S.A.C.I. FALABELLA

EARNINGS REPORT

4th QUARTER 2016

Index

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Notes:

- All dollar figures are calculated based on the observed exchange rate as of January 3rd 2017: 669.47 $/US$.
- Symbols for quarters: 1Q, 2Q, 3Q y 4Q.
- Symbols for other periods of the year: 1H for the first half of the year and 9M for the first nine months of the year.
- Currency symbols: $: Chilean pesos; CLP: Chilean pesos; US$: U.S. dollars; PEN: Peruvian soles; COP: Colombian pesos; ARS: Argentine pesos; BRL: Brazilian reales.
- M: million; TH: thousand.

I. Executive Summary

S.A.C.I. Falabella's (the "Company") consolidated revenues in the fourth quarter of 2016 reached $2,370,425 million (MUS$ 3,541), which is -1.5% compared to the same period last year. Full year revenues reached $8,588,381 million (MUS$ 12,829), which is 2.5% higher than 2015. In the fourth quarter, the decrease in revenue is primarily attributable to the business units in Argentina and Peru, which contributed less revenue to consolidated results, due to weakness in local consumer demand and currency depreciation against the Chilean peso. Adjusting for currency variation (by using 12/31/15 exchange rates), the Company's consolidated revenue growth would have been 4.1% in 4Q16 and 7.2% in 2016. In addition, Sodimac Chile also negatively impacted consolidated revenue growth. The main drivers of topline growth in the fourth quarter include: department store SSS growth in Chile and Colombia; CMR and Banco Falabella loan portfolio growth; and 25 store openings in the last 12 months (eight stores were closed in the same period), which increased the net sales area by 4.3% compared to the same period last year.

The consolidated loan portfolio, as of December 31th, 2016, reached $4,520,781 million (MUS$ 6,753), an 8.8% increase with respect to the same period last year, with growth in every country (in local currency).

Operating income this quarter reached $296,614 million (MUS$ 443), a 2.4% decrease YoY. The operating margin was 12.5% YoY, down 11 basis points compared to the same period last year. Operating margin expansion in the Chilean department store was offset by operating margin contraction in Sodimac Chile and the Argentina subsidiaries.

Consolidated EBITDA in the fourth quarter reached $365,061 million (MUS$ 545), a 1.2% YoY decrease, with an EBITDA margin of 15.4%, six basis points higher than 4Q15. Full year consolidated EBITDA reached $1,151,481 million (MUS$ 1,720), 3.4% more than in 2015, with an EBITDA margin of 13.4%, 11 basis points higher than last year.

The Company reported a consolidated non-operating expense of $20,592 million (MUS$ 31) in the fourth quarter, compared to an expense of $6,878 million (MUS$ 10) in the same period last year. The increase in the net non-operating expense is primarily due to a high comparison base from one-time gains in 4Q15. Last year in the fourth quarter, the Company recognized a gain from insurance compensation related to the floods in the north of Chile, as well as extraordinary income related to Maestro. In addition, non-operating income in 4Q16 does not include Aventura Plaza, given that the joint venture ended in July 2016. After the dissolution of the JV, the Company, through its subsidiaries Falabella Peru and Plaza S.A., began to control and consolidate the Bellavista and Trujillo shopping centers, as well as the Cayma development, in Peru. The Company recognized a non-recurring gain from the sale of assets this quarter. The effective tax rate increased in 4Q16 due to an increase in the tax rate in Chile, as well as the tax reform in Peru (passed in December of 2016), which increased the tax rate, which negatively impacted deferred tax liabilities.

Consolidated net income in 4Q16 reached $177,606 million (MUS$ 265), a 12.7% YoY decrease. Full year consolidated net income reached $609,024 million (MUS$ 910), up 17.6% compared to 2015. Net income does not include gains or losses from asset revaluations of investment properties, as the company adopted the historic cost method.

S.A.C.I. Falabella adopted IFRS accounting standards in 2010 (applied to 2010 and 2009 Financial Statements). In October of 2014, the Superintendencia de Valores y Seguros (SVS) of Chile instructed the entities that it regulates that changes in deferred tax assets or liabilities, which resulted directly from the increase in the tax rate from Chile's Tax Reform Law, should be accounted for directly in the equity account (without passing through the income statement). This instruction differs from what is established in IFRS, so as of 4Q14, the Company's Financial Statements have not technically been in compliance with IFRS (which demands an "integral, explicit and unreserved" adoption of the international standards), even though all of the other IFRS requirements have been followed. In 4Q16, the Company officially returned to the IFRS reporting framework and applied the option to revalue certain assets in Chile at fair value, which increased the accounts Property, plant and equipment and Investment properties in $510,100 million (MUS$ 762). The Company also registered an increase in Deferred tax liability and Equity (but did not include gains from the revaluation in the Income Statement). These modifications are applied retroactively beginning January 1, 2015 and in 4Q16 the Company modifies, for comparison purposes only, the December 31, 2015 Financial Statements. The impact of the revaluation on the modified 2015 Income Statement is a $4,704 million (MUS$ 7) increase in depreciation expense and a $2,016 million (MUS$ 3) decrease in net income.

In the fourth quarter, S.A.C.I. Falabella inaugurated the Open Plaza Huancayo shopping center in Peru, with a Saga Falabella department store, a Sodimac store and a Tottus supermarket. In addition to these three stores, the Company opened another eight stores in the region (and closed two stores). Falabella opened dos stores in Colombia: a Falabella department store and the first Crate & Barrel in the country, both in the city of Bogota. Sodimac opened four stores in the region: three new home improvement stores in the cities of Cartagena, Tulua and Barranquilla in Colombia; and a new Sodimac in Maldonado, Uruguay. Sodimac also closed a Constructor store in Ica, Peru and a Dicico in Guarulhus, Brazil. Tottus opened two supermarkets in Peru: one in the city of Piura and another in Lima.

II. Consolidated Financial Results, as of December 2016

Consolidated Income Statement 4Q 2016 (MCLP)[1]

	4Q15	% Rev.	4Q16	% Rev.	Var %
Revenues of Non-Banking Operations	2,238,139		2,190,361		-2.1%
Revenues of Banking Operations	169,427		180,064		6.3%
Total Revenues	**2,407,566**	**100.0%**	**2,370,425**	**100.0%**	**-1.5%**
COGS of Non-Banking Operations	(1,439,610)	-64.3%	(1,401,123)	-64.0%	-2.7%
COGS of Banking Operations	(77,555)	-45.8%	(89,200)	-49.5%	15.0%
Gross Profit	**890,402**	**37.0%**	**880,102**	**37.1%**	**-1.2%**
SG&A Expenses	(586,483)	-24.4%	(583,488)	-24.6%	-0.5%
Operational Income	**303,919**	**12.6%**	**296,614**	**12.5%**	**-2.4%**
Depreciation + Amortization	65,460	2.7%	68,447	2.9%	4.6%
EBITDA	**369,378**	**15.3%**	**365,061**	**15.4%**	**-1.2%**
Other Income / (Expenses)	37,835		23,128		-38.9%
Net Financial Income / (Cost)	(51,242)		(49,742)		-2.9%
Profit / (Loss) in Associates	8,181		5,880		-28.1%
Exchange Rate Differences	(1,652)		143		NM
Non-Operating Profit	**(6,878)**	**-0.3%**	**(20,592)**	**-0.9%**	**199.4%**
Profit Before Tax Expenses	**297,040**	**12.3%**	**276,023**	**11.6%**	**-7.1%**
Income Tax	(70,909)		(84,073)		18.6%
Minority Interest	(22,604)		(14,343)		-36.5%
Net Profit / (Loss)	**203,527**	**8.5%**	**177,606**	**7.5%**	**-12.7%**

Consolidated Income Statement 12M 2016 (MCLP)

	12M15	% Rev.	12M16	% Rev.	Var %
Revenues of Non-Banking Operations	7,753,210		7,898,302		1.9%
Revenues of Banking Operations	623,383		690,079		10.7%
Total Revenues	**8,376,593**	**100.0%**	**8,588,381**	**100.0%**	**2.5%**
COGS of Non-Banking Operations	(5,098,132)	-65.8%	(5,180,720)	-65.6%	1.6%
COGS of Banking Operations	(270,480)	-43.4%	(326,728)	-47.3%	20.8%
Gross Profit	**3,007,981**	**35.9%**	**3,080,933**	**35.9%**	**2.4%**
SG&A Expenses	(2,137,895)	-25.5%	(2,191,642)	-25.5%	2.5%
Operational Income	**870,086**	**10.4%**	**889,291**	**10.4%**	**2.2%**
Depreciation + Amortization	243,798	2.9%	262,190	3.1%	7.5%
EBITDA	**1,113,884**	**13.3%**	**1,151,481**	**13.4%**	**3.4%**
Other Income / (Expenses)	33,749		160,726		376.2%
Net Financial Income / (Cost)	(173,619)		(218,388)		25.8%
Profit / (Loss) in Associates	25,804		21,756		-15.7%
Exchange Rate Differences	(18,209)		3,637		NM
Non-Operating Profit	**(132,275)**	**-1.6%**	**(32,269)**	**-0.4%**	**-75.6%**
Profit Before Tax Expenses	**737,811**	**8.8%**	**857,022**	**10.0%**	**16.2%**
Income Tax	(167,275)		(178,990)		7.0%
Minority Interest	(52,602)		(69,008)		31.2%
Net Profit / (Loss)	**517,934**	**6.2%**	**609,024**	**7.1%**	**17.6%**

[1] CMR Chile and CMR Argentina are included in the Non-Banking Operations.

Summary of Consolidated Balance Sheet, as of December 31st 2016 (MCLP)

	31-dec-2015	31-dec-2016	Var %
Current Assets - Non Banking Business	3,238,033	3,417,359	5.5%
Non Current Assets - Non Banking Business	6,360,536	6,724,734	5.7%
Total Assets - Non Banking Business	**9,598,569**	**10,142,093**	5.7%
Total Assets - Banking Business	**3,513,824**	**3,783,184**	7.7%
Total Assets	**13,112,393**	**13,925,277**	**6.2%**
Current Liabialities - Non Banking Business	2,079,647	2,456,697	18.1%
Non Current Liabialities - Non Banking Business	3,281,986	3,323,102	1.3%
Total Liabialities - Non Banking Business	**5,361,633**	**5,779,799**	**7.8%**
Total Liabialities - Banking Business	**2,938,520**	**3,097,121**	**5.4%**
Total Liabialities	**8,300,153**	**8,876,920**	**6.9%**
Total Equity	**4,812,240**	**5,048,357**	**4.9%**
Total Liabilities + Equity	**13,112,393**	**13,925,277**	**6.2%**

Summary of Consolidated Cash Flow, as of December 31st 2016 (MCLP)

	31-dec-2015	31-dec-2016	Var %
Cash flow from operating activities - Non Banking Business	549,170	558,593	1.7%
Cash flow from operating activities - Banking Business	231,718	129,520	-44.1%
Cash flow from operating activities	**780,889**	**688,113**	**-11.9%**
Cash flow from investment activities - Non Banking Business	(466,049)	(407,784)	-12.5%
Cash flow from investment activities - Banking Business	(183,838)	(171,851)	-6.5%
Cash flow from investment activities	**(649,887)**	**(579,635)**	**-10.8%**
Cash flow from financing activities - Non Banking Business	(113,645)	(128,794)	13.3%
Cash flow from financing activities - Banking Business	40,695	(42,533)	-204.5%
Cash flow from financing activities	**(72,950)**	**(171,328)**	**134.9%**
Increase (decrease) in cash and cash equivalents	**58,052**	**(62,850)**	**-208.3%**
Impact of exchange rate differences on cash and cash equivalents	(7,119)	(22,216)	212.1%
Cash and cash equivalents at the beginning of the period	**610,126**	**661,059**	**8.3%**
Cash and cash equivalents at the end of the period	**661,059**	**575,993**	**-12.9%**

III. Main Events during the Period

- In 4Q16, S.A.C.I. Falabella officially returned to the IFRS reporting framework and applied the option to revalue certain assets in Chile at fair value, which increased the accounts Property, plant and equipment and Investment properties in $510,100 million (MUS$ 762). The Company also registered an increase in Deferred tax liability and Equity (but did not include gains from the revaluation in the Income Statement). The modification is applied retroactively beginning January 1, 2015 and in 4Q16 the Company publishes, for comparison purposes only, the restated December 31, 2015 Financial Statements. The impact of the revaluation on the restated 2015 Income Statement is a $4,704 million (MUS$ 7) increase in depreciation expense and a $2,016 million (MUS$ 3) decrease in net income.
- In October Inversiones Inverfal Peru SpA, a subsidiary of S.A.C.I. Falabella, purchased 115,577,552 shares (5.55%) of Falabella Peru S.A.A. for 5.04 PEN per share in a public offering on the Lima Stock Exchange. As a result, S.A.C.I. Falabella, directly or indirectly, owns 99.76% of Falabella Peru's shares.
- On November 29th, the Company paid an interim dividend of CLP$26 per share against 2016 earnings.
- In November, Banco Falabella Colombia and the Colombian wholesale supermarket chain Makro announced a partnership to begin issuing CMR-Makro credit cards and offering other Banco Falabella services to customers, starting February 2017.
- During the quarter, collective wage negotiations with Sodimac Chile's main union resulted in a legal strike. During part of this period, several stores were temporarily closed or not fully operational.
- In 4Q16 the Company opened a shopping center and 11 new stores (including the three stores in the new mall):
    - The Company inaugurated Open Plaza Huancayo, located in the city of Huancayo in Peru. This shopping center has three anchor stores (Saga Falabella, Sodimac and Tottus), as well as a Banco Falabella, a cinema, entertainment centers, a food court, restaurants, fashion and technology stores and various shops. In the coming months the shopping center will continue to add new stores and will reach approximately 42,300 m^2 in GLA.
    - Falabella opened three stores in the region:
        - In Peru, a Saga Falabella with a selling area of 6,000 m^2, in Open Plaza Huancayo.
        - In Colombia, the largest Falabella department store in the country, with a selling area of 13,000 m^2, in Bogota.
        - The first Crate & Barrel store in Colombia, with a selling area of 2,000 m^2, in Bogota.
    - Sodimac opened five new stores in the region:
        - Three in Colombia: a Sodimac in Cartagena, with a selling area of 9,500 m^2; another in Tulua, with a selling area of 6,500 m^2; and one in Barranquilla, with 9,300 m^2.
        - In Peru, a Sodimac with a selling area of 8,600 m^2, in Open Plaza Huancayo.
        - In Uruguay, a Sodimac with a selling area of 5,300 m^2, in the city of Maldonado.
    - Tottus opened three stores in Peru:
        - One in the Open Plaza Huancayo, with a selling area of 5,100 m^2; another in the city of Piura, with a selling area of 4,000 m^2; and another in Lima, with 3,700 m^2.
- In 4Q16, the Company closed two stores: a Dicico in Brazil and a Constructor in Peru.
- During the quarter, Falabella opened three standalone stores in the region. In Peru, two Aldo stores; and in Colombia, a La Martina store.
- In December, S.A.C.I. Falabella issued in the domestic market the equivalent of 6 million U.F. (MUS$ 236), in bonds, denominated in Chilean pesos and in U.F., in order to finance short and long-term liabilities. The bonds were issued in two series:
    - The series Q: 78,000 million Chilean pesos, five years, at a 4.84% interest rate, which is a 95 basis points spread with respect to the reference rate.

- The series S: 3 million U.F., 23 years (20-year grace period), at a U.F. + 3.11% interest rate, which is a 125 basis points spread with respect to the reference rate.

- In December, the board of directors agreed to modify the policy that determines net distributable income. This modification will go into effect with 2016's financials and considers the following:
    - The Net and Distributable Income will be equivalent to the account "Profit (Loss) Attributable to the Owners of the Company" as it appears in the annual financial statements, excluding:
        - Earnings that are the result of fair value valuations, of both assets and liabilities, that have not been monetized or realized, and that originate from business combinations, or corporate restructurings, including subsidiaries and associate companies; and,
        - Earnings that are the result of fair value valuation that have not been monetized or realized of investment properties; these earnings will be included in net distributable income when they are monetized.
    - The effects on deferred taxes associated with the two deductions previously indicated will follow the same adjustments.
    - In the explanatory note in the annual Financial Statements corresponding to the period, the Company will inform in detail the adjustments made, including the criteria applied in the determination of the distributable liquid income, as well as the scope of the concept of materialization and the assets and liabilities adjusted because of the variation in their fair value.

Events after the period

- In January S.A.C.I. Falabella announced its updated four-year investment plan, for the 2017-20 period. The Company plans to invest MUS$ 4,000:
    - 42% of this capex will be allocated to the opening of 114 new stores and nine new shopping centers.
    - 31% will be dedicated to logistics (including new DC's) and technology, in order to support the growth of its omnichannel operations, as well as to achieve higher levels of efficiency and productivity across the different business units in each country.
    - 27% will be used to increase selling area and remodel existing stores and shopping centers, in order to continue to improve the customer experience and maximize the performance of these points of sale.

IV. 4th Quarter 2016 Results

1. Revenues

In the fourth quarter of 2016, consolidated revenues reached $2,370,425 million (MUS$ 3,541), which is -1.5% compared to the same period last year. The decrease in revenue is primarily attributable to the business units in Argentina and Peru, which contributed less revenue to consolidated results, due to weakness in local consumer demand and currency depreciation against the Chilean peso. Sodimac Chile also pressured topline growth, due to the labor strike this quarter and the slowdown in construction activity. Adjusting for currency variation (by using 12/31/15 exchange rates), the Company's consolidated revenue growth would have been 4.1% in 4Q16 and 7.2% in 2016. The factors that most contributed to topline growth in the fourth quarter include: department store SSS growth in Chile and Colombia; CMR and Banco Falabella loan portfolio growth; and 25 store openings in the last 12 months (eight stores were closed in the same period), which increased the net sales area by 4.3% compared to the same period last year.

In Chile, CMR reported an 18.5% increase in revenues this quarter, driven primarily by a 13.5% increase in its loan portfolio. Banco Falabella Chile's revenues grew by 6.2%, explained by a 9.2% increase in gross loans, partially offset by a deceleration in inflation-adjusted income, given that the Unidad de Fomento (U.F.) increased 0.5% in 4Q16, compared to 1.1% in the same period last year. Department stores reported 4.8% revenue growth, driven by 6.6% SSS growth (partially offset by one store closing in the last 12 months). Apparel benefited from the positive performance of the private brands and omnichannel sales continued to grow at a double-digit rate, partially driven by CyberDay (November 7-9). Tottus reported 3.1% revenue growth, driven by the addition of four new stores in the last year, given that SSS was -2.4% in the quarter. Sodimac's revenues decrease by 8.8% this quarter, due to the strike that lasted 26 days.

In Peru revenues decreased by 3.9%, primarily due to the depreciation of the PEN against the CLP and the decrease in SSS in all three formats, pressured by the weak consumer environment. Saga Falabella' s revenues decreased by 5.7% (+0.7% in local currency), explained by -5.0% SSS. The home improvement format continued to face a contraction in the construction sector and, as a result, reported -11.7% in revenues (-5.3% in local currency), primarily due to -5.6% SSS and the closing of two stores (Ica and Chincha) in the last 12 months. Tottus reported 1.5% revenue growth (+8.6% in local currency), driven by the addition of eight new supermarkets in the last 12 months, which was partially offset by -1.4% SSS.

In Colombia, revenues increased 16.1%, primarily due to Falabella Retail and Banco Falabella. Revenue at the department store was driven by 6.9% SSS and five new store openings in the last 12 months. Banco Falabella Colombia's revenue growth was, primarily, due to the 19.5% YoY increase in the loan book (in local currency). In Brazil revenues increased 21.1%, driven by the appreciation of the BRL against the CLP and also by the increase in sales area (4.0%), explained by the addition of a new Sodimac store in the last 12 months (three Dicico stores were closed in the same period). Argentina reported a 27.2% decrease in revenues this quarter, explained primarily by the pronounced depreciation of the ARS against the CLP, as well as a deceleration of SSS.

2. Operating Income

Operating income this quarter reached $296,614 million (MUS$ 443), a 2.4% decrease with respect to the same period last year, with an operating margin of 12.5%, which was 11 basis points lower YoY.

In Chile, the department store reported an operating margin expansion of 246 basis points. This increase was due to gross margin expansion, driven by higher apparel sales –especially, private brands– as well as less markdowns across departments. Sodimac's operating margin decreased by 228 basis points due to the strike and the slowdown in construction. Tottus reported a 73 basis points deterioration in operating margin, primarily due to the lower dilution of fixed expenses because of the negative SSS variation this quarter.

CMR's operating margin increased by 283 basis points while Banco Falabella Chile reported a decrease of 49 basis point in the same period. With regards to CMR, the margin improvement is primarily attributable to a lower cost of sales, due to lower funding and collection costs. Banco Falabella's lower operating margin is primarily due to higher technology expenses. Plaza reported a 28 basis points decline in operating margin, primarily due to the timing of marketing expenses related to the launch of the new brand logo, among other factors.

Peru's operating margin decreased nine basis points, primarily due to lower dilution of fixed expenses in Banco Falabella and Sodimac, because of weakness in the topline. In Colombia, the operating margin deteriorated by 58 basis points, largely due to higher funding costs and provision expenses at Banco Falabella Colombia. In Argentina, the operating margin decreased by 275 basis points, as the result of the deceleration in revenue growth and lower dilution of fixed expenses such as wages, services and leases. Brazil reported a 29 basis point increase in operating margin, largely explained from greater operating leverage.

3. Non-Operating Results and Net Income

Consolidated non-operating results reached a net expense of $20,592 million (MUS$ 31) this quarter, compared to a net expense of $6,878 million (MUS$ 10) in the same period last year. This decrease is largely due to the 38.9% YoY decrease in other income and the 28.1% YoY decrease in income from associated companies. Last year in the fourth quarter, the Company recognized a gain from insurance compensation related to the floods in the north of Chile, as well as extraordinary income related to Maestro. In addition, non-operating income in 4Q16 does not include Aventura Plaza, given that the joint venture ended in July 2016. The Company recognized a non-recurring gain from the sale of assets this quarter.

Net financial expenses this quarter reached $49,742 million (MUS$ 74), 2.9% less than the same period last year, primarily as a result of the lower monetary readjustment expense from inflation-linked debt, given that the U.F. increased 0.5% this quarter, compared to 1.1% in the same period last year.

S.A.C.I. Falabella has two dollar denominated bonds, one for MUS$ 500 and another for MUS$ 400, both of which have both capital and interest fully hedged, with swaps, to maturity.

The effective tax rate increased by 18.6% this quarter, mainly due to the increase in the tax rate in Chile and the tax reform in Peru, which increased the income tax rate and net deferred tax liabilities.

As a result, net income for the period reached $177,606 million (MUS$ 265), 12.7% less than the same period last year. Net income does not include gains or losses from asset revaluations of investment properties, as the Company adopted the historic cost method.

4. Consolidated Balance Sheet

Non-banking current assets increased $179,326 million (MUS$ 268) compared to year-end 2015, primarily due to an increase in trade and other accounts receivable and an increase in inventory. Non-banking long term assets increased $364,198 million (MUS$ 544), mainly due to an increase in property, plant and equipment and investment properties, given the investment in new stores and shopping centers, as well as expansions and renovations of existing stores and shopping centers. In the case of the banking business, total assets increased by $269,360 million (MUS$ 402), compared to December 2015, mainly due to accounts receivable from clients and instruments available for sale. As a result, total assets increased $812,884 million (MUS$ 1,214).

Non-banking current liabilities increased by $377,050 million (MUS$ 563) compared to December 2015, mainly explained by higher other current financial liabilities, due an increase in bank loans. Non-banking long-term liabilities increased $41,116 million (MUS$ 61), due to an increase in deferred tax liabilities, explained by the consolidation of shopping centers in Peru after the dissolution of Aventura Plaza. Total liabilities of the banking business increased $158,601 million (MUS$ 237) due to a higher level activity in the business. As a result, total liabilities increased $576,767 million (MUS$ 862).

In 2016 S.A.C.I. Falabella formally returns to IFRS, retroactive as of January 1, 2015, modifying (for comparative purposes only) the previously published Financial Statements of December 31, 2015. As a result, the Company applies all of the IFRS standards retroactively to this date, including certain mandatory exclusions and optional exemptions as defined by IFRS 1. The foregoing implied that the Property, plant and equipment and Investment property accounts increased by $510,100 million (MUS$ 762) compared to December 2014. The impact on Equity, net of the increase in deferred taxes, was an increase of $372,394 million (MUS$ 556).

5. Consolidated Cash Flow

Non-banking business cash flow from operating activities increased $9,422 million (MUS$ 14) as of December 2016, compared to the same period last year, mainly as a result of higher proceeds from the sale of goods and services, in line with the activity of the business. Banking business cash flow from operating activities decreased $102,198 million (MUS$ 153), primarily due to a decrease in deposits and other time deposits. As a result, consolidated cash flow from operating activities decreased $92,776 million (MUS$ 139) in the period.

Non-banking business cash flow from investment activities was $58,265 million (MUS$ 87) less negative than in the same period last year, mainly due to proceeds from the sale of property, plant and equipment. Banking business cash flow from investment activities was $11,987 million (MUS$ 18) less negative with respect to the same period last year, mainly due to a less negative contribution from investment securities available for sale. As a result, cash flow from consolidated investment activities as of December 2016 was $70,252 million (MUS$ 105) less negative than in the same period last year.

Non-banking business cash flow from financing activities as of December 2016 was $15,149 million (MUS$ 23) more negative than last year, mainly explained by the purchase of Company stock and the acquisition of the minority stake of Falabella Peru S.A.A. Banking business cash flow from financing activities was $83,228 million (MUS$ 124) more negative than the same period last year, due to the bond issuance in 2015. As a result, consolidated cash flow from financing activities was $93,378 million (MUS$ 147) more negative than the same period last year

V. Retail Indicators

1. Retail Business Revenues

Retail Revenues 4Q 2016 (MCLP) [2,3]

	4Q15	4Q16	Var %	Var Local Currency %
Chile				
Department Stores	435,650	456,634	4.8%	4.8%
Home Improvement	525,500	479,105	-8.8%	-8.8%
Supermarkets	185,231	191,029	3.1%	3.1%
Peru				
Department Stores	186,521	175,848	-5.7%	0.7%
Home Improvement	165,848	146,494	-11.7%	-5.3%
Supermarkets	188,935	191,816	1.5%	8.6%
Colombia				
Department Stores	119,235	136,491	14.5%	17.5%
Home Improvement	208,802	208,544	-0.1%	3.5%
Argentina				
Department Stores	122,509	88,231	-28.0%	16.1%
Home Improvement	64,422	43,962	-31.8%	10.5%
Brazil				
Home Improvement	38,156	46,210	21.1%	8.7%

Retail Revenues 12M 2016 (MCLP) [2,3]

	12M15	12M16	Var %	Var Local Currency[2] %
Chile				
Department Stores	1,354,273	1,471,982	8.7%	8.7%
Home Improvement	1,967,839	2,000,747	1.7%	1.7%
Supermarkets	667,358	705,968	5.8%	5.8%
Peru				
Department Stores	590,597	595,596	0.8%	3.4%
Home Improvement	640,055	591,765	-7.5%	-5.3%
Supermarkets	648,959	666,023	2.6%	5.2%
Colombia				
Department Stores	342,043	349,599	2.2%	9.3%
Home Improvement	778,065	766,046	-1.5%	6.1%
Argentina				
Department Stores	402,184	303,038	-24.7%	16.2%
Home Improvement	212,536	166,077	-21.9%	20.7%
Brazil				
Home Improvement	164,812	167,504	1.6%	3.3%

[2] Does not include revenue from the credit business.
[3] Revenue variation and revenue variation in local currency: the first shows revenue variation in CLP and the second, in local currency.

Same Store Sales (SSS) Nominal Growth [4,5,6,7]

	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	12M15	12M16
Chile											
Department Stores	4.0%	2.8%	7.9%	8.7%	6.1%	13.1%	9.6%	13.3%	6.6%	6.1%	10.1%
Home Improvement	7.9%	8.7%	5.7%	4.9%	6.8%	5.9%	5.0%	7.3%	-8.2%	6.8%	1.1%
Supermarkets	6.2%	4.1%	2.1%	2.7%	3.6%	2.5%	-0.7%	2.3%	-2.4%	3.6%	0.3%
Peru											
Department Stores	-1.3%	-2.7%	-0.2%	-0.7%	-1.2%	1.4%	1.4%	-2.0%	-5.0%	-1.2%	-1.6%
Home Improvement	0.4%	-1.9%	-4.3%	-5.5%	-3.4%	-3.8%	-4.4%	-5.3%	-5.6%	-3.4%	-4.8%
Supermarkets	3.2%	2.1%	0.2%	-1.9%	0.7%	0.3%	-2.9%	-1.7%	-1.4%	0.7%	-1.5%
Colombia											
Department Stores	0.0%	-1.1%	7.1%	-6.0%	-1.0%	-1.8%	0.0%	-10.1%	6.9%	-1.0%	0.0%
Home Improvement	9.5%	11.8%	13.0%	12.0%	11.6%	8.5%	8.5%	1.0%	1.5%	11.6%	4.6%
Argentina											
Department Stores	9.5%	11.3%	22.4%	20.3%	16.4%	24.2%	29.0%	16.9%	17.8%	16.4%	21.5%
Home Improvement	41.0%	37.9%	36.3%	36.4%	37.7%	29.1%	28.1%	22.2%	11.2%	37.7%	21.3%
Brazil											
Home Improvement	-0.3%	2.2%	-9.0%	-8.1%	-4.0%	-10.4%	-8.4%	-8.5%	-0.2%	-4.0%	-6.9%

[4] All variations are calculated in nominal terms and in the local currency of each country. In Argentina SSS are calculated net of IIBB.
[5] SSS growth includes revenue generated from the online channel of each business unit.
[6] SSS for Home Improvement Peru include Maestro, starting from 4Q15.
[7] SSS calculation does not include stores that had significant changes in sales area open to the public, due to remodeling, expansions, reductions or closings.

2. Number of Stores and Sales Area of Retail Businesses[8,9,10]

	December 2015		December 2016	
	Sales Area (m^2)	Stores (#)	Sales Area (m^2)	Stores (#)
Chile				
Department Stores	307,157	45	306,280	44
Home Improvement	712,813	86	711,839	85
Supermarkets	195,807	57	207,067	61
Peru				
Department Stores	163,627	27	176,962	29
Home Improvement	373,405	57	371,714	56
Supermarkets	189,997	52	219,260	60
Colombia				
Department Stores	128,385	20	161,468	25
Home Improvement	344,629	36	366,282	38
Argentina				
Department Stores	57,595	11	57,595	11
Home Improvement	85,861	8	85,941	8
Brazil				
Home Improvement	142,669	58	148,381	56
Uruguay				
Home Improvement	19,509	2	24,849	3
Total Stores	**2,721,454**	**459**	**2,837,637**	**476**

3. Number of Shopping Malls and GLA of Real Estate Operators[11,12]

	December 2015		December 2016	
	GLA (m^2)	Shopping Malls (#)	GLA (m^2)	Shopping Malls (#)
Chile				
Mall Plaza	1,199,000	15	1,214,000	15
Open Plaza	232,000	10	229,000	10
Peru				
AP/Mall Plaza Peru	275,000	4	160,000	2
Open Plaza	271,000	10	313,000	11
Colombia				
Mall Plaza	26,000	1	27,000	1
Total Real Estate	**2,003,000**	**40**	**1,943,000**	**39**

Furthermore, the Group owns 980,000 m^2 of additional GLA in free standing Falabella, Sodimac, Tottus, Maestro stores and other locations.

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[8] During 2015 the Company's sales area measurement was updated, which explains differences with data published in September 2015.
[9] Sales area includes cashiers and check out areas. In the case of Tottus, this represents approximately 8% of total sales area. This definition may differ from how some peers in the industry measure their sales area, and thus, has implications when comparing sales per square meter.
[10] The new Crate & Barrel store is included in department stores Peru. In 9M16 the company closed six stores, including five home improvement stores in Chile (Imperial), Peru (Sodimac Chincha), Colombia (Constructor) and Brazil (two Dicico's); and a department store in Chile.
[11] Open Plaza includes Power Centers (shopping malls with only two anchor stores, in addition to smaller shops) and Shopping Centers (shopping malls with three anchor stores, in addition to smaller stores) and is not part of Plaza S.A.
[12] Mall Plaza Peru is the subsidiary created after the dissolution of Aventura Plaza in July 2016.

4. Sales per Square Meter of Retail Businesses

Sales per Square Meter – 4Q 2016 (CLP / m²)

	4Q15	4Q16	Var %	Var Local Currency %
Chile				
Department Stores	1,407,404	1,495,903	6.3%	6.3%
Home Improvement	742,013	673,052	-9.3%	-9.3%
Supermarkets	972,769	922,547	-5.2%	-5.2%
Peru				
Department Stores	1,146,695	1,007,422	-12.1%	-6.1%
Home Improvement	444,748	395,843	-11.0%	-4.6%
Supermarkets	1,014,260	903,208	-10.9%	-4.8%
Colombia				
Department Stores	983,748	884,381	-10.1%	-7.7%
Home Improvement	611,569	589,610	-3.6%	0.0%
Argentina				
Department Stores	2,127,687	1,531,084	-28.0%	16.0%
Home Improvement	750,306	511,537	-31.8%	10.4%
Brazil				
Home Improvement	279,277	308,063	10.3%	-1.0%
TOTAL	**838,408**	**777,773**	**-7.2%**	

Sales per Square Meter – 12M 2016 (CLP / m²)[13,14]

	12M15	12M16	Var %	Var Local Currency %
Chile				
Department Stores	4,384,273	4,788,260	9.2%	9.2%
Home Improvement	2,819,632	2,809,904	-0.3%	-0.3%
Supermarkets	3,573,830	3,500,573	-2.0%	-2.0%
Peru				
Department Stores	3,732,821	3,470,281	-7.0%	-4.7%
Home Improvement	1,724,150	1,599,129	-7.3%	-5.0%
Supermarkets	3,529,029	3,281,803	-7.0%	-4.7%
Colombia				
Department Stores	2,926,025	2,498,630	-14.6%	-8.7%
Home Improvement	2,310,260	2,208,964	-4.4%	3.0%
Argentina				
Department Stores	6,986,412	5,258,867	-24.7%	16.1%
Home Improvement	2,512,662	1,966,237	-21.7%	20.8%
Brazil				
Home Improvement	1,272,620	1,237,898	-2.7%	-1.1%
TOTAL	**2,951,401**	**2,839,301**	**-3.8%**	

[13] Revenues divided by average area of the period. The YoY variation corresponds to the variation in Chilean pesos and not the variation in local currency. Total sales per square meter is the sum of revenues from the retail business divided by the average total surface of stores for the period. Online sales are included in the total sales figure of each business unit.
[14] Sales area includes cashiers and check out areas. In the case of Tottus, this represents approximately 8% of total sales area. This definition may differ from how some peers in the industry measure their sales area, and thus, has implications when comparing sales per square meter.

VI. Financial Indicators

1. Credit Indicators[15,16,17,18,19]

		1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
CMR Chile (Card)									
Total Gross Loans	M CLP	1,255,878	1,277,464	1,266,825	1,379,680	1,410,244	1,440,304	1,438,785	1,566,161
Provisions (stock)	M CLP	(46,978)	(51,619)	(49,880)	(47,902)	(52,826)	(56,900)	(53,933)	(57,943)
Net Write-Offs	M CLP	12,412	23,271	38,540	52,777	15,790	29,490	48,398	65,434
Open Accounts (with balance)	#	2,294,285	2,311,288	2,306,532	2,377,164	2,357,932	2,367,794	2,360,481	2,417,591
Duration	Months	3.9	4.1	4.1	4.0	3.9	4.1	4.0	3.8
Average Loan	CLP	547,394	552,707	549,234	580,390	598,085	608,289	609,531	647,819
Banco Falabella Chile									
Total Gross Loans	M CLP	1,329,908	1,346,129	1,375,583	1,416,219	1,450,057	1,474,960	1,504,027	1,546,889
Provisions (stock)	M CLP	(65,118)	(64,868)	(67,503)	(69,121)	(70,567)	(73,412)	(74,100)	(76,447)
Net Write-Offs	M CLP	9,919	19,914	30,394	41,548	9,872	19,517	28,753	41,807
Banco Falabella Peru									
Total Gross Loans	M PEN	3,188	3,491	3,620	3,911	3,915	3,995	3,884	3,985
Provisions (stock)	M PEN	(225)	(244)	(260)	(279)	(299)	(332)	(345)	(360)
Net Write-Offs	M PEN	26	67	111	164	57	113	178	248
Open Accounts (with balance)	#	1,022,313	1,033,171	1,036,351	1,057,033	1,027,854	1,041,944	1,029,371	1,048,241
Duration	Months	10.7	10.8	10.8	10.5	10.6	10.3	10.6	9.6
Average Consumer Loan	SOL	3,119	3,379	3,493	3,700	3,809	3,834	3,774	3,802
Banco Falabella Colombia									
Total Gross Loans	M COP	1,442,319	1,507,428	1,545,714	1,747,486	1,768,232	1,933,904	1,952,860	2,088,821
Provisions (stock)	M COP	(84,926)	(92,426)	(94,828)	(101,774)	(107,085)	(124,163)	(132,899)	(151,464)
Net Write-Offs	M COP	13,764	27,235	43,525	61,438	18,923	37,355	62,063	89,540
Open Accounts (with balance)	#	850,338	871,637	883,303	934,648	915,148	945,253	973,497	1,045,641
Duration	Months	8.2	8.1	8.3	8.4	8.8	8.7	8.7	8.2
Average Consumer Loan	COP	1,696,172	1,729,421	1,749,925	1,869,673	1,932,182	2,045,911	2,006,026	1,997,646
CMR Argentina (Card)									
Total Gross Loans	M ARS	2,021	2,219	2,368	2,904	3,109	3,421	3,335	3,603
Provisions (stock)	M ARS	(49)	(52)	(44)	(50)	(65)	(84)	(76)	(76)
Net Write-Offs	M ARS	15	23	30	31	5	11	27	38
Open Accounts (with balance)	#	528,600	519,261	512,036	518,875	517,948	519,960	531,955	535,757
Duration	Months	2.7	2.9	2.8	2.9	2.9	2.9	2.6	2.6
Average Consumer Loan	ARS	3,823	4,274	4,626	5,597	6,002	6,580	6,269	6,726

[15] a. CMR Chile's Loan Portfolio includes legacy car loans. New car loans are included in Banco Falabella Chile's loan book.
b. Banco Falabella Chile's provisions include additional provisions suggested by the SBIF (Superintendent of Banks and financial Institutions of Chile), the Chilean bank regulator, which are accounted for as liabilities.
c. Banco Falabella Chile's loans and provisions includes only consumer loans.
informadas en los Estados Financieros de la compañía.
[16] Duration is calculated on a monthly basis according to the implied duration: 1/[(monthly cash flow)/(gross loans)]
[17] Total gross loans includes all loans, not just consumer loans.
[18] The CMR card was launched in 30 Maestro stores in February, contributing to Banco Falabella Peru's loan growth.
[19] Open accounts with balance refer to the stock of CMR accounts with less than 90 days of delinquency, voluntary transactions in the last 24 months and a balance greater than zero at any time in the period.

2. Percentage of Sales with CMR Card[20]

	1Q15	1H15	9M15	2015	1Q16	1H16	9M16	2016
Chile - Falabella	44.7%	46.3%	46.3%	45.7%	41.2%	44.6%	45.1%	45.3%
Chile - Sodimac	25.7%	25.6%	25.6%	26.1%	26.8%	27.2%	27.1%	27.5%
Chile - Tottus	18.9%	19.3%	19.7%	20.1%	18.7%	19.4%	19.8%	20.0%
Peru - Saga, Sodimac & Tottus	35.6%	37.8%	37.9%	38.7%	36.6%	38.5%	38.7%	38.8%
Colombia - Falabella & Sodimac	22.3%	24.3%	23.9%	24.5%	20.3%	23.3%	23.2%	24.2%
Argentina - Falabella & Sodimac	25.2%	25.1%	25.0%	24.6%	24.7%	25.6%	25.6%	25.4%

[20] Percentage of Sales with CMR Card: The amount of sales revenue, as a percentage of total sales for that retail format, that corresponds to transactions made with a CMR credit card. As of this report, the calculation "Percentage of Sales with CMR card" only takes into account the portion of the transaction that the client paid using the CMR card (on occasion, a client will use more than one method of payment in a transaction). In prior reports, the entire amount of the transaction was considered in this calculation.

VII. Other Indicators

Average Collection Period,[21] Average Payment Period and Inventory Turnover[22]

Chile

	Dep. Stores		Home Improv.		Supermarkets		Promotora CMR		Plaza S.A.	
	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
Average Collection Period	7.8	9.3	24.8	24.8	3.9	3.5	120.0	114.0	36.0	32.0
Average Payment Period	38.4	42.2	45.1	47.2	39.0	41.8	NM	NM	NM	NM
Inventory Turnover (days)	75.5	79.3	73.8	88.9	38.3	43.9	NM	NM	NM	NM

International Operations[23]

	Peru		Argentina		Colombia		Brazil	
	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
Average Collection Period	2.9	3.4	12.9	17.1	4.7	6.0	44.1	48.9
Average Payment Period	48.0	50.1	51.2	59.7	58.2	55.0	104.4	109.4
Inventory Turnover (day)	82.2	84.1	82.6	102.6	81.0	62.9	154.0	161.3

[21] Collection period does not include accounts receivable of the retail businesses (department stores, home improvement and supermarkets) with Promotora CMR S.A.

[22] Average Collection Period (does not include Promotora CMR and Plaza): Current trade and other receivables *90/ Revenues
Average Collection Period for Promotora CMR: Duration * 30
Average Collection Period for Plaza corresponds to the payment of the common expenses of the building.
Average Payable Period: Current trade and other current accounts payable * 90 /Cost of sales.
Inventory turnover: Inventories (net) * 90 / Cost of sales

[23] Metrics include only retail operations.

VIII. Operating Results by Business Unit

Operating Results 4Q 2016 (MCLP)[24]

Chile

	Department Stores			Home Improvement			Supermarkets		
	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)
Revenues	435,650	456,634	4.8%	525,500	479,105	-8.8%	185,231	191,029	3.1%
Gross Profit	148,871	168,732	13.3%	166,164	150,365	-9.5%	45,902	47,264	3.0%
Gross Margin	34.2%	37.0%	278	31.6%	31.4%	-24	24.8%	24.7%	-4
SG&A	(105,209)	(111,744)	6.2%	(125,103)	(123,829)	-1.0%	(39,057)	(41,597)	6.5%
SG&A / Revenues	-24.1%	-24.5%	-32	-23.8%	-25.8%	-204	-21.1%	-21.8%	-69
Operating Profit	43,662	56,988	30.5%	41,061	26,536	-35.4%	6,845	5,668	-17.2%
Operating Margin	10.0%	12.5%	246	7.8%	5.5%	-228	3.7%	3.0%	-73
EBITDA	50,357	64,155	27.4%	51,211	36,295	-29.1%	11,106	10,199	-8.2%
EBITDA Margin	11.6%	14.0%	249	9.7%	7.6%	-217	6.0%	5.3%	-66

	Promotora CMR			Banco Falabella Chile		
	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)
Revenues	92,722	109,913	18.5%	74,469	79,074	6.2%
Gross Profit	46,891	58,632	25.0%	40,461	43,653	7.9%
Gross Margin	50.6%	53.3%	277	54.3%	55.2%	87
SG&A	(8,851)	(10,428)	17.8%	(24,310)	(26,893)	10.6%
SG&A / Revenues	-9.5%	-9.5%	6	-32.6%	-34.0%	-137
Operating Profit	38,039	48,204	26.7%	16,151	16,760	3.8%
Operating Margin	41.0%	43.9%	283	21.7%	21.2%	-49
EBITDA	38,039	48,204	26.7%	18,126	19,129	5.5%
EBITDA Margin	41.0%	43.9%	283	24.3%	24.2%	-15

International Operations

	Peru			Colombia			Argentina			Brazil		
	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)	4Q16	4Q16	(%, bps)
Revenues	612,733	588,825	-3.9%	155,840	180,894	16.1%	205,998	150,059	-27.2%	38,156	46,210	21.1%
Gross Profit	200,245	192,579	-3.8%	57,551	63,478	10.3%	100,142	72,311	-27.8%	12,084	14,485	19.9%
Gross Margin	32.7%	32.7%	3	36.9%	35.1%	-184	48.6%	48.2%	-42	31.7%	31.3%	-32
SG&A	(140,724)	(135,936)	-3.4%	(38,914)	(42,895)	10.2%	(80,669)	(62,254)	-22.8%	(16,120)	(19,238)	19.3%
SG&A / Revenues	-23.0%	-23.1%	-12	-25.0%	-23.7%	126	-39.2%	-41.5%	-233	-42.2%	-41.6%	62
Operating Profit	59,521	56,642	-4.8%	18,637	20,583	10.4%	19,473	10,058	-48.4%	(4,037)	(4,753)	17.8%
Operating Margin	9.7%	9.6%	-9	12.0%	11.4%	-58	9.5%	6.7%	-275	-10.6%	-10.3%	29
EBITDA	75,862	73,909	-2.6%	22,741	24,723	8.7%	21,347	11,267	-47.2%	(3,375)	(3,555)	5.3%
EBITDA Margin	12.4%	12.6%	17	14.6%	13.7%	-93	10.4%	7.5%	-285	-8.8%	-7.7%	115

Others

	Plaza S.A.			Other, elimination & anulment			S.A.C.I. Falabella		
	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)	4Q15	4Q16	(%, bps)
Revenues	68,776	68,410	-0.5%	12,493	20,273	62.3%	2,407,566	2,370,425	-1.5%
Gross Profit	50,510	52,120	3.2%	21,581	16,482	-23.6%	890,402	880,102	-1.2%
Gross Margin	73.4%	76.2%	275	172.7%	81.3%	NM	37.0%	37.1%	14
SG&A	(6,132)	(8,172)	33.3%	(1,393)	(501)	NM	(586,483)	(583,488)	-0.5%
SG&A / Revenues	-8.9%	-11.9%	-303	-11.2%	-2.5%	868	-24.4%	-24.6%	-26
Operating Profit	44,378	43,949	-1.0%	20,187	15,980	-20.8%	303,918	296,614	-2.4%
Operating Margin	64.5%	64.2%	-28	161.6%	78.8%	NM	12.6%	12.5%	-11
EBITDA	55,737	53,804	-3.5%	28,227	26,930	-4.6%	369,378	365,061	-1.2%
EBITDA Margin	81.0%	78.7%	-239	225.9%	132.8%	NM	15.3%	15.4%	6

[24] International Operating Results includes banking business in Peru and Colombia, credit card business in Argentina and real estate business in Peru, as well as the corresponding retail businesses.

Operating Results 12M 2016 (MCLP)[25]

Chile

	Department Stores			Home Improvement			Supermarkets		
	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)
Revenues	1,354,273	1,471,982	8.7%	1,967,839	2,000,747	1.7%	667,358	705,968	5.8%
Gross Profit	431,223	486,653	12.9%	585,639	597,946	2.1%	163,101	175,190	7.4%
Gross Margin	31.8%	33.1%	122	29.8%	29.9%	13	24.4%	24.8%	38
SG&A	(369,939)	(398,005)	7.6%	(467,251)	(480,406)	2.8%	(150,606)	(162,059)	7.6%
SG&A / Revenues	-27.3%	-27.0%	28	-23.7%	-24.0%	-27	-22.6%	-23.0%	-39
Operating Profit	61,284	88,648	44.7%	118,388	117,540	-0.7%	12,495	13,132	5.1%
Operating Margin	4.5%	6.0%	150	6.0%	5.9%	-14	1.9%	1.9%	-1
EBITDA	87,223	116,559	33.6%	154,214	156,890	1.7%	29,174	30,655	5.1%
EBITDA Margin	6.4%	7.9%	148	7.8%	7.8%	0	4.4%	4.3%	-3

	Promotora CMR			Banco Falabella Chile		
	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)
Revenues	356,994	414,750	16.2%	279,329	303,880	8.8%
Gross Profit	179,823	199,957	11.2%	158,983	173,696	9.3%
Gross Margin	50.4%	48.2%	-216	56.9%	57.2%	24
SG&A	(37,833)	(43,321)	14.5%	(91,567)	(104,142)	13.7%
SG&A / Revenues	-10.6%	-10.4%	15	-32.8%	-34.3%	-149
Operating Profit	141,991	156,635	10.3%	67,415	69,554	3.2%
Operating Margin	39.8%	37.8%	-201	24.1%	22.9%	-125
EBITDA	141,991	156,635	10.3%	74,833	78,404	4.8%
EBITDA Margin	39.8%	37.8%	-201	26.8%	25.8%	-99

International Operations

	Peru			Colombia			Argentina			Brazil		
	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)	12M16	12M16	(%, bps)
Revenues	2,135,609	2,141,308	0.3%	480,040	509,615	6.2%	685,279	538,010	-21.5%	164,812	167,504	1.6%
Gross Profit	676,272	676,307	0.0%	182,043	174,967	-3.9%	315,402	253,499	-19.6%	53,077	54,714	3.1%
Gross Margin	31.7%	31.6%	-8	37.9%	34.3%	-359	46.0%	47.1%	109	32.2%	32.7%	46
SG&A	(506,731)	(516,125)	1.9%	(152,559)	(157,763)	3.4%	(274,402)	(231,289)	-15.7%	(65,534)	(72,213)	10.2%
SG&A / Revenues	-23.7%	-24.1%	-38	-31.8%	-31.0%	82	-40.0%	-43.0%	-295	-39.8%	-43.1%	-335
Operating Profit	169,541	160,182	-5.5%	29,484	17,204	-41.7%	41,001	22,210	-45.8%	(12,457)	(17,500)	40.5%
Operating Margin	7.9%	7.5%	-46	6.1%	3.4%	-277	6.0%	4.1%	-185	-7.6%	-10.4%	-289
EBITDA	233,256	227,026	-2.7%	43,426	32,409	-25.4%	48,316	27,232	-43.6%	(8,931)	(13,174)	47.5%
EBITDA Margin	10.9%	10.6%	-32	9.0%	6.4%	-269	7.1%	5.1%	-199	-5.4%	-7.9%	-245

Others

	Plaza S.A.			Other, elimination & anulment			S.A.C.I. Falabella		
	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)	12M15	12M16	(%, bps)
Revenues	247,774	260,422	5.1%	37,285	74,196	99.0%	8,376,593	8,588,381	2.5%
Gross Profit	186,043	196,810	5.8%	76,375	91,195	19.4%	3,007,981	3,080,933	2.4%
Gross Margin	75.1%	75.6%	49	204.8%	122.9%	NM	35.9%	35.9%	-4
SG&A	(25,073)	(26,920)	7.4%	3,599	600	-83.3%	(2,137,895)	(2,191,642)	2.5%
SG&A / Revenues	-10.1%	-10.3%	-22	9.7%	0.8%	NM	-25.5%	-25.5%	0
Operating Profit	160,970	169,893	5.5%	79,974	91,793	14.8%	870,086	889,291	2.2%
Operating Margin	65.0%	65.2%	27	214.5%	123.7%	NM	10.4%	10.4%	-3
EBITDA	200,692	209,236	4.3%	109,689	129,609	18.2%	1,113,884	1,151,481	3.4%
EBITDA Margin	81.0%	80.3%	-65	294.2%	174.7%	NM	13.3%	13.4%	11

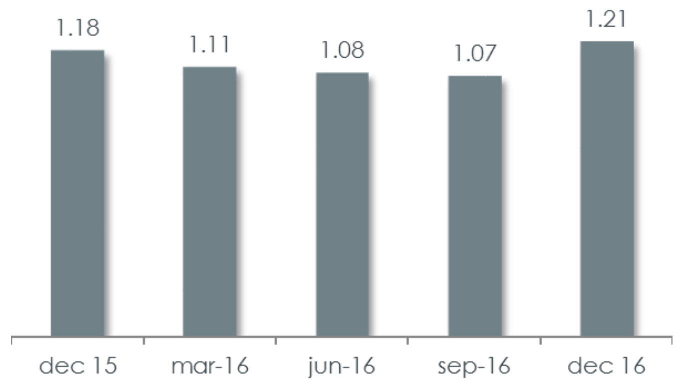
[25] International Operating Results includes banking business in Peru and Colombia, credit card business in Argentina and real estate business in Peru, as well as the corresponding retail businesses.

IX. Financial Structure

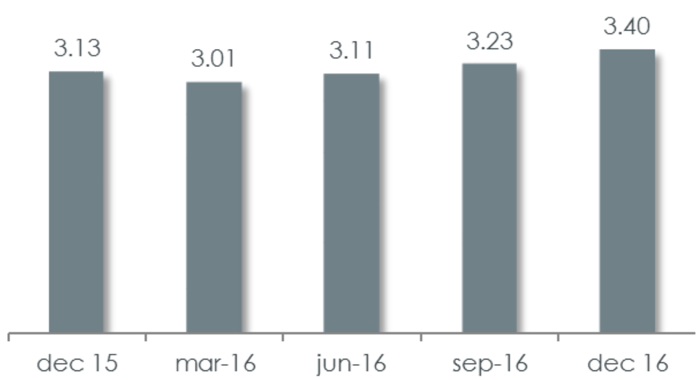
Total liabilities as of December 31th 2016 reached $8,876,920 million (MUS$ 13,260). In turn, the leverage of the non-banking business[26] amounts to 1.21. Considering the financial debt[27] of the non-banking business, the ratio of Net Financial Debt / EBITDA was 3.40.

S.A.C.I. Falabella's firm-wide policy is to raise debt in local currency, or to hedge to local currency any debt raised in foreign currency. Under 144ª/Reg S, the company has two bonds, one for MUS$ 500 and another for MUS$ 400, both of which are fully hedged with swaps, capital and interest, to maturity.

Leverage Non-Banking Operations



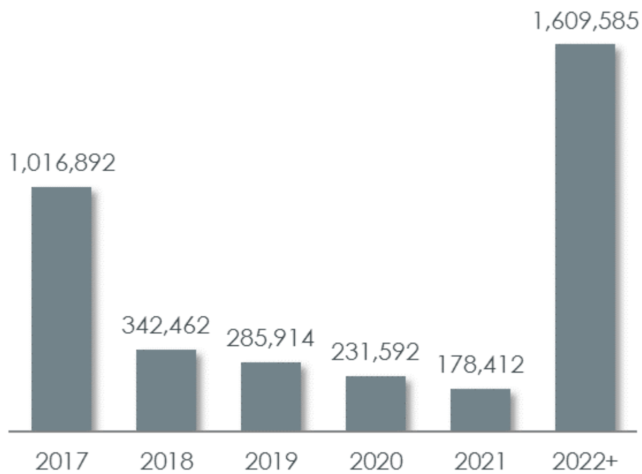
Net Financial Debt / EBITDA Non-Banking[28]



[26] Non-Banking Operations Leverage = Total Non-Banking Operations Liabilities divided by Total Equity.
[27] Non-Banking Business Financial Debt = total Current non-Bank Operations Liabilities + Total Non- current Non-Banking Operations Liabilities – Financial liabilities at fair value through income (Note 32 – Financial Instruments and Financial Risk Management).
[28] The ratio includes the fair value of the derivate financial instruments, related to financial debt. Therefore: Net Financial Debt = Non-Banking Financial Debt – Cash and Cash equivalents – Hedge Derivate associated to Financial debt.

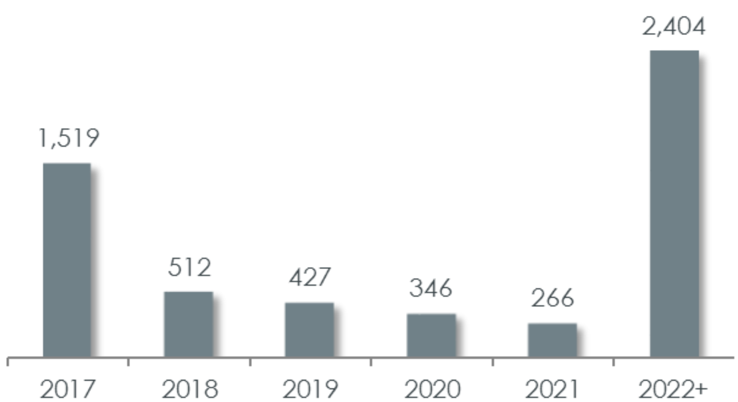
Debt Maturity Profile[29]

Debt Maturity Profile (MCLP)



Total Consolidated Financial Debt (excluding banking operations): MCLP 3,664,857.

Debt Maturity Profile (MUS$)[30]



Total Consolidated Financial Debt (excluding banking operations): MUS$ 5,474.

[29] Total Consolidated Financial Debt does not include the banking operations of the Falabella Group (Banco Falabella Chile, Banco Falabella Peru and Banco Falabella Colombia) or accrued interests; however, it does include CMR in Chile and Argentina.
[30] Debt converted to US$ using the local currency exchange rate for each country at the close of the period.

X. S.A.C.I. Falabella Financial Statements [31]

	For the year ended as of 31-Dec-16	For the year ended as of 31-Dec-15
	TH CLP	TH CLP
Statement of Income		
Non-banking Business		
Revenue from continuing operations	7,898,301,784	7,753,209,572
Cost of sales	(5,180,719,944)	(5,098,131,631)
Gross Profit	**2,717,581,840**	**2,655,077,941**
Distribution costs	(89,751,825)	(82,294,591)
Administrative expenses	(1,716,574,738)	(1,683,850,992)
Other expenses, by function	(135,229,377)	(142,275,799)
Other gains (losses)	160,726,377	33,749,211
Financial income	15,268,092	33,868,899
Financial expenses	(207,568,518)	(174,032,519)
Equity interest in profits (losses) of associates accounted for using the equity method	21,247,989	25,272,409
Foreign currency translation	3,637,364	(18,208,873)
Income from indexation units	(26,087,890)	(33,455,450)
Profit (Loss), before Taxes	**743,249,314**	**613,850,236**
Income tax expense	(148,580,176)	(134,095,686)
Profit (loss) from Non-banking Business	**594,669,138**	**479,754,550**
Banking Services (Presentation)		
Interest and indexation revenue	526,664,491	485,319,456
Interest and indexation expenses	(152,144,758)	(133,370,243)
Net Income from Interest and Indexation	**374,519,733**	**351,949,213**
Fee revenue	163,483,782	135,915,710
Fee expenses	(40,135,723)	(33,607,581)
Net Fee Income	**123,348,059**	**102,308,129**
Net income from financial operations	17,811,714	2,341,646
Net exchange gains (losses)	(5,777,584)	8,854,487
Other operating income	(69,539)	2,147,794
Provision for loan losses	(146,481,242)	(114,698,003)
Total Operating Income, net	**363,351,141**	**352,903,266**
Employee remunerations and expenses	(96,051,131)	(90,919,630)
Administrative expenses	(125,483,985)	(112,366,201)
Depreciation and amortization	(16,810,784)	(15,638,353)
Other operating expenses	(11,740,051)	(10,548,992)
Total Operating Expenses	**(250,085,951)**	**(229,473,176)**
Operating Income	**113,265,190**	**123,430,090**
Income from equity method investments in companies	508,395	531,214
Income before Income Taxes	**113,773,585**	**123,961,304**
Income tax expense	(30,410,733)	(33,179,362)
Profit (loss) from Banking Business	**83,362,852**	**90,781,942**
Profit (Loss)	**678,031,990**	**570,536,492**
Profit (loss), Attributable to:		
Owners of the parent	609,024,729	517,934,651
Non-controlling interests	69,007,261	52,601,841
Profit (Loss)	**678,031,990**	**570,536,492**
Earnings per share		
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	0.2502	0.2128
Basic Earnings (Loss) per Share	**0.2502**	**0.2128**
Diluted Earnings per Share		
From continuing operations	0.2502	0.2128
Diluted Earnings (Loss) per Share	**0.2502**	**0.2128**

[31] Banking Services does not include CMR Chile nor CMR Argentina.

	31-dec-2016	31-dec-2015
	TH CLP	TH CLP
Assets		
Non-banking Businesses		
Current assets		
Cash and cash equivalents	201,319,634	207,308,226
Other financial assets	27,732,890	23,604,836
Other non-financial assets	97,553,041	88,637,767
Trade and other accounts receivable	1,798,336,795	1,681,913,169
Accounts receivable from related parties	6,135,088	5,099,194
Inventory	1,207,253,018	1,173,671,356
Tax assets	75,906,443	54,621,659
Total of current assets different from those assets or disposal groups classified as held for sale or as held for distribution to owners	**3,414,236,909**	**3,234,856,207**
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	3,122,099	3,177,255
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	**3,122,099**	**3,177,255**
Total Current Assets	**3,417,359,008**	**3,238,033,462**
Non-current Assets		
Other financial assets	73,357,881	164,996,973
Other non-financial assets	57,510,726	36,599,317
Accounts receivable	240,706,433	203,915,411
Investments accounted for using the equity method	109,179,061	184,148,339
Intangible assets other than goodwill	270,110,558	246,913,398
Goodwill	519,353,212	461,664,958
Property, plant and equipment	2,500,304,700	2,377,970,804
Investment properties	2,822,793,360	2,592,396,392
Deferred tax assets	131,418,254	91,930,367
Total Non-current Assets	**6,724,734,185**	**6,360,535,959**
Total Assets – Non-banking Business	**10,142,093,193**	**9,598,569,421**
Banking Services Assets (Presentation)		
Cash and bank deposits	303,391,378	372,864,747
Transactions with settlement in progress	63,769,129	13,884,905
Financial assets held for trading	81,622,210	110,154,548
Financial derivative contracts	9,870,857	8,744,053
Loans and accounts receivable from clients	2,621,812,969	2,471,067,255
Available for sale instruments	566,071,349	423,103,649
Investments in companies	3,063,456	2,801,387
Intangibles	49,631,037	34,128,788
Property, plant and equipment	33,666,751	35,555,641
Current taxes	3,575,649	1,850,246
Deferred taxes	18,966,013	18,580,064
Other assets	27,743,273	21,088,331
Total Bank Services Assets	**3,783,184,071**	**3,513,823,614**
Total Assets	**13,925,277,264**	**13,112,393,035**

	31-dec-2016 TH CLP	31-dec-2015 TH CLP
Net Equity and Liabilities		
Non-banking Business		
Current Liabilities		
Other financial liabilities	1,072,094,075	738,717,161
Trade and other accounts payable	1,047,625,370	1,020,371,592
Accounts payable to related parties	6,486,465	3,240,430
Other current provisions	13,230,417	11,978,083
Current tax liabilities	37,282,432	44,919,936
Employee benefits provisions	130,056,422	121,651,114
Other non-financial liabilities	149,922,113	138,768,939
Total Current Liabilities	**2,456,697,294**	**2,079,647,255**
Non-current Liabilities		
Other financial liabilities	2,674,994,491	2,700,830,781
Other liabilities	1,231,300	1,262,231
Other long-term provisions	12,875,808	15,174,089
Deferred tax liabilities	563,394,385	503,406,350
Employee benefits provision	29,144,287	21,045,521
Other non-financial liabilities	41,461,450	40,266,934
Total Non-current Liabilities	**3,323,101,721**	**3,281,985,906**
Total Non-banking Business Liabilities	**5,779,799,015**	**5,361,633,161**
Banking Services Liabilities (Presentation)		
Deposits and other demand liabilities	427,700,255	321,693,368
Transactions with settlement in progress	57,822,039	9,542,490
Time deposits and other term deposits	2,016,697,359	1,988,206,540
Financial derivative contracts	9,348,660	8,166,601
Due to banks	116,723,248	89,884,439
Debt instruments issued	263,987,879	294,047,824
Other financial obligations	145,507,995	159,527,592
Current taxes	1,214,607	4,327,573
Provisions	2,342,153	6,396,024
Other liabilities	55,776,934	56,727,698
Total Banking Services Liabilities	**3,097,121,129**	**2,938,520,149**
Total Liabilities	**8,876,920,144**	**8,300,153,310**
Net Equity		
Issued capital	533,409,643	533,409,643
Retained earnings	3,872,333,532	3,449,878,502
Share premium	93,482,329	93,482,329
Own shares in portfolio	(35,125,632)	(8,632,349)
Other reserves	(283,783,440)	(131,932,183)
Equity attributable to owners of the parent	**4,180,316,432**	**3,936,205,942**
Non-controlling interests	868,040,688	876,033,783
Total Equity	**5,048,357,120**	**4,812,239,725**
Total Equity and Liabilities	**13,925,277,264**	**13,112,393,035**

	31-dec-2016	31-dec-2015
	TH$	TH$
Statement of cash flows		
Cash flows provided by (used in) operating activities		
Non-banking Business (Presentation)		
Classes of proceeds from operating activities		
Proceeds from sale of goods and prov iding serv ices	9,075,155,232	8,876,519,998
Classes of payments		
Payment to suppliers for supplying goods and serv ices	(7,184,057,019)	(7,057,658,841)
Payments to and on account of employees	(964,755,853)	(937,622,406)
Income taxes refunded (paid)	(155,870,237)	(126,155,139)
Other cash inflows (outflows)	(211,879,345)	(205,913,143)
Subtotal net cash flows provided by Non-banking Business operating activities	**558,592,778**	**549,170,469**
Banking Services (Presentation)		
Consolidated net income (loss) for the period	83,362,852	90,781,942
Charges (credits) to income that do not involve cash movements:		
Depreciation and amortization	16,810,784	15,638,353
Credit risk prov ision	177,762,330	139,502,654
Profit losses from equity method inv estments	(508,395)	(531,214)
Other charges (credits) that do not inv olv e significant cash flow mov ements	30,410,733	22,754,684
Net change in interest, indexations and fees accrued on assets and liabilities	1,922,505	(8,113,894)
Changes in assets and liabilities affecting cash flow:		
Net (Increase) decrease due from banks	-	29,977,748
Net increase in loans and accounts receiv able from clients	(328,744,210)	(426,135,989)
Net decrease in instruments held for trading	17,632,999	(19,399,412)
Increase in deposits and other demand obligations	106,006,887	73,171,331
Increase in deposits and other time deposits	32,652,239	321,176,561
Increase in obligations with banks	26,838,809	22,790,290
Other use of cash	(34,627,746)	(29,894,799)
Subtotal net cash flows provided by (used in) Banking Services operating activities	**129,519,787**	**231,718,255**
Net cash flows provided by operating activities	**688,112,565**	**780,888,724**
Cash flows provided by (used in) investing activities		
Non-banking Business (Presentation)		
Cash flows to affiliated companies	-	(4,090,717)
Proceeds from disposal of property, plant and equipment	53,875,552	4,289,281
Additions to property, plant and equipment	(316,211,151)	(329,915,643)
Additions to intangible assets	(40,362,986)	(31,320,396)
Proceeds from intangible assets	-	249,380
Additions to other long-term assets	(138,983,678)	(148,799,729)
Div idends receiv ed	720,474	9,217,815
Interest receiv ed	11,145,597	11,698,121
Other cash inflows (outflows)	22,031,969	22,622,814
Subtotal net cash flows used in investing activities in the Non-banking Business	**(407,784,223)**	**(466,049,074)**
Banking Services		
Net (Increase) decrease in inv estment securities av ailable for sale	(141,502,572)	(159,135,213)
Additions to property, plant and equipment	(30,982,299)	(26,394,009)
Cash flows to affiliated companies	-	(819,263)
Div idends receiv ed from inv estments in societies	78,697	444,365
Other sources of cash	555,554	2,066,323
Subtotal net cash flows provided by (used in) Banking Services investing activities	**(171,850,620)**	**(183,837,797)**
Net cash flows provided by (used in) investing activities	**(579,634,843)**	**(649,886,871)**
Cash flows provided by (used in) financing activities		
Non-banking Business		
Proceeds from issuance of shares	11,081,793	3,831,268
Payments to acquire own shares	(26,493,283)	(5,136,917)
Proceeds from long-term loans	898,610,084	256,796,220
Proceeds from short-term loans	2,434,950,996	3,000,044,363
Total proceeds from loans	3,333,561,080	3,256,840,583
Payment of loans	(2,918,044,690)	(2,998,109,042)
Payment of financial lease liabilities	(18,031,378)	(24,997,036)
Div idends paid	(215,513,372)	(197,397,585)
Interest paid	(168,467,368)	(152,688,957)
Other cash inflows (outflows)	(126,887,026)	4,012,861
Subtotal net cash flows provided by (used in) Non-banking Business financing activities	**(128,794,244)**	**(113,644,825)**
Banking Services (Presentation)		
(Redemption) Letters of credit issuance	(7,839,670)	(10,429,838)
Bond payments and other long term loans	(30,059,945)	62,723,237
Other	(4,633,869)	(11,598,629)
Subtotal net cash flows provided by (used in) Banking Services financing activities	**(42,533,484)**	**40,694,770**
Net cash flows used in financing activities	**(171,327,728)**	**(72,950,055)**
Net increase in cash and cash equivalents, before the effect of changes in the	**(62,850,006)**	**58,051,798**
Effects of changes in the exchange rate on cash and cash equivalents		
Effects of changes in the exchange rate on cash and cash equiv alents	(22,216,407)	(7,118,807)
Net increase (decrease) in cash and cash equivalents	**(85,066,413)**	**50,932,991**
Cash and cash equiv alents at beginning of period	661,059,154	610,126,163
Cash and cash equivalents at end of period	**575,992,741**	**661,059,154**

Cash Flow – Chilean Operations (MCLP)

December 2016	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	229,861	161,899	30,406	(184,173)	108,229	191,013
Cash flow from investing activities	(34,632)	(52,580)	(30,605)	- -	(142,843)	(83,321)
Cash flow from financing activities	(185,325)	(112,946)	(223)	195,166	(51,873)	(111,466)
Increase (decrease) in cash and cash equivalents	9,904	(3,627)	(422)	10,993	(86,487)	(3,774)
Impact of exchange rate differences on cash and cash equivalents	(699)	(1,134)	(47)	15	- -	(6,666)
Cash and cash equivalents at the beginning of the period	36,222	21,547	10,603	13,293	285,954	32,176
Cash and cash equivalents at the end of the period	45,427	16,786	10,134	24,301	199,467	21,736

December 2015	Department Stores	Home Improvement	Supermarkets	Promotora CMR	Banco Falabella	Plaza S.A.
Cash flow from operating activities	(61,541)	128,853	24,426	53,517	186,011	205,236
Cash flow from investing activities	(41,290)	(58,807)	(20,841)	(844)	(171,912)	(126,965)
Cash flow from financing activities	97,926	(69,929)	(4,574)	(52,537)	25,983	(61,339)
Increase (decrease) in cash and cash equivalents	(4,905)	117	(989)	136	40,082	16,932
Impact of exchange rate differences on cash and cash equivalents	(1,732)	784	33	- -	- -	(532)
Cash and cash equivalents at the beginning of the period	42,859	20,646	11,559	13,157	245,872	15,776
Cash and cash equivalents at the end of the period	36,222	21,547	10,603	13,293	285,954	32,176

Cash Flow –International Operations (MCLP)

December 2016	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	118,495	67,414	(14,556)	(20,219)
Cash flow from investing activities	(143,922)	(40,506)	(6,799)	(9,811)
Cash flow from financing activities	26,195	(19,564)	20,888	29,925
Increase (decrease) in cash and cash equivalents	768	7,344	(467)	(105)
Impact of exchange rate differences on cash and cash equivalents	(8,467)	(6,834)	(1,059)	666
Cash and cash equivalents at the beginning of the period	211,223	33,299	5,944	1,985
Cash and cash equivalents at the end of the period	203,524	33,809	4,418	2,546

December 2015	Peru	Colombia	Argentina	Brazil
Cash flow from operating activities	82,661	(18,045)	(1,410)	(8,291)
Cash flow from investing activities	(98,449)	8,752	(5,936)	(12,378)
Cash flow from financing activities	36,697	(2,270)	9,476	21,406
Increase (decrease) in cash and cash equivalents	20,909	(11,563)	2,130	737
Impact of exchange rate differences on cash and cash equivalents	7,082	(3,353)	(492)	(9,626)
Cash and cash equivalents at the beginning of the period	183,232	48,215	4,306	10,874
Cash and cash equivalents at the end of the period	211,223	33,299	5,944	1,985

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