

2017
by the numbers



19,816
Total Members



\$71,344,011
Auto Loans Made



\$19,202,421
Mortgage Loans Made



\$6,147,244
Consumer Loans Made

Letter from the Chairman & President/CEO

Fifty years ago in 1968 NASA launched the first Apollo mission to orbit the Moon, Mattel® introduced Hot Wheels® toy cars, the Beatles released the White Album and Hawaii Five-O debuted, not to mention a number of pivotal moments in the Vietnam War. On this our 50th anniversary, we reflect that were it not for the persistence of our founders with our original Select Employer Group - Pfizer Inc. – Scient Federal Credit Union would not exist. Our mission today is as it was then, to help all our members – from Pfizer around the globe, to those with Scient financed cars or from the USPS in over 30 towns in Connecticut – meet life’s financial challenges along the way, however big or small. We are indeed honored to continue that mission our founders started some 50 years ago!

With regard to our 2017 results, much like 2016, they continue the Scient success story for our members. In last year’s annual report, we noted our successful focus on expense control. In this year’s report we would highlight our loan growth to our members as a major success: over 6% for a 2nd year in a row! Our loan growth combined with our expense control enabled us to record almost \$0.5 million in net income in 2017, with capital now over \$21 million, another new record for Scient. Our continued focus on financial health means we can keep doing more for our members. We had another record year in indirect lending, with over \$71 million in automobile loans originated to our members. Scient ended 2017 closing on 20,000 members and over \$239 million in assets. All Scient members from life science employees to postal service employees, to the thousands who have joined us through our indirect lending program are now better served by our strengthening position.

The story of 2017 was another exciting one for Scient, with the team again successfully implementing a wide variety of critical initiatives to build Scient’s future. To name a few you might have seen: a new mobile banking app including remote check deposit & fingerprint ID features, debit cards with new EMV chip technology, and a new premium money market account. With 2017 now history, we are moving into 2018 further positioning Scient for growth through 1) investment in our technology infrastructure – upgrading and hardening our systems network, and 2) by adding new products and services – new loan and deposit products with new benefits we know you want because we asked you!

In our 2016 annual report we introduced our new vision statement to you – improving people’s lives with creative solutions – the essential ‘why’ of what we do under the Scient banner. This vision embodies our long history of service to you, and Scient remains totally committed to it as we grow into a future of increasingly varied membership. The stories you share with us about how we meet that vision every day validate why we exist!

As always, we thank you for your membership and look forward to serving you for the next 50 years!

Glenn Wilcox
Board Chairman

David Purcell
President & CEO

Treasurer's Report

Scient had another successful year in 2017. The credit union continued to operate profitably and added to its capital reserves during the year. Scient earned \$488 thousand in 2017 with a Return on Assets of 21 basis points. Net Worth as measured by our regulators, aggregated \$21.47 million at year-end 2017 and Scient continues to be classified under current regulations as Well Capitalized. Total assets at year-end were \$239.3 million, a \$6.5 million or 2.8% increase compared to the prior year.

Scient's success in delivering creative solutions to meet its member's needs shows in its results:

1. \$96.7 million in loans to members were granted during the year and \$219 million in loans were outstanding as of the end of the year. These loans allowed our members to purchase cars, homes, enjoy vacations and finance their children's education, all at credit union rates. Scient's Interest Income for the year was \$9.15 million, an increase of \$439 thousand or 5.0% higher than the prior year.
2. \$216 million were on deposit at the credit union as of the end of the year, a 3.0% increase over the prior year. These deposits allowed Scient to put those dollars to work making loans to the membership. Over \$916.5 thousand in interest was paid on deposits held at Scient in 2017.

Effective management of the credit union allowed it to continue to operate profitably in 2017. Operating expenses were controlled and held to a year over year increase of \$275 thousand or 3.2%. The provision provided for loan losses was increased in 2017 as a result of higher loans outstanding at year-end compared to the prior year, as well as higher net charge offs during the year. Diligent review and management of lending and collection processes served to limit required provision increases. In addition, Scient services over \$52 million of member real estate loans and \$32 million of auto loans that it participated to other credit unions.

Scient continues to work closely with its members experiencing financial difficulties. Scient's loan restructuring program at year-end totaled 44 members, with 9 approved for the program in 2017. The collections department, working with members, recovered over \$152 thousand in previously charged off loans in 2017.

Scient's liquidity or cash position, remains well managed. Scient had limited borrowings during the year, none outstanding at year-end and maintains access to the Federal Reserve Bank of Boston discount window. In total, as of year-end, Scient had \$31.5 million in unused lines of credit for liquidity as needed.

In closing, I'd like to thank each and every member for making Scient Federal Credit Union what it is today. We greatly appreciate your membership.

Adam Smogowicz

Treasurer

Statements of Financial Condition

ASSETS		
	2017*	2016*
Cash & Cash Equivalents	8,881,580	9,204,594
Interest Bearing Deposits	2,147,000	5,038,000
INVESTMENTS		
Available for Sale	3,406,052	6,226,789
Held to Maturity	537,489	741,029
Loans to Members		
Net Allowance for Loan Losses	216,845,855	203,825,470
Accrued interest receivable	716,212	683,826
Prepaid & Other Assets	1,589,761	1,766,552
Property & Equipment	3,019,771	3,192,347
NCUSIF Deposit	2,118,748	2,069,132
TOTAL ASSETS	\$239,262,468	\$232,747,739

LIABILITIES & MEMBER EQUITY

	2017*	2016*
LIABILITIES		
Members' Share & Savings Accounts	215,958,891	209,760,840
Borrowed Funds	-	-
Accounts Payable & Accrued Liabilities	3,181,510	3,214,550
Total Liabilities	219,140,401	212,975,390
MEMBER EQUITY		
Regular Reserve	1,582,525	1,582,525
Undivided Earnings	19,888,186	19,400,169
(Accumulated Other Comprehensive Loss)	(1,348,644)	(1,210,345)
Total Member Equity	20,122,067	19,772,349
TOTAL LIABILITIES & MEMBER EQUITY	\$239,262,468	\$232,747,739

*Unaudited–Audited financial statements as of 6/30/17 & 6/30/16 are available upon request

Statements of Income

	2017*	2016*
INTEREST INCOME		
Loans to Members	\$9,146,552	\$8,707,783
Investments	301,002	353,444
Total Interest Income	9,447,554	9,061,227
INTEREST EXPENSE		
Members' Shares & Savings	916,549	913,873
Borrowed Funds	5,543	30,796
Total Interest Expense	922,092	944,669
Net Interest Income	8,525,462	8,116,558
Provision for Loan Losses	1,583,551	1,071,692
NET INTEREST INCOME After Provision for Loan Losses	6,941,911	7,044,866

	2017*	2016*
NON-INTEREST INCOME		
Miscellaneous Operating Income	1,102,749	1,154,705
Fees & Service Charges	927,258	881,184
Gain on Sale of Loans, Net	280,735	413,051
Total Non-Interest Income	2,310,742	2,448,940
	9,252,653	9,493,806
NON-INTEREST EXPENSE		
Compensation and Employee Benefits	4,511,749	4,184,757
Office Operating and Occupancy	2,037,881	2,024,908
Loan Service Expense	1,292,994	1,211,701
Other Operating	742,496	808,107
Other	179,515	260,143
Total Non-Interest Expense	8,764,635	8,489,616
NET INCOME (LOSS)	\$488,018	\$1,004,190

Board of Directors



Glenn Wilcox
Chairman



Adam Smogowicz
Treasurer



Steve Pias
Secretary



Rhea Bagnell
Director



Joseph Mongillo
Director



Karen Walters
Director



Brian Oat
Director

Supervisory Committee

John Podurgiel, *Chairman*

Steve Pias

Barb Segelstein

Elizabeth Algieri

Donna Zyry

Officers & Directors

David Purcell, *President & CEO*

Chris Maynard, *VP/Corporate Controller*

Tina Waterman, *Director of Consumer Lending & Facilities*

Irv Hagewood, *Director of Collections*

John Belanger, *Director of IT and Operations*

Matthew Sosnowski, *Director of Call Center and Member Services*

Supervisory Committee Report

The primary responsibility of the Supervisory Committee is to serve as a means of checks and balances at the credit union. We are comprised of a group of dedicated volunteers that are appointed by the Board of Directors. It is our responsibility to ensure that Scient Federal Credit Union establishes and maintains appropriate policies, procedures, and internal controls that safeguard members' assets and privacy, and fulfill the credit union's financial and regulatory responsibilities.

There were numerous internal audits that were conducted by the Credit Union's Internal Auditor, Stephen Settino, and several audits were performed by outside auditors. In addition, we also passed the National Credit Union Administration's (NCUA) annual safety and soundness examination. The NCUA is the independent federal agency created by the U.S. Congress to regulate, charter, and supervise federal credit unions.

We want to ensure that our 19,000+ members are happy with our products, services and staff at all times as the credit union continues to grow. We urge you to contact any member of the credit union's staff, Supervisory Committee, or Board of Directors with any comments or questions that you might have. You may also report any issues anonymously to the Supervisory Committee through the "Report It" link located on scientfcu.org. You can also mail the Supervisory Committee at:

Scient Federal Credit Union
Attn: Supervisory Committee
60 Colver Ave
Groton, CT 06340

Thank you and have a great year,

John A. Podurgiel
Chair of the Supervisory Committee

Corporate Office

60 Colver Avenue
Groton, CT

Groton, CT

Pfizer

445 Eastern Point Road
Building 220, Amenities Corridor
Groton, CT

New Haven, CT

Postal Employees Credit Union
50 Brewery Street
New Haven, CT

Andover, MA

Pfizer

1 Burt Road, Office F1100
Andover, MA

Cambridge, MA

Pfizer

610 Main Street
Cambridge, MA

Manhattan, NY

Pfizer

235 East 42nd Street
New York, NY

Madison, NJ

Pfizer

1 Giralda Farms
Madison, NJ

**Improving people's
lives with creative
solutions**



We would like to acknowledge all of our members who have volunteered to be on the Board of Directors. Your time and dedication have helped shape the credit union throughout our 50 years. We are truly appreciative and thankful.

Our First Board of Directors

*Donald Gallup
President BOD, 1968*

*Richard Boyd
Vice President BOD, 1968*

*Mary Prescott
Secretary BOD, 1968*

*John Bresser
Treasurer BOD, 1968*

Donald Vines

Weldon Blue

Walter Frankopoulos

Thomas Keogh

Gerald Mears

Donald King

Norman Jangaard

George R. Carver, Jr

Paul Bergeson

William E. Babcock

William O. Babcock

Maurice Caruso

Robert Dray

Jack Ernst

Robert Pero

J. Kenyon

Geraldine Baker

Cecil Duerr

Evelyn Mackenzie

Ernest Avena

Russell Hausman

Margaret Bartolucci

Cheryl Carlson

Frank Leigner

Adam Smogowicz

Mitch Albinski

Cliff Decosta

William Mather

Ronald Boucher

John Lidstrom

Kevin Kelly

Gloria Willson

Lorraine Allen

Raymond McCormick

Mark Malloy

Judith Odom

Thomas Legere

Gloria Gaito

Ann Anselmo

Rosemarie Balcom

Katherine Doherty

Jeff Sims

Steven Pias

Rob Ralston

Don Savigne

Dennis Vargo

Rick Teixeira

Glenn Wilcox

Jennifer Gilletti

Neal Masia

Rhea Bagnell

Joseph Mongillo

Karen Walters

Brian Oat

Thank you to all our volunteers.

scientfcu.org

