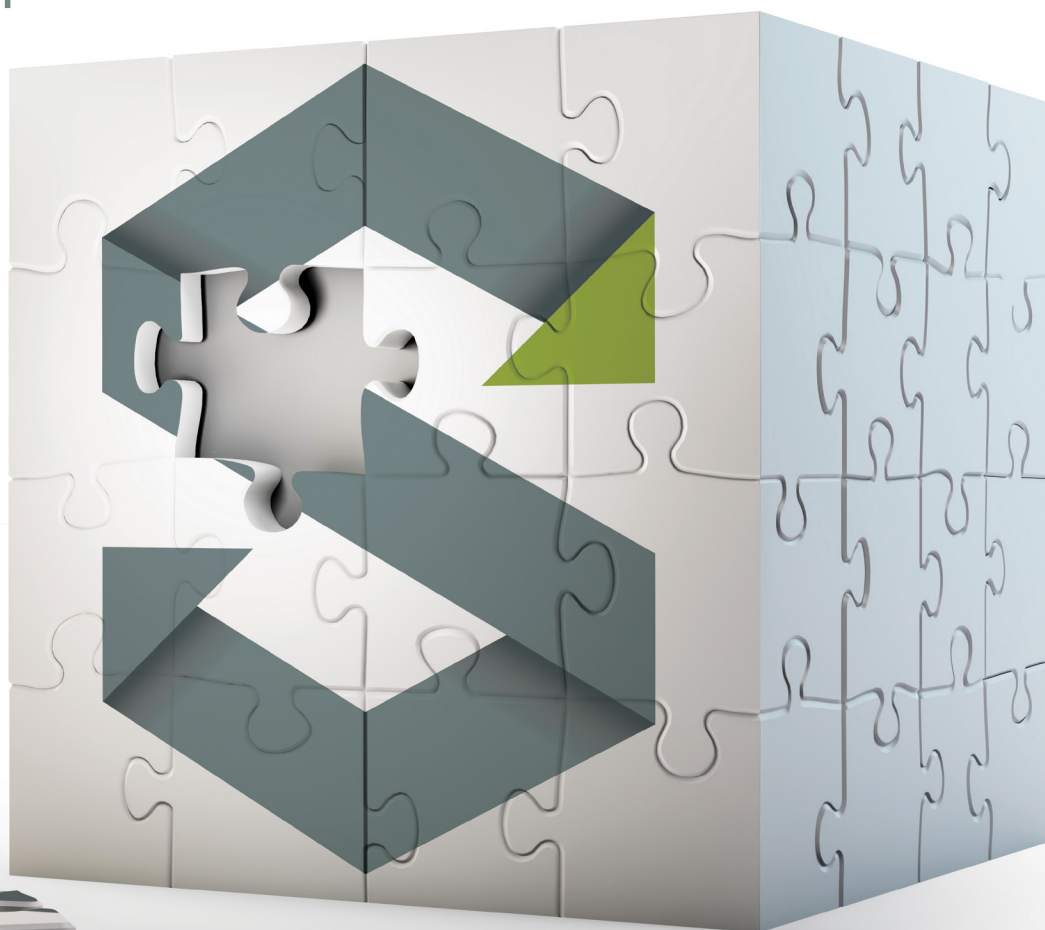

Improving people's lives with creative solutions

2016 Annual
Meeting Report



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 Loans
- Visa® Classic and Platinum Credit Cards
- Visa® Signature HELIX Credit Cards
- 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 and Online Banking
- Free unlimited online bill payment
- Free ATM transactions at over 30,000 CO-OP® Network ATMs nationwide
- Free text message banking
- Free account transactions at over 5,000 CO-OP® Shared Branches nationwide
- Payment access via Apple Pay®, Samsung Pay™, Android Pay™ and Visa Checkout®

Letter from the Chairman & President/CEO

For Scient members, our 2016 results are indeed a success story to behold. In last year's annual report, we noted our heightened focus on process improvements to lower our credit risk as well as expense control. These together paved the way for us to post some of the strongest results in our history: over \$1 million in net income was realized, with capital now around \$21 million, a new record for Scient. After a loss in 2015, our 2016 focus on financial health and turnaround was hugely successful for our members. One major highlight: we had a record year in indirect lending, with over \$69 million in automobile loans originated to our members. Scient ended 2016 with over 19,000 members and \$230 million in assets, and in a stronger position to better meet member needs going forward. All components of our Scient membership 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 strengthened position.

The story of 2016 was indeed an exciting one for Scient, with the team successfully managing a wide variety of critical initiatives to re-position Scient for the future. To name just two more visible examples: we successfully converted two core processing systems into one, and we launched a suite of new jumbo mortgage loan products for our members. With 2016 behind us, we are moving into 2017 by re-positioning Scient for growth through 1) investment in our technology infrastructure – adding a new relationship management system, enhancing our electronic platforms, and 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, as well as a new smart chip card for checking account security.

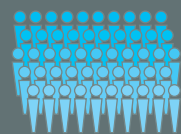
Last year we introduced our new vision statement to you – **improving people's lives with creative Solutions** – the essential 'why' of what we do under the Scient banner. This vision embodies our long history of service to you, and is the touchstone and rally point for everything we do for you, our members. Our path to the future must meet this elemental litmus test for Scient to succeed for you – whether in our individual interactions with you, or through our new initiatives to better meet your needs. Scient remains totally committed to improving our member's lives through helpful financial solutions, now more creatively, and in more ways than we ever could before.

As always, we thank you for your membership and look forward to serving you in the years ahead by helping you creatively meet life's financial challenges along the way—as you already know, that's what we do best!

Glenn Wilcox
Board Chairman

David Purcell
President & CEO

2016
by the numbers



19,123
Total Members



\$69,170,092
Auto Loans Made



\$24,623,731
Mortgage Loans Made



\$6,683,317
Consumer Loans Made

Treasurer's Report

In summary, Scient had an extremely successful 2016!

Scient added more to the bottom line and capital during 2016 than in the prior three years combined. The credit union earned over \$1 million in 2016. Its return on assets was 43 basis points and operating expenses of \$8.5 million were \$373 thousand, or 4.2%, lower than 2015.

Equity or net worth as measured by our regulators [regular reserves, accumulated undivided earnings and acquired equity (acquired in the Postal Credit Union merger)] aggregated \$20.98 million at year-end 2016.

Scient's strong earnings in 2016 were largely attributable to three factors:

1. Consistent management with strong emphasis on goals and their related earnings impact realized strong results.
2. Enhanced underwriting and persistent collection of delinquent loans resulted in credit losses decreasing by \$635 thousand, or 37%, compared to the prior year.
3. Effective operating expense control reducing expenses by \$373 thousand compared to 2015 results.

Scient increased total assets to \$232.7 million, a \$3.1 million or 1.3% increase compared to the prior year. As illustrated in the graph to the right, the credit union has grown total assets by \$77 million since 2007.

Net loans outstanding increased to \$203.8 million, a \$12.4 million, or 6.5%, increase over 2015. Net investments, interest bearing deposits and cash and equivalents meanwhile decreased \$8.5 million, or 28.7%, to \$21.2 million. Share deposits at year-end 2016 aggregated \$209.8 million, an increase of \$4.9 million, or 2.4%, compared to year-end 2015.

Scient continues to service over \$54 million of member real estate loans and \$25 million of auto loans that it sold to other institutions, resulting in additional financing of mortgages and other loans for members, while continuing to retain valued member relationships.

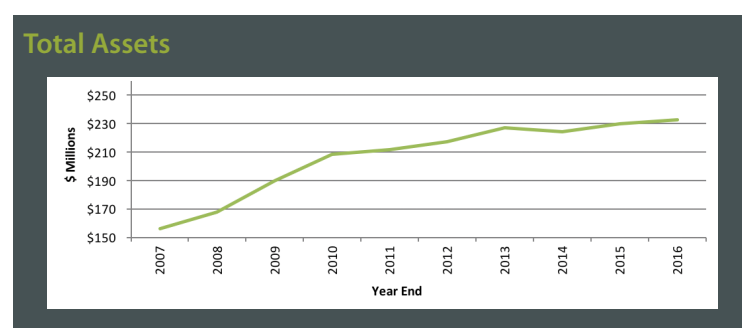
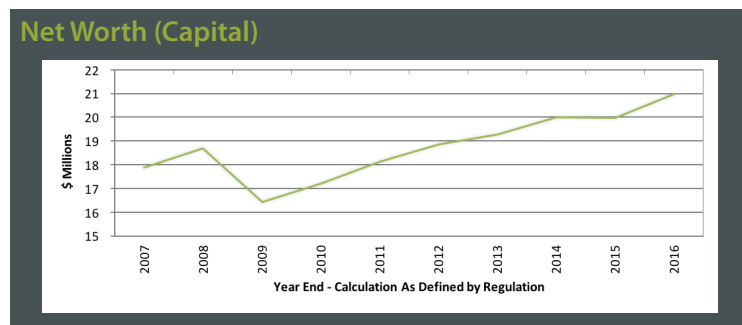
Scient continues, as always, to work closely with its members to resolve any financial difficulties they may encounter. Scient's loan restructuring program at year-end extended to 49 members, and included mortgage loans as well as consumer loans. 13 loans were approved under the program in 2016. The collections department, working with members, recovered over \$168 thousand in previously charged-off loans in 2016.

Additionally, the credit union's strong risk management process includes use of third party, state-of-the-art modeling and use of outside experts as necessary. 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 \$35 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 loyalty.

Sincerely,

Adam Smogowicz
Treasurer



Statements of Financial Condition

ASSETS	2016*	2015*
Cash & Cash Equivalents	9,204,594	13,605,904
Interest Bearing Deposits	5,038,000	6,482,000
INVESTMENTS		
Available for Sale	6,226,789	8,676,754
Held to Maturity	741,029	971,503
Loans to Members		
Net Allowance for Loan Losses	203,825,470	191,395,427
Accrued interest receivable	683,826	650,504
Prepaid & Other Assets	1,766,552	2,475,020
Property & Equipment	3,192,347	3,385,621
NCUSIF Deposit	2,069,132	2,041,010
TOTAL ASSETS	\$232,747,739	\$229,683,743

LIABILITIES & MEMBER EQUITY	2016*	2015*
LIABILITIES		
Members' Share & Savings Accounts	209,760,840	204,841,394
Borrowed Funds	–	4,000,000
Accounts Payable & Accrued Liabilities	3,214,550	1,842,762
Total Liabilities	212,975,390	210,684,156
MEMBER EQUITY		
Regular Reserve	1,582,525	1,582,525
Undivided Earnings	19,400,169	18,395,979
(Accumulated Other Comprehensive Loss)	(1,210,345)	(978,917)
Total Member Equity	19,772,349	18,999,587
TOTAL LIABILITIES & MEMBER EQUITY	\$232,747,739	\$229,683,743

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

Note: 2015 includes 10 months financial data as a result of a merger with New Haven Postal Employees Federal Credit Union. The merger was as of 2/28/15.

Statements of Income

	2016*	2015*
INTEREST INCOME		
Loans to Members	\$8,707,783	\$8,709,736
Investments	353,444	399,541
Total Interest Income	9,061,227	9,109,277
INTEREST EXPENSE		
Members' Shares & Savings	913,873	967,106
Borrowed Funds	30,796	53,235
Total Interest Expense	944,669	1,020,341
Net Interest Income	8,116,558	8,088,936
Provision for Loan Losses	1,071,692	1,706,756
NET INTEREST INCOME After Provision for Loan Losses	\$7,044,866	\$6,382,180

	2016*	2015*
NON-INTEREST INCOME		
Miscellaneous Operating Income	1,154,705	1,094,794
Fees & Service Charges	881,184	880,642
Gain on Sale of Loans, Net	413,051	290,658
Total Non-Interest Income	2,448,940	2,266,094
NON-INTEREST EXPENSE		
Compensation and Employee Benefits	4,184,757	4,292,693
Office Operating and Occupancy	2,024,908	2,029,358
Loan Service Expense	1,211,701	1,250,820
Other Operating	808,107	1,120,799
Other	260,143	168,825
Total Non-Interest Expense	8,489,616	8,862,495
NET INCOME (LOSS)	\$1,004,190	\$(214,221)

Board of Directors



Glenn Wilcox
Chairman



Gloria Gaito
Vice Chairman



Adam Smogowicz
Treasurer



Steve Pias
Secretary



Rhea Bagnell
Director



Joseph Mongillo
Director



Karen Walters
Director



Brian Oat
Associate Director

Supervisory Committee

John Podurriel, *Chairman*

Steve Pias

Barb Segelstein

Elizabeth Algieri

Donna Zyry

Officers & Directors

David Purcell, *President & CEO*

Robert Nealon, *Executive Vice President & CFO*

Chris Maynard, *VP/Corporate Controller*

Tina Waterman, *Director of Consumer Lending*

Irv Hagewood, *Director of Collections*

Sue Carling, *Director of Employee Development & Special Projects*

John Belanger, *Director of IT*

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. Podurriel
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
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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

La Jolla, CA
Pfizer
10646 Science Center Drive
Building CB4, Office 1203
La Jolla, CA

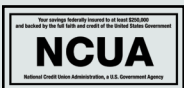
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solutions**



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