



## ANNUAL REPORT 2008

CONSORCIO FINANCIERO

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INSURANCE

CREDITS



PENSIONS

SAVINGS





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# Business Areas

## Insurance

Conсорcio is the largest insurance group in the Life Insurance market. The Company offers its clients policies on Life, Complementary Health Plans, Vehicle Insurance, Personal Accidents, Home and Corporate Insurance.

## Pensions

In 2008, Consorcio restructured its business areas, grouping together Annuities, Private Income, Voluntary Pension Savings Plans and Collective Voluntary Pension Savings Plans within the Pensions area, offering its clients advice prior to and after their active employment period.



## Savings

Through its Savings Business, Consorcio provides its clients with various alternatives to secure their future and that of their family: Mutual Funds, Savings Insurance and the advice of Consorcio Corredores de Bolsa.

## Credits

Consorcio was a pioneer in the insurance market on being the first company in the sector to offer its clients Consumer Loans and Credit Cards. Furthermore, it has a significant presence in Mortgage Loans.





Letter from the Chairman

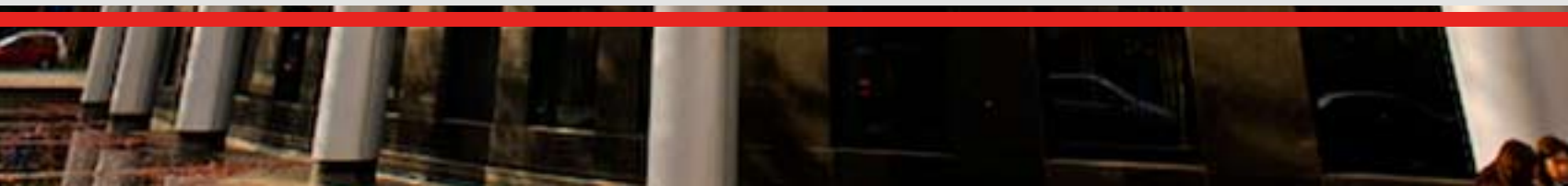
Company Information

Mission/ Vision/ Values

Board of Directors

Executive Committee

92 years of history, growth and excellence





# 01

## The Company

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## Milestones 2008

*in a few words*

### Renovation of the Web Page, thinking of the clients

During the year, Consorcio launched a new Web Page with an innovative and attractive design with the object of strengthening the interaction of current and potential clients with the Company, offering them true value. In this way the new site permits visitors to search for products in accordance with their particular stage in life and in accordance with their objectives in respect of Insurance, Pensions, Savings and Credits. Furthermore, the site provides simulators to learn about and become aware of the need for a specific insurance and the benefits of Voluntary Pension Savings Plans.

These improvements seek to convert [www.consorcio.cl](http://www.consorcio.cl) into a channel of crucial help in the sale of the Company's products, providing better support tools to the executives, as well as generating more and better opportunities to provide information to our clients.

### Innovation and technology in the channels

A great effort was made during 2008 to boost the work undertaken by the distribution and service channels. On the one hand, a more efficient and specialized means of selling insurance through vehicle dealerships was created. The Company developed a product for this channel with top level online technical support that permits, amongst other things, the dealers themselves to quote and print policies online, providing our customers with an innovative, agile service with a significant efficiency in terms of operating costs. On the other hand, Retail Channels consolidated Consorcio's participation in retail insurance in the insurance, retail and basic services

area, with various products such as vehicle, fire and theft insurance, the issue of guarantees and Obligatory Personal Accident Insurance (SOAP), among others.

Both measures are based on the multichannel strategy which the Company has been developing over the last 3 years and that seeks to increase Consorcio's market share.

### The YOU Campaign

During the year 2008, the Company went ahead with its publicity campaign focused on the "Consorcio, TÚ Compañía" slogan (Consorcio, YOUR Company), which seeks to communicate the virtues of its offer to its clients. Consorcio has made known its Insurance, Pensions, Savings and Credit products through the press, radio, television, Internet and on public highways.

The Company showed successful results, achieving an increase in brand recognition and consolidating Consorcio's market leadership. Furthermore, the Company obtained a positive development in the Top of Mind customer loyalty/recognition listings and, at the same time, achieved an association of the brand to attributes such as prestige, tradition, solvency and modernness.

### Change of Image

During the year 2008, Consorcio implemented an innovative change in its corporate image in respect of its colors, opting for a stronger use of the color red in its printed materials, branches and in the Corporate Building.

In addition, material aimed at potential and current customers now contains information on the new pillar of business, Pensions. The change seeks to boost the consistency of the



Company's image in accordance with the values of its brand which the clientele recognizes in it, reflecting Consorcio's modernness, closeness and leadership.

#### Consolidation of the Credit Business sales channels

As a result of a job well done and a team specialized in credits, in 2008 Consorcio managed to hold its position as the leader of this business amongst the insurance companies. Furthermore, the total portfolio of associated assets exceeded USD 500 million for the first time, reflecting nearly 10% of the consolidated assets of the group. Added to the above was the hard internal work that permitted a 24% improvement in the time taken on the evaluation of the credits granted.

The Consumer Loans area maintained its leadership with over 25,000 loans for a total of CLP 35,480 million, 56% more than the previous period. These figures placed the Company with a 36% share of the market of retail loans granted by the insurance industry. This encouraging close to 2008 is due to the great work of the specialist consumer distribution channels. The team of 180 sales executives achieved an increase of 27% in the productivity of the channel, boosting its multiproduct effort by means of placing mortgage loans, credits to retirees, cards and insurance.

#### Colegio Monte Olivo School: excellent education

The work and the commitment of the Consorcio Foundation began in 2002 with the creation of the Colegio Monte Olivo School in Puente Alto, Santiago. In 2008 it reached an important achievement when it commenced senior school classes in scientific-humanist

education. This significant step in the education of more than 1,000 students seeks to develop their knowledge of speech, English, mathematics and computer skills, together with basic technical abilities which will be a fundamental complementary base for their higher education and a path to the profession of their choice.

#### Strengthening peoples' values

The Company's Mission contemplates a permanent concern for Consorcio's workers. This policy became reality in 2008 with a series of plans directed at the professional and personal development of all the employees through activities that permitted the various teams to compete, reward the best, celebrate special dates and integrate their families into their employment world. For this, activities were arranged on training, performance evaluations and the organizational environment.

On this subject, an outstanding event was the Súmate (Join in) campaign during the year 2008 which highlighted the importance of performing tasks based on the Corporate Values: Integrity, Excellence, Respect, Cooperation, Pro-activity and Flexibility. Furthermore, the Corporate Mission Statement and Vision were communicated to all the staff.

#### Obligatory Personal Accident Insurance (SOAP): A business that is growing and consolidating

From year to year, Consorcio has successfully consolidated its sales of Obligatory Personal Accident Insurance (SOAP) and in 2008 the Company achieved a growth in sales of 71.5%, exceeding 200 thousand policies sold. This

significant achievement is mainly due to the positive figures reached from sales through Internet in the first year that the Superintendence of Securities and Insurance approved the sale of this product through that channel. Consorcio achieved a 50% share of the electronic SOAP market, reaffirming the quality of its offer and the strength of its brand.

The first to offer electronic insurance sales In order to provide a direct and easy service to its clients, during the year 2008 Consorcio launched a new Web site for sales via Internet. The purpose is to speed up the process of contracting the Company's services, providing in this manner a better attention to individuals.

The [www.consorcionline.cl](http://www.consorcionline.cl) Web site is the first to provide the clients with the possibility of purchasing vehicle insurance through the Web site and to establish the date for a visit by an executive to his/her home to inspect the vehicle.

#### Leaders in Individual Life Insurance and Voluntary Pension Savings Plans

A strategy focused on the needs of the clients and a very good marketing performance permitted Consorcio to appear once more, at the close of the year 2008, as the leader in Individual Life Insurance and Voluntary Pension Savings Plans. The Company achieved a 12.85% market share in the first of these and 18.32% in the second. These good results are also due to the excellence of our service, our experience and the offer delivered to the clients.





## Letter from the Chairman

It is a great pleasure for me to submit to you the Annual Report of Consorcio Financiero S.A. for the period that closed in 2008. The work performed during the year achieved positive results in the Company's four pillars of business; Insurance, Pensions, Savings and Credits, despite the negative effects by the adverse world financial and economic scenario on the Company's variable income investments.

Throughout the year, Consorcio continued advancing on the basis of its business strategy focused on a comprehensive offer of products, an excellent quality service, a strong brand, closeness and modernness, and a firm development and diversification of the distribution channels.

During this year, Consorcio Financiero made a loss of CLP 66,389 million. This fall in the results was entirely due to the effects of the international crisis and its repercussions on the stock markets, both global and local, which in the end had a strong impact on the variable income investment portfolios held by the Company and especially by its subsidiary, Consorcio Seguros Vida.

These results appeared despite the important changes made at the end of 2007 and the beginning of 2008 when we reduced considerably the exposure in the different companies to variable income and international mutual funds. This particular environment has had a considerable effect on the entire world insurance and financial industries, and it specifically provoked the Life Insurance industry in Chile to reflect losses in 2008 of CLP 139,483 million. As a result of the above, Consorcio Seguros Vida showed losses of CLP 56,293 million.

This Company's investment strategy is comprised principally of long term investments, with an exposure in variable income instruments of 8.5% of the total portfolio with the rest invested mainly in fixed income instruments. In order to evaluate this strategy, one must observe time horizons beyond a specific year. For example, between 2003 and 2007, Consorcio Seguros Vida made high returns as a result of this investments strategy which permitted the Company to generate profits of CLP 285,959 million during the five-year period mentioned, a result that greatly exceeds the losses during the last year.

I should point out that Consorcio Seguros Vida maintains a solid equity situation, reflecting a total equity as of the close of 2008 of CLP 239,130 million, which has permitted this company to absorb, without a problem, the volatility of the markets.

The Company is today the most capitalized company in the local insurance industry and it has a debt level well below the maximum limits permitted by the authorities. Furthermore, the rest of the regulated companies that belong to Consorcio Financiero showed very positive results. CN Life Seguros de Vida achieved profits of CLP 2,469 million, Consorcio Corredora de Bolsa reflected a positive result of CLP 579 million, Consorcio Créditos Hipotecarios made a profit of CLP 989 million y Consorcio Seguros Generales made CLP 379 million.

The results of these subsidiaries show that despite the losses in the investment portfolio, 2008 was a successful year for growth in the different areas of the Company, structured under four pillars of business: Insurance, Pensions, Savings and Credits. The advances achieved are the result of an effective marketing strategy

of distribution channels and products, in addition to an efficient handling of the technical and operational risks. In this way, the Company's Annuities business generated an income of CLP 118,013 million, which corresponded to an 11.7% market share. Furthermore, in the Individual Life Insurance line, Consorcio achieved the leadership with a 12.9% share of the market and an income of CLP 56,318 million. In turn, in the Collective Life Insurance line, the Company showed an increase of 23% in its income with respect to the previous year, in line with the growth strategy projected for this business line.

In Voluntary Pension Savings Plans, APV, the number of customers continued to grow and Consorcio maintained its leadership in the insurance companies industry with an 18.3% market share and a total managed fund of CLP 42,581 million. With respect to the credit business, as of the close of the year 2008, Consorcio reflected consumer loans for a total value of CLP 35,480 million, placing the Company in the leadership position with 35.9% of the total amount granted by insurance companies.

Likewise, with regard to Mortgage Loans, the Company reached the leadership in the Mortgage Note administrators industry with a volume of net assets of CLP 36,897 million, which corresponds to a market share of 24% and represents a growth of 56% with respect to the previous year.

In turn, Consorcio Seguros Generales achieved an income of CLP 22,912 million, reflecting an increase of 13.2% with respect to 2007. Outstanding in this business line was Vehicle Insurance that contributed 47% of the total income. The Fire and Additional, Theft and Obligatory Personal Accident Insurance (SOAP) lines showed significant increases of 47.2 %, 12.1% and 71.5%, respectively, with respect to previous years.

For the third consecutive year, Consorcio worked jointly with Coaniquem (a non-profit making corporation that aids burned children) in the sale of Obligatory Personal Accident Insurance (SOAP), making a cash contribution to this charitable institution for each policy sold through any of the Company's distribution channels. Thus in 2008, Consorcio managed, for the first time in its history, to exceed sales of 200 thousand policies for this product, permitting an increase in aid for the children affected and treated by the Corporation.

Work during this period was not only centered on the business strategy. As is now a tradition, Consorcio continued to boost its work in support of the community as part of its Corporate Social Responsibility (CSR) policy. Through the Consorcio Foundation, a complete and comprehensive education is given to over 1,000 children from low-income areas that attend the Colegio Monte Olivo de Puente Alto in Santiago. This educational establishment has had important successes in the development and education of its pupils in the different areas of their personal, family and social lives. During the year 2008, the School introduced scientific-humanist upper education that will permit the students to have more and better tools for their future.

With respect to the "TU Compañía" (YOU Company) campaign, this once again contributed significantly in reaffirming Consorcio's position as one of the best brands in the market, close, modern and

trustworthy, achieving a new advance in its brand recognition amongst consumers. Furthermore, after much hard work in strategic planning, a change of image was implemented in the Company, increasing the presence of the color red on the signs in our offices, brochures and in the various marketing support stands.

We also prepared ourselves, as a company, to confront one of the most important changes in the industry: the pensions reform. This introduced important modifications to Consorcio's business in two areas. On the one hand, it created the business of Collective Pensions Savings Plans (APVC) in which the Company has decided to participate. Furthermore, the reform establishes the opportunity for Consorcio to return to be a player in the business of Disability and Survival Insurance in which it has not participated for several years.

In 2009, we shall continue to advance in the Company's major strategic objectives and analyzing the opportunities that may arise in our different pillars of business. This is a permanent challenge and we are certain that we shall reap the same success we have achieved in previous years, thanks to the spirit of unity, commitment, innovation and leadership that has characterized Consorcio's entire human team.



Juan Bilbao Hormaeche  
Chairman



compañía





## Company Information

Corporate name Consorcio Financiero S.A.

Type of company Closed corporation.

Main activities Insurance, Pensions, Savings, Credits and Investments.

Tax I.D. Number 79.619.200-3

Legal address Av. El Bosque Sur 180, Las Condes, Santiago, Chile.

Telephone (56-2) 230 40 00

P.O. Box 232, Agencia 35 Providencia, Santiago, Chile.

Web Page [www.consorcio.cl](http://www.consorcio.cl)

Ownership Banvida S.A. 47.7%; P&S S.A. 22.7%; Sociedad de Inversiones Altas 25%; BP S.A. 4.6%.



misión

## Vision

To be a leader in the insurance industry and an important player in savings and credits, generating an adequate return from all our business lines.

## Mission

We are an organization that offers a variety of excellent financial services that permit our clients to satisfy their requirements for family prosperity and financial security.

We create value for our shareholders, building trusting relationships with those with whom we interact and fulfilling our role of good corporate citizens.

We offer the conditions necessary for the people in our organization to develop their full potential in a challenging working environment of respect for the values we profess.





## Values

### Integrity:

Ethics, transparency and honesty are part of my work.

### Excellence:

I always seek to do a good job with a seal of quality.

### Respect:

I treat others with dignity. I assume my commitments and I comply with the Company's norms.

### Cooperation:

I participate actively in my team and I contribute with other areas towards the achievement of the Company's objectives.

### Pro-activity:

I set myself challenges and I take the initiative to make improvements that will contribute to my job and that of others.

### Flexibility:

I am open and I adapt to new ideas, procedures and practices that add value to my performance and to Consorcio.





## Board of Directors



Juan Bilbao Hormaeche  
*Chairman*  
Business Administration  
Graduate, Universidad  
Católica de Chile.  
Masters Degree in Business  
Administration, University  
of Chicago, U.S.A.



Juan Hurtado Vicuña  
*Director*  
Civil Engineer,  
Universidad de Chile.



Eduardo Fernández León  
*Director*  
Business Administration  
Graduate,  
Universidad Católica de Chile.





**José Antonio Garcés Silva**  
*Director*  
Businessman.



**Hernán Büchi Búc**  
*Director*  
Civil Engineer (Mining),  
Universidad de Chile.  
Postgraduate Degree,  
University of Columbia,  
U.S.A.



**Juan José  
Mac-Auliffe Granello**  
*Director*  
Business Administration  
Graduate, Universidad  
Católica de Chile.



**Carlos Larraín Peña**  
*Director*  
Attorney, Universidad  
Católica de Chile.  
Degree in Law and  
Economics in Insurance,  
Catholic University of  
Louvain, Belgium.





## Executive Committee

1. Patricio Parodi Gil

*General Manager*

Business Administration Graduate,  
Universidad Católica de Chile  
Masters Degree in Business  
Administration, Harvard University,  
U.S.A.

2. Nicolás Gellona Amunátegui

*General Manager Insurance  
Companies*

Business Administration Graduate,  
Universidad Católica de Chile  
Masters Degree in Business  
Administration, University of Chicago,  
U.S.A.

3. Pedro Felipe Iñiguez Ducci

*Chief Counsel*

Attorney, Universidad Católica de Chile  
Masters Degree in International Banking  
and Financial Law, University of Boston,  
U.S.A.  
Management Program for Attorneys, Yale  
University, U.S.A.

7. Francisco Javier Goñi Espíldora

*Chief Auditor*

Industrial Engineer,  
Universidad de Chile

8. Francisco Javier García Holtz

*Marketing Manager*

Business Administration Graduate,  
Universidad Diego Portales.

9. Christian Unger Vergara

*Technical Manager*

Industrial Engineer,  
Universidad de Chile.





4. Marcelo Rozas Etcharren  
*Financial Control Manager*  
Business Administration Graduate,  
Universidad Católica de Chile

5. Luis Eduardo Salas Negroni  
*Human Resources Manager*  
Psychologist, Universidad  
Diego Portales  
Certified in the U.K. and U.S.A.

6. Francisco Ignacio Ossa Guzmán  
*Credit Business Manager*  
Business Administration Graduate,  
Universidad de Los Andes  
Masters Degree in Business  
Administration, INSEAD, France.

10. Hermann Tisi Urbina  
*Manager Information Technology and  
Operations*  
Industrial Engineer,  
Universidad Católica de Chile.

11. José Miguel Ureta Cardoen  
*Finance Manager*  
Industrial Engineer,  
Universidad Católica de Chile  
Masters Degree in Business Adminis-  
tration, Harvard University, U.S.A.

# 92 years of history, growth and excellence



1916

A group of businessmen and industrialists, who were members of the Sociedad de Fomento Fabril (Sofofa) – the Association of Industrial Development – and the Industrial Chamber of Chile, founded the Compañía Nacional de Seguros La Industrial with the purpose of satisfying the need for protection that arose as the country developed.



1917 - 1920

Located on Bandera 210, Santiago, its new offices, the Company established new branches and implemented new products such as business interruption insurance and other relevant policies in view of the strikes that took place between 1900 and 1920. Thanks to the success of its business, La Industrial opened more offices and commenced a permanent process of growth.

1945

The Company consolidated its position with the presence of 54 authorized brokers.



1947

Together with its extensive network of branches, the Company had an ample offer of products and services. Thus, it began to sell Life Insurance with such a degree of success that by 1954 the Company had increased its capital from CLP 5 million to CLP 22 million and changed its name to Consorcio de Seguros de Vida La Industrial.



1973 - 1975

The Company, a specialist in Life Insurance, added a readjustable unit for these products. Once again, the Company changed its name to Compañía de Seguros de Vida Consorcio Nacional S.A.



1986

The ownership of the Company passed to Bankers Trust Company through a company called BT Pacific Limited y Cía. The foreign company was awarded 96.21% of the total shares and assumed control.



1987

The Company established the Consorcio Foundation for the purpose of helping the neediest people in the country and to contribute towards development and progress. The institution operates with a special emphasis on providing an excellent level of education in low-income areas and to children in danger of becoming criminals.

1993

Contributing to the development and modernization of Santiago, Consorcio concluded the construction of its Corporate Headquarters designed by the prominent architects, Borja Huidobro and Enrique Browne.

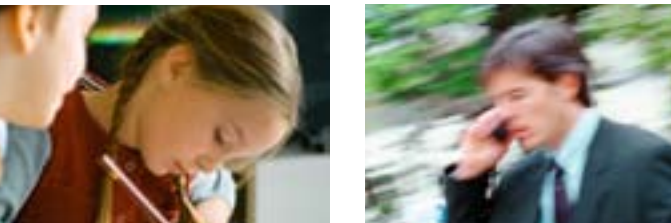




1999

Consortio became a 100% Chilean-owned Company. Bankers Trust Company sold its participation to the Hurtado Vicuña and Fernández León families. Here commences the development of Consortio Financiero S.A.

The Company acquired Cruz Blanca Seguros Generales which is transformed into Consortio Seguros Generales S.A.



2000

Consortio signed a strategic alliance with Compass Group NY, a finance company involved in investment management and consultancy with a presence in emerging markets and with offices in the United States, Mexico, Peru, Argentina and Chile.

The Company was authorized to operate Consortio Créditos Hipotecarios and Consortio Corredores de Bolsa S.A. was created.



2002

The Consortio Vida Foundation inaugurated the Colegio Monte Olivo de Puente Alto school in Santiago to provide free and comprehensive education to close to 800 children from low-income families in the municipal commune.

The sale of Voluntary Pension Savings Plans (APV) commenced.

Consortio participated in the consolidation of the industry by acquiring CNA, now CN Life.



2003

Consortio Corredores de Bolsa online was launched, a pioneer in share and mutual funds transactions through Internet.

Fundación Consortio was awarded the Good Corporate Citizen prize, provided for the first time that year by The Chilean American Chamber of Commerce (Amcham).



2004

Conсорcio began its offer of an open credit card regulated by the Superintendence of Banks and Financial Institutions (SBIF): The Consorcio Visa Credit Card.

Conсорcio Tarjetas de Crédito S.A. was created, the first to issue non-bank credit cards.



2005

This year saw the creation of Consorcio Corredores de Bolsa de Productos.

Conсорcio became the first insurance company to offer Consumer Credits to pensioners.



2006

The Company celebrated 90 years' history together with its 2,000 employees and was named a Superbrand by the Superbrands International Organization, an entity that acknowledges companies that show a committed brand management with a profound respect for the consumer.

2007

Conсорcio launched the sale of online insurance products such as Vehicle and Travel Insurance, among others.

Conсорcio continued its consolidation as a financial business conglomerate which today groups together Insurance, Pensions, Savings and Credits.



A team with great human quality and values  
A task committed to the community  
Consolidating a leading brand  
An excellent comprehensive service





# 02

Consorcio Financiero

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#### Human Resources

## A team with great human quality and values

*In order to boost the human and professional quality of its more than 2,000 employees, during 2008, Consorcio carried out an important campaign aimed at strengthening the presence of the Company's corporate values in the work of its employees.*

*Together with this, different activities were organized in order to further improve the knowledge and abilities of its workers as well as the quality of each one's personal and working life.*



A total of 2,087 people comprise the solid and committed Consorcio team. The group is made up as follows: 67% women and 33% men and is distributed throughout Chile: 68% in Santiago and 32% in the rest of the country.

During the year 2008, Consorcio highlighted the importance of performing work on the basis of corporate values. For this, amongst other things, the Company carried out an internal campaign under the concept "Súmate" (Join in), which disseminated to all the employees the Mission Statement, the Vision and the Values. This activity achieved positive results and was well received by the Company's employees.

The values are:

- **Integrity:** "Ethics, transparency and honesty are part of my work".
- **Excellence:** "I always seek to do a good job with a seal of quality".
- **Respect:** "I treat others with dignity. I assume my commitments and I comply with the Company's norms".
- **Cooperation:** "I participate actively in my team and I contribute with other areas towards the achievement of the Company's objectives".
- **Pro-activity:** "I set myself challenges and I take the initiative to make improvements that will contribute to my job and that of others".
- **Flexibility:** "I am open and I adapt to new ideas, procedures and practices that add value to my performance and to Consorcio".



Furthermore, the opinion poll on the working atmosphere achieved a very good participation of 75.6%, a figure that is consistent with the participation of employees in previous years. According to the response received, the aspects that improved with respect to the 2007 poll were: Physical Conditions, Organizational Clarity, Quality of Life and Remunerations.

#### Room to grow

A positive working atmosphere is defined by good relations within the teams and by the opportunities that allow a harmony between work and family. For that reason, Consorcio has had a constant concern for contributing towards the professional and personal development of all its workers.

In this respect, the focus has been placed on creating opportunities to contribute to the quality of life of each employee, giving them the space to grow and reinforcing

**The “Súmate” campaign disseminated to all the employees the Mission Statement, the Vision and the Values. This activity achieved positive results and was well received by the Company’s employees.**

the potential each one has in accordance with the company’s strategy and Mission.

With this central objective, Consorcio arranges activities focused on the employees’ children during vacations, awards special prizes for students with good grades at school, encourages a healthy life and sports with Pilates courses, entertaining dancing, pause gymnastics and chair massages, in addition to contributing to everyone’s health with preventive medical exams and vaccinations against influenza.

At the same time, Consorcio headed a series of occasions for supporting its employees, providing advice on important

subjects involving financial, legal and psychological matters. Furthermore, the Company and its workers worked towards helping each other and to the common good of the whole team through individual attention, evaluations of cases, credit analyses and solidarity campaigns.

In line with the target to generate a united team, the Company prepared activities focused on achieving a greater sense of belonging and integration. Some of these were prizes for years’ service, the celebration of the National Independence Anniversary, Christmas, Easter, Secretary’s Day, Father’s Day and Mother’s Day, amongst others.



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*The Company achieved a good performance in terms of reducing the number of occupational accidents thanks to an intensive training on work-related risks and the correct method of prevention*

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**Conсорcio strengthened its Training Program for Sales Executives with the purpose of professionalizing their work and to ensure that each member of the team possesses the abilities necessary to be a real financial advisor to the clients.**

#### **Training: Development and professionalism**

To have well trained sales executives has been a constant concern in Consorcio's teams. For this reason, the Company has developed training programs that provide its executives with tools and technical knowhow on the business and on the competition.

During the year 2008, Consorcio strengthened its Training Program for Sales Executives with the purpose of professionalizing their work and to ensure that each member of the team possesses the abilities necessary to be a real financial advisor to the clients. The Program involved more than 40 courses which took place on an alternate monthly basis according to the needs detected in the different groups in Santiago and the regions.

In order to count on heads that are capable of leading and strengthening the efficiency of each one of the Company's workers, in 2008 Consorcio initiated the Leading People Program (LPP).



This training plan – which includes workshops on leadership, coaching and seminars – seeks to boost in the Company's leaders, the necessary competence to perform, train and reinforce their teams.

Within the framework of the Company's strategic objectives is the need to provide a service of excellent quality to the customers, responding rapidly and correctly to their demands. This is why in 2008, a program was carried out for the special training of the customer service team in order to strengthen their work in Consorcio's different channels.

#### **Prevention and training for a safe place**

An important progress related to security within Consorcio was achieved during 2008. This refers to the accident rate accumulated over the past 36 months which it managed to place below the standards established by the Medical Care Fund, with 23 points. This result reflects that the Company achieved a good performance in terms of reducing the number of occupational accidents thanks to an intensive

training on work-related risks and the correct method of prevention.

In addition, a course on emergencies was given to leaders in each of the branches that included hazard drills in the offices. In order to complement this internal activity, Consorcio drew on help from the Medical Care Fund in preparing a study on workstations and the ergonomic support required by administrative staff. Furthermore, office risks were inspected and analyzed in order to establish the structural improvements required. At the same time, in order to perfect the knowledge each person has on risk prevention, the Company initiated a courses to raise awareness on self-care.

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*The Monte Olivo School has enlarged its installations year to year, increasing the areas and levels of the children's education including, since 2008, upper education in scientific-humanist subjects.*

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#### *Corporate Social Responsibility*

## A task committed to the community

*Since 1987, Consorcio has channeled its contribution as a responsible citizen through the Foundation that bears its name. This entity has been responsible for developing the Monte Olivo School de Puente Alto in Santiago, an educational project based on excellence for children of low-income families.*

To play a role in the community has always been one of Consorcio's objectives. Thus, in 1987 it created the Consorcio Foundation with the main objective of providing an excellent education to socially vulnerable children. In addition, since its creation, the institution has focused on developing projects to strengthen the Company as a responsible citizen through a concrete and permanent contribution, giving special importance to caring for vulnerable children and elderly people as well as to health, education and culture. To date, the Foundation has contributed to various institutions, focusing mainly on those that work to improve education in our country.

As of the year 2002, the Consorcio Foundation has directed its efforts at developing its flagship project: the Monte Olivo School located in the municipal commune of Puente Alto in Santiago. This educational center provides a complete scholastic education to more than 1,000 children who are at social risk, mostly from the Villa Ferroviaria neighborho-

od, the Volcán I and II shanty towns and the Monseñor Carlos Oviedo makeshift housing estate.

Since its construction, the School has grown from year to year in different stages, improving its infrastructure and providing the students with more and better opportunities for growth and learning.

The original construction of 3,194 square meters contemplated a roofed multiport facility, a library, a computer room, a music room, a dining room and a chapel open to the community. The second phase increased the installations by 1,086 square meters and subsequently the third stage completed the growth to 100%, reaching a total area of 13,442 square meters of land and 6,623 square meters of installations.

Thanks to this infrastructure, the Monte Olivo School has been able to increase the areas and levels of education of the children including, since 2008, upper education in scientific-humanist sub-

jects. In this way, the more than 1,000 students have developed their knowledge in speech, English, mathematics and computer science; together with basic technical abilities that will be a complementary base for the higher education each may follow and the path to a profession of their choice.

At the same time, the Company carried out throughout the year a series of activities with the School's students to strengthen the ties between Consorcio, its employees and the families that comprise the school community. For this purpose, the beginning of the school year was celebrated with the handing out of the traditional agenda for the children; prizes were given to the best students for their academic excellence; celebrations took place during Holy Week, Easter and Children's Day – with an interesting play – and finally, Christmas with presents from Father Christmas collected by all the people that work in Consorcio.





### A valuable team of volunteers

Since the year 2006, there has existed a Corporate Team of Volunteers with the participation of members of Consorcio, which counts on the commitment of the Company's workers. The team is constantly putting on different activities with the participation of those employees who are motivated to invest part of their time in events that contribute directly to the community.

The Team of Volunteers currently has 50 members in Santiago and 20 members in the regions. During 2008, the team put on numerous activities with children from the Jardín Infantil Los Patronitos infant school which belongs to the network of educational establishments of the Hogar de Cristo, a Roman Catholic charity organization which has installations in Santiago, Antofagasta, Concepción, Temuco and Puerto Montt.

During the winter, volunteers collected clothes and shoes in good condition to

be donated to the children. In September, they organized a special event of fellowship with the small children that entered Infant School in 2008 and finally in December they put on a celebration of Christmas with a Crèche and the handing out of presents collected by the Consorcio's employees during the "One child, one present" Campaign.

In line with the spirit of solidarity of the Corporate Team of Volunteers, an important group of members of the Company have actively participated since the year 2000 in the traditional 1 + 1 Campaign which involves a contribution from each worker with a discount from his/her pay slip plus the support from the Company that contributes the same amount given by the employees.

### A contribution for each policy

Once more, Consorcio joined the Corporación de Ayuda al Niño Quemado (Coaniquem), in the sale of Obligatory Personal Accident Insurance (SOAP). This

alliance falls within the framework of the Corporate Social Responsibility policy of the Company and is reflected in a financial contribution to the Corporation for each SOAP policy sold by Consorcio.

This contribution is a source of finance which Coaniquem, a non-profit making corporation, uses to provide free comprehensive rehabilitation to children that have suffered burns, prevention of accidents of this nature and training of professionals and technicians related to this activity. The Corporation attends over 100 thousand children each year in its three centers located in Santiago, Antofagasta and Puerto Montt.



*The year 1916 marked the birth of the Company whose history has been one of permanent growth, constant innovation of products and services, as well as an excellent service to its clients and important contributions to the community.*



*The value of the name Consorcio*

## Consolidating a prestigious brand

*With a publicity campaign along the lines of the work done in 2007, Consorcio continued during 2008 with its communications strategy, achieving a reputation as a close and reliable company, with solutions tailored to the needs of its clients.*



Each person is different. Each client of Consorcio has his/her own needs that depend on the stage in the life cycle each one is in. This is why the Company has maintained, since its initiation, a strategy aimed at responding to the specific requirements of its clients: protection, security and savings for his/her family and equity.

This business strategy focused on people has permitted the Company to grow year after year, obtaining positive results in its sales and maintaining an excellent leadership position in the market, by means of a respected, recognized and valued brand. In this way, Consorcio's excellent reputation was awarded the Superbrands 2006 prize that same year by the International Superbrands Chile Organization, which

stressed the Company's consistency in publicity and communications, as well as the quality of service provided to its consumers.

In accordance with the Company's strategic focuses and the attributes of differentiation, in 2008 Consorcio launched a publicity campaign with the purpose of communicating to its clients that each one of them is different and requires a tailor-made product. Acknowledging this diversity, Consorcio gave them special dedication through expert advice and flexibility in accordance with the specific requirements of each person and family. In the same way, the Company continued to work on its "Consorcio, TU Compañía" (Consorcio YOUR Company) concept, with a campaign that was present on television, press, Internet and public highways; and the object of which was to strengthen the Company's image of closeness, leadership and modernness.

Con el  
**APV Colectivo**  
de Consorcio,  
el capital humano  
de tu empresa  
tendrá el mejor

# FUTURO

El Nuevo **APV Colectivo de Consorcio** es el mejor incentivo para todos los trabajadores de tu empresa. Ahora todos podrán acceder a este ahorro y su beneficio tributario, que mejora significativamente su jubilación.

**Consorcio es N°1 en Saldo Administrado en APV** entre las compañías de seguros. Fuente: PwC SVS, junio 2008.

Consorcio 400 23 1808  
[www.consorcio.cl](http://www.consorcio.cl)



Since its foundation in 1916, Consorcio has maintained a strategy which is based on responding to needs in accordance with what each one its clients is seeking: savings, protection and security for his/her family and equity.

The campaign had successful results that allowed for the high standards of recognition of Consorcio to prevail and for boosting its leadership position. Thus, the Company maintained its positive evolution in brand recognition and in the Top of Mind listings. Furthermore, the Company headed the association of its brand with attributes such as prestige, tradition, solvency and modernness, with the latter becoming one of the strengths in Consorcio's image. Furthermore, the intention amongst potential clients to do business with the Company in future increased significantly, a promising indicator for the Company.

#### Pensions: a new pillar of business

In accordance with the strategic directives of Consorcio, during 2008 the Company reorganized its lines of business, generating a new pillar: Pensions. This comprises the following products: Annuities, Private Income and Individual and Collective Voluntary Pension Savings Plans.

The incorporation of Pensions as a new pillar of business seeks to highlight, boost and disseminate the strategic importance that it is for Consorcio to provide its clients with different alternatives of products in order to achieve a better pension in the future. Together with this, it gives the Company the possibility of completing the comprehensive offer of products it has, in accordance with the different stages in the life of each person. This maturity and sophistication of each product and service is the result of an important work done by the teams in Consorcio, with the purpose of boosting the work of this business area, strengthening the processes within Consorcio and before the clients.

#### Renovating the Company's image

During the year 2008 Consorcio carried out a process of change and realignment of its image, principally in respect of its corporate colors, strengthening the presence of red in its printed ma-

terial, branches and in the Corporate Building. Furthermore, the new pillar of business was added in the customer service points throughout the country.

The Company's change of image seeks to strengthen the coherence and consistency of the Company's image with the values related to the brand, both in the communications with the public and its clients, through all the customer service channels, as well as on internal information to the employees. The target was to reflect through the branches, printed matter and brochures, in general, the attributes highly valued by the clients of Consorcio: confidence, modernness and closeness.



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*The model of performance seeks to receive the clients and turn them loyal in order to strengthen over time their relationship with the Company, which contemplates a constant evaluation of the levels of satisfaction with the channels of customer service and information.*

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#### Customer service

## An excellent comprehensive service

*Through the different customer service and communications channels, Consorcio attends all the needs of its clients and responds to their requirements and queries with a service based on people, technology and the efficiency of the processes.*

Jointly with a sustained increase in its network of customer service offices during its 92 years, Consorcio has developed, throughout its history, a solid model of service and performance with its clients, which seeks to provide its current and potential customers all the information they require on the innovative range of products that the Company offers them, in addition to attending their enquiries and requirements.

Also, Consorcio counts on a broad coverage of offices throughout Chile. Through the 25 branches and contact channels, the Company provides a comprehensive service to all its clients, facilitating their access to its products and financial services.

As a way of boosting the network of branches, in 2008, Consorcio changed the location of the office in the city of Los Andes in the V Region. The branch was transferred to a house declared of historic and artistic interest by the National Monuments Council. The

building dates back to the XIX century and corresponds to a traditional urban house in central Chile, characterized by its adobe structure and the stone base-board.

#### **A model of performance to satisfy the needs of the clients**

Together with providing a comprehensive offer of financial services to its clients, Consorcio counts on a complete platform of services and consultancy that functions efficiently and rapidly in accordance with the product under consultation by each person, i.e. in accordance with the business pillars. The customer service model seeks to strengthen a relationship of closeness and confidence with the clients, thinking of the people and their families. The Company has a Contact Center made up of executives especially trained to respond and resolve the requirements and queries of the clients. The team attends over 1,000 calls each day.

#### **Leader in online insurance purchases**

Within the framework of a model of services based on people, technology and processes, the Company inaugurated the first web site for purchasing insurance online. This is Consorcio Online, which gives the clients the possibility of buying Vehicle Insurance, Travel Insurance and Obligatory Personal Accident Insurance (SOAP) in a fast and convenient manner.

This sales channel permits clients to get a better price, to contract the product rapidly and to pay online. The site also provides telephonic support in order to answer questions and help people in the purchase process, if needed. Furthermore, in the case of Vehicle Insurance, the inspection of the vehicle is made in the client's home at no cost. This technological development seeks to get closer to the clients, with a channel that can be accessed from anywhere and that provides information and permits the purchase of the insurance they require. It also optimizes the interaction



with people and provides them with a direct means of finding out about products and how these can satisfy their personal and family needs at each one of their stages in life.

#### **The history behind Consorcio's offices**

The new office in Los Andes reaffirms the importance Consorcio attributes to the design when selecting and building its branches. The Company has made a significant architectural contribution to the cities where it has a presence by means of modern and functional infrastructures, respecting the surroundings of the community. In this respect, one of the Company's first milestones was Consorcio's Corporate Building, to which was added the office in Concepción.

This building was projected by the prominent Chilean architects, Borja Huidobro and Enrique Browne, and is considered one of the principal architectural works in Santiago, particularly due to its curved feature that enables it to be seen from a distance, like a forest full of nature through three levels of vegetation that cover the windows, provide protection from the sun during the summer and provide warmth during the winter.

**Through its 25 branches and customer service points, the Company provides a comprehensive service to all its clients, facilitating their access to its products and financial services.**





Economic and Financial Scenario  
Insurance Business  
Pensions Business  
Savings Business  
Credit Business  
Insurance and Product Brokers  
Investment Business



## 03

Performance 2008

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*Faced with global scenario, the economic authorities reacted with multiple, aggressive and multimillion monetary and tax incentives in order to counteract the effects of the crisis.*

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## Economic and financial scenario

### International scenario

“Without precedent” is, beyond doubt, the phrase most quoted by the economic-financial media since last September when referring to the current crisis. And justifiably too. In 2008 the world’s stock markets fell by 40%, the U.S. 10-year Treasury Bond rate crashed from 4% to 2.2%, the spread on Latin American sovereign debt or country risk rose from 316 to 810 basis points and the US Dollar revalued significantly in respect of the majority of the world currencies.

The financial stress indices reached a historic peak: the VIX volatility index moved from 22.5 points at the beginning of the year to 80 points in November, whilst the TED Spread – which measures the banks’ willingness to lend each other money – rose from 142 basis points in January 2008 to 456 basis points in October. Thus, in 2008 we witnessed extreme fluctuations in the financial markets that generated a destruction of wealth “without precedent”. Faced with this scenario, the world mo-

netary authorities reacted with multiple, aggressive and multimillion policies in financial and tax incentives in order to counteract the effects of the crisis.

In economic terms, the first semester was marked by inflationary pressures, with oil prices reaching a peak of USD 147 a barrel. The second half of the year, especially the last quarter, demonstrated the global slowdown as a result of the financial crisis, with oil prices closing 2008 at USD 36 a barrel. The economies of the developed world are in a recession (USA, Euro Zone, Japan) and the emerging economies are weakening. In this context, China is the great unknown, for its possible capability of putting a floor on the falling international trade.

Within this significant fall in the world’s stock markets, the Chilean market was one of the most defensive. During 2008, IPSA (Selective Share Price Index) fell by 22.13%. Nevertheless, when measured in Dollars – for the purpose of compari-

son – the fall was equivalent to -38.74%, in line with the behavior of other emerging markets. This was due to the fact that the Chilean Peso was the currency that most devalued as the exchange rate opened the year 2008 at CLP 497.5 and closed the year at CLP 638.5.

### The role of the Central Bank

The local fixed income market was not exempt of volatility, explained by the additional offer of Central Bank Bonds, the brusque change in the inflation expectations and the restriction on liquidity as a result of the credit freeze on the international markets.

During the year 2008, the Central Bank’s Council was under constant pressure. It had to face the loss of competitiveness of the export sector, inflationary pressures, liquidity restrictions and finally, a weakening economy.

In short, the Central Bank of Chile bought US Dollars – to strengthen its International Reserves position – and issued bonds



to counteract the injection of Pesos into the real economy and, during the last quarter, facilitated liquidity to the market making use of its Reserves.

Faced with an inflationary scenario that appeared to be getting out of control, the Central Bank raised the Monetary Policy Rate on 5 opportunities to close the year at 8.25% per annum. In its first meeting on monetary policy in January 2009, the Bank decided to cut the rate by 100 basis points. This was in response to a sharp and rapid drop in the price of oil, together with new information on prices, economic activity and employment during the last quarter of 2008 that displayed a deterioration in the economy, which grew at a rate of less than 4.0% during the year 2008 and inflation that closed with a rise of 7.1%.

For 2009, estimates by analysts indicate an economic growth in the range of 0% to 1%, whilst inflation would lie at around 3.0%, with a firm tendency to a fall. We still have to see the impact of the tax incentive plan for USD 4,000 million

and the monetary expansion process initiated by the Central Bank.

#### Local scenario

During the year 2008 and due to the financial turbulence, the insurance sector grew by 8.7%. Life insurance grew 6.1% (USD 3,761 million) in terms of premiums and general insurance rose by 14.1% (USD 2,022 million). It is important to point out that despite this growth in the insurance market, the companies registered a loss of USD 200 million due mainly to the fall in the value of the investments of the life insurance companies. On the other hand, the general insurance area produced net earnings of USD 23 million.

With respect to the players in the life insurance market, during the period a new company, Itaú Corredora de Seguros, a subsidiary of the Bank with the same name, entered the market offering products for individuals and companies.

The general insurance sector suffered two major changes. Firstly, the international company, HDI-Gerling International Holding AG acquired 99.76% of the shares in the Sociedad de Inversiones Notre Dame S.A., the owner of ISE Chile Compañía de Seguros Generales S.A., now HDI Seguros S.A. Furthermore, in March 2008, the Superintendence of Securities and Insurance authorized the creation of CESCE Chile Aseguradora S.A., a company established in our country with Consorcio Internacional de Aseguradores de Crédito (CIAC) as the controlling partner.

#### Important slow down in the credit industry

The consumer finance industry has been marked since the end of 2007 by more restrictive conditions in the approval of credits, both housing loans and consumer credits. This is attributed principally to the deterioration of the economic situation and to the worsening risk perception of the clients. This is the result of a deterioration of portfolios due to a



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*It is important to stress that, despite the growth in the insurance market, the companies registered a loss of USD 200 million due mainly to the fall in the value of the investments of the life insurance companies.*

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decline in customer incomes, in turn due to the high inflation over the past two years.

As a result of the above, bank consumer loans showed a slight increase of only 0.4% as of the close of 2008 with respect to the same period of the previous year, its lowest level since the Asian crisis. Furthermore, mortgage loans grew by 11.5% with respect to the same period of the previous year. With approximately 3 million debtors, mortgage loans concentrate 56% of the sector's total assets, followed by consumer credits with 35% and credit cards with 9%.

During the course of the year, the banking industry showed a gradual increase in credit risk ratings on loan portfolios (provision expenses, write-offs and past-dues) caused by the international financial crisis and the economic low down, situations that have provoked slower growth, an increase in past-dues and with it, a greater need of provisions. The tendency is for this trend to continue given the more complex local and inter-

national economic scenarios during the year 2009.

### **The challenges of the Pensions Reform**

An important highlight of the year 2008 was the approval of the general bases of the Pensions Reform, which was perfected during the year with specific norms for each one of the pillars that it comprises. The Reform considers a pillar of solidarity that establishes a basic pension for those people that have not been contributing to the system due to their weak employment and financial situation; and provides incentives for the formal employment of youngsters (18 to 35 year-olds) with a bonus to employers of those with a low income.

With the purpose of promoting the entry of self-employed workers into the pensions system, the Reform created the figure of a voluntary affiliate, granting the possibility for every individual to deposit his/her pension contribution in a voluntary individual capitalization account with the Pension Fund Ad-

ministrator of his/her choice, with the same rights as the obligatory accounts. The contribution will become imperative as of January 2015. The importance of this incentive is to motivate self-employed individuals to save through the Voluntary Pension Savings plans as a way of improving his/her future pension.

With respect to Disability and Survival Insurance contracted by the Pension Fund Administrators for its members, the Reform established important changes. On the one hand the Administrators will put this service out to tender among the Insurance Companies with the best offer. This tender will be carried out in separate groups – men and women.

Furthermore, the responsibility for the payment of this insurance, which up until now has been that of the worker, now becomes the responsibility of the employer when the company has more than 100 workers. Also, in the case of the voluntary contributors, the Insurance will be based on a maximum taxable inco-



me of UF 60, thus the premium must be charged on the basis of this income.

In general terms, the Reform will have an impact on the insurance industry by generating a greater equality between the sexes. Women will be given a bonus for each child and compensation in the event of an annulment of the marriage. The Reform also establishes a survival pension for men. With regard to the pension business, the companies currently act as intermediaries of annuities directly with the clients, freelance sales executives, insurance brokers and their own sales agents. The Reform eliminated the intermediaries and created the figure of a Pension Advisor. In order to obtain this category, the insurance brokers have until March 2009 to apply and be submitted to a test of approval through the Superintendence.

In addition to the above, there is a change in the norms that regulate maximum commissions on annuities. This was set at a maximum of 2.5% of the premium. The Reform has now established this

percentage at 2% with a maximum of UF 60. In light of this scenario, it is possible that the number of players in the annuities industry will reduce.

#### **Collective Voluntary Pension Savings: A new opportunity**

Conscious of the new possibilities that arise on entering the Collective Voluntary Pension Savings (APVC) business, the Underwriters Association is currently perfecting a model of a policy for this business. The proposal contemplates a framework of general conditions for an insurance policy for APVC, to which each insurance company will include its own characteristics. Even when the economic scenario has the growth of this type of Savings at a standstill, companies are expected to be motivated to favor their workers with this benefit and as a result, insurance companies will take on this business.

# Insurance Business





Life Insurance  
Vehicle Insurance  
Home Insurance  
Corporate Insurance





## Excellence in performance

Based on its reinforced and innovative business plan, Consorcio achieved good results during 2008 in the different lines of business in Life Insurance and General Insurance. The sales achieved are based on its offer of products unique in the industry and multiple distribution channels with the experience and knowhow necessary to provide a better service to the current clients.

### **Life insurance:** **A strengthened leadership**

Once again, thanks to a solid team and a very good marketing performance, in 2008 Consorcio confirmed its position of leadership in the Individual Life Insurance industry as the player with the highest sales of these policies. In this way, the Company is number 1 in the most important market within the industry as the Individual Life Insurance line represents 20% of the insurance market.

Due to the above, during 2008 Consorcio achieved a 12.9% share of the indi-

vidual life insurance market. This positive result is the consequence of the Company's strong brand together with the backing, confidence and security it gives its clients. Added to the above is a comprehensive offer of products related directly to people's needs, a service of excellent quality and a correct control of risks.

During 2008, Consorcio had sales for CLP 56,318 million in Individual Life Insurance, which reflects an increase of 2% with respect to the year before.

A major part of these results is due to the success of Vida Futura (Future Life), a product that is unique in the market and that was presented in mid-2007. This is a flexible insurance that permits clients to contract policies for terms of 5, 10, 15, 20 and 25 years or up to completing 80 years of age. With a minimum of UF 2,000 and up to a maximum of UF 45,000, the capital sum insured on death may vary and be paid to the beneficiaries, spouse, offsprings or others, in

any manner the person should decide in accordance with his/her needs and those of his/her family: Once only indemnity, annual income, deferred monthly income or a combination of both.

Furthermore, Vida Futura includes additional cover for the assured that contracts the policy and also for his/her spouse and offsprings and the exceptional benefit of one month with no payment of the premium after twelve months paying premiums. To the good performance of this innovative product must be added the solid performance of the consolidated Vida Ahorro (Life Savings) 100 product, a policy that provides protection and savings through life insurance and mutual funds.

The positive results achieved in the individual life insurance line are also due to the important work done by Consorcio through the excellent performance of its distribution channels. As a Company strategy, hard work was put into the professionalization of the sales executi-

Thanks to the hard work with the distribution channels, Consorcio maintained its position as number one in individual life insurance and significantly boosted its sales in general insurance products such as vehicle insurance, home insurance and civil responsibility.



ves through a top level training program and with technological tools to support the processes. To this effort should be added the work of the Brokers' Channels that carried out an excellent marketing performance committed to the Company.

At the beginning of the year 2008, the Company set as one of its important objectives, to boost collective life and health insurance in order to help increase the sales and the participation of Consorcio with products designed for the needs of people and companies.

This strategy had good results during the year as the Company increased its sales by 17% with respect to the year before. This growth is supported by the creation of a marketing platform that was able to incorporate new clients, amongst them important large and medium-sized Chilean companies.

#### The correct strategy in general insurance

Once again, Vehicle risks had a successful year on achieving sales for CLP 10,765 million. Thus, this product maintained an important position within Consorcio's line of General Insurance and represented 46% of the Company's total sales.

In order to achieve these results, Consorcio focused strongly during the period on diversifying sales over the different distribution channels. This permitted the Company to reach a market share in this area of 3.6%. The Company also grew by 47.2% in Fire and Additional risks.

The significant growth achieved is due to the work focused on this line of business after it was decided to reinforce performance in this area. In order to achieve this, much work was put into

the restructure of the business model, boosting the marketing platform and strengthening the service model.

Together with the improved results in sales, Fire and Additional risks increased its presence in the total results of General Insurance to 27% of the Company's total sales.

In the same way, Consorcio managed to grow in other General Insurance risks with positive effects thanks to a strategy focused on the products offered by the Company in this line. Thus, Theft grew by 18% in an industry that grew by 4%, and Civil Responsibility increased its sales by 18%.

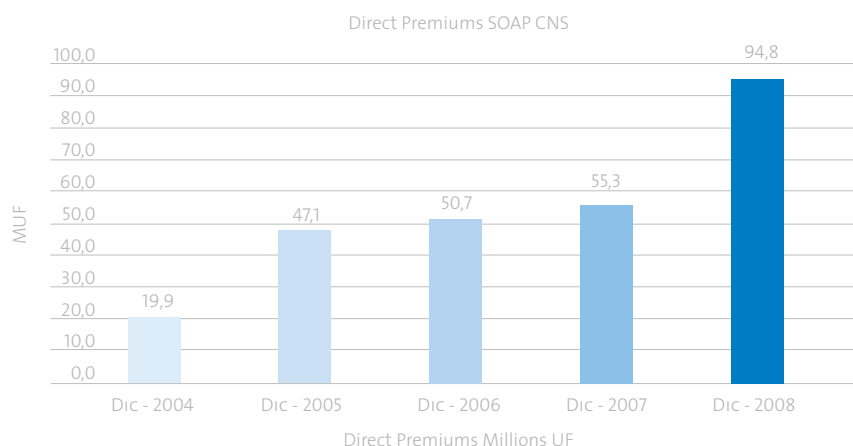




### The achievements of a good strategy

For over 3 years, Consorcio has developed a firm marketing strategy in order to increase the sales of Obligatory Personal Accident Insurance (SOAP). Based on the value of the brand, the distribution network, the quality of its products and the solidity of the Company, year to year sales have increased, achieving in 2008 its greatest sales in history with more than 200 thousand policies and an 86.7% growth in an industry that grew by 4.5%. These good results were reflected in sales for CLP 2,036 million.

These positive results were boosted by the alliance between Consorcio and Coaniquem, which falls within the framework of the Corporate Social Responsibility Policy which establishes a donation to this charitable Corporation for each policy sold.



# 200.000

policies sold

In 2008 Consorcio achieved historic sales in Obligatory Personal Accident Insurance with over 200 thousand policies.



# Pensions business





Annuities

Private Income

Voluntary Pension Savings

Collective Voluntary Pension Savings





## A position of confidence and leadership

As a way of boosting the business associated to the pension needs of the Company's clients, during 2008 Consorcio established Pensions as one of its areas of business.

This has permitted it to focus especially on boosting the sales of Annuities, Private Income, Voluntary Pension Savings and Collective Voluntary Pension Savings and to establish the professional and marketing platform necessary to enter into the Collective Voluntary Pension Savings (APVC) business. Even when the annuities scenario turned out to be more complex due to the strong competition in the market, the Company continues to hold a position as an important player.

### **A constant player in annuities**

As of the close of 2008, Consorcio occupied a solid third place in the annuities market, a stable position thanks to its solid brand and a very good marketing performance. Thus, whilst market sales fell, the Company maintained the level it reached in 2007 with a result of CLP

118,013 million and a market share in annuities of 11.7%. This important achievement in the midst of a complex financial situation, is also due to the excellent work done with Consorcio's distribution channels and sales executives.

With respect to the industry, during the year, it experienced a very changing situation which was reflected by a strong growth of 20% during the first semester of the year and a backward step by the same percentage in the second half of the year. This situation is due to the effects of the global financial scenario which impacted annuities as a result of the fall in the balances of the funds managed by the Pension Fund Administrators on behalf of their members. As a result of the above, the industry closed the year with a 0.8% growth over the 2007 figure.

### **Private Income**

With the object of providing its current and potential customers with an alternative insurance product that adapts to their particular needs for protection, to-

gether with an attractive yield on their funds, in 2008 Consorcio boosted private income. This very flexible product permits the assured to receive a periodic income, after the payment of one single premium, once only, by the assured.

Due to these important advantages for the clients, Consorcio obtained excellent results in 2008, reaching sales of over CLP 3,604 million and a market share of 11.7%. This achievement is reflected in the growth of 69% in an industry that progressed only 23.3%.

### **Leader in Voluntary Pension Savings**

Yet again, in 2008 Consorcio maintained its position as number 1 amongst the insurance companies that offer their clients Voluntary Pension Savings (APV) plans, a product offered through Consorcio Seguros de Vida. With regard to all the companies that manage APVs on the local market – pension fund managers (AFP), stock brokers, life insurance companies and general fund managers – Consorcio maintained the fifth place,



In 2008 Consorcio focused its efforts on providing the best products to the clients in the pensions area. In this way it maintained its leadership in Voluntary Pension Savings and achieved a growth above the industry average in Private Income.

beaten only by the pension fund managers. This significant leadership is based on its marketing strategy that seeks to make a comprehensive offer to its clients of financial products tailored to their personal, financial and family characteristic; thus ensuring a long-term relationship.

Of the total fund managed by the Voluntary Pension Savings market, 9% is handled by insurance companies, where Consorcio occupies an outstanding position with an 18.3% share of the market. The Company counts on a managed fund of CLP 42,581 million, 620 thousand APV accounts and a portfolio of 12 thousand clients.

#### **Developing the Collective Voluntary Pension Savings business**

The Pensions Reform was approved in 2007. This was updated with different norms in 2008. Thus, in August the norms related to Collective Voluntary Pensions Savings was announced and this related to the Collective Voluntary Pensions Savings (APVC) plans.

Consorcio has decided to be an important player in this type of savings. Thus, during the year 2008, the Company centered its attention on establishing the correct marketing strategy with which to present the APVC, creating the products in accordance with the needs of the people, establishing the appropriate sales channels, the corresponding service modules and the whole adequate platform to provide – during 2009 – the best Collective Voluntary Pension Savings plans to its current and potential customers.



# Savings Business



Consortio Administradora General de Fondos





## Consorcio AGF: at the service of the clients

During 2008, one of the most relevant aspects of the world scenario was the complicated situation of the markets. This provoked a fall of 30% in the mutual funds industry, without considering the Money Market segment, and a 9% fall overall. The principal explanation for this is based on the valuation of the funds invested which were severely affected by the turbulence in both the local and international markets. Furthermore, the mutual funds managed by Consorcio Administradora General de Fondos – excluding the Money Market segment – closed the year with a total of CLP 180,265 million. This result signified a fall of 26%, less than the industry average, and implied an increase in the Company's market share to 3.95%.

During this period, there was an interesting expansion of the external distribution channels. These doubled the managed funds as of the close of the year 2007. This was due stronger business relationships with existing

distributors and the incorporation of an important number of new distributors. Consequently, today Consorcio AGF has over 25 placing agents, with Consorcio Nacional de Seguros Vida being the most important channel which, despite the financial situation during the year 2008, showed positive net cash flows during the period.

This significant growth in channels is due to a solid marketing effort carried out by the Company's team and to the implementation of a technological system into the web platform that permits each distributor to operate on behalf of its clients and have access to information on the investment accounts, as well as reports on the clients' balances and movements. This platform has permitted the Company to strengthen its relationship with the distributors and to increase the loyalty of the business ties thanks to the new system that simplifies the relationship between distributors and Consorcio AGF.

### A consolidated offer of products

A total of 3 new funds were developed and put at the disposal of the clients to invest in during the 2008 period. These funds responded to their needs and their value was clearly reflected in the capital achieved in just a few months from the date on which they were launched.

The Nominal Xtra mutual fund, launched at the end of the 2007 period, saw its consolidation this year by permitting investors to take refuge from the uncertainty and volatility of the markets in respect of those Money Market funds. This was reflected in the size of the fund that rose from a total of CLP 5,000 million to CLP 50,000 million as of the close of the year.

In addition, a category of Total Return Funds was created with a product developed for investments in Pesos – Total Return – and another for investments in US Dollars – Total Return Dollars. These funds have a broad investment poli-





In the midst of a difficult year as a result of the global economic scenario, Consorcio AGF's performance was marked by an important growth in the distribution channels and by a boost in the offer of products.

cy that permits fast market decisions, maintaining conservative positions the rest of the time.

In line with the broadening and increase in the offer of products to the clients of Administradora, during the year 2008, the restrictions on the recently launched Mexico, Peru and Brazil mutual funds were lifted. This permitted all interested clients to have access to these attractive investment products and not just those Qualified Investors according to the norms of the Superintendence of Securities and Insurance (SVS).

The above has permitted a mass offer of these products, capitalized by the experience of the Compass Group – a strategic partner of Consorcio Financiero in Consorcio AGF – with a vast experience in emerging markets, a network of offices in all of Latin America and the local knowledge of the experts that work in their offices in the United States, Mexico, Peru, Argentina and Colombia.

Thanks to the value of this local knowledge of the markets, the Colombia and Peru mutual funds showed returns for the year well above the indexes of reference of each of those countries: Colombia with a return of 12.5% higher than the IGBC – the Colombian stock market index – and Peru with a return of 20.3% over the IGBVL, the Peruvian stock market index.

#### **Advice and monitoring, the pillars of service to clients**

Strengthening our vision of boosting to the maximum the advice given to our clients and the monitoring of their investments as a differentiating factor of our service, during 2008 the Company consolidated the offer of Managed Portfolios for high net worth clients.

The Managed Portfolios are a collection of funds and their composition is defined by the Investment Strategies area according to the vision of the Company's investment committee. These portfolios are monitored constantly



and are submitted to modifications in their composition each month or whenever changes in the markets so justify.

The returns on Managed Portfolios are reported every day and as of 2009, the clients that have asked for their investments to be managed under this model will be able to count on a monthly report similar to those issued for mutual funds, further simplifying their access to their information.

The challenge for the year 2009 is the development of simpler investment portfolios for clients with lower amounts to invest. What the Company is seeking is that on a base of a central fund and a maximum of 3 additional funds, a portfolio be created and tailored to the needs of the clients. These portfolios will be monitored and managed in the same manner as the Managed Portfolios and will count on periodic reports so that the client can have simple access to his/her information.

#### **Changes in the classification of funds**

Consorcio Administradora General de Fondos has been an active member of the Development Committees of the Association of Mutual Funds which shows an important advance in the comparison of funds on implementing parallels on the basis of its Effective Investment Strategy. In accordance with this new model, the Multi-protection Dollar Mutual Fund achieved first place within its category (Conservative Balanced Mutual Funds) and was awarded the Salmon Prize granted by the Association of Mutual Funds and the *Diario Financiero* financial newspaper, for its first place in its category.

In terms of relative performance, we should highlight the performance of the Xtra Precision Mutual Fund which has consistently led the group of share mutual funds for qualified investors with an annual return 8% above the IPSA (the Chilean stock market index) for the year 2008.





# Credit Business



Consumer Credits  
Mortgage Loans  
Consorcio Visa Credit Cards





## Focused on profitable growth and quality of portfolios

Thanks to the work undertaken by the team specialized in credits, Consorcio kept its place as the leader of the business amongst the insurance companies. Furthermore, the total portfolio of this business line surpassed for the first time the amount of USD 500 million, representing nearly a 10% of the Group's consolidated assets.

Located in their new offices on Agustinas, in the center of Santiago, the members of the Credit Business Management had the opportunity during the year 2008 of boosting their ties and closeness, which had a positive impact on the internal working atmosphere, as well as improving the time taken on evaluating credits by 24% thanks to the

direct and daily contact between the different teams that carry out the process of selling, evaluating and processing.

The year 2009 will be specially marked by a focus of the whole team on curtailing past-dues credits. In the middle of a year with a significant increase in the overdue portfolio and in provisions in the banking and retail industries, Consorcio, by strengthening the internal and commercial collection system, with changes in incentive systems and a rigorous process of evaluation of new sales, seeks to maintain its portfolio quality ratios within budget.

Thanks to the work undertaken by the team specialized in credits, the Company kept its place as the leader of the business amongst the insurance companies. Furthermore, the total portfolio of this credit business surpassed for the first time the amount of USD 500 million.



US\$ 500  
millions obtained  
the Credit Business.





## Consumer Credits: The consolidation of the sales channels

The year closed with good results for Consorcio's consumer credit area, maintaining a leadership position in the market. During the period more than 25,000 loans were granted for a total of CLP 35,480 million, a 56% increase over the previous period. These figures positioned the Company with a 36% share of the insurance industry market of loans to individuals.

The positive close to the year is mainly due to the good job done by the channels of distribution specialized in consumer loans. This team of 180 sales executives was created by the Company in 2006 with the object of counting on a human group focused specially on the sale of credit products, joining in to the work performed by the insurance executives. During 2008, the productivity of the channel rose by 27%, initiating as well, the multiproduct effort by granting mortgage loans, credits to pensioners, credit cards and insurance policies.

Along the same lines and with the purpose of increasing the yield of the specialized sales channel, Consorcio made important changes to the system of incentives. This last measure, which falls within the framework of a complete plan to improve yields and confront the adverse economic scenario, seeks to reward individuals with a low past-due record amongst its credit portfolios and permits a strengthening of the role of collections with the distribution channels

During the year 2008, the new SVS regulation on loans granted by insurance companies came into force. Amongst other benefits related to the control of credit risks and the increase in products, the regulation permits the business to grow in the long run by means of a change in the financing of consumer credits. Previously, funds granted were part of the Company's free equity, which depended directly on the shareholders. However, the new modi-



Consorcio is the leader in consumer credits granted within the insurance industry, with a market share of 36%.

During the year 2008, the Company increased its consumer loans by 56% to a total of CLP 35,480 million.

fications to the insurance law permit the insurance sector to back up to 5% of their technical reserves, allowing for a significant increase in credits granted, by means of a stable and competitive financing structure.







## Mortgage Loans: number 1 in net loans and results in 2008

Thanks to the approach of the work centered on improving the yield of the business, Consorcio's mortgage loan area achieved positive results during the period.

Present as a manager of Mortgage Notes since the year 2000, in 2008 the Company reached first place in the market with UF 1.7 million in net loans, an increase of 20% over the 2007 result. These sales placed Consorcio as the leader in market share among the companies that manage Mortgage Notes with a 20% share of the market.

As of the close of 2008, the mortgage loan portfolio amounted to UF 11.4 million, indicating an increase of 18% over the previous year and a market share of 13%. Furthermore, during the year the Company maintained a portfolio of excellent quality, reflected in the overdue portfolio statistics, thanks to which, Consorcio achieved one of the lowest overdue records in the mortgage loan industry.

These favorable results are due to the work aimed at reinforcing efficiency within the mortgage loan business. To achieve this, fixed costs were rationalized, managing to reduce them significantly by reorganizing the work structure in order to boost the work of each member of the team.

In addition to the above, Consorcio offered its clients competitive pricing, convenient interest rates and excellent service, which was strengthened during the period with the complete outsourcing of the flow of title deeds to the leading company in the business of processing and studying title deeds in the country. This permitted a closer relationship with property developers and a better service and information to the end-clients.

Furthermore, during the period, a full review of tariffs was carried out on all products on the basis of the risk profiles observed, increasing spreads by more than 15%, maintaining the quality expected and without sacrificing productivity.

**Raising the yield on the customer portfolio and improving internal processes in order to provide better service and information to the clients, were the key steps that permitted a growth of 57% in net sales of mortgage loans.**

## Consorcio Visa Card: Consolidating its presence

The Consorcio Visa credit card achieved a credit portfolio of CLP 1,192 million. In its third year in existence, it maintained a level of 15,000 active cards, increasing their usage.

The year 2008 is the third year the Consorcio Visa Credit Card is present in the market. During the period, the business maintained a stable evolution with most of the 15,000 cards issued by the Company still active. Attention was focused on increasing their utilization and the result was a rise of 12% in their usage rate during the year, achieving a credit portfolio of CLP 1,192 million.

These results fall within Consorcio's strategy to consolidate its position as an important non-banking financial conglomerate with an ample and comprehensive offer of products for individuals in accordance with the needs that arise in the various stages of their lives.

The Consorcio Visa Credit Card is an open means of payment, supervised by the Superintendence of Banks and Financial Institutions (SBIF) and that can be utilized in any commercial establishment that accepts VISA. Furthermore, it can be used for cash advances from any ATM.



# Stock and Product Brokers





Consortio Corredores de Bolsa S.A.  
Consortio Corredores de Bolsa de Productos S.A.



Based on the multiservice strategy - online, traditional and institutional - Consorcio Corredores de Bolsa achieved outstanding results in the midst of a climate characterized by a market with lower volumes traded.



*Consorcio Corredores de Bolsa*

## Leader in online transactions

The year 2008 was marked by the North American financial crisis and its effects on the economies of the European and emerging countries causing an abrupt fall in commodity prices from their peak levels reached in mid-year.

This crisis has caused a significant slow down in the global economy and a scenario of recession not seen since the 30's and which is expected to continue through 2009.

Chile was not exempt from the effects of this crisis and the scenario turned to one of high volatility and pessimism in the local share markets. As a result, the volumes traded on the Santiago Stock Exchange fell by 29.01% from USD 44,810 million in 2007 to USD 31,790 million in 2008. This had a negative effect on incomes from commissions in all the local Stock Broking companies and Consorcio was no exception, suffering a reduction of 48% in income from commissions. Despite this adverse environment, the strategy adopted by

Consorcio Corredores de Bolsa, based on taking a position of a leading player in the retail share market, permitted it to increase its client base by 34%, an outstanding achievement during a year that broke all records in the volatility of the international financial markets.

During the period, Consorcio Corredores de Bolsa concentrated 3.17% of the total amount traded on the Santiago Stock Exchange, amounting to CLP 1,094,110 million. Furthermore, the rise in interest rates and in credit spreads had a negative effect on fixed income investments during the last quarter of the year, which explains the fall in results from CLP 6,163 million in 2007, to CLP 581 million in the current period.

An important achievement during the year was the consolidation of the Company as the leader in the online transactions market thanks to the excellence in the quality of service, the investments made in better technological platforms and in the web page, as well as

in strengthening the customer service team of executives. Along the same lines, the Company continued reinforcing the Traditional Executives Team, which is aimed at providing a quality service, always guarding over the interests of our clients. Finally, the Institutional Desk was strengthened with the arrival of a new manager with over 20 years experience in the local share market.

During the year 2009, Consorcio Corredores de Bolsa will continue strengthening its multi-segment model with a special emphasis on its internal processes in order to endure the period of turbulence in the global scenario and to be well prepared for the moment of the recovery of the markets.



*Consorcio Corredores de Bolsa de Productos*

## A business that changes and grows

On reaching three years since its creation, the Chilean Product Exchange (BPC) achieved a level of operations amounting to CLP 213,932 million, which signifies a growth of 319% over with the year 2007, exceeding the volume traded on the National Agro Commodity Market of Colombia which has been in operation for more than 25 years.

In this respect, Consorcio Corredores de Bolsa de Productos achieved third place in the amounts traded, financing 5.82% of the market, consolidating in this way, its role of one of the principal distribution agents the market has had since its came into being.

The Product Exchange suffered important changes during the year 2008. It became the first and only commodity exchange to decide to open up and accept the entry of other operators to this market. Furthermore, ICAP plc, the prestigious international investor, became a shareholder of BPC.

The Exchange also grew with the incorporation of 25 new payers, reaching a total of 97 from all sectors of the economy and Mutual Funds were authorized to invest in invoices. Legal proceedings are currently underway to permits Pension Fund Managers (AFP) to invest in BPC invoices.

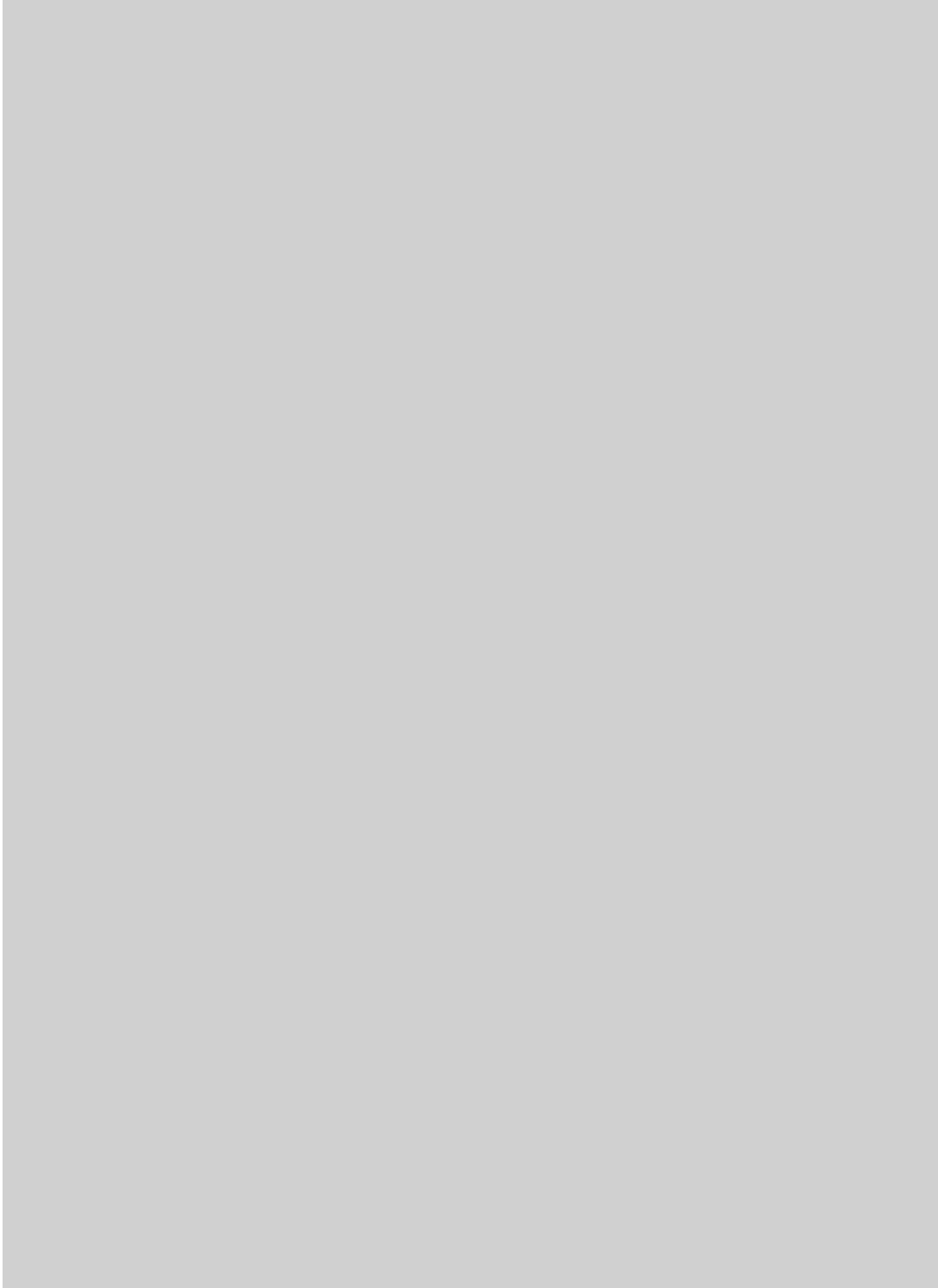
If these measures are approved and with the consolidation of mutual funds as buyers of invoices, an important growth in trading volumes is expected in 2009. Thus, considering the business relationship between Consorcio Corredores de Bolsa and the Pension Fund Managers (AFP), Consorcio Corredores de Bolsa de Productos is in a privileged position to benefit from a large part of this growth.

**Positioned as the third most important broker in the Product Exchange, in 2008 the Company financed 5.82% of the market.**



# Investment Business







## In a solid position to confront turbulent markets

In an international scenario of unstable markets and volatile stock exchanges, Consorcio incurred in a loss of CLP 66,388,908 thousand during the period. Despite this negative result, we must stress the solid financial position of the Company with which it is able to confront the volatile markets. All the companies in the group are overcapitalized in respect of the regulatory requirements, proof of which is the fact that the debt ratios of Consorcio Vida and CN Life as of December 2008 are 11.01 and 6.29 respectively, well below the regulatory maximum of 19.

### **Variable Income: A low exposure**

The strategic decision of the Company to reduce its exposure to variable income assets, having reaped the benefits of the good performance of this type of assets during the last 5 years, permitted the Company to be prepared for the year 2008, expected to be far more uncertain.

Consequently, Consorcio Seguros Vida's exposure to local shares fell from 7.89% of the portfolio in 2006 to 2.54% as of the end of 2008.

On the international scene, Consorcio decided to sell 75% of its position in international shares funds during the last quarter of 2007 and decided not to re-assume a structural position in these assets during the year 2008, only taking advantage of tactical opportunities in certain assets, via ETF's and structured products.

### **Making Incursions into alternative investments**

During 2008, Consorcio decided to take an important step by including in its portfolio the so-called alternative assets. The main features of these assets are their lower correlation with the stock markets and nowadays they form an important part of the more sophisticated portfolios in the world.

Given the global economic situation, the Company decided to concentrate on two investment strategies; absolute return funds, i.e. that seek to generate positive returns under any stock market scenarios and funds that invest in assets which the banks and other investors have been obli-

ged to sell. Consorcio's investment in the two strategies in 2008 amounted to USD 30 million.

Other assets that have become important in global portfolios are forestry assets because they are ever becoming scarcer and are considered a hedge against inflation. In 2008 Consorcio made an investment of USD 3 million in this type of asset.

### **Fixed Income: Taking advantage of the international climate**

The dynamics of the Chilean fixed income market has allowed local companies to pay a lower spread on their debts in comparison to the companies with a similar risk in the international markets. This explains why, despite the fall of 19.6% in local corporate issues with respect to 2007, they are still at a high level considering that the international credit markets were practically closed to corporate issuers during a good part of the year.

Thus Consorcio's strategy consisted of taking advantage of the opportunities in the international credit markets whilst wai-





A decrease in the position of variable income assets and international share funds, the purchase of alternative assets with a lower correlation with the evolution of the stock markets, together with the management and diversification of the existing property portfolio, were some of the principal elements of the handling of the investment portfolio in a year that unveiled unprecedented challenges.

ting for local spreads to rise as a reaction to the difficult economic situation.

During 2008 the Company purchased USD 64 million in Latin American bonds in US Dollars with a high credit rating, above international BBB-, awaiting opportunities on the local market which appeared during the last quarter of the year when the companies in the group invested USD 130 million in corporate bonds in UFs.

#### **Real Estate: A diversified portfolio**

Consortio maintains a real estate portfolio valued at over USD 750 million, diversified between projects, assets for rental and financing with mortgage guarantees, which produced record yields during 2008.

Furthermore, the Company maintains investments for more than USD 170 million in housing projects which are being developed in association with the major real estate developers in the country, diversified by geographic location and product. During 2008, foreseeing a greater pressure on the industry,

Consortio did not venture into new products, placing a greater attention on the performance of the current portfolio and strengthening the association with the different real estate developers.

The year 2008 was marked by news that affected the property sector, both on a global and a local level. This had a direct impact on housing sales which, despite their growth during the first semester, fell significantly during the final months of the year, a situation that is expected to continue through 2009. Despite the above, the introduction of new housing subsidies for the segment of homes valued below UF 2,000, has boosted the level of intended purchases.

For the office space market, 2008 was a record year, with minimal vacancies and prices that reflected the scarcity of rental space. It is expected that in the next few years, there will be a greater offer which, jointly with the slow down of the economy observed during the last quarter of 2008, will force a rise in office vacancy. With respect to investments

in rental property, Consortio participates mainly in office rental.

A highlight during 2008 was the incorporation of a new building for rentals in the municipal commune of Las Condes in Santiago, consolidating a portfolio of 60,000 m<sup>2</sup>, a large proportion of which is tied to medium and long-term lease contracts, thus permitting the Company to maintain vacancies below market levels.

Driven by a search for new types of property assets, during the previous period, Consortio concluded an innovative project involving the rental of agricultural properties for a total of 1,300 hectares located in the central-southern zone of Chile with long-term contracts.

During the year 2009 we hope to continue consolidating the investments and taking advantage of opportunities that may arise, maintaining our attention focused on a control of the portfolio and its risks.



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# 04

## Financial Statements

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# Consortio Financiero S.A.

CHAIRMAN: Juan Bilbao Hormaeche.

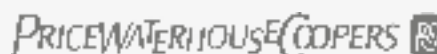
DIRECTORS: Hernán Büchi Buć, José Antonio Garcés Silva, Juan Hurtado Vicuña,  
Eduardo Fernández León, Juan José Mac-Auliffe Granello y Carlos Larraín Peña.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Patricio Parodi Gil.

EXTERNAL AUDITORS: PricewaterhouseCoopers.

# Report of Independent Auditors

*Santiago, February 26, 2009*



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Las Condes  
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To the Shareholders and Board of Directors of  
Consortio Financiero S.A.

We have audited the Balance Sheets of Consortio Financiero S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consortio Financiero S.A. We have not audited the financial statements of the subsidiaries, Compañía de Seguros de Vida Consortio Nacional de Seguros Generales S.A., Compañía de Seguros Generales Consortio Nacional de Seguros S.A., Consortio Tarjetas de Crédito S.A. y Consortio Corredores de Bolsa de Productos S.A. and the affiliate CN Life, Compañía de Seguros de Vida S.A. as of December 31, 2008 and 2007, which have been audited by other auditors whose reports we have given. Our opinion expressed herein, in so far as the investments listed above is concerned, is based solely on such reports.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We consider that our audits provide a reasonable basis for our opinion.

The financial statements as of December 31, 2008 and 2007 have been prepared to reflect the individual financial situation of Consortio Financiero S.A. on the basis of the criteria described in Note 2, before proceeding with its consolidation, line by line, with the financial statements of the subsidiaries listed in Note 4. Consequently, for their adequate understanding, these individual financial statements must be read and analyzed together with the consolidated financial statements of Consortio Financiero S.A. and subsidiaries, required under generally accepted accounting practices.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consortio Corredores de Bolsa S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the year ended on that date, in accordance with accounting principles generally accepted in Chile.

A handwritten signature in dark ink, appearing to read 'Roberto Villanueva B.', is shown above the printed name.

Roberto Villanueva B.  
RUT. 7.060.344-6

# Balance Sheets

*As of december 31, 2008 and 2007*

	2008	2007
ASSETS	ThCh\$	ThCh\$
<b>CURRENT ASSETS</b>		
Cash	138,630	46,507
Investments in fixed income instruments	336,254	24,902,910
Investments in variable income instruments	62,627,170	69,882,992
Accounts receivable from related companies	9,191,333	2,812,898
Tax rebates receivable	2,925,018	2,780,010
Currency futures agreement	-	844,024
Other current assets	16,855	1,304,218
<b>TOTAL CURRENT ASSETS</b>	<b>75.235,260</b>	<b>102.573,559</b>
<b>Net Fixed Assets</b>	<b>1</b>	<b>1</b>
<b>Other Assets</b>		
Investments in related companies	363,203,034	465,131,971
Investments in long terms fixed income	6,364,500	-
Investments in other companies	3,905,627	3,900,568
Goodwill	412,537	-
<b>Total Other Assets</b>	<b>373,885,698</b>	<b>469,032,539</b>
<b>TOTAL ASSETS</b>	<b>449,120,959</b>	<b>571,606,099</b>



# Balance Sheets

*As of december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Bank obligations	24,603,186	15,083,888
Accounts payable	10,818	9,849
Accounts payable to related companies	-	6,449,593
Currency futures agreement	1,879,047	-
Deferred taxes	696,158	1,240,384
Income tax	267	486,476
Sundry debtors	2,380	2,860
Withholdings and provisions	864,389	1,151,931
<b>Total current liabilities</b>	<b>28,056,245</b>	<b>24,424,981</b>
<b>LONG-TERM LIABILITIES</b>		
Bank obligations	34,583,302	46,549,171
Long-term debt	1,446,361	1,758,754
<b>Total long-term liabilities</b>	<b>36,029,663</b>	<b>48,307,925</b>
<b>SHAREHOLDER'S EQUITY</b>		
Paid-in capital	63,870,459	63,870,459
Other provisions	54,874,869	70,194,103
Accumulated net earnings	332,678,631	287,922,673
Net (loss) earnings for the year	(66,388,908)	92,850,154
Interim dividends	-	(15,964,196)
<b>Total SHAREHOLDER'S equity</b>	<b>385,035,051</b>	<b>498,873,193</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>449,120,959</b>	<b>571,606,099</b>

# Income Statement

*For the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>INCOME</b>		
Net earnings from investments in related companies	2,601,560	73,205,653
Income from investments	(5,588,933)	21,063,682
Adjustment of futures agreements	(4,475,636)	2,791,023
Price-level restatement	2,840,145	-
Other income	536,227	465,700
<b>Total income</b>	<b>(4,086,637)</b>	<b>97,526,058</b>
<b>EXPENSES</b>		
Loss from investments in related companies	(61,620,284)	(298,067)
Goodwill amortization	(16,067)	(322,700)
Administration expenses	(260,020)	(388,846)
Price-level restatement	-	(1,435,666)
Financial expenses	(1,652,796)	(1,400,870)
Other expenses	-	(223,114)
<b>Total expenses</b>	<b>(63,549,167)</b>	<b>(4,069,263)</b>
<b>INCOME BEFORE TAX</b>	<b>(67,635,804)</b>	<b>93,456,795</b>
<b>INCOME TAX</b>	<b>1,246,896</b>	<b>(606,641)</b>
<b>NET (LOSS) EARNINGS FOR THE YEAR</b>	<b>(66,388,908)</b>	<b>92,850,154</b>

# Cash Flow Statement

For the years ended on december 31, 2008 and 2007

	2008 ThCh\$	2007 ThCh\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income (expenses) from investments in fixed and variable income instruments	22,396,868	(87,880,609)
Current account transfers with related companies	(12,312,229)	(1,653,545)
Financial expenses	(4,569,485)	(3,876,339)
Financial (expenses) income	(499,560)	713,000
Payment of taxes	(73,260)	(16,003)
Payments to suppliers	(1,251,871)	(1,201,048)
<b>Total positive (negative) cash flow from operating activities</b>	<b>3,690,463</b>	<b>(9,914,544)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Dividends received	29,425,209	52,441,556
Sale of permanent investments	(793,640)	78,760,655
<b>Total positive cash flow from investments activities</b>	<b>28,631,569</b>	<b>131,202,211</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(32,130,000)	(37,344,315)
Associated debts	(98,511)	17,778
<b>Total negative cash flow from financing activities</b>	<b>(32,228,511)</b>	<b>(37,326,537)</b>
<b>NET CASH FLOW FOR THE YEAR</b>	<b>93,521</b>	<b>(38,870)</b>
EFFECT OF INFLATION ON CASH FLOW	(1,398)	(9,744)
VARIATION OF CASH FLOW DURING THE YEAR	92,123	(48,614)
INITIAL BALANCE OF CASH	46,507	95,121
<b>FINAL BALANCE OF CASH</b>	<b>138,630</b>	<b>46,507</b>



# Cash Flow Statement

*For the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>RECONCILIATION OF NET RESULTS WITH OPERATING CASH FLOW</b>		
Net (loss) earnings for the year	(66,388,908)	92,850,154
<b>Charges (credits) not affecting cash flow</b>		
Price-level restatement	(2,840,145)	1,435,666
Adjustments to futures contracts	4,475,636	(2,791,023)
Net loss (profit) on investments in related companies.	59,018,724	(72,907,586)
Earnings from sales of permanent investments	-	(22,336,376)
Goodwill amortization	16,067	322,700
<b>Variation in assets and liabilities</b>		
Decrease (increase) in fixed and variable income investments	27,709,212	(88,649,550)
Net increase (decrease) in current accounts with related companies	(12,567,351)	(1,935,088)
Decrease (increase) in sundry debtors	(759,198)	2,288,935
Decrease (increase) in tax and legal liabilities	(1,320,155)	590,639
Decrease in accounts payable	(3,653,419)	(2,783,015)
<b>Total net positive (negative) cash flow from operating activities</b>	<b>3,690,463</b>	<b>(93,914,544)</b>



# Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A.

CHAIRMAN: Juan Bilbao Hormaeche.

DIRECTORS: Hernán Büchi Buć, José Antonio Garcés Silva, Juan Hurtado Vicuña,  
Eduardo Fernández León, Juan José Mac-Auliffe Granello y Carlos Larraín Peña.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Nicolás Gellona Amunátegui.

EXTERNAL AUDITORS: Ernest & Young Servicios Profesionales de Asesorías y Auditorías Ltda.



## Report of Independent Auditors

*Santiago, february 20, 2009*



Huérfanos 770, 5º piso.  
Santiago, Chile  
Tel: (56-2) 676 1000  
Fax: (56-2) 676 1010  
[www.ey.com/cl](http://www.ey.com/cl)

To the Shareholders and Board of Directors of  
Compañía de Seguros de Vida  
Consorcio Nacional de Seguros S.A.

We have audited the Balance Sheets of Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. Our responsibility is to express an opinion on these financial statements based on our audits. Note N° 33 has not been reviewed by us and therefore it is not covered by this report.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

As mentioned in Note N° 3 of the Financial Statements, the Company has modified the mortality tables in order to value the technical reserves included in the matching system in accordance with General Norm N° 207 and Circular N° 1,857 of the Superintendence of Securities and Insurance.

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Enrique Aceituno A.  
Ernst & Young Ltda.

## Balance Sheets

*As of december 31, 2008 and 2007*

ASSETS	2008 ThCh\$	2007 ThCh\$
<b>Investments</b>	2,425,187,744	2,405,358,540
Financial Investments	1,882,104,321	1,884,054,725
Investments in Real Estate and Similar	421,455,460	400,380,794
Investments Single Investment Account	121,627,963	120,923,021
<b>Premiums receivable</b>	1,040,811	653,206
<b>Reinsurance receivable</b>	454,884	454,923
<b>Other assets</b>	102,540,762	147,474,871
<b>TOTAL ASSETS</b>	<b>2,529,224,201</b>	<b>2,553,941,540</b>

LIABILITIES	2008 ThCh\$	2007 ThCh\$
<b>Technical reserves</b>	2,158,012,941	2,080,897,806
Reserve on Social Security Insurance	1,984,391,416	1,907,715,433
Reserve on Non-Social Security Insurance	173,185,587	172,798,916
Other Reserves	435,938	383,457
<b>Borrowings from financial institutions</b>		
Short term	12,224,492	18,346,156
Long term	25,004,445	18,846,374
<b>Other liabilities</b>	94,852,467	112,606,437
<b>SHAREHOLDER'S equity</b>	239,129,856	323,244,767
<b>TOTAL LIABILITIES</b>	<b>2,529,224,201</b>	<b>2,553,941,540</b>

# Income Statements

For the years ended december 31, 2008 and 2007

	2008 ThCh\$	2007 ThCh\$
Operating income	181,947,556	199,735,845
Net Premium	179,628,596	209,151,545
Adjustment of Reserve on Current Risk and mathematical life	2,318,960	(9,415,700)
Operating expenses	(280,191,087)	(321,275,025)
Claim costs	(232,960,593)	(268,079,093)
Brokerage cost	(14,021,822)	(14,906,548)
Administration cost	(33,208,672)	(38,289,384)
Income from investments	27,313,195	171,797,408
Other income (expenses)	3,215,608	2,278,339
Price-level restatement	2,819,161	1,463,368
Net operating income	(64,895,567)	53,999,935
Non operating income	(7,244)	(61,211)
Income before tax	(64,902,811)	53,938,724
Income tax	8,609,652	(2,729,025)
NET EARNINGS FOR THE YEAR	(56,293,159)	51,209,699

## Cash flow statements

*For the years ended december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>Net Cash Flow from Operations</b>		
Direct premiums	182,961,491	222,695,039
Premiums received	-	(9,836,837)
Premiums ceded	(1,613,776)	(1,436,284)
Pensions and claims paid	(174,000,209)	(169,217,313)
Recovery of reinsured claims	580,576	606,682
Commissions on direct insurance	(10,098,837)	(9,114,511)
Others	94,989	(6,270,885)
Fixed income instruments	19,692,956	7,792,273
Variable income instruments	(7,154,232)	14,540,222
Investments abroad	(115,671)	8,297
Cash flow income from real estate investments	19,720,717	12,102,523
Other income from financial and real estate investments	(8,056,198)	151,233
Cash flow from financial risk hedging operations	(30,343,768)	(2,702,756)
Administration expenses	(39,503,079)	(42,321,374)
Medical expenses	(34,606)	(32,538)
Tax	(13,520,877)	(7,314,242)
<b>TOTAL OPERATING CASH FLOW</b>	<b>(61,390,524)</b>	<b>9,649,529</b>
<b>Net Cash Flow from Investment Activities</b>		
Net cash flow from fixed income instruments	72,186,322	173,782,519
Net cash flow from variable income instruments	43,129,533	(429,676)
Net cash flow from investments abroad	(2,163,891)	(3,515,943)
Net cash flow from purchase and sale of real estate investments	(32,578,498)	(111,102,645)
Net cash flow from other income and expenditure on investment activities	9,916,265	2,090,875
<b>TOTAL INVESTMENT CASH FLOW</b>	<b>90,489,731</b>	<b>60,825,130</b>
<b>Net Cash Flow from Financing Activities</b>		
Dividends	(15,293,150)	(40,557,310)
Loans	(1,232,824)	(2,786,983)
Loans with related companies	2,600,083	(849,004)
Purchase/sale of financial instruments with resale/repurchase agreements	(15,033,827)	(25,904,856)
<b>TOTAL FINANCING CASH FLOW</b>	<b>(28,959,718)</b>	<b>(70,098,153)</b>
Total net positive (negative) cash flow for the period	139,489	376,506
Effect of inflation on cash and cash equivalent	(199,023)	(82,773)
Effect of exchange difference on cash and cash equivalent	102,106	(5,468)
Net variation in cash and cash equivalent	42,572	288,265
Initial balance of cash and cash equivalent	1,872,649	1,584,384
<b>Final Balance of cash and cash equivalent</b>	<b>1,915,221</b>	<b>1,872,649</b>



## Cash Flow Statements, Continued

For the years ended december 31, 2008 and 2007

RECONCILIATION OF NET RESULT WITH OPERATING CASH FLOW	2008 ThCh\$	2007 ThCh\$
Net Earnings for the Year	(56,293,159)	51,209,699
Result from sale of Assets		
(Gain) Loss on sale of fixed assets	(957,326)	(188,132)
(Gain) on sale of investments	(18,214,233)	(19,689,140)
Loss on sale of investments	182,478	-
(Gain) Loss on sale of other fixed assets	(2,768,444)	(2,656,545)
<b>Charges (Credits) not affecting Cash Flows</b>		
Depreciation	2,882,074	2,590,476
Amortization	1,150,198	988,903
Write-offs and Provisions on Assets	1,824	(23,417)
Adjustment of Technical Reserve	(2,318,960)	9,415,701
Provision for Income Tax	(8,609,652)	2,729,025
Price-Level Restatement	(168,791,541)	(126,088,470)
Exchange Difference	165,972,380	124,625,102
Other charges not affecting Cash Flows	(1,219,886)	(1,075,120)
<b>(Increase) Decrease in Assets</b>		
Investments	34,755,626	(106,292,922)
Premiums Receivable	(2,023,600)	(1,083,477)
Reinsurance receivable	30,233	729,800
Rights on Financial Risk Hedging Operations	(30,343,769)	(2,702,757)
Other Assets	(19,290,267)	(17,303,550)
<b>Increase /Decrease) in Liabilities</b>		
Technical Reserves	59,540,960	99,468,462
Borrowings from Financial Institutions	1,164,280	378,627
Debts with Brokers	3,922,985	5,792,038
Other Liabilities	(20,162,725)	(11,174,774)
<b>Total Net Cash Flow from Operating Activities</b>	<b>(61,390,524)</b>	<b>9,649,529</b>

# Consorcio Seguros Generales S.A.

**CHAIRMAN:** Juan Bilbao Hormaeche.

**DIRECTORS:** Hernán Büchi Buć, José Antonio Garcés Silva, Juan Hurtado Vicuña, Eduardo Fernández León, Juan José Mac-Auliffe Granello y Carlos Larraín Peña.

**GENERAL MANAGER / LEGAL REPRESENTATIVE:** Nicolás Gellona Amunátegui.

**EXTERNAL AUDITORS:** Ernest & Young Servicios Profesionales de Asesorías y Auditorías Ltda.

## Report of Independent Auditors

*Santiago, february 20, 2009*



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Santiago, Chile  
Tel: (56-2) 676 1000  
Fax: (56-2) 676 1010  
[www.ey.com/cl](http://www.ey.com/cl)

To the Shareholders and Board of Directors of  
Compañía de Seguros Generales  
Consorcio Nacional de Seguros S.A.

We have audited the Balance Sheets of Compañía de Seguros Generales Consorcio Nacional de Seguros S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Compañía de Seguros Generales Consorcio Nacional de Seguros S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Compañía de Seguros Generales Consorcio Nacional de Seguros S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

A handwritten signature in dark ink, appearing to be 'Enrique Aceituno A.', written over a light blue horizontal line.

Enrique Aceituno A.  
Ernst & Young Ltda.

## Balance Sheets

*As of december 31 of 2008 and 2007*

ASSETS	2008 ThCh\$	2007 ThCh\$
INVESTMENTS	9,799,160	9,021,683
Financial Investments	9,700,096	8,896,497
Real Estate Investments and Others Similar	99,064	125,186
PREMIUMS RECEIVABLE	11,097,138	10,925,681
REINSURANCE RECEIVABLE	566,469	464,382
OTHER ASSETS	1,514,777	921,901
TOTAL ASSETS	22,977,544	21,333,647

LIABILITIES AND SHAREHOLDER'S EQUITY	2008 ThCh\$	2007 ThCh\$
TECHNICAL RESERVES	14,653,547	13,399,662
Current risks	10,064,857	9,525,621
Claims	3,630,626	2,985,805
Reinsurance debt	958,064	888,236
BORROWINGS FROM FINANCIAL INSTITUTIONS	-	-
OTHER LIABILITIES	2,673,446	2,146,757
SHAREHOLDER'S EQUITY	5,650,551	5,787,228
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	22,977,544	21,333,647



# Income Statements

*for the years ended December 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>OPERATING MARGIN</b>	<b>6,160,404</b>	<b>4,421,493</b>
Income from accrued premiums	18,107,945	13,620,695
Net premiums	18,609,964	16,580,841
Adjustment of reserve on current risks	(502,019)	(2,960,146)
Other adjustments on income from accrued premiums	(669,885)	(626,397)
Claim cost	(10,086,409)	(7,584,125)
Result of brokerage	(1,191,247)	(988,680)
<b>ADMINISTRATION COSTS</b>	<b>(5,944,806)</b>	<b>(5,046,965)</b>
<b>OPERATING INCOME</b>	<b>215,598</b>	<b>(625,472)</b>
<b>INCOME FROM INVESTMENTS</b>	<b>259,844</b>	<b>551,366</b>
<b>OTHER INCOME (EXPENSES)</b>	<b>(152,859)</b>	<b>153,698</b>
<b>PRICE-LEVEL RESTATEMENT</b>	<b>139,868</b>	<b>190,843</b>
<b>NET OPERATING INCOME</b>	<b>462,451</b>	<b>270,435</b>
<b>INCOME BEFORE TAX</b>	<b>462,451</b>	<b>270,435</b>
<b>INCOME TAX FOR THE YEAR</b>	<b>(83,033)</b>	<b>(22,488)</b>
<b>NET EARNINGS FOR THE YEAR</b>	<b>379,418</b>	<b>247,947</b>

## Cash Flow Statements

*For the years ended december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>Net Cash Flow from Operations</b>		
Direct premiums	26,093,956	19,981,807
Premiums received	-	-
Premiums ceded	(3,403,855)	(2,789,780)
Pensions and claims paid	(11,172,629)	(8,373,469)
Return of pensions and claims	1,065,117	909,062
Recovery of reinsured claims	267,047	255,478
Commissions on direct insurance	(2,643,856)	(1,473,513)
Others	106	-
Fixed income instruments	46,276	163,095
Variable income instruments	(4,225)	75,424
Administration expenses	(7,176,583)	(4,963,104)
Taxes	(1,846,662)	(1,809,185)
Others	(37,024)	(67)
<b>TOTAL OPERATING CASH FLOW</b>	<b>1,187,668</b>	<b>1,975,748</b>
<b>Net Cash Flow from Investment Activities</b>		
Net cash flow from fixed income instruments	(1,147,004)	(859,381)
Net cash flow from purchase and sale of real estate investments	(23,908)	(40,743)
Net cash flow from other income and expenditure on investment activities	(2,268)	-
<b>TOTAL INVESTMENT CASH FLOW</b>	<b>(1,173,180)</b>	<b>(900,124)</b>
<b>Net Cash Flow from Financing Activities</b>		
Loans	-	(692,012)
<b>TOTAL FINANCING CASH FLOW</b>	<b>-</b>	<b>(692,012)</b>
Total net positive (negative) cash flow for the period	14,488	383,612
Effect of inflation on cash and cash equivalent	(49,251)	(31,185)
Effect of exchange difference on cash and cash equivalent	-	124
Net variation in cash and cash equivalent	(34,763)	352,551
Initial balance of cash and cash equivalent	686,723	334,172
Final Balance of cash and cash equivalent	651,960	686,723

## Cash Flow Statements, Continued

*For the years ended december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>RECONCILIATION OF NET RESULT WITH OPERATING CASH FLOW</b>		
Net Earnings for the Year	379,418	247,947
Result from sale of Assets:	(40,670)	(238,518)
(Gain) on sale of investments	(40,670)	(238,518)
Loss on sale of investments	-	-
<b>Charges (Credits) not affecting Cash Flows</b>	<b>663,594</b>	<b>2,737,293</b>
Depreciation	28,374	34,295
Write-offs and Provisions on Assets	190,036	(88,793)
Adjustment of Technical Reserve	502,019	2,960,146
Provision for Income Tax	83,033	22,488
Price-Level Restatement	(139,868)	(190,843)
<b>(Increase) Decrease in Assets</b>	<b>(141,100)</b>	<b>(2,415,210)</b>
Investments	(177,123)	(74,328)
Debtors on premiums	(440,043)	(2,864,477)
Debtors on reinsurance	513,918	523,595
Other Assets	(37,852)	-
<b>Increase (Decrease) in Liabilities</b>	<b>326,426</b>	<b>1,644,236</b>
Technical Reserves	245,944	375,196
Borrowings from Financial Institutions	-	(4,645)
Debts with Brokers	(398,770)	414,203
Other Liabilities	479,252	859,482
<b>Total Net Cash Flow from Operating Activities</b>	<b>1,187,668</b>	<b>1,975,748</b>

# Consorcio Corredores de Bolsa S.A.

CHAIRMAN: José Miguel Ureta Cardoen.

DIRECTORS: Francisco Javier García Holtz y Francisco Ignacio Ossa Guzmán.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Marcelo Rozas Etcharren.

EXTERNAL AUDITORS: PricewaterhouseCoopers.



## Report of Independent Auditors

*Santiago, february 24, 2009*



RUT.: 81.512.400-1  
Santiago de Chile  
Av. Andrés Bello 2711  
Torre La Costanera - Pisos 2, 3, 4 y 5.  
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Telephone (56) (2) 940 0000  
[www.pwc.cl](http://www.pwc.cl)

To the Shareholders and Board of Directors of  
Consortio Corredores de Bolsa S.A.

We have audited the Balance Sheets of Consortio Corredores de Bolsa S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consortio Corredores de Bolsa S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We consider that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consortio Corredores de Bolsa S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the year ended on that date, in accordance with accounting principles generally accepted in Chile.

A handwritten signature in dark ink, appearing to read 'Roberto Villanueva B.', is shown.

Roberto Villanueva B.  
RUT. 7.060.344-6

## Balance Sheets

*As of december 31, 2008 and 2007*

	2008	2007
ASSETS	ThCh\$	ThCh\$
<b>CURRENT ASSETS</b>		
Cash	697,540	3,136,691
Variable income instruments		
Traded Shares	238,292	2,203,949
<b>Total</b>	<b>238,292</b>	<b>2,203,949</b>
Fixed income instruments		
Issued by the State	130,601	240,573
Issued by financial institutions	4,419,282	7,592,877
Issued by companies	8,593,607	3,605,950
Issued by other companies	698,782	3,256,845
<b>Total</b>	<b>13,842,272</b>	<b>14,696,245</b>
Rights on futures operations		
Rights on purchase agreement instruments	72,311,076	156,571,084
Rights to charge for sale agreements	6,951,737	26,585,678
Rights to charge for futures operations	3,562,124	49,105,091
<b>Total</b>	<b>82,824,937</b>	<b>232,261,853</b>
Debtors from brokerage	3,665,766	72,868,241
Bills and accounts receivable	296,872	177,315
Tax rebates receivable	1,080,274	809,189
Instruments given in guarantee	1,018,956	6,079,424
Advanced expenses	4,944	6,784
<b>Total</b>	<b>6,066,812</b>	<b>79,940,953</b>
<b>Total current assets</b>	<b>103,669,853</b>	<b>332,239,691</b>
<b>FIXED ASSETS</b>		
Equipment and office furniture	94,166	94,167
Accumulated depreciation	(73,743)	(65,375)
<b>Net fixed assets</b>	<b>20,423</b>	<b>28,792</b>
<b>OTHER ASSETS</b>		
Equity shares in stock markets	495,493	464,724
Other assets	13	10
<b>Total other assets</b>	<b>495,506</b>	<b>464,734</b>
<b>TOTAL</b>	<b>104,185,782</b>	<b>332,733,217</b>

	2008	2007
	ThCh\$	ThCh\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Obligations with banks and financial institutions	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
Obligations on futures operations		
Obligations on purchase agreements	72,466,720	156,733,070
Obligations on sales agreements	6,950,802	26,599,570
Obligations on other future operations	3,535,677	49,134,615
<b>Total</b>	<b>82,953,199</b>	<b>232,467,255</b>
Creditors from brokerage	3,660,615	75,461,461
Bills and accounts payable at short term	595,798	1,147,282
Taxes payable	64,109	1,207,186
Provisions and withholdings	51,430	111,810
<b>Total</b>	<b>4,371,952</b>	<b>77,927,739</b>
<b>Total current liabilities</b>	<b>87,325,152</b>	<b>310,394,995</b>
<b>SHAREHOLDER'S EQUITY</b>		
Paid-in capital	10,488,614	10,488,614
Reserve for greater value of shares on stock market	9,182	9,182
Retained earnings	5,783,921	5,677,656
Net earnings for the period	578,913	6,162,770
<b>Total Shareholder's Equity</b>	<b>16,860,630</b>	<b>22,338,222</b>
<b>TOTAL</b>	<b>104,185,782</b>	<b>332,733,217</b>

## Income Statements

*For the years ended on december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>OPERATING REVENUE</b>		
Commissions from stock market operations	1,679,624	3,221,451
Profit on sale of own portfolio	3,847,577	2,300,778
Income from futures operations	3,223,452	4,954,299
Interest and dividends on own portfolio	396,884	565,092
Financial consultancy	-	676,120
Other operating income	1,965,618	1,459,032
<b>TOTAL OPERATING REVENUE</b>	<b>11,113,155</b>	<b>13,176,772</b>
<b>OPERATING EXPENSES</b>		
Commissions and services	210,377	371,323
Loss on lower value of own portfolio	-	22,823
Loss on sale of own portfolio	6,984,116	1,426,626
Expenses on futures operations	394,548	816,441
Financial costs	711	2,972
Administration and selling expenses	1,461,115	1,629,238
Amortization and depreciation	8,418	9,491
Other operating expenses	20,702	292,341
<b>TOTAL OPERATING EXPENSES</b>	<b>9,079,987</b>	<b>4,571,255</b>
<b>NET OPERATING INCOME</b>	<b>2,033,168</b>	<b>8,605,517</b>
<b>NON-OPERATING INCOME</b>		
Profit from permanent investment	113,842	120,778
Other non-operating income	6	42
<b>NON-OPERATING INCOME</b>	<b>113,848</b>	<b>120,820</b>
<b>TOTAL NON-OPERATING INCOME</b>	<b>113,848</b>	<b>120,820</b>
<b>NET INCOME BEFORE PRICE-LEVEL RESTATEMENT</b>	<b>2,147,016</b>	<b>8,726,337</b>
Price-level restatement	(1,498,872)	(1,390,908)
Exchange Difference	10	-
<b>NET INCOME BEFORE TAX</b>	<b>648,154</b>	<b>7,335,429</b>
<b>INCOME TAX</b>	<b>(69,241)</b>	<b>(1,172,659)</b>
<b>NET EARNINGS FOR THE YEAR</b>	<b>578,913</b>	<b>6,162,770</b>



# Cash Flow Statements

For the years ended on december 31, 2008 and 2007

	2008 ThCh\$	2007 ThCh\$
<b>NET CASH FLOW FROM OPERATIONS</b>		
Net commissions	1,679,624	3,120,565
Net Income (Expenses) on behalf of clients	(5,550,001)	(1,284,807)
Net Income (Expenses) on own portfolio operations	469,716	(1,921,839)
Net Income (Expenses) on futures operations	10,928,494	7,228,375
Administration and selling expenses paid	(2,017,298)	(1,797,629)
Financial costs paid	(342)	(3,134)
Taxes paid	(1,896,012)	(1,055,072)
<b>Net cash flow from operating activities</b>	<b>3,614,181</b>	<b>4,286,459</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans from related parties	16,615,100	631,457
Dividends paid	(6,056,505)	(2,780,004)
Payment of loans from related parties	(16,620,019)	(631,592)
<b>Net cash flow from financing activities</b>	<b>(6,061,424)</b>	<b>(2,780,139)</b>
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Dividends and other income from investments in other companies	82,816	111,783
<b>Net cash flow from investment activities</b>	<b>82,816</b>	<b>111,783</b>
<b>NET POSITIVE (NEGATIVE) CASH FLOW FOR THE YEAR</b>	<b>(2,364,427)</b>	<b>1,618,103</b>
EFFECT OF INFLATION ON CASH	(74,724)	(73,400)
NET VARIATION IN CASH	(2,439,151)	1,544,703
INITIAL BALANCE OF CASH	3,136,691	1,591,988
<b>FINAL BALANCE OF CASH</b>	<b>697,540</b>	<b>3,136,691</b>

# Cash Flow Statement

*For the years ended on december 31, 2008 and 2007*

RECONCILIATION OF THE NET RESULT WITH THE NET	2008	2007
OPERATING CASH FLOW	ThCh\$	ThCh\$
Net earnings for the year	578,913	6,162,770
Charges (credits) to results not affecting cash flow		
Depreciation and amortization	8,418	9,491
Provisions for losses on operating assets	6,849,277	22,823
Result of price-level restatement and exchange differences	1,498,862	1,390,908
Other charges (credits) that do not represent cash flow	(113,842)	1,011,240
(Increase) decrease in assets that affect the operating cash flow		
Accounts receivable from clients	(5,938,467)	(3,107,381)
Rights on futures operations	(12,555,239)	(8,243,436)
Investment portfolio	1,647,104	(4,971,311)
Other assets	(1,965,624)	(2,135,194)
Increase (decrease) in liabilities that affect the operating cash flow		
Accounts payable on brokerage, own portfolio and other services		
Obligations on futures operations	(5,214,017)	582,057
Accounts payable on administration and sales	20,789,669	12,726,691
Interest payable	(483,625)	173,881
Taxes payable	369	(162)
Net positive cash flow from operations	(1,487,617)	664,082
Net positive cash flow from operating activities	3,614,181	4,286,459



# Consorcio Corredores de Bolsa de Productos S.A.

CHAIRMAN: Beatriz Godoy Palma.

DIRECTORS: Christian Unger Vergara y Hermann Tisi Urbina.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Carla Brusoni Silvani.

EXTERNAL AUDITORS: Ernest & Young Servicios Profesionales de Asesorías y Auditorías Ltda.



## Report of Independent Auditors

*Santiago, february 20, 2009*



Huérfanos 770, 5º piso.  
Santiago, Chile  
Tel: (56-2) 676 1000  
Fax: (56-2) 676 1010  
Casilla 2823

To the Shareholders and Board of Directors of  
Consortio Corredores de Bolsa de Productos S.A.

We have audited the Balance Sheets of Consortio Corredores de Bolsa de Productos S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consortio Corredores de Bolsa de Productos S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consortio Corredores de Bolsa de Productos S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

A handwritten signature in dark ink, consisting of several loops and a long horizontal stroke at the bottom.

Enrique Aceituno A.  
Ernst & Young Ltda.

## Balance Sheets

*as of december 31, 2008 and 2007*

ASSETS	2008	2007
	ThCh\$	ThCh\$
<b>CURRENT ASSETS</b>		
Cash	8,312	14,489
Negotiable Instruments:		
Fixed income and other negotiable instruments	527,155	65,426
<b>Total</b>	<b>527,155</b>	<b>65,426</b>
Rights on futures operations on the stock market:		
Rights on sale agreement instruments	528,132	65,386
<b>Total</b>	<b>528,132</b>	<b>65,386</b>
Contracts on agricultural products	-	486,383
Tax rebates receivable	7,082	5,039
Pre-paid expenses	1,872	1,530
<b>Total</b>	<b>8,954</b>	<b>492,952</b>
<b>Total current assets</b>	<b>1,072,553</b>	<b>638,253</b>
<b>FIXED ASSETS</b>		
Equipment and office furniture	1,117	1,117
Accumulated depreciation	(1,025)	(671)
<b>Net fixed assets</b>	<b>92</b>	<b>446</b>
<b>OTHER ASSETS</b>		
Equity shares in stock markets	58,856	51,756
Other assets	32,341	43,314
<b>Total other assets</b>	<b>91,197</b>	<b>95,070</b>
<b>TOTAL</b>	<b>1,163,842</b>	<b>733,769</b>

	2008	2007
	ThCh\$	ThCh\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Obligations on futures operations		
Obligations on sale agreements	528,167	65,426
<b>Total</b>	<b>528,167</b>	<b>65,426</b>
Bills and accounts payable at short term	2,361	5,584
<b>Total</b>	<b>2,361</b>	<b>5,584</b>
<b>Total current liabilities</b>	<b>530,528</b>	<b>71,010</b>
<b>SHAREHOLDER'S EQUITY</b>		
Paid-in capital	724,333	724,333
Accumulated losses	(61,574)	(25,716)
Net loss for the year	(29,445)	(35,858)
<b>Total Shareholder's Equity</b>	<b>633,314</b>	<b>662,759</b>
<b>TOTAL</b>	<b>1,163,842</b>	<b>733,769</b>

## Income Statements

*For the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
OPERATING REVENUE		
Commissions from stock market operations	10,773	5,949
Income from interest on own portfolio of products	3,638	4,446
Other operating income	5,286	20,757
<b>TOTAL OPERATING REVENUE</b>	<b>19,697</b>	<b>31,152</b>
OPERATING EXPENSES		
Commissions and services	20,545	20,505
Loss on lower value of own portfolio of products	1,012	-
Administration and selling expenses	9,581	10,404
Amortization and depreciation	13,555	13,488
<b>TOTAL OPERATING EXPENSES</b>	<b>44,693</b>	<b>44,397</b>
NET OPERATING INCOME	(24,996)	(13,245)
NON-OPERATING INCOME		
Income from interest and dividends from our own investment portfolio	173	4,821
Profit from permanent investment	7,106	2,459
Other non-operating income	313	-
<b>TOTAL NON- OPERATING INCOME</b>	<b>7,592</b>	<b>7,280</b>
NON OPERATING EXPENSES		
Expenses on futures operation on the stock market	9,048	10,220
<b>TOTAL NON OPERATING EXPENSES</b>	<b>9,048</b>	<b>10,220</b>
NON OPERATING LOSS	(1,456)	(2,940)
LOSS BEFORE PRICE-LEVEL RESTATEMENT	(26,452)	(16,185)
Price-level Restatement	(5,155)	(24,721)
LOSS BEFORE INCOME TAX	(31,607)	(40,906)
INCOME TAX	2,162	5,048
<b>NET LOSS FOR THE YEAR</b>	<b>(29,445)</b>	<b>(35,858)</b>



## Cash Flow Statements

*For the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
NET CASH FLOW FROM OPERATIONS		
Net commissions received on brokerage of products	10,448	5,949
Net Income (Expenses) on behalf of clients	2,031	173,639
Net Income (Expenses) on own portfolio operations	487,863	(260,410)
Administration and selling expenses paid	(37,556)	(30,930)
Taxes paid	362	(408)
<b>Net positive (negative) cash flow from operations</b>	<b>463,148</b>	<b>(112,160)</b>
NET CASH FLOW FROM FINANCING ACTIVITIES		
Increases in capital	-	-
Loans received	-	-
Loans from related parties	-	-
Dividends paid	-	-
Payment of loans from related parties	-	-
<b>Net positive (negative) cash flow from financing activities</b>	<b>-</b>	<b>-</b>
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Net income (expenses) from operations of our own securities portfolio		
Net income (expenses) from futures operations on the stock exchange.	(468,271)	102,978
<b>Net positive (negative) cash flow from investment activities</b>	<b>(468,271)</b>	<b>102,978</b>
<b>NET NEGATIVE CASH FLOW FOR THE YEAR</b>	<b>(5,123)</b>	<b>(9,182)</b>
<b>EFFECT OF INFLATION ON CASH</b>	<b>(1,054)</b>	<b>(2,134)</b>
<b>NET VARIATION IN CASH</b>	<b>(6,177)</b>	<b>(11,316)</b>
<b>INITIAL BALANCE OF CASH</b>	<b>14,489</b>	<b>25,805</b>
<b>FINAL BALANCE OF CASH</b>	<b>8,312</b>	<b>14,489</b>

## Cash Flow Statement

*For the years ended on december 31, 2008 and 2007*

RECONCILIATION OF THE NET RESULT WITH THE NET	2008	2007
OPERATING CASH FLOW	ThCh\$	ThCh\$
Net loss for the year	(29,445)	(35,858)
Charges (credits) to results not affecting cash flow		
Amortizations and depreciation	13,555	13,488
Provisions for losses	1,012	-
Result of price-level restatement and exchange differences	5,155	24,721
Other charges (credits) that do not represent cash flow	(7,106)	(2,459)
(Increase) decrease in assets that affect the operating cash flow		
Accounts receivable from clients	(175)	172,830
Rights on futures operations	-	5,394
Investment portfolio	(173)	(2,772,836)
Other assets	(5,599)	(20,757)
Increase (decrease) in liabilities that affect the operating cash flow		
Accounts payable on brokerage, own portfolio and other services	504,444	2,523,662
Obligations on futures operations	9,048	4,826
Accounts payable on administration and sales	(24,398)	(17,532)
Taxes payable	(3,170)	(7,639)
<b>Net positive (negative) cash flow from operating activities</b>	<b>463,148</b>	<b>(112,160)</b>



# Consortio S.A.

## Administradora General de Fondos

CHAIRMAN: Jaime de la Barra Jara.

DIRECTORS: Jimena Llosa Bustamante, Matías Rodríguez Arnal, Rodrigo Barros Camacho y Jaime Martí Fernández.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Matías Carvajal Calderón.

EXTERNAL AUDITORS: Ernest & Young Servicios Profesionales de Asesorías y Auditorías Ltda.



## Report of Independent Auditors

*Santiago, february 6, 2009*



Huérfanos 770, 5º piso.  
Santiago, Chile  
Tel: (56-2) 676 1000  
Fax: (56-2) 676 1010  
[www.ey.com/cl](http://www.ey.com/cl)

To the Shareholders and Board of Directors of  
Consortio S.A. Administradora General de Fondos

We have audited the Balance Sheets of Consortio S.A. Administradora General de Fondos as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consortio S.A. Administradora General de Fondos. Our responsibility is to express an opinion on these financial statements based on our audits. The Ratio Analysis and the Significant Events attached hereto do not form an integral part of these financial statements and therefore are not covered by this report.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consortio S.A. Administradora General de Fondos as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

A handwritten signature in dark ink, appearing to read 'Juan Pablo Hess I.', written over a light blue horizontal line.

Juan Pablo Hess I.  
Ernst & Young Ltda .

## Balance Sheets

*Balance Sheets as of december 31, 2008 and 2007*

	2008	2007
ASSETS	ThCh\$	ThCh\$
Current Assets		
Cash	230,915	516,374
Negotiable instruments	1,329,567	4,393,296
Sales debtors	299,656	733,898
Sundry debtors	25,594	1,638
Bills and accounts receivable from related companies	4,219,440	3,032,427
Tax rebates receivable	227,584	273,459
Pre-paid expenses	401	1,480
Deferred taxes	1,175	1,430
<b>Total current assets</b>	<b>6,334,332</b>	<b>8,954,002</b>
Fixed Assets		
Furniture and fittings	151,373	137,919
Other fixed assets	405,091	410,791
Accumulated depreciation	(506,524)	(477,780)
<b>Total net fixed assets</b>	<b>49,940</b>	<b>70,930</b>
Other assets		
Others	-	-
<b>Total other assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>6,384,272</b>	<b>9,024,932</b>

	2008	2007
	ThCh\$	ThCh\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Dividends payable		
Accounts payable	1,885	688
Bills and accounts payable to related companies	806,076	1,362,111
Provisions	199,356	1,135,027
Withholdings	339,388	374,198
Income tax	19,695	20,932
Deferred taxes	-	288,583
<b>Other current liabilities</b>	<b>1,366,400</b>	<b>3,181,539</b>
Shareholder's Equity		
Paid-in Capital	3,104,178	3,104,178
Overprice on share issue	10,363	10,363
Accumulated income	1,386,951	292,922
Net earnings in the year	516,380	2,435,930
<b>Total Shareholder's equity</b>	<b>5,017,872</b>	<b>5,843,393</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>6,384,272</b>	<b>9,024,932</b>

## Income Statements

*For the years ended on december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
Operating income		
Operating income	5,968,623	10,423,997
Operating expenses	(582,330)	(894,198)
Operating margin	5,386,293	9,529,799
Administration and sales expenses	(4,383,253)	(6,447,823)
<b>Operating income</b>	<b>1,003,040</b>	<b>3,081,976</b>
Non-operating income		
Financial income	25,170	300,609
Other non operating income	3,742	2,952
Financial expenses	-	-
Other non operating expenses	(10,648)	(25,057)
Price-level restatement	(406,532)	(437,439)
<b>Non-operating income</b>	<b>(388,268)</b>	<b>(158,935)</b>
Income before tax	614,772	2,923,041
Income tax	(98,392)	(487,111)
<b>Net earnings for the period</b>	<b>516,380</b>	<b>2,435,930</b>

# Cash Flow Statements

For the years ended on december 31, 2008 and 2007

	2008 ThCh\$	2007 ThCh\$
<b>Net cash flow from operating activities</b>		
Net earnings in the period	516,380	2,435,930
Debits (credits) not representing cash flow		
Depreciation for the period	28,743	10,810
Price-level restatement	406,532	437,439
Write-offs and provisions	24,101	-
Variation in assets affecting cash flow		
(Increase) decrease of sales debtors	388,455	218,842
(Increase) decrease of other assets	(251,674)	(217,216)
Variation in liabilities affecting cash flow		
Increase (decrease) of accounts payable related to operating income	(1,440,424)	1,036,445
<b>Total operating cash flow</b>	<b>(327,887)</b>	<b>3,922,250</b>
<b>Cash flow from investment activities</b>		
Purchase of fixed assets (less)	(7,753)	(79,066)
Investments in financial instruments	(382,431)	-
Sale of other investments	-	650,069
Other loans to related companies (less)	(1,495,802)	(142,428)
<b>Total investment cash flow</b>	<b>(1,885,986)</b>	<b>428,575</b>
<b>Cash flow from financial activities</b>		
Dividends paid	(1,341,901)	(668,857)
<b>Total financing cash flow</b>	<b>(1,341,901)</b>	<b>(668,857)</b>
Total net cash flow in the period	(3,555,774)	3,681,968
Effect of inflation on cash and cash equivalent	(147,210)	(261,928)
Variation in cash and cash equivalent in the period	(3,702,984)	3,420,040
Initial balance of cash and cash equivalent	4,900,503	1,480,463
Final balance of cash and cash equivalent	1,197,519	4,900,503



# Consorcio Créditos Hipotecarios S.A.

CHAIRMAN: Nicolás Gellona Amunátegui.

DIRECTORS: Patricio Parodi Gil, Marcelo Rozas Etcharren y Francisco Javier García Holtz.

GENERAL MANAGER / LEGAL REPRESENTATIVE: Francisco Ignacio Ossa Guzmán.

EXTERNAL AUDITORS: PricewaterhouseCoopers.

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# Report of Independent Auditors

santiago, february 26, 2009



RUT.: 81.512.400-1  
Santiago de Chile  
Av. Andrés Bello 2711  
Torre La Costanera - Pisos 2, 3, 4 y 5.  
Las Condes  
Telephone (56) (2) 940 0000  
[www.pwc.cl](http://www.pwc.cl)

To the Shareholders and Board of Directors of  
Consortio Créditos Hipotecarios S.A.

We have audited the Balance Sheets of Consortio Créditos Hipotecarios S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consortio Créditos Hipotecarios S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We consider that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consortio Créditos Hipotecarios S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the year ended on that date, in accordance with accounting principles generally accepted in Chile.

A handwritten signature in dark ink, appearing to read 'Roberto Villanueva B.', is shown.

Roberto Villanueva B.  
RUT. 7.060.344-6

# Balance Sheet

*as of december 31, 2008 and 2007*

	2008	2007
ASSETS	ThCh\$	ThCh\$
<b>CURRENT ASSETS</b>		
Cash	504,383	295,313
Mortgage loans	1,942,926	8,336,590
Other investments	-	762,704
Bills (accounts) receivable	134,591	120,455
Sundry debtors	142,095	46,942
Tax rebates receivable	-	19,929
Pre-paid expenses	3,354	7,698
Deferred taxes	61,303	56,800
Mortgage loans in process of registration	16,802,592	10,487,286
<b>Total current assets</b>	<b>19,591,244</b>	<b>20,133,717</b>
<b>FIXED ASSETS</b>		
Furniture and office equipment	23,405	28,942
Computer equipment	10,947	20,376
<b>Total net fixed assets</b>	<b>34,352</b>	<b>49,318</b>
<b>OTHER ASSETS</b>		
Investments in other companies	1,405	1,405
Software, licenses and rights	-	36,277
<b>Total other assets</b>	<b>1,405</b>	<b>37,682</b>
<b>TOTAL ASSETS</b>	<b>19,627,001</b>	<b>20,220,717</b>

	2008 ThCh\$	2007 ThCh\$
<b>CURRENT LIABILITIES</b>		
Mortgage loans payable	348,179	1,531,058
Short term borrowings from related parties	100,773	1,484,930
Sundry creditors	842,819	800,954
Provisions – short term	47,950	89,643
Withholdings	19,170	39,654
Income tax	116,994	-
Mortgage loans payable in process of registration	13,517,800	12,654,179
<b>Total current liabilities</b>	<b>14,993,685</b>	<b>16,600,418</b>
<b>LONG-TERM LIABILITIES</b>		
Provisions on pre-payments	326,386	301,982
<b>Total long-term liabilities</b>	<b>326,386</b>	<b>301,982</b>
<b>SHAREHOLDER'S EQUITY</b>		
Paid-in capital	2,213,122	2,213,122
Accumulated income	1,105,195	854,377
Net earnings for the year	988,613	250,818
<b>Total shareholder's equity</b>	<b>4,306,930</b>	<b>3,318,317</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>19,627,001</b>	<b>20,220,717</b>

# Income Statement

*for the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>		
Income from administration of third-party portfolio	470,122	333,542
Income from prepayments and releases	220,559	308,930
Income from endorsement of mortgage loans	908,852	474,944
Interest on mortgage loan	680,466	534,198
Other income	79,811	85,749
<b>TOTAL OPERATING INCOME</b>	<b>2,359,810</b>	<b>1,737,363</b>
<b>TOTAL OPERATING COSTS</b>	<b>(51,193)</b>	<b>(93,347)</b>
<b>OPERATING MARGIN</b>	<b>2,308,617</b>	<b>1,644,016</b>
<b>ADMINISTRATION AND SALES EXPENSES:</b>		
Remunerations	(835,163)	(970,936)
Others	(497,160)	(431,405)
<b>TOTAL ADMINISTRATION AND SALES EXPENSES</b>	<b>(1,332,323)</b>	<b>(1,402,341)</b>
<b>OPERATING INCOME</b>	<b>976,294</b>	<b>241,675</b>
<b>NON-OPERATING INCOME</b>		
Other non-operating income	189,576	57,998
Financial income	26,776	21,866
Price-level restatement	2,445	(20,580)
Financial expenses	-	(65)
Other expenses	(1,596)	(4,843)
<b>TOTAL NON-OPERATING INCOME</b>	<b>217,201</b>	<b>54,376</b>
<b>INCOME BEFORE TAX</b>	<b>1,193,495</b>	<b>296,051</b>
<b>INCOME TAX</b>	<b>(204,882)</b>	<b>(45,233)</b>
<b>NET EARNINGS FOR THE YEAR</b>	<b>988,613</b>	<b>250,818</b>



# Cash Flow Statement

for the years ended on december 31, 2008 and 2007

	2008 ThCh\$	2007 ThCh\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Sale of mortgage notes to insurance companies	55,104,281	52,333,794
Pre-payments received	13,660,951	14,582,356
Dividends collected on own portfolio	1,103,624	769,443
Commission from administration of portfolio	468,525	333,602
Other operating income	219,960	85,702
Complementary mortgage loans	115,589	-
Payment to salesmen of mortgage notes derived from loans granted	(54,184,095)	(45,053,036)
Prepayments cancelled	(14,142,612)	(22,707,035)
Collection from third parties	(1,494,269)	1,274,875
Payment of administration expenses	(1,118,329)	(1,048,857)
Taxes	(120,343)	(157,937)
Operating costs	(81,908)	(84,967)
Complementary credits cancelled	(48,197)	166,065
Commission on administration of insurance policies	-	27,399
<b>Total net operating cash flow</b>	<b>(516,823)</b>	<b>521,404</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Other loans received from related companies	59,626,818	34,040,365
Payment of other loans from related companies	(59,732,330)	(34,105,387)
<b>Total net financing cash flow</b>	<b>(105,512)</b>	<b>(65,022)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Dividends and other income from investments in other companies	-	14,673
Purchase of fixed assets	(1,057)	(7,386)
<b>Total net investment cash flow</b>	<b>(1,057)</b>	<b>7,287</b>
<b>Total net cash flow</b>	<b>(623,392)</b>	<b>463,669</b>
Effect of inflation on cash and cash equivalent	(57,630)	(37,295)
Effect of exchange difference on cash and cash equivalent	127,388	11,515
Net variation in cash	(553,634)	437,889
Initial cash balance	1,058,017	620,128
<b>FINAL BALANCE OF CASH</b>	<b>504,383</b>	<b>1,058,017</b>

RECONCILIATION OF NET RESULTS WITH OPERATING CASH FLOW	2008	2007
	ThCh\$	ThCh\$
Net earnings for the year	988,613	250,818
Charges (credits) to income that do not represent cash flow		
Depreciation for the period	15,929	20,209
Amortization of intangible assets	36,857	53,081
Provisions and write-offs	16,258	190,406
Price-level restatement	(2,445)	20,580
Profit on sale of investments	-	(14,673)
Variation in assets that affect cash flow		
Decrease in negotiable mortgage notes	54,195,429	51,858,850
Decrease in pre prepayments received	13,440,392	14,273,426
(Increase) decrease in accounts receivable	(1,597)	62
Reduction in other assets	346,943	249,337
Variation in liabilities that affect cash flow		
Decrease in mortgage notes payable	(54,184,095)	(45,053,036)
Decrease in prepayments cancelled	(14,142,612)	(22,707,035)
Decrease (increase) in operating accounts payable	(1,704,187)	1,070,524
Increase in administration accounts payable	311,733	247,556
Increase (decrease) in taxes payable	84,538	(112,704)
Increase in other accounts payable	81,421	174,003
<b>TOTAL NET OPERATING CASH FLOW</b>	<b>(516,823)</b>	<b>521,404</b>



# Consorcio Tarjetas de Crédito S.A.

**CHAIRMAN:** Juan Bilbao Hormaeche.

**DIRECTORS:** Hernán Büchi Buć, José Antonio Garcés Silva, Juan Hurtado Vicuña,  
Eduardo Fernández León, Juan José Mac-Auliffe Granello y Carlos Larraín Peña.

**GENERAL MANAGER / LEGAL REPRESENTATIVE:** Francisco Ignacio Ossa Guzmán.

**EXTERNAL AUDITORS:** Ernst & Young Servicios Profesionales de Asesorías y Auditorías Ltda.

## Report of Independent Auditors

*Santiago, January 26, 2009*



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To the Shareholders and Board of Directors of  
Consorcio Tarjetas de Crédito S.A.

We have audited the Balance Sheets of Consorcio Tarjetas de Crédito S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of Consorcio Tarjetas de Crédito S.A. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of Consorcio Tarjetas de Crédito S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

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Enrique Aceituno A.  
Ernst & Young Ltda.



## Balance Sheet

*as of december 31, 2008 and 2007*

	2008	2007
ASSETS	ThCh\$	ThCh\$
<b>CURRENT ASSETS</b>		
Cash	154,612	93,348
Securities	4	0
Bills and accounts receivable	1,112,830	907,158
Tax rebates receivable	212,739	242,352
Other current assets	139,589	107,249
<b>Total Current Assets</b>	<b>1,619,774</b>	<b>1,350,107</b>
<b>BILLS AND ACCOUNTS RECEIVABLE OVER ONE YEAR</b>		
Bills and accounts receivable	44,041	63,830
<b>Total bills and accounts receivable at terms of over one year</b>	<b>44,041</b>	<b>63,830</b>
<b>FIXED ASSETS</b>		
Real estate	0	3,580,492
Computer equipment	1,969	0
Furniture and office equipment	20,356	107,007
<b>Subtotal</b>	<b>22,325</b>	<b>3,687,499</b>
<b>Less: Accumulated depreciation</b>	<b>7,142</b>	<b>18,670</b>
<b>Total Fixed Assets</b>	<b>15,183</b>	<b>3,668,829</b>
<b>OTHER ASSETS</b>		
Real estate and movable	3,665,280	0
<b>Less: Accumulated depreciation</b>	<b>(106,670)</b>	<b>0</b>
Deferred taxes	256,231	231,826
<b>TOTAL OTHER ASSETS</b>	<b>3,814,841</b>	<b>231,826</b>
<b>TOTAL ASSETS</b>	<b>5,493,839</b>	<b>5,314,592</b>

	2008	2007
	ThCh\$	ThCh\$
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Bills and accounts payable	81,336	68,008
Bills and accounts payable to related companies	1,955,175	1,363,521
Withholdings	1,398	2,975
Other current liabilities	60,279	365,339
<b>Total Current Liabilities</b>	<b>2,098,188</b>	<b>1,799,843</b>
<b>SHAREHOLDER'S EQUITY</b>		
Paid-in Capital	4,641,737	4,641,737
Accumulated losses	(1,126,988)	(864,395)
Net loss for the year	(119,098)	(262,593)
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>3,395,651</b>	<b>3,514,749</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>5,493,839</b>	<b>5,314,592</b>

# Statement of Income

*for the years ended on december 31, 2008 and 2007*

	2008	2007
	ThCh\$	ThCh\$
<b>OPERATING INCOME</b>		
Operating Income		
Commissions	76,934	60,823
Interests	227,913	155,781
Other incomes	6,296	6,645
<b>Total operating revenues</b>	<b>311,143</b>	<b>223,249</b>
Operating expenses		
Advertising	(11,613)	(17,413)
Sales remunerations, commissions and fees	(68,819)	(111,797)
Rentals and other administrative expenses	(386,982)	(302,446)
Provisions and write-offs	(135,828)	(86,876)
Depreciations	(2,446)	(9,150)
<b>Total operating expenses</b>	<b>(605,688)</b>	<b>(527,682)</b>
<b>Operating margin</b>	<b>(294,545)</b>	<b>(304,433)</b>
<b>NON OPERATING RESULT</b>		
Non operating income		
Financial income	121,028	2,541
Other non operating income	100,391	57,139
<b>Total non operating expenses</b>	<b>221,419</b>	<b>59,680</b>
Price-level Restatement	(70,377)	(75,779)
Result before income tax	(143,503)	(320,532)
Income tax	24,405	57,939
<b>LOSS FOR THE YEAR</b>	<b>(119,098)</b>	<b>(262,593)</b>

## Cash Flow Statement

for the periods commencing on january 1 and ending on december 31, 2008 and 2007

	2008	2007
	ThCh\$	ThCh\$
<b>Cash Flow from Operations</b>		
Commissions and interest received from clients	302,627	227,259
Income for account of clients	1,970,441	1,555,494
Payments to commercial establishments	(2,476,408)	(1,956,681)
Taxes paid	(20,723)	(29,167)
Tax rebates receivable	0	(185,521)
Commissions paid	(66,020)	(111,690)
Administration and selling expenses	(335,005)	(281,529)
Other operating disbursements	101,642	(17,230)
<b>Net Cash Flow from Operations</b>	<b>(523,446)</b>	<b>(799,065)</b>
<b>Cash Flow from Investment Activities</b>		
Investments in financial instruments	0	2,333,186
Purchase of investments	(307,558)	(2,975,806)
Sale of other investments	68,992	0
Other income from investments	191,034	14,569
<b>Net Cash Flow from Investment Activities</b>	<b>(47,532)</b>	<b>(628,051)</b>
<b>Net Cash Flow from Financing Activities</b>		
Loans from related companies	632,512	1,364,075
<b>Cash Flow from Financing Activities</b>	<b>632,512</b>	<b>1,364,075</b>
Total net cash flow for the period	61,534	(63,041)
Effect of inflation on cash and cash equivalent	(15,848)	(6,779)
Effect of exchange difference on cash and cash equivalent	15,578	(895)
<b>Net variation in cash and cash equivalent</b>	<b>61,264</b>	<b>(70,715)</b>
Initial balance of cash and cash equivalent	93,348	164,063
<b>Final Balance of cash and cash equivalent</b>	<b>154,612</b>	<b>93,348</b>

## Cash Flow Statement, Continued

*Reconciliation of the Operating Cash Flow with the Net Result for the Year*

RECONCILIATION OF OPERATING CASH FLOW	2008	2007
WITH THE RESULT FOR THE YEAR	ThCh\$	ThCh\$
Net loss for the year	(119,098)	(262,593)
Result from the sale of assets		
Gain from sale of investments	(68,992)	(2,541)
Charges (Credits) not affecting Cash Flows		
Deferred taxes	(24,405)	(57,939)
Depreciation for the year	2,446	9,150
Depreciation on investments for the year	92,644	-
Price-Level Restatement	70,377	75,779
Write-offs and provisions	135,828	86,876
Variation in assets and liabilities that affect cash flows		
(Increase) Decrease in sales debtors	23,342	8,073
(Increase) Decrease in debtors from purchases	1,896,224	1,356,075
(Increase) Decrease in other accounts receivable not related to results	101,641	(18,057)
(Increase) Decrease in investments	(245,070)	(30,154)
(Increase) Decrease in VAT	66,314	(134,802)
Increase (Decrease) in accounts payable	(105,219)	114,288
Increase (Decrease) in accounts payable not related to results	(2,349,478)	(1,943,220)
Total Net Cash Flow from Operating Activities	(523,446)	(799,065)





# CN Life Compañía de Seguros de Vida S.A.

**CHAIRMAN:** Juan Bilbao Hormaeche.

**DIRECTORS:** Hernán Büchi Buć, José Antonio Garcés Silva, Juan Hurtado Vicuña,  
Eduardo Fernández León, Juan José Mac-Auliffe Granello y Carlos Larraín Peña.

**GENERAL MANAGER / LEGAL REPRESENTATIVE:** Nicolás Gellona Amunátegui.

**EXTERNAL AUDITORS:** Ernest & Young Servicios Profesionales de Asesorías y Auditorías Ltda.

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## Report of Independent Auditors

*santiago, february 20, 2009*



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Torre La Costanera - Pisos 2, 3, 4 y 5.  
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To the Shareholders and Board of Directors of  
CN Life Compañía de Seguros de Vida S.A.

We have audited the Balance Sheets of CN Life Compañía de Seguros de Vida S.A. as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years ended on those dates. The preparation of these financial statements (which include their corresponding notes) is the responsibility of the management of CN Life Compañía de Seguros de Vida S.A. Our responsibility is to express an opinion on these financial statements based on our audits. Note N° 30 has not been reviewed by us and therefore it is not covered by this report.

We conducted our audits in accordance with accounting standards generally accepted in Chile. Those standards require that we plan and perform our work to obtain reasonable assurance that the financial statements are free of any significant errors. An audit comprises the examination, on a test basis, of evidence that supports the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to herein present fairly, in all their significant aspects, the financial position of CN Life Compañía de Seguros de Vida S.A. as of December 31, 2008 and 2007 and the results of its operations and the cash flows for the years ended on those dates, in accordance with accounting principles generally accepted in Chile and the norms imparted by the Superintendence of Securities and Insurance.

As mentioned in Note N° 3 of the Financial Statements, the Company has modified the mortality tables in order to value the technical reserves included in the matching system in accordance with General Norm N° 207 and Circular N° 1,857 of the Superintendence of Securities and Insurance.

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Enrique Aceituno A.  
Ernst & Young Ltda.

## Balance Sheets

*As of december 31 of 2008 and 2007*

ASSETS	2008 ThCh\$	2007 ThCh\$
<b>INVESTMENTS</b>	355,189,816	374,274,531
Financial Investments	344,505,903	373,681,480
Real Estate Investments and Others Similar	10,683,913	593,051
<b>PREMIUMS RECEIVABLE</b>	78,192	42,022
<b>REINSURANCE RECEIVABLE</b>	6,661	6,474
<b>OTHER ASSETS</b>	10,092,712	6,347,993
<b>TOTAL ASSETS</b>	<b>365,367,381</b>	<b>380,671,020</b>

LIABILITIES AND SHAREHOLDER'S EQUITY	2008 ThCh\$	2007 ThCh\$
<b>TECHNICAL RESERVES</b>	305,505,457	313,174,142
Reserve on Social Security Insurance	302,576,360	310,324,780
Reserve on Non-Social Security Insurance	2,798,877	2,630,539
Additional Reserves	130,220	218,823
<b>BORROWINGS FROM FINANCIAL INSTITUTIONS</b>	-	-
Short-Term	-	-
<b>OTHER LIABILITIES</b>	9,321,105	8,202,262
<b>SHAREHOLDER'S EQUITY</b>	50,540,819	59,294,616
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>365,367,381</b>	<b>380,671,020</b>

# Income Statement

*for the years ended december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>OPERATING INCOME</b>	<b>1,104,745</b>	<b>726,195</b>
Net Premium	1,200,146	815,364
Adjustment of Reserve on Current Risk and Mathematical on Life	(95,401)	(89,169)
<b>OPERATING EXPENSES</b>	<b>(13,973,155)</b>	<b>(15,769,686)</b>
Claim costs	(13,418,150)	(15,243,140)
Brokerage Commissions	-	(3,199)
Administration Cost	(555,005)	(523,347)
<b>INCOME FROM INVESTMENTS</b>	<b>16,368,768</b>	<b>26,219,274</b>
<b>OTHER INCOME (EXPENSES)</b>	<b>152,396</b>	<b>(11,142)</b>
<b>PRICE-LEVEL RESTATEMENT AND EXCHANGE DIFFERENCE</b>	<b>(1,132,079)</b>	<b>(543,455)</b>
<b>NET OPERATING INCOME</b>	<b>2,520,675</b>	<b>10,621,186</b>
<b>NON OPERATING INCOME</b>	<b>5,925</b>	<b>(2,517)</b>
<b>INCOME BEFORE TAX</b>	<b>2,526,600</b>	<b>10,618,669</b>
<b>INCOME TAX</b>	<b>(57,321)</b>	<b>(1,543,837)</b>
<b>NET EARNINGS FOR THE YEAR</b>	<b>2,469,279</b>	<b>9,074,832</b>



## Cash Flow Statement

*for the years ended december 31, 2008 and 2007*

	2008 ThCh\$	2007 ThCh\$
<b>NET CASH FLOW FROM OPERATIONS:</b>		
Direct premiums	1,252,196	906,188
Premiums received	-	-
Premiums ceded	(76,911)	(84,902)
Pensions and claims paid	(24,780,593)	(24,803,101)
Recovery of reinsured claims	76,636	84,392
Commissions on direct insurance	-	(3,022)
Others	-	-
Fixed income instruments	5,440,719	1,227,463
Variable income instruments	(1,994,736)	12,493,022
Investments abroad	(62,804)	-
Cash flow income from real estate investments	172,732	56,197
Other income from financial and real estate investments	-	-
Cash flow from financial risk hedging operations	(3,888,559)	439,617
Administration expenses	(519,537)	(468,208)
Medical expenses	-	-
Tax	(5,064,460)	(718,959)
Others	-	-
<b>TOTAL OPERATING CASH FLOW</b>	<b>(29,445,317)</b>	<b>(10,871,313)</b>
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Net cash flow from fixed income instruments	46,784,040	31,835,249
Net cash flow from variable income instruments	5,608,971	(1,555,560)
Net cash flow from investments abroad	(7,100,512)	(6,012,860)
Net cash flow from purchase and sale of real estate investments	(10,106,906)	(499)
Net cash flow from other income and expenditure on investment activities	-	-
<b>TOTAL INVESTMENT CASH FLOW</b>	<b>35,185,593</b>	<b>24,266,330</b>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends	(8,919,232)	(10,671,895)
Loans	-	-
Loans with related companies	1,196	425,433
Purchase/sale of financial instruments with resale/repurchase agreements	3,021,863	(2,967,600)
<b>TOTAL FINANCING CASH FLOW</b>	<b>(5,896,173)</b>	<b>(13,214,062)</b>
Total net positive (negative) cash flow for the period	(155,897)	180,955
Effect of inflation on cash and cash equivalent	(22,832)	(8,004)
Effect of exchange difference on cash and cash equivalent	(18,033)	(3)
Net variation in cash and cash equivalent	(196,762)	172,948
Initial balance of cash and cash equivalent	281,225	108,277
<b>Final Balance of cash and cash equivalent</b>	<b>84,463</b>	<b>281,225</b>

## Cash Flow Statement, Continued

*for the years ended december 31, 2008 and 2007*

RECONCILIATION OF NET RESULT WITH OPERATING CASH FLOW	2008	2007
	ThCh\$	ThCh\$
Net Earnings for the Year	2,469,279	9,074,832
<b>RESULT FROM SALE OF ASSETS</b>		
(Gain) Loss on sale of fixed assets	-	-
(Gain) on sale of investments	(5,869,222)	(2,107,256)
Loss on sale of investments	-	-
<b>CHARGES (CREDITS) NOT AFFECTING CASH FLOWS</b>		
Depreciation	14,932	15,182
Amortization	-	-
Write-offs and Provisions on Assets	(790)	(505)
Adjustment of Technical Reserve	95,401	89,169
Provision for Income Tax	57,321	1,543,837
Price-Level Restatement	(26,896,533)	(16,414,094)
Exchange Difference	28,028,612	16,957,549
<b>(INCREASE) DECREASE IN ASSETS</b>		
Investments	(7,715,864)	(10,327,247)
Premiums receivable	(47,722)	(10,160)
Reinsurance premiums receivable	14,851	9,850
Rights on Financial Risk Hedging Operations	(3,146,206)	439,617
Other Assets	(127,654)	(8,087)
<b>INCREASE (DECREASE) IN LIABILITIES</b>		
Decrease in Technical Reserves	(11,286,578)	(9,475,568)
Borrowings from Financial Institutions	-	-
Debts with Brokers	-	178
Other Liabilities	(5,035,144)	(658,610)
<b>Total Net Cash Flow from Operating Activities</b>	<b>(29,445,317)</b>	<b>(10,871,313)</b>

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