



Banco de Chile



LQIF
99.8%

BANCO DE CHILE
52.5% (*)

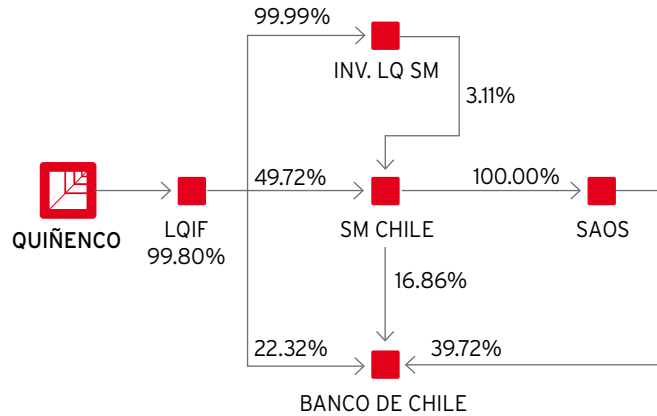
(*) Voting rights





LQIF'S STAKE IN BANCO DE CHILE

As of December 31 st	2007
Voting rights	52.5%
Dividend rights	30.7%
% of shares owned	
SM Chile	52.8%
Banco de Chile	22.3%



Formed in 2000, LQ Inversiones Financieras S.A. (LQIF) concentrates Quiñenco's investments in the financial sector. Since 2001, its principal investment is its controlling stake in Banco de Chile, one of the largest financial institutions in Chile.

In 2007, LQIF signed a historic agreement with Citigroup for the joint development of their financial activities in Chile. At the beginning of 2008, Citigroup became a shareholder in LQIF with a 32.96% interest. The agreement also contemplates options for Citigroup to increase its shareholding in LQIF to 50% within 28 months from the date of closing of the transaction. One of the main aspects of the alliance is the merger of Banco de Chile with Citibank Chile, effective January 1, 2008.

Thanks to this association, the long standing success and leadership of Banco de Chile will be coupled with the experience and global leadership position of Citibank, thereby attaining a unique position in the Chilean market, as it will enable Banco de Chile to offer global services to its customers. The bank's business will be driven by important economies of scale and

synergies between both financial entities, the benefits of which are expected to be reflected in high profitability and efficiency ratios, evidencing the value creation from this association.

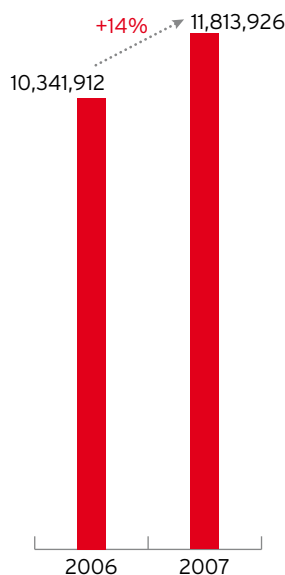
The group has a long and successful history in the Chilean financial sector. This includes the merger of Banco Santiago and Banco O'Higgins in 1997, the sale of the merged entity to Banco Santander Central Hispano (BSCH) in 1999, the acquisition of Banco Edwards in 1999 and of Banco de Chile in 2001, which were subsequently merged in 2002, having since produced a 120% real increase to date in terms of the market value of Banco de Chile.

2007 Results

LQIF reported net income of Ch\$47,515 million in 2007, an increase of 34.3% over the previous year. The rise in net income was primarily attributable to an increase in equity investment income related to Banco to Chile. In addition, annual earnings benefited from an 8.6% decline in net interest expense and an improvement in price-level restatement results, the effects of which were partially offset by a reduction in tax credits.

LOANS

Figures in MCh\$ as of December 31, 2007



Banco de Chile

Banco de Chile, the country's oldest bank, is leader in the local banking industry in terms of quality of service to its customers and second in terms of absolute loan volume, with a market share of 18.5%. At the end of December 2007, its total assets amounted to over US\$29 billion while its net equity amounted to the equivalent of US\$2.1 billion. With more than US\$17 billion in total deposits, it has a market share of 18.8% of (net) demand deposits and 22.9% of total checking accounts in the financial system.

Banco de Chile, in its constant search to provide financial services of excellence to its customers and add value for its shareholders, merged its operations with Citibank Chile, effective January 1, 2008. This merger undoubtedly marks a new strategic direction in the history of the bank. With this merger, Banco de Chile will have a network of over 400 branches and points of sale in Chile and access to one of the most important financial services platforms in the world, giving it the opportunity to consolidate its competitive position and face advantageously a market that shows high growth rates and levels of performance. In addition, the association between Banco de Chile and Citibank Chile is expected to create further value through important revenue and cost synergies.

From a financial perspective, Banco de Chile's market share will rise initially from about 18.5% to over 20%, accompanied by a greater share of the mass retail segments, which have been of special interest to the bank in recent years. Its market share of consumer loans will increase by more than 5%, thus significantly reducing the competitive gap with the industry leader in this segment.

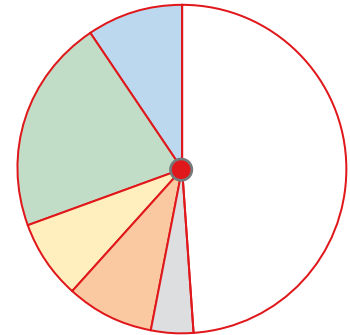
This important strategic complementation of both institutions is in addition to other sources of higher value for Banco de Chile, principally related to the acquisition of know-how in products and processes, expansion of the range of global products and services offered to its customers, especially in the areas of corporate banking, investment banking, private banking and international retail banking. The merger will also strengthen the bank's equity base, enabling it to meet projected growth in the different business segments as well as maximize the return for its shareholders, thanks to a greater dividend distribution capacity.

Banco de Chile, Banco Edwards/Citi, Atlas, Banco CrediChile and Banchile are the brands through which the bank will distribute its products following the merger, covering all

NET INCOME CONTRIBUTION BY BUSINESS AREA *

2007 Net Income MCh\$242,288

Individuals and Small Businesses	49%
Banco CrediChile	4%
Large Companies	9%
Treasury Operations	8%
Public Corporations	21%
Foreign Branches & Subsidiaries	9%



* before tax

1st

Banco de Chile's return on average equity (ROAE) was 27% in 2007, the highest of any bank in the Chilean financial system.

2007

profits were the highest in the bank's history.

18.5%

Banco de Chile's market share in 2007.

the traditional services through its principal network of offices and automated teller machines. The bank also offers through its network of subsidiaries numerous services such as securitization, securities brokerage, investment banking and mutual funds, insurance brokerage, financial consulting and factoring.

2007 Results

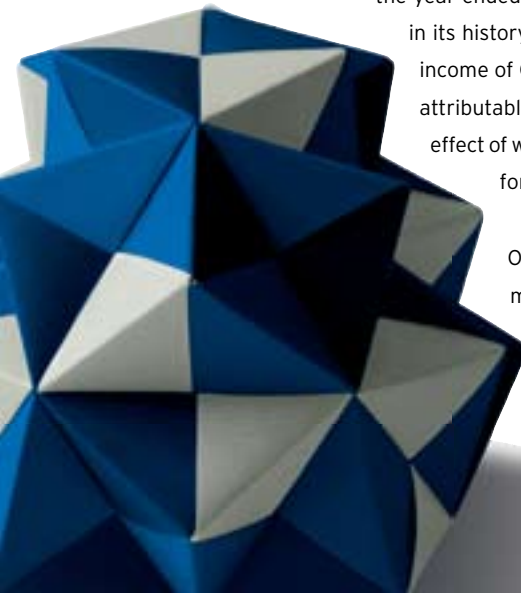
Banco de Chile reported net income of Ch\$242,288 million for the year ended December 31, 2007, the most profitable year in its history. The bank surpassed its previous record net income of Ch\$209,696 million in 2006 by 15.5%, mainly attributable to strong growth in operating revenues, the effect of which more than offset an increase in provisions for loan losses and higher operating expenses.

Operating revenues amounted to Ch\$691,608 million, up 14.8% from the Ch\$602,331 million reported in 2006. One of the main drivers of growth in operating revenues was net

financial income, which rose by 17.7% to Ch\$530,751 million, as a result of a 10.6% increase in average interest earning assets, fueled by a significant expansion of the bank's loan portfolio. The financial margin was positively affected by the higher inflation rate, which led to an increase in interest income, a higher contribution from demand deposits and a favorable funding structure.

Fee income, which accounted for 24.4% of operating revenues, grew by 17.4% to Ch\$168,490 million in 2007. It is worth mentioning that due to Chilean regulation on labor outsourcing implemented in 2007, certain expenses previously included as fee expenses were reclassified to operating expenses. Taking into account this change, real fee income growth in 2007 was 6.6%.

Losses on the sale of financial instruments and non-forward derivatives contracts amounted to Ch\$7,633 million, compared to gains of Ch\$7,924 million in 2006, as a result of declines in the value of the bank's Latin American security





portfolio and losses on Chilean securities booked in foreign branches.

Provisions for loan losses increased by Ch\$13,710 million to Ch\$52,619 million, in line with loan growth expansion, reflecting the higher risk profile associated with the consumer loan area.

Operating expenses increased by 3.3% to Ch\$333,413 million compared to 2006, mainly in relation to the new regulatory requirements with respect to labor outsourcing, which resulted in a reclassification of Ch\$15,460 million from fee expenses to operating expenses. Price-level restatement losses totaled Ch\$37,948 million compared to price-level restatement losses of Ch\$9,157 million reported in 2006, reflecting the higher inflation experienced during the period.

