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BANCO DE GALICIA Y BUENOS AIRES S.A. REPORTS EARNINGS
FOR THE QUARTER ENDED MARCH 31, 2006

(Buenos Aires, Argentina, May 10, 2006) – Banco de Galicia y Buenos Aires S.A. (the “Bank”, Buenos Aires Stock Exchange: GALI) today announced its financial results for the first quarter of FY 2006, ended March 31, 2006.

- **In the first quarter of FY 2006, the Bank recorded a Ps.29.2 million net loss. The adjusted net loss, which excludes the adjustment to the valuation of public-sector assets, for Ps.1.9 million, was \$27.3 million.**
 - **The quarter’s adjusted net loss was affected by losses for Ps.15.0 million in connection with the sale of public-sector assets in order to repay in advance financial assistance from the Argentine Central Bank and by the establishment of provisions related with investments in non-financial companies, for Ps.15.2 million.**
 - **During the quarter and in the first days of April, the Bank cancelled a total of Ps.2,678.2 million of financial assistance from the Argentine Central Bank, which amount includes the payments made in advance on such liability and the installments paid in accordance with the amortization schedule. Given that these payments were made mainly using the proceeds from the sale of public-sector assets, the Bank’s exposure to the public sector was significantly reduced.**
 - **At the same time, the Bank’s exposure to the private sector continued increasing, reaching Ps.7,756 million, with an annualized increase of 40.7% in the quarter. The Bank’s estimated market share of loans to the private sector reached 7.78%, up 0.47 percentage points from December 31, 2005.**
 - **The Bank’s deposits in Argentina reached Ps.8,638 million, with a 29.1% annualized increase in the quarter. The Bank’s estimated market share of total private sector deposits as of March 31, 2006, reached 8.17%, up 0.21 percentage points from December 31, 2005.**
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NET LOSS FOR THE QUARTER ENDED MARCH 31, 2006

During the first quarter of FY 2006, the Bank recorded a Ps.29.2 million net loss, compared with a Ps.17.0 million net income in the same quarter of FY 2005. Excluding the Ps.1.9 million loss from the adjustment to the valuation of public-sector assets, the Bank's adjusted net loss amounted to Ps.27.3 million. During the first quarter of FY2006, no losses were recorded in connection with the amortization of *amparo* claims, as such amortization was deferred pursuant to Argentine Central Bank Communiqué "A" 4439. For the first quarter of 2005, the Bank's adjusted net income was a Ps.78.8 million, with a Ps.29.2 million loss from the adjustment to the valuation of public-sector assets and a Ps.32.6 million loss from amortization of *amparo* claims.

The lower adjusted net income for the quarter reflects the fact that the increase in the adjusted net operating income⁽¹⁾ was more than offset by the increase in administrative expenses, greater provisions for loan losses, lower net other income, and losses from equity investments.

It should be noted that the adjusted net operating income increased during the quarter, despite the fact that the quarter's adjusted net financial income was significantly affected by the sale of public-sector assets in order to repay in advance financial assistance from the Argentine Central Bank. The decrease in the adjusted net financial income associated to the latter was of Ps.15.0 million. Such decrease was due to differences between the selling price and the respective book value of the assets sold and, also, to the time lag existing between the sale transactions and the application of their proceeds to the repayment of the liability.

In addition, the increase in provisions for loan losses and the loss from equity investments are mainly attributable to the establishment of provisions for Ps.15.2 million in connection with the Bank's exposure to Aguas Argentinas S.A.

Table I	<i>In pesos</i>		
	FY 2006	FY 2005	
Earnings per Share	1 st Q	4 th Q	1 st Q
Total Average Shares (in thousands)	468,662	468,662	468,662
Book Value per Share	2.902	2.964	2.593
Earnings per Share	(0.062)	0.029	0.036

(1) Adjusted net financial income⁽²⁾ plus net income from services.

(2) Adjusted net financial income: Net financial income excluding the adjustment to the valuation of Secured Loans, Bogar and government securities included in the exchange offer of Argentina's foreign debt, in accordance with Argentine Central Bank rules.

INFORMATION DISCLOSURE

The data shown in the tables and in the consolidated financial statements of this report correspond to Banco de Galicia y Buenos Aires S.A. consolidated line by line with the subsidiaries under its direct or indirect control. The “Bank” refers to the consolidated Banco de Galicia y Buenos Aires S.A., unless there is a clarification of the contrary.

As of March 31, 2006, the Bank’s consolidated financial statements and the figures included in the different tables of this report correspond to Banco de Galicia y Buenos Aires S.A., Galicia Uruguay S.A. and its subsidiaries (“Galicia Uruguay”), Tarjetas Regionales S.A. and its subsidiaries, Galicia Factoring y Leasing S.A. and Galicia Valores S.A. Sociedad de Bolsa.

Until the first quarter of FY 2005, the Bank’s consolidated financial statements and the figures in the different tables of this report included Galicia Capital Markets S.A. and its subsidiaries and Agro Galicia S.A. During the second quarter of FY 2005, their consolidation was discontinued given that these companies were in liquidation, the former, and liquidated, the latter. During the first quarter of FY 2006 the Cayman Branch was closed.

1st QUARTER OF FY 2006 RESULTS

Table II	Percentages		
	FY 2006	FY 2005	
Profitability and Efficiency	1 st Q	4 th Q	1 st Q
Return on Average Assets ^(*)	(0.39)	0.28	0.39
Return on Average Shareholders’ Equity ^(*)	(8.42)	3.93	5.63
Financial Margin ^(*) (1)	1.56	2.85	1.24
Net Income from Services as a % of Operating Income ⁽²⁾	63.44	47.67	64.01
Net Income from Services as a % of Administrative Expenses	70.57	67.69	73.50
Administrative Expenses as a % of Operating Income ⁽²⁾	89.90	70.42	87.09

(*) Annualized.

(1) Financial Margin: Financial Income minus Financial Expenses divided by Average Interest-earning Assets.

(2) Operating Income: Net Financial Income plus Net Income from Services.

The quarter’s net financial income was Ps.84.7 million, Ps.19.2 million higher than in the first quarter of the prior year. Excluding the losses from the valuation of public-sector assets (a Ps.1.9 million loss in the first quarter of FY2006 and a Ps.29.2 million loss in the first quarter of FY2005), the Bank’s adjusted net financial income amounted to Ps.86.6 million for the first quarter of FY 2006 and to Ps.94.7 million for the same quarter of the prior year.

The adjustment to the valuation of public-sector assets established by Communiqué “A” 3911 and complementary ones generated a Ps.1.9 million loss during the quarter. This loss was the consequence of the fact that the Ps.41.9 million profit generated by the release of Bogar bonds granted as collateral for the financial assistance from the Argentine Central Bank and their allocation as collateral for the advance for the purchase of the Hedge Bond, was more than offset by the Ps.43.8 million loss generated by the valuation under the provisions of Communiqué “A” 3911” and complementary ones of the rest of the assets subject to such rules.

The quarter’s net financial income includes a Ps.19.4 million profit from quotation differences, net of the cost of forward foreign exchange transactions (made of a Ps.13.9 million gain from FX brokerage and a Ps.5.5 million gain from the revaluation of the Bank’s foreign-currency net position, net of the above mentioned cost). The result from quotation differences in the same quarter of the prior year was Ps.12.5 million (made of a Ps.0.2 million loss from the revaluation of the foreign-currency net position and a Ps.12.7 million gain from FX brokerage). The variation of the profit from the revaluation of the foreign-currency net position was mainly due to the differential variation of the exchange rate in the first quarters

of 2005 and 2006 (during the first quarter of FY2005 the exchange rate decreased 1.7% and in the first quarter of FY2006 it increased 1.63%), and to the increase in the Bank's foreign-currency net position during the period.

The remaining adjusted net financial income was affected by the above mentioned losses associated to the sale of public-sector assets in order to repay in advance financial assistance from the Argentine Central Bank. Excluding such losses, the adjusted net financial income, net of quotation differences, amounted to Ps.82.2 million. This profit was mainly the consequence of the profits associated with the peso-denominated and the CER-adjusted matched portfolios and with the funding of the CER-adjusted and dollar-denominated asset mismatches with peso-denominated liabilities. These profits were partially offset by the loss from the dollar-denominated matched portfolio.

The average yield on interest-earning assets increased 53 basis points ("b.p.") to 10.58%, up from 10.05% in the first quarter of FY 2005. The higher average yield on interest-earning assets for the quarter was mainly due to the increases in: (i) the CER index applied to Secured Loans, which increased from an annualized 10.81% in the first quarter of 2005 to an annualized 13.65% for the quarter; and (ii) the Libo rate, associated to the return on the Boden 2012 received and to be received as compensation for the asymmetric pesification. The decrease of the average yield on loans to the private sector, when compared with the same quarter of the prior year, was mainly due to a lower proportion of CER adjusted loans within the total loan portfolio and to the recording of profits, in the first quarter of FY 2005, in connection with the restructuring of the commercial portfolio.

The average rate of interest-bearing liabilities experienced a 105 b.p. increase. This increase mainly reflects the increases in interest rates, both in the local market (increase of the CER index associated with the cost of the financial assistance) and the international market (increase in the cost of the dollar-denominated debt).

Average balances in millions of pesos. Yields and rates in annualized nominal %

Table III Average Balances, Yield and Rates ^(*)	FY 2006				FY 2005					
	1 st Q		4 th Q		3 rd Q		2 nd Q		1 st Q	
	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.
Interest-Earning Assets	21,732	10.58	22,401	10.43	22,009	9.75	21,917	9.88	21,050	10.05
Government Securities ^(**)	5,032	9.83	5,784	10.68	5,559	9.90	5,982	9.80	5,666	9.90
Loans	10,624	14.33	10,477	13.29	10,001	13.30	9,502	13.83	9,008	14.61
- Private Sector	5,822	11.59	5,393	11.54	5,039	12.49	4,718	12.25	4,479	14.84
- Public Sector	4,802	17.65	5,084	15.16	4,962	14.13	4,784	15.40	4,529	14.38
Other	6,076	4.66	6,140	5.31	6,449	4.10	6,433	4.11	6,376	3.74
- Financial Trust	776	10.18	843	15.10	812	10.19	797	11.35	785	11.42
- Government Securities to be Received	4,211	3.65	4,334	3.32	4,636	3.13	4,606	2.81	4,681	2.46
- Other	1,089	4.61	963	5.74	1,001	3.64	1,030	4.30	910	3.69
Interest-Bearing Liabilities	19,761	10.14	19,986	9.75	19,800	8.80	19,822	9.26	19,564	9.09
Current Accounts	659	3.84	546	3.36	604	2.92	657	2.11	654	1.74
Savings Accounts	1,647	0.19	1,562	0.29	1,498	0.33	1,280	0.37	1,212	0.37
Time Deposits and Restructured Deposits	4,646	7.45	4,413	7.01	4,091	5.79	4,090	5.43	3,937	5.61
Debt Securities	3,804	8.15	3,715	7.44	3,658	7.22	3,990	6.47	4,117	6.22
Argentine Central Bank	7,454	15.77	8,243	14.68	8,518	12.97	8,401	14.54	8,205	14.28
Other	1,551	9.30	1,507	8.59	1,431	8.00	1,404	8.15	1,439	7.89

() Does not include the adjustments to the valuation of public-sector assets pursuant to Communiqué "A" 3911 of the Argentine Central Bank. Does not include quotation differences. Annual nominal rates were calculated using a 360-day denominator.*

*(**) Includes Discount Bonds and GDP-linked Units, valued in accordance with Communiqué "A" 4270.*

Provisions for loan losses for the quarter amounted to Ps.29.5 million, Ps.11.3 million higher than in the same quarter of the prior year. This was mainly the consequence of the establishment of provisions in connection with the Bank's exposure to Aguas Argentinas S.A.

Net income from services amounted to Ps.147.0 million, up 26.2% from the Ps.116.5 million recorded in the first quarter of FY 2005. All of the income from services items showed growth as compared with the same quarter of the previous year, mainly as a consequence of a significant increase in the volume of transactions.

In millions of pesos

Table IV Income from Services, Net	FY 2006			FY 2005	
	1st Q	4th Q	3rd Q	2nd Q	1st Q
National Cards	37.5	36.7	31.9	29.4	30.1
Regional Credit Cards	65.9	67.2	56.6	56.8	52.8
Deposit Accounts	28.0	28.1	26.4	25.0	23.2
Insurance	10.6	9.2	8.9	8.3	8.0
Financial Fees	6.8	6.1	5.2	4.4	3.9
Credit-Related Fees	6.9	6.7	4.9	3.0	2.6
Foreign Trade	7.0	6.9	6.2	6.0	5.4
Collections	3.4	3.4	3.2	3.1	2.7
Utility-Bills Collection Services	2.6	2.6	2.4	2.3	2.2
Mutual Funds	0.6	0.5	0.5	0.5	0.4
Other	14.5	15.6	14.0	17.7	10.5
Total Income	183.8	183.0	160.2	156.5	141.8
Total Expenditures	36.8	37.8	29.7	23.2	25.3
Income from Services, Net	147.0	145.2	130.5	133.3	116.5

Administrative expenses for the quarter totaled Ps.208.3 million, up 31.4% from the same quarter of the prior year. Personnel expenses increased 26.4% mainly due to salary increases granted during the twelve months ended March 31, 2006, and to an 11.3% increase in staff related with the higher level of activity. The remaining administrative expenses increased 36.8%, mainly as a consequence of higher advertising and publicity expenses (116.7%). All other expenses grew 25.3%. This growth is related to the higher level of activity, the geographical expansion of the regional credit-card companies and the period's inflation.

The loss from equity investments amounted to Ps.5.7 million, mainly as a consequence of the establishment of provisions on the investment in Aguas Argentinas S.A.

Net other income amounted to Ps.2.0 million, compared to Ps.29.0 million for the first quarter of FY 2005. The decrease was mainly due to the lower net reversal of provisions, partially offset by the deferral of the losses from the amortization of *amparo* claims. It should be reminded that, since December 2005, the Argentine Central Bank authorized the deferral of these losses to financial institutions having granted new commercial loans, with an average life of more than two years, since that date.

The income tax charge was Ps.14.3 million, unchanged from the same quarter of FY 2005. This charge mainly corresponds to the regional credit-card companies.

LEVEL OF ACTIVITY

Total gross loans amounted to Ps.10,640 million, as of March 31, 2006, of which Ps.6,177 million corresponded to loans to the private sector.

Total loans to the private sector granted by the Bank's Argentine operation increased 46.7% between March 31, 2005 and March 31, 2006, while the regional credit-card companies' total loans increased 47.9% during the same period.

The Bank's estimated private-sector loan market share in the Argentine financial market (excluding the regional credit-card companies loans) increased from 7.08% to 7.78%, between March 31, 2005 and March 31, 2006.

The Bank's total exposure to the private sector reached Ps.7,756 million, with a 33.7% increase from March 31, 2005 and a 40.7% annualized increase during the quarter.

In millions of pesos

Table V Exposure to the Private Sector	FY 2006				FY 2005
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Loans	6,177	5,643	5,300	4,950	4,799
Leasing	219	194	151	122	111
Corporate Securities	40	40	39	19	19
Other Financing ^(*)	726	769	721	681	637
Total Credit	7,162	6,646	6,211	5,772	5,566
Securitized Loans ^(**)	594	475	274	249	234
Total	7,756	7,121	6,485	6,021	5,800

() Includes certain accounts under the balance sheet heading Other Receivables from Financial Brokerage and Guarantees Granted and Unused Balances of Loans Granted.*

*(**) As of March 31, 2006, includes outstanding loans recorded by the trusts "Galtrust II," "Galtrust V," "Galicia Personales I," "Galicia Personales II," "Galicia Hipotecas Comerciales," "Galicia Créditos Inmobiliarios I," "Galicia Créditos Inmobiliarios II" and loans securitized by the regional credit-card companies.*

Private-sector loans growth, in the twelve-month period ended March 31, 2006, was mainly concentrated in middle-market companies (66.0%) and individuals (28.5%). By economic sector, the Bank increased its exposure to the retail & wholesale trade sector (74.9%), to the agriculture and livestock sector (53.0%), to the manufacturing industry (39.9%), and to consumers (23.5%).

In millions of pesos

Table VI Loans by Type of Borrower	FY 2006				FY 2005
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Large Corporations	1,603	1,413	1,529	1,519	1,456
Middle-Market Companies	2,095	1,899	1,562	1,348	1,262
Individuals	2,236	2,092	1,941	1,848	1,740
Financial Sector	350	344	374	340	446
Non-Financial Public Sector	4,356	5,188	5,048	4,927	4,625
Total Loans	10,640	10,936	10,454	9,982	9,529
Allowances	404	428	531	586	593
Total Loans, Net	10,236	10,508	9,923	9,396	8,936

In millions of pesos

Table VII Loans by Economic Sector	FY 2006			FY 2005	
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Financial Sector	350	344	374	340	446
Services	5,082	5,836	5,662	5,551	5,154
- Public Sector	4,356	5,188	5,048	4,927	4,625
- Other	726	648	614	624	529
Agriculture & Livestock	909	768	590	567	594
Consumer	2,131	1,959	1,841	1,691	1,725
Retail & Wholesale Trade	717	625	532	435	410
Construction	394	388	377	368	357
Manufacturing	1,024	971	1,051	894	732
Other	33	45	27	136	111
Total Loans	10,640	10,936	10,454	9,982	9,529
Allowances	404	428	531	586	593
Total Loans, Net	10,236	10,508	9,923	9,396	8,936

During the quarter, the Bank's net exposure to the Argentine public sector (Table VIII) decreased significantly. Total public-sector assets decreased by Ps.2,319 million in the quarter, as compared to FY 2005 end, mainly due to the sale of Bogar and Secured Loans, for Ps.2,086 million, and to a Ps.331 million decrease in the Bank's net position in government securities held for trading. This implied a Ps.2,551 million (15.4%) decrease in the Bank's exposure to public-sector assets between March 31, 2006 and the same date of the prior year.

The Bank's liabilities with the Argentine Central Bank decreased by Ps.1,870 million (21.7%), to Ps.6,742 million as of March 31, 2006, from Ps.8,612 million as of December 31, 2005. This reduction was due to a Ps.1,984 million decrease in the balance of the financial assistance from the Argentine Central Bank, as a consequence of the payments made during the quarter, partially offset by a Ps.113 million increase in the balance of the advance to purchase the Hedge Bond, attributable to the CER adjustment during the quarter. It is worth mentioning that, on April 4, 2006, the Bank cancelled an additional Ps.527.3 million of financial assistance from the Argentine Central Bank.

In millions of pesos

Table VIII Net Exposure to the Argentine Public Sector ^(*)	FY 2006			FY 2005	
	1 st Q	4 th Q	3 rd Q	2 nd Q	1 st Q
Government Securities' Net Position	4,590	6,033	5,560	5,591	6,035
Trading	123	454	753	673	658
Bogar	2,743	3,823	3,702	3,744	3,610
Boden 2012	995	988	332	379	956
Discount Bonds and GDP-Linked Units/ External Notes	729	733	733	733	750
Other	-	35	40	62	61
Loans ^(**)	4,288	5,293	5,154	5,032	4,730
Secured Loans	4,182	5,188	5,048	4,927	4,625
Other	106	105	106	105	105
Other Receivables Resulting from Financial Brokerage	5,161	5,032	5,726	5,637	5,637
Boden 2012	4,261	4,155	4,697	4,625	4,645
Trust Certificates of Participation and Securities	900	877	1,029	1,012	992
Miscellaneous Receivables ^(**)	-	-	-	-	188
Secured Loans Granted as Collateral	-	-	-	-	188
Total Assets	14,039	16,358	16,440	16,260	16,590
Liabilities with the Argentine Central Bank	6,742	8,612	8,872	8,711	8,549
Net Exposure	7,297	7,746	7,568	7,549	8,041

(*) Excludes deposits with the Argentine Central Bank, which constitute one of the items by which the Bank complies with the Argentine Central Bank's minimum cash requirements. Does not include the difference from amparo claims, which amounted to Ps.350 million as of March 31, 2006 (equal to the original amount less the accumulated amortization plus the deferred amortization established by Argentine Central Bank's Communiqué "A"4439). The amount amortized between April 2003 and March 2006 was Ps.367 million (accumulated amortization, including amount deferred).

(**) In the second quarter of 2005, the Secured Loans granted as collateral and recorded as Miscellaneous Receivables were recorded under Loans, as the secured liabilities were cancelled.

Equity investments amounted to Ps.80 million, 8.9% lower than Ps.87.8 million recorded at the end of the first quarter of FY 2005, mainly as a consequence of the establishment of a provision on the investment in Aguas Argentinas S.A.

The item "Bank Premises and Equipment, Miscellaneous and Intangible Assets" includes Ps.350 million of net deferred losses associated to *amparo* claims. It is worth mentioning that since December 2005, the Argentine Central Bank allowed financial institutions having granted new commercial loans, with an average life of more than two years, since that date, to defer the charge to the income statement for the amortization of amparos. As a consequence, the Bank deferred Ps.34 million during the quarter.

The Bank's consolidated deposits amounted to Ps.8,946 million, of which Ps.368 million were deposits in Galicia Uruguay.

As of March 31, 2006, the Bank's deposits raised in Argentina reached Ps.8,638 million, representing a 27.3% and a 6.6% increase from March 31, 2005, and December 31, 2005, respectively.

In millions of pesos

Table IX					
Deposits in Argentina	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
In Pesos	7,627	7,194	6,889	6,480	6,129
Current Accounts	1,638	1,667	1,535	1,532	1,355
Savings Accounts	1,721	1,713	1,599	1,515	1,605
Time Deposits	2,927	2,592	2,708	2,430	2,188
Adjusted Time Deposits	1,166	1,039	879	809	748
Restructured Deposits	1	1	1	27	66
Other	174	182	167	167	167
In Foreign Currency	1,011	910	797	687	659
Total	8,638	8,104	7,686	7,167	6,788

As of March 31, 2006, the Bank's estimated market share of deposits in the Argentine financial system, considering deposits raised in Argentina only, was 6.06%, compared with 5.93% at the end of the prior quarter, and 5.69% a year before.

Considering only private-sector deposits, the Bank's estimated deposit market share reached 8.17% as of March 31, 2006, compared with 7.45% and 7.96% from March 31, 2005, and December 31, 2005, respectively.

Table X	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
Market Share (*)	(%)	(%)	(%)	(%)	(%)
Total Deposits	6.06	5.93	5.90	5.67	5.69
Private Sector Deposits	8.17	7.96	7.94	7.61	7.45
Total Loans	9.41	9.79	9.82	9.56	9.55
Loans to the Private Sector	7.78	7.31	7.23	6.96	7.08

(*) *Banco de Galicia y Buenos Aires S.A., only, within the Argentine financial system, according to the daily information on deposits and loans published by the Argentine Central Bank. End-of-period data. Deposits and Loans include only principal. They do not include information related to regional credit-card companies.*

Regarding other financial liabilities, the decrease in the negotiable obligations balance, compared with that of the first quarter of FY 2005, was due to: i) the payment, in the third quarter of 2005, of the first amortization installment of the debt instruments issued in the debt restructuring of the former New York Branch; ii) the forgiveness, in the second quarter of 2005, by Grupo Financiero Galicia S.A. of the subordinated negotiable obligations issued by Galicia Uruguay for US\$43 million; and iii) the exchange of liabilities restructured as negotiable obligations for cash and Boden 2012, completed by Galicia Uruguay during the second quarter of 2005.

In millions of pesos

Table XI					
Other Financial Liabilities	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
Argentine Central Bank	6,742	8,612	8,872	8,711	8,549
Financial Assistance	3,331	5,315	5,686	5,616	5,548
Advance to Purchase the Hedge Bond	3,410	3,297	3,185	3,095	2,999
Other	1	-	1	-	2
Foreign Banks and International Entities	773	762	718	731	752
Negotiable Obligations ^(*)	3,814	3,795	3,670	3,760	4,140
Other ^(**)	2,088	1,987	2,010	2,062	1,558
Total	13,417	15,156	15,270	15,264	14,999

() Includes subordinated negotiable obligations.*

*(**) Includes, mainly, loans from domestic banks and other domestic institutions, repos, spot transactions pending settlement and debt with retailers in connection with the financing of credit-card purchases.*

As of March 31, 2006, the Bank had 1.1 million deposit accounts, reflecting an increase of approximately 80 thousand accounts from a year before. Likewise, the number of credit cards reached 3,381.7 at the end of the quarter, 32.2% higher than the 2,557.6 credit cards managed a year before (see the “Additional Information” table).

ASSET QUALITY

The Bank’s non-accrual loan portfolio decreased by Ps.227 million, or 34.1%, between March 31, 2005 and March 31, 2006. The decrease was mainly attributable to the sale of non-accrual loan portfolio classified in categories 3 or in a higher risk category, for Ps.200 million, which took place during the fourth quarter of 2005. The non-accrual loan portfolio represented 4.13% of total loans as of March 31, 2006, compared to 6.99% as of March 31, 2005. Considering only the private-sector loan portfolio, the non-accrual portfolio decreased to 7.11% of total loans to the private sector as of March 31, 2006, from 13.88% a year before.

The allowance for loan losses represented 3.80% of total loans and 6.54% of loans to the private sector, compared with 6.22% and 12.36%, respectively, as of March 31, 2005. The coverage of the non-accrual loan portfolio with allowances for loan losses reached 92.03% and the coverage with guarantees 14.35%. The combined coverage of non-accrual loans with allowances and guarantees was 106.38%.

During the quarter, the Bank’s asset quality was affected by the increase of its exposure to Aguas Argentinas S.A., which resulted from the acquisition of certain credits that multilateral financial institutions had granted to such company (see *Recent Developments*).

The coverage with allowances for loan losses of the non-accrual loan portfolio plus the portfolio in category “2.b” was 87.83% as of March 31, 2006. Loans classified under category “2.b” of the Argentine Central Bank’s loan classification (which comprises portfolios that not being non-performing are in the process of being restructured) amounted to Ps.21.0 million as of the same date.

In millions of pesos except percentages

Table XII Loan Portfolio Quality	FY 2006		FY 2005		
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Non-Accrual Loans ^(*)	439	382	651	660	666
- With Preferred Guarantees	57	58	367	365	370
- With Others Guarantees	6	7	30	70	68
- Without Guarantees	376	317	254	225	228
Allowance for Loan Losses	404	428	531	586	593
Non-Accrual Loans to Total Loans (%)	4.13	3.49	6.23	6.61	6.99
Non-Accrual Loans to Private-Sector Loans (%)	7.11	6.77	12.28	13.33	13.88
Allowance for Loan Losses to Total Loans (%)	3.80	3.91	5.08	5.87	6.22
Allowance for Loan Losses to Private-Sector Loans (%)	6.54	7.58	10.02	11.84	12.36
Allowance for Loan Losses to Non-Accrual Loans (%)	92.03	112.04	81.57	88.79	89.04
Non-Accrual Loans with Guarantees to					
Non-Accrual Loans (%)	14.35	17.02	60.98	65.91	65.77

(*) *The non-accrual portfolio includes loans classified under the following categories of the Argentine Central Bank classification: With Problems and Deficient Performance, High Risk of Insolvency and Difficult Collection, Uncollectible and Uncollectible due to Technical Reasons.*

During the quarter, Ps.74 million were charged off against the allowance for loan losses and Ps.3 million direct charges to the income statement were made.

In millions of pesos

Table XIII Consolidated Analysis of Loan Loss Experience	FY 2006		FY 2005		
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Allowance for Loan Losses at the Beginning of the Quarter	428	531	586	593	633
Changes in the Allowance for Loan Losses					
Provisions Charged to Income ^(*)	53	21	6	19	20
Provisions Reversed	(3)	(2)	(44)	(6)	(45)
Charge Offs	(74)	(122)	(17)	(20)	(15)
Allowance for Loan Losses at Quarter End	404	428	531	586	593
Charge to the Income Statement					
Provisions Charged to Income	26	20	6	20	15
Direct Charge Offs	3	2	1	1	2
Bad Debts Recovered	(6)	(12)	(8)	(7)	(8)
Provisions Reversed ^(**)	(3)	(2)	(44)	(6)	(45)
Net Charge to the Income Statement	20	8	(45)	8	(36)

(*) *Includes conversion differences corresponding to Banco Galicia Uruguay and the Cayman Branch.*

(**) *Recorded under "Net Other Income".*

In the following table, asset quality information is also shown in terms of "total credit." Total credit is defined as Loans, certain accounts included in Other Receivables Resulting from Financial Brokerage, Assets under Financial Leases, Guarantees Granted and unused balances of loans granted.

In millions of pesos, except percentages

Table XIV Asset Quality - Total Credit	FY 2006				FY 2005
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Non-Accrual Portfolio (*)	499	462	731	742	751
- With Preferred Guarantees	65	66	377	373	383
- With Other Guarantees	9	10	33	78	76
- Without Guarantees	425	386	321	291	292
Allowance for Credit Losses	436	465	567	620	629
Non-Accrual Portfolio to Total Credit (%)	4.29	3.87	6.43	6.87	7.29
Non-Accrual Portfolio to Private-Sector Credit (%)	6.97	6.95	11.77	12.86	13.49
Allowance for Credit Losses to Total Credit (%)	3.75	3.90	4.99	5.74	6.11
Allowance for Credit Losses to Private-Sector Credit (%)	6.09	7.00	9.13	10.74	11.30
Allowance for Credit Losses to Non-Accrual Portfolio	87.37	100.65	77.56	83.56	83.75
Non-Accrual Portfolio with Guarantees to Non-Accrual Portfolio (%)	14.83	16.45	56.09	60.78	61.12

(*) Includes credits classified under the categories mentioned in the note to Table XII.

CAPITALIZATION AND LIQUIDITY

As of March 31, 2006, the Bank's consolidated computable capital exceeded by Ps.808 million the Ps.1,125 million minimum capital required. This excess was Ps.887 million as of March 31, 2005.

The variation in the capital requirement between March 31, 2006 and March 31, 2005 was mainly attributable to the greater exposure to the private sector and to the increase of the regulatory requirements on the exposure to the public sector. It should be noted that, beginning on January 1, 2006, and in accordance with the established schedule, the applicable "Alfa 1" and "Alfa 2" coefficients increased. The former increased from 0.15 to 0.30 and the latter from 0.40 to 0.70. "Alfa 1" is applied to the capital requirement on the exposure to the public sector, while "Alfa 2" is applied to the capital requirement to cover interest-rate risk.

In millions of pesos, except rates and percentages

Table XV Consolidated Regulatory Capital	FY 2006				FY 2005
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Consolidated Regulatory Capital					
Minimum Capital Required (A)	1,125	881	803	820	761
Allocated to Financial Assets	454	437	390	376	319
Allocated to Fixed Assets	141	138	138	138	142
Allocated to Other Assets	41	40	40	33	34
Allocated to Market Risk	17	17	24	48	28
Allocated to Interest-Rate Risk	161	87	50	50	63
Allocated to Lending to the Public Sector	311	162	161	175	175
Computable Capital (B)	1,933	1,885	1,840	1,707	1,648
Core Capital	1,410	1,207	1,213	1,223	1,208
Supplemental Capital	707	807	785	653	625
Deductions	(195)	(152)	(169)	(177)	(184)
Additional Capital – Market Variation	11	23	11	8	(1)
Excess over Required Capital (B) - (A)	808	1,004	1,037	887	887
Total Capital Ratio (%)	17.07	20.78	21.48	19.42	19.93

As of March 31, 2006, the Bank's unconsolidated liquid assets (held by the Bank's Argentine operation) represented 36.47% of the Bank's transactional deposits and 16.01% of its total deposits in Argentina.

Table XVI Liquidity in Argentina (unconsolidated)	FY 2006			FY 2005	
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Liquid Assets ^(*) as a percentage of Transactional Deposits	36.47	47.87	56.76	61.12	57.63
Liquid Assets ^(*) as a percentage of Total Deposits	16.01	22.22	25.63	28.41	27.20

() Liquid assets include cash and due from banks (including deposits with the Argentine Central Bank and the special escrow accounts with the monetary authority), holdings of Lebac and Nobac (Argentine Central Bank's bills and notes, respectively), call money and short-term placements with correspondent banks.*

This report is a summary analysis of the Bank's financial condition and results of operations as of and for the period indicated. For a correct interpretation, this report must be read in conjunction with the Bank's financial statements, as well as with all other material periodically filed with the National Securities Commission (www.cnv.gov.ar) and the Buenos Aires Stock Exchange (www.bolsar.com). Readers of this report must note that this is a translation made from an original version written and expressed in Spanish. Therefore, any matters of interpretation should be referred to the original version in Spanish.

SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA ^(*)

In millions of pesos

	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
Cash and Due from Banks	1,244.0	1,039.9	993.2	956.9	938.6
Government and Corporate Securities	4,166.4	5,964.2	5,534.6	5,589.3	5,830.8
Net Loans	10,235.6	10,507.7	9,922.7	9,395.8	8,936.1
Other Receivables Resulting from Financial Brokerage	6,602.1	6,123.5	6,868.3	6,861.7	6,465.3
Equity Investments in Other Companies	80.0	90.6	90.3	87.6	87.8
Bank Premises and Equipment, Miscellaneous and Intangible Assets	1,171.8	1,163.9	1,174.1	1,201.8	1,231.7
Other Assets	650.7	566.4	502.2	460.6	640.4
Total Assets	24,150.6	25,456.2	25,085.4	24,553.7	24,130.7
Deposits	8,945.9	8,437.7	8,041.7	7,548.2	7,517.6
Other Liabilities Resulting from Financial Brokerage	12,663.2	14,413.7	14,575.0	14,573.2	14,194.2
Subordinated Negotiable Obligations	753.7	742.6	694.7	690.4	805.2
Other	376.0	422.1	351.4	340.9	357.1
Minority Interests	51.8	50.9	47.0	47.0	41.4
Total Liabilities	22,790.6	24,067.0	23,709.8	23,199.7	22,915.5
Shareholders' Equity	1,360.0	1,389.2	1,375.6	1,354.0	1,215.2
Foreign-Currency Assets and Liabilities					
- Assets	7,095.8	6,795.9	6,604.0	6,553.2	7,015.8
- Liabilities	6,631.1	6,509.7	6,224.6	6,336.5	6,947.7
- Net Forward Purchases/(Sales) of Foreign Currency ⁽¹⁾	(252.1)	(248.3)	-	-	-

(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Art.33 - Law 19550).

(1) Recorded off-balance sheet.

SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA (*)

	<i>In millions of pesos</i>				
Quarter ended:	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
FINANCIAL INCOME	640.0	663.5	550.7	633.5	522.7
- Interest on Loans to the Financial Sector	0.6	0.6	0.6	0.9	0.7
- Interest on Overdrafts	12.2	11.6	11.1	9.0	8.3
- Interest on Promissory Notes	42.8	33.6	34.0	23.1	28.3
- Interest on Mortgage Loans	14.4	14.0	18.9	18.5	22.6
- Interest on Pledge Loans	3.8	3.3	2.8	2.5	2.3
- Interest on Credit-Card Loans	60.9	61.6	55.3	56.2	49.6
- Interest on Other Loans	20.0	14.5	8.5	7.1	5.7
- Net Income from Government and Corporate Securities	79.4	125.4	51.6	127.6	24.2
- Interest on Other Receivables Resulting from Financial Brokerage	43.0	43.5	40.4	38.1	32.9
- Net Income from Secured Loans - Decree No.1387/01	51.9	53.2	51.9	47.1	47.6
- CER Adjustment	275.9	274.6	250.2	280.9	279.4
- Other	35.1	27.6	25.4	22.5	21.1
FINANCIAL EXPENSES	555.3	504.1	449.1	466.2	457.2
- Interest on Current-Account Deposits	6.3	4.6	4.4	3.4	2.9
- Interest on Savings-Account Deposits	0.7	1.1	1.2	1.2	1.1
- Interest on Time Deposits	51.6	46.0	37.8	30.8	28.3
- Interest on Financing from the Financial Sector	1.6	1.6	1.0	1.0	0.9
- Other Interest	85.5	91.7	90.9	90.6	90.9
- Interest on Other Liabilities Resulting from Financial Brokerage	82.9	71.6	67.5	65.9	64.3
- CER Adjustment	267.0	265.2	228.4	261.1	252.6
- Other	59.7	22.3	17.9	12.2	16.2
GROSS FINANCIAL MARGIN	84.7	159.4	101.6	167.3	65.5
PROVISIONS FOR LOAN LOSSES	29.5	21.2	14.5	22.8	18.2
INCOME FROM SERVICES, NET	147.0	145.2	130.5	133.3	116.5
ADMINISTRATIVE EXPENSES	208.3	214.5	194.2	185.3	158.5
- Personnel Expenses	104.3	106.0	97.4	95.0	82.5
- Directors' and Syndics' Fees	0.9	1.5	0.7	1.2	1.4
- Other Fees	6.2	10.0	6.6	6.9	4.6
- Advertising and Publicity	20.8	21.0	18.7	18.6	9.6
- Taxes	10.6	10.9	9.1	7.1	7.9
- Other Operating Expenses	51.2	50.1	47.4	43.9	41.5
- Other	14.3	15.0	14.3	12.6	11.0
MINORITY INTERESTS RESULTS	(5.1)	(3.9)	(4.9)	(6.5)	(5.8)
INCOME FROM EQUITY INVESTMENTS	(5.7)	-	2.5	1.0	2.8
NET OTHER INCOME	2.0	(34.3)	12.5	65.6	29.0
INCOME TAX	14.3	17.1	11.9	13.8	14.3
NET INCOME	(29.2)	13.6	21.6	138.8	17.0

(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Art.33 – Law 19550).

ADDITIONAL INFORMATION

	03/31/06	12/31/05	09/30/05	06/30/05	03/31/05
Mutual Funds (In millions of pesos) (*)	351.1	296.7	273.4	244.3	305.8
Physical Data (Number of)					
Employees	6,939	6,735	6,469	6,318	6,235
Branches	330	328	323	318	315
Bank Branches	225	225	225	224	224
Regional Credit-Card Companies Offices	105	103	98	94	91
Deposit Accounts	1,100,198	1,110,426	1,065,205	1,051,840	1,019,692
Credit Cards ⁽¹⁾	3,381,667	3,131,599	2,878,777	2,696,496	2,557,631
Inflation and Exchange Rate					
Retail Price Index (%) ^(**)	2.90	3.13	2.63	2.02	4.03
Wholesale Price Index (IPIM) (%) ^(**)	2.30	2.37	4.45	1.32	2.17
CER Coefficient (%) ^(**)	2.96	3.04	2.41	2.71	3.10
Exchange Rate (Pesos per US\$) ^(***)	3.0808	3.0315	2.9125	2.8908	2.9233

(1) The calculation method was changed for all quarters with respect to information presented in the past.

(*) Market value of the FIMA mutual fund units under custody.

(**) Variation within the quarter.

(***) As of the last working day of the quarter.

RECENT DEVELOPMENTS

BANCO GALICIA

Shareholders' Meeting

The ordinary and extraordinary meeting of the Bank's shareholders was held on April 27, 2006. The following table shows the composition of the Board of Directors resulting from the shareholders resolutions:

		Term Expiration Date: December 31,
President	Antonio R. Garcés	2008
Vice-President	Sergio Grinenco	2008
Secretary Director	Enrique M. Garda Olaciregui	2007
Directors	Daniel Antonio Llambías	2006
	Luis María Ribaya	2007
	Guillermo Juan Pando	2007
	Pablo Gutiérrez ⁽¹⁾	2008
	Eduardo Oscar Del Piano ⁽²⁾	2006
	Pablo María Garat ⁽²⁾	2006
Alternate Directors	Raúl Seoane ⁽¹⁾	2008
	Eduardo Antonio Fanciulli	2008
	Juan Carlos Fossatti ⁽²⁾	2008
	Oswaldo Héctor Canova ⁽²⁾	2006
	Julio Pedro Naveyra ⁽²⁾	2006

(1) Authorization from the Argentine Central Bank to assume their positions as envisaged by Communiqué "A"2794 is currently in progress.

(2) Independent directors according to CNV and Nasdaq rules

The shareholders resolved that the Ps.190,971,952.07 net income be distributed as follows:

- To Legal Reserve	90,514,881.48
- To a Discretionary Reserve	100,457,070.59

Repayment in Advance of Argentine Central Bank Financial Assistance in Advance

During the first quarter of 2006, the Bank applied Ps.2,023.1 million to the repayment in advance of financial assistance from the Argentine Central Bank. On April 4, 2006, the Bank cancelled in advance an additional Ps.527.3 million of such liability.

Financial Trusts

During and after the close of the quarter, the Bank publicly offered the securities issued by the following financial trusts:

	<i>In millions of pesos</i>		
	Galicia Personales II	Tarjeta Naranja Trust II	Tarjetas Cuyanas Trust II
Issue date	02.07.06	03.03.06	04.12.06
Due date	01.07.10	12.20.07	02.15.08
Underlying assets	97.3	80.0	37.7
Debt Securities Issued	87.6	74.0	33.9
Cert.of Participation	9.7	6.0	3.8

Aguas Argentinas S.A.

As a shareholder of Aguas Argentinas S.A., the Bank had guaranteed their compliance with certain obligations arising from the concession contract signed by this company. In addition, the Bank and the other shareholders had committed, in certain circumstances, to provide financial support to those companies if they were unable to honor the commitments they had undertaken with international financial institutions. After a long negotiation process, on March 21, 2006, the Executive Branch of the Argentine Government decided to rescind the contract with Aguas Argentinas S.A. alleging the concessionary's fault. On March 9, 2006, the Bank cancelled the commitments undertaken with international financial institutions by purchasing the credits these institutions held against Aguas Argentinas S.A., thus extinguishing the guarantees granted in connection with those loans. The acquisition price was approximately 25% lower than the guaranteed amount. To this date, Aguas Argentinas S.A. has requested the opening of a reorganization process before the commercial courts. Taking into account the known facts, the Bank has established the provisions required by current regulations to cover the risks assumed.

FINANCIAL SYSTEM AND MAIN REGULATORY CHANGES

Minimum Cash Requirement

Through its Communiqué "A" 4509, issued on March 14, 2006, effective April 1, 2006, the Argentine Central Bank increased from 15% to 17% the minimum cash requirement applicable to deposits and other demand obligations in pesos and to unused portions of overdraft facilities granted and, at the same time, it excluded the minimum cash requirements on demand deposits and other demand obligations in pesos for computing the remuneration of the balances held by banks at the Argentine Central Bank.

Subsequently, through Communiqué "A" 4518, dated March 28, 2006, the rate from which remunerated demand deposits and other demand obligations in pesos are subject to a minimum cash requirement of 100%, went from 75% to 50% of the private banks' average BADLAR rate of the previous month.

This report is a summary analysis of the Bank's financial condition and results of operations as of and for the period indicated. For a correct interpretation, this report must be read in conjunction with the Bank's financial statements, as well as with all other material periodically filed with the National Securities Commission (www.cnv.gov.ar) and the Buenos Aires Stock Exchange (www.bolsar.com). In addition, the Argentine Central Bank (www.bcra.gov.ar) may publish information related to the Bank as of a date subsequent to the last date for which the Bank has published information.

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