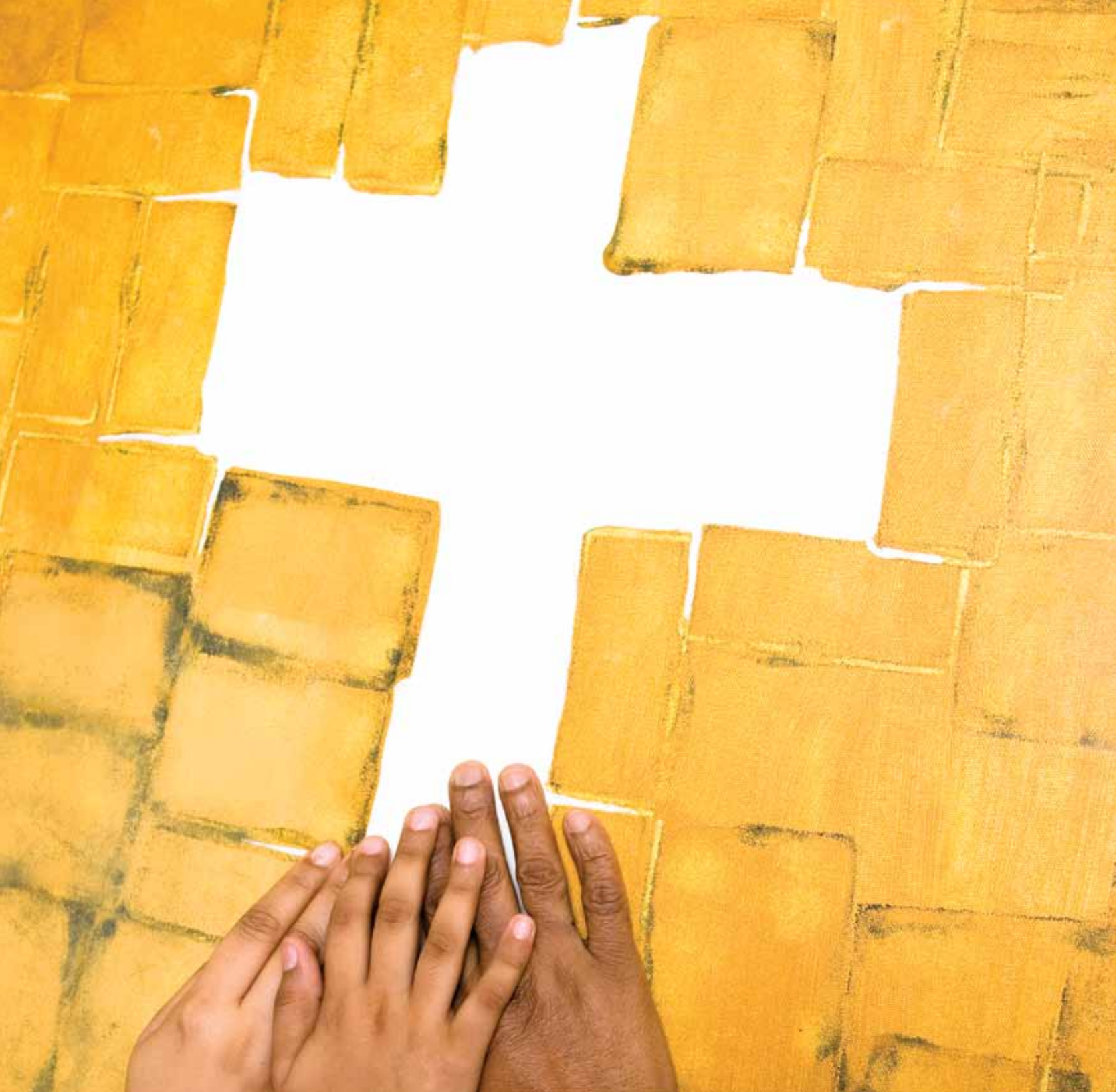


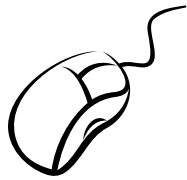


Sustaining Strength to
grow & give





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Visit Us Online for More

We're committed to sustainability and being good stewards of resources we've been given. This year we've saved costs by printing only highlights from the 2010 Annual Report, and included it with the mailing of *FaithLife Connections*.

We invite you to read the full financial report at: www.faithlifefinancial.ca/annualreport for more information, including links to our complete audited financial statements and information on our Board of Directors.



From the Chair and President

Few businesses today focus on Christian values and building a better world as their bottom line ... in fact, you're not likely to find this mission in any business school textbook. Yet, as a Christian financial services organization, we can't do one without the other. Doing well in order to do good is at the heart of everything we do.

Cause and effect – we did well and we did good

2010 was a year of very strong financial performance for FaithLife Financial. Despite the challenges of a continuing global recession, we grew our business in several key areas. In addition, together with our members' contributions, we significantly increased our total charitable impact for causes our members care about – locally, nationally and globally – to over \$2.8 million.

Heart-felt praise goes out to our 33,000 members, staff, sales team and our partners. We are richly blessed to be part of God's caring community.

Sustaining financial strength

Total assets under administration grew to \$606 million, which included corporate assets of \$321 million, \$148 million in Fortress Funds assets and \$137 million in third-party assets managed by FI Capital, our wholly-owned investment management subsidiary company.

We generated over \$1.7 million in net income and increased our surplus by 8.5% to \$39.6 million, which will allow us to fund future growth. Total revenue approached \$47.5 million. Investment funds increased significantly compared to the previous year, as capital markets advanced and our members purchased additional investment products.

We enter 2011 with a Minimum Continuing Capital and Surplus Requirements Ratio (the ratio of available capital to required regulatory capital) of 246%, up significantly from the previous year, and well above the minimum regulatory requirement of 150%. The contributors to this key measure of our financial stability include our continued prudent and disciplined investment approach, effective expense control, increased surplus, and a rising stock market.



Giving and Caring

As you know, FaithLife Financial is a financial services organization with a difference.

Our values compel us to care for God's world and His people.

To put it into perspective, every time a member pays a premium for life insurance or deposits money into their FaithLife Financial investment plan, a portion of that premium makes a difference in the life of a person they may never know in their lifetime.

In 2010, FaithLife Financial's contribution to special benefits, grants, corporate gifts and sponsorships for our members, their congregations and communities was over \$923,000.

And despite the financial constraints our members may have personally experienced during the recent recession, they were especially generous in coming together to reach out to the hungry, the homeless and the hurting.

- Members opened their hearts, hands and wallets to bring hope to brothers and sisters devastated by natural disasters in Haiti, Pakistan and Saskatchewan.
- Member-sponsored fundraising projects and volunteer support of their congregations and communities had a charitable impact of more than \$1.9 million.

See page 5 for more Charitable Impact Highlights.

By leveraging our success in 2010, we will grow our business into the future so that we can sustain our financial strength and multiply the good works of FaithLife Financial. Together with our members and 361 Chapters, we will continue to grow and give for tomorrow.



Wayne Musselman
Chair, Board of Directors



Karen Bjerland
President and CEO





Business Highlights

Solid capital position

At the end of 2010, we had significantly more surplus than the amount required by our regulators. We added \$3.1 million to total surplus during the year, the strongest result we've had in many years. We continue to be financially sound to weather future market fluctuations, in order to keep our promises to our members.

Strong investment sales

Investment sales produced an impressive increase as markets advanced and our members purchased additional investment products.

Substantial assets

We remain focused on long-term growth. At the end of 2010, assets under administration grew to \$606 million, and surplus rose to \$39.6 million.

Growing partnerships

We continued to grow partnerships with several major Christian organizations in Canada and the US, in order to enhance our services and expand our membership within the Christian community in Canada and beyond, including Thrivent Financial for Lutherans, Canadian Lutheran World Relief, World Vision, and Promise Keepers Canada.

Sustaining member growth

We welcomed more than 1,500 new members to the FaithLife Financial family in 2010, including many who came from Woman's Life Insurance Society when we assumed that organization's Canadian block of business. Net member growth increased slightly from 2009.



Reaching Out to People in Need

Earthquake in Haiti

FaithLife Financial members responded with unprecedented generosity and love for their brothers and sisters in Haiti following a catastrophic 7.7 magnitude earthquake that rocked the island nation in January, 2010. More than \$275,000 was directed to Canadian Lutheran World Relief and World Vision including \$10,000 in immediate aid, plus another \$53,000 in special matching grants to Chapters. More than \$213,000 in funds were raised by 157 Chapters and members in 2010, who contributed a total of 2,330 fundraising hours. Financial support for Haiti continues to flow in from Chapters in 2011.

Flooding in Yorkton and Pakistan

FaithLife Financial responded to the massive flooding in Yorkton, SK with a \$5,000 commitment to the Salvation Army Yorkton Relief Fund via St. Paul Lutheran Church. In addition, our members organized in Chapters throughout central SK, responded with donations matched by FaithLife Financial for an additional \$3,000. The next month, we responded to the flooding in northern Pakistan, with a \$10,000 commitment.

TOP: A young girl visits a medical clinic in Jacmel, Haiti, February 9, 2010. People across Haiti continue to deal with the aftermath of the devastating January 12 earthquake.

Photo Credit: Jonathan Ernst/LWR/ACT Alliance.

MIDDLE: The youth group at Messiah Lutheran Church in Prince Albert (2159) welcomed their congregation as they arrived for church. In appreciation for making a donation, people were given a pin matching the colours of the Haitian flag, with a heart in the middle, to symbolize God's love and their hope for Haiti.

BOTTOM: Flood waters devastated Yorkton, SK in July 2010.

*Share god's wealth with people who are in need.
Practice hospitality.*

- Romans 12:13





Charitable Impact Highlights

FaithLife Financial and our member-volunteers continued building momentum and commitment for the causes important to their organization and communities. Our combined charitable impact is at an all time high!

FaithLife Financial and our members:

- Supported members and the Christian community with more than \$923,000 in special benefits, grants, corporate gifts and sponsorships.
- Welcomed 25 new FaithLife Financial Chapters to support community programs, bringing our total number of active Chapters to 361.
- Provided over \$423,000 in Matching and Fellowship Chapter Grants for member-sponsored projects, supporting more than 470 events in 285 congregations and groups.
- Volunteered a record-high 70,500 hours of Christian service to congregations and communities, the equivalent of \$846,000*.
- Administered a special church mortgage program realizing \$212,278 in interest savings to participating churches.
- Participated in more than 77 events with our Partnership programs, promoting FaithLife Financial's mission to the greater Christian community in Canada.

**Based on a calculation rate recommended by the Canadian Centre for Philanthropy.*

Photo Credit: Paul Jeffrey/ACT.



Where Our Members Made a Difference

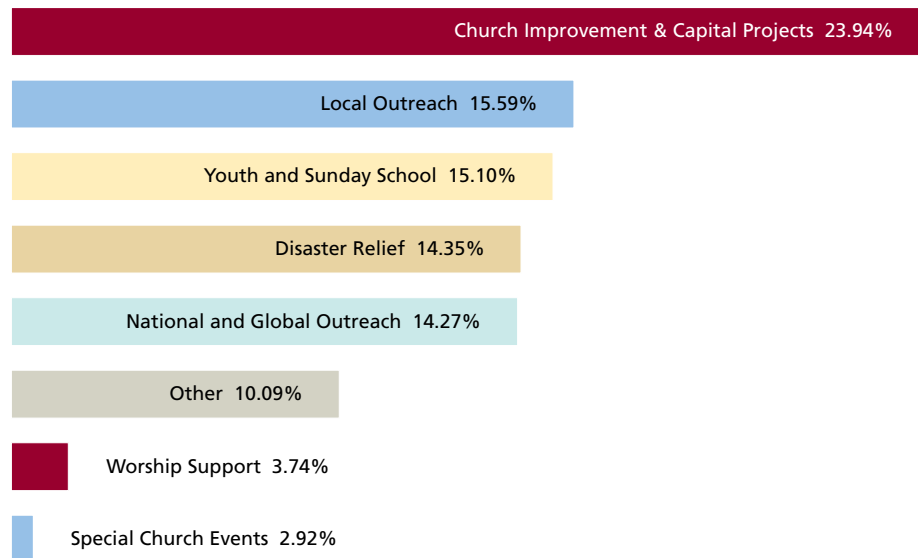
Our vision is to do well in order to do good

Our combined corporate and member contributions provided a charitable impact of over \$2.8 million to the Christian community in 2010. This contribution was provided through fraternal benefits, outreach, matching grants, funds raised by volunteers and the dollar value of their time.*

**Based on a calculation rate recommended by the Canadian Centre for Philanthropy.*

How we helped build a better world

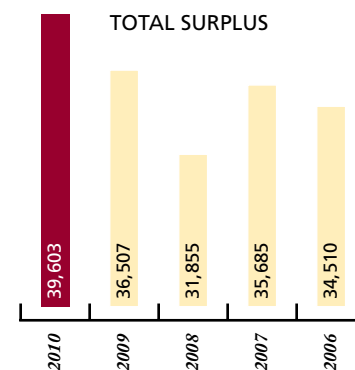
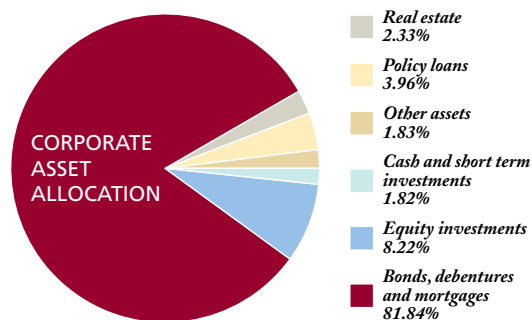
Look at the total charitable impact our Matching Grant Program had in 2010:



Summarized Consolidated Balance Sheet

As at December 31, 2010, with comparative figures for 2009 (in thousands of dollars)

ASSETS	2010	2009
Cash and short term investments	5,840	4,759
Equity investments	26,384	28,048
Bonds, debentures and mortgages	262,583	247,322
Real estate	7,466	6,938
Policy loans	12,714	12,058
Other assets	5,864	6,316
Total assets	320,851	305,441
LIABILITIES AND SURPLUS		
Policy liabilities	247,968	236,110
Member amounts on deposit and dividend provision	21,747	20,367
Provision for outstanding claims	1,263	1,549
Accounts payable and other liabilities	6,863	6,820
Subordinated debt	3,215	3,872
Total liabilities	281,056	268,718
Deferred realized investment gains	192	216
Surplus:		
Retained earnings	38,417	36,710
Accumulated other comprehensive income (loss)	1,186	(203)
Total surplus	39,603	36,507
Total liabilities and surplus	320,851	305,441



Summarized Consolidated Statement of Income

Year ended December 31, 2010, with comparative figures for 2009 (in thousands of dollars)

REVENUE	2010	2009
Premiums	24,483	26,136
Investment income	18,893	19,092
Asset management fees	3,137	2,612
Other revenue	937	570
Total revenue	47,450	48,410
EXPENSES AND BENEFITS		
Change in policy liabilities	5,873	4,514
Claims, surrenders, maturities and annuity benefits	18,631	22,865
General operating expenses and interest	11,255	10,352
Commissions	4,067	3,600
Fraternal benefits	711	700
Member dividends	4,795	4,689
Total expenses and benefits	45,332	46,720
Income before corporate taxes	2,118	1,690
Corporate taxes	411	344
Net income	1,707	1,346

Note on Summarized Financial Statements

The summarized consolidated balance sheet and summarized consolidated statement of income have been summarized from the consolidated financial statements of FaithLife Financial to portray in summarized form the Society's financial position and results of operations. Information on consolidated comprehensive income, consolidated cash flows, segregated funds, significant accounting policies and other explanatory information is not included in the summarized financial statements. The full consolidated financial statements are available at www.faithlifefinancial.ca/annualreport.

Independent Auditors' Report on the Summarized Financial Statements

The accompanying summarized financial statements, which comprise the summarized consolidated balance sheet as at December 31, 2010, and the summary consolidated statement of income for the year then ended are derived from the audited consolidated financial statements of FaithLife Financial for the year ended December 31, 2010. We expressed an unmodified audit opinion on those financial statements in our report dated February 22, 2011. Those financial statements, and the summarized financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summarized financial statements do not contain all of the financial statements and disclosures required by Canadian generally accepted accounting principles. Reading the summarized financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of FaithLife Financial.

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in the Note on Summarized Financial Statements.

Auditors' Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarized financial statements derived from the audited consolidated financial statements of FaithLife Financial for the year ended December 31, 2010 are a fair summary of those financial statements, on the basis described in the *Note on Summarized Financial Statements*.



Chartered Accountants, Licensed Public Accountants

Waterloo, Canada

March 7, 2011



For further details and complete audited financial statements for the year ended December 31, 2010, go to www.faithlifefinancial.ca/annualreport



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