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**Banco de Galicia y Buenos Aires S.A.**
Phone (54-11) 6329-6430
Fax (54-11) 6329-6494
www.e-galicia.com

# BANCO DE GALICIA Y BUENOS AIRES S.A. REPORTS EARNINGS FOR THE QUARTER ENDED MARCH 31, 2008

(Buenos Aires, Argentina, May 9, 2008) – Banco de Galicia y Buenos Aires S.A. (the "Bank", Buenos Aires Stock Exchange: GALI) today announced its financial results for the quarter ended March 30, 2008.

- **Net income for the first quarter of FY 2008 amounted to Ps.38.7 million, with a Ps.74.9 million increase from the Ps.36.2 million loss recorded in the same quarter of the prior year.**
- **The Bank's adjusted net operating income (1) was approximately 44% greater than in the first quarter of FY 2007, as a consequence of the increase in the Bank's level of activity and the change in the composition its of assets and liabilities, which caused an improvement in the financial margin.**
- **The Bank continued expanding significantly the volume of its business with the private sector. As of March 31, 2008, the Bank's credit exposure to that sector reached Ps.14,148 million, representing a 36.5% increase from the level as of the same date of the prior year. This increase was mainly concentrated in middle-market companies and individuals, as shown by the growth of our loans to these sectors, of 57.2% and 41.5%, respectively. The Bank's market share of private-sector loans reached 7.79% as of March 31, 2008, 0.30 percentage points higher than in the same date of the prior year.**
- **Deposits in Argentina amounted to Ps.13,635 million, with a 17.0% increase in the twelve months ended March 31, 2008 and a 21.4% annualized increase during the quarter. As of the end of the quarter, the Bank's estimated market share of private-sector deposits was 8.21%.**
- **By the end of the first quarter, we began implementing the change of our brand's image, a decision of a strategic nature that accompanies the constant development of our products and services. This change is focused on visually communicating our identity in a more modern way and on achieving a greater consistency between our identity and its visual representation.**

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*(1) Adjusted net operating income: net adjusted financial income (2) plus net income from services.*
*(2) Adjusted net financial income: Financial Income excluding the adjustment to the valuation of Secured Loans, securities included in the Argentine debt exchange and Bogar, in accordance with Argentine Central Bank rules, plus net financial income on margin requirements on repo transactions (the latter are recorded under" Miscellaneous Income/Loss").*

## NET INCOME FOR THE QUARTER ENDED MARCH 31, 2008

In the first quarter of FY 2008, the Bank recorded a Ps.38.7 million profit, compared with a Ps.36.2 million loss in the same quarter of the previous year.

Excluding the Ps.6.1 million profit from the adjustment to the valuation of public-sector assets and the Ps.2.7 million loss from the amortization of *amparo* claims, the adjusted net income for the first quarter of FY2007 amounted to Ps.35.3 million, compared to a Ps.45.1 million profit in the same quarter of the prior year. The latter figure excludes the Ps.50.8 million loss from the adjustment to the valuation of public-sector assets and from the swap of Secured Loans for Boden 2012, and the Ps.30.5 million loss from the amortization of differences for *amparo* claims).

During the first quarter of FY2008, a Ps. 2.7 million loss from amortization of differences for *amparo* claims was recorded because the Bank reached the percentage of computable capital that Argentine Central Bank regulations establish as the limit to deferred amounts.

The quarter's adjusted net operating income increased by Ps.160.2 million. This increase was more than offset by higher administrative expenses (which were up Ps.101.4 million), higher loan loss provisions (which were up Ps.35.8 million) and lower net other income (which dropped Ps.33.5 million).

The adjusted net operating income for the quarter totaled Ps.528.0 million, up 43.6% from the Ps.367.8 million recorded in the first quarter of the prior year. This increase was due both to a higher adjusted net financial income (up Ps.88.1 million) and a higher net income from services (up Ps.72.1 million).

*In pesos*

| **Table I** | **FY 2008** | | **FY 2007** |
|---|---|---|---|
| **Earnings per Share** | **1st Q** | **4th Q** | **1st Q** |
| Average Shares Outstanding (in thousands) (*) | 562,327 | 562,327 | 468,662 |
| Shares Outstanding (in thousands) (*) | 562,327 | 562,327 | 468,662 |
| Book Value per Share | 3.198 | 3.129 | 2.618 |
| Earnings per Share | 0.069 | 0.091 | (0.077) |

*(*) During August 2007, 93.7 million new shares were issued.*

## INFORMATION DISCLOSURE

The data shown in the tables of this report and the consolidated financial statements correspond to Banco de Galicia y Buenos Aires S.A. consolidated 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.

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., Banco Galicia Uruguay S.A. ("Galicia Uruguay") and its subsidiaries, Tarjetas Regionales S.A. and its subsidiaries, Galicia Factoring y Leasing S.A., and Galicia Valores S.A. Sociedad de Bolsa. Beginning in the fourth quarter of FY 2007, the financial statements of Galicia Administradora de Fondos S.A. consolidate directly with those of the Bank.

## FIRST QUARTER OF FY 2008 RESULTS

*Percentages*

| **Table II** | **FY 2008** | | **FY 2007** |
|---|---|---|---|
| **Profitability and Efficiency** | **1st Q** | **4th Q** | **1st Q** |
| Return on Average Assets (*) | 0.75 | 1.04 | (0.58) |
| Return on Average Shareholders' Equity (*) | 8.68 | 11.89 | (11.43) |
| Financial Margin (*) (1) | 5.15 | 4.52 | 2.26 |
| Net Income from Services as a % of Operating Income (2) | 51.87 | 54.95 | 66.24 |
| Net Income from Services as a % of Administrative Expenses | 74.09 | 73.06 | 75.22 |
| Administrative Expenses as a % of Operating Income (2) | 70.01 | 75.21 | 88.06 |

*(*) 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.*

Net financial income for the first quarter of FY 2008 was Ps.254.2 million, up Ps.151.3 million from the first quarter of the previous fiscal year. Excluding the Ps.6.1 million gain from the adjustment to the valuation of public-sector assets and including the financial results on margin requirements of repo transactions (a Ps.5.9 million profit), the Bank's adjusted net financial income for the first quarter of FY 2008 amounted to Ps.254.0 million. Calculated in the same manner, the adjusted net financial income for the first quarter of FY 2007 was Ps.165.9 million.

The quarter's net financial income includes a Ps.17.8 million profit from quotation differences, net of the results from foreign-currency forward transactions. This profit was composed of a Ps.23.6 million gain from FX brokerage and a Ps.5.8 million loss from the valuation of the Bank's foreign-currency net position. In the same quarter of the prior year, the gain from quotation differences was of Ps.13.5 million (composed by a Ps.15.8 million gain from FX brokerage and a Ps.2.3 million loss from the valuation of the foreign-currency net position).

The quarter's adjusted net financial income before quotation differences amounted to Ps.236.2 million, compared to a Ps.152.4 million income in the same quarter of 2007. This result was mainly the consequence of the profits associated with the peso-denominated and the CER-adjusted matched portfolios and with the funding of CER-adjusted assets with, mainly, peso-denominated liabilities. These profits were partially offset by the loss on the foreign-currency denominated matched portfolio.

The significant increase in the adjusted net financial income was a consequence of: (i) a significant increase in income from financial intermediation with the private sector (resulting from a Ps.2,999 million increase in the volume of average loans to the private sector during the year together with a 196 basis points ("b.p.") increase in the average lending rate), and (ii) a decrease in the cost of funds resulting from the change in the composition of liabilities, as a consequence of the repayment of all of the debt with the Argentine Central Bank and the reduction of our restructured foreign debt.

The 149 b.p. annual increase in the average yield on interest-earning assets was mainly due to an increase in the average yield on loans to the private sector and to such loans' greater relative weight within total interest-earning assets. In addition, it should be reminded that the average yield on government securities for the first quarter of FY2007 was reduced by the Ps.27.5 million loss from the sale of Boden 2012 carried out in February 2007, the proceeds of which were used to repurchase part of the Bank's foreign debt. Excluding this effect, the average yield on interest-earning assets would have been 10.23% and, as a consequence, net of this effect, the increase in the average yield on interest-earning assets between the first quarter of FY2008 and the same quarter of FY2007 would have been of 89 b.p.

The average cost of interest-bearing liabilities recorded a 69 b.p. decrease. This reduction was a consequence, mainly, of the above-mentioned change in the composition of liabilities which, together with the growth in deposits, produced a significant increase in the relative weight of the latter within total liabilities. This effect was partially offset by: (i) an increase in the average cost of interest-bearing deposits, consistently with the developments in the overall Argentine market, and (ii) an 88 b.p. increase in the rate of "Debt Securities", due to the increase in the cost of the restructured foreign debt in accordance with contractual conditions. In turn, the average cost of interest-bearing liabilities for the first quarter of FY2007 was significantly influenced by two significant issues: (i) the swap of Secured Loans for Boden 2012 that resulted in a Ps.32.8 million loss, which caused the 28.04% average cost of the item "Argentine Central Bank", and (ii) the profits generated by the repurchase of part of the Bank's restructured foreign debt at market prices, which are reflected in the average cost of the item "Other Interest-Bearing Liabilities". Excluding these effects, the average cost on interest-bearing liabilities for the first quarter of FY2007 would have been 7.73%, and the decrease between the first quarter of FY2008 and the same quarter of FY2007 would have been of 22 b.p.

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

| **Table III Average Balances, Yield and Rates (*)** | **FY 2008** | | | | | | | | **FY 2007** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **1st Q** | | **4th Q** | | **3rd Q** | | **2nd Q** | | **1st Q** | |
| | **Av. B.** | **Int.** | **Av. B.** | **Int.** | **Av. B.** | **Int.** | **Av. B.** | **Int.** | **Av. B.** | **Int.** |
| **Interest-Earning Assets** | **19,726** | **11.12** | **18,845** | **10.89** | **18,371** | **9.70** | **17,487** | **9.64** | **18,201** | **9.63** |
| Government Securities (**) | 3,890 | 4.45 | 3,950 | 5.03 | 4,293 | 3.84 | 4,393 | 4.79 | 4,479 | 3.09 |
| Loans | 11,953 | 15.06 | 11,132 | 14.86 | 10,563 | 13.40 | 9,974 | 13.18 | 10,447 | 13.73 |
| - Private Sector | 10,727 | 15.07 | 9,932 | 15.14 | 9,367 | 13.84 | 8,349 | 13.11 | 7,728 | 13.11 |
| - Public Sector | 1,226 | 14.95 | 1,200 | 12.54 | 1,196 | 9.98 | 1,625 | 13.54 | 2,719 | 15.47 |
| Other | 3,883 | 5.69 | 3,763 | 5.27 | 3,515 | 5.74 | 3,120 | 5.12 | 3,275 | 5.50 |
| - Financial Trusts | 992 | 10.82 | 968 | 6.99 | 913 | 10.32 | 902 | 8.59 | 884 | 10.00 |
| - Government Securities to be Received | - | - | - | - | - | - | 104 | 3.57 | 406 | 3.64 |
| - Other Interest Earning Assets | 2,891 | 3.93 | 2,795 | 4.68 | 2,602 | 4.14 | 2,114 | 3.72 | 1,985 | 3.87 |
| **Interest-Bearing Liabilities** | **15,628** | **7.51** | **14,880** | **7.68** | **14,932** | **5.96** | **14,660** | **6.84** | **15,510** | **8.20** |
| Current Accounts | 872 | 2.11 | 796 | 2.34 | 667 | 2.17 | 668 | 2.41 | 628 | 2.60 |
| Savings Accounts | 2,564 | 0.17 | 2,449 | 0.17 | 2,371 | 0.17 | 2,136 | 0.31 | 2,057 | 0.29 |
| Time Deposits | 7,157 | 9.60 | 6,625 | 9.92 | 6,813 | 8.14 | 6,656 | 7.77 | 6,330 | 8.22 |
| Debt Securities | 2,919 | 10.22 | 3,077 | 10.06 | 3,506 | 5.15 | 3,824 | 9.41 | 3,808 | 9.34 |
| Argentine Central Bank | - | - | - | - | - | - | 81 | 5.87 | 965 | 28.04 |
| Other Interest-Bearing Liabilities | 2,116 | 7.84 | 1,933 | 7.94 | 1,575 | 8.63 | 1,295 | 7.51 | 1,722 | 6.00 |

*(*) Does not include the adjustment to the valuation of public-sector assets pursuant to Communiqué "A" 3911 of the Argentine Central Bank, nor 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 first quarter of FY 2008 amounted to Ps.85.2 million, Ps.35.8 million more than in the same quarter of the prior year. This increase was due, mainly, to the seasoning of the individuals' portfolio.