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BANCO DE GALICIA Y BUENOS AIRES S.A. REPORTS EARNINGS
FOR THE QUARTER ENDED JUNE 30, 2006

(Buenos Aires, Argentina, August 9, 2006) – Banco de Galicia y Buenos Aires S.A. (the “Bank”, Buenos Aires Stock Exchange: GALI) today announced its financial results for the second quarter of FY 2006, ended June 30, 2006.

- **The Bank’s adjusted net income for the second quarter of 2006 amounted to Ps.34.3 million. After the Ps.31.2 million adjustment to the valuation of public-sector assets, the Bank’s net income was Ps.3.1 million.**
 - **The Bank’s operating income continued improving, along with a consistent increase in the level of activity and the volume of business, and an improvement in asset quality.**
 - **The Bank’s exposure to the private sector continued increasing, reaching Ps.8,433 million, with a 40.1% increase during the last twelve months and a 39.8% annualized increase during the quarter. The Bank’s estimated market share of loans to the private sector reached 7.23%, up 0.27 percentage points from June 30, 2005.**
 - **The Bank’s deposits in Argentina reached Ps.9,411 million, with a 31.3% increase in the last twelve months and a 40.9% annualized increase during the quarter. The Bank’s estimated market share of total private-sector deposits as of June 30, 2006, reached 8.09%, up 0.48 percentage points from June 30, 2005.**
 - **The Bank’s non-accrual loan portfolio decreased to 4.08% of total loans to the private sector, from 13.33% as of June 30, 2005, and the coverage with allowances for loan losses of the non-accrual loan portfolio reached 118.01%.**
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NET INCOME FOR THE QUARTER ENDED JUNE 30, 2006

During the second quarter of 2006, the Bank recorded a Ps.3.1 million net income, compared with a Ps.138.8 million net income in the same quarter of 2005. In the second quarter of 2005 the Bank recorded a Ps.124.3 million profit as a result of the forgiveness by Grupo Financiero Galicia S.A. (“Grupo Galicia”) of the subordinated negotiable obligations issued by Banco Galicia Uruguay S.A. (“Galicia Uruguay”).

Excluding the Ps.31.2 million loss from the adjustment to the valuation of public-sector assets, the Bank’s adjusted net income for the quarter amounted to Ps.34.3 million. Beginning in December 2005, no losses have been recorded in connection with the amortization of *amparo* claims, as such amortization was deferred in accordance with Argentine Central Bank Communiqué “A” 4439. In the second quarter of 2005, excluding the Ps.69.8 million profit from the adjustment to the valuation of public-sector assets, the Ps.32.9 million loss from the amortization of *amparo* claims and the aforementioned Ps.124.3 million non-recurrent profit, the Bank had recorded an adjusted net loss of Ps.22.4 million.

The higher adjusted net income for the quarter was the consequence of increases in the adjusted net operating income⁽¹⁾ (of Ps.54.4 million) and in the net other income (of Ps.56.5 million). These profits were partially offset, mainly, by increases in administrative expenses (of Ps.32.0 million) and in provisions for loan losses (of Ps.11.7 million) and a decrease in income from equity investments (of Ps.10.3 million).

The adjusted net operating income for the quarter reached Ps.285.2 million, with a 23.6% increase from Ps.230.8 million recorded in the same quarter of the prior year. This increase resulted from a higher adjusted net financial income (with an increase of Ps.30.5 million) and a higher net income from services (with an increase of Ps.23.9 million).

In pesos

Table I	FY 2006	FY 2005	Six Months Ended	
	2 nd Q	2 nd Q	06/30/06	06/30/05
Earnings per Share				
Total Average Shares Outstanding (in thousands)	468,662	468,662	468,662	468,662
Book Value per Share	2.909	2.889	2.909	2.889
Earnings per Share	0.007	0.296	(0.056)	0.332

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 June 30, 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, Tarjetas Regionales S.A. and its subsidiaries, Galicia Factoring y Leasing S.A. and Galicia Valores S.A. Sociedad de Bolsa.

(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.

2nd QUARTER OF FY 2006 RESULTS

Percentages

Table II	FY 2006	FY 2005	Six Months Ended	
	2 nd Q	2 nd Q	06/30/06	06/30/05
Profitability and Efficiency				
Return on Average Assets ^(*)	0.14	2.41	(0.13)	1.41
Return on Average Shareholders' Equity ^(*)	0.92	45.46	(3.81)	25.66
Financial Margin ^{(*) (1)}	1.82	3.05	1.69	2.17
Net Income from Services as a % of Operating Income ⁽²⁾	61.89	44.34	62.63	51.76
Net Income from Services as a % of Administrative Expenses	72.34	71.94	71.48	72.66
Administrative Expenses as a % of Operating Income ⁽²⁾	85.55	61.64	87.63	71.24

(*) 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 amounted to Ps.96.8 million, Ps.70.5 million lower than in the second quarter of the prior year. Excluding the results from the valuation of public-sector assets (a Ps.31.2 million loss in the second quarter of 2006 and a Ps.69.8 million profit in the second quarter of 2005), the Bank's adjusted net financial income amounted to Ps.128.0 million for the second quarter of 2006 and to Ps.97.5 million for the same quarter of the prior year.

The quarter's net financial income includes a profit from quotation differences (net of the cost of forward foreign exchange transactions) of Ps.17.4 million, made of a Ps.14.2 million gain from FX brokerage and a Ps.3.2 million gain from the valuation of the Bank's foreign-currency net position (net of the above mentioned cost). The profit from quotation differences in the same quarter of the prior year was Ps.12.7 million (made of a Ps.0.1 million loss from the valuation of the foreign-currency net position and a Ps.12.8 million gain from FX brokerage). The variation of the profit from the valuation of the foreign-currency net position was mainly due to the differential variation of the exchange rate in the second quarter of 2005 and 2006 (during the second quarter of 2005 the exchange rate decreased 1.11% and in the second quarter of 2006 it recorded a slight increase of 0.13%) and to the increase in the Bank's foreign-currency net position during the last twelve months.

The adjusted net financial income, net of quotation differences, amounted to Ps.110.6 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 decreased 35 basis points ("b.p.") to 9.53% in the second quarter of 2006, from 9.88% in the second quarter of 2005. The lower average yield on interest-earning assets for the quarter was mainly due to the decrease in the CER variation applied to Bogar, Secured Loans and CER-adjusted loans to the private sector. This decrease was partially offset by the increase in the Libo rate during the last twelve months, associated to the return on the Boden 2012 received and to be received as compensation for the asymmetric pesification. The interest rate in pesos did not record significant changes between the two quarters.

The average rate of interest-bearing liabilities experienced a 50 b.p. decrease, due not only to the lower CER adjustment associated with the cost of the financial assistance from the Argentine Central Bank and the advance to purchase the Hedge Bond, but also and mainly, to a non-recurrent adjustment that was the consequence of: (i) a retroactive recalculation of the installments for which the Bank had advanced funds within the bidding system established by Argentine Central Bank's Communiqué "A" 4268 to settle financial assistance from such Central Bank, which was the outcome of a mandatory change in the repayment schedule resulting from the payments made in advance on such financial assistance by the Bank; and (ii) the normalization of the interest accrued on the August 2005 amortization installment of the

advance to purchase the Hedge Bond, even though such advance has not been executed. This decrease was partially offset by increases in: (i) the average rate of interest-bearing deposits to 5.61% in the second quarter of 2006 from 3.99% in the second quarter of 2005 and (ii) the cost of the debt denominated in foreign currency, associated among other to the increase of the Libo rate.

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

Table III Average Balances, Yields and Rates ^(*)	FY 2006				FY 2005					
	2 nd Q		1 st Q		4 th Q		3 rd Q		2 nd Q	
	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.
Interest-Earning Assets	21,317	9.53	21,732	10.58	22,401	10.43	22,009	9.75	21,917	9.88
Government Securities ^(**)	4,507	8.58	5,032	9.83	5,784	10.68	5,559	9.90	5,982	9.80
Loans	10,482	12.81	10,624	14.33	10,477	13.29	10,001	13.30	9,502	13.83
- Private Sector	6,277	11.77	5,822	11.59	5,393	11.54	5,039	12.49	4,718	12.25
- Public Sector	4,205	14.35	4,802	17.65	5,084	15.16	4,962	14.13	4,784	15.40
Other	6,328	4.79	6,076	4.66	6,140	5.31	6,449	4.10	6,433	4.11
- Financial Trust	794	10.63	776	10.18	843	15.10	812	10.19	797	11.35
- Government Securities to be Received	4,256	3.91	4,211	3.65	4,334	3.32	4,636	3.13	4,606	2.81
- Other	1,278	4.09	1,089	4.61	963	5.74	1,001	3.64	1,030	4.30
Interest-Bearing Liabilities	18,585	8.76	19,761	10.14	19,986	9.75	19,800	8.80	19,822	9.26
Current Accounts	710	3.05	659	3.84	546	3.36	604	2.92	657	2.11
Savings Accounts	1,689	0.25	1,647	0.19	1,562	0.29	1,498	0.33	1,280	0.37
Time Deposits and Restructured Deposits	5,018	7.78	4,646	7.45	4,413	7.01	4,091	5.79	4,090	5.43
Debt Securities	3,791	8.17	3,804	8.15	3,715	7.44	3,658	7.22	3,990	6.47
Argentine Central Bank	5,938	12.90	7,454	15.77	8,243	14.68	8,518	12.97	8,401	14.54
Other	1,439	9.42	1,551	9.30	1,507	8.59	1,431	8.00	1,404	8.15

() Does not include the adjustments 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 quarter amounted to Ps.34.5 million, Ps.11.7 million higher than in the same quarter of the prior year.

Net income from services amounted to Ps.157.2 million, up 17.9% from the Ps.133.3 million recorded in the second quarter of 2005. All of the income from services items showed growth as compared with the same quarter of the prior 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	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Cards Issued by the Bank	39.5	37.5	36.7	31.9	29.4
Regional Credit Cards	71.1	65.9	67.2	56.6	56.8
Deposit Accounts	29.4	28.0	28.1	26.4	25.0
Insurance	11.7	10.6	9.2	8.9	8.3
Financial Fees	4.4	4.0	3.9	3.5	3.0
Credit-Related Fees	11.2	9.7	8.9	6.7	4.3
Foreign Trade	7.3	7.0	6.9	6.2	6.0
Collections	4.7	3.4	3.4	3.2	3.1
Utility-Bills Collection Services	2.7	2.6	2.6	2.4	2.3
Mutual Funds	0.6	0.6	0.5	0.5	0.5
Other	15.2	14.5	15.6	13.9	17.8
Total Income	197.8	183.8	183.0	160.2	156.5
Total Expenditures	40.6	36.8	37.8	29.7	23.2
Income from Services, Net	157.2	147.0	145.2	130.5	133.3

Administrative expenses for the quarter totaled Ps.217.3 million, up 17.3% from the same quarter of the prior year. Personnel expenses increased 24.0% due to salary increases along with a 14.8% increase in staff associated with the higher level of activity. The remaining administrative expenses, excluding advertising and publicity, increased 21.6%, mainly as a consequence of the higher level of activity, the geographical expansion of the regional credit-card companies and the period's inflation. The item advertising and publicity decreased by 33.9% compared to the second quarter of the prior year.

A Ps.9.3 million loss from equity investments was recorded, mainly as a consequence of the establishment of a reserve in order to fully cover the investment in Aguas Argentinas S.A.

Net other income amounted to Ps.30.7 million. Such amount does not include any loss from the amortization of *amparo* claims. In the second quarter of 2005, net other income amounted to Ps.65.6 million, which included: (i) a Ps.124.3 million profit generated by Grupo Galicia's forgiveness of the subordinated negotiable obligations issued by Galicia Uruguay and (ii) a Ps.32.9 million loss from the amortization of *amparo* claims. Net of these amounts, the Bank recorded a Ps.25.8 million net other loss in the second quarter of 2005. The variation between this loss and the quarter's profit was mainly due to the reversal of provisions for loan losses and other contingencies during the quarter, as opposed to the establishment of such provisions during the second quarter of 2005.

The income tax charge was Ps.15.0 million, up Ps.1.2 million from the same quarter of 2005. This charge corresponds to the regional credit-card companies.

LEVEL OF ACTIVITY

Total gross loans amounted to Ps.11,030 million, as of June 30, 2006, of which Ps.6,665 million corresponded to loans to the private sector.

Total loans to the private sector granted by the Bank's Argentine operation increased 49.1% between June 30, 2005 and June 30, 2006, while the regional credit-card companies' total loans increased 53.8% during the same period.

The Bank's estimated private-sector loan market share in the Argentine financial system (excluding the regional credit-card companies loans) increased from 6.96% to 7.23%, between June 30, 2005 and June 30, 2006.

The Bank's total exposure to the private sector reached Ps.8,433 million, with a 40.1% increase from June 30, 2005 and a 39.8% annualized increase during the quarter.

In millions of pesos

Table V Exposure to the Private Sector	FY 2006			FY 2005	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Loans	6,665	6,177	5,643	5,300	4,950
Leasing	259	219	194	151	122
Corporate Securities	25	40	40	39	19
Other Financing ^(*)	839	726	769	721	681
Total Credit	7,788	7,162	6,646	6,211	5,772
Securitized Loans ^(**)	645	594	475	274	249
Total	8,433	7,756	7,121	6,485	6,021

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

*(**) As of June 30, 2006, includes outstanding loans recorded by the trusts "Galtrust II," "Galtrust V," "Galicia Personales I," "Galicia Personales II," "Galicia Personales III," "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 June 30, 2006, was mainly concentrated in middle-market companies (56.7%) and individuals (33.2%). By economic sector, the Bank increased its exposure to the retail & wholesale trade sector (73.8%), to the agriculture and livestock sector (51.9%), to consumers (38.6%), and to the manufacturing industry (29.2%).

In millions of pesos

Table VI Loans by Type of Borrower	FY 2006			FY 2005	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Large Corporations	1,634	1,603	1,413	1,529	1,519
Middle-Market Companies	2,113	2,095	1,899	1,562	1,348
Individuals	2,461	2,236	2,092	1,941	1,848
Financial Sector	564	350	344	374	340
Non-Financial Public Sector	4,258	4,356	5,188	5,048	4,927
Total Loans	11,030	10,640	10,936	10,454	9,982
Allowances	321	404	428	531	586
Total Loans, Net	10,709	10,236	10,508	9,923	9,396

In millions of pesos

Table VII Loans by Economic Sector	FY 2006			FY 2005	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Financial Sector	564	350	344	374	340
Services	5,052	5,082	5,836	5,662	5,551
- Public Sector	4,258	4,356	5,188	5,048	4,927
- Other	794	726	648	614	624
Agriculture & Livestock	861	909	768	590	567
Consumer	2,344	2,131	1,959	1,841	1,691
Retail & Wholesale Trade	756	717	625	532	435
Construction	276	394	388	377	368
Manufacturing	1,155	1,024	971	1,051	894
Other	22	33	45	27	136
Total Loans	11,030	10,640	10,936	10,454	9,982
Allowances	321	404	428	531	586
Total Loans, Net	10,709	10,236	10,508	9,923	9,396

Total public-sector assets as of June 30, 2006 were Ps.2,080 million lower than in the second quarter of 2005. This was mainly due to: (i) the sale of Bogar and Secured Loans for Ps.2,287 million and (ii) a Ps.600 million decrease in the Bank's net position in government securities held for trading. This decreases were partially offset by the CER adjustment during the period.

The Bank's liabilities with the Argentine Central Bank decreased by Ps.2,438 million (28.0%), to Ps.6,273 million as of June 30, 2006, from Ps.8,711 million as of June 30, 2005. This reduction was due to a Ps.2,853 million decrease in the balance of the financial assistance from the Argentine Central Bank, as a consequence of the payments made, which was partially offset by a Ps.414 million increase in the balance of the advance to purchase the Hedge Bond, attributable to the CER adjustment.

In millions of pesos

Table VIII Net Exposure to the Argentine Public Sector (*)	FY 2006		FY 2005		
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Government Securities' Net Position	4,588	4,590	6,033	5,560	5,591
Trading	73	123	454	753	673
Bogar	2,780	2,743	3,823	3,702	3,744
Boden 2012	1,009	995	988	332	379
Discount Bonds and GDP-Linked Units	726	729	733	733	733
Other	-	-	35	40	62
Loans	4,365	4,288	5,293	5,154	5,032
Secured Loans	4,258	4,182	5,188	5,048	4,927
Other	107	106	105	106	105
Other Receivables Resulting from Financial Brokerage	5,227	5,161	5,032	5,726	5,637
Boden 2012	4,308	4,261	4,155	4,697	4,625
Trust Certificates of Participation and Securities	919	900	877	1,029	1,012
Total Assets	14,180	14,039	16,358	16,440	16,260
Liabilities with the Argentine Central Bank	6,273	6,742	8,612	8,872	8,711
Net Exposure	7,907	7,297	7,746	7,568	7,549

(*) 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.

Equity investments amounted to Ps.69 million, 20.8% lower than Ps.87.6 million recorded at the end of the second quarter of FY 2005, mainly as a consequence of the establishment of a provision to fully cover the investment in Aguas Argentinas S.A.

The item "Bank Premises and Equipment, Miscellaneous and Intangible Assets" includes Ps.354 million of net deferred losses associated to *amparo* claims. This amount includes Ps.80 million of deferred amortization recorded since December 2005, in accordance with applicable regulations.

The Bank's consolidated deposits amounted to Ps.9,720 million, of which Ps.354 million were deposits in Galicia Uruguay.

As of June 30, 2006, the Bank's deposits raised in Argentina reached Ps.9,411 million, representing a 31.3% and an 8.9% increase from June 30, 2005, and March 31, 2006, respectively.

In millions of pesos

Table IX Deposits in Argentina	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
In Pesos	8,309	7,627	7,194	6,889	6,480
Current Accounts	1,815	1,638	1,667	1,535	1,532
Savings Accounts	2,009	1,721	1,713	1,599	1,515
Time Deposits	3,241	2,927	2,592	2,708	2,430
Adjusted Time Deposits	1,070	1,166	1,039	879	809
Restructured Deposits	1	1	1	1	27
Other	173	174	182	167	167
In Foreign Currency	1,102	1,011	910	797	687
Total	9,411	8,638	8,104	7,686	7,167

As of June 30, 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 6.05% at the end of the prior quarter, and 5.67% a year before.

Considering only private-sector deposits, the Bank's estimated deposit market share reached 8.09% as of June 30, 2006, compared with 7.61% and 8.16% from June 30, 2005, and March 31, 2006, respectively.

Table X	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
Market Share (*)	(%)	(%)	(%)	(%)	(%)
Total Deposits	6.06	6.05	5.93	5.90	5.67
Private Sector Deposits	8.09	8.16	7.96	7.94	7.61
Total Loans	9.01	9.41	9.79	9.82	9.56
Loans to the Private Sector	7.23	7.78	7.31	7.23	6.96

(*) 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 second quarter of 2005, was due to: i) the issuance by Tarjeta Naranja S.A. of negotiable obligations for Ps.80 million; and (ii) the variation of exchange rate throughout the period. Both effects were partially offset by the payment, during the third quarter of 2005, of the first principal installment of the debt instruments issued under the restructuring of the former New York Branch.

In millions of pesos

Table XI	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
Other Financial Liabilities					
Argentine Central Bank	6,273	6,742	8,612	8,872	8,711
Financial Assistance	2,763	3,331	5,315	5,686	5,616
Advance to Purchase the Hedge Bond	3,509	3,410	3,297	3,185	3,095
Other	1	1	-	1	-
Foreign Banks and International Entities	775	773	762	718	731
Negotiable Obligations (*)	3,918	3,814	3,795	3,670	3,760
Other (**)	1,911	2,088	1,987	2,010	2,062
Total	12,877	13,417	15,156	15,270	15,264

(*) 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 June 30, 2006, the Bank had 1.1 million deposit accounts, reflecting an increase of approximately 77 thousand accounts from a year before. Likewise, the number of credit cards reached 3.6 million at the end of the quarter, 34.6% higher than the 2.7 million credit cards managed a year before (see the "Additional Information" table).

ASSET QUALITY

The Bank's non-accrual loan portfolio decreased by Ps.338 million or 58.8% between June 30, 2005 and June 30, 2006. The decrease was mainly attributable to: (i) the sale of non-accrual loan portfolio classified in category 3 or higher risk categories, for Ps.200 million, which took place during the fourth quarter of 2005, and (ii) the restructuring of certain commercial loan portfolio. The non-accrual loan portfolio represented 2.47% of total loans as of June 30, 2006, compared to 6.61% as of June 30, 2005. Considering

only the private-sector loan portfolio, the non-accrual portfolio decreased to 4.08% of total loans to the private sector as of June 30, 2006, from 13.33% a year before.

The allowance for loan losses represented 2.91% of total loans and 4.82% of loans to the private sector, compared with 5.87% and 11.84%, respectively, as of June 30, 2005. The coverage of the non-accrual loan portfolio with allowances for loan losses reached 118.01% and the coverage with guarantees 23.90%. The combined coverage of non-accrual loans with allowances and guarantees was 141.91%.

The coverage with allowances for loan losses of the non-accrual loan portfolio plus the portfolio in category “2.b” was 111.07% as of June 30, 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. 17 million as of the same date.

In millions of pesos, except percentages

Table XII Loan Portfolio Quality	FY 2006		FY 2005		
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Non-Accrual Loans (*)	272	439	382	651	660
- With Preferred Guarantees	58	57	58	367	365
- With Others Guarantees	7	6	7	30	70
- Without Guarantees	207	376	317	254	225
Allowances for Loan Losses	321	404	428	531	586
Non-Accrual Loans to Total Loans (%)	2.47	4.13	3.49	6.23	6.61
Non-Accrual Loans to Private-Sector Loans (%)	4.08	7.11	6.77	12.28	13.33
Allowance for Loan Losses to Total Loans (%)	2.91	3.80	3.91	5.08	5.87
Allowance for Loan Losses to Private-Sector Loans (%)	4.82	6.54	7.58	10.02	11.84
Allowance for Loan Losses to Non-Accrual Loans (%)	118.01	92.03	112.04	81.57	88.79
Non-Accrual Loans with Guarantees to					
Non –Accrual Loans (%)	23.90	14.35	17.02	60.98	65.91

(*) *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.97 million were written off against the allowance for loan losses and Ps.1 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		
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Allowance for Loan Losses at the Beginning of the Quarter	404	428	531	586	593
Changes in the Allowance for Loan Losses					
Provisions Charged to Income ^(*)	35	53	21	6	19
Provisions Reversed	(21)	(3)	(2)	(44)	(6)
Charge Offs	(97)	(74)	(122)	(17)	(20)
Allowance for Loan Losses at Quarter End	321	404	428	531	586
Charge to the Income Statement					
Provisions Charged to Income	35	26	20	6	20
Direct Charge Offs	1	1	2	1	1
Bad Debts Recovered	(6)	(6)	(12)	(8)	(7)
Provisions Reversed ^(**)	(21)	(3)	(2)	(44)	(6)
Net Charge to the Income Statement	9	18	8	(45)	8

(*) Includes conversion differences corresponding to 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		
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Non-Accrual Portfolio ^(*)	304	499	462	731	742
- With Preferred Guarantees	62	65	66	377	373
- With Other Guarantees	10	9	10	33	78
- Without Guarantees	232	425	386	321	291
Allowance for Credit Losses	344	436	465	567	620
Non-Accrual Portfolio to Total Credit (%)	2.50	4.29	3.87	6.43	6.87
Non-Accrual Portfolio to Private-Sector Credit (%)	3.90	6.97	6.95	11.77	12.86
Allowance for Credit Losses to Total Credit (%) ⁽²⁾	2.83	3.75	3.90	4.99	5.74
Allowance for Credit Losses to Private-Sector Credit (%)	4.42	6.09	7.00	9.13	10.74
Allowance for Credit Losses to Non-Accrual Portfolio	113.16	87.37	100.65	77.56	83.56
Non-Accrual Portfolio with Guarantees to Non-Accrual Portfolio (%)	23.68	14.83	16.45	56.09	60.78

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

CAPITALIZATION AND LIQUIDITY

As of June 30, 2006, the Bank's consolidated computable capital exceeded by Ps.859 million the Ps.1,032 million minimum capital required. This excess was Ps.887 million as of June 30, 2005.

The variations in the capital requirements between June 30, 2006 and June 30, 2005 were 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		
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Minimum Capital Required (A)	1,032	1,125	881	803	820
Allocated to Financial Assets	472	454	437	390	376
Allocated to Fixed Assets	144	141	138	138	138
Allocated to Other Assets	43	41	40	40	33
Allocated to Market Risk	16	17	17	24	48
Allocated to Interest-Rate Risk	92	161	87	50	50
Allocated to Lending to the Public Sector	265	311	162	161	175
Computable Capital (B)	1,891	1,933	1,885	1,840	1,707
Core Capital	1,398	1,410	1,207	1,213	1,223
Supplemental Capital	677	707	807	785	653
Deductions	(190)	(195)	(152)	(169)	(177)
Additional Capital – Market Variation	6	11	23	11	8
Excess over Required Capital (B) - (A)	859	808	1,004	1,037	887
Total Capital Ratio (%)	16.61	17.07	20.78	21.48	19.42

As of June 30, 2006, the Bank’s unconsolidated liquid assets (held by the Bank’s Argentine operation) represented 42.61% of the Bank’s transactional deposits and 18.09% of its total deposits in Argentina. Including government securities at their market value, the last mentioned ratio was 28.58%.

Table XVI Liquidity in Argentina (unconsolidated)	FY 2006		FY 2005		
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Liquid Assets ^(*) as a percentage of Transactional Deposits	42.61	36.47	47.87	56.76	61.12
Liquid Assets ^(*) as a percentage of Total Deposits	18.09	16.01	22.22	25.63	28.41

() 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 ^(*)

	<i>In millions of pesos</i>				
	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
Cash and Due from Banks	1,333.7	1,244.0	1,039.9	993.2	956.9
Government and Corporate Securities	4,242.9	4,166.4	5,964.2	5,534.6	5,589.3
Net Loans	10,709.1	10,235.6	10,507.7	9,922.7	9,395.8
Other Receivables Resulting from Financial Brokerage	6,114.7	6,602.1	6,123.5	6,868.3	6,861.7
Equity Investments in Other Companies	69.4	80.0	90.6	90.3	87.6
Bank Premises and Equipment, Miscellaneous and Intangible Assets	1,191.0	1,171.8	1,163.9	1,174.1	1,201.8
Other Assets	692.9	650.7	566.4	502.2	460.6
Total Assets	24,353.7	24,150.6	25,456.2	25,085.4	24,553.7
Deposits	9,719.9	8,945.9	8,437.7	8,041.7	7,548.2
Other Liabilities Resulting from Financial Brokerage	12,101.4	12,663.2	14,413.7	14,575.0	14,573.2
Subordinated Negotiable Obligations	775.4	753.7	742.6	694.7	690.4
Other	337.7	376.0	422.1	351.4	340.9
Minority Interests	56.2	51.8	50.9	47.0	47.0
Total Liabilities	22,990.6	22,790.6	24,067.0	23,709.8	23,199.7
Shareholders' Equity	1,363.1	1,360.0	1,389.2	1,375.6	1,354.0
Foreign-Currency Assets and Liabilities					
- Assets	7,289.5	7,095.8	6,795.9	6,604.0	6,553.2
- Liabilities	6,771.7	6,631.1	6,509.7	6,224.6	6,336.5
- Net Forward Purchases/(Sales) of Foreign Currency ⁽¹⁾	(230.4)	(252.5)	(248.3)	-	-

(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Art.33 - Law 19,550).

(1) Recorded off-balance sheet.

SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA (*)

	<i>In millions of pesos</i>				
Quarter ended:	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
FINANCIAL INCOME	553.6	640.0	663.5	550.7	633.5
- Interest on Loans to the Financial Sector	0.6	0.6	0.6	0.6	0.9
- Interest on Overdrafts	15.9	12.2	11.6	11.1	9.0
- Interest on Notes	48.2	42.8	33.6	34.0	23.1
- Interest on Mortgage Loans	16.3	14.4	14.0	18.9	18.5
- Interest on Pledge Loans	4.1	3.8	3.3	2.8	2.5
- Interest on Credit-Card Loans	65.4	60.9	61.6	55.3	56.2
- Interest on Other Loans	22.7	20.0	14.5	8.5	7.1
- Net Income from Government and Corporate Securities	79.9	79.4	125.4	51.6	127.6
- Interest on Other Receivables Resulting from Financial Brokerage	43.5	43.0	43.5	40.4	38.1
- Net Income from Secured Loans - Decree No.1387/01	42.6	51.9	53.2	51.9	47.1
- CER Adjustment	179.6	275.9	274.6	250.2	280.9
- Other	34.8	35.1	27.6	25.4	22.5
FINANCIAL EXPENSES	456.8	555.3	504.1	449.1	466.2
- Interest on Current-Account Deposits	5.4	6.3	4.6	4.4	3.4
- Interest on Savings-Account Deposits	1.0	0.7	1.1	1.2	1.2
- Interest on Time Deposits	66.2	51.6	46.0	37.8	30.8
- Interest on Financing from the Financial Sector	1.4	1.6	1.6	1.0	1.0
- Other Interest	63.3	85.5	91.7	90.9	90.6
- Interest on Other Liabilities Resulting from Financial Brokerage	80.0	82.9	71.6	67.5	65.9
- CER Adjustment	182.5	267.0	265.2	228.4	261.1
- Other	57.0	59.7	22.3	17.9	12.2
GROSS FINANCIAL MARGIN	96.8	84.7	159.4	101.6	167.3
PROVISIONS FOR LOAN LOSSES	34.5	29.5	21.2	14.5	22.8
INCOME FROM SERVICES, NET	157.2	147.0	145.2	130.5	133.3
ADMINISTRATIVE EXPENSES	217.3	208.3	214.5	194.2	185.3
- Personnel Expenses	117.8	104.3	106.0	97.4	95.0
- Directors' and Syndics' Fees	0.8	0.9	1.5	0.7	1.2
- Other Fees	8.9	6.2	10.0	6.6	6.9
- Advertising and Publicity	12.3	20.8	21.0	18.7	18.6
- Taxes	10.8	10.6	10.9	9.1	7.1
- Other Operating Expenses	51.1	51.2	50.1	47.4	43.9
- Other	15.6	14.3	15.0	14.3	12.6
MINORITY INTERESTS RESULTS	(5.5)	(5.1)	(3.9)	(4.9)	(6.5)
INCOME FROM EQUITY INVESTMENTS	(9.3)	(5.7)	-	2.5	1.0
NET OTHER INCOME	30.7	2.0	(34.3)	12.5	65.6
INCOME TAX	15.0	14.3	17.1	11.9	13.8
NET INCOME	3.1	(29.2)	13.6	21.6	138.8

(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Art.33 – Law 19,550).

ADDITIONAL INFORMATION

	06/30/06	03/31/06	12/31/05	09/30/05	06/30/05
Mutual Funds (In millions of pesos) ^(*)	344.0	351.1	296.7	273.4	244.3
Physical Data (Number of)					
Employees	7,256	6,939	6,735	6,469	6,318
Branches	341	330	328	323	318
Bank Branches	233	225	225	225	224
Regional Credit-Card Companies Offices	108	105	103	98	94
Deposit Accounts	1,129,326	1,100,198	1,110,426	1,065,205	1,051,840
Credit Cards ⁽¹⁾	3,628,855	3,381,667	3,131,599	2,878,777	2,696,496
Inflation and Exchange Rate					
Retail Price Index (%) ^(**)	1.94	2.90	3.13	2.63	2.02
Wholesale Price Index (IPIM) (%) ^(**)	2.58	2.30	2.37	4.45	1.32
CER Coefficient (%) ^(**)	2.65	2.96	3.04	2.41	2.71
Exchange Rate (Pesos per US\$) ^(***)	3.0848	3.0808	3.0315	2.9125	2.8908

(1) As of the first quarter of FY 2006, 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

Galicia Móvil

In July 2006, the Bank launched Galicia Móvil, becoming the first financial institution in Argentina to allow customers to use their cell phones in order to operate with it, “wherever they are”, ordering payments through fund transfers, using the Short Message Service (SMS). Galicia Móvil is an innovative, fast, simple, easy and safe means of payment, that adds up to the service already made available through cell phones (SMS alerts of account balances and expiration dates of credit cards, time deposits, automatic payments and bounced checks, among others) that will continue adding new capabilities in the near future.

Bank Branch Network

During June 2006, the Bank opened new branches in the interior of the country. The branches were opened in the following locations, where the Bank did not have a presence: Trenque Lauquen, Zárate, Jesús María, Reconquista, Ushuaia, Río Grande, Trelew and Cipolletti.

Financial Trusts

During the quarter, the Bank publicly offered the securities issued by the following financial trusts:

	<i>In millions of pesos</i>	
	Tarjetas Cuyanas Trust II	Galicia Personales III
Issue date	04.12.06	05.24.06
Due date	02.15.08	03.15.11
Underlying assets	Ps.37.7	Ps.100.0
Debt Securities Issued	33.9	92.5
Certificates of Participation	3.8	7.5

Tarjeta Naranja: Negotiable Obligations

In June 2006, Tarjeta Naranja SA. issued negotiable obligations maturing in December 2008 for US\$ 26 million. The negotiable obligations were rated “A+(arg)” by Fitch Argentina Calificadora de Riesgo S.A. on its local scale.

FINANCIAL SYSTEM AND MAIN REGULATORY CHANGES

Minimum Cash Requirements

By means of Communiqué “A” 4549, effective August 1, 2006, the Argentine Central Bank (i) increased from 17% to 19% the minimum cash requirement on deposits and other demand obligations in pesos and unused balances of current account advances granted, and (ii) eliminated the minimum cash requirements on time deposits and other obligations in pesos with terms of more than 180 days. In addition, this Communiqué excluded the possibility of computing cash (in local and foreign currency) for compliance with minimum cash requirements. Such measure implies that cash in vaults, in transportation and in armored truck companies, ATMs and branches will not be computable for compliance with minimum cash requirements. This measure will be gradually phased in, thus 100% of the mentioned items will be computable until August 2006, 67% until September 2006, 34% until October 2006 and 0% as of November 2006.

Exposure to the Argentine Public Sector

By means of Communiqué “A” 4546, the Argentine Central Bank reduced the cap to financial institutions permitted total exposure to the public sector from the current 40% of total assets to 35% of total assets, effective July 1, 2007.

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