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BANCO DE GALICIA Y BUENOS AIRES S.A. REPORTS EARNINGS
FOR THE QUARTER ENDED JUNE 30, 2007

(Buenos Aires, Argentina, August 9, 2007) – 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 2007, ended June 30, 2007.

- **The Bank’s adjusted net income for the 2nd quarter of FY 2007 amounted to Ps.42.7 million. After the adjustment to the valuation of public-sector assets (a Ps.8.5 million profit) and the amortization of amparo claims (a Ps.43.5 million loss), net income amounted to a Ps.7.7 million profit.**
 - **The Bank’s capitalization process ended on August 6, 2007. As a consequence, 93.6 million new shares were issued. This implies an increase in the Bank’s shareholders’ equity for capital stock and issuance premium, before issuance costs, of Ps.467 million. In addition, the Bank will have a Ps.27 million profit for the portion subscribed in negotiable obligations, which were received at less than their technical value. As a consequence, due to this process, the total increase of the Bank’s shareholders’ equity will reach approximately Ps.494 million, which represents a 40% increase from the shareholders’ equity as of June 2007.**
 - **The capital increase together with the repayment of all its liabilities with the Argentine Central Bank and the significant reduction of its exposure to the public sector completed during the previous quarters, have led to a significant strengthening of the Bank’s financial condition. At the same time, the Bank continued to show a significant increase in activity levels and in the volume of business with the private sector. This is reflected in the 39.4% increase of its net operating income from the same quarter of the prior year.**
 - **As of June 30, 2007, the Bank’s exposure to the private sector reached Ps.11,362 million, with a 34.6% increase in the year and a 44.3% annualized increase during the quarter. The Bank’s estimated market share of total loans to the private sector as of June 30, 2007, reached 7.76%, up 0.53 percentage points from the same date of the prior fiscal year.**
 - **The Bank’s deposits in Argentina reached Ps.12,183 million, with a 29.5% increase during the last twelve months. The Bank’s estimated market share of total private-sector deposits as of June 30, 2007, reached 8.46%, up 0.37 percentage points from June 30, 2006.**
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- **The Bank's non-accrual loan portfolio decreased to 3.60% of total loans to the private-sector, from 4.08% as of June 30, 2006, and the coverage of the non-accrual loan portfolio with allowances for loan losses reached 113.71%.**

NET INCOME FOR THE QUARTER ENDED JUNE 30, 2007

In the 2nd quarter of FY 2007 the Bank recorded a Ps.7.7 million profit, compared with a Ps.3.1 million profit in the same quarter of the previous year.

Excluding the Ps.8.5 million profit from the adjustment to the valuation of public-sector assets and the Ps.43.5 million loss from the amortization of deferred losses from *amparo* claims, the adjusted net income for the quarter amounted to Ps.42.7 million, compared with a Ps.34.3 million profit in the same quarter of the prior year.

Beginning in December 2005 and during 2006, no losses have been recorded in connection with the amortization of *amparo* claims, as such amortization was deferred in accordance with Argentine Central Bank's Communiqué "A" 4439. Since the previous quarter, the Bank started again to record a charge to income in connection with this amortization, which meant a Ps.43.5 million loss in the quarter.

The improvement in the quarter's adjusted net income was mainly the consequence of greater adjusted net operating income⁽¹⁾, which increased Ps.114.7 million. This increase was partially offset by higher administrative expenses which were up Ps.79.0 million, and lower net other income, which decreased Ps.25.8 million.

The quarter's adjusted net operating income totaled Ps.405.5 million, up 39.4% from the Ps.290.8 million recorded in the same quarter of the prior year. This variation was due both to a higher adjusted net financial income (up Ps.48.8 million) and a higher net income from services (up Ps.65.9 million).

Table I	<i>In pesos</i>			
	FY 2007	FY 2006	Six Months Ended	
Earnings per Share	2nd Q	2nd Q	06/30/07	06/30/06
Total Average Shares Outstanding (in thousands)	468,662	468,662	468,662	468,662
Book Value per Share	2.634	2.909	2.634	2.909
Earnings per Share	0.016	0.007	(0.061)	(0.056)

(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 exchange offer 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").

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.

As of June 30, 2007, 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.

2nd QUARTER OF FY 2007 RESULTS

Table II	<i>Percentages</i>			
	FY 2007	FY 2006	Six Months Ended	
	2 nd Q	2 nd Q	06/30/07	06/30/06
Profitability and Efficiency				
Return on Average Assets ^(*)	0.31	0.14	(0.15)	(0.13)
Return on Average Shareholders’ Equity ^(*)	2.49	0.92	(4.55)	(3.81)
Financial Margin ^(*) (1)	4.14	1.82	3.18	1.69
Net Income from Services as a % of Operating Income ⁽²⁾	55.18	61.89	59.94	62.63
Net Income from Services as a % of Administrative Expenses	75.30	72.34	75.26	71.48
Administrative Expenses as a % of Operating Income ⁽²⁾	73.29	85.55	79.64	87.63

(*) 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 2nd quarter of FY 2007 was Ps.181.2 million, up Ps.84.4 million from the 2nd quarter of the previous fiscal year. Excluding the profits from the adjustment to the valuation of public-sector assets (a Ps.8.5 million profit) and including the financial income on margin requirements of repo transactions (a Ps.9.7 million profit), the Bank’s adjusted net financial income for the 2nd quarter of FY 2007 amounted to Ps.182.4 million.

The adjusted net financial income for the 2nd quarter of FY 2006 amounted to Ps.133.6 million (including the financial income on margin requirements of repo transactions, for Ps.5.6 million, and excluding the loss from the adjustment of the valuation of public-sector assets, for Ps.31.2 million).

The quarter’s net financial income includes a Ps.20.4 million profit from quotation differences, net of the results from foreign-currency forward transactions. This profit was composed of a Ps.18.1 million gain from FX brokerage and a Ps.2.3 million profit from the valuation of the Bank’s foreign-currency net position. In the same quarter of the prior year, the result from quotation differences had been a Ps.17.4 million profit (composed of a Ps.3.2 million gain from the valuation of the foreign-currency net position and a Ps.14.2 million gain from FX brokerage).

The adjusted net financial income for the quarter, excluding quotation differences, amounted to Ps.162.0 million, with a Ps.45.8 million increase (39.4%) as compared with the same quarter of FY 2006. The quarter’s adjusted net financial income 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 mainly with peso-denominated liabilities. These profits were partially offset by the loss on the foreign-currency denominated matched portfolio.

Compared to the same quarter of the previous fiscal year, a significant decrease in the Bank’s assets and liabilities has taken place, as a consequence of the repayment of all the debt with the Argentine Central Bank and of part of the Bank’s foreign debt, using mainly the proceeds from the sale of public sector

assets. As a result of these transactions, the intermediation of CER-adjusted assets and liabilities was reduced significantly. As a consequence, the increase of 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 the increase of their relative importance within the total interest-earning assets.

The average cost of interest-bearing liabilities recorded a 192 basis points decrease, as a consequence of the above-mentioned change in structure, which produced a significant increase in the relative importance of deposits within total liabilities together with a decrease in the CER indexed liabilities. This effect was partially offset by a 124 basis points increase in the rate of “Debt Securities”, due to the increase in the rate of the restructured foreign debt in accordance with contractual conditions.

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

Table III Average Balances, Yield and Rates ^(*)	FY 2007						FY 2006			
	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	17,487	9.64	18,201	9.63	21,934	9.86	22,027	8.49	21,317	9.53
Government Securities ^(**)	4,393	4.79	4,479	3.09	4,651	8.03	4,513	6.64	4,507	8.58
Loans	9,974	13.18	10,447	13.73	11,426	13.47	10,871	11.68	10,482	12.81
- Private Sector	8,349	13.11	7,728	13.11	7,225	13.54	6,602	12.23	6,277	11.77
- Public Sector	1,625	13.54	2,719	15.47	4,201	13.34	4,269	10.84	4,205	14.35
Other	3,120	5.12	3,275	5.50	5,857	4.29	6,643	4.52	6,328	4.79
- Financial Trusts	902	8.59	884	10.00	867	8.14	814	8.47	794	10.63
- Government Securities to be Received	104	3.57	406	3.64	3,040	3.79	4,326	3.87	4,256	3.91
- Other Interest-Earning Assets	2,114	3.72	1,985	3.87	1,950	3.36	1,503	4.23	1,278	4.09
Interest-Bearing Liabilities	14,660	6.84	15,510	8.20	19,218	8.37	19,313	7.68	18,585	8.76
Current Accounts	668	2.41	628	2.60	648	2.62	618	3.28	710	3.05
Savings Accounts	2,136	0.31	2,057	0.29	1,952	0.27	1,870	0.26	1,689	0.25
Time Deposits	6,656	7.77	6,330	8.22	5,969	8.43	5,571	7.56	5,018	7.78
Debt Securities	3,824	9.41	3,808	9.34	3,710	8.91	3,672	8.50	3,791	8.17
Argentine Central Bank	81	5.87	965	28.04	4,977	11.58	5,964	9.39	5,938	12.90
Other Interest-Bearing Liabilities	1,295	7.51	1,722	6.00	1,962	8.92	1,618	10.18	1,439	9.42

() 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 2nd quarter of FY 2007 amounted to Ps.36.9 million, Ps.2.4 million higher than in the same quarter of the prior year.

Net income from services amounted to Ps.223.1 million, up 41.9% from the Ps.157.2 million recorded in the 2nd quarter of the previous fiscal year. All items recorded an increase as compared with the same date of the prior year, particularly those related to credit and debit cards and credit-related fees, as a consequence, mainly, of a significant increase in the volume of transactions.

In millions of pesos

Table IV Income from Services, Net	FY 2007			FY 2006	
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
National Cards	57.0	53.7	50.5	43.2	39.5
Regional Credit Cards	100.4	91.4	88.4	77.5	71.1
Deposit Accounts	39.3	35.5	35.3	33.0	29.4
Insurance	18.7	18.7	14.0	12.6	11.7
Financial Fees	6.8	6.2	5.8	5.2	4.4
Credit-Related Fees	19.1	15.5	18.2	14.3	11.2
Foreign Trade	9.0	8.9	9.2	8.4	7.3
Collections	6.5	5.7	5.3	4.9	4.7
Utility-Bills Collection Services	3.3	3.1	3.1	2.8	2.7
Mutual Funds	0.9	0.8	0.7	0.6	0.6
Other	19.6	17.9	19.3	15.8	15.2
Total Income	280.6	257.4	249.8	218.3	197.8
Total Expenditures	57.5	55.5	57.1	46.4	40.6
Income from Services, Net	223.1	201.9	192.7	171.9	157.2

Administrative expenses for the quarter totaled Ps.296.3 million, with a 36.4% increase from the same quarter of the prior year. Personnel expenses increased 33.3%, mainly due to the increases associated to wage and salary agreements and to a 15.4% increase in the Bank's staff, related to the growth of the level of activity. The remaining administrative expenses, excluding advertising and publicity, grew 29.0%, mainly as a consequence of the greater level of activity, the geographical expansion of the regional credit-card companies and the inflation recorded during the period. Advertising and publicity expenses experienced a growth of Ps.14.5 million compared to the 2nd quarter of the previous fiscal year.

Net other losses amounted to Ps.38.6 million, compared with a Ps.30.7 million profit in the same quarter of the prior year. The quarter's loss was mainly made up of a Ps.43.5 million loss from the amortization of deferred losses from *amparo* claims and a Ps.12.2 million loss from the net establishment of reserves. These losses were partially offset by a Ps.9.7 million profit on margin requirements of repo transactions and a Ps.6.7 million profit from loans recovered. The profit recorded in the 2nd quarter of fiscal year 2006 was mainly due to the Ps.26.5 million gain from net reversal of allowances and a Ps.6.0 million gain due to loans recovered.

The income tax charge was Ps.17.5 million, Ps.2.5 million higher than in the 2nd quarter of FY 2006. This charge corresponds mainly to the regional credit-card companies.

LEVEL OF ACTIVITY

The Bank's total exposure to the private sector reached Ps.11,362 million, with a 34.6% increase during the year and a 44.3% annualized increase during the quarter.

Total loans to the private sector granted by the Bank's Argentine operation increased 39.7% between June 30, 2007 and the same date of the previous year. The Bank's market share of private-sector loans reached 7.76% as of June 30, 2007, up from 7.23% as of June 30, 2006.

The regional credit-card companies' total loan portfolio increased 39.2% between June 30, 2007 and the same date of the previous year.

Total gross loans, as of June 30, 2007, amounted to Ps.10,219 million, of which Ps.1,307 million were loans to the financial and non-financial public sector.

In millions of pesos

Table V Exposure to the Private Sector	FY 2007				FY 2006
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Loans	8,912	8,126	8,006	7,018	6,672
Leasing	284	241	209	159	259
Corporate Securities	33	26	24	24	25
Other Financing ^(*)	1,229	1,118	1,104	1,096	839
Total Credit	10,458	9,511	9,343	8,297	7,795
Securitized Loans ^(**)	904	855	832	755	645
Total	11,362	10,366	10,175	9,052	8,440

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

*(**) As of June 30, 2007, includes the outstanding balances of the loans transferred to the following trusts: "Galtrust II", "Galtrust V", "Galicia Personales II", "Galicia Personales III", "Galicia Personales IV", "Galicia Personales V", "Galicia Hipotecas Comerciales", "Galicia Créditos Inmobiliarios I", "Galicia Créditos Inmobiliarios II", "Galicia Prendas Comerciales I", "Galicia Leasing I." Also includes the outstanding balances of the loans securitized by the regional credit-card companies.*

Private-sector loan growth during the year was mainly concentrated in individuals (52.1%), in middle-market companies (38.6%) and in large corporations (23.3%). By economic sector, the Bank increased its exposure mainly with the retail & wholesale trade sector (72.4%), consumers (52.6%) and with the manufacturing industry (31.8%).

In millions of pesos

Table VI Loans by Type of Borrower	FY 2007				FY 2006
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Large Corporations	2,015	1,759	1,535	1,883	1,634
Middle-Market Companies	2,929	2,762	2,521	2,216	2,113
Individuals	3,755	3,403	3,132	2,620	2,468
Financial Sector	320	309	925	406	564
Non-Financial Public Sector	1,200	2,781	2,691	4,299	4,258
Total Loans	10,219	11,014	10,804	11,424	11,037
Allowances	365	355	327	316	321
Total Loans, Net	9,854	10,659	10,477	11,108	10,716

In millions of pesos

Table VII Loans by Economic Sector	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Financial Sector	320	309	925	406	564
Services	2,161	3,540	3,478	5,090	5,052
- Public Sector	1,200	2,781	2,691	4,299	4,258
- Other	961	759	787	791	794
Agriculture & Livestock	884	1,091	972	795	861
Consumer	3,587	3,250	2,989	2,504	2,351
Retail & Wholesale Trade	1,303	934	858	895	756
Construction	308	295	310	304	276
Manufacturing	1,522	1,481	1,229	1,380	1,155
Other	134	114	43	50	22
Total Loans	10,219	11,014	10,804	11,424	11,037
Allowances	365	355	327	316	321
Total Loans, Net	9,854	10,659	10,477	11,108	10,716

Since the 3rd quarter of FY 2006 the Bank reduced significantly its exposure to the public sector (Table VIII). Public-sector assets decreased by Ps.7,208 million in one year and Ps.1,104 million since the end of the previous quarter. The decrease with respect to June 30, 2006, was mainly the consequence of: i) a Ps.2,780 million decrease in the balance of Bogar bonds, due to their use to repay part of the advance for the acquisition of the Hedge Bond, and to sales of the remaining balance made during December 2006 and the 1st quarter of FY 2007, ii) a Ps.3,058 million decrease in the balance of National Secured Loans due to sales, the proceeds of which were used to make payments in advance on the financial assistance from the Argentine Central Bank and to subscribe the remaining Hedge Bond, and iii) a Ps.2,001 million decrease in the balance of Boden 2012 (recorded under “Government Securities” and “Other Receivables from Financial Brokerage”) due to the collection of past due amortization and interest coupons and to the use of such bonds to fund the repurchase of foreign debt (loans maturing in 2010 and in 2014). These decreases were partially offset by the Ps.591 million increase in the global net position of government securities held for trading, mainly composed of Bills and Notes issued by the Argentine Central Bank.

With the completion of the subscription of the remaining Hedge Bond in April 2007, the Bank concluded the process of repayment of all its liabilities with the Argentine Central Bank, which amounted to Ps.6,273 million as of June 30, 2006.

In millions of pesos

Table VIII Net Exposure to the Argentine Public Sector (*)	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Government Securities' Net Position	4,694	3,927	4,831	4,543	4,588
Trading	664	205	162	168	73
Bogar	-	-	367	2,790	2,780
Boden 2012	3,316	3,008	3,583	861	1,009
Discount Bonds and GDP-Linked Units	714	714	719	724	726
Loans	1,307	2,780	2,798	4,406	4,365
National Secured Loans, Net	1,200	2,673	2,691	4,299	4,258
Other	107	107	107	107	107
Other Receivables Resulting from Financial Brokerage	847	1,245	1,218	5,181	5,103
Boden 2012	-	409	401	4,378	4,308
Trust Certificates of Participation and Securities	847	836	817	803	795
Total Assets	6,848	7,952	8,847	14,130	14,056
Liabilities with the Argentine Central Bank	-	380	3,026	6,300	6,273
Net Exposure	6,848	7,572	5,821	7,830	7,783

(*) 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.49.8 million, 28.2% lower than the Ps.69.4 million recorded at the end of the 2nd quarter of FY 2006. This decrease was mainly the consequence of the sale of our interests in Inversora Nihuales S.A. and Inversora Diamante S.A.

The item "Bank Premises and Equipment, Miscellaneous and Intangible Assets" includes Ps.301 million of net deferred losses associated to *amparo* claims. This amount includes Ps.144 million of amortization deferred since December 2005, in accordance with applicable regulations.

The Bank's consolidated deposits amounted to Ps.12,451.4 million, of which Ps.301 million were deposits in Galicia Uruguay.

As of June 30, 2007, the Bank's deposits in Argentina reached Ps.12,183 million, representing a 29.5% and a 4.6% increase, from June 30, 2006 and March 31, 2007, respectively.

Table IX Deposits in Argentina	FY 2007				FY 2006
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
In Pesos	10,850	10,334	9,379	8,893	8,309
Current Accounts	2,491	2,116	2,016	1,843	1,815
Savings Accounts	2,313	2,116	1,937	1,866	2,009
Time Deposits	5,336	5,372	4,590	4,191	3,241
Adjusted Time Deposits	454	503	620	793	1,070
Other	256	227	216	200	174
In Foreign Currency	1,333	1,317	1,213	1,223	1,102
Total	12,183	11,651	10,592	10,116	9,411

As of June 30, 2007, the Bank's estimated market share of deposits in the Argentine financial system, considering its deposits in Argentina only, was 6.40%, compared with 6.06% from the prior fiscal year.

Considering only private-sector deposits, the Bank's estimated deposit market share reached 8.46% as of June 30, 2007, compared with 8.09% as of June 30, 2006.

Table X Market Share (*)	FY 2007				FY 2006
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Total Deposits	6.40	6.43	6.18	6.22	6.06
Private Sector Deposits	8.46	8.59	8.43	8.43	8.09
Total Loans	7.30	7.79	8.13	8.71	8.85
Loans to the Private Sector	7.76	7.51	7.21	7.42	7.23

(*) 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. Regional credit card companies' data is not included.

Other financial liabilities decreased by Ps.5,958 million from the amount as of the end of the 2nd quarter of FY 2006 and Ps.540 million when compared to March 31, 2007. The decrease was mainly the consequence of the total repayment of liabilities with the Argentine Central Bank for Ps.6,272 million, the repurchase of part of the Bank's foreign debt for US\$ 179 million and the US\$ 50 million payment on negotiable obligations and loans maturing in 2010 for principal amortization. These decreases were partially offset by the issuance of negotiable obligations for Ps.200 million by Tarjetas Cuyanas S.A. during this quarter.

Table XI Other Financial Liabilities	FY 2007				FY 2006
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Argentine Central Bank	1	380	3,026	6,300	6,273
Financial Assistance	-	-	2,689	2,719	2,763
Advance for the Purchase the Hedge Bond	-	380	337	3,580	3,509
Other	1	-	-	1	1
Foreign Banks and International Entities	308	282	860	858	775
Negotiable Obligations (*)	4,008	3,834	3,935	3,643	3,918
Other (**)	2,602	2,963	3,154	2,308	1,911
Total	6,919	7,459	10,975	13,109	12,877

(*) Includes subordinated negotiable obligations.

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

As of June 30, 2007, the Bank had 1.2 million deposit accounts, reflecting an increase of approximately 115,000 accounts from a year before. Likewise, the number of credit cards managed as of that date reached 4.7 million, 30.6% higher than the 3.6 million credit cards managed a year before (See the "Additional Information" table).

ASSET QUALITY

The Bank's non-accrual loan portfolio amounted to Ps.321 million as of June 30, 2007, while it amounted to Ps.272 million in the same quarter of the prior year. The non-accrual loan portfolio represented 3.60% of total loans to the private sector as of June 30, 2007, compared to 4.08% as of June 30, 2006.

The allowance for loan losses represented 4.10% of total loans to the private sector as of June 30, 2007, and 4.81% as of June 30, 2006. The coverage of the non-accrual loan portfolio with allowances for loan losses reached 113.71% and the coverage with guarantees was 14.33%. The combined coverage of non-accrual loans with allowances and guarantees was 128.04%.

In millions of pesos, except percentages

Table XII Loan Portfolio Quality	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Non-Accrual Loans (*)	321	295	279	279	272
- With Preferred Guarantees	41	40	40	56	58
- With Others Guarantees	5	5	5	5	7
- Without Guarantees	275	250	234	218	207
Allowance for Loan Losses	365	355	327	316	321
Non-Accrual Loans to Total Loans (%)	3.14	2.68	2.58	2.44	2.46
Non-Accrual Loans to Private-Sector Loans (%)	3.60	3.63	3.48	3.98	4.08
Allowance for Loan Losses to Total Loans (%)	3.57	3.22	3.03	2.77	2.91
Allowance for Loan Losses to Private-Sector Loans (%)	4.10	4.37	4.08	4.50	4.81
Allowance for Loan Losses to Non-Accrual Loans (%)	113.71	120.34	117.20	113.26	118.01
Non-Accrual Loans with Guarantees to Non-Accrual Loans (%)	14.33	15.25	16.13	21.86	23.90

(*) 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.25 million were charged off against the allowance for loan losses and direct charges to the income statement for Ps.1 million were made.

In millions of pesos

Table XIII Consolidated Analysis of Loan Loss Experience	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Allowance for Loan Losses at the Beginning of the Quarter	355	327	316	321	404
Changes in the Allowance for Loan Losses					
Provisions Charged to Income (*)	35	48	26	18	35
Provisions Reversed	-	(3)	(2)	(7)	(21)
Charge Offs	(25)	(17)	(13)	(16)	(97)
Allowance for Loan Losses at Quarter End	365	355	327	316	321
Charge to the Income Statement					
Provisions Charged to Income	35	48	26	18	35
Direct Charge Offs	1	1	1	1	1
Bad Debts Recovered	(7)	(25)	(30)	(7)	(6)
Provisions Reversed (**)	-	(3)	(2)	(7)	(21)
Net Charge to the Income Statement	29	21	(5)	5	9

(*) Includes conversion differences corresponding to Galicia Uruguay.

(**) 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" representing credit transactions, 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 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Non-Accrual Portfolio (*)	345	323	309	312	304
- With Preferred Guarantees	44	43	42	59	62
- With Other Guarantees	5	5	8	8	10
- Without Guarantees	296	275	259	245	232
Allowance for Credit Losses	383	375	348	340	344
Non-Accrual Portfolio to Total Credit (%)	2.93	2.61	2.55	2.46	2.50
Non-Accrual Portfolio to Private-Sector Credit (%)	3.30	3.40	3.31	3.76	3.90
Allowance for Credit Losses to Total Credit (%)	3.26	3.02	2.87	2.68	2.83
Allowance for Credit Losses to Private-Sector Credit (%)	3.66	3.94	3.73	4.10	4.41
Allowance for Credit Losses to Non-Accrual Portfolio	111.01	116.10	112.62	108.97	113.16
Non-Accrual Portfolio with Guarantees to Non-Accrual Portfolio (%)	14.20	14.86	16.18	21.47	23.68

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

CAPITALIZATION AND LIQUIDITY

As of June 30, 2007, the Bank's consolidated computable capital exceeded by Ps.432 million the Ps.1,301 million minimum capital requirement. This excess was Ps.859 million as of June 30, 2006.

The variation in the capital requirement between June 30, 2007 and June 30, 2006 was mainly attributable to the Bank's greater exposure to the private sector and to the increase of the regulatory requirement on the exposure to the public sector. It should be noted that, beginning on January 1, 2007, and in accordance with the established schedule, the applicable "Alfa 1" and "Alfa 2" coefficients increased. The former increased to 0.50 (from 0.30) and the latter to 1.00 (from 0.70). "Alfa 1" temporarily reduces the capital requirement to cover banks' exposure to the public sector, while "Alfa 2" temporarily reduced the capital requirement to cover interest-rate risk.

In millions of pesos, except rates and percentages

Table XV Consolidated Regulatory Capital	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Minimum Capital Required (A)	1,301	1,250	1,084	1,056	1,032
Allocated to Financial Assets	671	598	552	500	472
Allocated to Fixed Assets	149	148	144	144	144
Allocated to Other Assets	54	68	44	43	43
Allocated to Market Risk	22	11	12	13	16
Allocated to Interest-Rate Risk	92	89	62	91	92
Allocated to Lending to the Public Sector	313	336	270	265	265
Computable Capital (B)	1,733	1,741	1,861	1,954	1,891
Core Capital	1,244	1,252	1,395	1,393	1,398
Supplemental Capital	630	632	608	704	677
Deductions	(153)	(145)	(144)	(146)	(190)
Additional Capital – Market Variation	12	2	2	3	6
Excess over Required Capital (B) - (A)	432	491	777	898	859
Total Capital Ratio (%)	11.77	12.32	15.03	16.70	16.61

As of June 30, 2007, the Bank's unconsolidated liquid assets (held by the Bank's Argentine operation) represented 54.58% of the Bank's transactional deposits and 23.11% of its total deposits in Argentina. Including government securities available, at their market value, the latter ratio was 44.67%.

Table XVI Liquidity (unconsolidated)	FY 2007			FY 2006	
	2nd Q	1st Q	4th Q	3rd Q	2nd Q
Liquid Assets ^(*) as a percentage of Transactional Deposits	54.58	41.46	56.81	46.67	42.64
Liquid Assets ^(*) as a percentage of Total Deposits	23.11	16.40	23.07	18.51	18.10

(*) 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). 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.

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

	FY 2007			FY 2006	
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Cash and Due from Banks	2,057.6	2,060.9	2,293.2	1,627.8	1,333.7
Government and Corporate Securities	3,569.3	2,270.6	3,186.9	3,458.1	4,242.9
Net Loans	9,854.1	10,658.5	10,476.6	11,107.8	10,715.9
Other Receivables Resulting from Financial Brokerage	3,319.5	3,776.1	5,381.2	7,122.3	6,114.7
Equity Investments in Other Companies	49.8	47.5	42.3	71.1	69.4
Bank Premises and Equipment, Miscellaneous and Intangible Assets	1,239.7	1,252.6	1,253.6	1,220.8	1,191.0
Other Assets	999.1	950.5	841.5	681.6	692.9
Total Assets	21,089.1	21,016.7	23,475.3	25,289.5	24,360.5
Deposits	12,451.4	11,874.0	10,792.8	10,430.7	9,719.9
Other Liabilities Resulting from Financial Brokerage	6,101.4	6,670.4	10,194.4	12,337.9	12,108.2
Subordinated Negotiable Obligations	817.7	798.5	791.5	779.2	775.4
Other	398.6	369.5	356.0	307.3	337.7
Minority Interests	85.5	77.5	77.6	62.4	56.2
Total Liabilities	19,854.6	19,789.9	22,212.3	23,917.5	22,997.4
Shareholders' Equity	1,234.5	1,226.8	1,263.0	1,372.0	1,363.1
Foreign-Currency Assets and Liabilities					
- Assets	6,142.6	5,809.2	6,812.2	7,368.0	7,289.5
- Liabilities	6,489.2	6,469.7	7,066.1	7,006.6	6,771.7
- Net Forward Purchases/(Sales) of Foreign Currency ⁽¹⁾	401.0	600.6	326.5	(277.0)	(230.4)

(*) 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 (*)

In millions of pesos

	FY 2007			FY 2006	
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
FINANCIAL INCOME	452.9	460.0	417.4	484.8	553.6
- Interest on Cash and Due from Banks	2.0	3.6	0.7	-	-
- Interest on Loans to the Financial Sector	0.3	1.8	1.1	0.5	0.6
- Interest on Overdrafts	25.1	19.6	21.0	20.6	15.9
- Interest on Promissory Notes	61.4	59.8	58.1	51.5	48.2
- Interest on Mortgage Loans	22.2	20.6	20.4	18.9	16.3
- Interest on Pledge Loans	2.8	2.5	2.3	1.9	4.1
- Interest on Credit-Card Loans	101.6	90.7	89.6	65.2	65.4
- Interest on Other Loans	42.5	40.1	36.1	27.0	22.7
- Net Income from Government and Corporate Securities	72.2	23.1	(75.1)	41.3	79.9
- Interest on Other Receivables Resulting from Financial Brokerage	7.3	10.2	34.6	50.1	43.5
- Net Income from Secured Loans - Decree No.1387/01	17.3	28.0	44.2	43.6	42.6
- CER Adjustment	44.9	89.8	149.5	124.6	179.6
- Other	53.3	70.2	34.9	39.6	34.8
FINANCIAL EXPENSES	271.7	357.1	443.4	418.0	456.8
- Interest on Current-Account Deposits	4.0	4.1	4.2	5.1	5.4
- Interest on Savings-Account Deposits	1.5	1.4	1.3	1.1	1.0
- Interest on Time Deposits	119.1	114.8	106.8	89.0	66.2
- Interest on Financing from the Financial Sector	1.0	1.3	1.4	1.1	1.4
- Interest on Subordinated Obligations	23.1	23.3	22.5	22.6	21.9
- Other Interest	1.3	42.3	38.4	43.2	41.4
- Interest on Other Liabilities Resulting from Financial Brokerage	77.8	94.0	87.1	77.3	80.0
- CER Adjustment	8.3	43.3	126.7	122.1	182.5
- Other	35.6	32.6	55.0	56.5	57.0
GROSS FINANCIAL MARGIN	181.2	102.9	(26.0)	66.8	96.8
PROVISIONS FOR LOAN LOSSES	36.9	49.4	26.3	20.6	34.5
INCOME FROM SERVICES, NET	223.1	201.9	192.7	171.9	157.2
ADMINISTRATIVE EXPENSES	296.3	268.4	274.2	246.2	217.3
- Personnel Expenses	157.0	140.8	146.3	126.0	117.8
- Directors' and Syndics' Fees	1.1	1.3	1.8	1.5	0.8
- Other Fees	9.1	7.2	9.0	8.3	8.9
- Advertising and Publicity	26.8	24.2	25.8	25.3	12.3
- Taxes	14.0	13.1	14.1	12.7	10.8
- Other Operating Expenses	65.6	61.5	57.3	54.7	51.1
- Other	22.7	20.3	19.9	17.7	15.6
MINORITY INTERESTS RESULTS	(8.0)	(5.4)	(7.2)	(6.3)	(5.5)
INCOME FROM EQUITY INVESTMENTS	0.7	0.7	(1.1)	3.0	(9.3)
NET OTHER INCOME	(38.6)	(0.5)	45.4	55.0	30.7
INCOME TAX	17.5	18.0	12.2	14.8	15.0
FINANCIAL INCOME	7.7	(36.2)	(108.9)	8.8	3.1

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

ADDITIONAL INFORMATION

	FY 2007			FY 2006	
	2 nd Q	1 st Q	4 th Q	3 rd Q	2 nd Q
Mutual Funds (In millions of pesos) ^(*)	703.6	545.9	480.0	361.5	344.0
Physical Data (Number of)					
Employees	8,374	8,106	7,878	7,484	7,256
Bank in Argentina	5,021	4,851	4,676	4,441	4,321
Other companies	3,353	3,255	3,202	3,043	2,935
Branches	354	348	346	343	341
Bank Branches	233	233	233	233	233
Regional Credit-Card Companies Offices	121	115	113	110	108
Deposit Accounts	1,244,444	1,222,223	1,213,223	1,188,062	1,129,326
Credit Cards	4,749,893	4,421,440	4,293,411	3,909,846	3,628,855
Inflation and Exchange Rate					
Retail Price Index (%) ^(**)	1.61	2.23	2.57	2.09	1.94
Wholesale Price Index (IPIM) (%) ^(**)	5.37	1.75	0.68	1.29	2.58
CER Coefficient (%) ^(**)	1.91	2.52	2.46	1.65	2.65
Exchange Rate (Pesos per US\$) ^(***)	3.0908	3.1007	3.0695	3.1043	3.0848

(*) 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

Capital Increase

On August 6, 2007, the Bank's capital increase decided by the Shareholders Meeting held on October 11, 2006, was completed. The shareholders, in use of their preemptive and accretion rights, subscribed and paid for a total of 93.6 million new shares, increasing the Bank's capital stock from Ps.468.7 million to Ps.562.3 million. Given that the subscription price was fixed at Ps.4.991 per share, the increase in shareholders' equity in terms of capital stock and issuance premium, before the costs of issuance, amounted to Ps.467 million. In addition, for the portion paid for in negotiable obligations, the Bank will realize a Ps.27 million profit, as these instruments were received at a value lower than their technical parity. As a consequence, due to this capitalization process, the total increase in the Bank's shareholders' equity amounted to Ps.494 million, which represents a 40% increase from the figure published in the financial statements as of June 30, 2007.

Partial Prepayment of Foreign Debt

In accordance with the Covenants regulating the Bank's foreign debt restructuring and as a consequence of part of the capital increase mentioned above being subscribed in cash, on August 15, 2007, the Bank will prepay partially the Loans and Negotiable Obligations due 2014. This prepayment will be effected at par value, in inverse order to maturity and in an amount of US\$ 28 million. After the reception of Negotiable Obligations 2014 in the process of capitalization and the completion of said partial prepayment, the remaining balance of Loans and Notes due 2014 will reach a total of US\$ 374.5 million.

Exposure to the Public Sector: Adequacy Plan

The Bank duly submitted to the Argentine Central Bank an adequacy plan regarding the excesses recorded on the limit to the Exposure to the Non-Financial Public Sector (Communiqué "A" 3911 and supplementary regulations), which had December 2008 as due date. On June 27, 2007, the Argentine Central Bank informed the Bank that it considered such plan completed, given that since December 2006 the Bank is in compliance with the general regulation.

100 Years Listed on the Buenos Aires Stock Exchange

On July 2007, the Bank celebrated its 100th year of uninterrupted listing of its shares on the Buenos Aires Stock Exchange.

Financial Trusts – Own Portfolio

During the quarter, the Bank publicly offered the securities issued by the Galicia Personales V Financial Trust on April 24, 2007. The estimated due date of the certificates of participation is January 12, 2012. The portfolio transferred was made up of Ps.150.0 million personal loans, and the Bank issued debt securities for Ps.139.5 million and certificates of participation for Ps.10.5 million.

FINANCIAL SYSTEM AND MAIN REGULATORY CHANGES

Minimum Cash Requirements

By means of Communiqué “A” 4670, dated May 18, 2007, the Argentine Central Bank reduced –effective June 1, 2007– the rate at which remunerated demand deposits and other demand obligations in pesos are subject to a minimum cash requirement of 100%. Such limit was reduced from 35% to 15% of the private banks’ average BADLAR rate of the previous month.

Judicial Deposits – Dollarization

By means of Communiqué “A” 4686, dated July 4, 2007, the Argentine Central Bank established that financial institutions must provision for the amount that results from the difference between the equivalent value in pesos of judicial deposits in their original currency and the accounting value of such deposits in foreign currency, which were subject to pesification at the beginning of 2002. Financial entities can differ these losses, either totally or partially, and amortize them in equal and consecutive monthly installments, but in no event later than June 2009.

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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