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

(Buenos Aires, Argentina, November 10, 2006) – Banco de Galicia y Buenos Aires S.A. (the “Bank”, Buenos Aires Stock Exchange: GALI) today announced its financial results for the third quarter of FY 2006, ended September 30, 2006.

- **The Bank’s adjusted net income for the quarter amounted to Ps.40.2 million. After the Ps.31.4 million adjustment to the valuation of public-sector assets, the Bank’s net income was Ps.8.8 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 credit exposure to the private sector continued increasing, reaching Ps.9,044 million, with a 39.5% increase during the twelve months ended September 30, 2006, and a 32.3% annualized increase during the quarter.**
  - **The Bank’s deposits in Argentina reached Ps.10,116 million, with a 31.6% increase in the twelve months ended September 30, 2006, and a 33.5% annualized increase during the quarter. The Bank’s estimated market share of total private-sector deposits as of September 30, 2006, reached 8.43%, up 0.49 percentage points from September 30, 2005.**
  - **The Bank’s non-accrual loan portfolio decreased to 3.98% of total loans to the private sector, from 12.28% a year before, and the coverage of the non-accrual loan portfolio with allowances for loan losses reached 113.26%.**
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## NET INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2006

During the third quarter of 2006, the Bank recorded a Ps.8.8 million net income, compared with a Ps.21.6 million net income in the same quarter of 2005.

Excluding the Ps.31.4 million loss from the adjustment to the valuation of public-sector assets, the Bank's adjusted net income for the quarter amounted to Ps.40.2 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 third quarter of 2005, excluding the Ps.3.3 million profit from the adjustment to the valuation of public-sector assets and the Ps.34.0 million loss from the amortization of *amparo* claims, the Bank had recorded an adjusted net profit of Ps.58.9 million.

During the third quarter, the increases in the adjusted net operating income<sup>(1)</sup> (of Ps.34.7 million) and the net other income (of Ps.8.5 million) were more than offset by the increases in administrative expenses (of Ps.52.0 million), provisions for loan losses (of Ps.6.1 million) and in the income tax charge (of Ps.2.9 million).

The adjusted net operating income for the quarter reached Ps.270.1 million, increasing Ps.34.7 million from Ps.235.4 million recorded in the same quarter of the prior year. This growth was the consequence of a higher net income from services (up Ps.41.4 million), which was partially offset by a lower adjusted net financial income (down Ps.6.9 million).

*In pesos*

Table I	FY 2006	FY 2005	Nine Months Ended	
	3 <sup>rd</sup> Q	3 <sup>rd</sup> Q	09/30/06	09/30/05
<b>Earnings per Share</b>				
Total Average Shares (in thousands)	468,662	468,662	468,662	468,662
Book Value per Share	2.927	2.935	2.927	2.935
Earnings per Share	0.019	0.046	(0.037)	0.378

## 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 September 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., 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.

(1) Adjusted net financial income<sup>(2)</sup> 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.

### 3<sup>rd</sup> QUARTER OF FY 2006 RESULTS

Table II	<i>Percentages</i>			
	FY 2006	FY 2005	Nine Months Ended	
Profitability and Efficiency	3 <sup>rd</sup> Q	3 <sup>rd</sup> Q	09/30/06	09/30/05
Return on Average Assets <sup>(*)</sup>	0.25	0.44	(0.002)	1.08
Return on Average Shareholders' Equity <sup>(*)</sup>	2.56	6.35	(1.68)	18.72
Financial Margin <sup>(*)</sup> (1)	1.21	1.85	1.53	2.06
Net Income from Services as a % of Operating Income <sup>(2)</sup>	72.02	56.23	65.72	53.21
Net Income from Services as a % of Administrative Expenses	69.82	67.20	70.87	70.69
Administrative Expenses as a % of Operating Income <sup>(2)</sup>	103.14	83.67	92.74	75.28

(\*) 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.66.8 million, Ps.34.8 million lower than in the same quarter of the prior year. Excluding the results from the valuation of public-sector assets (a Ps.31.4 million loss in the third quarter of 2006 and a Ps.3.3 million loss in the third quarter of 2005), the Bank's adjusted net financial income amounted to Ps.98.2 million for the third quarter of 2006 compared to Ps.104.9 million for the same quarter of the prior year.

During the third quarter of 2005, Bogar bonds granted as collateral for the financial assistance from the Argentine Central Bank and released as a result of the monthly payment of the amortization installments of such liability, in accordance with its repayment schedule, were allocated as collateral for the advance for the purchase of the Hedge Bond. As a consequence, the adjustment to the valuation of public-sector assets established by Communiqué "A" 3911 and complementary ones generated only a Ps.3.3 million loss during that quarter, compared to a Ps.31.4 million loss during the third quarter of 2006.

The quarter's net financial income includes a Ps.20.8 million profit from quotation differences, net of the results from forward foreign exchange transactions. This profit was made of a Ps.15.1 million gain from FX brokerage and a Ps.5.7 million gain from the valuation of the Bank's foreign-currency net position. The profit from quotation differences in the same quarter of the prior year was Ps.14.9 million (made of a Ps.1.4 million loss from the valuation of the foreign-currency net position and a Ps.13.5 million gain from FX brokerage).

The quarter's adjusted net financial income, net of quotation differences, amounted to Ps.77.4 million compared to Ps.90.0 million in the same quarter of the prior year. The quarter's 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 net asset positions with peso-denominated liabilities. These profits were partially offset by the loss from the dollar-denominated matched portfolio.

The lower net financial income, when compared with the same quarter of the prior year, was mainly the consequence of the differential variations of interest rates and inflation rates between both periods and of the fact that the execution of the advance for the purchase of the Hedge Bond is pending. A higher interest rate together together with a lower inflation rate reduced the quarter's net yield on the CER-adjusted net asset position. In addition, the non-execution of the advance for the purchase of the Hedge Bond led to an increase of the amounts of past due Boden 2012 (Hedge Bond) coupons and past due principal installments of such advance, on which the accrual of the Libo rate and the 2% annual interest rate, respectively, was discontinued.

The strong increase in the volume of intermediation with the private sector did not offset the above mentioned effects.

The average yield on interest-earning assets decreased 126 basis points ("b.p.") to 8.49% in the third quarter of 2006, from 9.75% in the third 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, during the last twelve months, of the Libo rate associated to the return on the Boden 2012 and also of the peso- and dollar-denominated private-sector lending interest rates.

The average rate of interest-bearing liabilities experienced a 112 b.p. decrease, mainly due to the lower CER adjustment associated with the cost of the financial assistance from the Argentine Central Bank and the advance for the purchase of the Hedge Bond. This decrease was partially offset by increases in: (i) the average rate of interest-bearing deposits to 5.54% in the third quarter of 2006 from 4.19% in the third quarter of 2005 and (ii) the cost of the debt denominated in foreign currency, associated to the increase of the Libo rate and of the rate on certain fixed-rate instruments.

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

Table III Average Balances, Yield and Rates <sup>(*)</sup>	FY 2006						FY 2005			
	3 <sup>rd</sup> Q		2 <sup>nd</sup> Q		1 <sup>st</sup> Q		4 <sup>th</sup> Q		3 <sup>rd</sup> Q	
	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.	Av. B.	Int.
<b>Interest-Earning Assets</b>	<b>22,027</b>	<b>8.49</b>	<b>21,317</b>	<b>9.53</b>	<b>21,732</b>	<b>10.58</b>	<b>22,401</b>	<b>10.43</b>	<b>22,009</b>	<b>9.75</b>
Government Securities <sup>(**)</sup>	4,513	6.64	4,507	8.58	5,032	9.83	5,784	10.68	5,559	9.90
Loans	10,871	11.68	10,482	12.81	10,624	14.33	10,477	13.29	10,001	13.30
- Private Sector	6,602	12.23	6,277	11.77	5,822	11.59	5,393	11.54	5,039	12.49
- Public Sector	4,269	10.84	4,205	14.35	4,802	17.65	5,084	15.16	4,962	14.13
Other	6,643	4.52	6,328	4.79	6,076	4.66	6,140	5.31	6,449	4.10
- Financial Trust	814	8.47	794	10.63	776	10.18	843	15.10	812	10.19
- Government Securities to be Received	4,326	3.87	4,256	3.91	4,211	3.65	4,334	3.32	4,636	3.13
- Other	1,503	4.23	1,278	4.09	1,089	4.61	963	5.74	1,001	3.64
<b>Interest-Bearing Liabilities</b>	<b>19,313</b>	<b>7.68</b>	<b>18,585</b>	<b>8.76</b>	<b>19,761</b>	<b>10.14</b>	<b>19,986</b>	<b>9.75</b>	<b>19,800</b>	<b>8.80</b>
Current Accounts	618	3.28	710	3.05	659	3.84	546	3.36	604	2.92
Savings Accounts	1,870	0.26	1,689	0.25	1,647	0.19	1,562	0.29	1,498	0.33
Time Deposits and Restructured Deposits	5,571	7.56	5,018	7.78	4,646	7.45	4,413	7.01	4,091	5.79
Debt Securities	3,672	8.50	3,791	8.17	3,804	8.15	3,715	7.44	3,658	7.22
Argentine Central Bank	5,964	9.39	5,938	12.90	7,454	15.77	8,243	14.68	8,518	12.97
Other	1,618	10.18	1,439	9.42	1,551	9.30	1,507	8.59	1,431	8.00

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

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

Provisions for loan losses for the quarter amounted to Ps.20.6 million, Ps.6.1 million higher than in the same quarter of the prior year.

Net income from services amounted to Ps.171.9 million, up 31.7% from the Ps.130.5 million recorded in the third quarter of 2005. The growth of credit-related and financial fees as well as that of fees from insurance products, debit and credit cards and foreign trade services was particularly high. These increases were the consequence of the significant growth in the volume of transactions, as price adjustments mainly occurred on those fees related to the administration of deposit accounts.

*In millions of pesos*

<b>Table IV</b> <b>Income from Services, Net</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
National Cards	43.2	39.5	37.5	36.7	31.9
Regional Credit Cards	77.5	71.1	65.9	67.2	56.6
Deposit Accounts	33.0	29.4	28.0	28.1	26.4
Insurance	12.6	11.7	10.6	9.2	8.9
Financial Fees	5.2	4.4	4.0	3.9	3.5
Credit-Related Fees	14.3	11.2	9.7	8.9	6.7
Foreign Trade	8.4	7.3	7.0	6.9	6.2
Collections	4.9	4.7	3.4	3.4	3.2
Utility-Bills Collection Services	2.8	2.7	2.6	2.6	2.4
Mutual Funds	0.6	0.6	0.6	0.5	0.5
Other	15.8	15.2	14.5	15.6	13.9
<b>Total Income</b>	<b>218.3</b>	<b>197.8</b>	<b>183.8</b>	<b>183.0</b>	<b>160.2</b>
<b>Total Expenditures</b>	<b>46.4</b>	<b>40.6</b>	<b>36.8</b>	<b>37.8</b>	<b>29.7</b>
<b>Income from Services, Net</b>	<b>171.9</b>	<b>157.2</b>	<b>147.0</b>	<b>145.2</b>	<b>130.5</b>

Administrative expenses for the quarter totaled Ps.246.2 million, up 26.8% from the same quarter of the prior year. Personnel expenses increased 29.4% due to salary increases and to a 15.7% increase in staff associated with the higher level of activity and with the expansion of the distribution network. The Bank increased its branches by 8 and the regional credit-card companies increased its network of service offices by 12. The remaining administrative expenses increased 24.2%, mainly as a consequence of higher advertising and publicity expenses, together with increases on the remaining items related to the greater level of activity and to the inflation rate during the period.

Income from equity investments amounted to Ps.3.0 million, Ps.0.5 million higher than in the same quarter of the prior year.

Net other income amounted to Ps.55.0 million, mainly reflecting the reversal of the reserve established to cover the income tax of a financial trust created in 2002, the underlying assets of which are CER-adjusted. This reversal resulted from an Executive Branch's Decree that offered the possibility to defer such tax until the taxable income is realized. Net other income for the quarter does not include any loss from the amortization of *amparo* claims. In the third quarter of 2005, net other income amounted to Ps.12.5 million, which included a Ps.34.0 million loss from the amortization of *amparo* claims. Net of this amount, net other income for the third quarter of 2005 amounted to Ps.46.5 million, mainly reflecting the reversal of loan-loss reserves.

The income tax charge was Ps.14.8 million, up Ps.2.9 million from the same quarter of 2005. This charge corresponds to the regional credit-card companies.

## LEVEL OF ACTIVITY

The Bank's total exposure to the private sector reached Ps.9,044 million, with a 39.5% increase from September 30, 2005 and a 32.3% annualized increase during the quarter.

Total loans to the private sector granted by the Bank's Argentine operation increased 47.0% between September 30, 2005 and September 30, 2006, while the regional credit-card companies' total loans increased 33.9% 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 7.24% to 7.41% between September 30, 2005 and September 30, 2006.

Total gross loans, as of September 30, 2006, amounted to Ps.11,416 million, of which Ps.4,406 million were loans to the financial and non-financial public sector.

*In millions of pesos*

<b>Table V</b> <b>Exposure to the Private Sector</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
Loans	7,010	6,665	6,177	5,643	5,300
Leasing	159	259	219	194	151
Corporate Securities	24	25	40	40	39
Other Financing <sup>(*)</sup>	1,096	839	726	769	721
<b>Total Credit</b>	<b>8,289</b>	<b>7,788</b>	<b>7,162</b>	<b>6,646</b>	<b>6,211</b>
Securitized Loans <sup>(**)</sup>	755	645	594	475	274
<b>Total</b>	<b>9,044</b>	<b>8,433</b>	<b>7,756</b>	<b>7,121</b>	<b>6,485</b>

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

(\*\*) As of September 30, 2006, includes outstanding loans of the trusts "Galtrust II", "Galtrust V", "Galicia Personales II", "Galicia Personales III", "Galicia Hipotecas Comerciales", "Galicia Créditos Inmobiliarios I", "Galicia Créditos Inmobiliarios II", "Galicia Prendas Comerciales I", and loans securitized by the regional credit-card companies.

Private-sector loans growth, in the twelve-month period ended September 30, 2006, resulted mainly from the growth of lending to middle-market companies (41.9%) and individuals (34.6%). By economic sector, the Bank mainly increased its exposure to the retail & wholesale trade sector (68.2%), to consumers (35.6%), to the agriculture and livestock sector (34.8%), and to the manufacturing industry (31.3%).

*In millions of pesos*

<b>Table VI</b> <b>Loans by Type of Borrower</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
Large Corporations	1,883	1,634	1,603	1,413	1,529
Middle-Market Companies	2,216	2,113	2,095	1,899	1,562
Individuals	2,612	2,461	2,236	2,092	1,941
Financial Sector	406	564	350	344	374
Non-Financial Public Sector	4,299	4,258	4,356	5,188	5,048
<b>Total Loans</b>	<b>11,416</b>	<b>11,030</b>	<b>10,640</b>	<b>10,936</b>	<b>10,454</b>
Allowances	316	321	404	428	531
<b>Total Loans, Net</b>	<b>11,100</b>	<b>10,709</b>	<b>10,236</b>	<b>10,508</b>	<b>9,923</b>

*In millions of pesos*

<b>Table VII</b> <b>Loans by Economic Sector</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
Financial Sector	406	564	350	344	374
Services	5,090	5,052	5,082	5,836	5,662
- Public Sector	4,299	4,258	4,356	5,188	5,048
- Other	791	794	726	648	614
Agriculture & Livestock	795	861	909	768	590
Consumer	2,496	2,344	2,131	1,959	1,841
Retail & Wholesale Trade	895	756	717	625	532
Construction	304	276	394	388	377
Manufacturing	1,380	1,155	1,024	971	1,051
Other	50	22	33	45	27
<b>Total Loans</b>	<b>11,416</b>	<b>11,030</b>	<b>10,640</b>	<b>10,936</b>	<b>10,454</b>
Allowances	316	321	404	428	531
<b>Total Loans, Net</b>	<b>11,100</b>	<b>10,709</b>	<b>10,236</b>	<b>10,508</b>	<b>9,923</b>

Total public-sector assets as of September 30, 2006 were Ps.2,186 million (13.3%) lower than in the third quarter of 2005. This resulted mainly from the following decreases in balances: (i) a Ps.1.661 million decrease in the aggregate balance of Bogar and Secured Loans, due to sales of such assets, and (ii) a Ps.585 million decrease in the Bank's net position in government securities held for trading. These decreases were partially offset by the CER adjustment of the remaining balances during the period.

The Bank's liabilities with the Argentine Central Bank decreased by Ps.2,572 million (29.0%), to Ps.6,300 million as of September 30, 2006, from Ps.8.872 million as of September 30, 2005. This reduction was due to a Ps.2,967 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.395 million increase in the balance of the advance for the purchase of the Hedge Bond, attributable to the CER adjustment during the year.

*In millions of pesos*

<b>Table VIII</b> <b>Net Exposure to the Argentine Public Sector</b> (*)	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
<b>Government Securities' Net Position</b>	<b>4,543</b>	<b>4,588</b>	<b>4,590</b>	<b>6,033</b>	<b>5,560</b>
Trading	168	73	123	454	753
Bogar	2,790	2,780	2,743	3,823	3,702
Boden 2012	861	1,009	995	988	332
Discount Bonds and GDP-Linked Units	724	726	729	733	733
Other	-	-	-	35	40
<b>Loans</b>	<b>4,406</b>	<b>4,365</b>	<b>4,288</b>	<b>5,293</b>	<b>5,154</b>
Secured Loans	4,299	4,258	4,182	5,188	5,048
Other	107	107	106	105	106
<b>Other Receivables Resulting from Financial Brokerage</b>	<b>5,305</b>	<b>5,227</b>	<b>5,161</b>	<b>5,032</b>	<b>5,726</b>
Boden 2012	4,378	4,308	4,261	4,155	4,697
Trust Certificates of Participation and Securities	927	919	900	877	1,029
<b>Total Assets</b>	<b>14,254</b>	<b>14,180</b>	<b>14,039</b>	<b>16,358</b>	<b>16,440</b>
<b>Liabilities with the Argentine Central Bank</b>	<b>6,300</b>	<b>6,273</b>	<b>6,742</b>	<b>8,612</b>	<b>8,872</b>
<b>Net Exposure</b>	<b>7,954</b>	<b>7,907</b>	<b>7,297</b>	<b>7,746</b>	<b>7,568</b>

(\*) 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.71.1 million, 21.3% lower than Ps.90.3 million as of September 30, 2005, mainly as a consequence of the establishment, in prior quarters, 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.359 million of net deferred losses associated to *amparo* claims. This amount includes Ps.114 million of deferred amortization recorded since December 2005.

The Bank's consolidated deposits amounted to Ps.10,431 million, of which Ps.369 million were deposits in Galicia Uruguay.

As of September 30, 2006, the Bank's deposits raised in Argentina reached Ps.10,116 million, representing a 31.6% increase from September 30, 2005, and a 33.5% annualized increase during the quarter.

*In millions of pesos*

<b>Table IX</b> <b>Deposits in Argentina</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
<b>In Pesos</b>	<b>8,893</b>	<b>8,309</b>	<b>7,627</b>	<b>7,194</b>	<b>6,889</b>
Current Accounts	1,843	1,815	1,638	1,667	1,535
Savings Accounts	1,866	2,009	1,721	1,713	1,599
Time Deposits	4,191	3,241	2,927	2,592	2,708
Adjusted Time Deposits	793	1,070	1,166	1,039	879
Restructured Deposits	1	1	1	1	1
Other	199	173	174	182	167
<b>In Foreign Currency</b>	<b>1,223</b>	<b>1,102</b>	<b>1,011</b>	<b>910</b>	<b>797</b>
<b>Total</b>	<b>10,116</b>	<b>9,411</b>	<b>8,638</b>	<b>8,104</b>	<b>7,686</b>

As of September 30, 2006, the Bank's estimated market share of deposits in the Argentine financial system, considering deposits raised in Argentina only, was 6.22%, compared with 6.06% at the end of the prior quarter and 5.90% a year before.

Considering only private-sector deposits, the Bank's estimated deposit market share reached 8.43% as of September 30, 2006, compared with 7.94% and 8.09% as of September 30, 2005 and June 30, 2006, respectively.

Table X Market Share (*)	Percentages				
	FY 2006			FY 2005	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
Total Deposits	6.22	6.06	6.05	5.92	5.90
Private Sector Deposits	8.43	8.09	8.16	7.94	7.94
Total Loans <sup>(1)</sup>	8.83	9.00	9.40	9.80	9.82
Loans to the Private Sector	7.41	7.23	7.78	7.33	7.24

(\*) 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.

The Bank's other financial liabilities decreased by Ps.2,161 million from September 30, 2005, mainly reflecting the significant repayment of financial assistance from the Argentine Central Bank and the payment of maturing foreign debt principal installments (negotiable obligations due on 2007 and 2010 and Galicia Uruguay's debt).

Table XI Other Financial Liabilities	In millions of pesos				
	FY 2006			FY 2005	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
<b>Argentine Central Bank</b>	<b>6,300</b>	<b>6,273</b>	<b>6,742</b>	<b>8,612</b>	<b>8,872</b>
Financial Assistance	2,719	2,763	3,331	5,315	5,686
Advance to Purchase the Hedge Bond	3,580	3,509	3,410	3,297	3,185
Other	1	1	1	-	1
<b>Foreign Banks and International Entities</b>	<b>858</b>	<b>775</b>	<b>773</b>	<b>762</b>	<b>718</b>
<b>Negotiable Obligations <sup>(1)</sup></b>	<b>3,643</b>	<b>3,918</b>	<b>3,814</b>	<b>3,795</b>	<b>3,670</b>
<b>Other <sup>(2)</sup></b>	<b>2,308</b>	<b>1,911</b>	<b>2,088</b>	<b>1,987</b>	<b>2,010</b>
<b>Total</b>	<b>13,109</b>	<b>12,877</b>	<b>13,417</b>	<b>15,156</b>	<b>15,270</b>

(1) Includes subordinated negotiable obligations.

(2) 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 September 30, 2006, the Bank had 1.2 million deposit accounts, reflecting an increase of approximately 123 thousand accounts from a year before. Likewise, the number of credit cards reached 3.9 million at the end of the quarter, 35.8% higher than the 2.9 million credit cards managed a year before (see the "Additional Information" table).

## ASSET QUALITY

The Bank's non-accrual loan portfolio decreased by Ps.372 million or 57.1% between September 30, 2005 and September 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 2.44% of total loans as of September 30, 2006, compared to 6.23% as of September 30, 2005. Considering only the private-sector loan portfolio, the non-accrual portfolio decreased to 3.98% of total loans to the private sector as of September 30, 2006, from 12.28% a year before.

The allowance for loan losses represented 2.77% of total loans and 4.51% of loans to the private sector, compared with 5.08% and 10.02%, respectively, as of September 30, 2005. The coverage of the non-accrual loan portfolio with allowances for loan losses reached 113.26% and the coverage with guarantees was 21.86%. The combined coverage of non-accrual loans with allowances and guarantees was 135.12%.

The coverage with allowances for loan losses of the non-accrual loan portfolio plus the portfolio classified in category “2.b” was 107.1% as of June 30, 2006. Loans classified in 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. 16 million as of the same date.

*In millions of pesos, except percentages*

<b>Table XII</b> <b>Loan Portfolio Quality</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
<b>Non-Accrual Loans (*)</b>	<b>279</b>	<b>272</b>	<b>439</b>	<b>382</b>	<b>651</b>
- With Preferred Guarantees	56	58	57	58	367
- With Others Guarantees	5	7	6	7	30
- Without Guarantees	218	207	376	317	254
<b>Allowance for Loan Losses</b>	<b>316</b>	<b>321</b>	<b>404</b>	<b>428</b>	<b>531</b>
<b>Non-Accrual Loans to Total Loans (%)</b>	<b>2.44</b>	<b>2.47</b>	<b>4.13</b>	<b>3.49</b>	<b>6.23</b>
<b>Non-Accrual Loans to Private-Sector Loans (%)</b>	<b>3.98</b>	<b>4.08</b>	<b>7.11</b>	<b>6.77</b>	<b>12.28</b>
<b>Allowance for Loan Losses to Total Loans (%)</b>	<b>2.77</b>	<b>2.91</b>	<b>3.80</b>	<b>3.91</b>	<b>5.08</b>
<b>Allowance for Loan Losses to Private-Sector Loans (%)</b>	<b>4.51</b>	<b>4.82</b>	<b>6.54</b>	<b>7.58</b>	<b>10.02</b>
<b>Allowance for Loan Losses to Non-Accrual Loans (%)</b>	<b>113.26</b>	<b>118.01</b>	<b>92.03</b>	<b>112.04</b>	<b>81.57</b>
<b>Non-Accrual Loans with Guarantees to Non-Accrual Loans (%)</b>	<b>21.86</b>	<b>23.90</b>	<b>14.35</b>	<b>17.02</b>	<b>60.98</b>

(\*) *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.16 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	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
<b>Allowance for Loan Losses at the Beginning of the Quarter</b>	<b>321</b>	<b>404</b>	<b>428</b>	<b>531</b>	<b>586</b>
Changes in the Allowance for Loan Losses					
Provisions Charged to Income <sup>(*)</sup>	18	35	53	21	6
Provisions Reversed	(7)	(21)	(3)	(2)	(44)
Charge Offs	(16)	(97)	(74)	(122)	(17)
Monetary Effect					
<b>Allowance for Loan Losses at Quarter End</b>	<b>316</b>	<b>321</b>	<b>404</b>	<b>428</b>	<b>531</b>
<b>Charge to the Income Statement</b>					
Provisions Charged to Income	18	35	26	20	6
Direct Charge Offs	1	1	1	2	1
Bad Debts Recovered	(7)	(6)	(6)	(12)	(8)
Provisions Reversed <sup>(**)</sup>	(7)	(21)	(3)	(2)	(44)
<b>Net Charge to the Income Statement</b>	<b>5</b>	<b>9</b>	<b>18</b>	<b>8</b>	<b>(45)</b>

(\*) 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	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
<b>Non-Accrual Portfolio <sup>(*)</sup></b>	<b>312</b>	<b>304</b>	<b>499</b>	<b>462</b>	<b>731</b>
- With Preferred Guarantees	59	62	65	66	377
- With Other Guarantees	8	10	9	10	33
- Without Guarantees	245	232	425	386	321
<b>Allowance for Credit Losses</b>	<b>340</b>	<b>344</b>	<b>436</b>	<b>465</b>	<b>567</b>
<b>Non-Accrual Portfolio to Total Credit (%)</b>	<b>2.46</b>	<b>2.50</b>	<b>4.29</b>	<b>3.87</b>	<b>6.43</b>
<b>Non-Accrual Portfolio to Private-Sector Credit (%)</b>	<b>3.76</b>	<b>3.90</b>	<b>6.97</b>	<b>6.95</b>	<b>11.77</b>
<b>Allowance for Credit Losses to Total Credit (%)</b>	<b>2.68</b>	<b>2.83</b>	<b>3.75</b>	<b>3.90</b>	<b>4.99</b>
<b>Allowance for Credit Losses to Private-Sector Credit (%)</b>	<b>4.10</b>	<b>4.42</b>	<b>6.09</b>	<b>7.00</b>	<b>9.13</b>
<b>Allowance for Credit Losses to Non-Accrual Portfolio (%)</b>	<b>108.97</b>	<b>113.16</b>	<b>87.37</b>	<b>100.65</b>	<b>77.56</b>
<b>Non-Accrual Portfolio with Guarantees to Non-Accrual Portfolio (%)</b>	<b>21.47</b>	<b>23.68</b>	<b>14.83</b>	<b>16.45</b>	<b>56.09</b>

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

## CAPITALIZATION AND LIQUIDITY

As of September 30, 2006, the Bank's consolidated computable capital exceeded by Ps.898 million the Ps.1,056 million minimum capital required. This excess was Ps.1,037 million as of September 30, 2005.

The variations in the capital requirements between September 30, 2006 and September 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*

<b>Table XV</b> <b>Consolidated Regulatory Capital</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
<b>Minimum Capital Required (A)</b>	<b>1,056</b>	<b>1,032</b>	<b>1,125</b>	<b>881</b>	<b>803</b>
Allocated to Financial Assets	500	472	454	437	390
Allocated to Fixed Assets	144	144	141	138	138
Allocated to Other Assets	43	43	41	40	40
Allocated to Market Risk	13	16	17	17	24
Allocated to Interest-Rate Risk	91	92	161	87	50
Allocated to Lending to the Public Sector	265	265	311	162	161
<b>Computable Capital (B)</b>	<b>1,954</b>	<b>1,891</b>	<b>1,933</b>	<b>1,885</b>	<b>1,840</b>
Core Capital	1,393	1,398	1,410	1,207	1,213
Supplemental Capital	704	677	707	807	785
Deductions	(146)	(190)	(195)	(152)	(169)
Additional Capital – Market Variation	3	6	11	23	11
<b>Excess over Required Capital (B) - (A)</b>	<b>898</b>	<b>859</b>	<b>808</b>	<b>1,004</b>	<b>1,037</b>
<b>Total Capital Ratio (%)</b>	<b>16.70</b>	<b>16.61</b>	<b>17.07</b>	<b>20.78</b>	<b>21.48</b>

As of September 30, 2006, the Bank’s unconsolidated liquid assets (held by the Bank’s Argentine operation) represented 46.75% of the Bank’s transactional deposits and 18.53% of its total deposits in Argentina. Including government securities available, at their market value, the latter ratio was 24.21%.

<b>Table XVI</b> <b>Liquidity in Argentina (unconsolidated)</b>	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
Liquid Assets <sup>(*)</sup> as a percentage of Transactional Deposits	46.75	42.61	36.47	47.87	56.76
Liquid Assets <sup>(*)</sup> as a percentage of Total Deposits	18.53	18.09	16.01	22.22	25.63

*(\*) 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](http://www.cnv.gov.ar)) and the Buenos Aires Stock Exchange ([www.bolsar.com](http://www.bolsar.com)). In addition, the Argentine Central Bank ([www.bcra.gov.ar](http://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 <sup>(\*)</sup>**

	<i>In millions of pesos</i>				
	<b>FY 2006</b>			<b>FY 2005</b>	
	<b>3<sup>rd</sup> Q</b>	<b>2<sup>nd</sup> Q</b>	<b>1<sup>st</sup> Q</b>	<b>4<sup>th</sup> Q</b>	<b>3<sup>rd</sup> Q</b>
Cash and Due from Banks	1,627.8	1,333.7	1,244.0	1,039.9	993.2
Government and Corporate Securities	3,458.1	4,242.9	4,166.4	5,964.2	5,534.6
Net Loans	11,100.2	10,709.1	10,235.6	10,507.7	9,922.7
Other Receivables Resulting from Financial Brokerage	7,122.3	6,114.7	6,602.1	6,123.5	6,868.3
Equity Investments in Other Companies	71.1	69.4	80.0	90.6	90.3
Bank Premises and Equipment, Miscellaneous and Intangible Assets	1,220.8	1,191.0	1,171.8	1,163.9	1,174.1
Other Assets	681.6	692.9	650.7	566.4	502.2
<b>Total Assets</b>	<b>25,281.9</b>	<b>24,353.7</b>	<b>24,150.6</b>	<b>25,456.2</b>	<b>25,085.4</b>
Deposits	10,430.7	9,719.9	8,945.9	8,437.7	8,041.7
Other Liabilities Resulting from Financial Brokerage	12,330.3	12,101.4	12,663.2	14,413.7	14,575.0
Subordinated Negotiable Obligations	779.2	775.4	753.7	742.6	694.7
Other	307.3	337.7	376.0	422.1	351.4
Minority Interests	62.4	56.2	51.8	50.9	47.0
<b>Total Liabilities</b>	<b>23,909.9</b>	<b>22,990.6</b>	<b>22,790.6</b>	<b>24,067.0</b>	<b>23,709.8</b>
<b>Shareholders' Equity</b>	<b>1,372.0</b>	<b>1,363.1</b>	<b>1,360.0</b>	<b>1,389.2</b>	<b>1,375.6</b>
<b>Foreign-Currency Assets and Liabilities</b>					
- Assets	7,368.0	7,289.5	7,095.8	6,795.9	6,604.0
- Liabilities	7,006.6	6,771.7	6,631.1	6,509.7	6,224.6
- Net Forward Purchases/(Sales) of Foreign Currency <sup>(1)</sup>	(277.0)	(230.4)	(252.5)	(248.3)	-

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

(1) Recorded off-balance sheet.

**SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA (\*)**

	<i>In millions of pesos</i>				
	FY 2006			FY 2005	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
<b>FINANCIAL INCOME</b>	<b>484.8</b>	<b>553.6</b>	<b>640.0</b>	<b>663.5</b>	<b>550.7</b>
- Interest on Loans to the Financial Sector	0.5	0.6	0.6	0.6	0.6
- Interest on Overdrafts	20.6	15.9	12.2	11.6	11.1
- Interest on Promissory Notes	51.5	48.2	42.8	33.6	34.0
- Interest on Mortgage Loans	18.9	16.3	14.4	14.0	18.9
- Interest on Pledge Loans	1.9	4.1	3.8	3.3	2.8
- Interest on Credit-Card Loans	65.2	65.4	60.9	61.6	55.3
- Interest on Other Loans	27.0	22.7	20.0	14.5	8.5
- Net Income from Government and Corporate Securities	41.3	79.9	79.4	125.4	51.6
- Interest on Other Receivables Resulting from Financial Brokerage	50.1	43.5	43.0	43.5	40.4
- Net Income from Secured Loans - Decree No.1387/01	43.6	42.6	51.9	53.2	51.9
- CER Adjustment	124.6	179.6	275.9	274.6	250.2
- Other	39.6	34.8	35.1	27.6	25.4
<b>FINANCIAL EXPENSES</b>	<b>418.0</b>	<b>456.8</b>	<b>555.3</b>	<b>504.1</b>	<b>449.1</b>
- Interest on Current-Account Deposits	5.1	5.4	6.3	4.6	4.4
- Interest on Savings-Account Deposits	1.1	1.0	0.7	1.1	1.2
- Interest on Time Deposits	89.0	66.2	51.6	46.0	37.8
- Interest on Financing from the Financial Sector	1.1	1.4	1.6	1.6	1.0
- Other Interest	65.8	63.3	85.5	91.7	90.9
- Interest on Other Liabilities Resulting from Financial Brokerage	77.3	80.0	82.9	71.6	67.5
- CER Adjustment	122.1	182.5	267.0	265.2	228.4
- Other	56.5	57.0	59.7	22.3	17.9
<b>GROSS FINANCIAL MARGIN</b>	<b>66.8</b>	<b>96.8</b>	<b>84.7</b>	<b>159.4</b>	<b>101.6</b>
<b>PROVISIONS FOR LOAN LOSSES</b>	<b>20.6</b>	<b>34.5</b>	<b>29.5</b>	<b>21.2</b>	<b>14.5</b>
<b>INCOME FROM SERVICES, NET</b>	<b>171.9</b>	<b>157.2</b>	<b>147.0</b>	<b>145.2</b>	<b>130.5</b>
<b>ADMINISTRATIVE EXPENSES</b>	<b>246.2</b>	<b>217.3</b>	<b>208.3</b>	<b>214.5</b>	<b>194.2</b>
- Personnel Expenses	126.0	117.8	104.3	106.0	97.4
- Directors' and Syndics' Fees	1.5	0.8	0.9	1.5	0.7
- Other Fees	8.3	8.9	6.2	10.0	6.6
- Advertising and Publicity	25.3	12.3	20.8	21.0	18.7
- Taxes	12.7	10.8	10.6	10.9	9.1
- Other Operating Expenses	54.7	51.1	51.2	50.1	47.4
- Other	17.7	15.6	14.3	15.0	14.3
<b>MINORITY INTERESTS RESULTS</b>	<b>(6.3)</b>	<b>(5.5)</b>	<b>(5.1)</b>	<b>(3.9)</b>	<b>(4.9)</b>
<b>INCOME FROM EQUITY INVESTMENTS</b>	<b>3.0</b>	<b>(9.3)</b>	<b>(5.7)</b>	<b>-</b>	<b>2.5</b>
<b>NET OTHER INCOME</b>	<b>55.0</b>	<b>30.7</b>	<b>2.0</b>	<b>(34.3)</b>	<b>12.5</b>
<b>INCOME TAX</b>	<b>14.8</b>	<b>15.0</b>	<b>14.3</b>	<b>17.1</b>	<b>11.9</b>
<b>NET INCOME</b>	<b>8.8</b>	<b>3.1</b>	<b>(29.2)</b>	<b>13.6</b>	<b>21.6</b>

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

**ADDITIONAL INFORMATION**

	FY 2006			FY 2005	
	3 <sup>rd</sup> Q	2 <sup>nd</sup> Q	1 <sup>st</sup> Q	4 <sup>th</sup> Q	3 <sup>rd</sup> Q
<b>Mutual Funds</b> (in millions of pesos) <sup>(*)</sup>	<b>361.5</b>	<b>344.0</b>	<b>351.1</b>	<b>296.7</b>	<b>273.4</b>
<b>Physical Data</b> (Number of)					
<b>Employees</b>	<b>7,484</b>	<b>7,256</b>	<b>6,939</b>	<b>6,735</b>	<b>6,469</b>
<b>Branches</b>	<b>343</b>	<b>341</b>	<b>330</b>	<b>328</b>	<b>323</b>
Bank Branches	233	233	225	225	225
Regional Credit-Card Companies Offices	110	108	105	103	98
<b>Deposit Accounts</b>	<b>1,188,062</b>	<b>1,129,326</b>	<b>1,100,198</b>	<b>1,110,426</b>	<b>1,065,205</b>
<b>Credit Cards</b> <sup>(1)</sup>	<b>3,909,846</b>	<b>3,628,855</b>	<b>3,381,667</b>	<b>3,131,599</b>	<b>2,878,777</b>
<b>Inflation and Exchange Rate</b>					
Retail Price Index (%) <sup>(**)</sup>	2.09	1.94	2.90	3.13	2.63
Wholesale Price Index (IPIM) (%) <sup>(**)</sup>	1.29	2.58	2.30	2.37	4.45
CER Coefficient (%) <sup>(**)</sup>	1.65	2.65	2.96	3.04	2.41
Exchange Rate (Pesos per US\$) <sup>(***)</sup>	3.1043	3.0848	3.0808	3.0315	2.9125

(1) As of the first quarter of FY 2006, the calculation method was changed for all quarters, including past quarters.

(\*) 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

The Ordinary and Extraordinary shareholders' meeting held on October 11, 2006 resolved to increase the capital stock of the Bank in an amount up to Ps.100 million nominal value, by the issuance of up to 100 million ordinary (common), book-entry, Class "B" shares, with one vote per share and a nominal value of Ps.1 per share, establishing that the maximum amount of the capital stock increase will represent 21.34% of the Bank's capital stock before the issuance and 17.59% of its capital stock following the issuance.

The subscription for the new shares can be made, at the option of the subscriber, in cash or by exchange of negotiable obligations due on 2010, 2014 and 2019 issued by the Bank (together referred to herein as the "Negotiable Obligations"). As a valuation of the Negotiable Obligations is legally required, to determine the value at which they will be received, the shareholders' meeting approved the Board of Directors' proposal to request, for each negotiable obligation, two valuations by experts, and to take the lower value between the average of such valuations and the face value net of amortization –in accordance with Resolution No.466 of the National Securities Commission (*Comisión Nacional de Valores* or "CNV")–. In addition, the shareholders granted the Board of Directors the power to update these values, in accordance with the methodology approved in the meeting, to the closest date to the beginning of the subscription period, given that these values must be approved by the CNV within the process of authorization of the new shares public offering. In each case, accrued interest payable in cash, from the maturity date of the last coupon until the end of the preemptive rights subscription period, or any other period that may be determined by the regulators, will be added to the value resulting from the above mentioned methodology.

For the conversion into pesos, the currency exchange rate was fixed at Ps.3.0670 to US\$1.00, in accordance with Resolution No.466 of the CNV.

The issuance premium was fixed by the shareholders' meeting in an amount that, added to the nominal value of the share, will represent a subscription price equal to the weighted-average of the quotation value of the Bank's share on the Buenos Aires Stock Exchange for the twenty business days prior to the date of determination of the subscription price, in which there has been a quotation of the Bank's share. The determination of the subscription price, within the limits and applying the methodology indicated in the shareholders' meeting, was delegated to the Board of Directors. The subscription price will be informed on the business day before the beginning of the subscription period. Previously, a reference price will be informed.

The shareholders meeting resolved that the term for the exercise of the preemptive and accretion rights will be ten calendar days, starting and ending on a business day, and that no offer to third parties will be made with respect to those shares that were not subscribed in exercise of the preemptive and accretion rights.

#### Financial Trusts

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

*In millions of pesos*

	<b>Tarjetas Cuyanas Trust III</b>	<b>Galicia Prendas Comerciales I</b>	<b>Tarjeta Naranja Trust III</b>	<b>Galicia Leasing I</b>
Issue date	07.26.06	08.07.06	08.15.06	10.03.06
Estimated Due Date of the Certificates of Participation	04.15.09	02.15.11	09.20.08	05.15.11
Underlying assets	\$22.4	\$86.6	\$139.3	\$150.0
Debt Securities Issued	\$20.2	\$80.6	\$128.9	\$139.5
Certificates of Participation	\$2.2	\$6.0	\$10.4 <sup>(1)</sup>	\$10.5

*(1) Not for public offering.*

### **Galicia Uruguay**

Galicia Uruguay created a program for the issuance of negotiable obligations for an amount of up to US\$ 108.1 million, in order to convert its privately issued negotiable obligations due on 2011 into public securities and, also, offer the holders of transferable time-deposit certificates the possibility to exchange these certificates for such public securities. On October 17, 2006, Banco Galicia Uruguay issued its Series I Negotiable Obligations under the program, for US\$ 48.5 million.

### **Other Equity Investments**

In October 2006, the Bank sold and transferred its shares in Inversora Nihuiles S.A. and Inversora Diamante S.A., which represented 12.5% of the total votes and shares of these companies, for an aggregate amount of US\$ 9.3 million.

## **FINANCIAL SYSTEM AND REGULATORY CHANGES**

### **Profit Distribution**

By means of Communiqués “A” 4589 and “A” 4591, issued on September 29 and November 8, 2006, the Argentine Central Bank modified the criteria by which a financial institutions determines if it can distribute profits, by establishing that profits can be distributed up to the positive amount that results from deducting from retained earnings the reserves that may be legally and statutory required, as well as the following items: i) the difference between the book value and the market value of a financial institution’s portfolio of public sector assets, (ii) the amount of the asset representing the losses from *amparo* claims and (iii) any adjustment required by the external auditors or the Argentine Central Bank that has not been recognized.

In addition to be able to distribute profits, a financial institution must comply with the capital adequacy rule, with the minimum capital requirement and the regulatory capital calculated, to the only purpose of determining its ability to distribute profits, by deducting from its assets and retained earnings all the items mentioned in the paragraph above, as well as the asset recorded in connection with the minimum presumed income tax and the amounts allocated to the repayment of long-term debt instruments computable as core capital. In addition, in the same calculation, a financial institution will not be able to compute: (i) the temporary reductions in the capital required to cover the exposure to the public sector and interest rate risk (governed by the “alfa 1” and “alfa 2” coefficients) that are currently in effect, as well as any other regulatory forbearance that the Argentine Central Bank may provide, affecting minimum capital requirements, computable regulatory capital or a financial institution’s capital adequacy and (ii) the amount of profits that it wishes to distribute.

Profit distribution will require the prior authorization of the Argentine Central Bank, which intervention will have the purpose of verifying that the aforementioned requirements have been fulfilled.

### **Regulatory Capital**

By means of Communiqué “A” 4576, issued on September 28, 2006, the Argentine Central Bank authorized financial institutions, effective October 1, 2006, to compute long-term debt instruments as “core” (or “basic” or “Tier I”) regulatory capital, as long as such instruments fulfill the following requirements: (i) their maturity exceeds 30 years, (ii) their recognized return per year does not exceed the issuer financial institution’s accounting profits, and (iii) their unpaid services are not cumulative. The amount of such debt instruments computable as core capital will not exceed a percentage of core capital equal to 30% until December 31, 2008, which decreases until 15% on January 1, 2013. Amounts of debt instruments computable as core capital in excess of these limits will be computable as supplemental capital. In addition, debt instruments with residual time to maturity of less than 10 years and those for which unpaid services are cumulative will also be computable as supplemental capital. The aggregate amount of debt instruments and subordinated debt instruments computed as supplemental capital cannot exceed 50% of core capital.

### **Minimum Cash Requirement**

By means of Communiqué “A” 4580, issued on September 29, 2006, the Argentine Central Bank suspended, effective October 1, 2006, the application of the schedule previously established by Communiqué “A” 4549, to gradually exclude the possibility of computing cash (in local and foreign currency) in vaults, in transportation and in armored truck companies, ATMs and branches, for compliance with minimum cash requirements. In accordance with Communiqué “A” 4580, 67% of these items amount will continue to be computed for compliance with minimum cash requirements.

In addition, through Communiqué “A” 4573, dated September 17, 2006, and effective October 1, 2006, the rate above which remunerated demand deposits and other demand obligations in pesos are subject to a minimum cash requirement of 100%, was reduced from 50% to 35% of the private banks’ average BADLAR rate of the previous month.

### **Foreign Currency Net Global Position**

Through Communiqué “A” 4577, issued on September 28, 2006, and effective January 1, 2007, the Argentine Central Bank established that the negative foreign currency net global position –monthly average of the daily balances, converted into pesos at the reference exchange rate– should not exceed 15% of the regulatory capital of the preceding month. Until the end of 2006, the applicable limit is 30%. This Communiqué also clarified that participation certificates or debt securities issued by financial trusts and credit rights on ordinary trusts, in the corresponding proportion, when the trust’s underlying assets are foreign currency denominated.

*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](http://www.cnv.gov.ar)) and the Buenos Aires Stock Exchange ([www.bolsar.com](http://www.bolsar.com)). In addition, the Argentine Central Bank ([www.bcra.gov.ar](http://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.*