



# 9M16 Press Release

## ILC and Subsidiaries, November 28<sup>th</sup>, 2016

Figures in US\$

### I. HIGHLIGHTS

- During the first nine months of 2016, ILC recorded an **Operating income** of **\$92,629 thousand**, **121.2% higher** than the result obtained in the same period of 2015.
- In 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 sold its stake in iConstruye (IT) and Desarrollos Educacionales (schools), in order to **consolidate** its **presence** and **focus** in the **financial** and **health sectors**. Both transactions totaled a US\$13 million cash inflow.

ILC Consolidated Non Insurance Activity		US\$ Th. (*)					
Non Insurance Activity	Income Statement	9M16	9M15	Var %	3Q16	3Q15	Var %
	Revenues	845,248	724,209	16.7%	290,211	258,407	12.3%
	Cost of Sales	(696,228)	(602,206)	15.6%	(239,203)	(220,260)	8.6%
	Operational Expenses	(128,603)	(99,927)	28.7%	(43,123)	(28,992)	48.7%
	<b>Operating Income</b>	<b>20,417</b>	<b>22,077</b>	<b>-7.5%</b>	<b>7,885</b>	<b>9,155</b>	<b>-13.9%</b>
	<b>Non Operating Income**</b>	<b>8,882</b>	<b>(26,200)</b>	<b>-133.9%</b>	<b>8,642</b>	<b>(10,844)</b>	<b>-179.7%</b>
	Income Tax Expenses	(1,325)	(3,430)	-61.4%	(1,422)	(1,184)	20.0%
	Income (Loss) from Discontinued Operations***	348,264	90,766	283.7%	2,069	25,814	-92.0%
	<b>Profit of Non-Insurance Activity</b>	<b>376,237</b>	<b>83,213</b>	<b>352.1%</b>	<b>17,174</b>	<b>22,941</b>	<b>-25.1%</b>
ILC Consolidated Insurance Activity		US\$ Th. (*)					
Insurance Activity	Income Statement	9M16	9M15	Var %	3Q16	3Q15	Var %
	Net Premiums Income	755,047	623,517	21.1%	259,112	226,975	14.2%
	Net Investments Income	307,356	267,244	15.0%	104,782	67,788	54.6%
	Cost of Sales	(988,835)	(838,280)	18.0%	(345,880)	(293,271)	17.9%
	Operating Expenses	(10,591)	(32,680)	-67.6%	(11,220)	(18,211)	-38.4%
	<b>Operating Income</b>	<b>62,977</b>	<b>19,802</b>	<b>218.0%</b>	<b>6,795</b>	<b>(16,719)</b>	<b>-140.6%</b>
	<b>Non Operating Income</b>	<b>(19,032)</b>	<b>11,835</b>	<b>-260.8%</b>	<b>(3,848)</b>	<b>10,136</b>	<b>-138.0%</b>
	Income Tax Expenses	(1,335)	(5,674)	-76.5%	2,801	1,420	97.2%
	<b>Profit of Insurance Activity</b>	<b>42,610</b>	<b>25,963</b>	<b>64.1%</b>	<b>5,747</b>	<b>(5,163)</b>	<b>-211.3%</b>
ILC Consolidated Banking Activity		US\$ Th. (*)					
Banking Activity	Income Statement	9M16	9M15	Var %	3Q16	3Q15	Var %
	Net Revenues	45,711	-	-	16,331	-	-
	Operating Expenses	(36,476)	-	-	(13,274)	-	-
	<b>Operating Income</b>	<b>9,235</b>	<b>-</b>	<b>-</b>	<b>3,057</b>	<b>-</b>	<b>-</b>
	<b>Non Operating Income</b>	<b>275</b>	<b>-</b>	<b>-</b>	<b>253</b>	<b>-</b>	<b>-</b>
	Income Tax Expenses	(202)	-	-	519	-	-
	<b>Profit of Banking Activity</b>	<b>9,307</b>	<b>-</b>	<b>-</b>	<b>3,829</b>	<b>-</b>	<b>-</b>
	<b>Profit (Loss)</b>	<b>428,154</b>	<b>109,176</b>	<b>292.2%</b>	<b>26,750</b>	<b>17,778</b>	<b>50.5%</b>
	Minority Interest	(16,408)	(37,673)	-56.4%	(3,235)	(6,721)	-51.9%
<b>Total Profit to ILC</b>		<b>411,746</b>	<b>71,503</b>	<b>476.8%</b>	<b>23,515</b>	<b>11,056</b>	<b>112.7%</b>
ILC Ordinary Profit		73,063	71,503	2.2%	23,515	11,056	112.7%
ILC Extraordinary Profit		338,683	-	-	-	-	0.0%

(\*) Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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

\*\*\* Considers 67.5% of the result of AFP Habitat for the period January-February 2016 and January-September 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

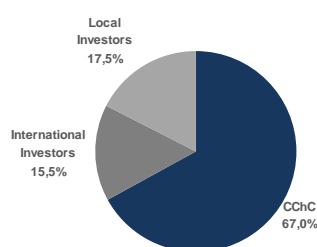
<b>Date:</b>	Tuesday, November 29 <sup>th</sup> , 2016
<b>Time:</b>	12:00 PM (Stgo); 10:00 AM (NY)
	Toll Free Chile: 1-230-020-5802
	Toll Free USA: 1-844-846-8979
	International Dial In: 1-412-317-5460
<b>Password</b>	ILC

## INTRODUCTION

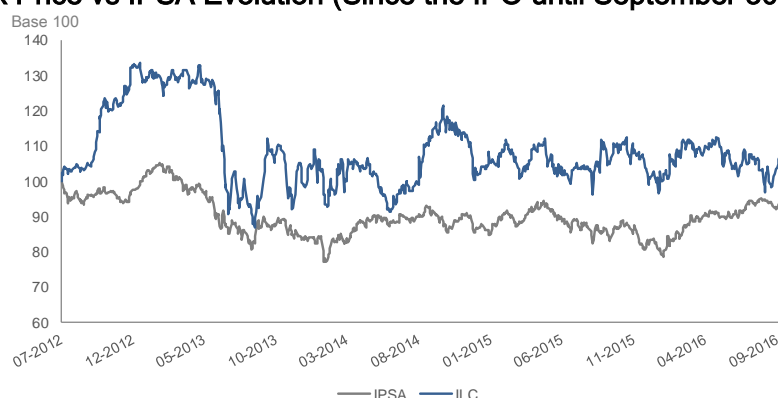
Since 2011, Inversiones La Construcción (hereinafter "ILC" or the "Company") discloses its Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). The Company breakdowns its reports in three different activities: the **Non Insurance Activity**, which includes Isapre Consalud, Red Salud, Factoring Baninter, Baninter Corredora de Seguros, AFP Habitat (not consolidated), ILC individual, 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.

## II. MARKET INFORMATION

- Ownership Structure as of September 30<sup>th</sup>, 2016



- Stock Price vs IPSA Evolution (Since the IPO until September 30<sup>th</sup>, 2016)



CLP\$7,558 ILC stock

4,015 IPSA

- Dividends

ILC's Shareholders Meeting agreed a dividend policy consisting in distributing the higher amount between: (i) 60% and 80% of ILC's distributable net income (excluding the accounting effect arising from the association with Prudential), or (ii) 30% of ILC's distributable net income. The amounts distributed in dividends 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*	\$ 600	8,50%
<b>Total</b>	<b>\$ 2,117</b>	<b>29,98%</b>

\* Considers the CLP\$250/share dividend paid in October 2016

### III. SIMPLIFIED STRUCTURE

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



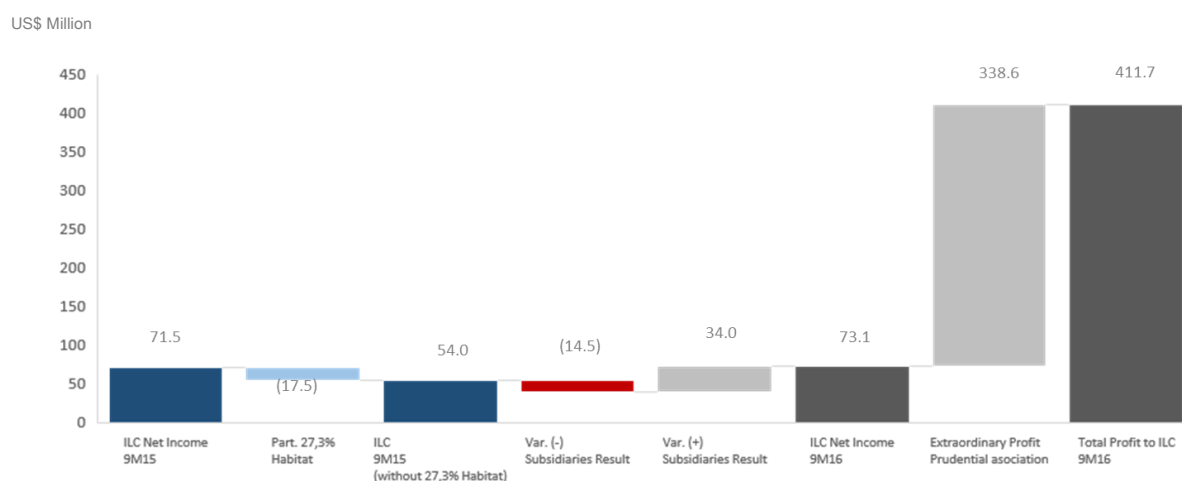
### IV. CONSOLIDATED STATEMENTS

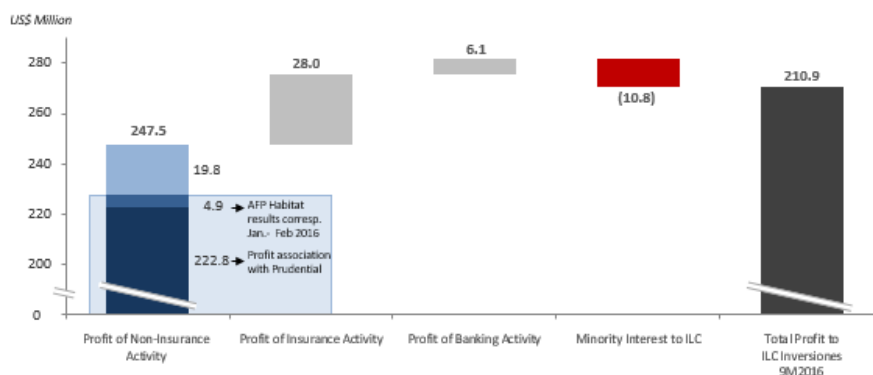
#### a. Net Income

As of September 2016, ILC reached a consolidated net income of \$428,154 thousand. From this amount, \$411,746 thousand were attributable to ILC, whereas the remaining \$16,408 thousand correspond to non-controlling participations. If the \$338,683 thousand extraordinary result derived from the association with Prudential in AFP Habitat is isolated, ILC obtains a result of \$73,063 thousand, which is 2.2% higher than the \$71,503 thousand obtained in the same period of 2015.

All the above was mainly explained by the advances shown by Confuturo and Corpseguros, as well as by the incorporation of Banco Internacional at the end of 2015. However, this was partially offset by the poorer operating performance of Isapre Consalud, as well as by the lower participation of ILC in AFP Habitat's results (from 66.5% to 40.3% since March 2016).

The following figures show ILC's net income evolution from 9M15 to 9M16, as well as its net result breakdown:





### Non Insurance Activity

Accumulated net income of the Non-insurance activity amounted to \$376,237 thousand as of September 2016. If the extraordinary effect arising from the association with Prudential in AFP Habitat is isolated, net income of the Non-insurance activity results in \$37,554 thousand, 54.9% inferior than that of the same period in 2015.

This decrease is mainly explained by the lower participation of ILC in AFP Habitat's results due to its association with Prudential. Isapre Consalud also reduced its contribution due to important cost and SG&A pressures, which more than offset its higher revenues. All the above was partially offset by Red Salud, which increased its net result by five times due to its improved operational performance.

### Insurance Activity

The insurance activity registered a \$62,977 thousand profit, higher than the \$19,802 thousand recorded in the same period of 2015. This was mainly explained by the 21.1% advance in revenues from premiums, as well as by the 15.0% increment in investment results.

The larger investment result arises from a comparative effect, since in September 2015 there were impairments resulting from the loss of Brazil's investment grade, among other effects. Finally, in September 2016 the acquisition of the Espacio Urbano shopping centers was closed, totaling UF17.2 million (approximately US\$670 million). This milestone affected the investment result of the 9M16 period, given the lower accrual interests derived from the accumulation of cash to pay the aforementioned operation.

### Banking Activity

The banking activity registered a \$9,307 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 \$92,629 thousand, 121.2% higher than that of the same period of 2015. This was mainly driven by the strong improvement in Confuturo and Corpseguros' operating performance, the advances recorded in Red Salud, as well as by the incorporation of Banco Internacional in October 2015.

### Non Insurance Activity

Operating income of the Non insurance activity reached \$20,417 thousand, down 7.5% when compared to 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. In addition, for comparative purposes, it is important to mention that in September 2015 ILC recognized a US\$7,600 thousand profit due to a real estate operation in Santiago. The above was partially offset by the better operating performance achieved by Red Salud, especially in Clínica Bicentenario and Megasalud, in addition to the consolidation of ACR6 Group in May 2015.

### Insurance Activity

Operating income from the Insurance activity reached \$62,977 thousand, up from the \$19,802 thousand profit registered in the same period of the previous year. Such progress is mainly attributable to larger revenues in annuity premiums, which were supported by the change in the discount rate for accounting reserves in 2015, as well as by the capital increases undertaken in Confuturo for UF2 million. Regarding the improvement in the result of investments, this is mainly attributable to a comparative effect, since in September 2015 there were impairments in the valuation of specific investments. The above was partially offset by the higher cost for reserves derived from the increase in the sales of annuities.

### Banking Activity

Operating income from the Banking activity recorded a \$9,235 thousand profit in the 9M16 period. This result includes \$32,656 thousand in net income from loan interests, which have increased their average volume, mainly those of commercial loans. Net income from fees and services amounted to \$4,192 thousand, mainly by the administration of current accounts, in addition to extraordinary financial consultations. Other operating income totaled \$17,747 thousand, driven by the result of the trading and distribution desk, as well as by leasing revenues. There were \$35,304 thousand in operating expenses, of which 56% correspond to personnel expenses and remunerations. In addition, credit risk provisions amounted to \$8,884 thousand, associated to lower impairments.

## c. Non-Operating Income

ILC recorded a consolidated non-operating loss of \$9,876 thousand, \$4,489 thousand lower than that of the same period of the previous year. This was mainly explained by the \$35,666 thousand contribution of AFP Habitat for the period March - September 2016. The above was partially offset by the negative effect arising from FX fluctuations in the balance of the individual life insurances of both Confuturo and Corpseguros.

### **Non Insurance Activity**

Non operating result from the Non-insurance activity reached an \$8,882 thousand profit, \$35,082 thousand higher than the same period of the previous year. This was mainly explained by the larger contribution from related companies, specifically from the participation of ILC in AFP Habitat. The above was partially offset by higher financial costs at the ILC level, in addition to the lower non operating results obtained by both Red Salud and Consalud.

### **Insurance Activity**

Non operating income from the Insurance activity reached a \$19,032 thousand loss, \$30,867 thousand higher than that of the same period of the previous year. This was mainly attributable to FX fluctuations in the balances of the individual life insurances of Confuturo and Corpseguros, which were benefited by the appreciation of the US Dollar in 2015 and affected by the depreciation of this currency in 2016.

### **Banking Activity**

Non operating result from the Banking Activity amounted to \$275 thousand in the 9M16 period, corresponding to results from associated companies.



#### d. Balance Sheet

Is important to mention that AFP Habitat is only consolidated under ILC's Balance Sheet as of the end of 2015.

As of September 30<sup>th</sup> 2016, consolidated assets of the Company totaled \$12,339,569 thousand and its composition is as follows:

ILC Consolidated Balance Sheet	Figures in million Ch\$		Figures in Th US\$(*)		
	9M16	2015	9M16	2015	Var %
Current Assets Non Insurance Activity	252,462	260,060	383,669	395,215	-2.9%
Non Current Assets Non Insurance Activity	665,052	872,182	1,010,686	1,325,464	-23.7%
Assets Insurance Activity	5,812,583	5,390,471	8,833,444	8,191,956	7.8%
Assets Banking Activity	1,389,587	1,212,426	2,111,770	1,842,537	14.6%
<b>Total Assets</b>	<b>8,119,683</b>	<b>7,735,139</b>	<b>12,339,569</b>	<b>11,755,173</b>	<b>5.0%</b>
Current Liabilities Non Insurance Activity	317,178	475,365	482,018	722,417	-33.3%
Non Current Liabilities Non Insurance Activity	380,522	367,025	578,283	557,772	3.7%
Liabilities Insurance Activity	5,409,472	5,016,272	8,220,832	7,623,281	7.8%
Liabilities Banking Activity	1,264,630	1,090,658	1,921,872	1,657,485	16.0%
Non Controlling Participations	77,013	278,569	117,037	423,344	-72.4%
Equity Attributable to Owners of the Parent Company	670,870	507,250	1,019,528	770,874	32.3%
<b>Total Liabilities and Equity</b>	<b>8,119,683</b>	<b>7,735,139</b>	<b>12,339,569</b>	<b>11,755,173</b>	<b>5.0%</b>

(\*)Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

#### i. Non Insurance Activity Current Assets

Current assets decreased by \$11,547 thousand when compared to those of year-end 2015. This decrement is mainly attributable to the decrease in the Cash and cash equivalents account, due to the deconsolidation of AFP Habitat in March 2016. The above was partially offset by the increase in the Accounts receivables of Red Salud, in response to the higher revenues recorded during the period.

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

Non-current assets decreased by \$314,778 thousand when compared to those of year-end 2015. This decrement is mainly attributable to the deconsolidation of AFP Habitat, which affected the Goodwill, Intangibles and Other non-current financial assets accounts. The above was partially offset by the recognition of the 40.29% stake in AFP Habitat, which is now recognized under the item Investments accounted under the equity method.

#### iii. Insurance Activity Assets

As of September 30<sup>th</sup> 2016, Insurance activity assets were \$8,833,444 thousand, 7.8% higher compared to those as of year-end 2015. This responds to the larger real estate portfolio held by Confuturo and Corpseguros, due to the acquisition of the Espacio Urbano shopping centers in September 2016. This operation was financed through cash, the liquidation of financial investments, and the issuance of a bridge loan for approximately UF2.8 million (US\$110 million).

#### iv. Banking Activity Assets

As of September 30<sup>th</sup> 2016, Banking Activity assets increased by 14.6% when compared to those as of year-end 2015. This was mainly explained by the increase in loans, trading instruments and operations with liquidations in course. All the above was slightly offset by a reduction in the Other assets account.

**v. Non Insurance Current liabilities**

As of September 30<sup>th</sup> 2016, current liabilities decreased by \$240,398 thousand compared to those as of December 31<sup>st</sup>, 2015. This is mainly due to the payment of bridge loans issued by ILC prior to its association with Prudential, along with the maturity of the A-series bonds of both ILC and Red Salud in June 2016.

**vi. Non-Insurance Non current liabilities**

As of September 30<sup>th</sup> 2016, non current liabilities increased by \$20,510 thousand compared to those recorded as of year-end 2015. This is mainly attributable to liability refinancing operations undertaken in Red Salud and ILC. The above was partially offset by the decrease recorded in Deferred taxes because of the deconsolidation of AFP Habitat in March 2016.

**vii. Insurance Activity Liabilities**

As of September 30<sup>th</sup> 2016, liabilities of the insurance activity liabilities increased by 7.8% compared to those as of December 31<sup>st</sup> 2015. Much of this variation responds to the larger reserves of the annuities segment, as well as by the issuance of a bridge loan for approximately UF2.8 million (US\$110 million) related to the Espacio Urbano acquisition. All the above was partially offset by a decline in the valuation of derivatives related to debt instruments of Confuturo and Corpseguros, as a consequence of FX fluctuations.

**viii. Banking Activity Liabilities**

As of September 30<sup>th</sup> 2016, the banking activity liabilities increased by 16.0% compared to those as of December 31<sup>st</sup> 2015. This rise is mainly attributable to the higher balances of the 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 September 30<sup>st</sup> 2016 reached \$1,019,528 thousand, 32.3% 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 \$117,037 thousand, 72.4% 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 June 2016.



## V. BUSINESS UNITS

### NON INSURANCE ACTIVITY: RED SALUD

The result obtained by Red Salud during the period amounted to \$10,643 thousand, five times the one registered the same period of the previous year. The composition of the main accounts is as follows:

Red Salud	(*)Figures in Th. US\$					
Income Statement	9M16	9M15	Var %	3Q16	3Q15	Var %
Revenues	384,594	307,190	25.2%	134,728	119,971	12.3%
Cost of Sales	(291,348)	(241,013)	20.9%	(100,393)	(92,906)	8.1%
Gross Profit	93,246	66,177	40.9%	34,334	27,065	26.9%
Other Income	-	-	-	-	-	-
Administrative Expenses	(62,993)	(48,880)	28.9%	(22,504)	(19,022)	18.3%
Operating Income	30,253	17,297	74.9%	11,830	8,043	47.1%
Financial Income	501	1,154	-56.6%	112	231	-51.6%
Financial Costs	(11,339)	(11,792)	-3.8%	(3,576)	(4,596)	-22.2%
Share of Profit (Loss) of Affiliates Accounted for Using the Equity Method	2,069	2,110	-1.9%	575	620	-7.3%
Others	(5,023)	(4,106)	22.3%	(1,657)	(2,045)	-19.0%
Non Operating Result	(13,792)	(12,634)	9.2%	(4,547)	(5,791)	-21.5%
Profit Before Taxes	16,461	4,663	253.0%	7,284	2,252	223.4%
Income Tax Expenses	(3,314)	(1,057)	213.6%	(1,613)	(333)	384.1%
Income from Continuing Operations	13,146	3,606	264.6%	5,671	1,919	195.5%
Minority Interest	(2,503)	(1,410)	77.6%	(1,097)	(664)	65.2%
Profit to Red Salud	10,643	2,196	384.6%	4,574	1,255	264.4%
EBITDA (**) Red Salud	47,082	30,768	53.0%	18,575	13,598	36.6%

(\*)Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

(\*\*) EBITDA is calculated as gross profit minus depreciation, amortization and other operational expenses

### Revenues

It is important to mention that during the 9M16 period all healthcare units recorded advances in their revenues when compared to those of the same period of 2015. Clínica Bicentenario, Clínica Avansalud and Clínica Tabancura showed a 15.6%, 13.2% and 13.3% improvement in their individual performance respectively. However, the main driver for larger revenues was the consolidation of the ACR6 Group in May 2015, which meant an increase in revenues of \$46,275 thousand.

Revenues from the inpatient activity continue increasing, in line with the upward trend recorded in the recent periods. This segment registered a \$32,476 thousand increment compared to the same period in 2015 (of which \$26,987 thousand correspond to the consolidation effect of the ACR6 Group). The above was mainly due to an increment in the number of surgeries and hospitalizations, a higher activity level in the intensive care unit, an increase in the surgical staff fees, as well as by the use of additional medical supplies and drugs. The \$39,803 thousand increment in the outpatient activity (of which \$19,063 thousand correspond to the consolidation effect of the ACR6 Group in May 2015), was driven by an increase in the demand for medical consultations, images, laboratory, dental services, as well as medical procedures. All the above explained roughly 85% of the deviation year-on-year.

### Cost of Sales

The 20.9% increase was mostly driven by the increment in the outpatient and inpatient activity in all healthcare units, besides the cost increase related to the consolidation of the ACR6 Group.

It is important to highlight that Red Salud reduced its overall cost (as a percentage of its revenue) from 78.5% in 9M15 to 75.8% in 9M16. This was mainly driven by the 686 bps, 421 bps and 97 bps reduction in the ratios of Clínica Bicentenario, Megasalud and Avansalud, respectively.

## Selling, General and Administrative Expenses

The 28.9% increase was primarily explained by the consolidation of the ACR6 Group in May 2015, which implied additional expenses for \$7,094 thousand in the period January-September 2016.

The most relevant drivers in this variation were administrative personnel expenses, accounts receivables impairments, consultancies and outsourced services, among others.

## Non Operating Income

There was a \$13,792 thousand non operating loss, which was 9.2% higher than the one reported in the same period of 2015. Inflation effects over Red Salud's UF denominated debt and the decrease recorded in its financial income explained this variation.

## Operating Data

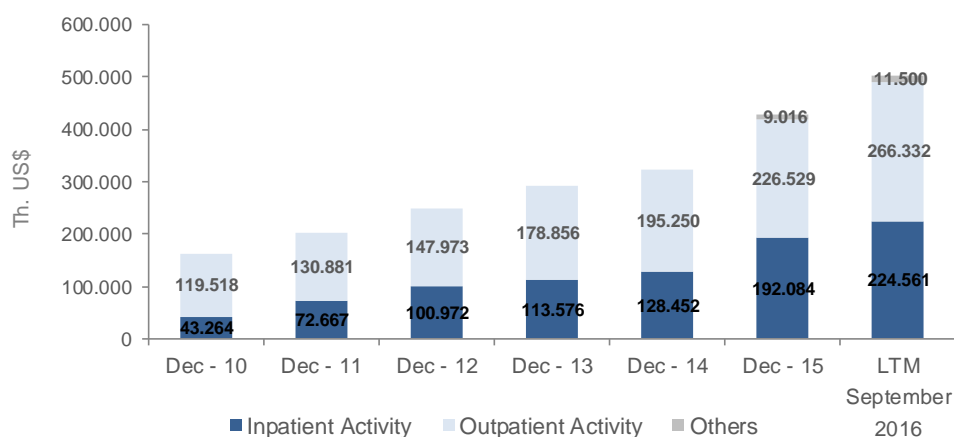
The main operating data of Red Salud for 9M16-9M15 is:

Operational Data	9M16	9M15
Emergency consultations	246.489	190.542
Hospital discharges	56.180	46.448
Inpatient days utilized	154.291	131.793

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

	Occupancy Rate		Average Length of Stay (days)	
	9M16	9M15	9M16	9M15
Tabancura	66,5%	68,7%	3,23	3,49
Avansalud	87,4%	90,7%	2,13	1,96
Bicentenario	68,0%	73,8%	3,98	3,80
Iquique	51,8%	52,9%	2,35	2,31
ACR6	60,4%	62,3%	2,23	2,31

There has been an upward trend in terms of revenues during the last periods (for both outpatient and inpatient activities):



In terms of infrastructure, Red Salud has:

Number of Beds	9M16	9M15
Tabancura	198	143
Avansalud	88	88
Bicentenario	251	244
Iquique	61	61
Regional Private Hospitals*	308	299
<b>Total</b>	<b>906</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	9M16	9M15
Megasalud	473	506
Tabancura	61	52
Avansalud	76	76
Bicentenario	80	80
Iquique	22	10
Arauco Salud	45	43
Regional Private Hospitals*	252	206
<b>Total</b>	<b>1.009</b>	<b>973</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 September 2016 and 2015 are:

Income Statement (September '16)	Megasalud	Avansalud	Tabancura	Bicentenario	Iquique	ACR 6 (***)
Th. US\$*						
Revenues	109.134	50.681	45.662	66.781	9.402	89.310
Cost of Sales	( 83.974)	( 37.785)	( 35.905)	( 49.888)	( 7.109)	( 66.727)
<b>Gross Profit</b>	<b>25.160</b>	<b>12.895</b>	<b>9.757</b>	<b>16.893</b>	<b>2.293</b>	<b>22.583</b>
SG&A	( 14.851)	( 6.668)	( 9.811)	( 9.909)	( 1.518)	( 13.974)
<b>Operating Income</b>	<b>10.309</b>	<b>6.227</b>	<b>(54)</b>	<b>6.984</b>	<b>774</b>	<b>8.609</b>
<b>Net Income</b>	<b>8.316</b>	<b>3.433</b>	<b>(846)</b>	<b>3.714</b>	<b>699</b>	<b>2.867</b>
<b>EBITDA(**)</b>	<b>14.744</b>	<b>9.111</b>	<b>2.161</b>	<b>9.661</b>	<b>1.133</b>	<b>11.591</b>
<b>EBITDA Margin</b>	<b>13,5%</b>	<b>18,0%</b>	<b>4,7%</b>	<b>14,5%</b>	<b>12,0%</b>	<b>13,0%</b>

(\*)Closing Exchange rate of CLP\$658.02/US\$ as of October 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 (September '15)	Megasalud	Avansalud	Tabancura	Bicentenario	Iquique	ACR 6 (***)
Th. US\$						
Revenues	107.787	44.778	40.304	57.759	8.505	43.035
Cost of Sales	( 87.470)	( 33.820)	( 31.124)	( 47.112)	( 5.764)	( 32.342)
<b>Gross Profit</b>	<b>20.316</b>	<b>10.958</b>	<b>9.180</b>	<b>10.647</b>	<b>2.741</b>	<b>10.693</b>
SG&A	( 15.925)	( 5.508)	( 7.519)	( 7.536)	( 1.886)	( 6.880)
<b>Operating Income</b>	<b>4.391</b>	<b>5.450</b>	<b>1.661</b>	<b>3.111</b>	<b>855</b>	<b>3.813</b>
<b>Net Income</b>	<b>2.126</b>	<b>2.804</b>	<b>1.078</b>	<b>275</b>	<b>481</b>	<b>1.495</b>
<b>EBITDA(**)</b>	<b>8.533</b>	<b>8.254</b>	<b>3.615</b>	<b>5.923</b>	<b>1.195</b>	<b>5.301</b>
<b>EBITDA Margin</b>	<b>7,9%</b>	<b>18,4%</b>	<b>9,0%</b>	<b>10,3%</b>	<b>14,1%</b>	<b>12,3%</b>

(\*)Closing Exchange rate of CLP\$658.02/US\$ as of October 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

## NON INSURANCE ACTIVITY: CONSALUD

During this period, Isapre Consalud recorded a net loss of \$4,029 thousand, \$3,478 higher 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\$					
	9M16	9M15	Var %	3Q16	3Q15	Var %
Revenues	449,710	410,770	9.5%	156,577	139,563	12.2%
Cost of Sales	(403,371)	(360,485)	11.9%	(142,089)	(129,842)	9.4%
<b>Gross Profit</b>	<b>46,339</b>	<b>50,285</b>	<b>-7.8%</b>	<b>14,488</b>	<b>9,721</b>	<b>49.0%</b>
Other Income (Expenses)	3,630	2,922	24.2%	1,389	1,357	2.4%
Administrative Expenses	(58,453)	(55,378)	5.6%	(18,822)	(18,312)	2.8%
<b>Operating Income</b>	<b>(8,484)</b>	<b>(2,171)</b>	<b>-290.7%</b>	<b>(2,945)</b>	<b>(7,235)</b>	<b>59.3%</b>
Financial Income	3,041	3,414	-10.9%	1,022	1,215	-15.9%
Financial Costs	(849)	(958)	-11.4%	(262)	(341)	-23.2%
Share of Profit (Loss) of Affiliates Accounted for Using the Equity Method	-	-	-	-	-	-
Others	(16)	(21)	-23.2%	(9)	(11)	-16.4%
<b>Non Operating Income</b>	<b>2,176</b>	<b>2,435</b>	<b>-10.6%</b>	<b>750</b>	<b>863</b>	<b>-13.0%</b>
Profit before Taxes	(6,308)	0,263	-2497.0%	(2,194)	(6,372)	-65.6%
Income Tax Expenses	2,279	(0,814)	-379.8%	0,458	969	-52.7%
<b>Income from Continuing Operations</b>	<b>(4,029)</b>	<b>(551)</b>	<b>630.9%</b>	<b>(1,736)</b>	<b>(5,403)</b>	<b>-67.9%</b>
Minority Interest	0	0	-	0	0	-
<b>Profit to Consalud</b>	<b>(4,029)</b>	<b>(551)</b>	<b>630.9%</b>	<b>(1,736)</b>	<b>(5,403)</b>	<b>-67.9%</b>
<b>EBITDA(**) Consalud</b>	<b>(2,808)</b>	<b>3,411</b>	<b>-182.3%</b>	<b>(1,031)</b>	<b>(5,250)</b>	<b>-80.4%</b>

(\*) Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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

## Revenues

During the period, revenues increased by 9.5% when compared to those of 9M15. This was mainly explained by the 0.3% increment in the average contributors, the annual inflation of 3.1% (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 11.9% 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 individual amount covered in outpatient services as well as temporarily disability insurances.

It is important to highlight the 10.3%, 9.3% and 4.3% increase in the total amount covered by Isapre Consalud in inpatient, outpatient medical services and temporarily disability insurances, respectively.

## Selling, General and Administrative Expenses

Administrative expenses in this period increased 5.6% compared to the same period of the previous year, mainly due to client retention policies, larger legal expenses, and account receivables impairments. It is important to mention that as of September 2016 there were 24,162 trials against Consalud due to adjustments in the base and GES price established in contracts, compared to the 15,021 cases as of the end of September 2015.

## Non Operating Income

During this period non operating income showed a 10.6% decrement compared to the same period of 2015. This mainly responds to a lower net financial income.

## Operating Data

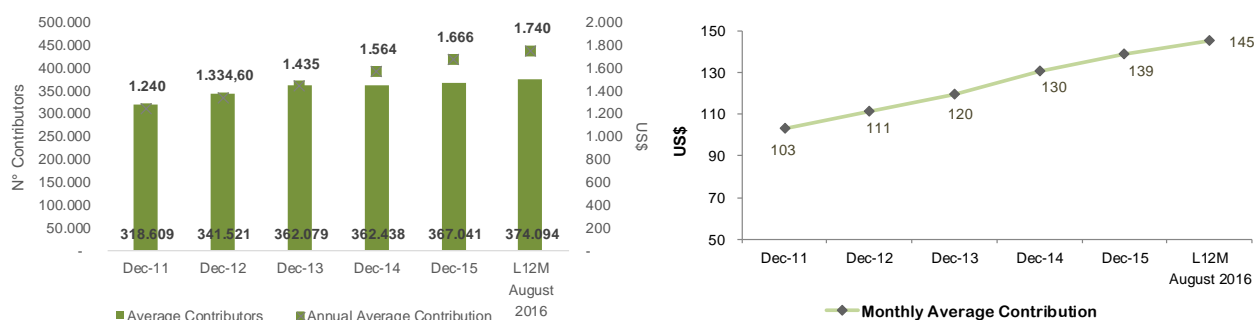
Over the last periods, contributions have continuously increased for both mandatory and voluntary modalities. These increments are explained by a higher number of contributors, an upper contribution cap, a larger UF and the deeper formality of the labor market in Chile.

Th. US\$*	Dec -11	Dec -12	Dec -13	Dec -14	Dec -15	LTM August 2016
Mandatory contributions	282.627	326.084	363.621	386.186	413.486	434.641
Voluntary contributions	86.203	99.110	119.789	140.283	151.073	164.772
Other periods	26.244	30.600	36.175	40.486	46.759	51.600
<b>Total</b>	<b>395.074</b>	<b>455.794</b>	<b>519.585</b>	<b>566.956</b>	<b>611.318</b>	<b>651.013</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

Source: Superintendencia de Salud

Isapre Consalud has increased its number of contributors as well as its personal contributions, reaching \$1,740 annually as of the last 12 months. This amount implies an average monthly contribution of \$145 per contributor.



Source: Superintendencia de Salud

Exchange rate of Ch\$661.37 as of July 1st, 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:

		9M16	9M15	Var. %
Inpatient Cost	N° Inpatient Services	2.312.422	2.096.139	10,3%
	Average Cost per Inpatient Service (US\$)	\$ 66	\$ 68	-2,0%
	Total Inpatient Cost (US\$ Th.)	\$ 153.248	\$ 141.724	8,1%
Outpatient Cost*	N° Outpatient Services	9.685.021	8.858.709	9,3%
	Average Cost per Outpatient Service (US\$)	\$ 14	\$ 14	0,2%
	Total Outpatient Cost (US\$ Th.)	\$ 139.321	\$ 127.241	9,5%
Temporary Disability Insurance	N° Temporary Disability Insurances	242.593	232.537	4,3%
	Average Temporary Disability Insurance (US\$)	\$ 417	\$ 370	12,6%
	Total Temporary Disability Insurance (US\$ Th.)	\$ 101.108	\$ 86.079	17,5%

(\*) Includes dental services

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

## NON INSURANCE ACTIVITY: HABITAT (not consolidated)

Net income (previous to *encaje*) reached \$82,497 thousand, 7.6% higher than the result obtained in the same period of the previous year. The composition of the main accounts is the following:

Habitat	*Figures in Th. US\$					
	9M16	9M15	Var %	3Q16	3Q15	Var %
Income Statement						
Revenues	189,070	173,498	9.0%	63,332	58,110	9.0%
Cost of Sales	-	-	-	-	-	-
<b>Gross Profit</b>	<b>189,070</b>	<b>173,498</b>	<b>9.0%</b>	<b>63,332</b>	<b>58,110</b>	<b>9.0%</b>
Other Income (Expenses)	-	-	-	-	-	-
Administrative Expenses	( 80,868)	( 76,231)	6.1%	( 29,125)	( 27,333)	6.6%
<b>Operating Income</b>	<b>108,202</b>	<b>97,266</b>	<b>11.2%</b>	<b>34,207</b>	<b>30,777</b>	<b>11.1%</b>
Financial Income	1,518	1,178	28.8%	370	397	-6.7%
Financial Costs	( 94)	( 83)	12.2%	( 27)	( 28)	-6.6%
Gain (Loss) of the <i>Encaje</i>	23,260	15,983	45.5%	19,760	436	4433.1%
Share of Profit (Loss) of Affiliates Accounted for Using the Equity Method	3,133	2,694	16.3%	1,145	879	30.3%
Others	839	1,276	-34.3%	561	666	-15.7%
<b>Non Operating Income</b>	<b>28,656</b>	<b>21,048</b>	<b>36.1%</b>	<b>21,810</b>	<b>2,349</b>	<b>828.4%</b>
Profit before Taxes	136,858	118,314	15.7%	56,016	33,126	69.1%
Income Tax Expenses	(31,101)	(25,664)	21.2%	(13,268)	(6,959)	90.6%
<b>Net Profit</b>	<b>105,756</b>	<b>92,651</b>	<b>14.1%</b>	<b>42,749</b>	<b>26,167</b>	<b>63.4%</b>
Minority Interest	( 1)	( 3)	-78.5%	( 0)	( 2)	-94.9%
<b>Profit to Habitat</b>	<b>105,757</b>	<b>92,654</b>	<b>14.1%</b>	<b>42,749</b>	<b>26,168</b>	<b>63.4%</b>
<b>Profit to Habitat before <i>Encaje</i></b>	<b>82,497</b>	<b>76,671</b>	<b>7.6%</b>	<b>22,989</b>	<b>25,732</b>	<b>-10.7%</b>
<b>EBITDA to Habitat</b>	<b>139,345</b>	<b>119,146</b>	<b>17.0%</b>	<b>56,697</b>	<b>33,153</b>	<b>71.0%</b>
<b>EBITDAE (**) to Habitat</b>	<b>116,084</b>	<b>103,164</b>	<b>12.5%</b>	<b>36,837</b>	<b>32,717</b>	<b>12.9%</b>

Closing Exchange rate of Ch\$ 658.02/US\$ as of October 1st 2016

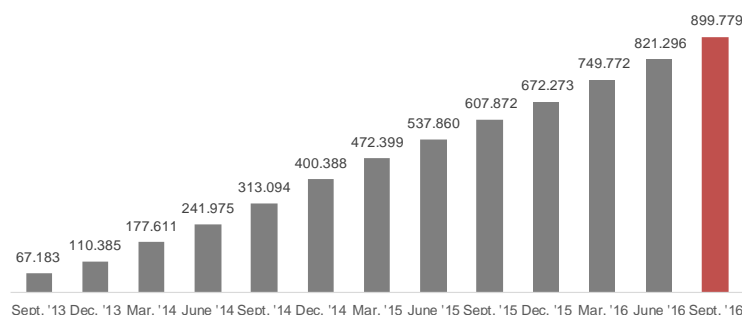
(\*\*) EBITDAE is calculated as Profit before taxes minus depreciation, financial costs, other non operational costs and financial income due to Habitat's *encaje*

## Revenues

Operating revenues increased by 9.0% as of September 2016 compared to the same period of 2015. 68% of this advance was mainly explained by a larger income from fees in Chile, due to the 0.4% increment in the average salary quoted by AFP Habitat (in real terms).

Moreover, Habitat Peru's income from fees increased by 55.7% year on year, totaling \$11,241 thousand. As of September 2016 Habitat reached 899,779 affiliates, achieving 14.6% of market share and \$772 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 September 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 nine months of 2016 reached \$80,868 thousand, 6.1% higher than the comparable period. This was mainly explained by the 5.5% increment in personnel expenditures, as well as by the 3.7% growth in other operational expenses such as marketing, IT and administration.

## Non Operating Income

Non operating income for this period increased by 36.1% when compared to the same period of 2015. This was mainly explained by the 45.5% increase in the profitability of the *encaje*, in line with the higher investment returns of the funds.

For example, as of September 2016 the annual return of the C Fund (medium risk portfolio) of the pension fund industry in Chile was 2.97%, compared with the 1.04% reached by the same Fund in September 2015. In the case of AFP Habitat, annual return of the C Fund increased from 1.44% in September 2015 to 3.44% in September 2016.

## Operating Data

As of September 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.

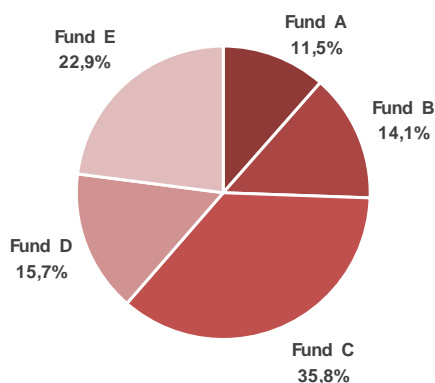
	AFP Habitat September '16	Market Share (%)
N° Account holders	2.033.359	20,0%
N° Contributors	1.129.274	21,8%
Contributors/Account holders	55,5%	
Assets under Management (Million Ch\$)	31.004.828	26,6%
Assets under Management (BUS\$)	47,1	26,6%

Source: Superintendencia de Pensiones

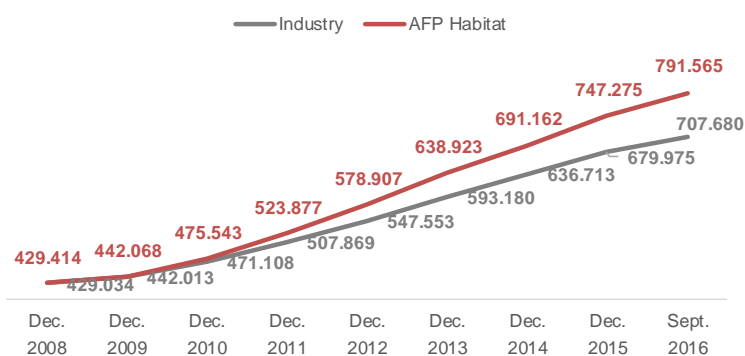
Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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 average by 11.9% as of September 2016.

Total AuM: US\$44.4 billion



Contributor Average Salary (Ch\$)



Source: Superintendencia de Pensiones Chile

## INSURANCE ACTIVITY: INVERSIONES CONFUTURO

Consolidated profit achieved by Inversiones Confuturo in the 9M16 period was \$36,343 thousand, 56.0% higher than the one obtained in the same period of 2015. The composition of the main accounts is as follows:

(*) Figures in Th. US\$						
Inversiones Confuturo	9M16	9M15	Var %	3Q16	3Q15	Var %
<b>Income Statement</b>						
<b>Non Insurance Activity</b>						
Operating Income	(595)	(81)	633.9%	(204)	(24)	764.9%
Non Operating Income	(8,378)	(10,211)	-18.0%	(2,724)	(4,162)	-34.6%
<b>Profit before Tax</b>	<b>(8,972)</b>	<b>(10,292)</b>	<b>-12.8%</b>	<b>(2,928)</b>	<b>(4,185)</b>	<b>-30.0%</b>
Income Tax Expenses	907	75	1116.3%	334	244	37.0%
<b>Profit of Non-Insurance Activity</b>	<b>(8,066)</b>	<b>(10,217)</b>	<b>-21.1%</b>	<b>(2,594)</b>	<b>(3,941)</b>	<b>-34.2%</b>
<b>Insurance Activity</b>						
Net Premiums Income	641,218	490,885	30.6%	239,518	182,102	31.5%
Net Investments Income	299,649	263,614	13.7%	101,640	66,970	51.8%
Cost of Sales	(872,007)	(700,184)	24.5%	(329,234)	(249,162)	32.1%
<b>Gross Profit</b>	<b>68,859</b>	<b>54,315</b>	<b>26.8%</b>	<b>11,924</b>	<b>(90)</b>	<b>-13330.8%</b>
Administrative Expenses	(1,984)	(24,259)	-91.8%	(7,941)	(14,751)	-46.2%
<b>Operating Income</b>	<b>66,875</b>	<b>30,056</b>	<b>122.5%</b>	<b>3,983</b>	<b>(14,841)</b>	<b>-126.8%</b>
Share of Profit (Loss) of Equity Investees	(9)	1,532	-100.6%	(15)	1,532	-101.0%
Gain (Loss) from Inflation Indexed Unit	(18,757)	8,668	-316.4%	(4,147)	7,080	-158.6%
Foreign Currency Exchange Gain (Loss)	-	-	-	-	-	-
<b>Non Operating Income</b>	<b>(18,766)</b>	<b>10,200</b>	<b>-284.0%</b>	<b>(4,162)</b>	<b>8,612</b>	<b>-148.3%</b>
Profit Before Tax	48,109	40,256	19.5%	(179)	(6,229)	-97.1%
Income Tax Expenses	(3,695)	(6,737)	-45.2%	3,257	1,635	99.2%
<b>Profit of Insurance Activity</b>	<b>44,413</b>	<b>33,519</b>	<b>32.5%</b>	<b>3,078</b>	<b>(4,595)</b>	<b>-167.0%</b>
<b>Profit (Loss)</b>	<b>36,348</b>	<b>23,301</b>	<b>56.0%</b>	<b>485</b>	<b>(8,536)</b>	<b>-105.7%</b>
Minority Interest	(5)	(3)	48.9%	(0)	0	-171.9%
<b>Profit to Inversiones Confuturo</b>	<b>36,343</b>	<b>23,298</b>	<b>56.0%</b>	<b>484</b>	<b>(8,535)</b>	<b>-105.7%</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

## Revenues

Net premiums income increased by 30.6% as of the end of September 2016 compared with the same period of 2015. The above is mainly explained by the higher collection of annuities due to the regulatory change in the discount rate for accounting reserves in 2015, 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 UF82.4 million in direct premiums as of the end of September 2016, meaning a 22.4% growth compared with the same period of 2015. Meanwhile, Inversiones Confuturo reached UF14.6 million in annuity premiums, showing a 27.7% growth year-on-year.

Moreover, during 9M16 there was a 13.7% improvement in the investment result of Inversiones Confuturo, when compared to the same period of the previous year. This is mainly due to a comparative effect, given that in September 2015 there were impairments in investments resulting from the loss of Brazil's investment grade, among other effects. Finally, in September 2016 Confuturo and Corpseguros acquired the Espacio Urbano shopping centers from Walmart, for a total amount of UF17.2 million (approximately US\$670 million). The above affected the investment result of the insurance activity in 2016, as liquidity requirements for the operation resulted in lower accrued financial interests.

## Cost of Sales

The 24.5% increase year-on-year responds mainly to the additional costs related to the higher collection of annuities, which has associated an accounting effect that increases reserves.

## Operating Expenses

The \$22,275 thousand decrease in year-on-year operating expenses responds mainly to the release of some impairments associated with local and international fixed income instruments, which were settled during the period.

## Non Operating Income

The Insurance activity non operating income presented a \$27,425 thousand decrement year-on-year, mainly due to the negative effect arising from FX fluctuations over the balances of foreign equity investments related to the individual life insurances of Confuturo and Corpseguros (approximately 35% of the portfolio).

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

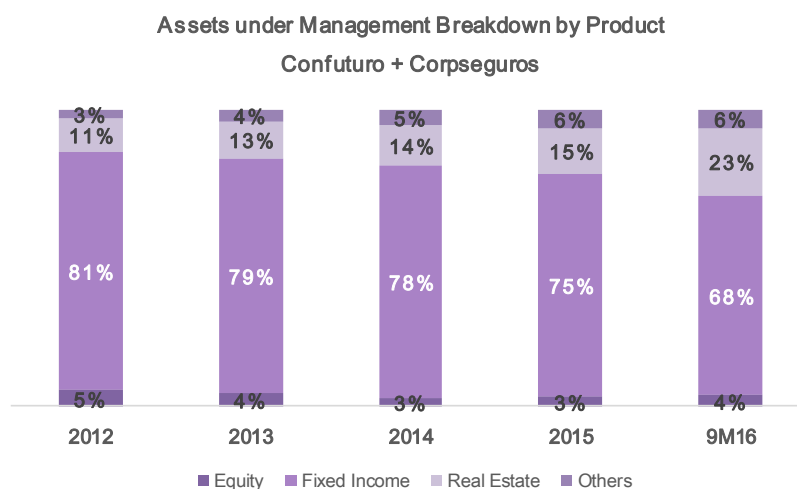
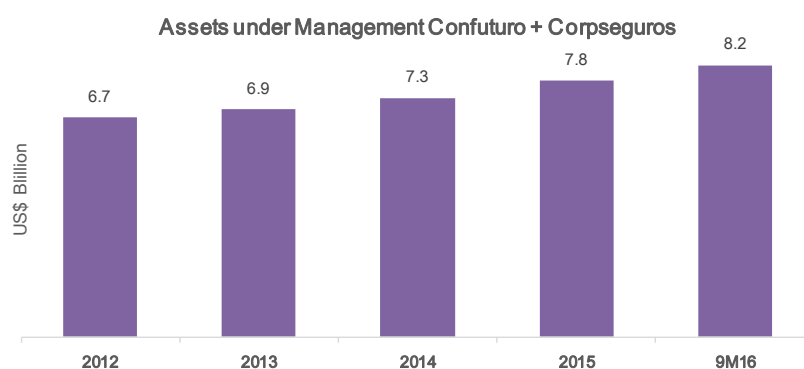
Corpseguros S.A.	(*) Figures in Th. US\$		
Income Statement	9M16	9M15	Var %
Net Premiums Income	171,260	122,495	39.8%
Net Investments Income	134,454	130,228	3.2%
Cost of Sales	(273,872)	(218,847)	25.1%
Operation Expenses	2,652	(6,926)	-138.3%
Operating Result	34,493	26,949	28.0%
Other Income and Expenses	(5,524)	875	-731.6%
Profit before Tax	28,969	27,824	4.1%
Tax Expenses	(559)	(3,033)	-81.6%
Minority Interest	(3)	(2)	14.6%
Profit to Corpseguros S.A.	28,407	24,788	14.6%

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

Confuturo S.A.	(*) Figures in Th. US\$		
Income Statement	9M16	9M15	Var %
Net Premiums Income	469,958	368,391	27.6%
Net Investments Income	169,831	135,329	25.5%
Cost of Sales	(595,852)	(481,337)	23.8%
Operation Expenses	(6,920)	(17,333)	-60.1%
Operating Result	37,018	5,050	633.0%
Other Income and Expenses	(13,242)	9,325	-242.0%
Profit before Tax	23,776	14,375	65.4%
Tax Expenses	(4,388)	(4,229)	3.8%
Minority Interest	(2)	(2,830)	-99.9%
Profit to Confuturo S.A.	19,386	7,317	164.9%

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

Confuturo and Corpseguros have shown an important increment on their investment portfolios during the last periods, reaching US\$8.2 billion in assets under management. Since ILC's entrance in 2013, both companies have been reducing their exposure into high-volatility investment instruments.



## INSURANCE ACTIVITY: VIDA CAMARA

Vida Cámara Consolidated result recorded a \$1,900 thousand loss, 74.9% 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	9M16	9M15	Var %	3Q16	3Q15	Var %
D&C Chile - Gross Profit (**)	(9,432)	(8,483)	11.2%	2,196	1,319	66.5%
D&S Peru - Gross Profit (**)	3,369	(1,813)	-285.9%	993	(2,525)	-139.3%
Health & Life Insurance - Gross Profit (**)	7,009	6,118	14.6%	1,126	1,505	-25.2%
Gross Profit	945	(4,178)	-122.6%	4,315	299	1343.6%
Other Income	169	149	13.5%	76	72	4.8%
Administrative Expenses	(7,643)	(6,956)	9.9%	(2,858)	(2,504)	14.1%
Operating Income	(6,529)	(10,985)	-40.6%	1,533	(2,133)	-171.9%
Financial Income	2,534	730	247.0%	1,279	255	402.2%
Foreign Currency Exchange Gain (Loss)	(72)	46	-255.3%	16	(72)	-122.8%
Gain (Loss) from Inflation Indexed Unit	(194)	1,589	-112.2%	297	1,596	-81.4%
Non Operating Income	2,268	2,365	-4.1%	1,593	1,779	-10.5%
Profit before Taxes	(4,261)	(8,620)	-50.6%	3,126	(354)	-982.2%
Income Tax Expenses	2,360	1,064	121.9%	(457)	(215)	112.7%
Income from Continuing Operations	(1,900)	(7,556)	-74.9%	2,669	(569)	-569.0%
Minority Interest	(0)	(0)	-	(0)	(0)	-
Profit to Vida Camara	(1,900)	(7,556)	-74.9%	2,669	(570)	-568.6%

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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

### Gross Profit

The \$5,124 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 \$5,182 thousand.

Regarding the Health & Life insurance in Chile, the progress in results was mainly attributable to the 10.7% increase in the number of beneficiaries, which more than offset the higher loss ratio for the 9M16 period.

### Operational Expenses

The 9.9% increment in year-on-year expenses is mainly attributable to higher personnel and administrative expenditures.

### Non Operating Income

The 4.1% decrement in the year-on-year non operating result was mostly driven by FX differences, derived from the appreciation of the Nuevo Sol against the Chilean peso. The above was partially offset by a larger investment result.

### Operating Data

As of September 2016, Vida Camara has continued a steady growth in the number of supplementary health insurance beneficiaries, reaching 265,807 people. This figure is 10.7% higher than the one reported as of the end of September 2015.

## BANKING ACTIVITY: BANCO INTERNACIONAL

Banco Internacional recorded a net profit of \$10,162 thousand during 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>		
Income Statement	9M 16	3Q 16
Net income from interest and adjustments	32,656	10,951
Net income from fees and services	4,192	1,794
Other operating income	17,747	6,289
Credit risk provisions	(8,884)	(2,702)
<b>Net operating income</b>	<b>45,712</b>	<b>16,332</b>
Operating expenses	(35,304)	(12,102)
<b>Operating result</b>	<b>10,408</b>	<b>4,229</b>
<b>Non operating result</b>	<b>275</b>	<b>253</b>
Profit before taxes	10,682	4,483
Income tax expenses	(520)	202
<b>Income from continuing operations</b>	<b>10,162</b>	<b>4,685</b>
Minority Interest	-	-
<b>Profit to Banco Internacional</b>	<b>10,162</b>	<b>4,685</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 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 \$10,162 thousand income achieved by Banco Internacional in the first nine months 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 56% of total operating expenses.

According to information released by the *Superintendencia de Bancos e Instituciones Financieras*, Banco Internacional reached as of September 2016 an overall market share of 0.6% in terms of loans, and a 1.0% participation in terms of commercial loans. Regarding performance variables, Banco Internacional reached an annualized ROE of 9.3% in September 2016 (0.1% as of December 2015) and an efficiency ratio (measured over operating income) of 64.4% 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.

There are three subsidiaries of ILC that have placed bonds in the Chilean market: ILC (C and D series issued in 2011 and 2016, respectively), Red Salud (C series, issued in 2012) and Inversiones Confuturo (A and B series, issued both in 2009). It is important to highlight that Corpseguros issued a bridge loan for approximately UF2.8 million, which should be paid with the sales of the coming months.

Financial Debt (Th. US\$*)	ILC	Habitat	Vida Cámara	C. Machalí	Consalud	Red Salud	Inv. Confuturo	Confuturo y Corpseguros	Banco Internacional	Factoring Baninter	TOTAL
<b>Short Term</b>	<b>75.247</b>	-	<b>3.319</b>	<b>1.605</b>	<b>246</b>	<b>31.323</b>	<b>17.589</b>	<b>271.894</b>	<b>223.969</b>	<b>16.843</b>	<b>642.035</b>
Bonds	1.761	-	-	-	-	409	17.589	-	99.742	-	119.501
Bank Loans	73.486	-	3.319	1.605	246	20.145	-	271.894	90.125	16.843	477.663
Leasing	-	-	-	-	-	10.769	-	-	-	-	10.769
Others*	-	-	-	-	-	-	-	-	34.102	-	34.102
<b>Long Term</b>	<b>164.161</b>	-	-	<b>4.176</b>	<b>5.203</b>	<b>249.407</b>	<b>147.836</b>	-	-	-	<b>570.784</b>
Bonds	97.293	-	-	-	-	40.003	126.027	-	-	-	263.323
Bank Loans	66.867	-	-	4.176	5.203	130.295	21.809	-	-	-	228.352
Leasing	-	-	-	-	-	79.109	-	-	-	-	79.109
<b>Total</b>	<b>239.408</b>	-	<b>3.319</b>	<b>5.781</b>	<b>5.450</b>	<b>280.730</b>	<b>165.425</b>	<b>271.894</b>	<b>223.969</b>	<b>16.843</b>	<b>1.212.819</b>

\*Includes financial derivatives

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 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 September 2016 ILC had \$130,025 thousand in cash and cash equivalents. Moreover, subsidiaries from the non-insurance activity maintained \$44,110 thousand in cash, whereas the subsidiaries of the insurance activity manage a liquidity of \$198,091 thousand. Finally, the subsidiaries of the banking activity hold \$92,103 thousand in cash.

<b>Covenant</b>	<b>Sept. '16</b>	<b>Dec. '15</b>
Net Financial Debt / Total Equity	0,71x	0,85x
Limit	< 1x	< 1x

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

<b>September '16</b>	<b>Distr. Net Income (Th. US\$)</b>	<b>Dividend Pol. %**</b>	<b>Ownership (%)</b>	<b>Div. to ILC (Th. US\$)</b>
Habitat	82.497	90%	40,29%	29.914
Red Salud	10.643	100%	99,90%	10.632
Consalud*	1.581	100%	99,90%	1.579
Vida Cámara	(1.900)	100%	99,90%	0
Inversiones Confuturo	36.343	30%	99,90%	10.892
Banco Internacional	10.162	30%	50,60%	1.543
<b>Total</b>	<b>129.164</b>			<b>54.561</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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

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

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

## INCOME STATEMENT

INCOME STATEMENT	9M16	9M15
<b>NON-INSURANCE ACTIVITY</b>	<b>Th. US\$</b>	<b>Th. US\$</b>
Revenue	841.585.005	721.287.098
Cost of sales	(696.227.827)	(602.205.647)
<b>Gross profit</b>	<b>145.357.178</b>	<b>119.081.450</b>
Other income	6.221.980	12.149.625
Operating expenses	(131.162.244)	(109.154.062)
<b>Operating result</b>	<b>20.416.913</b>	<b>22.077.013</b>
Financial income	12.887.215	10.301.615
Financial costs	(32.339.889)	(28.742.430)
Share of profit of equity accounted investments	37.346.761	1.841.245
Foreign currency exchange gain (loss)	(170.682)	(140.529)
Gain (loss) from inflation indexed unit	(8.841.800)	(9.459.969)
Book Value/Market Value Income	0	0
<b>Non operating result</b>	<b>8.881.605</b>	<b>(26.200.068)</b>
<b>Profit (loss) before tax</b>	<b>29.298.518</b>	<b>(4.123.056)</b>
Income tax expense	(1.325.080)	(3.429.669)
<b>Profit (loss) from continuing operations</b>	<b>27.973.438</b>	<b>(7.552.725)</b>
(Loss) from discontinued operations	348.263.541	90.765.756
<b>Non-Insurance activity profit</b>	<b>376.236.979</b>	<b>83.213.032</b>
<b>INSURANCE ACTIVITY</b>		
Net income from interests and adjustments	307.356.495	267.244.131
Net premiums income	755.046.804	623.517.334
Costs of sales	(988.835.285)	(838.279.612)
Operating expenses	(10.590.874)	(32.680.077)
<b>Operating result</b>	<b>62.977.141</b>	<b>19.801.777</b>
<b>Non operating result</b>	<b>(19.031.993)</b>	<b>11.834.862</b>
<b>Profit (loss) before tax</b>	<b>43.945.148</b>	<b>31.636.639</b>
Income tax expense	(1.334.818)	(5.673.679)
<b>Insurance activity profit (loss)</b>	<b>42.610.329</b>	<b>25.962.960</b>
<b>BANKING ACTIVITY</b>		
Net interest income	32.656.150	0
Net fee and commission income	4.192.268	0
Other operating income	17.746.362	0
Provision for loan losses	(8.883.605)	0
<b>Net operating income</b>	<b>45.711.174</b>	<b>0</b>
Operating expenses	(36.476.251)	0
<b>Operating result</b>	<b>9.234.923</b>	<b>0</b>
<b>Non operating result</b>	<b>274.546</b>	<b>0</b>
<b>Profit (loss) before tax</b>	<b>9.509.469</b>	<b>0</b>
Income tax expense	(202.456)	0
<b>Banking activity profit (loss)</b>	<b>9.307.013</b>	<b>0</b>
<b>Profit (loss) for the period</b>	<b>428.154.322</b>	<b>109.175.992</b>
<b>Profit attributable to owners of the parent company</b>	<b>411.745.912</b>	<b>71.502.763</b>
<b>Profit attributable to non-controlling interest</b>	<b>16.408.410</b>	<b>37.673.229</b>
Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016		

<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	September 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	86.351	115.683
Other financial current assets	87.785	84.747
Trade and other receivables, net	155.968	141.657
Other current assets	53.565	53.128
<b>Total Current Assets</b>	<b>383.669</b>	<b>395.215</b>
<b>Non current assets:</b>		
Investments accounted under the equity method	415.477	23.063
Property, plant and equipment	426.832	446.789
Other non current assets	168.377	855.612
<b>Total non current assets</b>	<b>1.010.686</b>	<b>1.325.464</b>
<b>TOTAL NON-INSURANCE ACTIVITY ASSETS</b>	<b>1.394.355</b>	<b>1.720.680</b>
<b>INSURANCE ACTIVITY ASSETS</b>		
Cash and bank deposits	198.091	247.667
Financial Investments	6.113.649	6.236.801
Real estate investments	1.926.578	1.172.896
Single Investment Account (SIA) Investments	290.042	240.358
Reinsurance debtors	86.431	93.965
Other assets	218.651	200.269
<b>Total insurance activity assets</b>	<b>8.833.444</b>	<b>8.191.956</b>
<b>BANKING ACTIVITY ASSETS</b>		
Cash and deposits in banks	92.103	74.833
Cash items in process of collection	158.389	45.419
Trading investments	318.258	272.566
Loans and account receivables from customers, net	1.309.488	1.228.555
Available for sale investments	61.500	30.597
Other assets	172.031	190.568
<b>Total insurance activity assets</b>	<b>2.111.770</b>	<b>1.842.537</b>
<b>TOTAL ASSETS</b>	<b>12.339.569</b>	<b>11.755.173</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	142.853	461.626
Trade and other accounts payables	259.697	180.064
Other current provisions	62.270	52.703
Other current liabilities	17.199	28.024
<b>Total current liabilities</b>	<b>482.018</b>	<b>722.417</b>
<b>Non current liabilities</b>		
Other non current financial liabilities	570.784	460.611
Other non current liabilities	7.499	97.161
<b>Total non current liabilities</b>	<b>578.283</b>	<b>557.772</b>
<b>TOTAL NON-INSURANCE ACTIVITY LIABILITIES</b>	<b>1.060.301</b>	<b>1.280.189</b>
<b>INSURANCE ACTIVITY LIABILITIES</b>		
Pension insurance reserve	7.452.918	6.909.661
Other insurance reserves	362.509	311.710
Payable premiums	28.925	34.501
Banks liabilities	275.214	321.050
Other liabilities	101.266	46.360
<b>Total insurance activity liabilities</b>	<b>8.220.832</b>	<b>7.623.281</b>
<b>BANKING ACTIVITY LIABILITIES</b>		
Deposits and other demand liabilities	131.342	132.329
Cash items in process of being cleared	144.168	28.258
Time deposits and other time liabilities	1.366.657	1.188.869
Interbank borrowings	78.192	109.187
Issued debt instruments	99.741	92.849
Other liabilities	101.772	105.992
<b>Total insurance activity liabilities</b>	<b>1.921.872</b>	<b>1.657.485</b>
<b>TOTAL LIABILITIES</b>	<b>11.203.004</b>	<b>10.560.955</b>
<b>EQUITY</b>		
Paid-in capital	364.506	364.506
Accumulated profit/loss	112.513	157.560
Gain (loss) for the period	411.746	110.151
Share premium	716	716
Other equity participations	0	-
Other reserves	130.047	137.940
<b>Equity attributable to owners of the parent company</b>	<b>1.019.528</b>	<b>770.874</b>
Non-controlling interests	117.037	423.344
<b>TOTAL EQUITY</b>	<b>1.136.565</b>	<b>1.194.218</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>12.339.569</b>	<b>11.755.173</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

## STATEMENT OF CASH FLOW

STATEMENT OF CASH FLOW	9M16	9M15
<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	963.592.879	937.850.441
Payments to suppliers related to the provision of goods and services	(299.647.720)	(283.487.880)
Payments to and on behalf of employees	(140.317.202)	(159.166.981)
Proceeds for premiums and healthcare services, annuities and other obligations arising	(503.895.778)	(448.784.265)
Other cash inflows (outflows)	40.841.202	54.978.706
<b>Net cash from (used in) operating activities (Non-Insurance Activity)</b>	<b>60.573.381</b>	<b>101.390.020</b>
<b>INSURANCE ACTIVITY</b>		
Income from insurance and coinsurance premiums	834.487.216	672.781.349
Income from financial assets at fair value	6.105.943.231	4.200.999.617
Income from financial assets at amortization cost	2.829.447.915	2.374.211.986
Annuity and claims payments	(580.247.740)	(534.533.908)
Payments from financial assets at fair value	(6.126.513.881)	(4.269.405.392)
Payments from financial assets at amortization cost	(2.360.639.894)	(2.108.426.834)
Other cash inflows (outflows)	(114.052.305)	(102.501.451)
<b>Net cash from (used in) operating activities (Insurance Activity)</b>	<b>588.424.542</b>	<b>233.125.367</b>
<b>BANKING ACTIVITY</b>		
(Increase) decrease in loans and account receivables	(139.538.663)	-
Increase (decrease) in deposits and other term deposits	202.695.800	-
Other cash inflows (outflows)	(26.317.366)	-
<b>Net cash from (used in) operating activities (Banking Activity)</b>	<b>36.839.771</b>	<b>0</b>
<b>Total net cash from (used in) operating activities</b>	<b>685.837.693</b>	<b>334.515.387</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	375.792.673	-
Cash flows used to obtain control of subsidiaries or other businesses	(643.238.389)	(1.307.936)
Proceeds from the sale of other entities' equity and other financial instruments	201.747.924	151.978.326
Payments to acquire other entities' equity and other financial instruments	(197.158.147)	(153.322.527)
Proceeds from sale of property, plant and equipment	19.821.290	776.344
Acquisitions of property, plant and equipment	(11.835.997)	(18.266.682)
Other cash inflows (outflows)	7.873.253	(138.374)
<b>Net cash from (used in) investing activities (Non-Insurance Activity)</b>	<b>(246.997.394)</b>	<b>(20.280.849)</b>
<b>INSURANCE ACTIVITY</b>		
Proceeds from investment properties	37.321.373	40.101.280
Payments from investment properties	(763.279.593)	(99.111.366)
Other cash inflows (outflows)	(819.788)	215.451
<b>Net cash from (used in) investing activities (Insurance Activity)</b>	<b>(726.778.008)</b>	<b>(58.794.635)</b>
<b>BANKING ACTIVITY</b>		
Investments in fixed assets	(193.923)	-
Divestments in fixed assets	1.016.490	-
Other cash inflows (outflows)	17.163.041	-
<b>Net cash from (used in) investing activities Banking Activity)</b>	<b>17.985.608</b>	<b>0</b>
<b>Total net cash from (used in) investing activities</b>	<b>(955.789.794)</b>	<b>(79.075.484)</b>

## STATEMENT OF CASH FLOW (Continuation)

STATEMENT OF CASH FLOW	9M16	9M15
<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	85.377.329	20.149.249
Proceeds from short-term loans	618.309.849	106.926.016
Total proceeds from loans	703.687.178	127.075.265
Proceeds from capital issuances	1.229.438	-
Payment of loans	(320.371.057)	(97.321.653)
Payment of financial lease liabilities	(9.857.038)	(16.164.930)
Dividends paid	(57.573.922)	(79.763.883)
Interests paid	(74.650.805)	(36.429.884)
Other cash inflows (outflows)	202.004	(1.645.485)
<b>Net cash from (used in) financing activities (Non-Insurance Activity)</b>	<b>242.665.799</b>	<b>(104.250.568)</b>
<b>INSURANCE ACTIVITY</b>		
Bank Loans	225.362.047	130.587.481
Other proceeds from financing activities	63.933.694	54.366.039
Other payments from financing activities	(206.309.299)	(212.576.799)
Dividends paid	-	-
Interests paid	(651.734)	(7.574.434)
Other cash inflows (outflows)	-	(5.720.860)
<b>Net cash from (used in) financing activities (Insurance Activity)</b>	<b>82.334.707</b>	<b>(40.918.572)</b>
<b>BANKING ACTIVITY</b>		
Bank Loans	-	-
Bonds payments	-	-
Other long term financing	-	-
Dividends paid	(71.334)	-
Other cash inflows (outflows)	(1.814.791)	-
<b>Net cash from (used in) financing activities Banking Activity)</b>	<b>(1.886.125)</b>	<b>0</b>
<b>Total net cash from (used in) financing activities</b>	<b>323.114.381</b>	<b>(145.169.141)</b>
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate	53.162.281	110.270.762
Effect of exchange rate fluctuations on cash and cash equivalents	(15.230.589)	2.722.619
<b>Net increase (decrease) on cash and cash equivalents</b>	<b>37.931.692</b>	<b>112.993.382</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>419.440.322</b>	<b>295.077.326</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>457.372.015</b>	<b>408.070.708</b>

Closing Exchange rate of Ch\$ 658,02/US\$ as of October 1st 2016

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