

# AFP Habitat

## 5th Annual Andean Conference

March 2011



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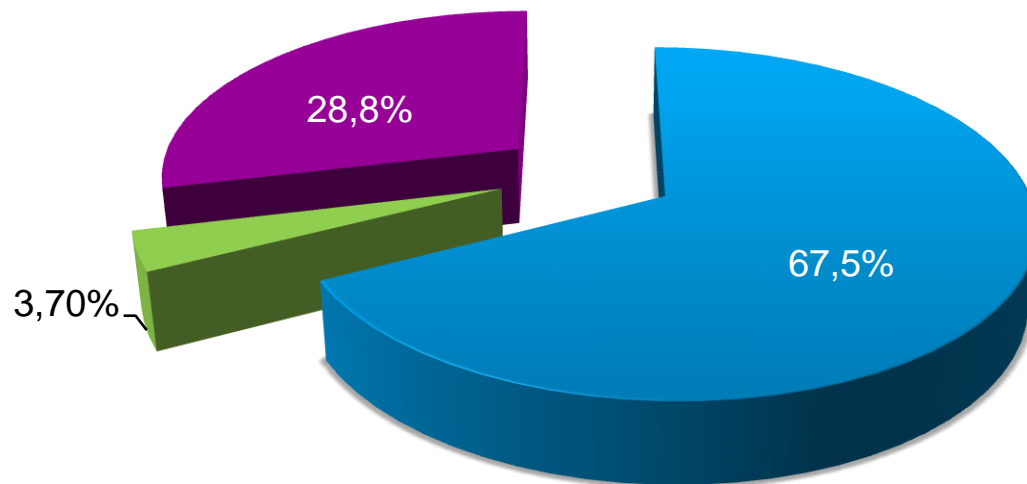
# AFP Industry Overview

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- 1980: The Chilean legislation (Decreto Ley 3500) established a privately operated compulsory individual capitalization system
- 1981: New pension system initiates operations with 12 AFPs
- 1985: AFPs authorized to invest in corporate stocks
- 2000: In accordance with regulatory modifications, the AFPs introduced a second pension fund
- 2002: Creation of multi-fund (5 funds) system; non-AFP companies permitted to offer voluntary pension savings product (APV)
- 2008: Pension Reform Law
- 2009: Joint bidding of the life and disability insurance (SIS); AFPs become pass-thru entities of insurance premiums
- 2010: A new AFP entrant begins operations, after winning bid for new affiliates; consequently, today there are 6 AFPs (each with 5 pension funds) in the industry

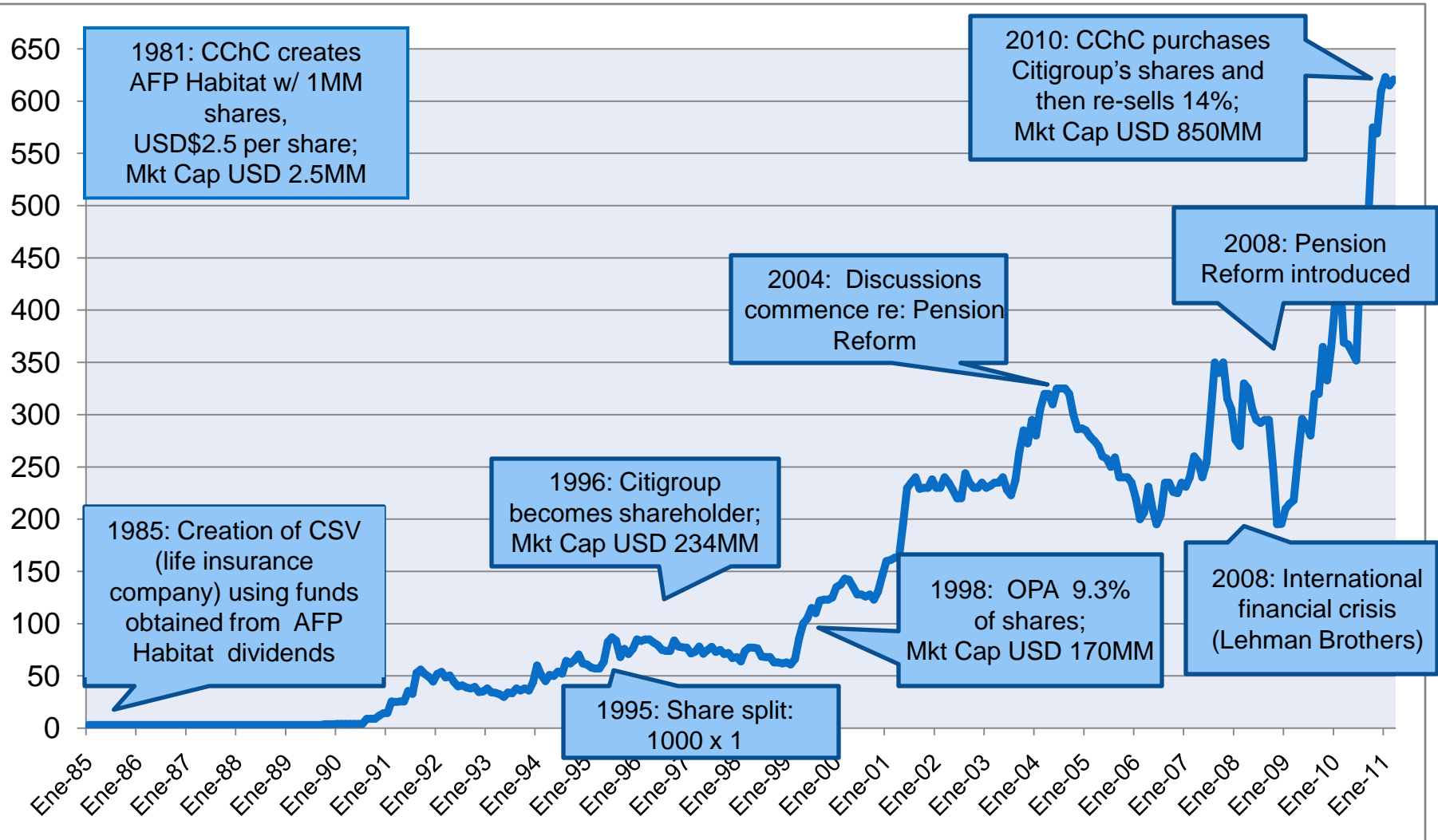
# AFP Habitat Overview

- AFP Habitat was founded in 1981, by the Chilean Chamber of Construction (Cámara Chilena de la Construcción o CChC)
- 2nd largest AFP, both in terms of affiliates and assets under management (AUM)
- Currently, AFP Habitat has 336 shareholders



■ CChC   ■ Inversiones Unión Española S.A.   ■ Others

# Habitat: Price Share Evolution



# AFP Industry Product Offerings

## Individual Compulsory Contribution Capitalization Accounts (CCICO)

- Compulsory savings = 10% gross salary base\*
- Fee: 1.14 – 2.36 % of salary base

## APV (Voluntary Contributions)

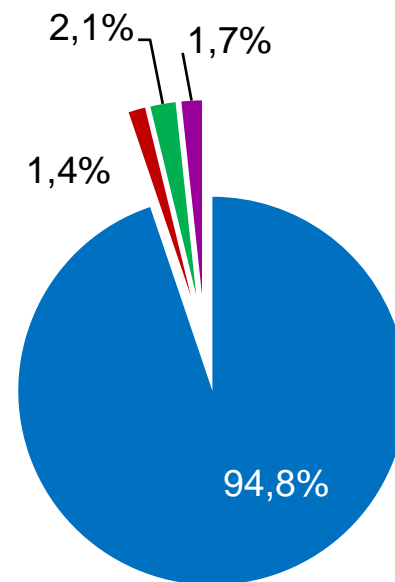
- Voluntary pension contributions
- Tax benefits on amounts  $\leq 600\text{UF}$  / year\*\*
- Fee: 0.50 - 0.70 % AUM (annual fee)

## CAV (Voluntary Contribution Account)

- Voluntary savings contributions
- Eligible for tax benefits
- Fee: 0.60 – 0.95 % AUM (annual fee)

## Programmed Withdrawals (RP)

- Pension payment alternative whereby affiliate maintains pension account with the AFP
- Fee: 1.20 – 1.25 % of monthly pension amount



**Industry Revenues from Fees**

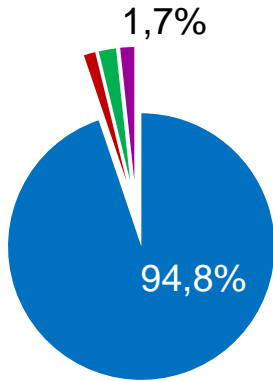
■ CCICO ■ CAV ■ APV ■ RP

\*Gross salary base: gross salary (max UF66 or US\$ 3,024) subject to compulsory deductions

\*\*31 Dec 2010: UF1 = Ch\$ 21.446; F/X: US\$1 = Ch\$468; UF600 = US\$ 27,494



# AFP Products



**Industry Revenues from Fees**  
■ CCICO ■ CAV ■ APV ■ RP

Compulsory (CCICO)	System	Habitat	MS Habitat	Ranking Habitat
% Revenues from Fees	94.8%	94.0%	24.0%	2
Affiliates	8.8 MM	2.2 MM	25.1%	2
Contributors	4.8 MM	1.2 MM	25.8%	2
Avg. Monthly Salary (US\$)	1.014	1.072	--	3
AUM (MMUS\$)	139,608	34,902	25.0%	2

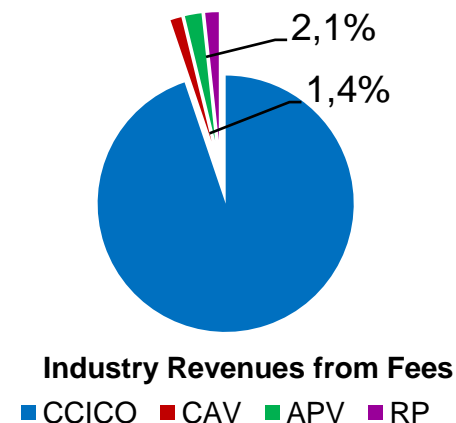
Programmed Withdrawals	System	Habitat	MS Habitat
% Revenues from Fees	1.7%	1.8%	24.4%
N° Pensions Paid	401,847	91,700	22.8%





# AFP Products

APV	System	Habitat	MS Habitat	Ranking Habitat
% Revenues from Fees	2.1%	2.4%	27.5%	2
# Accounts	583,000	89,000	15.3%	4
AUM (MMUS\$)	4,023	1,175	29.2%	2



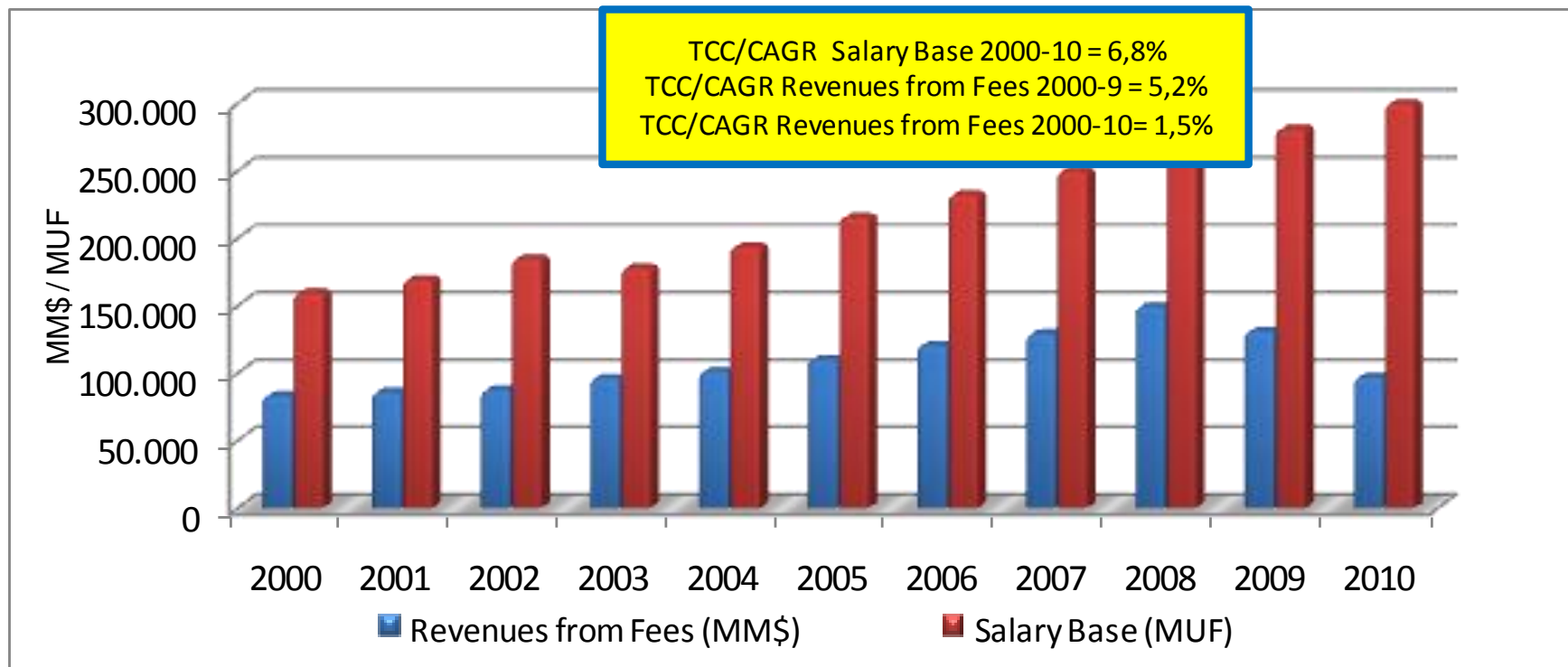
CAV	System	Habitat	MS Habitat	Ranking Habitat
% Revenues from Fees	1.4%	1.9%	33.2%	1
# Accounts	1.7MM	350,000	21.2%	3
AUM (MMUS\$)	1,636	540	33.0%	1

# Habitat Salary Base and Revenues from Fees

## Evolution 2000-2010



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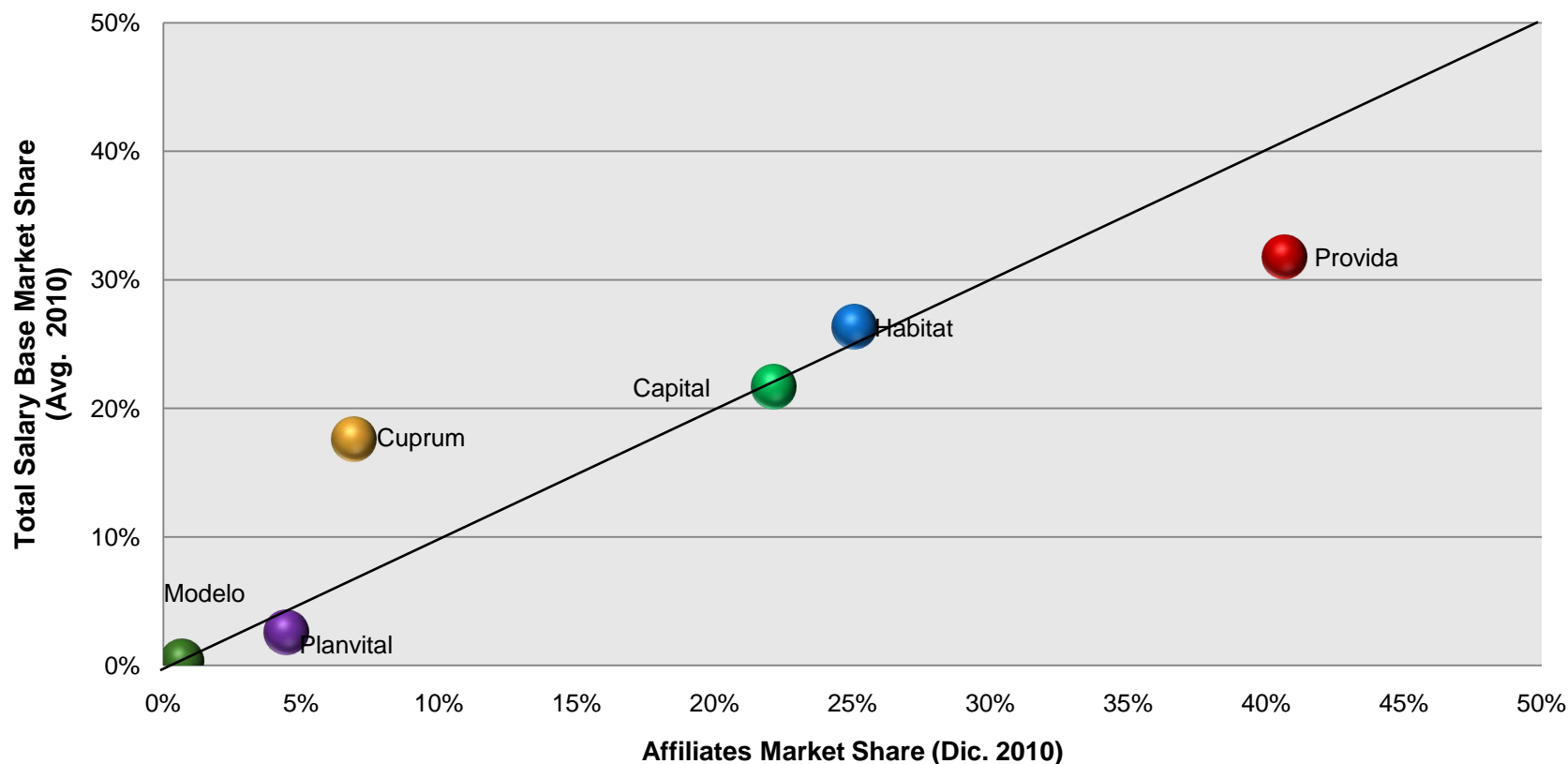


- Notes:
1. Revenues from fees include life and disability insurance (SIS) premiums for years 2000 – 2009
  2. Total salary base = (N° contributors in month n \* avg monthly gross salary) + ( N° contributors from other months \* (avg monthly gross salary / 2))
  3. Financial Statements 2009 – 2010 according to IFRS
  4. Figures stated in constant Ch\$ of Dec 2010



# CCICO – Market Share

## Affiliates – Salary Base (2010)



- Habitat registered one of the highest growth rates between 2008 and 2010 in both number of affiliates and salary base (7.2% and 14.6%, respectively); in the same period, the system grew 4.5% and 13.5%, respectively.
- Modelo began operations in August 2010.

Note: Total salary base = Internal estimate; Calculation =  $(N \text{ contributors in month } n * \text{avg monthly gross salary}) + (N \text{ contributors from other months} * (\text{avg monthly gross salary} / 2))$ .

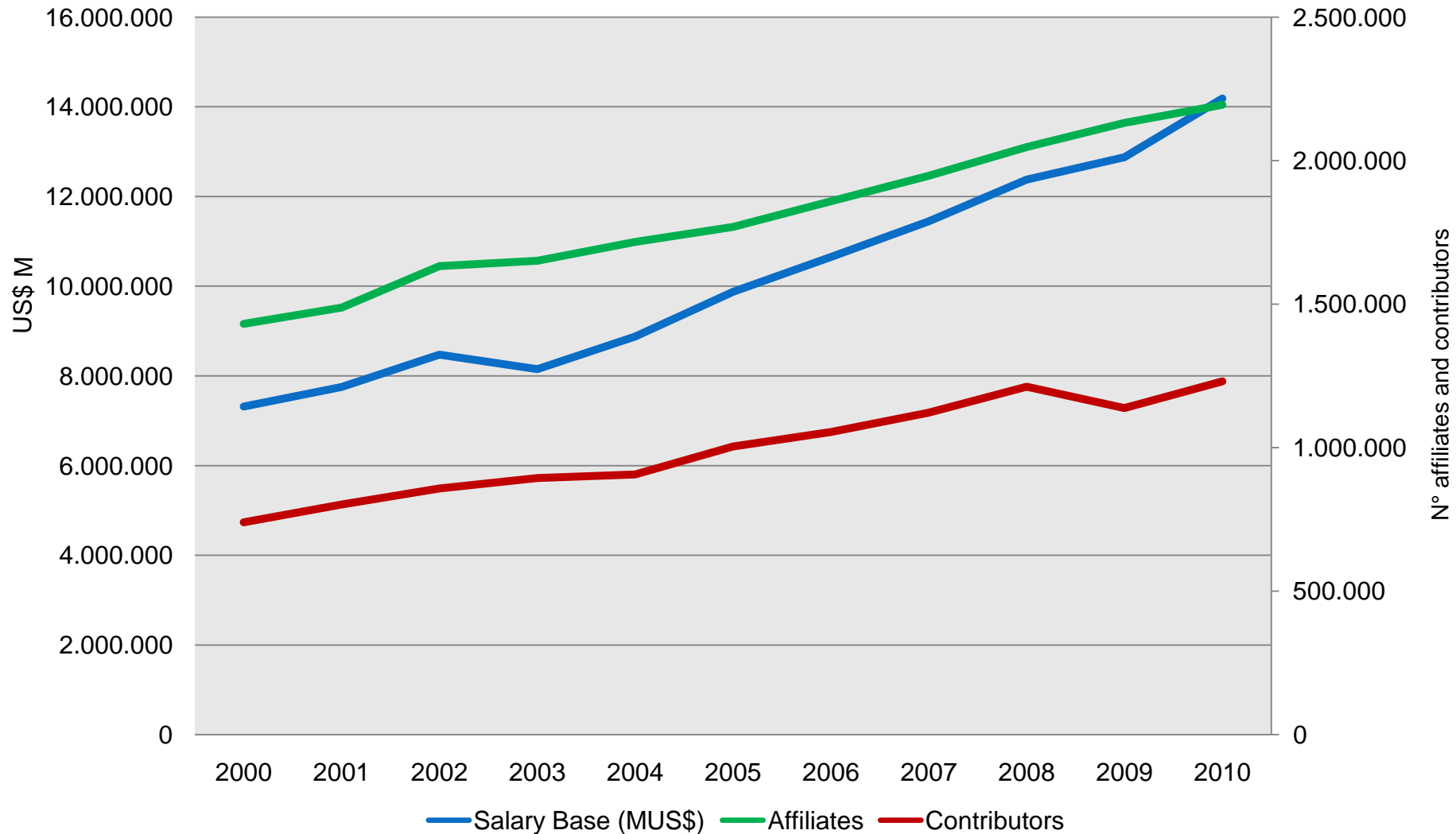
Source: Superintendencia de Pensiones; Dec.2010

# CCICO : Affiliates - Contributors - Salary Base

## Evolution AFP Habitat 2000 - 2010



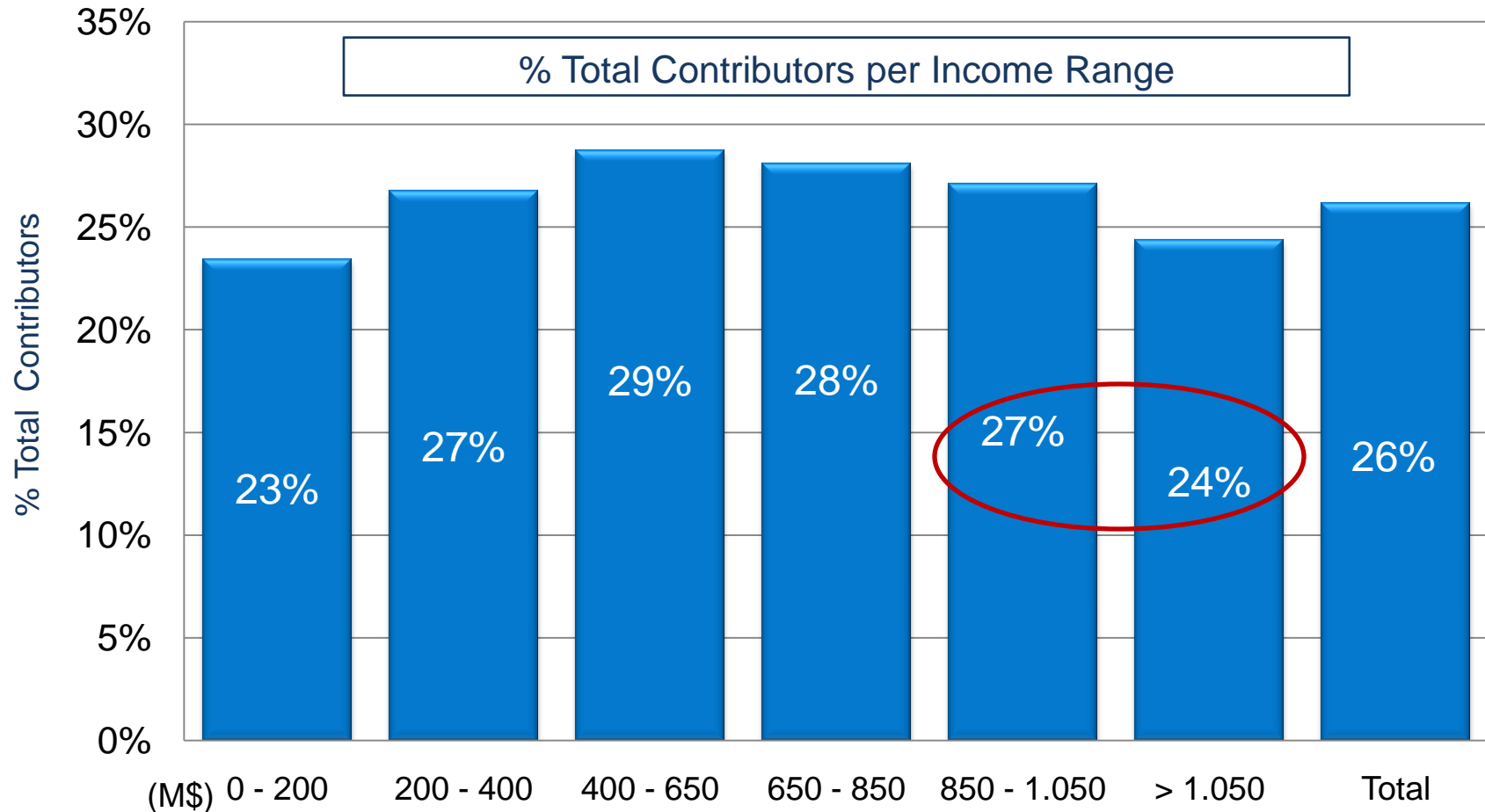
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Note: Salary base = Internal estimate; F/X: US\$1 = Ch\$468

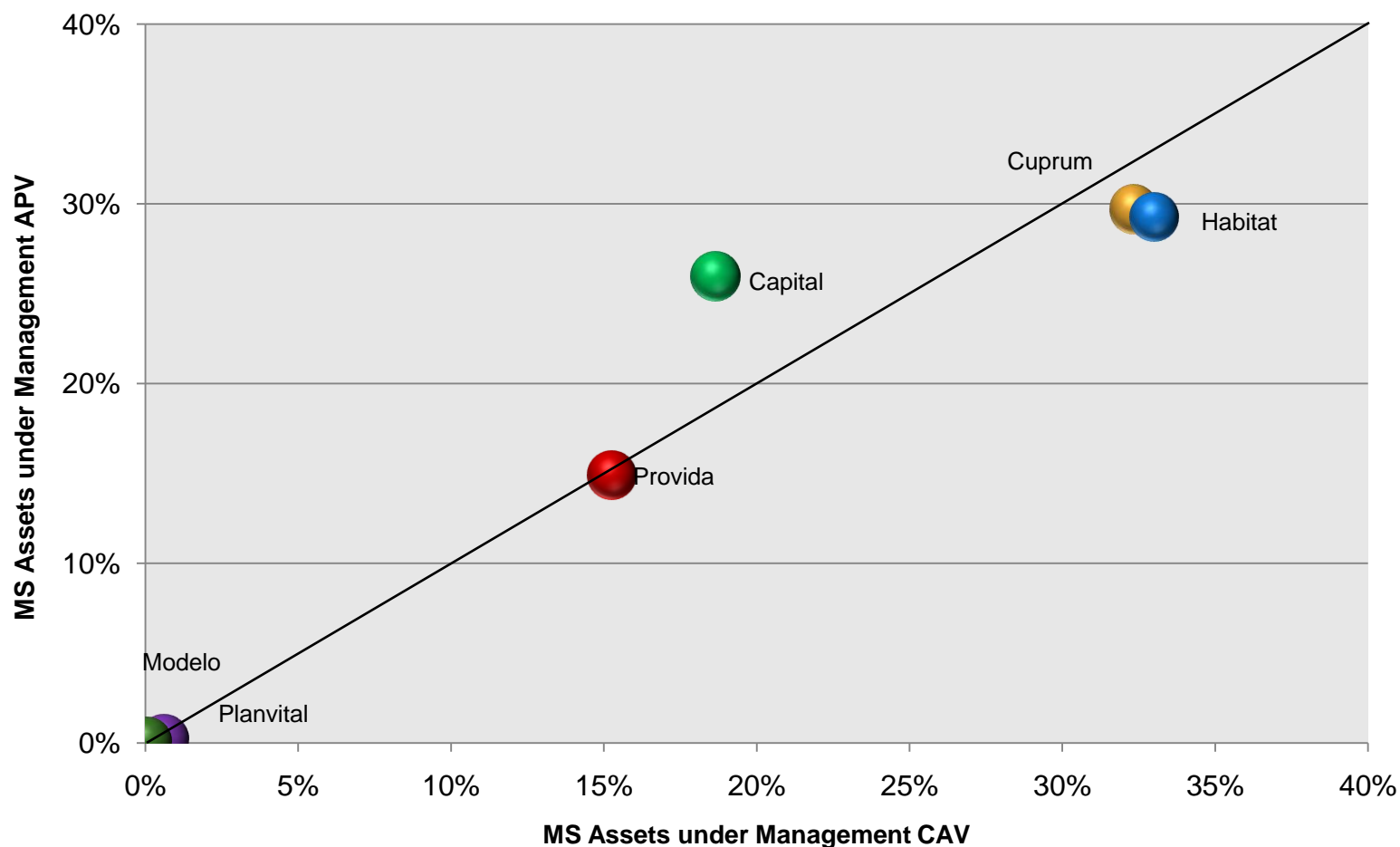
Source: Superintendencia de Pensiones; Dec.2010

# CCICO – Share of Contributors by Income Range (AFP Habitat 2010)



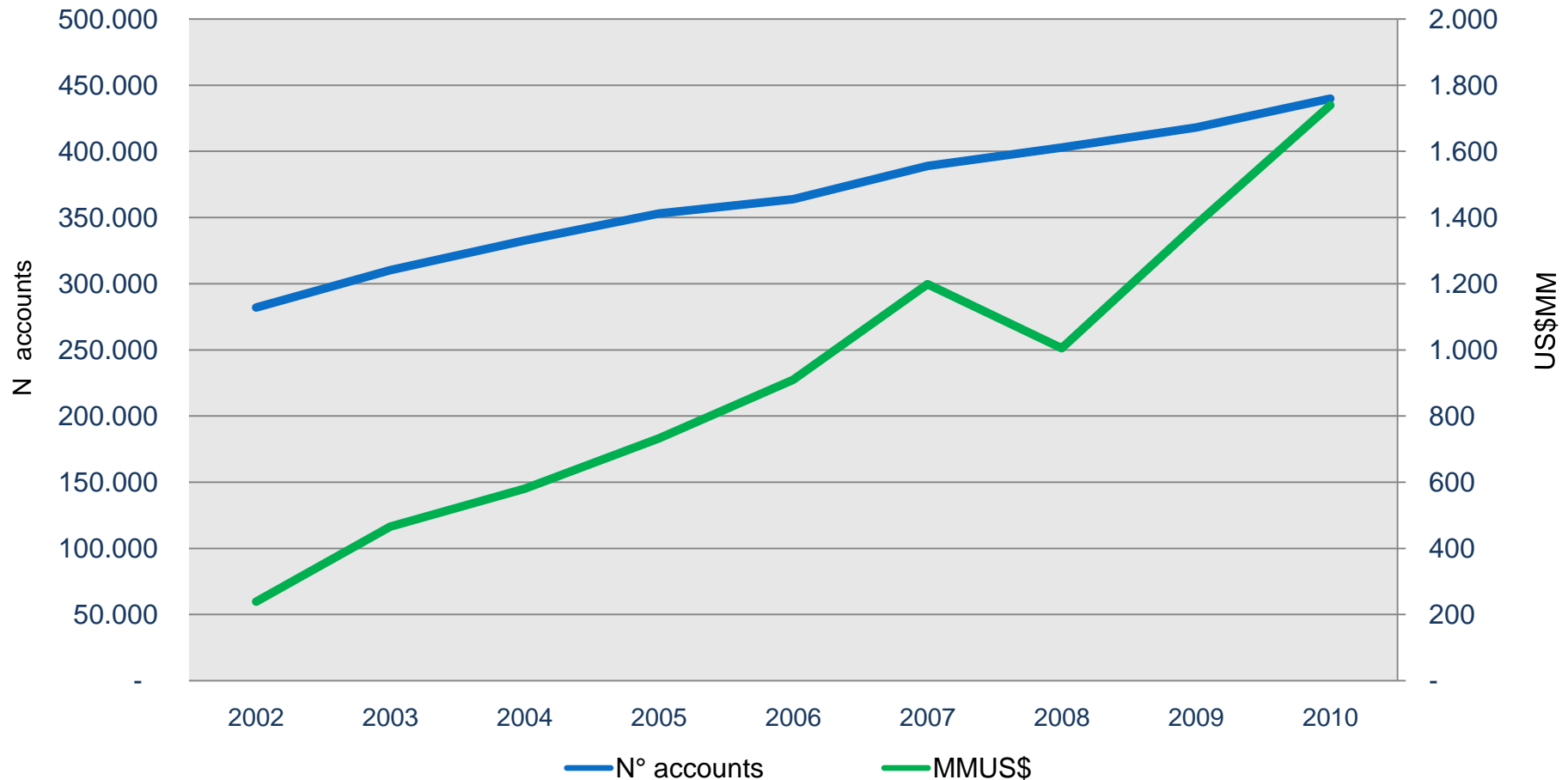
In December 2010, Habitat had 25.1% of contributors with an income over ChM\$850 (US\$ 1,800) vs. 24.8% in December 2008

# Voluntary (CAV + APV) – Market Share Assets Under Management (2010)



Total assets under management of the AFP system related to voluntary savings / contributions amount to USMM\$ 5,734; of this total, 71% corresponds to APV savings

# Voluntary AUM (APV + CAV) Evolution AFP Habitat (2002 - 2010)



- The CAGR 2002-2010 of voluntary AUM for the industry was 22%
- The government as well as industry players are constantly seeking ways to encourage individuals to supplement their compulsory pension savings

# Habitat: Leader in Investment Performance(\*)



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1st

2nd

3rd

4th

5th

## AFP HABITAT

Accounts Statement (1)	12 MONTHS (%)					36 MONTHS (%)					60 MONTHS (%)				
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
Dec. 2010	12,40	12,09	9,78	7,08	7,01	-0,66	2,04	3,60	4,10	4,93	5,70	6,37	6,32	5,58	5,06
Aug. 2010	11,21	11,54	9,68	7,87	7,92	-3,19	-0,19	1,92	3,18	5,32	4,29	5,01	5,12	4,75	4,37
Apr. 2010	36,44	27,18	18,43	11,36	5,14	-2,46	-0,27	1,35	2,54	4,01	5,62	5,77	5,46	4,93	3,94
Dec. 2009	45,14	34,03	22,98	15,58	8,34	-1,29	0,75	2,16	2,97	3,48	5,24	5,52	5,29	4,83	3,86
Aug. 2009	-6,21	-1,45	2,54	3,92	5,28	-0,06	2,11	3,85	4,34	4,48	5,01	5,12	4,99	4,52	3,67
Apr. 2009	-29,53	-19,67	-9,73	-2,59	3,99	-7,17	-3,17	0,45	2,75	4,74	1,44	2,83	3,72	4,15	4,08
Dec. 2008	-39,91	-29,29	-17,64	-8,83	-0,32	-6,82	-3,22	0,21	1,97	3,36	0,08	1,51	2,78	3,26	3,37

## AFP CAPITAL\_Ranking

Accounts Statement	12 MONTHS					36 MONTHS					60 MONTHS				
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
Dec. 2010	5	5	4	2	1	3	3	5	3	1	3	3	4	2	2
Aug. 2010	5	4	3	2	1	3	3	5	3	1	2	3	4	2	2
Apr. 2010	3	3	3	1	1	2	3	4	3	1	2	3	4	2	2
Dec. 2009	5	4	4	2	2	2	3	4	3	2	1	3	4	2	2
Aug. 2009	2	1	4	1	1	2	3	4	3	2	1	3	4	3	2
Apr. 2009	2	3	4	4	2	2	3	5	4	2	1	3	4	3	2
Dec. 2008	1	3	3	4	1	1	3	3	4	2	1	3	4	3	2

## AFP PLANVITAL\_Ranking

Accounts Statement	12 MONTHS					36 MONTHS					60 MONTHS				
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
Dec. 2010	4	4	3	5	5	2	2	3	5	5	2	2	2	4	5
Aug. 2010	4	5	4	5	5	2	2	3	5	5	3	2	3	4	5
Apr. 2010	5	5	5	5	5	3	2	3	5	5	3	2	2	3	5
Dec. 2009	2	5	5	5	5	3	2	2	2	5	2	2	2	2	5
Aug. 2009	1	2	2	4	5	3	1	2	2	5	3	2	2	2	5
Apr. 2009	1	1	1	1	5	3	2	2	2	5	3	2	2	2	5
Dec. 2008	2	1	2	2	3	2	1	1	2	4	3	2	1	2	5

## AFP PROVIDA\_Ranking

Accounts Statement	12 MONTHS					36 MONTHS					60 MONTHS				
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
Dec. 2010	3	3	5	4	4	5	3	4	4	4	4	4	5	5	4
Aug. 2010	3	3	5	4	4	4	4	4	4	4	4	5	5	5	4
Apr. 2010	2	4	4	4	4	4	4	5	4	4	4	4	5	5	4
Dec. 2009	3	2	3	4	4	4	4	5	4	4	4	4	5	4	4
Aug. 2009	4	4	3	3	4	4	4	5	3	4	4	5	5	4	4
Apr. 2009	4	4	3	3	3	4	4	4	3	4	4	4	4	4	4
Dec. 2008	5	4	4	3	4	4	4	5	3	5	4	5	5	4	4

## AFP CUPRUM\_Ranking

Accounts Statement	12 MONTHS					36 MONTHS					60 MONTHS				
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
Dec. 2010	2	2	1	1	3	4	5	2	2	3	5	5	3	3	3
Aug. 2010	2	2	1	1	3	5	5	2	2	3	5	4	2	3	3
Apr. 2010	4	2	1	2	2	5	5	2	2	3	5	5	3	4	3
Dec. 2009	4	3	1	1	1	5	5	3	5	3	5	5	3	5	3
Aug. 2009	5	5	5	5	3	5	5	3	5	3	5	4	3	5	3
Apr. 2009	5	5	5	5	4	5	5	3	5	3	5	5	3	5	3
Dec. 2008	4	5	5	5	5	5	5	4	5	3	5	4	3	5	3

Notas: La rentabilidad es variable, por lo que nada garantiza que las rentabilidades pasadas se repitan en el futuro. Infórmese sobre las comisiones y el resultado de la medición de la calidad de servicio de su AFP en [www.spensiones.cl](http://www.spensiones.cl).

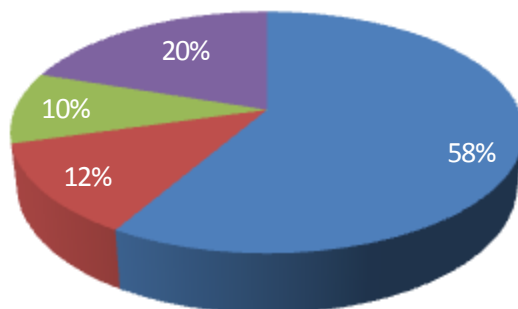
(1) Values on UF

(\*) Source: Superintendencia de Pensiones, Circulares N 1581, 1613, 1658, 1682, 1701 y 1755

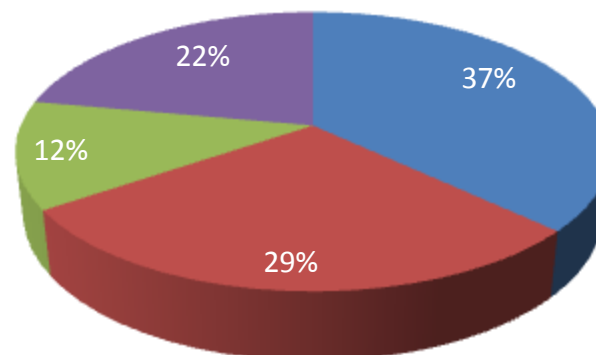
# Breakdown of Habitat's 5 Funds (2010)



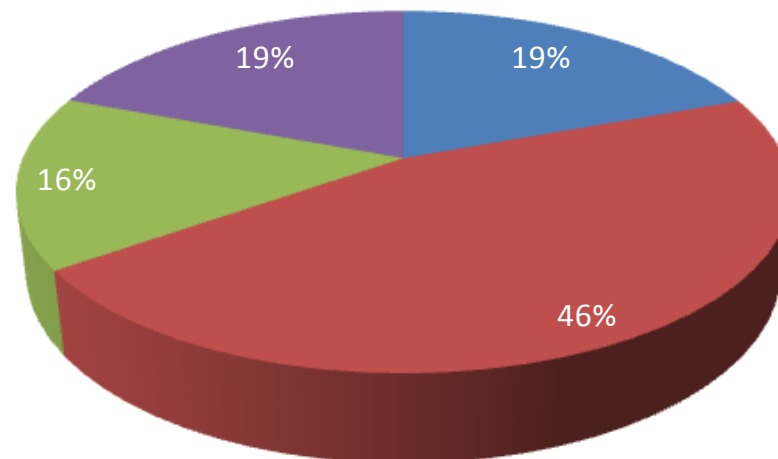
**A: USD\$ 7,796MM**  
**355,860 Accounts**



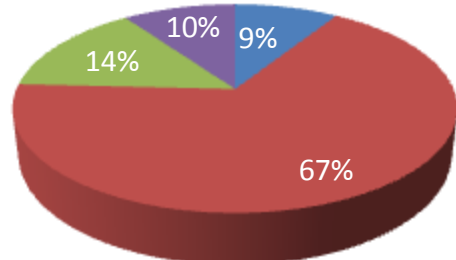
**B: USD\$ 8,557MM**  
**1,062,237 Accounts**



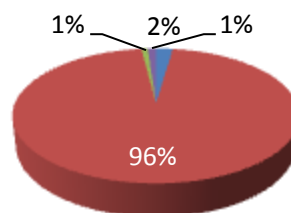
**C: USD\$ 15,296MM**  
**826,570 Accounts**



**D: USD\$ 4,210MM**  
**176,605 Accounts**



**E: USD\$ 1,343MM**  
**32,377 Accounts**



F/X: US\$1 = Ch\$468

Source: Superintendencia de Pensiones; Dec 2010

■ Domestic Fixed Income  
■ Foreign Equity

■ Foreign Fixed Income  
■ Domestic Equity

# Contact with our Customers

During 2010, Habitat continued to dedicate efforts to improve services designed to provide easier access and faster attention through our multiple customer channels:

## Habi-Express (Self-Service)



Over 2.1 MM certificates were generated through the self-service Habi-Express machines

- 40% increase over 2009
- 64 self-service machines located in branch offices throughout the country.

## Account Statements



In 2010, we sent out over 3.8 MM account statements

- 25% via internet

## Internet & Mailings



Client contacts via web totaled over 2MM in 2010

- Over 11MM transactions were executed virtually
- Moreover, we sent 10.5MM emails with important economic and industry information to our clients

## Mobile Smart Phones



In 2011, Habitat began offering web access via smart mobile phones



# Contact with our Customers

## Branch Offices



In 2010, we attended over 2.0 MM customer visits in our branch offices

- Nationwide coverage (27 branches and 16 service centers)
- Two (2) branches were replaced with modern, easy-access locations; another 13 branches were remodeled
- Twelve (12) branch offices required repairs due to earthquake damage

## Call Center



We received over 863,000 calls in our “Contact Center”

- 56% automated self-service (IVR system)
- 44% of calls received by executives, with:
  - 88% immediate solution rate and 95% satisfaction

## Advisory Services



Habitat has 71 account executives dedicated to providing personal advisory services to current and potential clients

- Voluntary savings products
- Customer loyalty programs such as the 2010 Habitat Golf Tournament

### 2010 Customer Survey Results:

- "Procalidad" puts Habitat in 1st place in the AFP industry, in terms of satisfaction, recommendation, retention and least quantity of problems
- Adimark ranked Habitat as the best AFP of Chile

# Improved Systems and Processes

The Company is continually improving and updating its database and information technology systems, all designed to improve operating efficiencies and increase information security; the key IT advances in 2010 included:

## **New Account Management System (RT)**

- In 2010, Habitat initiated the test phase of its new account management system
- The new system is designed to replace and integrate multiple older systems, as well as increase levels of information security

## **Business Process Management System (BPM)**

- The Company also implemented a new software that enables on-line communications and information management with the multiple legal entities that process Habitat's debt collection

## **Enterprise Resource Management (ERP) System**

- Habitat also implemented the ERP PeopleSoft for its AFP financial accounting processes as well as its HR information management



## Activities Post- Earthquake



- AFP Habitat donated to “Caleta Tubul” 30 fully equipped boats, allowing the fishing village to reinitiate its activity
- The Company also contributed to the national “Chile Ayuda a Chile” fund-raising campaign as well as to “Teletón” and “Fondo Esperanza”

## Fundación Las Rosas (FLR)



- The foundation “Las Rosas” is an NGO dedicated to housing and caring for less fortunate senior citizens
- In 2010, Habitat launched a campaign to donate resources to FLR for each customer who switched from a physical to digital account statement
- Approximately 200,000 electronic account statements were distributed, generating greater than expected funds for FLR as well as a positive impact on the environment

# Habitat: Income Statement

## December 2010



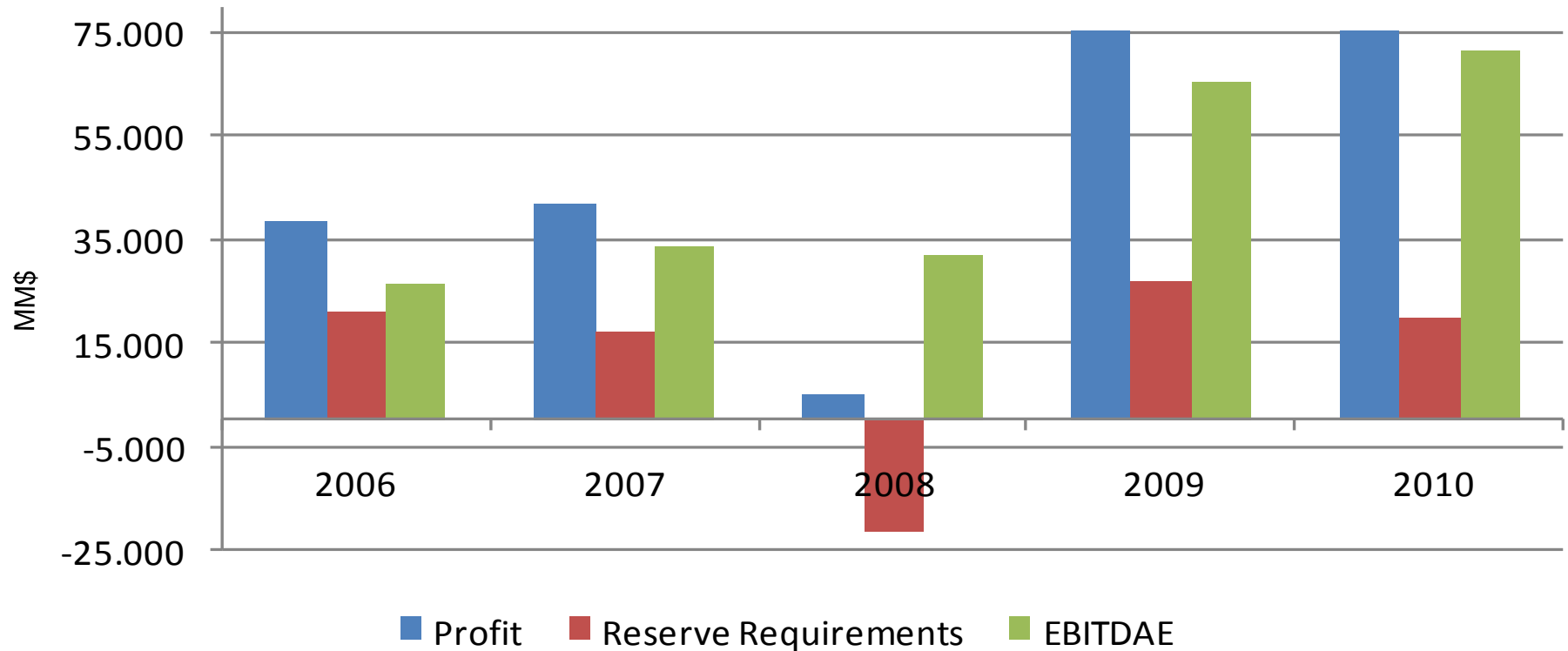
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MM\$	2010	2009	VAR. %
Revenues	108.949	137.931	-21,0%
Gain (Loss) on Reserve Requirements	19.504	27.089	-28,0%
Gain (Loss) on Disability Insurance Premium	-353	-34.225	-99,0%
Remuneration and Employee Related Expenses	-20.770	-22.610	-8,1%
Depreciation and Amortization	-1.369	-1.596	-14,2%
IT Development Costs	-299	-72	315,6%
Other Operating Expenses	-17.459	-17.808	-2,0%
Financial Costs	-2	0	
Income (Loss) from Investments	983	1.549	-36,5%
Share of Profit (Loss) from Related Partners	1.751	814	115,1%
Exchange Differences	0	-3	-113,0%
Result on Indexed Unit Adjustments	55	-6	-981,4%
Other Non-Operating Income	40	43	-7,1%
Other Non-Operating Expenses	-1.139	-68	1570,5%
Profit (Loss) before Tax	89.893	91.039	-1,3%
Income Tax Expenses	-14.414	-15.335	-6,0%
<b>Net Profit (Loss)</b>	<b>75.478</b>	<b>75.704</b>	<b>-0,3%</b>

Note: Financial Statements 2009 – 2010 according to IFRS

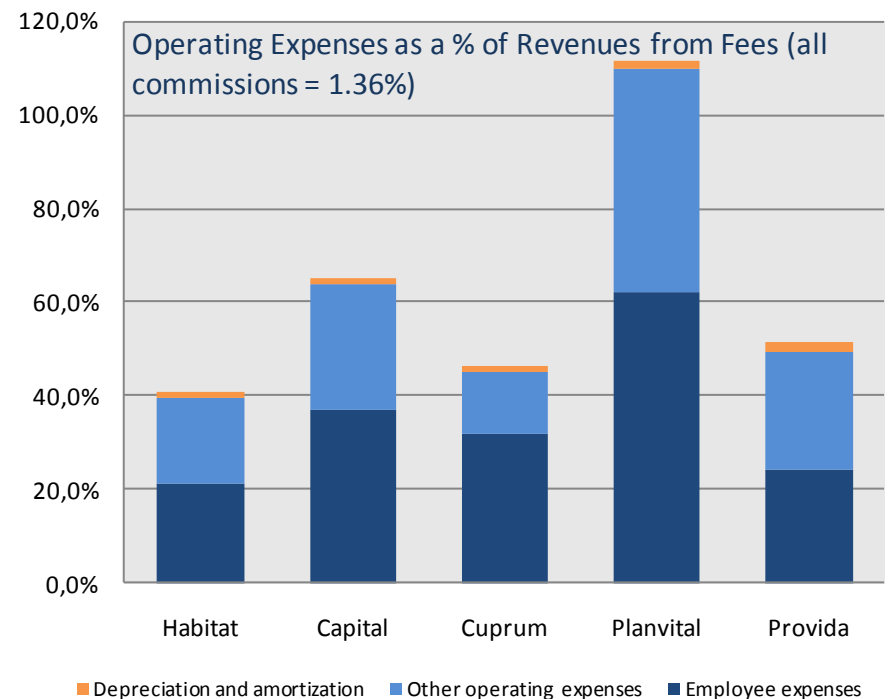
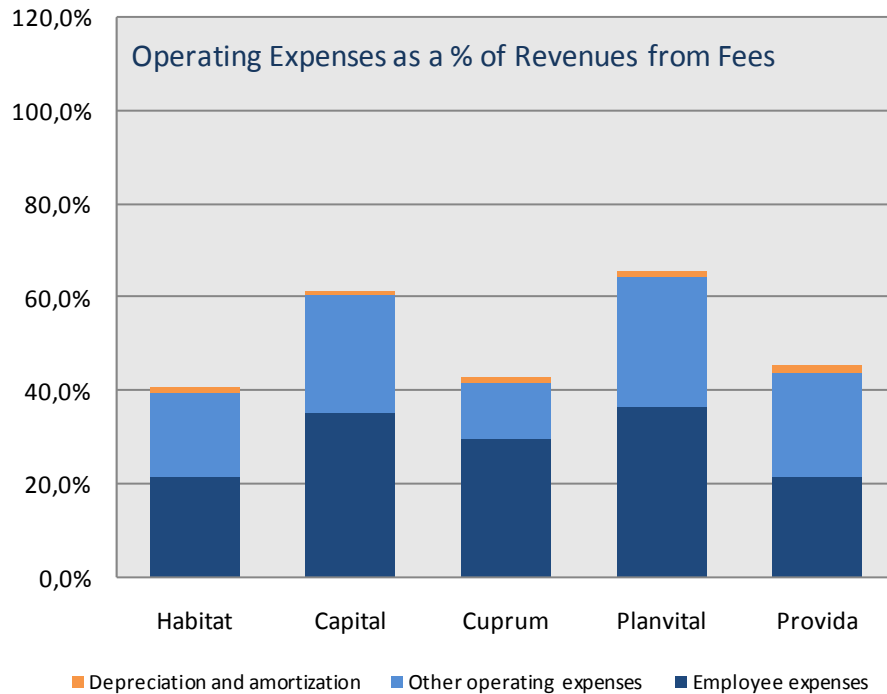
Source: Superintendencia de Pensiones; Dec 2010

# Habitat: Evolution of Results (2006-2010)



- Notes:
1. EBITDA: Net income before depreciation, amortization, financial costs and taxes
  2. EBITDAE: EBITDA before return on mandatory reserve requirements
  3. Financial Statements 2009 – 2010 under IFRS
  4. In ChMM\$

# % Operating Costs / Revenues from Fees (2010)



- Habitat is one of the most efficient AFPs, despite charging a lower commission fee to its affiliates
- After adjusting all commission structures to 1.36%, Habitat's position as most efficient AFP is even more pronounced

Notes: Capital: excludes amortization of intangible assets with a defined useful life (acquisition 100% shares of AFP Bansander) ChM\$ 14.132.213  
 Provida: excludes amortization of intangible assets acquired in the fusion of its operations (ChM\$ 5.161.315)  
 Planvital: excludes amortization for other intangible assets (ChM\$ 14.485)

# Habitat: Balance Sheet

31 December 2009 and 2010



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MM\$	2010	2009	VAR %
<b>CURRENT ASSETS</b>	45.776	59.474	-23,0%
<b>NON CURRENT ASSETS</b>	193.523	166.538	16,2%
Reserve Requirements	171.549	145.662	17,8%
Property, Plant & Equipment	14.605	14.230	2,6%
Other Non Current Assets	7.368	6.647	10,9%
<b>TOTAL ASSETS</b>	<b>239.299</b>	<b>226.012</b>	<b>5,9%</b>

MM\$	2010	2009	VAR %
<b>CURRENT LIABILITIES</b>	30.275	55.283	-45,2%
<b>NON CURRENT LIABILITIES</b>	17.281	13.391	29,0%
Accrued Taxes from Reserve Requirements	16.600	13.023	27,5%
Other Non Current Liabilities	681	368	85,0%
<b>SHAREHOLDERS EQUITY</b>	191.744	157.339	21,9%
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>239.299</b>	<b>226.012</b>	<b>5,9%</b>

Note: Financial Statements 2009 – 2010 under IFRS

Source: Superintendencia de Pensiones; Dec 2010

# AFP Habitat

## 5th Annual Andean Conference

March 2011



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