

# 6M16 Press Release

## ILC and Subsidiaries, August 29<sup>th</sup>, 2016

**Figures in US\$**

## I. HIGHLIGHTS

- During the first half of 2016, ILC recorded an **Operating income of \$74,513 thousand, 51.1% greater** than the result obtained in the same period of 2015. This was mainly due to the 53.8% advance in the operating income of the Insurance Activity, as well as by the incorporation of Banco Internacional at the end of 2015.
- ILC **increased its participation in Inversiones Confuturo and Red Salud**, reaching 99.9% stake in both subsidiaries. The acquisition of the 22.0% remaining participation in Confuturo totaled \$75 million, whereas the purchase of the 10.1% stake of Red Salud amounted \$15 million.
- ILC sold its participation in iConstruye (IT) and announced its intention to sale its stake in Desarrollos Educativos (schools), in order to **consolidate its presence and focus** in the financial and healthcare industries.
- On August 2016 ILC **issued** a 5-year local **bond** in **Chile** for approximately \$40 million. This issuance achieved a 4.79% yield, being 3.5x oversubscribed with 78 bps of spread.

ILC Consolidated Non Insurance Activity							
Non Insurance Activity	Income Statement	US\$ Th. (*)					
		6M16	6M15	Var %	2Q16	2Q15	Var %
	Revenues	552,226	463,443	19.2%	281,575	244,598	15.1%
	Cost of Sales	(454,710)	(380,011)	19.7%	(235,803)	(197,978)	19.1%
	Operational Expenses	(85,047)	(70,575)	20.5%	(40,824)	(37,538)	8.8%
	Operating Income	12,469	12,857	-3.0%	4,948	9,082	-45.5%
	Non Operating Income**	239	(15,279)	-101.6%	3,675	(9,986)	-136.8%
	Income Tax Expenses	96	(2,234)	-104.3%	994	(1,426)	-169.7%
	Income (Loss) from Discontinued Operations***	344,441	64,623	433.0%	1,991	28,239	-92.9%
	Profit of Non-Insurance Activity	357,244	59,967	495.7%	11,608	25,910	-55.2%
ILC Consolidated Insurance Activity							
Insurance Activity	Income Statement	US\$ Th. (*)					
		6M16	6M15	Var %	2Q16	2Q15	Var %
	Net Premiums Income	493,423	394,534	25.1%	292,287	223,667	30.7%
	Net Investments Income	201,548	198,446	1.6%	85,300	102,297	-16.6%
	Cost of Sales	(639,699)	(542,248)	18.0%	(373,614)	(294,235)	27.0%
	Operating Expenses	626	(14,396)	-104.3%	10,925	(5,758)	-289.7%
	Operating Income	55,898	36,336	53.8%	14,897	25,970	-42.6%
	Non Operating Income	(15,107)	1,690	-993.8%	(2,952)	(725)	-307.2%
	Income Tax Expenses	(4,114)	(7,058)	-41.7%	211	(2,766)	-107.6%
	Profit of Insurance Activity	36,677	30,968	18.4%	12,157	22,479	-45.9%
ILC Consolidated Banking Activity							
Banking Activity	Income Statement	US\$ Th. (*)					
		6M16	6M15	Var %	2Q16	2Q15	Var %
	Net Revenues	29,232	-	-	14,700	-	-
	Operating Expenses	(23,085)	-	-	(11,360)	-	-
	Operating Income	6,147	-	-	3,340	-	-
	Non Operating Income	21	-	-	16	-	-
	Income Tax Expenses	(718)	-	-	(437)	-	-
	Profit of Banking Activity	5,450	-	-	2,918	-	-
	Profit (Loss)	399,371	90,935	339.2%	26,684	48,389	-44.9%
	Minority Interest	(13,106)	(30,795)	-57.4%	(4,470)	(16,608)	-73.1%
Total Profit to ILC							
ILC Ordinary Profit		49,298	60,140	-18.0%	22,213	31,781	-30.1%
ILC Extraordinary Profit		336,967	-	-	22,213	31,781	-30.1%

\* Closing Exchange rate of Ch\$661.37/US\$ as of July 1st, 2016

\*\* Includes 40.3% of the result of AFP Habitat corresponding to the period between March-June 2016

\*\*\* Considers 67.5% of the result of AFP Habitat for the period January-February 2016 and January-June 2015, as well as the \$336,967 thousand result arising from the association of ILC with Prudential in the property of AFP Habitat concluded in March 2016

### Conference Call Information

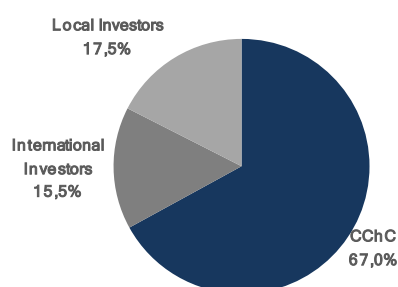
<b>Date:</b>	Tuesday, August 30 <sup>th</sup> , 2016
<b>Time:</b>	12:00 PM (Stgo); 11:00 AM (NY)
	Toll Free Chile: 1-230-020-5802
	Toll Free USA: 1-844-846-8979
	International Dial In: 1-412-317-5460
<b>Password</b>	ILC

## II. INTRODUCTION

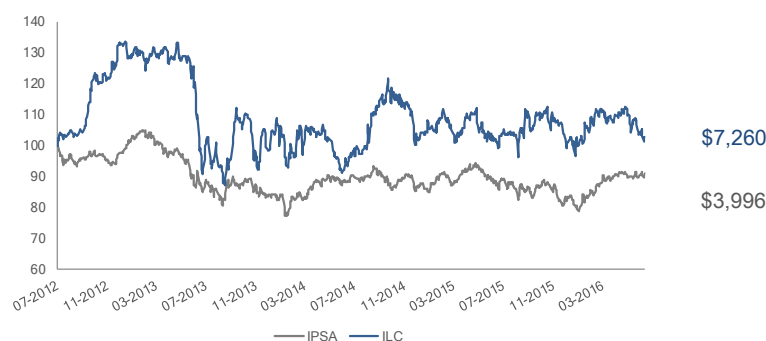
Since 2011, Inversiones La Construcción (hereinafter "ILC" or the "Company") discloses its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). The Company breakdowns its reports in three different segments: the **Non Insurance Activity**, which includes Isapre Consalud, Red Salud, Factoring Baninter, Baninter Corredora de Seguros, AFP Habitat (not consolidated) and Others; the **Insurance Activity** which incorporates Confuturo, Corpseguros and Vida Cámara; whereas the last segment corresponds to the **Banking Activity**, which includes Banco Internacional since January 2016.

## III. MARKET INFORMATION

### • Ownership Structure as of June 30<sup>th</sup> 2016



### • Stock Price vs IPSA Evolution (Since the IPO until June 30<sup>st</sup> 2016)



### • Dividends

ILC has maintained a dividend policy consisting in distributing between 60% and 80% of its ordinary distributable net income. The amounts distributed since the IPO in 2012 have been:

Year	Div. / Share (CLP\$)	Dividend yield at CLP\$7,061 (IPO Price)
2012	\$ 180	2,55%
2013	\$ 518	7,34%
2014	\$ 370	5,24%
2015	\$ 449	6,36%
2016	\$ 350	4,96%
<b>Total</b>	<b>\$ 1.867</b>	<b>26,44%</b>

## IV. SIMPLIFIED STRUCTURE

ILC consolidates directly and indirectly the following companies as of June 2016:

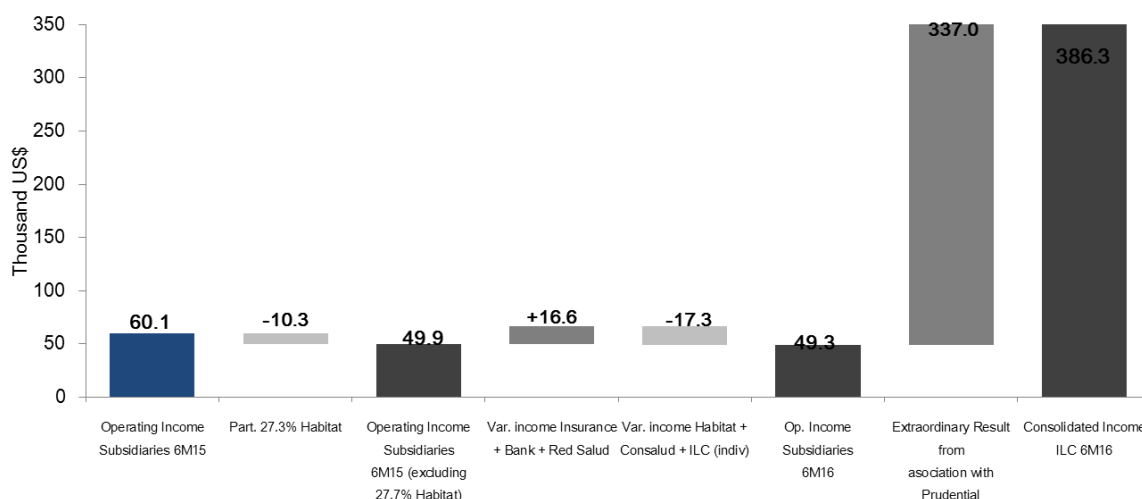


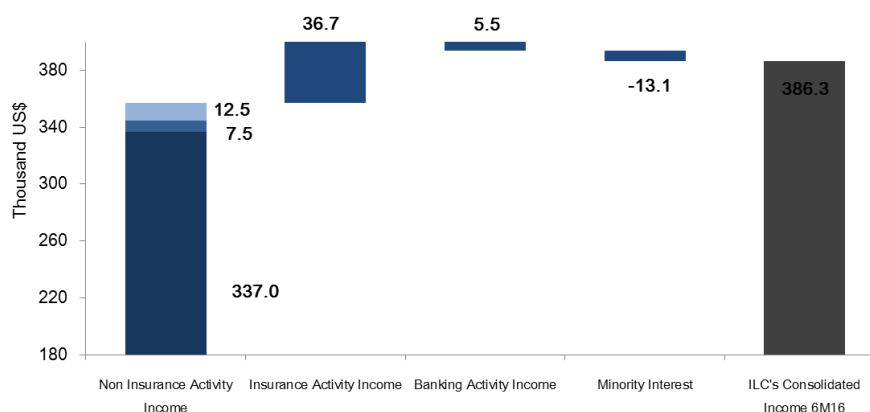
## CONSOLIDATED STATEMENTS

### a. Net Income

As of June 2016 ILC's subsidiaries reached a consolidated net income of \$399,371 thousand. From this amount, \$386,265 thousand were attributable to ILC, whereas the remaining \$13,106 thousand correspond to non-controlling participations. If the \$336,967 thousand extraordinary result derived from the association with Prudential in AFP Habitat is isolated, ILC obtains a result of \$49,298 thousand, which is 18.0% lower than the \$60,140 thousand obtained in the same period of 2015. This was mainly explained by the lower participation of ILC in AFP Habitat's results (from 66.5% to 40.3% since March 2016), as well as by the inferior operating performance of Isapre Consalud.

The following figures show ILC's net income evolution from 6M15 to 6M16, as well as its net result breakdown:





### Non Insurance Activity

Net income of the Non-insurance activity amounted to \$357,244 thousand in the first semester of 2016. If the extraordinary effect from the association with Prudential in AFP Habitat is isolated, net income of the Non-insurance activity decreases to \$20,277 thousand, 66.2% inferior than the result obtained in the first semester of 2015.

This decrease is mainly explained by the lower results obtained by Isapre Consalud and AFP Habitat. Important cost pressures affected the performance of Isapre Consalud, whereas AFP Habitat reduced its contribution due to ILC's lower participation in this subsidiary, as well as by the 77.5% drop in the return of its encaje. All the above was partially offset by the 550% progress in the result of Red Salud, due to its better operational margins.

### Insurance Activity

The insurance activity registered a \$36,677 thousand profit, higher than the \$30,968 thousand recorded in the same period of 2015. This was mainly explained by the 25.1% advance in revenues from premiums, as well as by the 1.6% increment in investment results due to the larger investment portfolio and higher returns obtained in equity, leasing and real estate assets, in addition to a lower cost of derivative transactions.

### Banking Activity

The banking activity registered a \$5,450 thousand profit, which primarily includes income from interests and adjustments, income from fees, other operating income, operating expenses and credit risk expenses.

## b. Operating Income

Consolidated operating income reached \$74,513 thousand, 51.5% higher than that of the same period of 2015. This was mainly explained by the strong increment in the operational result of Confuturo and Corpseguros, as well as by the improvements recorded in Red Salud, and the incorporation of Banco Internacional in October 2015.

### **Non Insurance Activity**

Operating income of the Non insurance activity reached \$12,469 thousand, 3.0% lower than that of the same period of 2015. This was mainly explained by the lower operating income of Consalud, which has been affected by strong pressures in costs and operating expenses. The above was partially offset by the better operating performance achieved by Red Salud, especially in Clínica Bicentenario and Megasalud, in addition to the effect derived from the consolidation of ACR6 Group in May 2015.

It is important to mention that the operating income of the Non insurance activity for the first half of 2016 does not consolidate AFP Habitat. The same applies to 6M15, where AFP Habitat presents its results in the "Earnings from discontinued operations" account.

### **Insurance Activity**

Operating income from the Insurance activity reached \$55,898 thousand, up from the \$36,336 thousand profit registered in the first half of the previous year. Such progress is mainly attributable to larger revenues in annuity premiums, which were supported by the change in discount rates for accounting reserves and the capital increases undertaken in Confuturo for UF2 million. Moreover, the higher investment result responds to better returns, lower interest and adjustment expenses, in addition to impairment releases from investments sold during the first half of 2016. The above was partially offset by lower accrued financial interests due to the increase in liquidity of Confuturo and Corpseguros, in order to prepare its balance sheet for the acquisition of the Espacio Urbano malls.

### **Banking Activity**

Operating income from the Banking activity recorded a \$6,147 thousand profit in the first half of 2016. This result includes \$21,596 thousand in net income from loan interests and adjustments, \$2,386 thousand in net income from fees on current accounts and services, \$11,400 thousand in operational income from the trading and distribution desks, \$23,085 thousand in operating expenses and \$6,151 thousand in credit risk provisions that includes a portfolio deterioration during the first half of 2016.

## **c. Non Operating Income**

Total consolidated non operating income registered a \$14,847 thousand loss, \$1,259 thousand higher than the same period of the previous year. This was mainly explained by the lower non operational income of both Confuturo and Corpseguros, which were affected by the negative effect arising from inflation and the US Dollar depreciation in investment instruments denominated in the aforementioned currency.

### **Non Insurance Activity**

Non operating result from the Non insurance activity reached a \$239 thousand profit, \$15,517 thousand higher than the same period of the previous year. This was mainly explained by the higher result obtained from related companies, specifically from the participation of ILC in AFP Habitat. The above was partially offset by larger

financial costs at the corporate level, in addition to the lower non operating result obtained by Red Salud and Consalud.

#### **Insurance Activity**

Non operating income from the Insurance activity reached a \$15,107 thousand loss, \$16,797 thousand lower than that of the same period of the previous year. This was mainly explained by the negative effect of the US Dollar depreciation in bank balances, derivative guarantees and fixed income instruments denominated in this currency, from both Confuturo and Corpseguros as of the end of June 2016.

#### **Banking Activity**

Non operating result from the Banking Activity amounted to \$21 thousand in the first half of 2016. This result includes both net financial income and indexation unit results.

#### d. Balance Sheet

Is important to mention that AFP Habitat is consolidated in ILC's balance sheet as of the end of 2015.

As of June 30<sup>th</sup> 2016, consolidated assets of the Company totalized \$11,834,697 thousand and its composition is as follows:

ILC Consolidated Balance Sheet	Figures in million Ch\$		Figures in Th US\$(*)		Var %
	6M16	2015	6M16	2015	
Current Assets Non Insurance Activity	235,975	260,060	356,797	393,214	-9.3%
Non Current Assets Non Insurance Activity	658,256	872,182	995,291	1,318,751	-24.5%
Assets Insurance Activity	5,573,614	5,390,471	8,427,377	8,150,462	3.4%
Assets Banking Activity	1,358,186	1,212,426	2,053,594	1,833,204	12.0%
<b>Total Assets</b>	<b>7,826,030</b>	<b>7,735,139</b>	<b>11,833,059</b>	<b>11,695,630</b>	<b>1.2%</b>
Current Liabilities Non Insurance Activity	363,318	475,365	549,342	718,757	-23.6%
Non Current Liabilities Non Insurance Activity	324,042	367,025	489,955	554,947	-11.7%
Liabilities Insurance Activity	5,164,456	5,016,272	7,808,724	7,584,668	3.0%
Liabilities Banking Activity	1,232,665	1,090,658	1,863,805	1,649,089	13.0%
Non Controlling Participations	74,743	278,569	113,013	421,200	-73.2%
Equity Attributable to Owners of the Parent Company	666,806	507,250	1,008,219	766,969	31.5%
<b>Total Liabilities and Equity</b>	<b>7,826,030</b>	<b>7,735,139</b>	<b>11,833,059</b>	<b>11,695,630</b>	<b>1.2%</b>

(\*) Closing Exchange rate of \$661.37/US\$ as of July 1st, 2016

#### i. Non Insurance Activity Current Assets

Current assets decreased by \$36,416 thousand when compared to those of year-end 2015. This decrement is mainly attributable to the decrease in the cash and cash equivalents account, because of the deconsolidation of AFP Habitat in March 2016.

#### ii. Non Insurance Activity Non Current Assets

Non-current assets decreased by \$323,460 thousand when compared to those of year-end 2015. This decrement is mainly attributable to the deconsolidation of AFP Habitat, which affected the Goodwill and Intangibles accounts.

#### iii. Insurance Activity Assets

As of June 30<sup>th</sup> 2016, Insurance activity assets were \$8,427,377 thousand, 3.4% higher compared to those as of year-end 2015. This variation is mainly associated with the higher level of cash handled by both Confuturo and Corpseguros, as well as by the larger financial and real estate investment portfolio, because of higher annuity sales.

#### iv. Banking Activity Assets

As of June 30<sup>th</sup> 2016, Banking Activity assets increased 12.0% when compared to those as of year-end 2015. A larger investment portfolio, specifically in fixed time deposits for \$141,942 thousand, higher accounts receivables from clients, derivatives, cash and time deposits explained this variation. All the above was slightly offset by a reduction in the Other assets account.

**v. Non Insurance Current liabilities**

As June 30<sup>th</sup> 2016, current liabilities decreased by \$169,415 thousand compared to those as of December 31<sup>st</sup> 2015. This decrement is mainly attributable to corporate bridge loans payments, in addition to the termination of ILC's and Red Salud's A-series local bonds in June 2016. The above was partially offset by a higher provision of dividends.

**vi. Non Insurance Non current liabilities**

As of June 30<sup>th</sup> 2016, non current liabilities decreased by \$64,992 thousand compared to those recorded as of year-end 2015. The main variation occurs in the deferred taxes account, due to the deconsolidation of Habitat in March 2016.

**vii. Insurance Activity Liabilities**

As of June 30<sup>th</sup> 2016, liabilities of the insurance activity liabilities increased by 3.0% compared to those as of December 31<sup>st</sup> 2015. Much of this variation responds to the larger reserves of the annuities segment, due to the rise in premiums recorded during the period.

**viii. Banking Activity Liabilities**

As of June 30<sup>th</sup> 2016, the banking activity liabilities increased by 13.0% compared to those as of December 31<sup>st</sup> 2015. This rise is mainly attributable to the increment registered in both operations with liquidations in course and time deposits accounts.

**ix. Equity attributable to owners of the parent and non-controlling interest**

The equity attributable to owners of the parent company as of June 30<sup>st</sup> 2016 reached \$1,008,219 thousand, 31.5% higher than the amount recorded as of December 31<sup>st</sup> 2015. This increment is mainly attributable to the accounting result arising from the sale of ILC's 27.26% stake in AFP Habitat to Prudential.

Meanwhile, non-controlling interest reached \$113,013 thousand, 73.2% below than the amount recorded as of December 31<sup>st</sup> 2015. This was explained by the deconsolidation of AFP Habitat in March 2016, as well as by the higher stake reached by ILC in Inversiones Confuturo and Red Salud in the period.

## V. BUSINESS UNITS

### NON INSURANCE ACTIVITY: RED SALUD

The result obtained by Red Salud during the first half of 2016 amounted to \$6,038 thousand, \$5,102 thousand higher compared to the same period of the previous year. The composition of the main accounts is as follows:

Red Salud	(*)Figures in Th. US\$					
Income Statement	6M16	6M15	Var %	2Q16	2Q15	Var %
Revenues	248,601	186,270	33.5%	129,661	105,299	23.1%
Cost of Sales	(189,987)	(147,357)	28.9%	(99,237)	(81,555)	21.7%
Gross Profit	<b>58,613</b>	<b>38,913</b>	<b>50.6%</b>	<b>30,424</b>	<b>23,744</b>	<b>28.1%</b>
Other Income	-	-	-	-	-	-
Administrative Expenses	(40,284)	(29,706)	35.6%	(19,627)	(16,586)	18.3%
<b>Operating Income</b>	<b>18,329</b>	<b>9,207</b>	<b>99.1%</b>	<b>10,798</b>	<b>7,158</b>	<b>50.8%</b>
Financial Income	387	919	-57.8%	196	817	-76.0%
Financial Costs	(7,724)	(7,159)	7.9%	(3,727)	(3,891)	-4.2%
Share of Profit (Loss) of Affiliates Accounted for	1,487	1,482	0.3%	750	908	-17.4%
Others	(3,349)	(2,051)	63.3%	(1,827)	(2,063)	-11.4%
<b>Non Operating Result</b>	<b>(9,199)</b>	<b>(6,809)</b>	<b>35.1%</b>	<b>(4,608)</b>	<b>(4,229)</b>	<b>8.9%</b>
Profit Before Taxes	9,130	2,398	280.7%	6,190	2,929	111.3%
Income Tax Expenses	(1,693)	(720)	135.1%	(891)	(402)	122.0%
<b>Income from Continuing Operations</b>	<b>7,438</b>	<b>1,678</b>	<b>343.2%</b>	<b>5,299</b>	<b>2,527</b>	<b>109.6%</b>
Minority Interest	(1,400)	(742)	88.6%	(796)	(574)	38.7%
<b>Profit to Red Salud</b>	<b>6,038</b>	<b>936</b>	<b>545.0%</b>	<b>4,502</b>	<b>1,953</b>	<b>130.5%</b>
<b>EBITDA (**) Red Salud</b>	<b>30,823</b>	<b>19,856</b>	<b>55.2%</b>	<b>17,124</b>	<b>13,305</b>	<b>28.7%</b>

(\*) Closing Exchange rate of Ch\$661.837US\$ as of July 1<sup>st</sup>, 2016

(\*\*) EBITDA is calculated as profit before taxes minus depreciation, financial costs, other non operational costs and financial income

### Revenues

It is important to mention that during the first half of 2016 all healthcare units recorded advances in their revenues when compared to the same period of 2015. Clínica Bicentenario, Clínica Avansalud and Clínica Tabancura showed a 19.6%, 15.4% and 12.3% improvement in their individual performance respectively. However, the main driver for larger consolidated revenues was the consolidation of the ACR6 Group in May 2015, which meant an increase in revenues of \$40,290 thousand.

Revenues from the outpatient activity registered an increase of \$32,061 thousand compared to the same period of the previous year. This was mainly due to a higher demand for medical consultations, images, laboratory, dental services, as well as medical procedures.

Regarding the inpatient activity, revenues increased by \$29,127 thousand, mainly explained by the rise registered in hospitalizations and intensive care unit utilizations, larger surgical staff fees and the higher use of medical supplies and drugs.

### Cost of Sales

The 28.9% increase was mostly driven by a higher activity level in all healthcare units, as well as by the consolidation of the ACR6 Group.

It is important to highlight that all healthcare units located in Santiago reduced their costs (as a percentage of their income). This resulted in a decrease in Red Salud's overall cost/income ratio from 79.1% the first half in 2015 to 76.4% in the same period of 2016.

## Selling, General and Administrative Expenses

The 35.6% increase was primarily explained by the consolidation of the ACR6 Group in May 2015, which implied additional expenses for \$6,194 thousand in the period January-June 2016. The most relevant drivers in this variation were personnel expenses, impairments undertaken in accounts receivables, and other operational expenses (mostly consultancies and outsourced services).

## Non Operating Income

There was a \$9,199 thousand non operating loss, which was 35.1% higher than the one reported in the same period of 2015. Inflation effects over Red Salud's UF4.6 million debt, as well as the consolidation of the ACR6 Group in May 2015 explained this variation.

## Operating Data

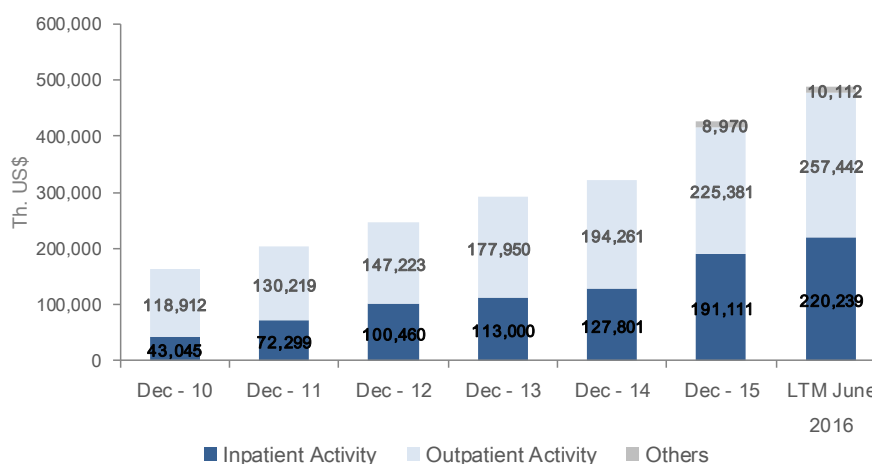
The main operating data of Red Salud for 6M16-2015 is:

Operational Data	6M16	6M15
Emergency consultations	163,973	108,370
Hospital discharges	36,619	28,007
Inpatient days utilized	101,448	78,188

Regional Hospitals consider activities undertaken since May '15 (period under consolidation)

	Occupancy Rate		Average Length of Stay (days)	
	6M16	6M15	6M16	6M15
Tabancura	68.6%	68.2%	3.44	2.93
Avansalud	83.8%	84.1%	2.19	1.93
Bicentenario	67.0%	71.5%	3.90	3.73
Iquique	57.4%	53.2%	2.22	2.37
ACR6	59.7%	59.3%	2.22	2.37

There has been an upward trend in terms of revenues during the last periods, with the inpatient segment gaining participation in the overall revenue mix:



In terms of infrastructure, Red Salud has:

Number of Beds	6M16	6M15
Tabancura	143	143
Avansalud	88	81
Bicentenario	255	241
Iquique	61	61
Regional Private Hospitals*	300	309
<b>Total</b>	<b>847</b>	<b>835</b>

\* Red Salud consolidates 5 Regional Hospitals since May 2015. Previously, the Company had 50% stake in 12 hospitals (which were not consolidated)

Number of Boxes	6M16	6M15
Megasalud	473	537
Tabancura	62	51
Avansalud	78	78
Bicentenario	94	80
Iquique	23	11
Arauco Salud	45	43
Regional Private Hospitals*	253	248
<b>Total</b>	<b>1,028</b>	<b>1,048</b>

\* Red Salud consolidates 5 Regional Hospitals since May 2015. Previously, the Company had 50% stake in 12 hospitals (which were not consolidated)

Financial results of Red Salud's Private Hospitals as of June 2016 and 2015 are:

Income Statement (June '16) Th. US\$*	Megasalud	Avansalud	Tabancura	Bicentenario	Iquique	ACR 6 (***)
Revenues	71,028	32,901	28,732	44,403	6,386	56,615
Cost of Sales	( 54,598)	( 24,667)	( 22,329)	( 33,562)	( 4,746)	( 43,147)
<b>Gross Profit</b>	<b>16,430</b>	<b>8,235</b>	<b>6,404</b>	<b>10,841</b>	<b>1,640</b>	<b>13,468</b>
SG&A	( 10,501)	( 4,422)	( 6,279)	( 5,856)	( 948)	( 8,856)
<b>Operating Income</b>	<b>5,929</b>	<b>3,813</b>	<b>125</b>	<b>4,985</b>	<b>692</b>	<b>4,612</b>
<b>Net Income</b>	<b>4,167</b>	<b>2,192</b>	<b>(147)</b>	<b>2,973</b>	<b>398</b>	<b>2,344</b>
<b>EBITDA(**)</b>	<b>8,865</b>	<b>5,689</b>	<b>1,571</b>	<b>6,772</b>	<b>919</b>	<b>6,545</b>
<b>EBITDA Margin</b>	<b>12.5%</b>	<b>17.3%</b>	<b>5.5%</b>	<b>15.3%</b>	<b>14.4%</b>	<b>11.6%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

(\*\*) EBITDA calculated as operating result minus depreciations and amortizations

(\*\*\*) ACR 6 consolidates 5 private hospitals since May 2015: Elqui, Valparaíso, Rancagua, Temuco and Magallanes

Income Statement (June '15) Th. US\$	Megasalud	Avansalud	Tabancura	Bicentenario	Iquique	ACR 6 (***)
Revenues	69,903	28,521	25,580	37,123	5,549	16,325
Cost of Sales	( 57,091)	( 21,694)	( 19,986)	( 30,393)	( 3,800)	( 12,131)
<b>Gross Profit</b>	<b>12,813</b>	<b>6,827</b>	<b>5,594</b>	<b>6,730</b>	<b>1,749</b>	<b>4,194</b>
SG&A	( 10,315)	( 3,614)	( 4,749)	( 4,876)	( 1,244)	( 2,663)
<b>Operating Income</b>	<b>2,498</b>	<b>3,213</b>	<b>845</b>	<b>1,854</b>	<b>505</b>	<b>1,532</b>
<b>Net Income</b>	<b>1,279</b>	<b>1,745</b>	<b>540</b>	<b>79</b>	<b>302</b>	<b>770</b>
<b>EBITDA(**)</b>	<b>5,076</b>	<b>5,058</b>	<b>2,106</b>	<b>3,712</b>	<b>732</b>	<b>1,990</b>
<b>EBITDA Margin</b>	<b>7.3%</b>	<b>17.7%</b>	<b>8.2%</b>	<b>10.0%</b>	<b>13.2%</b>	<b>12.2%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

(\*\*) EBITDA calculated as operating result minus depreciations and amortizations

## NON INSURANCE ACTIVITY: CONSALUD

During the first half of 2016, Isapre Consalud recorded a net loss of \$2,281 thousand, 147.3% lower than the result obtained in the same period of 2015.

The composition of the main accounts is as follows:

Consalud Income Statement	*Figures in Th. US\$					
	6M16	6M15	Var %	2Q16	2Q15	Var %
Revenues	291,648	269,833	8.1%	147,114	135,281	8.7%
Cost of Sales	(259,958)	(229,475)	13.3%	(134,208)	(114,778)	16.9%
<b>Gross Profit</b>	<b>31,690</b>	<b>40,358</b>	<b>-21.5%</b>	<b>12,907</b>	<b>20,503</b>	<b>-37.1%</b>
Other Income (Expenses)	2,229	1,558	43.1%	1,102	929	18.7%
Administrative Expenses	(39,430)	(36,878)	6.9%	(19,928)	(19,213)	3.7%
<b>Operating Income</b>	<b>(5,511)</b>	<b>5,038</b>	<b>209.4%</b>	<b>(5,919)</b>	<b>2,219</b>	<b>366.7%</b>
Financial Income	2,009	2,188	-8.2%	1,015	1,224	-17.1%
Financial Costs	(584)	(614)	-4.9%	(345)	(324)	6.3%
Share of Profit (Loss) of Affiliates Accounted for Using the Equity Meth	-	-	0.0%	-	-	0.0%
Others	(7)	(11)	-30.1%	(2)	(11)	-81.3%
<b>Non Operating Income</b>	<b>1,418</b>	<b>1,564</b>	<b>-9.3%</b>	<b>668</b>	<b>889</b>	<b>-24.8%</b>
Profit before Taxes	(4,093)	6,602	-162.0%	(5,251)	3,108	-268.9%
Income Tax Expenses	1,811	(1,775)	-202.0%	2,481	(739)	-435.8%
<b>Income from Continuing Operations</b>	<b>(2,282)</b>	<b>4,827</b>	<b>-147.3%</b>	<b>(2,770)</b>	<b>2,369</b>	<b>-216.9%</b>
Minority Interest	0	(0)	-	0	(0)	-
<b>Profit to Consalud</b>	<b>(2,281)</b>	<b>4,827</b>	<b>-147.3%</b>	<b>(2,770)</b>	<b>2,369</b>	<b>-216.9%</b>
<b>EBITDA(**) Consalud</b>	<b>(1,767)</b>	<b>8,618</b>	<b>-120.5%</b>	<b>(3,999)</b>	<b>4,148</b>	<b>-196.4%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1st, 2016

(\*\*) EBITDA is calculated as profit before taxes minus depreciation, financial costs, other non operational costs and financial income

### Revenues

During the first semester of 2016, revenues experienced an 8.1% increase when compared to those as of the first half 2015. This was mainly explained by the 2.8% increment in the average number of contributors, the annual inflation of 4.2% (approximately 85% of Consalud's contributors have a healthcare plan linked to the UF), and the larger contribution cap which increased contributions from the higher income segment.

### Cost of Sales

The 13.3% y-o-y increment in operating costs was explained by a higher frequency in outpatient, inpatient and temporarily disability insurances recorded during the period, as well as by the larger amount covered in temporarily disability insurances.

It is important to highlight the 11.0% and 10.2% increase in the number of inpatient and outpatient medical services covered by Isapre Consalud respectively. Finally, the average coverage of the temporarily disability insurances between both periods advanced 11.8%, meanwhile the number of temporarily disability insurances increased by 7.4%.

### Selling, General and Administrative Expenses

Administrative expenses in the first half of 2016 increased 6.9% compared to the same period of the previous year, mainly due to client retention policies and larger legal expenses. It is important to mention that as of June 2016 there were 11,590 trials against Consalud due to adjustments in the base price established in contracts, compared to the 10,020 cases as of the end of June 2015.

## Non Operating Income

During the first half of 2016 non operating income showed an 9.3% decrement compared to the same period 2015. This mainly responds to a lower net financial income.

## Operating Data

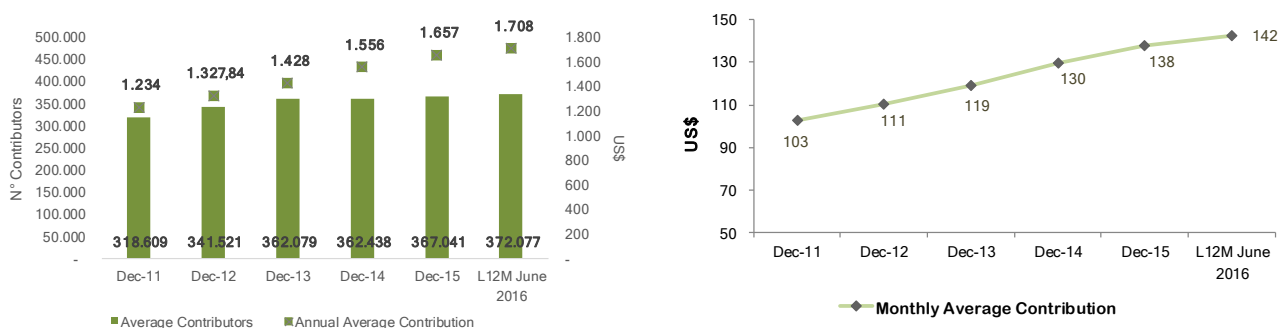
Over the last periods, contributions have continuously increased for both mandatory and voluntary modalities. These increments are explained by a higher number of contributors, an upper contribution cap, a larger UF and the deeper formality of the labor market in Chile.

Th. US\$*	Dec -11	Dec -12	Dec -13	Dec -14	Dec -15	LTM June 2016
Mandatory contributions	281,196	324,433	361,780	384,230	411,392	427,392
Voluntary contributions	85,766	98,608	119,182	139,573	150,308	157,791
Other periods	26,111	30,445	35,991	40,281	46,522	50,334
<b>Total</b>	<b>393,073</b>	<b>453,486</b>	<b>516,953</b>	<b>564,084</b>	<b>608,221</b>	<b>635,517</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

Source: Superintendencia de Salud

Isapre Consalud has increased its number of contributors as well as its personal contributions, reaching \$1,708 annually as of the last 12 months. This amount implies an average monthly contribution of \$142 by contributor.



Source: Superintendencia de Salud

Exchange rate of Ch\$661.37 as of July 1<sup>st</sup>, 2016

Regarding operating costs, there has been an upward trend in each one of its items: inpatient and outpatient medical services, as well as temporary disabilities insurances.

		6M16	6M15	Var. %
<b>Inpatient Cost</b>	N° Inpatient Services	1,528,876	1,376,908	11.0%
	Average Cost per Inpatient Service (US\$)	\$ 66	\$ 67	-1.9%
	Total Inpatient Cost (US\$ Th.)	\$ 100,633	\$ 92,363	9.0%
<b>Outpatient Cost*</b>	N° Outpatient Services	6,306,937	5,722,588	10.2%
	Average Cost per Outpatient Service (US\$)	\$ 14	\$ 14	-0.7%
	Total Outpatient Cost (US\$ Th.)	\$ 89,572	\$ 81,882	9.4%
<b>Temporary Disability Insurance</b>	N° Temporary Disability Insurances	150,356	140,013	7.4%
	Average Temporary Disability Insurance (US\$)	\$ 426	\$ 381	11.8%
	Total Temporary Disability Insurance (US\$ Th.)	\$ 64,106	\$ 53,397	20.1%

(\*) Includes dental services

Considers a Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

Source: Superintendencia de Salud,

FEFI Consalud

## NON INSURANCE ACTIVITY: HABITAT (not consolidated)

Net income (previous to *encaje*) reached \$59,205 thousand, 16.8% higher than the result obtained in the same period of the previous year. The composition of the main accounts is the following:

Habitat Income Statement	*Figures in Th. US\$					
	2015	2014	Var %	2Q16	2Q15	Var %
Revenues	125,101	114,803	9.0%	62,837	57,649	9.0%
Cost of Sales	-	-	0.0%	-	-	0.0%
<b>Gross Profit</b>	<b>125,101</b>	<b>114,803</b>	<b>9.0%</b>	<b>62,837</b>	<b>57,649</b>	<b>9.0%</b>
Other Income (Expenses)	-	-	-	-	-	-
Administrative Expenses	( 51,481)	( 48,651)	5.8%	( 26,928)	( 25,128)	7.2%
<b>Operating Income</b>	<b>73,620</b>	<b>66,152</b>	<b>11.3%</b>	<b>35,909</b>	<b>32,521</b>	<b>10.4%</b>
Financial Income	1,142	778	46.8%	448	315	42.0%
Financial Costs	( 67)	( 55)	21.9%	( 35)	( 26)	31.6%
Gain (Loss) of the <i>Encaje</i>	3,483	15,468	-77.5%	2,461	2,136	15.2%
Share of Profit (Loss) of Affiliates Accounted for Using the Equity Method	1,978	1,806	9.5%	1,056	861	22.7%
Others	276	607	-54.6%	382	348	9.7%
<b>Non Operating Income</b>	<b>6,812</b>	<b>18,604</b>	<b>-63.4%</b>	<b>4,312</b>	<b>3,633</b>	<b>18.7%</b>
Profit before Taxes	80,432	84,757	-5.1%	40,221	36,155	11.2%
Income Tax Expenses	(17,744)	(18,609)	-4.7%	(8,622)	(7,109)	21.3%
<b>Net Profit</b>	<b>62,688</b>	<b>66,147</b>	<b>-5.2%</b>	<b>31,599</b>	<b>29,046</b>	<b>8.8%</b>
Minority Interest	( 0)	( 1)	-64.0%	0	1	-89.7%
<b>Profit to Habitat</b>	<b>62,688</b>	<b>66,147</b>	<b>-5.2%</b>	<b>31,599</b>	<b>29,047</b>	<b>8.8%</b>
<b>Profit to Habitat before <i>Encaje</i></b>	<b>59,205</b>	<b>50,679</b>	<b>16.8%</b>	<b>29,139</b>	<b>26,911</b>	<b>8.3%</b>
<b>EBITDA to Habitat</b>	<b>82,229</b>	<b>85,558</b>	<b>-3.9%</b>	<b>40,922</b>	<b>36,494</b>	<b>12.1%</b>
<b>EBITDAE (**) to Habitat</b>	<b>78,746</b>	<b>70,090</b>	<b>12.3%</b>	<b>38,461</b>	<b>34,358</b>	<b>11.9%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1st, 2016

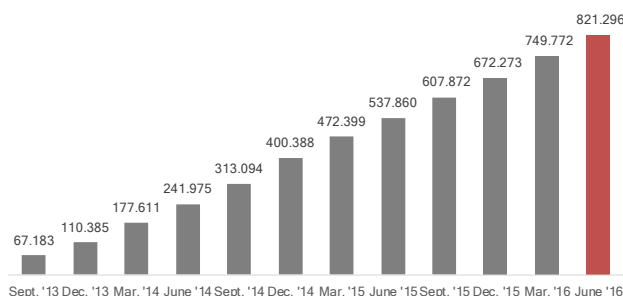
(\*\*) EBITDAE is calculated as Profit before taxes minus depreciation, financial costs, other non operational costs and financial income due to Habitat's *encaje*

## Revenues

Operating revenues increased by 9.0% in the first half of 2016 compared to the same period of 2015. This advance was mainly explained by a larger income from fees in Chile, due to the 1.6% increment of the average salary quoted by AFP Habitat (in real terms).

Moreover, Habitat Peru's income from fees increased by 58.5% year on year, totaling \$6,998 thousand. As of June 2016 Habitat reached 821,296 affiliates, achieving 13.5% of market share and \$665 million in AuM. These are important commercial figures if we consider that Habitat entered Peru in mid-2013.

Affiliates AFP Habitat Peru



Revenue breakdown by product is mostly predominated by mandatory contributions in Chile and Peru, which represented 93.0% of the total. However, voluntary contributions have been gaining share over the last periods. As of the end of June 2016, Voluntary Pension Savings (APV), Voluntary Saving Accounts (CAV) and programmed withdrawals represented 3.0%, 1.8% and 1.4% of revenues respectively.

## Selling, General and Administrative Expenses

Selling and administrative expenses for the first half of 2016 reached \$51,481 thousand, 5.8% higher than the comparable period. This was mainly explained by the 5.3% increment in personnel expenditures, as well as the 3.8% growth in other operational expenses such as marketing, IT and administration.

## Non Operating Income

Non operating income for the first half of 2016 decreased by 63.4% when compared to the same period of 2015. This was mainly explained by the 77.5% reduction in the profitability of the *encaje*, in line with the lower investment returns of the funds.

For example, as of June 2016 the annual return of the C Fund (medium risk portfolio) of the pension fund industry in Chile was -0.78%, compared with the 2.33% reached by the same Fund in June 2015. In the case of AFP Habitat, annual return of the C Fund decreased from 2.61% in June 2015 to -0.46% in June 2016.

## Operating Data

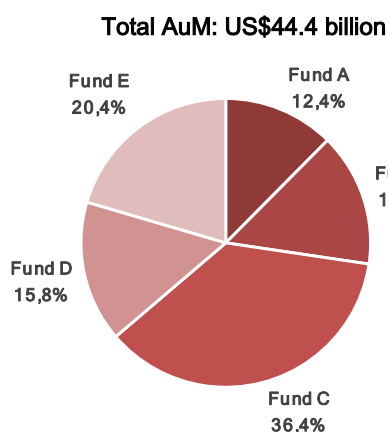
As of June 2016, AFP Habitat maintained a solid position in the Chilean pension industry, being the second largest player in terms of contributors, account holders and assets under management.

	AFP Habitat June '16	Market Share (%)
N° Account holders	2,040,212	20.2%
N° Contributors	1,136,819	22.0%
Contributors/Account holders	55.7%	
Assets under Management (Million Ch\$)	29,351,635	26.4%
Assets under Management (BUS\$)	44.4	26.4%

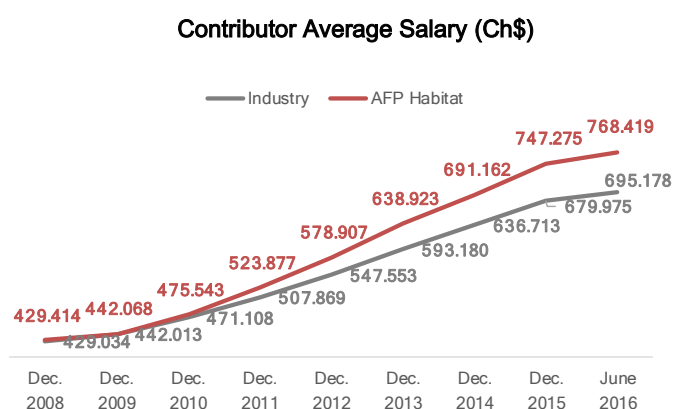
Source: Superintendencia de Pensiones

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1st, 2016

Regarding Habitat's assets under management (AuM), the C and A Funds represented the largest and smallest allocations, respectively. In addition, average salary per contributor has continued an upward trend, with AFP Habitat outperforming the industry by 10.5% as of June 2016.



Source: Superintendencia de Pensiones Chile



## INSURANCE ACTIVITY: INVERSIONES CONFUTURO

Consolidated profit achieved by Inversiones Confuturo in the first half of 2016 was \$35,682 thousand, 12.7% higher than the one obtained in the same period of 2015. The composition of the main accounts is as follows:

Inversiones Confuturo	(*) Figures in Th. US\$					
Income Statement	6M16	6M15	Var %	2Q16	2Q15	Var %
<b>Non Insurance Activity</b>						
Operating Income	(389)	(57)	580.1%	(193)	131	-246.7%
Non Operating Income	(5,625)	(6,019)	-6.5%	(3,021)	(4,228)	-28.5%
<b>Profit before Tax</b>	<b>(6,014)</b>	<b>(6,076)</b>	<b>-1.0%</b>	<b>(3,214)</b>	<b>(4,097)</b>	<b>-21.5%</b>
Income Tax Expenses	570	(169)	-438.0%	370	(614)	-160.2%
<b>Profit of Non-Insurance Activity</b>	<b>(5,444)</b>	<b>(6,244)</b>	<b>-12.8%</b>	<b>(2,844)</b>	<b>(4,711)</b>	<b>-39.6%</b>
<b>Insurance Activity</b>						
Net Premiums Income	399,665	307,220	30.1%	245,762	185,557	32.4%
Net Investments Income	197,006	195,647	0.7%	83,419	102,501	-18.6%
Cost of Sales	(540,024)	(448,737)	20.3%	(321,010)	(251,617)	27.6%
<b>Gross Profit</b>	<b>56,647</b>	<b>54,130</b>	<b>4.6%</b>	<b>8,170</b>	<b>36,441</b>	<b>-77.6%</b>
Administrative Expenses	5,927	(9,460)	-162.6%	13,673	(3,144)	-534.9%
<b>Operating Income</b>	<b>62,573</b>	<b>44,670</b>	<b>40.1%</b>	<b>21,844</b>	<b>33,297</b>	<b>-34.4%</b>
Share of Profit (Loss) of Equity Investees	6	-	-	4	-	-
Gain (Loss) from Inflation Indexed Unit	(14,536)	1,580	-1020.0%	(2,867)	(797)	259.6%
Foreign Currency Exchange Gain (Loss)	-	-	-	-	-	-
<b>Non Operating Income</b>	<b>(14,530)</b>	<b>1,580</b>	<b>-1019.6%</b>	<b>(2,863)</b>	<b>(797)</b>	<b>259.1%</b>
Profit Before Tax	48,043	46,250	3.9%	18,980	32,500	-41.6%
Income Tax Expenses	(6,917)	(8,330)	-17.0%	(1,950)	(4,033)	-51.7%
<b>Profit of Insurance Activity</b>	<b>41,126</b>	<b>37,920</b>	<b>8.5%</b>	<b>17,031</b>	<b>28,467</b>	<b>-40.2%</b>
<b>Profit (Loss)</b>	<b>35,682</b>	<b>31,676</b>	<b>12.6%</b>	<b>14,186</b>	<b>23,756</b>	<b>-40.3%</b>
Minority Interest	-	(4)	-100.0%	2	(3)	-189.0%
<b>Profit to Inversiones Confuturo</b>	<b>35,682</b>	<b>31,672</b>	<b>12.7%</b>	<b>14,189</b>	<b>23,753</b>	<b>-40.3%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

## Revenues

Net premiums income increased 30.1% in the first half of 2016 compared with the same period of 2015. The above is mainly explained by the higher collection of annuities due to regulatory changes in the discount rate for accounting annuities, as well as by the additional resources (UF 2 million) injected by ILC in Confuturo as capital increases to support the growth of this subsidiary.

It is important to highlight that the Chilean annuity industry reached a UF54.2 million size as of the end of June 2016, meaning a 24.7% growth in terms of direct premiums compared with the same period last year. Meanwhile, Inversiones Confuturo reached UF9.1 million in premiums, showing a 24.6% growth year-on-year.

Regarding the net investment income of the insurance activity, there was a 0.7% improvement y-o-y. It is important to note the impact related to lower accrued financial interests registered during the period. This was mainly explained by the higher liquidity maintained by both Confuturo and Corpseguros, in order to prepare their balance sheet for the acquisition of the Espacio Urbano shopping centers.

## Cost of Sales

The 20.3% increase year-on-year responds mainly to additional costs related to higher collection of annuities, which has associated an accounting effect that increases reserves.

## Operating Expenses

The \$15,386 thousand decrease in year-on-year operating expenses responds mainly to an impairment release of foreign fixed income instruments that were liquidated during the first half of the year.

## Non Operating Income

The Insurance activity non operating income presented a \$16,110 thousand decrement year-on-year, mainly due to the negative effect arising from the US Dollar depreciation over the balances of foreign equity investments related to life insurances with savings (CUI), which represent roughly 35% of this kind of instruments.

The following tables show the summarized income statements of the subsidiaries of Inversiones Confuturo:

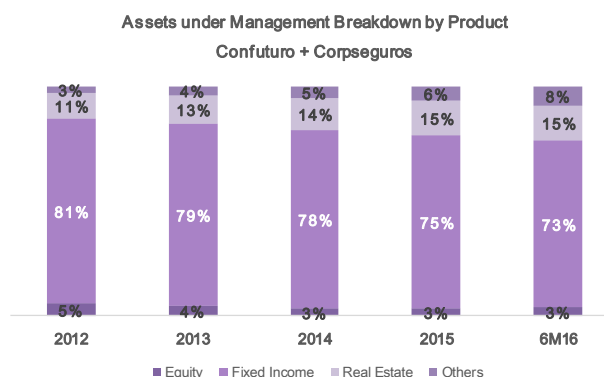
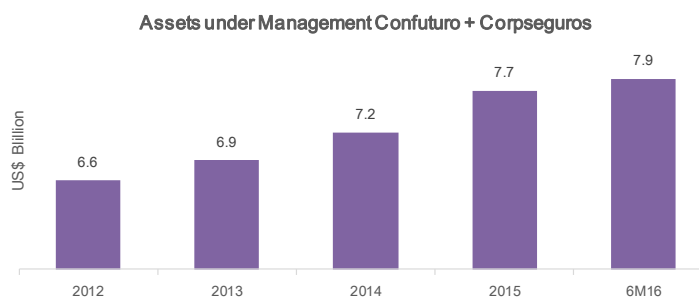
<b>Corpseguros S.A.</b>	(*) Figures in Th. US		
Income Statement	<b>6M16</b>	<b>6M15</b>	<b>Var %</b>
Net Premiums Income	98,460	62,090	58.6%
Net Investments Income	95,043	98,328	-3.3%
Cost of Sales	(164,078)	(125,589)	30.6%
Operation Expenses	4,652	(1,361)	-441.7%
<b>Operating Result</b>	<b>34,077</b>	<b>33,468</b>	<b>1.8%</b>
Other Income and Expenses	(4,311)	(627)	587.2%
<b>Profit before Tax</b>	<b>29,767</b>	<b>32,840</b>	<b>-9.4%</b>
Tax Expenses	(2,358)	(4,756)	-50.4%
Minority Interest	(3)	(3)	-2.4%
<b>Profit to Corpseguros S.A.</b>	<b>27,406</b>	<b>28,082</b>	<b>-2.4%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

<b>Confuturo S.A.</b>	(*) Figures in Th. US		
Income Statement	<b>6M16</b>	<b>6M15</b>	<b>Var %</b>
Net Premiums Income	301,205	245,129	22.9%
Net Investments Income	106,575	99,152	7.5%
Cost of Sales	(374,437)	(323,148)	15.9%
Operation Expenses	(234)	(8,099)	-97.1%
<b>Operating Result</b>	<b>33,109</b>	<b>13,035</b>	<b>154.0%</b>
Other Income and Expenses	(10,219)	2,207	-563.0%
<b>Profit before Tax</b>	<b>22,889</b>	<b>15,242</b>	<b>50.2%</b>
Tax Expenses	(5,805)	(3,987)	45.6%
Minority Interest	(1)	(3,139)	-100.0%
<b>Profit to Confuturo S.A.</b>	<b>17,083</b>	<b>8,117</b>	<b>110.5%</b>

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

Confuturo and Corpseguros have shown an important increment on their investment portfolios during the last periods, reaching US\$7.9 billion in assets under management. Since ILC's entrance in 2013, both companies have been reducing their exposure into high-volatility assets.



## INSURANCE ACTIVITY: VIDA CAMARA

Vida Cámara Consolidated result recorded a \$4,546 thousand loss, 34.6% lower than the result obtained in the same period of 2015. The composition of the main accounts is as follows:

Vida Camara	Figures in Th. US\$*					
Income Statement	6M16	6M15	Var %	2Q16	2Q15	Var %
D&C Chile - Gross Profit (**)	(11,570)	(9,752)	18.6%	(8,339)	(5,753)	45.0%
D&S Peru - Gross Profit (**)	2,364	708	233.7%	1,016	(810)	-225.5%
Health & Life Insurance - Gross Profit (**)	5,853	4,590	27.5%	2,156	1,434	50.3%
Gross Profit	(3,353)	(4,454)	-24.7%	(5,167)	(5,129)	0.7%
Other Income	93	76	21.6%	57	36	60.3%
Administrative Expenses	(4,761)	(4,429)	7.5%	(2,472)	(2,209)	11.9%
Operating Income	(8,021)	(8,807)	-8.9%	(7,582)	(7,302)	3.8%
Financial Income	1,249	473	163.9%	612	(23)	-2789.6%
Foreign Currency Exchange Gain (Loss)	(88)	118	-174.4%	36	110	-67.1%
Gain (Loss) from Inflation Indexed Unit	(489)	(8)	6361.0%	(125)	(38)	229.4%
Non Operating Income	672	583	15.2%	524	50	954.7%
Profit before Taxes	(7,349)	(8,224)	-10.6%	(7,059)	(7,253)	-2.7%
Income Tax Expenses	2,803	1,272	120.3%	2,161	1,266	70.7%
Income from Continuing Operations	(4,546)	(6,951)	-34.6%	(4,897)	(5,987)	-18.2%
Minority Interest	0	0	-	0	0	-
Profit to Vida Camara	(4,546)	(6,951)	-34.6%	(4,897)	(5,986)	-18.2%

(\*) Closing Exchange rate of Ch\$661.37/US\$ as of July 1<sup>st</sup>, 2016

(\*\*) Includes technical margin and investments results

### Gross Profit

The 24.7% advance in the gross profit of Vida Camara was mainly explained by the better results obtained by the D&S insurance in Peru, as well as by the better performance of the supplementary health and life insurance in Chile. Regarding the D&S insurance in Peru, the release of reserves from the previous contract together with the better reinsurance of the current tender, boosted results by \$1,655 thousand.

Regarding the Health & Life insurance in Chile, the progress in results was mainly attributable to the 8.9% increase in the number of beneficiaries, as well as by the larger premiums collected during the period.

### Operational Expenses

The 7.5% increment in year-on-year expenses is mainly attributable to higher personnel and administrative expenditures, as well as by the larger financial impairments conducted during the first half of this year.

### Non Operating Income

The 15.2% increment in year-on-year non operating result was mostly driven by a better performance of the investment portfolio.

### Operating Data

As of June 2016, Vida Camara has continued a steady growth in the number of supplementary health insurance beneficiaries, reaching 256,470 people. This figure is 8.9% higher than the one reported as of the end of June 2015.

## BANKING ACTIVITY: BANCO INTERNACIONAL

Banco Internacional recorded a net profit of \$5,450 thousand during the first half of 2016. It is important to mention that ILC acquired 51.0% of Banco Internacional in October 2015, so there is not a comparative period for 2015. The performance of the Bank for 2016 is summarized below:

<b>Banco Internacional</b>		
<b>Income Statement</b>	<b>6M16</b>	<b>2Q16</b>
Net income from interest and adjustments	21,596	11,893
Net income from fees and services	2,386	691
Other operating income	11,400	5,769
Credit risk provisions	(6,151)	(3,654)
<b>Net operating income</b>	<b>29,232</b>	<b>14,700</b>
Operating expenses	(23,085)	(11,749)
<b>Operating result</b>	<b>6,147</b>	<b>2,951</b>
<b>Non operating result</b>	<b>21</b>	<b>16</b>
Profit before taxes	6,168	2,967
Income tax expenses	(718)	(332)
<b>Income from continuing operations</b>	<b>5,450</b>	<b>2,635</b>
Minority Interest	-	-
<b>Profit to Banco Internacional</b>	<b>5,450</b>	<b>2,635</b>

(\*) Closing Exchange rate of Ch\$661,37/US\$ as of July 1<sup>st</sup>, 2016

### Transaction

On October 30<sup>th</sup> 2015, ILC acquired 51.0% of Banco Internacional, Factoring Baninter and Baninter Corredora de Seguros, for a total investment of CLP\$67,600 million (approximately US\$100 million). Therefore, since October 2015 ILC controls indirectly the companies aforementioned.

### Results Analysis

The \$5,450 thousand income achieved by Banco Internacional in the first half of 2016 was mainly derived from interest associated with commercial loans, which have shown a favorable growth trend in the recent months. The above was partially offset by interest payments associated to time deposits as well as by administrative and personnel expenditures, which represented approximately 85% of total operating expenses. Finally, Banco Internacional's portfolio recorded impairments during the semester.

According to information released by the *Superintendencia de Bancos e Instituciones Financieras*, Banco Internacional reached as of June 2016 an overall market share of 0.58% in terms of loans, and a 0.96% participation in terms of commercial loans. Regarding performance variables, Banco Internacional reached an annualized ROE of 8.4% in June 2016 (0.1% as of December 2015) and an efficiency ratio (measured over operating income) of 62.79% in June 2016 (70.0% as of December 2015).

## VI. CONSOLIDATED FINANCIAL DATA

In terms of individual financial debt, ILC has most of it allocated in the long term.

The most relevant bonds are: ILC (C series), Red Salud (C series) and Inversiones Confuturo S.A. (A and B series) issued in the years 2011, 2012 and 2009 respectively.

Financial Debt (Th. US\$*)	ILC	Habitat	Vida Cámara	C. Machali	Consalud	Red Salud	Inv. Confuturo	Confuturo y Corpeseguros	Banco Internacional	Factoring Baninter	TOTAL
<b>Short Term</b>	<b>111,803</b>	<b>-</b>	<b>7,200</b>	<b>1,515</b>	<b>172</b>	<b>49,352</b>	<b>37,300</b>	<b>158,229</b>	<b>229,481</b>	<b>13,511</b>	<b>608,564</b>
Bonds	612	-	-	-	-	-	15,853	-	94,416	-	110,882
Bank Loans	111,190	-	7,200	1,515	172	39,202	21,446	158,229	88,758	13,511	441,225
Leasing	-	-	-	-	-	10,150	-	-	-	-	10,150
Others*	-	-	-	-	-	-	-	-	46,307	-	46,307
<b>Long Term</b>	<b>123,695</b>	<b>-</b>	<b>-</b>	<b>4,185</b>	<b>5,200</b>	<b>224,123</b>	<b>124,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>481,596</b>
Bonds	57,166	-	-	-	-	39,532	124,393	-	-	-	221,091
Bank Loans	66,529	-	-	4,185	5,200	105,321	-	-	-	-	181,234
Leasing	-	-	-	-	-	79,270	-	-	-	-	79,270
<b>Total</b>	<b>235,498</b>	<b>-</b>	<b>7,200</b>	<b>5,700</b>	<b>5,372</b>	<b>273,475</b>	<b>161,693</b>	<b>158,229</b>	<b>229,481</b>	<b>13,511</b>	<b>1,090,160</b>

\*Includes financial derivatives

Closing Exchange rate of Ch\$661,37/US\$ as of July 1<sup>st</sup>, 2016

It is important to mention that ILC has a local credit risk of AA+ rated by Feller-Rate and ICR.

As of the end of June 2016 ILC had \$102,486 thousand in cash and cash equivalents, in line with historical levels. Moreover, subsidiaries from the non-insurance activity maintained \$38,713 thousand in cash, whereas the subsidiaries of the insurance activity manage a liquidity of \$401,699 thousand. Finally, the subsidiaries of the banking activity hold \$97,169 thousand in cash.

Covenant	Jun. '16	Dec. '15
Net Financial Debt / Total Equity	0.43x	0.85x
Limit	< 1x	< 1x

The following table shows an exercise of estimated dividends from ILC's main subsidiaries regarding 2016's results:

June '16	Distr. Net Income (Th. US\$)	Dividend Pol. %**	Ownership (%)	Div. to ILC (Th. US\$)
Habitat	59,206	90%	40.29%	21,469
Red Salud	6,038	100%	99.90%	6,032
Consalud*	1,573	100%	99.90%	1,571
Vida Cámara	(4,546)	100%	99.90%	0
Inversiones Confuturo	35,682	30%	99.90%	10,694
Banco Internacional	5,450	30%	50.60%	827
<b>Total</b>	<b>97,953</b>			<b>40,593</b>

(\*) Closing Exchange rate of Ch\$661,37/US\$ as of July 1<sup>st</sup>, 2016

(\*) According to Superintendent of Health regulation, FEFI Consalud June 2016

(\*\*) According to the current dividend policy of each subsidiary as of June 2016

## VI CONSOLIDATED FINANCIAL STATEMENTS<sup>1</sup>

### INCOME STATEMENT

INCOME STATEMENT	6M16	6M15
<b>NON-INSURANCE ACTIVITY</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Revenue	549,981,472	461,885,663
Cost of sales	(454,709,810)	(380,011,171)
<b>Gross profit</b>	<b>95,271,662</b>	<b>81,874,492</b>
Other income	<b>2,244,081</b>	
Operating expenses	(85,047,057)	(69,017,499)
<b>Operating result</b>	<b>12,468,686</b>	<b>12,856,994</b>
Financial income	9,649,766	6,709,030
Financial costs	(23,426,046)	(18,361,704)
Share of profit of equity accounted investments	20,111,095	1,085,096
Foreign currency exchange gain (loss)	(159,192)	(103,949)
Gain (loss) from inflation indexed unit	(5,936,969)	(4,607,079)
Book Value/Market Value Income	0	0
<b>Non operating result</b>	<b>238,655</b>	<b>(15,278,607)</b>
<b>Profit (loss) before tax</b>	<b>12,707,341</b>	<b>(2,421,613)</b>
Income tax expense	95,967	(2,234,108)
<b>Profit (loss) from continuing operations</b>	<b>12,803,308</b>	<b>(4,655,721)</b>
(Loss) from discontinued operations	344,441,162	64,622,884
<b>Non-Insurance activity profit</b>	<b>357,244,470</b>	<b>59,967,164</b>
<b>INSURANCE ACTIVITY</b>		
Net income from interests and adjustments	201,547,967	198,445,557
Net premiums income	493,422,995	394,534,013
Costs of sales	(639,698,849)	(542,247,826)
Operating expenses	625,713	(14,395,735)
<b>Operating result</b>	<b>55,897,826</b>	<b>36,336,009</b>
<b>Non operating result</b>	<b>(15,106,659)</b>	<b>1,690,204</b>
<b>Profit (loss) before tax</b>	<b>40,791,167</b>	<b>38,026,212</b>
Income tax expense	(4,114,420)	(7,057,898)
<b>Insurance activity profit (loss)</b>	<b>36,676,747</b>	<b>30,968,314</b>
<b>BANKING ACTIVITY</b>		
Net interest income	21,595,683	0
Net fee and commission income	2,386,337	0
Other operating income	11,400,092	0
Provision for loan losses	(6,150,524)	0
<b>Net operating income</b>	<b>29,231,589</b>	<b>0</b>
Operating expenses	(23,084,602)	0
<b>Operating result</b>	<b>6,146,987</b>	<b>0</b>
<b>Non operating result</b>	<b>20,953</b>	<b>0</b>
<b>Profit (loss) before tax</b>	<b>6,167,941</b>	<b>0</b>
Income tax expense	(717,889)	0
<b>Banking activity profit (loss)</b>	<b>5,450,052</b>	<b>0</b>
<b>Profit (loss) for the period</b>	<b>399,371,269</b>	<b>90,935,478</b>
<b>Profit attributable to owners of the parent company</b>	<b>386,264,823</b>	<b>60,140,489</b>
<b>Profit attributable to non-controlling interest</b>	<b>13,106,446</b>	<b>30,794,989</b>

<sup>1</sup> Figures expressed in US\$ in accordance to the closing exchange rate as of July 1<sup>st</sup>, 2016 (Ch\$661.37/US\$)

## ASSETS

ASSETS	June 2016	December 2015
<b>NON-INSURANCE ACTIVITY ASSETS</b>		
<b>Current assets:</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Cash and cash equivalents	60,394	115,097
Other financial current assets	86,018	84,318
Trade and other receivables, net	139,378	140,939
Other current assets	71,008	52,859
<b>Total Current Assets</b>	<b>356,797</b>	<b>393,214</b>
<b>Non current assets:</b>		
Investments accounted under the equity method	401,568	22,946
Property, plant and equipment	423,712	444,526
Other non current assets	170,011	851,278
<b>Total non current assets</b>	<b>995,291</b>	<b>1,318,751</b>
<b>TOTAL NON-INSURANCE ACTIVITY ASSETS</b>	<b>1,352,088</b>	<b>1,711,964</b>
<b>INSURANCE ACTIVITY ASSETS</b>		
Cash and bank deposits	401,699	246,412
Financial Investments	6,249,841	6,205,210
Real estate investments	1,227,725	1,166,955
Single Investment Account (SIA) Investments	261,642	239,140
Reinsurance debtors	88,307	93,489
Other assets	198,163	199,254
<b>Total insurance activity assets</b>	<b>8,427,377</b>	<b>8,150,462</b>
<b>BANKING ACTIVITY ASSETS</b>		
Cash and deposits in banks	97,169	74,453
Cash items in process of collection	71,561	45,189
Trading investments	386,756	271,185
Loans and account receivables from customers, net	1,257,565	1,222,332
Available for sale investments	52,736	30,442
Other assets	187,807	189,603
<b>Total insurance activity assets</b>	<b>2,053,594</b>	<b>1,833,204</b>
<b>TOTAL ASSETS</b>	<b>11,833,059</b>	<b>11,695,630</b>

## LIABILITIES AND EQUITY

LIABILITIES AND SHAREHOLDERS' EQUITY	June 2016	December 2015
<b>NON-INSURANCE ACTIVITY LIABILITIES</b>		
<b>Current liabilities</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Other current financial liabilities	213,654	459,287
Trade and other accounts payables	261,666	179,152
Other current provisions	57,645	52,436
Other current liabilities	16,376	27,882
<b>Total current liabilities</b>	<b>549,342</b>	<b>718,757</b>
<b>Non current liabilities</b>		
Other non current financial liabilities	481,595	458,278
Other non current liabilities	8,360	96,669
<b>Total non current liabilities</b>	<b>489,955</b>	<b>554,947</b>
<b>TOTAL NON-INSURANCE ACTIVITY LIABILITIES</b>	<b>1,039,297</b>	<b>1,273,704</b>
<b>INSURANCE ACTIVITY LIABILITIES</b>		
Pension insurance reserve	7,222,389	6,874,662
Other insurance reserves	334,362	310,131
Payable premiums	30,155	34,326
Banks liabilities	165,429	319,423
Other liabilities	56,390	46,125
<b>Total insurance activity liabilities</b>	<b>7,808,724</b>	<b>7,584,668</b>
<b>BANKING ACTIVITY LIABILITIES</b>		
Deposits and other demand liabilities	117,404	131,659
Cash items in process of being cleared	81,150	28,115
Time deposits and other time liabilities	1,379,271	1,182,847
Interbank borrowings	76,770	108,634
Issued debt instruments	94,416	92,379
Other liabilities	114,794	105,455
<b>Total insurance activity liabilities</b>	<b>1,863,805</b>	<b>1,649,089</b>
<b>TOTAL LIABILITIES</b>	<b>10,711,827</b>	<b>10,507,461</b>
<b>EQUITY</b>		
Paid-in capital	362,660	362,660
Accumulated profit/loss	96,684	156,762
Gain (loss) for the period	386,265	109,593
Share premium	712	712
Other equity participations	(940)	-
Other reserves	162,838	137,241
<b>Equity attributable to owners of the parent company</b>	<b>1,008,219</b>	<b>766,969</b>
Non-controlling interests	113,013	421,200
<b>TOTAL EQUITY</b>	<b>1,121,232</b>	<b>1,188,169</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,833,059</b>	<b>11,695,630</b>



## STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW	6M16	6M15
<b>Cash flows from (used in) operating activities:</b>		
<b>NON-INSURANCE ACTIVITY</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Proceeds from sale of services	620,495,222	604,297,306
Payments to suppliers related to the provision of goods and services	(194,041,124)	(179,137,498)
Payments to and on behalf of employees	(94,432,365)	(104,575,685)
Proceeds for premiums and healthcare services, annuities and other obligations arising	(320,469,779)	(298,956,625)
Other cash inflows (outflows)	44,174,166	38,762,024
<b>Net cash from (used in) operating activities (Non-Insurance Activity)</b>	<b>55,726,120</b>	<b>60,389,522</b>
<b>INSURANCE ACTIVITY</b>		
Income from insurance and coinsurance premiums	524,942,504	426,506,995
Income from financial assets at fair value	4,201,624,053	2,880,043,020
Income from financial assets at amortization cost	1,478,566,997	1,568,556,192
Annuity and claims payments	(386,249,139)	(341,738,414)
Payments from financial assets at fair value	(4,216,656,177)	(2,928,442,625)
Payments from financial assets at amortization cost	(1,319,962,244)	(1,481,832,203)
Other cash inflows (outflows)	(68,844,267)	(66,840,657)
<b>Net cash from (used in) operating activities (Insurance Activity)</b>	<b>213,421,728</b>	<b>56,252,308</b>
<b>BANKING ACTIVITY</b>		
(Increase) decrease in loans and account receivables	(92,694,156)	-
Increase (decrease) in deposits and other term deposits	214,560,750	-
Other cash inflows (outflows)	(94,341,257)	-
<b>Net cash from (used in) operating activities (Banking Activity)</b>	<b>27,525,337</b>	<b>0</b>
<b>Total net cash from (used in) operating activities</b>	<b>296,673,184</b>	<b>116,641,830</b>
<b>Cash flows from (used in) investing activities:</b>		
<b>NON-INSURANCE ACTIVITY</b>		
Cash flows from the loss of control of subsidiaries or other businesses	370,864,883	(1,271,071)
Cash flows used to obtain control of subsidiaries or other businesses	(639,934,861)	-
Proceeds from the sale of other entities' equity and other financial instruments	176,996,648	110,599,852
Payments to acquire other entities' equity and other financial instruments	(172,716,176)	(110,935,366)
Proceeds from sale of property, plant and equipment	13,628,232	421,170
Acquisitions of property, plant and equipment	(6,617,178)	(10,852,234)
Other cash inflows (outflows)	(5,244,564)	1,309,146
<b>Net cash from (used in) investing activities (Non-Insurance Activity)</b>	<b>(263,023,014)</b>	<b>(10,728,503)</b>
<b>INSURANCE ACTIVITY</b>		
Proceeds from investment properties	26,330,233	26,747,556
Payments from investment properties	(52,196,717)	(15,941,907)
Other cash inflows (outflows)	(466,131)	(93,609)
<b>Net cash from (used in) investing activities (Insurance Activity)</b>	<b>(26,332,616)</b>	<b>10,712,040</b>
<b>BANKING ACTIVITY</b>		
Investments in fixed assets	(161,017)	-
Divestments in fixed assets	1,011,915	-
Other cash inflows (outflows)	12,501,080	-
<b>Net cash from (used in) investing activities Banking Activity)</b>	<b>13,351,977</b>	<b>0</b>
<b>Total net cash from (used in) investing activities</b>	<b>(276,003,653)</b>	<b>(16,463)</b>



## STATEMENT OF CASH FLOW (Continuation)

STATEMENT OF CASH FLOW	6M16	6M15
<b>Cash flows from (used in) financing activities:</b>		
<b>NON-INSURANCE ACTIVITY</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Proceeds from long-term loans	34,560,851	18,898,685
Proceeds from short-term loans	609,938,842	25,962,898
Total proceeds from loans	644,499,693	44,861,583
Proceeds from capital issuances	680,782	-
Payment of loans	(259,828,455)	(18,639,373)
Payment of financial lease liabilities	(1,166,084)	(12,733,680)
Dividends paid	(54,484,642)	(78,175,490)
Interests paid	(66,636,635)	(35,947,232)
Other cash inflows (outflows)	(6,054,493)	1,880,212
<b>Net cash from (used in) financing activities (Non-Insurance Activity)</b>	<b>257,010,167</b>	<b>(98,753,980)</b>
<b>INSURANCE ACTIVITY</b>		
Bank Loans	72,815,571	79,677,958
Other preceeds from financing activities	63,609,854	40,544,887
Other payments from financing activities	(178,029,667)	(115,338,777)
Dividends paid	-	-
Interests paid	(611,584)	(2,670,490)
Other cash inflows (outflows)	(15,120,129)	(5,691,882)
<b>Net cash from (used in) financing activities (Insurance Activity)</b>	<b>(57,335,956)</b>	<b>(3,478,304)</b>
<b>BANKING ACTIVITY</b>		
Bank Loans	-	-
Bonds payments	-	-
Other long term financing	-	-
Dividends paid	(70,972)	-
Other cash inflows (outflows)	(1,373,519)	-
<b>Net cash from (used in) financing activities Banking Activity)</b>	<b>(1,444,491)</b>	<b>0</b>
<b>Total net cash from (used in) financing activities</b>	<b>198,229,720</b>	<b>(102,232,285)</b>
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate	218,899,252	14,393,083
Effect of exchange rate fluctuations on cash and cash equivalents	(13,617,737)	(802,156)
<b>Net increase (decrease) on cash and cash equivalents</b>	<b>205,281,514</b>	<b>13,590,926</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>418,807,872</b>	<b>293,582,687</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>624,089,386</b>	<b>307,173,614</b>

For further information, please contact:

**Trinidad Valdés M.**

Head of Investor Relations

Phone: (56 2) 2477 4673

tvaldes@ilcinversiones.cl

www.ilcinversiones.cl

**Camila Tagle O.**

Investor Relations

Phone: (56 2) 2477 4680

ctagle@ilcinversiones.cl