

LQ INVERSIONES FINANCIERAS (LQIF) is a wholly-owned subsidiary of Quiñenco whose purpose is to hold our investments in the financial sector. It is the controlling entity of Banco de Chile, one of Chile's principal banks. The management of LQIF is made up of executives and directors of Quiñenco who are responsible for the policies and strategies to be followed.

We have a long and successful track record in the Chilean financial services sector. This includes the merger of Banco Santiago with Banco O'Higgins in 1997; its subsequent sale to Banco Santander Central Hispano (BSCH) in 1999; the acquisition of control of Banco Edwards and Banco de Chile in 1999 and 2001 respectively, and their subsequent merger in 2002.

Our investment in the financial services sector is sizeable, representing 60% of our total assets at the corporate level, 68% of our total investments. The contribution to our net results by Banco de Chile was Ch\$52,769 million in 2005, by far the most significant of all of the operating companies which comprise the group.

2005 RESULTS

LQIF reported net profit of Ch\$26,483 million in 2005, an increase of 20.9% compared to the previous year. The rise in net profit was principally attributable to increased income from investments in related companies – principally Banco de Chile – which reached Ch\$52,745 million in 2005. In addition, interest expense was reduced by 10.7% as a result of a lower level of indebtedness and better financing conditions obtained during the year. The increase in net results was partially offset by lower tax refunds during the period compared to 2004.

Financial Services



LQIF'S STAKE IN BANCO DE CHILE

	2004	2005
Voting rights*	53.5%	52.2%
Dividend rights*	29.9%	29.2%
% of shares owned		
SM Chile	51.4%	52.8%
Banco de Chile	20.2%	20.3%

* As a consequence of the share repurchase that Banco de Chile carried out in August 2005.



Key financial information		12.31.2004	12.31.2005
Total loans	MCh\$	7,136,954	8,205,924
Total assets	MCh\$	9,996,575	10,692,761
Shareholders' equity	MCh\$	698,817	775,107
ROAA		1.59%	1.77%
ROAE		23.6%	26.7%
Net financial margin		4.0%	4.2%
Efficiency ratio		51.3%	53.3%
Market share (loans)		17.6%	18.1%

BANCO DE CHILE is one of the largest and most competitive financial institutions in Chile. Its assets exceed US\$20.8 billion and shareholder's equity is approximately US\$1.5 billion. This translates into an 18.1% market share in bank loans, a 16.3% share in time deposits and a 23.3% in the number of current accounts. The bank's market capitalization is well over US\$4.5 billion, making it one of the largest publicly traded companies in the country.

Banco de Chile's high return on equity has consolidated its position as the most profitable bank in Chile, known for the strength of its brand, wide range of products and services, an extensive customer base and a well diversified funding base. The bank distributes its products through the brand names Banco de Chile, Banco Edwards and CrediChile which, at the end of 2005, was made up of 248 branches from Arica to Punta Arenas, 1,258 automated teller machines and other electronic distribution channels.

In addition to traditional financial services, the subsidiary companies also offer securitization, stock-brokerage, investment banking, mutual funds, financial consultancy, factoring and foreign trade services. In order to facilitate its customers' businesses, Banco de Chile has branches in New York and Miami, representative offices in Buenos Aires, Mexico City and Sao Paulo, and foreign trade services in Hong Kong.

In order to maintain its leadership in its business areas and reinforce its competitive profile, Banco de Chile reorganized its business units during the year, which enabled it to reorient its loan portfolio mix to the most profitable market segments, such as retail and medium-low income consumers. These changes focus on the bank's main objective of maximum profitability in order to achieve sustainable value creation for shareholders.

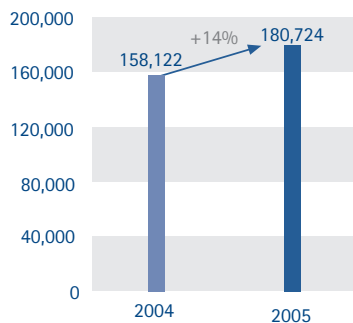
Financial Services

Banco de Chile



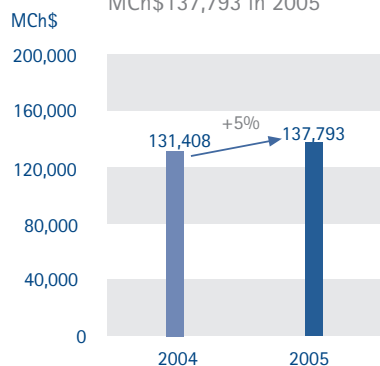
NET INCOME

MCh\$ MCh\$180,724 in 2005



INCOME FROM SERVICES, NET

MCh\$ MCh\$137,793 in 2005

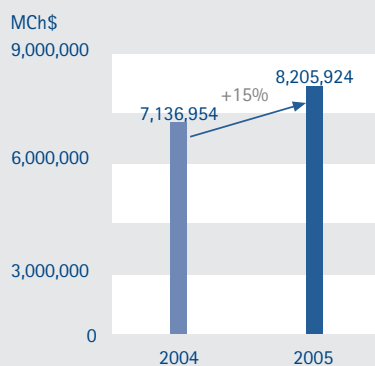


Financial Services

Banco de Chile

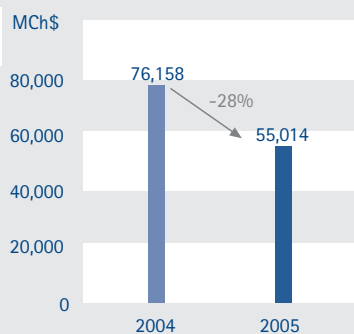
LOANS

MCh\$ MCh\$8,205,924 in 2005



PROVISIONS FOR LOAN LOSSES

MCh\$ MCh\$55,014 in 2005



Banco de Chile's Neos project is a program for introducing a new business model that seeks to raise the standards of customer attention, increase the bank's response capacities and improve the product offering in terms of variety and opportunity. In the three years following its initial implementation, this has involved the total transformation of the bank's technological platform, paving the way for a new client service model, increased effectiveness of the sales teams, an increase in operating security, the modernization of procedures, a more flexible structure and greater efficiency. In summary, Neos is designed to add value to the institution in order to consolidate the bank's leadership with renewed competitive strength.

These advances were widely recognized by the market in the middle of the year when demand for the bank's shares was 17.5% times the 2.5% shareholding it offered to the public. Proceeds from the share offering amounted to US\$104.5 million.

In 2005, Banco de Chile was recognized by the magazine Global Finance as "The Best Bank in Chile", and was placed 4th among the best Latin American banks by the magazine América Economía. Also, for the second consecutive year, Banco de Chile was awarded the "The Bank of the Year" prize by The Banker magazine, part of the Financial Times group, for institutions that have stood out from the rest for their performance, technological innovation and business strategy success.

2005 RESULTS

Banco de Chile reported net income of Ch\$180,724 million for the year ended December 31, 2005, surpassing its previous record net income of Ch\$158,123 million in 2004. The 14.3% increase was a reflection of the multiple initiatives undertaken by the bank to build on its profitable banking and subsidiary operations. 2005 net income benefited from strong operating revenue growth and lower provisions for loan losses, the effect of which was partially offset by an increase in the bank's operating expenses during the year.

Operating revenues amounted to Ch\$518,451 million, up 6.5% from the Ch\$486,737 million reported in 2004. One of the main growth drivers was a 5.2% increase in net financial income. Net financial income, which is the sum of net interest income and net FX transactions, grew to Ch\$377,369 million as a result of a 1.7% increase in average interest earning assets, higher inflation (3.8% in 2005 vs. 2.4% in 2004) and a more favorable asset mix. Likewise, fee income, which accounted for 26.6% of operating revenues in 2005 also contributed to the rise, growing by 6.5% to Ch\$137,793 million in 2005. Fee income growth was mainly attributable to the bank's subsidiary operations, particularly the stock brokerage, fund management and insurance areas. Gains on the sale of financial instruments related to earnings on securities held by the stock brokerage subsidiary also boosted operating revenues during the year.

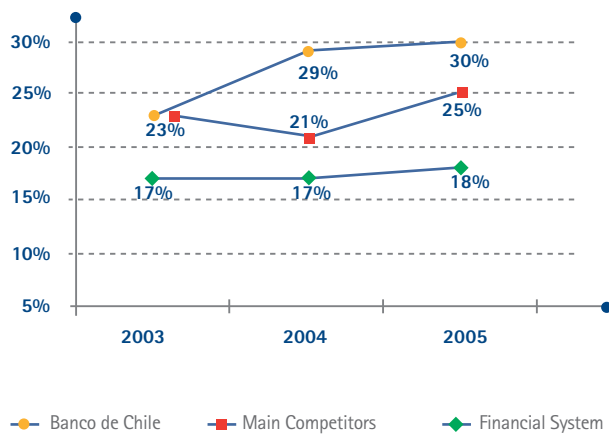


Provisions for loan losses decreased by 27.8% to Ch\$55,014 million, reflecting the favorable economic environment which prevailed throughout 2005.

Operating expenses increased by Ch\$26,841 million to Ch\$276,464 million compared to 2004, primarily due to higher administrative expenses (an increase of Ch\$12,700 million or US\$24.8 million) associated with the bank's branches in the United States in connection with regulatory compliance requirements. Likewise, personnel expenses increased by Ch\$9,698 million or 6.9% mainly as a result of employee severance costs incurred in connection with a reorganization of the bank's commercial platform.

As of December 2005, the Bank's loan portfolio had grown by 15.0% to Ch\$8,205,924 million. Loan portfolio growth was driven by increases in commercial loans, consumer loans, other outstanding loans, contingent loans and factoring and leasing contracts, all of which were stimulated by the favorable economic conditions which prevailed in 2005.

RETURN ON CAPITAL AND RESERVES



Banco de Chile was the second ranked bank in the country (in terms of loans) with a market share of 18.1% according to information published by the Chilean Superintendency of Banks for the period ended December 31, 2005. Its return on capital and reserves for the twelve-month period was 30.4%, the highest in the Chilean financial system. The local financial system as a whole reported a return on capital and reserves of 17.9% in 2005, according to the same source.