

2012
ANNUAL
REPORT

Pride in Our Past.



Strength for the Future.

With you at
every phase[®]

This credit union is federally insured by
the National Credit Union Administration.



Board of Directors

Adam Smogowicz	Chairman of the Board
Rick Teixeira	Vice Chairman
Jennifer Gilletti	Treasurer
Glenn Wilcox	Secretary
Gloria Gaito	Director
Steve Pias	Director
Jeffrey Sims	Director

Staff Members

Gena Balestra	Chris Maynard
Christy Beverly	Karie McMahan
Sara Brackett	Rachel Morales
Sue Carling	Etta Gay Nelson
Kathy DeStefano	Alisha Payne
Meaghan Durocher	Bob Pepe
Stacy Fuhrman	Rachel Pierce
Brenna Fulton	Jackie Porazzi
Jennifer Furlong	Lisa Ramsey
Jennifer Gibson	Karen Rugh
Tamara Goode	Stephen Settino
Irv Hagewood	Pratima Shah
Chris Heidtman	Faith Silva
Shana Heon	Bethany Small
Melissa Heaton	Wendy Staskivitch
Edward Herring	Sean Vargo
Allison Hoffman	Stacy Viegas
Meghan Hopkins	Wendy Wade
Cindy LaFlamme	Kristin Wall
Bonnie LaGanga	Amanda Wasylik
Lynne Long	Tina Waterman
Deborah Loomis	Lyssa Whitney
Chrystal Lurette	

Supervisory Committee

Cynthia Stadler	Chair of the Supervisory Committee
John Podurgial	
Steve Pias	
Barb Segelstein	

Executive Staff

Bruce J. Fafard	President & CEO
Robert T. Nealon	CFO & VP Finance
Cheryl Dunaj	VP Retail Services
David Birulin	VP Lending & CLO
Asaf Carmeli	VP Human Resources



Suite of Services

Loans

Auto Loans
Boat or RV Loans
ERAs (Overdraft Protection)
First Mortgages
Home Equity Loans
Home Equity Lines of Credit
Home Improvement Loans
Motorcycle Loans
Reverse Mortgages
Savings & Certificate Loans
Signature Loans
Student Loans
Visa® Credit Card

Share Accounts

Savings
Checking
Clubs
IRAs
Share Certificates
Step-up Certificate
Tiered Money Market

E-Services

Home Banking
E-statements
Bill Pay
Mobile Banking
Wealth Management

Other

Financial Planning
Foreign Currency
Free Notary
Signature Guarantee
Visa® Check Card

Locations

Corporate Office

60 Colver Avenue
Groton, CT

Groton Pfi er

445 Eastern Point Road
Groton, CT
Building 220
Amenities Corridor

Andover Pfi er

1 Burt Road
Andover, MA
Office F1100

Cambridge Pfi er

620 Memorial Drive
700 Main Street
Cambridge, MA

New York Pfi er

235 East 42 Street
New York, NY

La Jolla Pfi er

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

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Members enjoy convenient access to a network of more than 4,550 credit union affiliate branches nationwide. Members bank for free at more than 28,000 ATMs within our national network.



President & CEO Report



This past year marked a turning point for our credit union, and as I look back on what we accomplished, I am truly impressed with the progress we have made. This will mark my sixth year as CEO, and I truly feel honored to be a part of an organization that continuously seeks to progress, improve, and strives to deliver the best financial services to our member-owners, focusing on the life science community and their families.

2012 was filled with vast achievements including technological advancements, substantial growth, and most notably, a brand and name change to Scient Federal Credit Union. Throughout it all, our main objective has always been to bring growth to the credit union that will stand the test of time, but not at the expense of safe and sound practices. We have been able to accomplish this and always act in the best interest of our members. Becoming Scient Federal Credit Union was a major milestone in fulfilling that ongoing goal. Not only does our new brand help your credit union develop and expand, but it affirms who we are as a member-focused credit union. We are dedicated to the financial well-being of you, our members who work in the science community.

When we announced the name change, I received a wonderful email from one of our first five members. Here is what he had to say:

"I am delighted, and somewhat in awe, over the progress the credit union has made over all these years! I was the chairman of the very first organizing meeting with the Connecticut State Banking Commission of the Pfizer Employees Credit Union. Following the formal creation of the Board of Directors, I chose not to serve in one of the operating officer positions, and served for many years as a director. My! How far this mere seed from years ago has grown!"

As this member's enthusiasm shows, growth is a positive and exciting thing. While we are focused on ensuring we manage this growth prudently, we also commit to you that we will continue to not only deliver the service that differentiates us in the market place, but we also

Statement of Income

		2012	2011
INTEREST INCOME	Loans to members	\$9,025,000	\$8,378,794
	Investments	569,688	1,062,838
	Total interest income	9,594,688	9,441,632
INTEREST EXPENSE	Members' share & savings accounts	1,562,711	1,799,728
	Borrowed funds	1,667	11,920
	Total interest expense	1,564,378	1,811,648
	Net interest income	8,030,310	7,629,984
PROVISION FOR LOAN LOSSES		1,148,147	917,548
	Net interest income after provision for loan losses	6,882,163	6,712,436
NON-INTEREST INCOME	Miscellaneous operating income	1,016,790	995,285
	Fees & service charges	488,034	427,673
	Gain on sale of loans, net	895,373	283,900
	Gain on sale of investments, net	—	76,366
	Total non-interest income	2,400,197	1,783,224
		9,282,360	8,495,660
NON-INTEREST EXPENSE	Compensation & employee benefits	3,903,522	3,431,286
	Office operating & occupancy	1,739,123	1,377,945
	Other office operating	1,088,390	1,019,194
	Loan service expense	980,191	776,432
	Miscellaneous operating	420,299	210,197
	Impairment of investment securities	244,632	274,499
	Corporate credit union stabilization fund assessments	188,516	473,038
	Total non-interest expense	8,564,673	7,562,591
	Net income	\$717,687	\$933,069

Treasurer of the Board Report



2012 was certainly a momentous one for our credit union with solid financial growth, an increase in membership, and a name and brand change to Scient Federal Credit Union. Today more than ever, the credit union has positioned itself to continue improving the financial lives of even more members of the life science community with the best financial tools and unparalleled member service.

Scient, remaining focused on safety and soundness, once again increased its net worth ratio (capital as a percent of assets), ending 2012 at 8.68%. Over \$104 million in loans and lines of credit were extended to members during the year, including \$45 million in mortgage and home equity originations. The credit union's indirect auto lending program provided members \$48 million in car loans, and the year-end loan to share ratio was a very strong 85%, even factoring in mortgage and indirect loan sales that were arranged throughout the year.

The credit union diligently monitors its earnings, liquidity and asset liability positions. In this context, sales from its loan portfolio during the year provided flexibility to manage liquidity needs and the loan portfolio mix. In addition, select

sales of longer term mortgages allowed the credit union to limit its long term exposure to interest rate increases in the future. Accordingly throughout 2012, secondary market mortgage sales totaling \$27 million were arranged, resulting in gains on sales of \$734 thousand. The credit union retained servicing on these mortgages so as to keep this important relationship with the members in place. Sales of \$26 million indirect loans were also arranged during the year, resulting in a net income of \$161 thousand.

2013 marks our 45th year of operation and our first full year as Scient Federal Credit Union. The achievements we have had in past years, and the success we'll continue to have in the future, would not be possible without you, our members. We look forward to constantly bettering ourselves every year to best provide you with the financial tools you need to succeed. Thank you for your consistent trust and loyalty.


Jennifer Gilletti
Treasurer of the Board

Supervisory Committee Report

Scient's Supervisory Committee is dedicated to ensuring compliance within the credit union. The five members of the committee, appointed by the Board of Directors, hold a variety of responsibilities, including monitoring financial performance, board actions, and audit findings, as well as reviewing internal controls, internal, external, and regulatory agency audit reports, and membership account verification.

2012 included an external audit conducted by the Certified Public Accounting firm of Orth, Chakler, Murance and Company, CPAs. In addition, NCUA and Bank Secrecy audits were successfully completed.

The commitment of management, committee volunteers, and Scient's internal auditor, Stephen Settino, all help to form a continuously strong Supervisory Committee for the credit union and the over 15,000 members that put their trust in Scient.

Cynthia Stadler
Chair of the Supervisory Committee

Chairman of the Board Report




After serving on the board for more than 30 years, I was feeling nostalgic about what our credit union has become. In its infancy, the credit union was a small shop, offering a savings account and \$500 personal loans with very few other services. Today, the credit union has become a strong financial service institution with a plethora of services and offerings for its membership to utilize. Throughout our growth, I am proud to say that we have remained true to the credit union principle of "people helping people". Likewise, we have always strived to perform our services in both a professional and courteous manner. A commitment to outstanding service is, and will continue to be, a defining characteristic of our relationship.

Through the years, our membership eligibility has progressed from solely Pfizer employees and their immediate family, to relatives, extended families, and now to our new "Pharma" family. Our geographic reach has lengthened from a local existence in Groton, to New York City, the east coast, and to a national presence across the United States. As a result, our name has evolved to a more advantageous brand: Scient Federal Credit Union. We are still the same credit union—strong, confident, caring and personal. The difference is that we are now committed to serving the needs of all life science employees and their families; we are the better alternative to the large, impersonal banks, offering state of the art financial services through traditional and current technology.

In closing, I wish to express my sincere appreciation to our dedicated staff and volunteers for their efforts and time. As always, I thank you, our members, for continuing to place your trust and loyalty with Pfizer Employees/Ledge Light/Scient Federal Credit Union, making us your preferred financial institution. We are proud that throughout our existence, you have come to rely on and place your trust in us. Be assured we will remain focused and committed to understanding the communities we serve.

"What's in a name? That which we call a rose by any other name would smell as sweet."

Romeo and Juliet (II, ii, 1-2)


Adam Smogowicz
Chairman of the Board

Pfizer Employees CU
est. 1968
Members 1,100
Assets \$238,545
President Donald Gallop

Pfizer Employees Federal CU
est. 1985
Members 5,600
Assets \$18,271,130
President John Bresser
Manager Seth Wakeman

Ledge Light Federal CU
est. 1993
Members 8,997
Assets \$49,283,576
President John Lidstrom
General Mgr. Florence Burt

Scient Federal CU
est. 2012
Members 15,864
Assets \$217,224,987
President & CEO Bruce Fafard
Chairman Adam Smogowicz



Statement of Financial Condition

		2012	2011
ASSETS	Cash & cash equivalents	\$5,155,043	\$7,764,688
	Investments		
	Available-for-sale	606,490	1,051,454
	Held-to-maturity	3,970,498	7,285,842
	Other	33,761,565	18,764,153
	Loans to members, net of allowance for loan loss	166,487,164	169,833,303
	Accrued interest receivable		
	Investments	29,943	83,301
	Loans	751,623	737,275
	Prepaid & other assets	943,021	678,977
Property & equipment	3,528,031	3,496,718	
NCUSIF deposit	1,984,383	1,892,152	
	Total assets	217,217,761	211,587,863
LIABILITIES	Members' share & savings accounts	197,133,194	192,690,850
	Accounts payable & accrued liabilities	2,165,134	1,766,413
	Total liabilities	199,298,328	194,457,263
MEMBER EQUITY	Regular reserve	1,582,525	1,582,525
	Undivided earnings	17,277,249	16,559,562
	Accumulated other comprehensive loss	(940,341)	(1,011,487)
	Total members' equity	17,919,433	17,130,600
	Total liabilities & members' equity	\$217,217,761	\$211,587,863

pledge to always look for ways to innovate and improve your member experience.

Financially, your credit union has once again experienced solid growth in several areas. In a time where many financial institutions are still struggling and trying to regain their footing from the recession, we are proud to report an increase in membership to over 15,000 members, a \$5.6 million increase in assets from 2011, and over \$17.9 million in total member equity.

We made a number of technological advances during the year, as well. Our website was completely renovated and updated, we adopted a new online banking platform to make managing finances more user-friendly, bill pay was upgraded to make payment obligations more convenient, and we gained the ability to instantly issue debit cards when a member visits our Colver Avenue Service Center. These advances speak to one of our service standards that every Scient employee is required to follow: "We look for ways to innovate and improve the member experience". That's what Scient is all about—being there for our members by learning and evolving in ways that "act in the best interest of our members"—another Scient service standard. These service standards are lived every day at Scient, which is clear with 60% of members reporting they are "very satisfied" with our credit union and 93% saying they are either "satisfied" or "very satisfied" with Scient Federal Credit Union, YOUR credit union!

In an effort to increase account accessibility and service, Scient expanded its Workplace Banking Program at Pfizer locations. In addition to the La Jolla, Manhattan, and

Groton locations, we added a permanent office and Scient ATM in Andover, and added a Scient ATM in the Cambridge location, where we also schedule visits each month. Through our shared branching network alliance, we now offer over 5,000 affiliated branch locations and over 28,000 surcharge-free ATMs to further add to your convenience.

So, when I look back on 2012, I see a year of tremendous development and success. As I look forward to 2013, 45 years since we first opened our doors as Pfizer Employees Federal Credit Union, I see a future full of promise. As with every year, we are going to do our utmost to provide our members with unparalleled service and a credit union everyone can be proud to be a member-owner of.

We look forward to continuing to assist you in every phase of your financial lives. Here's to an even stronger year!

Best Regards,



Bruce J. Fafard
President & CEO

