



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

	PAGE
<S>	<C>
Report of the Independent Accountants as of and for the fiscal years ended December 31, 2002 and 2001, the six months ended December 31, 2000 and the fiscal year ended June 30, 2000.....	F-2
Consolidated Balance Sheets as of December 31, 2002 and 2001.....	F-4
Consolidated Statements of Income for the years ended December 31, 2002 and 2001, for the six months ended December 31, 2000 and for fiscal year ended June 30, 2000.....	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2002 and 2001, for the six months ended December 31, 2000 and for the fiscal year ended June 30, 2000.....	F-9
Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2002 and 2001, for the six months ended December 31, 2000 and for the fiscal years ended June 30, 2000.....	F-11
Notes to the Consolidated Financial Statements.....	F-13

</TABLE>

REPORT OF THE INDEPENDENT ACCOUNTANTS

To the Chairman and Directors of
Grupo Financiero Galicia S.A.

We have audited the consolidated balance sheets of Grupo Financiero Galicia S.A. and subsidiaries at December 31, 2002 and 2001 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year ended December 31, 2002 and 2001, for the six-month period ended December 31, 2000 and of Banco de Galicia y Buenos Aires and subsidiaries for the year ending June 30, 2000, as well as their accompanying notes 1 to 40. These consolidated financial statements and notes are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in both Argentina and the United States and performed the auditing procedures required by the Banco Central de la Republica Argentina (the "Argentine Central Bank"). Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As mentioned in Note 2 and 38, the accompanying consolidated financial statements have been prepared in accordance with accounting rules prescribed by the Argentine Central Bank, which differ in certain respects from, and is a comprehensive basis of accounting other than, Argentine generally accepted accounting principles applicable to enterprises in general.

The presentation of the financial statements and notes thereto are presented in accordance with Argentine Central Bank rules that differ in certain material respects from U.S. GAAP and from disclosure requirements of the Securities and Exchange Commission. A description of these differences applicable for the year ended December 31, 2002 and 2001, for the six months ended December 31, 2000 and for the year ending June 30, 2000 are included in notes 24, 27, 31, 36 and 39 to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Financiero Galicia S.A. and subsidiaries at December 31, 2002 and 2001, and the results of operations, changes in shareholder's equity and cash flows for the year ended December 31, 2002 and 2001 and for the six-month period ended December 31, 2000 and the financial position of Banco de Galicia y Buenos Aires S.A. and subsidiaries at June 30, 2000, and the results of their operations, changes in shareholders' equity and cash flows for the fiscal year ended June 30, 2000, in conformity with rules prescribed by the Argentine Central Bank. Such rules prescribed by the Argentine Central Bank differ in certain respects from generally accepted accounting principles in the United States and from presentation and disclosure requirements of the Securities and Exchange Commission's regulations, as disclosed in notes 27 and 39 to the consolidated financial statements.

The accompanying consolidated financial statements as of December 31, 2002 and 2001 have been prepared assuming that Grupo Financiero Galicia S.A. will continue as a going concern. As mentioned in note 1 to the accompanying consolidated financial statements, the country of Argentina has been subject to a financial and economic crisis that caused significant measures to be taken by the Argentine Government beginning at the end of 2001 and continuing into 2003. Many of the measures adopted by the Argentine Government significantly affected the liquidity, solvency and profitability of the financial system as a whole and have adversely affected other businesses and individuals in Argentina. The Argentine Government and Central Bank have adopted additional measures designed to moderate such effects while fostering a restructuring of the financial system and attempting to stay the economic downturn. Regulations of the Argentine Government and Central Bank are being implemented and further regulations are being considered. In addition, the Company's most significant subsidiary (Banco de Galicia y Buenos Aires S.A., the "Bank"), comprising approximately 85.6% of the Company's total assets, has filed and received approval from the Argentine Central Bank, of a restructuring and rehabilitation plan, which call for among other things, certain restructuring on external debt and an increase in capital. It is uncertain whether the restructuring of the financial system as a whole, the other measures designed to stay the economic downturn and the Bank's rehabilitation and restructuring plan will be successful enough to allow the Company to continue its operations and meet its solvency and liquidity ratios required by the Argentine Central Bank. This situation and the financial outcome of the uncertainties and its possible impact on the recoverability of the Company's assets and the settlement of the Company's liabilities give rise to a substantial doubt that the Company can continue as a going concern. The consolidated financial statements as of December 31, 2002 do not include any adjustment that might reflect the outcome of these uncertainties.

PricewaterhouseCoopers

Buenos Aires, Argentina
February 17, 2003, except for note 1 and 37 as to which the date is June 17, 2003.



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 AS OF DECEMBER 31 2002 AND 2001

(Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

		GRUPO GALICIA	
		DECEMBER 31,	
		2002	2001
<S>	<C>		
ASSETS			
A.	Cash and due from banks		
	Cash.....	Ps. 248,056	Ps. 529,427
	Banks and correspondents.....	323,178	599,117
	Other.....	619	1,459
		Ps. 571,853	Ps. 1,130,003
B.	Government and corporate securities		
	Holdings of investment account securities.....	1,658,463	-
	Holdings of trading securities.....	7,614	127,872
	Unlisted government securities.....	145,410	143,283
	Investments in listed corporate securities.....	9,354	12,875
	Allowances.....	(6,815)	(253)
		Ps. 1,814,026	Ps. 283,777
C.	Loans		
	To the non-financial government sector.....	7,623,560	8,681,840
	To the financial sector.....	133,644	189,186
	To the non-financial private sector and residents abroad	4,499,938	12,103,589
	Overdrafts.....	225,023	804,033
	Notes.....	1,530,917	3,855,290
	Mortgage loans.....	856,495	3,269,754
	Pledge loans.....	189,879	834,599
	Consumer loans.....	118,948	578,332
	Credit card loans.....	579,889	1,859,055
	Others.....	408,478	568,347
	Accrued Interest and quotation differences receivable.....	603,218	388,735
	Document interest.....	(10,738)	(54,554)
	Unallocated collections	(2,171)	(2)
	Allowances.....	(1,667,300)	(1,041,206)
		Ps. 10,589,842	Ps. 19,933,409
D.	Other receivables resulting from financial brokerage		
	Argentine Central Bank.....	55,425	133,472
	Amounts receivable for spot and forward sales to be settled.....	1,905	389,061
	Securities receivable under spot and forward purchases to be settled.....	669	1,576,018
	Premiums on options bought.....	-	155
	Unlisted negotiable obligations.....	131,173	176,977
	Compensation to be received from the National Government.....	7,037,155	-
	Other.....	1,993,335	1,540,712
	Allowances.....	(43,954)	(16,302)
		Ps. 9,175,708	Ps. 3,800,093

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 AS OF DECEMBER 31, 2002 AND 2001

(Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

		GRUPO GALICIA	
		DECEMBER 31,	
		2002	2001
		<C>	<C>
<S>			
ASSETS (CONTINUED)			
E.	Assets under financial leases		
	Assets under financial leases.....	Ps. 24,885	Ps. 97,748
	Allowances.....	(2,439)	(1,116)
		Ps. 22,446	Ps. 96,632
F.	Equity investments in other companies		
	In financial institutions.....	3,456	2,246
	Other.....	152,281	179,412
	Allowances.....	(52,384)	(33,295)
		Ps. 103,353	Ps. 148,363
G.	Miscellaneous receivables		
	Debtors for sale of assets.....	655	1,616
	Other.....	357,488	886,454
	Accrued interest on debtors for sale of assets receivable.....	2	31
	Other accrued interest receivable.....	165	284
	Allowances.....	(29,121)	(55,071)
		Ps. 329,189	Ps. 833,314
H.	Fixed assets.....	565,545	618,899
I.	Miscellaneous assets.....	183,165	231,284
J.	Intangible assets		
	Goodwill.....	168,911	276,231
	Organization and development expenses.....	150,254	217,016
		Ps. 319,165	Ps. 493,247
K.	Unallocated items.....	23,627	67,669
	TOTAL ASSETS.....	Ps. 23,697,919	Ps. 27,636,690

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 AS OF DECEMBER 31, 2002 AND 2001

(Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

		GRUPO GALICIA	
		DECEMBER 31,	
		2002	2001
<S>	<C>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY			
L.	Deposits		
	Non-financial government sector.....	Ps. 7,758	Ps. 25,182
	Financial sector.....	2,921	38,476
	Non-financial private sector and residents		
	abroad.....	5,153,658	13,322,460
	Current accounts.....	717,102	1,848,428
	Saving accounts.....	558,995	3,212,579
	Time deposits.....	2,402,212	6,876,795
	Investment accounts.....	-	176,060
	Other.....	1,101,361	1,077,880
	Accrued interest and quotation differences		
	payable	373,988	130,718
		Ps. 5,164,337	Ps. 13,386,118
M.	Other liabilities resulting from financial		
	brokerage		
	Argentine Central Bank		
	Liquidity assistance loans	5,402,778	2,695,575
	Other.....	2,633,226	705,690
	Banks and international entities.....	3,157,185	1,642,837
	Unsubordinated negotiable obligations.....	3,434,596	1,833,115
	Amounts payable for spot and forward purchases		
	to be settled.....	2,115	1,391,242
	Securities to be delivered under spot and		
	forward sales to be settled.....	123,454	375,087
	Loans from domestic financial institutions.....	199,531	349,199
	Other.....	999,765	1,370,185
	Accrued interest and quotation differences		
	payable.....	276,829	82,663
		Ps. 16,229,479	Ps. 10,445,593
N.	Miscellaneous liabilities		
	Dividends payable.....	46	467
	Directors' and Syndics' fees payable.....	2,194	6,206
	Other.....	252,284	364,224
	Accrued adjustments and interest payable.....	6	11
		Ps. 254,530	Ps. 370,908
O.	Provisions.....	331,668	75,662
P.	Unallocated items.....	10,348	24,689
Q.	Minority interests.....	83,082	256,973
	TOTAL LIABILITIES.....	Ps. 22,073,444	Ps. 24,559,943
	SHAREHOLDERS' EQUITY	1,624,475	3,076,747
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY..	Ps. 23,697,919	Ps. 27,636,690

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
 FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS ENDED
 DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000.
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED		SIX-MONTHS	YEAR ENDED
	DECEMBER 31,		ENDED	JUNE 30,
	2002	2001	DECEMBER 31,	2000
<S>	<C>	<C>	<C>	<C>
A. Financial income				
Interest on cash and due from banks.....	Ps. 2,349	Ps. 63,184	Ps. 53,695	Ps. 103,317
Interest on loans granted to the financial sector.....	86,072	95,518	40,892	80,570
Interest on overdrafts.....	135,657	254,247	129,119	240,160
Interest on notes.....	218,903	1,375,700	650,295	1,184,884
Interest on mortgage loans.....	124,337	439,591	194,767	325,387
Interest on pledge loans.....	59,176	90,802	51,139	103,122
Interest on credit card loans.....	175,672	363,291	162,859	387,632
Interest on other loans.....	115,411	371,989	155,697	210,489
Interest income from other receivables resulting from financial brokerage.....	226,008	108,341	43,695	84,644
Net income from government and corporate securities.....	599,545	156,538	161,713	300,956
Net income from options.....	-	-	-	391
Net income from guaranteed loans - Decree No. 1387/01.....	221,796	70,867	-	-
Consumer price index adjustment.....	3,373,381	-	-	-
Others.....	409,257	165,728	147,882	253,730
	Ps. 5,747,564	Ps. 3,555,796	Ps. 1,791,753	Ps. 3,275,282
B. Financial expenses				
Interest on current accounts.....	17,413	52,354	-	-
Interest on savings accounts.....	8,074	36,976	25,348	54,608
Interest on time deposits.....	289,329	1,310,110	552,407	955,852
Interest on loans from the financial sector..	26,249	15,691	1,219	10,774
Interest expense from other liabilities resulting from financial brokerage.....	647,395	430,097	261,412	432,793
Other interest	1,591,499	84,858	19,974	35,593
Net loss on options.....	261	1,132	2,222	-
Consumer price index adjustment.....	1,719,656	-	-	-
Others.....	221,115	176,536	104,662	206,333
	Ps. 4,520,991	Ps. 2,107,754	Ps. 967,244	Ps. 1,695,953
C. Gross brokerage margin.....	1,226,573	1,448,042	824,509	1,579,329
Loan loss provision	1,634,328	999,798	270,171	544,939
D. Income from services				
In relation to lending transactions.....	141,166	326,870	127,046	138,549
In relation to borrowing transactions.....	148,590	260,577	123,824	244,478
Other commissions.....	14,287	101,302	41,775	59,054
Other.....	207,522	458,049	220,475	487,250
	Ps. 511,565	Ps. 1,146,798	Ps. 513,120	Ps. 929,331
E. Expenses for services				
Commissions.....	99,489	103,793	47,749	92,842
Other.....	39,935	108,450	47,531	88,793
	Ps. 139,424	Ps. 212,243	Ps. 95,280	Ps. 181,635

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
 FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS ENDED
 DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000.
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
F. Monetary result of financial brokerage.....	Ps. (1,425,319)	Ps. -	Ps. -	Ps. -
G. Administrative expenses				
Personnel expenses.....	491,738	693,575	340,763	648,041
Directors' and syndics' fees.....	3,208	35,121	26,047	80,159
Other fees.....	27,784	25,027	16,547	34,536
Advertising and publicity.....	15,236	54,060	33,002	60,356
Taxes.....	57,262	83,783	23,109	51,635
Other operating expenses.....	287,696	370,012	172,678	353,020
Other.....	56,401	96,571	47,304	99,487
	Ps. 939,325	Ps. 1,358,149	Ps. 659,450	Ps. 1,327,234
H. Monetary result of operating expenses.....	Ps. 20,819	Ps. -	Ps. -	Ps. -
Net (loss)/income from financial brokerage....	(2,379,439)	24,650	312,728	454,852
I. Minority interests.....	267,242	(21,967)	(13,779)	651
J. Miscellaneous income				
Net income on long term investments.....	-	34,656	-	-
Penalty interest.....	6,198	6,929	3,528	9,889
Loans recovered and allowances reversed.....	37,800	83,202	49,398	64,908
Consumer price index adjustment.....	1,115	-	-	-
Other.....	243,775	598,356	36,371	67,687
	Ps. 288,888	Ps. 723,143	Ps. 89,297	Ps. 142,484
K. Miscellaneous losses				
Net loss on long-term investments.....	51,522	-	9,714	11,973
Penalty interest and charges in favor of the Argentine Central Bank.....	640	107	341	730
Loan loss provision from miscellaneous receivables and other provisions.....	445,405	82,785	21,112	22,277
Consumer price index adjustment.....	22	-	-	-
Other.....	268,561	223,003	46,273	59,389
	Ps. 766,150	Ps. 305,895	Ps. 77,440	Ps. 94,369
L. Monetary Result of other operations.....	Ps. (161,680)	Ps. -	Ps. -	Ps. -
Net income before tax.....	(2,751,139)	419,931	310,806	503,618
M. Income tax.....	(65,847)	(157,677)	(114,405)	(162,141)
Net (loss)/income for the period before the Absorption.....	Ps. (2,816,986)	Ps. 262,254	Ps. 196,401	Ps. 341,477
Absorption subject to the Approval of the Annual Share-holders Meeting (*)	1,358,193	-	-	-
Net income for the year after the Absorption...	Ps. (1,458,793)	Ps. 262,254	Ps. 196,401	Ps. 341,477
Net income per common share before the absorption(basic and assuming full dilution)...	(2.579)	0.240	0.192	0.291
Net income per common share after the absorption (basic and assuming full dilution)...	(1.335)	0.240	0.192	0.291

</TABLE>

(*) Effect on the foreign currency position compensation,
 The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS
 ENDED DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income.....	Ps. (1,458,793)	Ps. 262,254	Ps. 196,401	Ps. 341,477
Adjustments to reconcile net income to net cash from Operating activities:				
Depreciation of bank premises and equipment and Miscellaneous assets.....	65,208	62,992	28,258	56,443
Amortization of intangible assets.....	167,165	109,968	45,243	91,558
Increase in allowances for loan and other losses, net of reversals.....	2,063,749	1,044,701	277,002	516,840
Equity (income) loss of unconsolidated subsidiaries.....	51,522	(11,488)	(6,269)	9,871
Loss on sale of premises and equipment.....	(59,430)	7,632	1,254	2,392
Accretion of discount on available-for-sale securities.....	-	(180,140)	(93,362)	(207,090)
(Gain) Loss on sales of available-for-sale securities.....	-	(2,058)	(878)	(19,175)
Decrease (Increase) in government securities - trading.....	-	(1,313,046)	519,645	395,657
Decrease (Increase) in other assets.....	415,502	385,402	13,365	378,960
(Decrease) Increase in other liabilities.....	(252,196)	2,183,508	187,761	(179,977)
Absorption subject to the Approval of the Annual Shareholders Meeting (*).....	(1,358,193)	-	-	-
Monetary loss.....	1,566,180	-	-	-
Consumer price index adjustment (CER).....	(1,616,489)	-	-	-
Unrealized foreign exchange gain.....	(512,421)	-	-	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES.....	Ps. (928,196)	Ps. 2,549,725	Ps. 1,168,420	Ps. 1,386,956
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:				
Decrease (Increase) in loans, net.....	2,591,053	1,035,465	(1,137,685)	(2,442,776)
Sale of Galtrust I Securities.....	-	-	102,497	-
Increase in investments in other companies.....	-	(57,691)	(92,320)	(34,337)
Cash dividends and capital repayments of available-for-sale securities.....	-	50,646	121,563	319,696
Sales of investments in other companies.....	-	59,394	3,655	4,889
Purchase of available-for-sale securities.....	-	(409,428)	(196,960)	(2,617,468)
Proceeds on available-for-sale securities.....	-	199,687	404,441	2,672,570
(Increase) Decrease in deposits at the Argentine Central Bank.....	(18,825)	2,960,529	(605,554)	(1,918,570)
Additions to bank premises and equipment, miscellaneous, and intangible assets.....	(63,724)	(421,064)	(112,773)	(279,940)
Proceeds of sales of premises and equipment.....	85,191	41,518	9,115	23,726
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES.....	Ps. 2,593,695	Ps. 3,459,056	Ps. (1,504,021)	Ps. (4,272,210)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:				
Cash dividends.....	-	(81,101)	(17,803)	(76,166)
Capital increase.....	-	12,030	245	-
Increase (Decrease) in deposits, net.....	(5,964,672)	(6,035,798)	352,026	1,950,919
Borrowings under credit facilities - long term.....	-	3,936,164	574,944	319,727
Payments on credit facilities - long term.....	(48,334)	(2,937,641)	(540,703)	(126,921)
Increase (Decrease) in short-term borrowings, net	3,367,777	(1,050,400)	135,002	234,211
Decrease (Increase) in repurchase agreements.....	1,102,847	(76,526)	(180,737)	218,580
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES.....	Ps. (1,542,382)	Ps. (6,233,272)	Ps. 322,974	Ps. 2,520,350

</TABLE>

(*) Effect on the foreign currency position compensation.
 The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE FISCAL YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS ENDED
 DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED	DECEMBER 31,	SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
INCREASE IN CASH AND CASH EQUIVALENTS NET (DECREASE).....	Ps. 123,117	Ps. (224,491)	Ps. (12,627)	Ps. (364,904)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR.....	1,130,003	1,354,494	1,367,121	1,731,076
MONETARY EFFECT ON CASH AND CASH EQUIVALENT.....	(681,267)	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR..	Ps. 571,853	Ps. 1,130,003	Ps. 1,354,494	Ps. 1,366,172
SUPPLEMENTAL DISCLOSURES RELATIVE TO CASH FLOWS:				
Interest paid.....	Ps. 816,261	Ps. 1,215,641	Ps. 681,259	Ps. 1,459,726
Income tax paid.....	-	62,691	63,818	140,410

The transfer of loans to the "Galtrust I" Financial Trust during the six-month period ended December 31, 2000, amounting to Ps.968,358 and to the "Galtrust II, III, IV and V" Financial Trusts during the year ended December 31, 2001 of Ps.521,203, and the swap of government debt instruments into "Secured Loans" amounting to Ps.2,332,799 did not require the movement of cash.

The amount of Ps.687,478 for the compensation, the amount receivable of Ps.7,037,155, for the compensation to be received from the National Government and the advance to be requested from the Argentine Central Bank for the subscription of the Hedge Bond, for Ps.2,468,345 did not require the movement of cash as well as the pesification effect due to Decree No.214/02.

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS ENDED
 DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

BANCO GALICIA

<TABLE>
 <CAPTION>

	CAPITAL STOCK	PAID IN CAPITAL	ADJUSTMENTS TO SHAREHOLDERS' EQUITY	PROFIT RESERVES	
				LEGAL	OTHER
<S> BALANCE AT JUNE 30, 1999	<C> Ps. 405,417	<C> Ps. 310,678	<C> Ps. 1,000,407	<C> Ps. 296,222	<C> Ps. 129
Distribution of retained earnings Approved by the shareholders' meeting					
- Legal reserve	-	-	-	65,793	-
- Reserve provided by the Bylaws	-	-	-	-	15
- Cash dividends	-	-	-	-	-
- Stock dividends of capitalisation of profits	63,245	-	74,909	-	-
Net income for the year	-	-	-	-	-
BALANCE AT JUNE 30, 2000	Ps. 468,662	Ps. 310,678	Ps. 1,075,316	Ps. 362,015	Ps. 144

</TABLE>

<TABLE>
 <CAPTION>

	UNREALIZED VALUATION DIFFERENCE (*)	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
Distribution of retained earnings Approved by the shareholders' meeting			
- Legal reserve	-	(65,793)	-
- Reserve provided by the Bylaws	-	(15)	-
- Cash dividends	-	(76,166)	(76,166)
- Stock dividends of capitalisation of profits	-	(138,154)	-
Net income for the year	-	341,477	341,477
BALANCE AT JUNE 30, 2000	Ps. -	Ps. 693,158	Ps. 2,909,973

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001, FOR THE SIX-MONTHS ENDED
 DECEMBER 31, 2000 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002)

GRUPO GALICIA

<TABLE>
 <CAPTION>

	CAPITAL STOCK	PAID IN CAPITAL	ADJUSTMENTS TO SHAREHOLDERS' EQUITY	PROFIT RESERVES	
				LEGAL	OTHER
<S> BALANCE AT JUNE 30, 2000	<C> Ps. 543,000	<C> Ps. 15,250	<C> Ps. 661,203	<C> Ps. 1,944	<C> Ps. 40,279
Capital increase approved by the extraordinary meeting of shareholders-held on May 16, 2000 (*)	549,407	64,001	726,532	-	-
Net income for the six-month period	-	-	-	-	-
BALANCE AT DECEMBER 31, 2000	Ps.1,092,407	Ps. 79,251	1,387,735	Ps. 1,944	Ps. 40,279
Distribution of retained earnings approved by the shareholders meeting held on March 15, 2001	-	-	-	-	-
-Legal Reserve	-	-	-	14,181	-
-Reserve provided by the Bylaws	-	-	-	-	196,597
-Cash dividends	-	-	-	-	-
Net income for the year	-	-	-	-	-
BALANCE AT DECEMBER 31, 2001	Ps.1,092,407	Ps. 79,251	Ps.1,387,735	Ps. 16,125	Ps.236,876
Adjustment retained earnings	-	-	-	-	-
Distribution of retained earnings approved by the shareholders meeting held on March 15, 2001	-	-	-	-	-
-Legal Reserve	-	-	-	13,113	-
-Reserve provided by the Bylaws	-	-	-	-	251,208
-Cash dividends	-	-	-	-	-
Net income for the year before the Absorption	-	-	-	-	-
ABSORPTION SUBJECT TO THE APPROVAL OF THE ANNUAL SHAREHOLDERS MEETING (*)	-	-	-	-	-
Transfer to net income of the Absorption, net	-	-	-	-	-
Net income after the Absorption	-	-	-	-	-
BALANCE AT DECEMBER 31, 2002	Ps.1,092,407	Ps. 79,251	Ps.1,387,735	Ps. 29,238	Ps.488,084

</TABLE>

<TABLE>
 <CAPTION>

	UNREALIZED VALUATION DIFFERENCE (*)	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
<S> BALANCE AT JUNE 30, 2000	-	Ps. 87,229	Ps. 1,348,905
Capital increase approved by the extraordinary meeting of shareholders- held on May 16, 2000 (*)	-	-	1,339,940
Net income for the six-month period	-	196,401	196,401
BALANCE AT DECEMBER 31, 2000	-	Ps. 283,630	Ps. 2,885,246
Distribution of retained earnings approved by the shareholders meeting held on March 15, 2001	-	-	-
-Legal Reserve	-	(14,181)	-
-Reserve provided by the Bylaws	-	(196,597)	-
-Cash dividends	-	(70,753)	(70,753)
Net income for the year	-	262,254	262,254
BALANCE AT DECEMBER 31, 2001	Ps. -	Ps. 264,353	Ps. 3,076,747
Adjustment retained earnings	-	6,521	6,521
Distribution of retained earnings approved by the shareholders meeting held on March 15, 2001	-	-	-
-Legal Reserve	-	(13,113)	-
-Reserve provided by the Bylaws	-	(251,208)	-
-Cash dividends	-	-	-
Net income for the year before the Absorption	-	(2,816,986)	(2,816,986)
ABSORPTION SUBJECT TO THE APPROVAL OF THE ANNUAL SHAREHOLDERS MEETING (*)	1,358,193	-	1,358,193
Transfer to net income of the Absorption, net	(1,358,193)	1,358,193	-
Net income after the Absorption	-	(1,458,793)	(1,458,793)
BALANCE AT DECEMBER 31, 2002	Ps. -	Ps. (1,452,240)	Ps. 1,624,475

</TABLE>

(*) Effect on the foreign currency position compensation.

The accompanying notes are an integral part of these consolidated financial statements

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

1. BASIS OF PRESENTATION, ACQUISITIONS, ESTIMATES AND UNCERTAINTIES

Grupo Financiero Galicia S.A. ("Grupo Galicia", the "Company" or "the Group") is a corporation organized under the laws of Argentina that acts as a holding company for Banco de Galicia y Buenos Aires S.A. ("Banco Galicia" or the "Bank") and its subsidiaries. Grupo Galicia was formed by the controlling shareholders of the Bank on September 14, 1999 to consummate an exchange of shares with the shareholders of Banco Galicia and establish Grupo Galicia as the Bank's holding company. Grupo Galicia was formed with two classes of shares: Class A shares, which are entitled to 5 votes per share, and Class B shares, which are entitled to 1 vote per share. To effect the exchange, Grupo Galicia offered to exchange Grupo Galicia Class B shares for all outstanding Banco Galicia Class B shares on a 2.5-for-1 basis and to exchange Grupo Galicia ADSs for all outstanding Banco Galicia ADSs on a 1-for-1 basis. The controlling shareholders retained all the Class A shares. As a result of the exchange, which was consummated on July 26, 2000, the Company became holder of 93.23% of the Bank's capital stock, and the remaining 6.77% remained as a minority interest in the Bank. At December 31, 2002 and 2001 the Company's interest in Banco Galicia was 93.59% as a result of open market purchases.

The consolidated financial statements of Grupo Galicia include the financial statements of the Bank, as the predecessor business for the year ended June 30, 2000 and the consolidated financial statements of Grupo Galicia as of December 31, 2002 and 2001 and for the six-month period ended December 31, 2000. The initial retained earnings balance reflected in the statement of changes in shareholders' equity at July 1, 2000, represents the participation of the controlling shareholders in the earnings of the Bank, net of certain incomes and expenses incurred by Grupo Galicia.

Banco Galicia is a private-sector commercial bank organized under the laws of Argentina which provides general banking services, mainly through its Argentine branches, to corporate and retail customers. As of December 31, 2001, Banco Galicia provided banking services through its branches in the United States (New York City) and Grand Cayman Island. As a consequence of the prolonged economic crisis that Argentina was suffering, that worsened in December 2001, and of the economic policy measures adopted by the government in 2002, the New York branch was closed as of January 30, 2003. The Bank's services included, until December 31, 2001, accepting deposits and granting loans in Argentine pesos and U.S. dollars. The end of the Convertibility regime in early 2002, the devaluation of the currency and the measures adopted by the government in 2002 have restricted Argentine banks' operations in U.S. dollars.

As a result of the political and economic crisis that Argentina experienced in late 2001 and in 2002 and the material and adverse effect that such crisis has had on the Bank and other financial institutions in Argentina, the Bank's future business activities, as well as the levels of such business activities may differ substantially at December 31, 2002 and 2001 as compared with previous periods.

Grupo Galicia consolidates the financial statements of Banco Galicia and its subsidiaries and all entities over which it has direct or indirect control. The consolidated financial statements also include Net Investment S.A. (and its subsidiaries), Sudamericana Holding S.A. (and its subsidiaries), Banco Galicia Uruguay S.A. (and its subsidiaries), Galicia Capital Markets S.A. (and its subsidiaries), Galicia Factoring y Leasing S.A., Galicia Warrants S.A., Galicia Valores S.A. Sociedad de Bolsa, AgroGalicia S.A., and Tarjetas Regionales S.A.. All significant intercompany transactions have been eliminated when consolidating.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

As of December 31, 2001, Banco Galicia maintained the controlling interest in Tarjeta Naranja S.A., Tarjeta Comfiar S.A., Tarjetas Cuyanas S.A. and Tarjetas del Mar S.A., all regional-credit-card issuing companies through its subsidiary Banco Galicia Uruguay S.A.

In the current year, as a result of Banco Galicia's capitalization, the Bank took direct control of Tarjetas Regionales S.A..

The December 31, 2002 financial statements of Tarjetas Regionales S.A., which were used for consolidation purposes, were previously consolidated with those of Tarjeta Naranja S.A., Tarjetas Cuyanas S.A., Tarjeta Comfiar S.A. and Tarjetas del Mar S.A., in which Tarjetas Regionales S.A. holds a controlling interest.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, as of the financial statement dates, and the reported amounts of revenues and expenses during the reporting periods. Since management's judgment involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates, which will have a positive or negative effect on future period results.

ARGENTINE ECONOMIC SITUATION AND ITS IMPACT ON GRUPO GALICIA'S ECONOMIC AND FINANCIAL POSITION

Argentina is in an economic situation that is mainly characterized by a major external debt burden, the government's default on most of its debt, a devaluation of the peso of approximately 240% since December 2001, the lack of available foreign or domestic credit both for the public and the private sectors, high interest rates, a significant decline in the financial system's deposit levels, country risk indicators far above normal averages and an economic recession that has lasted more than four years. This situation has led to a significant decrease in the demand for goods and services and a significant rise in the level of unemployment and to a great deal of uncertainty as to how and when the economic crisis will be stayed. In addition, this situation has led to many measures proposed by the Argentine Government that have contributed to an uncertain and unstable economic and financial system in the country. The potential effects on the Company and its customers from this economic crisis and from the related regulations of the Argentine Government causes there to be an uncertainty as to whether or not the Company will be able to continue to operate its business as a going concern. No adjustments have been made to these financial statements that reflect the outcome of these uncertainties.

As from December 3, 2001, the Argentine Government issued measures designed to restrict the free availability and circulation of cash and the transfer of foreign currency abroad. Subsequently, the Argentine Government declared the default of its external debt.

On January 6, 2002, the Argentine Government enacted Law 25,561 (Public Emergency and Foreign Exchange System Reform Law, the "Public Emergency Law") that involved profound changes to the prevailing economic model and the repeal of the Convertibility Law in force since March 1991. On February 3, 2002, the Argentine Government announced new economic measures through Decree No.214/02 (Restructuring of the Financial System), complemented by Decree No.410/02 dated March 1, 2002 and Decree No.260/02 (Exchange Regime) dated February 8, 2002 and Decree 905/02 dated May 31, 2002, substantially modifying some of the measures implemented by the Public Emergency and

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Exchange System Reform Law. These decrees have been modified by other decrees and complemented by regulations issued by various regulatory agencies and there is uncertainty about future changes, given that some of them are still pending issuance at the date on which these financial statements were prepared.

The impact generated by all these measures on the financial statements of the Bank as of December 31, 2002 was recognized according to the evaluations and estimates made at the date of preparing them. Actual results could differ from those evaluations and estimates. Therefore, the financial statements of the Bank may not report all the adjustments that could result from these adverse conditions or from future amendments to the existing legal and regulatory norms. Furthermore, at this time it is not possible to foresee the effect of future development of the Argentina's economy or its consequences on the economic and financial position of the Bank. Thus, any decision that must be made on the basis of these financial statements must take into account the effects of these measures and the financial statements must be considered in the light of these uncertain circumstances.

Listed below are some of the measures adopted by the Argentine Government:

FOREIGN EXCHANGE SYSTEM

On January 6, 2002, the Executive Branch established a dual exchange rate system, with an "official" market where the exchange rate was fixed at Ps.1.4 per US dollar for transactions subject to Argentine Central Bank approval and for import and export transactions, and another exchange rate for all other transactions that was to be freely determined by the market.

The remaining transactions relating to remittance or collection of foreign currency to or from abroad would be carried out on the free market. The initial exchange rate set for the official market was Ps.1.40 per U.S.\$1. Quotations on the free market would be set by supply and demand. On January 11, 2002 when the foreign exchange market was opened, Banco de la Nacion Argentina published the first quotation for the free market at Ps.1.60 per U.S.\$1 (selling rate) and Ps.1.40 per U.S.\$1 (buying rate).

On February 8, 2002 the Argentine Government issued Decree No.260/02 (Exchange Regime) establishing a single free foreign exchange market system as from February 11, 2002, through which all transactions involving the exchange of currency were to be carried at a rate of exchange to be freely agreed, observing the requirements to be laid down by the Argentine Central Bank.

As of December 31, 2002, despite a certain easing of the restrictions imposed on the foreign exchange market, the transfer of funds abroad to effect payments of principal of debts of a financial nature by financial institutions continued to require the prior approval of the Argentine Central Bank, except in the case of new indebtedness corresponding to transactions executed through the free foreign exchange market after February 2, 2002 and payment obligations with international credit agencies. In May 2003, this prerequisite was eliminated for financial institutions without financial assistance from the Argentine Central Bank for liquidity reasons.

On January 27, 2003, the Argentine Central Bank released Communique "A" 3872 and supplementary rules authorizing for 60 days the purchase of foreign currency for amounts in excess of the current limit of US\$ 150, provided it is used to settle debts in arrears as of February 10, 2002 and for a maximum amount equivalent to 5% of the due and payable foreign debt. The foreign currency acquired for such purpose is

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

to be deposited in a trust and may only be released either to settle those debts or to be traded on the exchange market with the prior approval of the Argentine Central Bank.

In May 2003, the foreign exchange market regulations were further relaxed. Effective May 6, 2003, through its Communique "A" 3944, the Argentine Central Bank provided for an additional easing of restrictions regarding both foreign trade and transfer of funds abroad.

LOANS TO THE NON-FINANCIAL PRIVATE SECTOR AND ASSETS UNDER FINANCIAL LEASES

a) Pursuant to the above mentioned Decree No.214/02, as from February 3, 2002, all debts with the financial system denominated in U.S. dollars or any other currency, except as mentioned in subsection b) below, whatever their amount and nature, were converted into pesos at the exchange rate of Ps.1 per U.S.\$1 or its equivalent in other currency. Furthermore, as from February 3, 2002, an inflation adjustment coefficient (known as "CER" and based on changes in the consumer price index) and a maximum interest rate as determined by the Argentine Central Bank was applied to these debts. Subsequently, decrees No.762/02 and No.1242/02 established that the CER coefficient was to be replaced by an adjustment coefficient based on the variation of salaries (known as "CVS") for certain loans to individuals, namely residential mortgages on property representing a borrower's sole family residence, personal loans up to Ps.12,000 and pledge loans up to Ps.30,000. The adjustment would be applicable beginning October 2002.

Subsequently, Law 25,642 approved on September 11, 2002, postponed the application of the CER coefficient to September 30, 2002, for all obligations of individuals or companies for Ps.400,000 or less. In the case of debtors of financial institutions, this amount will be considered on the basis of indebtedness in the financial system as a whole.

On January 9, 2003, Law 25713 was promulgated, which establishes modifications to the application of the CER and CVS adjusting indexes to credit operations. On that date, the National Executive Branch issued Decree 44/2003 leaving without effect the exemption from CER established by that law for borrowers who have a consolidated debt balance of less than Ps.100,000 in the financial system. The various universes subject to each adjusting index after the modifications introduced to legislation would be as follows:

Effective October 1, 2002, CVS shall be applied to:

- Mortgage loans secured by the sole family residence for an original amount less than or equal to US\$ 250,000, while those not falling after this exception will be adjusted applying the CER.
- Consumer loans for amounts less than US\$12,000.
- Pledge consumer loans for amounts less than US\$30,000.

CER shall be applied to:

- Loans which do not meet the conditions mentioned above. As established by the regulations published on January 9, 2003, all exceptions have been eliminated and the application of the adjusting indexes to all transactions subject to them being established as of February 3, 2002.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The amounts collected as a result of the application of previous regulations are to be reimbursed to customers, if necessary.

b) As established by Decree No.410/02, loans related to foreign-trade transactions granted by financial institutions and the credit card balances related to purchases made outside Argentina and obligations and contracts subject to foreign law were not included in the conversion into pesos at the rate of Ps.1 per U.S.\$1 established by article 1 of Decree No.214/02 and remained denominated in U.S. dollars.

As a consequence of the measures adopted by the Argentine Government, the Bank continues to restructure its commercial loan portfolio according to the current repayment ability of its customers.

PUBLIC SECTOR DEBT

Decree No.471/02 dated March 8, 2002, established that the obligations of the national, provincial and municipal public sectors outstanding as of February 3, 2002, denominated in U.S. dollars or any other currency, governed only by Argentine law, would be converted at an exchange rate of Ps.1.40 per U.S. dollar or its equivalent in other foreign currency and adjusted applying the CER coefficient. In addition, the obligations of the public sector converted into pesos as explained in the previous sentence would accrue interest at rates ranging from 2% to 5%, depending on the characteristics of the original debt. On August 28, 2002, Decree No.1579/02 established a voluntary exchange of all provincial government debt (including debt instruments that had been tendered in the swap regulated by Decree No.1387/01 for exchange for Secured Loans) for new national government bonds secured by 15% of the tax collection proceedings shared by the federal and the provincial governments. The new bonds will be peso-denominated, with a 16-year maturity, monthly capital amortization beginning after a 3-year period on March 4, 2005, capital adjustment by CER, a 2% annual interest rate and will be negotiable in exchanges and securities markets of Argentina. This exchange has not been completed yet.

The necessary steps concerning the swap of provincial debt were finalized in March 2003. To date the swap has not been fully completed, as the provincial legislative bodies are in the process of approving the agreements signed.

LOANS AND OBLIGATIONS OF THE FINANCIAL SECTOR

As established by Decree No.410/02, interbank loans in foreign currency outstanding at February 3, 2002 were converted into pesos at a rate of Ps.1.40 per US\$1 or its equivalent in other currencies, or at the single and free market exchange rate, as determined by the Argentine Central Bank depending on the type of operation. Through its Communique "A" 3507, the Argentine Central Bank established that the only obligations excluded from this pesification would be those originated in transactions with second-floor financial institutions in order to finance or prefinance customers' import and export transactions and expenses related to those transactions. These obligations would remain denominated in foreign currency and would be payable at the free exchange rate.

DEPOSITS AND OBLIGATIONS WITH THE PUBLIC AND PRIVATE SECTORS

Under the terms of Decree No.214/02, as from February 3, 2002, deposits and obligations in U.S. dollars or other foreign currencies in financial institutions were converted into pesos at the exchange rate of

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Ps.1.40 per U.S.\$1 or its equivalent in such other currency. Furthermore, restrictions imposed in December 2001 on the availability of deposits (the so called "corralito") were maintained for balances in peso-denominated current accounts and savings accounts, with certain exceptions, and it was established that time deposits both peso- and U.S. dollar-denominated and dollar-denominated deposits in savings accounts and current accounts would be restructured and returned to their owners in peso-denominated installments, with the amounts and due dates depending on the balances recorded. This restructuring was regulated by Resolution No.6/02 of the Ministry of Economy.

As from February 3, 2002, the CER coefficient and annual nominal interest rates of at least 2% began to be applied to restructured deposits that were originally dollar denominated, and those restructured deposits originated in peso-denominated deposits began to accrue an annual interest rate of at least 7%. On March 13, 2002, Decree No.494/02 established, among others, that owners of such deposits could opt to receive government bonds in substitution for them.

As per Resolution No.46/02 of the Ministry of Economy, depositors were offered the option described in the preceding paragraph up to and including April 30, 2002. This date was postponed and this first exchange was substituted by another one regulated by Decree No.905/02 passed on June 1, 2002, and complementary rules. Decree No.905/02 established a mechanism pursuant to which any depositor of restructured deposits and demand deposits, as well as all of those depositors that participated in the voluntary exchange regime previously established by Decree No.494/02, were initially given a 30-day option to exchange their deposits for new Argentine Government bonds the terms of which are set forth in Decree No.905/02. These were: a peso-denominated bond maturing in 2007 (Boden 2007) and two dollar-denominated bonds, maturing in 2005 and 2012 (Boden 2005 and Boden 2012), respectively. In the exchange that took place between July 16, 2002 and August 8, 2002, inclusively, approximately 24% of the financial system's restructured deposits were tendered. In the case of Banco Galicia this percentage amounted to approximately 36%.

Decree No.905/02 established that subscription by financial institutions of the government bonds to be offered to depositors had to be carried in pesos, through advances to be granted to them by the Argentine Central Bank. These advances had to be fully secured by public and private sector debt instruments held by financial institutions, in accordance to the provisions of article 15 of Decree No.905/02 (which established the assets included and their order of preference), except in the case of Boden 2012, which had to be acquired in the first place by delivering 9% National Government Bonds maturing 2002 ("Bonos Encaje").

Additionally, Decree No.905/02 established that non-exchanged restructured deposits would remain under the repayment schedule established by Resolution No.6/02 of the Ministry of Economy, as amended, but would be registered by each financial entity with the Caja de Valores S.A. ("Caja de Valores") and would constitute publicly negotiable instruments (known as "CEDROs") listed in self-regulated markets in Argentina. Holders of such certificates of restructured deposits would be able to apply such certificates to subscribe for initial public offerings of equity and debt securities authorized by the National Securities Commission (the "CNV") and listed on a stock exchange. Decree No.905/02 also established the possibility of using restructured deposits to repay loans granted by the same financial institution where the deposits were held, subject to the implementing regulations issued by the Argentine Central Bank.

Through Decree No.1836/02 dated September 16, 2002, that was regulated by Argentine Central Bank Communique "A" 3740, the Government announced a new exchange of deposits for government bonds.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The new exchange contemplates different options for holders of CEDROs or depositors that might have participated in the previous exchange of deposits for government bonds implemented by the government. Holders of CEDROs are able to voluntarily exchange their certificates for dollar-denominated bonds maturing in 2013 (Boden 2013), that are secured by the financial institution in which the deposit was made, and/or peso-denominated "Letras de Plazo Fijo" ("Time Deposit Bills") to be issued by financial institutions and that include an option granted by the Government to convert into U.S. dollars at the rate of Ps.1 per each Ps.1.40 adjusted by CER, at each amortization and coupon due dates, the amounts payable at those dates. The Time Deposit Bills have the same maturity as the Boden 2013 and their principal will be adjusted by CER. The period to exercise these options was initially set to expire on October 30, 2002, and was postponed up to and including December 12, 2002 and, subsequently, up to and including March 12, 2003. On March 11, 2003, Resolution No.146/03 of the Ministry of Economy postponed the closing date of the Canje II by 90 working days from the date previously established, until May 23, 2003.

In addition, Decree No.1836/02 established the possibility for holders of restructured deposits of up to Ps.7,000 (excluding the CER adjustment) to receive cash and allowed financial institutions to extend this possibility to holders of restructured deposits of up to Ps.10,000 (excluding the CER adjustment). Banco Galicia offered its customers this possibility.

Decree No.1836/02 opened the possibility for financial institutions to acquire the government bonds to be delivered to depositors, in exchange for Secured Loans and other public sector debt instruments held by financial institutions, i-e, those included in art.15 of Decree No.905/02, with the preference there established. The possibility of acquiring the government bonds to be delivered to depositors through advances granted by the Argentine Central Bank secured by the same assets mentioned in the previous sentence was maintained and the possibility of acquiring such bonds in cash was added for those cases where the amount of bonds to be delivered to depositors by a bank exceeds such bank's holdings of assets eligible to be exchanged for bonds or given as collateral of advances.

In addition Decree No.1836/02 allowed financial institutions to offer dollar-denominated government bonds maturing in 2006 to depositors having initiated judicial actions pending resolution, to recover their deposits.

Through its Resolution No.668/02 and effective December 2, 2002, the Ministry of Economy eliminated the restrictions still in force on the amounts that depositors were allowed to withdraw in cash from transactional deposit accounts (current and savings accounts). These measures meant the lifting of the "corralito."

On January 30, 2003 the Argentine Central Bank released Communique "A" 3875, which established new conditions for the early reimbursement of rescheduled deposits. Deposits may be reimbursed in advance provided that the financial institution is not receiving financial assistance from the Central Bank, and its liquidity ratios are not affected, at least in the short term. Financial institutions receiving assistance from the Central Bank may only agree to offer improved terms with the prior approval of the Superintendent of Financial and Exchange Institutions, provided they repay principal amounts of that assistance weekly, equivalent to the amount of the certificates of rescheduled deposits reimbursed as a result of the improvements made in the preceding calendar week, as established by Communique "A" 3877 dated February 6, 2003.

Continuing with the progressive freeing of restructured deposits ("corralon"), through Decree No.739/03 of April 1, 2003, regulated by Argentine Central Bank's Communique "A"3919, the Executive Power offered

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

holders of such deposits the possibility to request from financial institutions and the National Government, the reimbursement of their deposits, in conditions that varied depending on the amount of the deposit and its original currency of denomination. It established for restructured deposits of up to Ps.42 (US\$30 as of the date of the pesification), the repayment in cash and in pesos by financial institutions of an amount equal to the pesified principal amount of the original deposit adjusted by the CER plus interest, and the payment in dollar-denominated bonds maturing in 2013 (Boden 2013) of the difference between such amount and the amount in pesos equivalent to the original dollar amount of the deposit at an exchange rate equal to Ps.2.99 per US dollar (the exchange rate established for the transaction). For deposits of greater amounts, the repayment would be done through a free time deposit maturing in 90 or 120 days, depending on the restructured deposit amount. In the Bank's case, deposits for \$325 million (principal only) were presented for their freeing, while restructured deposits decreased by \$364 million equivalent to 45.3% of restructured deposits as of March 31, 2003. This percentage is similar to that of the financial system as a whole. Likewise, the Bank retained approximately 75% of the total of deposits originally constituted in dollars for up to US\$30 (or \$42) and in pesos.

The term set for exercising the options mentioned above expired on May 23, 2003.

Decree No.410/02 provided that deposits made by foreign banks or financial institutions with domestic financial institutions would not be converted into pesos at the Ps.1 to US\$1 exchange rate, as established by Decree No.214/02, provided that they be transformed into lines of credit effectively maintained and used for at least four years, in accordance with Argentine Central Bank regulations. In addition, the conversion into pesos did not include those obligations of the public and private sectors to grant sums of money in foreign currency, which are governed by foreign laws.

OTHER ASSETS AND LIABILITIES

Decree No.410/02 established that futures and option contracts, including those recorded in self-regulated markets and the accounts exclusively earmarked for the operations on those markets would not be converted into pesos at the Ps.1 to US\$1 exchange rate as established by article 1 of Decree No.214/02. Decree No.410/02 also established that:

a) Fiscal credit certificates issued in U.S. dollars or any other foreign currency within the framework of Decrees No.979/01, No.1005/01 and No.1226/01 and outstanding at February 3, 2002, would be converted into pesos at the exchange rate of Ps.1.40 per US\$1 or its equivalent in any other foreign currency.

b) The balances of accounts of financial institution in U.S. dollars or any other currencies at the close of operations at February 1, 2002, which may be computed to comply with legal reserve requirements, except for available currency, would be converted into pesos at the exchange rate of Ps.1.40 per U.S.\$1.

Through Decree No.992/02, forward contracts and options entered into under Argentine laws as of January 5, 2002, in which at least one of the parts is a financial institution, were converted into pesos at the rate of Ps.1.40 per U.S.\$1.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

BANKRUPTCY PROCEEDINGS

On January 30, 2002, Law 25563 on bankruptcy proceedings was enacted, which declared a production and credit emergency generated by the crisis affecting Argentina, to last until December 10, 2003. Below is a description of some of the measures adopted:

- a) Suspension for 180 days as from the effective date of that Law, of all mortgage, pledge and other foreclosures of whatever origin, including those ordered in chapter 11 type of reorganization proceedings ("concurso"), whether they be made extra judicially or in execution of judgment. (art.9 and 16)
- b) Suspension for 180 days of the bankruptcy ("quiebra") petitions filed, without prejudice to the possibility of applying the measures envisaged in article 85 of Law 24522 (prior Bankruptcy Law). (art. 11)
- c) Access to credit for individuals and companies in reorganization proceedings, for which the Argentine Central Bank would proceed to regulate the elimination of all restrictions and implement a rediscount line intended for those financial institutions that would provide credit assistance to such individuals and companies. (art.12)
- d) Financial institutions governed by Law 21526 (Financial Institutions Law) and supplementary rules would be granted a 90-day term to restructure their receivables, outstanding as of November 30, 2001, from financial system debtors through an agreement to be reached with each of them. (art. 15)
- e) Suspension for 180 days of all precautionary injunctions and prohibition of new ones, affecting property that is necessary for debtors to continue to carry their usual business. All extraordinary acts of disposition of property on the part of debtors would be null and void during the suspension period, unless there is an express agreement by creditors. (art. 16)

On May 15, 2002, Law 25589 was enacted. Among other things, this Law repealed the articles of Law 25,563 mentioned above and modified certain procedures established by Law 24522 and Law 25563. Article 16 provisions were replaced by the suspension for 180 days (subsequently this period was postponed) as from the effective date of this Law of:

- Auctions of real estate property that involve the home of the debtor and/or the goods and/or facilities used by the debtor in its commercial and/or productive activities or for the provision of services, ordered in foreclosure proceedings, in execution of judgments or in extrajudicial executions. Certain debts were excluded such as debts of a food support nature or derived from labor lawsuits;

-The execution of precautionary injunctions ordering the dispossession of property used by commercial, industrial or similar establishments for carrying out their business activities and necessary for them to operate.

In November 2002, when the 180-day suspension period expired, financial institutions agreed with the Executive Branch on a temporary suspension of foreclosures of security interests until the end of January 2003.

On February 4, 2003, Decree 204/2003 was issued, creating special emergency units, which are responsible for mediating between debtors and creditors for a term of 90 days commencing February 6, 2003.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Those units, will operate within the jurisdiction of the Ministry of Labor and the Ministry of Production, in cases where foreclosures of security interests have been sought on individuals or small and medium-sized companies, respectively, intervening at the request of debtors or creditors. Participation is voluntary and does not mean the suspension or interruption of judicial proceeding or extrajudicial foreclosures, as regulated by applicable rules.

These units still act as intermediaries for debtors and creditors .

On May 8, 2003, Congress approved a new law that suspended foreclosure proceedings on real estate property constituting the home of debtors for a 90 working-day term beginning on the date of the promulgation of the law, which occurred on June 3, 2003.

SUSPENSION OF THE APPLICATION OF SECTION 94, SUBSECTION 5 AND SECTION 206 OF LAW 19550 ON CORPORATIONS

Decree 1269/02 has suspended until December 10, 2003 the application of Section 94, subsection 5 of Law 19550 which establishes that a company must be dissolved due to the loss of its corporate capital. Section 206, which establishes the mandatory capital reduction when losses exceed reserves and 50% of the capital has been suspended until that date

LEGAL ACTIONS REQUESTING PROTECTION OF CONSTITUTIONAL GUARANTEES

As a result of the measures adopted by the government, a significant number of complaints have been filed against the national government and/or financial institutions by individuals and legal entities claiming that those measures are in breach of constitutional and other rights. The amounts that banks have had to pay to comply with judicial orders that require that banks pay deposits in their original currency of denomination (or the equivalent in pesos at the free exchange rate) have been significant and currently represent the main source of deposit loss for the financial system.

Decree No.214/02, as amended by Decree No.320/02, in turn amended and complemented by the Public Emergency Law and Decree No.676/02 (both of them published in the Official Gazette on April 26, 2002), applicable to all pending lawsuits and precautionary measures pending execution, whatever the date of the related court order may be, issued in judicial proceedings of whatever nature in relation to credits, debts, obligations, deposits or rescheduling of financial debts which may be deemed to be affected by the regulations of Law 25,561 and regulatory and complementary rules, has regulated the method of proceeding in those lawsuits and of admission and execution of provisional remedies that decree, for any reason or title, the material delivery of the pledged assets to the petitioner.

The government has attempted to stop judicial actions from continuing to erode the financial system's deposit base. On April 25, 2002, Law 25,587 was passed by Congress that prevents withdrawals from bank accounts based on legal actions that have not resulted in a final judgement. In addition, on July 23, 2002, Decree No.1316/02 was passed in order to suspend for 120 working days as from the Decree's effective date the execution of judicial orders, whether based on final judgements or not, associated to the recovery of deposits. These measures have restricted but not completely eliminated the reduction in bank deposit bases due to legal actions.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Article 17 of Decree No.1836/02 dated September 16, 2002, allowed financial institutions to offer dollar-denominated government bonds maturing in 2006 for the total or partial settlement of claims of holders of restructured deposits having initiated judicial actions, pending resolution as of the Decree's effective date, to recover their deposits and that might have given place to precautionary measures. The acceptance of the bonds by depositors is voluntary.

Financial institutions have requested from the government that they be compensated for the losses arising from the payment of deposits pursuant to judicial actions, as explained above, at the free market exchange rate, at values higher than the Ps.1.4 per U.S.\$1 established by government regulations for the conversion of bank assets and liabilities into pesos. As of the date of these financial statements, the government has not addressed this issue yet.

On March 5, 2003, the Argentine Supreme Court (the "Supreme Court") ruled on the lawsuit of the Province of San Luis against the Argentine Federal Government, concerning the claim of the reimbursement, in dollars or in pesos for an amount equivalent to the dollar amount at the free exchange rate, of a pesified dollar-denominated deposit that the Province of San Luis holds at Banco de la Nacion Argentina. In its ruling, the Supreme Court declared art. 2 of Decree No.214/02 unconstitutional (the article that had pesified the dollar-denominated deposits outstanding in the Argentine financial system) and ordered Banco de la Nacion Argentina to reimburse the Province of San Luis' deposit in dollars or in pesos for an amount equivalent to the original dollar amount at the free exchange rate. In its ruling, the Supreme Court established a 60-day term for the parties to convene or determine the manner and the terms of the reimbursement of the deposit. Since the parties were unable to reach an agreement within the established period, the issue will be resolved by the Supreme Court, which is pending at the date hereof.

As of April 30, 2003, court orders received by Banco de Galicia y Buenos Aires S.A. mandating the reimbursement of deposits in their original currency of denomination or at the free exchange rate amounted to Ps.14 million and U.S.\$474 million. At that date, in compliance with court orders requiring the reimbursement of deposits under penalty of search and/or seizure and/or crimes involving illegal retention of deposits and/or contempt, the Bank had paid the amounts of Ps.662 million and US\$ 89 million for the reimbursement of deposits in pesos and foreign currency.

As of the date of these financial statements, the Argentine Supreme Court is expected to rule on certain cases that will set up its final position regarding the constitutionality of the conversion of dollar-denominated deposits into pesos and the access restrictions imposed by the government to depositors.

The Supreme Court's ruling did not apply to individual depositors, and therefore, did not have an immediate effect on the financial system as a whole. The Supreme Court has not ruled on lawsuits concerning individual depositors. If the Supreme Court ruled favorably to the re-dollarization of restructured deposits currently outstanding in the financial system, the government could take measures to compensate financial institutions for the re-dollarization of their restructured deposits or, alternatively, could establish a compulsory exchange of these deposits for dollar denominated government bonds.

Meanwhile, the Government established the aforementioned freeing of the restructured deposits ("corralon") which have not been exchanged for government bonds in the different exchanges implemented in the past net of the amounts already paid back in accordance with the repayment schedule defined by the Ministry of Economy. Decree No.739/03 (published in the Official Gazette on April 1, 2003) established, for restructuring of deposits. For dollar-denominated deposits of up to Ps.42 (US\$30 as of the date of the

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

pesification), the decree permitted the demand of repayment in cash of an amount equal to the pesified principal amount of the original deposit adjusted by the CER plus interest. For pesos-denominated deposits, the deposit holder could request that the technical value of the CEDROs, as of the payment date, be credited to a demand account. For dollar-denominated deposits of amount greater than Ps. 42, the repayment would be done through a free time deposit maturing in 90 or 120 days, depending on the restructured deposit amount.

For any of the above mentioned deposits, the National Government will repay, through the issuance of dollar-denominated bonds maturing in 2013 (Boden 2013), the difference between the nominal amount of the deposit principal adjusted by the CER and the equivalent in pesos of the original dollar amount of the deposit at an exchange rate of Ps.2.98 per US dollar (the exchange rate established for the transaction).

Approximately 46.6% of eligible deposits in the financial system participated in this transaction, reducing the principal to approximately Ps.8 billion (approximately US\$2,7 billion), the restructured deposits remaining in the system.

Even though this measure reduced the probability of new demands being filed by depositors, there is still a possibility that new demands may be filed impacting the financial conditions of the financial institutions pursuant to judicial actions already filed. These measures also raise an uncertainty about the future decision of large depositors about whether or not to keep their 90- and 120-days free time-deposits within the financial system when they mature, a decision that could affect the system's deposit base in the near future.

COMPENSATION TO BE GRANTED TO FINANCIAL INSTITUTIONS

For the "asymmetric pesification" and its consequences

As provided for the Public Emergency Law and Decrees No.214/02, No.320/02, No.410/02, No.471/02, No.704/02, No.905/02 and No.992/02 and complementary ones, and Argentine Central Bank Communiques "A" 3467, 3507, 3561 and 3648 and complementary ones, a significant portion of banks' assets and liabilities denominated in foreign currency, which formed part of banks' net asset positions in foreign currency were converted into pesos at different exchange rates.

Decree No.214/02 provided for the compensation, through the issuance by the government of a bond to be delivered to financial institutions, of the losses that financial institutions would otherwise suffer as a result of the conversion of bank assets and liabilities into pesos at different exchange rates, the short foreign currency positions that resulted from such conversion and the devaluation of the peso. Decree No.494/02 established a methodology for the calculation of the amount of compensation and established that the government objective in providing such compensation was to cause financial institutions' shareholders' equity to return to the levels prior to the pesification, by compensating:

- the losses caused by the conversion into pesos of a significant portion of their liabilities at the Ps.1.40 per U.S. dollar, greater than the exchange rate of Ps.1 per U.S. dollar established for the conversion into pesos of a significant portion of its dollar-denominated assets. This would be achieved through the issuance and delivery of a peso-denominated Compensatory Bond maturing 2007 (Boden 2007).
- the currency mismatch generated by the compulsory pesification of different portions of financial institutions' assets and liabilities. This would be achieved through the conversion of the originally peso-

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

denominated Compensatory Bond into a dollar-denominated Compensatory Bond and, if necessary, through the subscription of a dollar-denominated Hedge Bond. For this the government established the issuance of dollar-denominated bonds maturing in 2012 (Boden 2012).

On June 1, 2002, the Argentine government passed Decree No.905/02 that replaced the provisions of Decree No.494/02 related to the methodology by which to calculate the amount of compensation to be received by financial institutions. Decree No.905/02 provided that the compensation to which a financial institution was entitled to, would be calculated by taking into account the imbalances generated by the government's pesification measures in the balance sheet of such financial institution's headquarters and branches located in Argentina as of December 31, 2001, limiting the provision of compensation on account of imbalances generated in the balance sheets of such institution's foreign branches and subsidiaries and local subsidiaries with complementary activities, exclusively to the effects of the conversion into pesos of such foreign branches' and subsidiaries' investments in Secured Loans. Therefore, the negative impact of the pesification of the private-sector assets of the Bank's foreign branches and subsidiaries (New York and Cayman branches and Galicia Uruguay) and local subsidiaries with complementary activities (mainly Tarjetas Regionales S.A. and Galicia Capital Markets S.A.), subject to Argentine Law, remained excluded from the compensation scope.

Argentine Central Bank's Communique "A" 3650 established the regulations necessary to implement the provisions of Decree No.905/02 in connection with the compensation of the negative effects of the conversion into pesos at different exchange rates of financial institutions' assets and liabilities and the resulting foreign currency mismatches left in their balance sheets. Argentine Central Bank's Communique "A" 3654 established July 29, 2002 as the last date on which financial institutions had to inform, to the Argentine Central Bank, the amounts of compensation to which they were entitled to, in accordance with the regulations in force at the moment. Banco Galicia complied with this requirement. However, subsequently, the Argentine Central Bank issued Communique "A" 3716, which modified such regulations and originated a new presentation to the Argentine Central Bank on September 16, 2002. For the Bank, the amount of compensation determined in accordance with the regulations in force at that time amounted to US\$787.5 million (Compensatory Bond) and U.S.\$618.2 million (Hedge Bond).

On October 28, 2002, Decree No.2167/02 was issued which modified Article 29 of Decree No.905/02 by incorporating into the calculation of the compensation amounts the private-sector assets and liabilities recorded in foreign branches and subsidiaries which were subject to the pesification provisions of Decree No.214/02 and complementary ones, but did not contemplate any modification regarding assets engaged in activities. Through Communiques "A" 3805 and "A" 3825, the Argentine Central Bank ruled the amendments of Decree 2167/02, by establishing a new reporting requirement, requiring financial institutions to report, prior to December 23, 2002, the compensation to which they were entitled under the new rules.

Variations in the compensation amounts due to the application of the latter decree and the above-mentioned Argentine Central Bank Communiques have been recognized in these financial statements. The total amount of the compensation approximates US\$2,254,027. This amount may be subject to changes arising from amendments to regulations or from presentations by customers under the terms of Communique "A" 3561 and supplementary rules, and is subject to the review and approval of the Argentine Central Bank. Furthermore, the Bank has submitted a letter to the Central Bank requesting authorization for the transfer of securities for an amount equivalent to the net effect of the compensation received

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

for the subsidiary Banco de Galicia Uruguay S.A., which is estimated at US\$435,000 (face values of Boden due 2012) as of December 31, 2002.

As of December 31, 2002, amounts in connection with the government's compensation includes:

The Ps.687,478 for the compensation received was recorded in Government securities Holdings in an investment account securities, and the amount receivable of Ps.7,037,155, in "Other receivables resulting from financial brokerage - Compensation to be received from the National Government."

The advance requested to the Argentine Central Bank for the subscription of the Hedge Bond, including the effect of Decree 2167/02, amounting to Ps. 1,725,072 in 2002 was recorded in "Other liabilities resulting from financial brokerage - Argentine Central Bank - Other". At December 31, 2002, the Hedge Bond liability with the Argentine Central Bank amounted to Ps.2,468,345 including CER and accrued interest.

The portion of the Bank's compensation received to cover the positive difference between the Shareholders' Equity as of December 31, 2001 and that resulting from adjusting the net foreign currency position at that date converted into pesos at the exchange rate of \$1.40 per US dollar, for Ps.1,451,285, stated in the year-end currency value, was reflected in the "Unrealized valuation difference" account, in the Shareholders' Equity, as provided for by Argentine Central Bank Communique "A" 3703. This criterion differs from professional accounting standards. Therefore, should the latter have been applied, the loss for the fiscal year -before the absorption envisaged in Communique "A" 3800 in Banco Galicia, would have decreased by that amount. The impact on Grupo Galicia's financial statements amounted to Ps.1,358,193 as of December 31, 2002. The conditions for financing the subscription of the " National government bonds in US dollars accruing interest at Libor 2012" have been specified in Section 29, subsection g of Decree 905/02 and contemplates the delivery by financial institutions of assets as security for at least 100 % of the advance received.

For the "asymmetric indexation" and legal actions related to the payment of deposits

In addition, financial institutions have requested to the government to be compensated for the losses generated to them by: 1) the payment of deposits pursuant to judicial orders at the free market exchange rate, which was greater than that established by the government for conversion into pesos of included financial institutions' assets and liabilities, and 2) the adjustment for inflation of included assets and liabilities by using different coefficients (CER vs. CVS) ("asymmetric indexation"). As of the date of issuance of these financial statements, the authorities have not taken any measures to compensate these issues. As previously mentioned, the Bank has presented several letters before the Ministry of Finance and the Argentine Central Bank addressing the need to deal with this situation.

Currently, a law project is at the consideration of Congress that contemplates to compensate financial institutions for the effects of the economic policy measures or facts generated by these measures described in the paragraph above. At the date hereof this project remains under discussion by Congress.

The difference between the amount paid as a result of the above-mentioned measures and the amount resulting from converting deposits at \$1.40 per US dollar, adjusted by applying the CER and interest accrued at the payment date, has been recorded in "Other receivables resulting from financial brokerage". As of December 31, 2002, that difference amounted to Ps.442,895. As of March 31, 2003 it has been recognized in Intangible Assets, as called for by Argentine Central Bank Communique "A" 3916.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

DEFERRAL OF THE DEDUCTION OF THE EXCHANGE DIFFERENCE FOR INCOME TAX PURPOSES

Foreign exchange losses caused by the devaluation of the peso on foreign currency assets and liabilities existing at the date of enactment of the Public Emergency Law and supplemental decrees (January 6, 2002) shall only be deductible from income tax in the proportion of 20% per annum in each of the first five fiscal years ending after the effective date of the Law.

TREATMENT ACCORDED TO EXTRAORDINARY ASSISTANCE GRANTED TO FINANCIAL INSTITUTIONS BY THE ARGENTINE CENTRAL BANK.

On March 28, 2003 the Argentine National Government issued Decree 739/03, which among other things, established the methodology to pay the advances received from the Central Bank.

On April 30, 2003, the Central Bank issued Communique "A" 3940 which ruled the Banks with outstanding advances from the Central Bank and with outstanding foreign debt to be refinanced. Based on this ruling, the Bank should submit a refinancing program for its foreign debt to the Central Bank for its approval before December 5, 2003. At the date of the issuance of these financial statements the Bank had not complied with this requirement.

In addition, the Central Bank issued Communique "A" 3941, covering the methodology to be followed by banks to repay the advances received from the Central Bank. In the Bank's case, the maturities of the Central bank advances will be matched with the current outstanding loans granted by the Bank to the National and Provincial government. The basic criterion of such methodology consists in balancing the cash flow and maturities of such government debtors with the Central Bank as creditor without exceeding 70 monthly instalments.

Lastly, on May 22, 2003, the Argentine National Government issued Decree 1262/03 which among other things appointed a new committee in-charge of complete the restructuring of the financial System ("Unit for the Restructuring of the Financial System"). Additionally, such Decree amended the above-mentioned instalments from 70 a maximum of to 120 months, if certain conditions are met.

SITUATION OF THE BANK

The situation described above affected Banco Galicia resulting in a lack of liquidity due to the significant decrease in deposits forcing the Bank to request financial assistance from the Argentine Central Bank.

As of April 30, 2003, the amount of deposits with Banco de Galicia y Buenos Aires S.A. in Argentina was approximately Ps.3.614.183, whereas the assistance received from the Argentine Central Bank to cover the temporary lack of liquidity amounted to Ps. 5.576.540.

GALICIA LIQUIDITY AND CAPITALIZATION PLAN

On March 21, 2002, the Bank submitted to the Argentine Central Bank the "Galicia Capitalization and Liquidity Plan (the "Plan"). The pillars of the Plan were the immediate restoration of the Bank's liquidity through the provision of cash in an amount sufficient to allow the Bank to reimburse a significant portion of its demand deposits without having to request financial assistance from the Argentine Central Bank; and a subsequent significant increase in its capitalization. The Plan also contemplated the undertaking of nego-

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

tiations with foreign creditors in order to restructure the Bank's external debt, the orderly wind down of the Bank's operating units abroad, and the streamlining of the Bank's organization and administrative expenses in order to adapt its operations to a level of activity that is lower than that experienced in the recent past. The Plan included the temporary exemption from compliance with certain technical ratios and the reduction of the charges or fines arising from any non-compliance incurred or to be incurred, before implementing the Plan and during its implementation, pursuant to the provisions of Law 21526 (Financial Institutions Law). The Plan was approved, by the Board of Directors of the Argentine Central Bank, on May 3, 2002, through its Resolution No.281.

LIQUIDITY

Initially the improvement in the Bank's liquidity was a result of:

- The securitization (and/or sale) of the Bank's mortgage and commercial loan portfolio for a total amount of Ps.400 million (in current pesos of May 2002), through the transfer of loans to, or the creation of trusts subscribed by, domestic financial institutions during April 2002.
- A loan from the Deposit Insurance Fund ("Fondo de Garantia de los Depositos") for the U.S. dollar amount equivalent to Ps.200 million (in current pesos of May 2002) at the exchange rate prevailing on the day prior to that of the disbursement (US\$64.5 million), with a five-year term and an interest rate equal to the 180-day LIBOR rate plus 300 basis points.
- A loan from the Fiduciary Fund for the Assistance to Financial Institutions and Insurance Companies ("Fondo Fiduciario de Asistencia a Entidades Financieras y de Seguros") for the US dollar amount equivalent to Ps.100 million (in current pesos of May 2002) at the exchange rate prevailing on the day prior to that of the disbursement (US\$32.3 million), with a three-year term and an interest rate equivalent to the 180-day LIBOR plus 400 basis points, with a floor of 8.07%.

In addition, a Ps.574 million (in current pesos of May 2002) loan from the Bank Liquidity Fund ("Fondo de Liquidez Bancaria") was restructured by extending its maturity to three years. This loan was canceled after the implementation of the Plan, by means of an advance from the Argentine Central Bank.

After the above mentioned initial infusion of cash, and in the context of the renegotiation of its external debt, between the implementation of the Plan and the date of these financial statements, the Bank has not required any financial assistance from the Argentine Central Bank.

NEW YORK BRANCH AND REPRESENTATIVE OFFICES ABROAD

The wind down of the Bank's operating units abroad included the "New York Branch Restructuring Plan", which was submitted to the U.S. Treasury's Office of the Comptroller of the Currency ("OCC") on March 22, 2002.

At the date of these financial statements, the New York Branch had concluded the restructuring of all its obligations with third parties and closed its operations.

The restructuring of the New York Branch's debt consisted in rescheduling its commercial debt amounting to US\$51,000 in the short term paying 20% of it in cash and transferring the remaining 80% to the Head

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Office of the Bank in Argentina. At the date of these financial statements the total amount of that debt had been settled. Also, of the total financial debt of approximately US\$237,000, of which US\$ 200,000 had been instrumented as two bonds of US\$ 100,000 each, US\$ 125,500 was rescheduled at the Head Office for a term of 5 years, with a grace period of 2 years, US\$ 68,900 was paid in cash and US\$42,600 was forgiven. Of total deposits of US\$30,000, the Branch paid in cash deposits for lower amounts totaling US\$12,500, and rescheduled US\$17,000 at the Head Office. The rest of the obligations and contingencies for letters of credit were transferred to the Head Office.

Furthermore, within the framework of this Plan, the offices in Sao Paolo (Brazil) and London (United Kingdom), as well as Galicia y Buenos Aires Securities (UK) Ltd., the company controlled by the Bank and organized in the United Kingdom, were closed down.

CAPITALIZATION

The Plan contemplates an increase in the Bank's capitalization, within the framework of the restructuring of the Bank's debt with its foreign creditors. The Plan considers the addition of basic and/or complementary capital through the subscription by foreign creditors of ordinary shares or subordinated debt, whether or not convertible into ordinary shares, at the option of the participants.

COST REDUCTION

Within the Plan's measures, the Bank made significant progress in the streamlining of its organizational structure and of its administrative expenses in order to adapt to the new economic and regulatory context of fiscal year 2002. For this, during 2002, the Bank reduced both its branch network and its staff level through a voluntary mechanism, and renegotiated all rental contracts, contracts with suppliers of systems, communication and other services. As a result, during fiscal year 2002, the Bank (on an unconsolidated basis) achieved savings of administrative expenses, excluding restructuring charges, of approximately Ps.330 million, as compared with the previous year's administrative expenses, representing a 34% decrease in real terms.

RESTRUCTURING OF THE HEAD OFFICE AND THE CAYMAN BRANCH DEBT

On June 12, 2002, the Bank announced the restructuring of all of the debt with foreign creditors of the Bank's Head Office in Argentina, which includes U.S.\$200 million in principal amount of negotiable obligations maturing in 2003. At the same time, the Bank announced that it had hired an international investment bank as advisor in the process.

With respect to the restructuring of the Head Office's and the Cayman Branch's foreign debt, the Bank has formally began negotiations with a steering committee that was recently established by the Bank's largest creditors. The Bank is currently progressing in the restructuring process and the definition of a repayment proposal.

The restructuring of the Bank's external debt is a complex process due to the amount, number of creditors and variety of debt instruments involved. In addition, the process is complicated by the uncertainty prevailing in Argentina in the political, economic and regulatory fields. This uncertainty has been especially detrimental for the financial system, that was particularly affected by the economic policy of the current administration.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

BANCO GALICIA URUGUAY S.A. AND BANCO DE GALICIA (CAYMAN) LTD.

Galicia Uruguay

The developments in Argentina, and most importantly the establishment of access restrictions to deposits in December 2001, resulted in the deterioration of the public's confidence in Argentine banks and impacted negatively on depositors' confidence in Galicia Uruguay, prompting a massive run on Galicia Uruguay's deposits beginning in mid-December 2001.

On February 6, 2002, Galicia Uruguay submitted a letter to the Central Bank of Uruguay informing it of its temporary lack of liquidity situation, which prevented it from continuing to face the withdrawal of deposits, and requesting financial assistance in order to preserve its ability to reimburse all of its deposits in an orderly manner and face the withdrawals, or the authorization to temporarily suspend its activities.

On February 13, 2002, the Central Bank of Uruguay resolved to appoint an intervener to oversee Galicia Uruguay's management and authorized the total suspension of its activities for a 90-day period, which was extended subsequently for an additional 60-day period. On June 10, 2002, Galicia Uruguay submitted to the Central Bank of Uruguay a proposal to restructure its liabilities. The proposal consisted of an initial cash payment in dollars equivalent to 3% of the credit balance of each creditor and, for the remaining balances and, at the creditors election, a time deposit or negotiable obligations issued by Galicia Uruguay, both maturing on September 2011, with principal amortization in nine annual installments (the first two for the 15% of the remaining balance and the following ones for 10% of such balance) and a 2% annual interest rate. On June 18, 2002, the Central Bank of Uruguay informed the Bank that it would not oppose any restructuring solution that the Bank would agree with Galicia Uruguay's depositors, subject to the proposal being accepted by at least 75% of the depositors. This percentage coincides with the minimum required by the Uruguayan Law to validate an extrajudicial agreement. On June 20, 2002, the Bank informed the Central Bank of Uruguay that it was offering a pledge of Galicia Uruguay's commercial loan portfolio as guarantee of the restructuring proposal presented on June 10, 2002.

The proposal was accepted by 7,067 account holders representing more than U.S.\$930 million in deposits over a total of U.S.\$1,176 million held in 12,271 accounts. Measured in terms of balances, this represents a percentage of acceptance of more than 79%.

On August 26, 2002, the judge in charge of the Court of Montevideo that oversees the case, accepted the steps taken by Galicia Uruguay in reaching an extrajudicial agreement and granted it a provisional moratorium that will extend until the end of the process. In addition, the Central Bank of Uruguay was designated by the above mentioned Court to verify that the legal majority had been obtained in the agreement. Such verification was satisfactorily concluded.

On December 23, 2002, the Court of Montevideo hearing the case approved the reorganization plan requested by Galicia Uruguay. In accordance with a resolution adopted by the Central Bank of Uruguay, as of January 9, 2003, Galicia Uruguay implemented a payment program, which contemplates the reimbursement of 100% of deposits in US dollars plus interest to investors. As agreed, the first step consists of an initial payment of 3% in cash to each holder of time, savings account and demand deposits as of February 13, 2002, as well as the delivery of transferable rescheduled time deposit certificates, as the case may be, issued by Galicia Uruguay.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

On January 9, 2003, Galicia Uruguay began the payment of the first installment contemplated by the extrajudicial agreement.

Banco Galicia (Cayman) Ltd.

Galicia Uruguay's situation has affected its subsidiary Banco Galicia (Cayman) Ltd. As a consequence, on July 19, 2002, at the request of said subsidiary, the Cayman Islands authorities have designated a provisional liquidator in order to allow a voluntary debt restructuring agreement to be reached between this subsidiary and its creditors. The restructuring of the liabilities of Banco Galicia (Cayman) Ltd., is currently in process.

In May 29, 2003 the proposal for the restructuring of its liabilities made to creditors was submitted before the Cayman Islands' Court.

Impact of Decree No.214/02 and complementary ones

The devaluation in Argentina and the "asymmetric pesification" of a portion of Galicia Uruguay's loans that were denominated in U.S. dollars but subject to Argentine Law, materially and adversely affected Galicia Uruguay's financial condition. As mentioned, this impairment was caused by the fact that Decree No.905/02 excluded from the calculation of the amounts of Compensatory and Hedge Bonds to which the Bank would be entitled the private-sector pesified assets held by the Bank's controlled companies with complementary activities and its foreign branches and subsidiaries. Decree No.2176/02 complemented the compensation calculation, by including in such calculation the private-sector assets held by foreign branches and subsidiaries.

In this context, the Bank has undertaken with Galicia Uruguay to take such necessary action in order to, in certain circumstances and with the prior consent of the Argentine Central Bank, make contributions to Galicia Uruguay that may be required to permit Galicia Uruguay to repay all of its restructured deposits. Such undertaken was subsequently amended by both parties to clarify that the direct and indirect legal effects resulting from the representations and obligations set forth in such undertaking and the enforceability of the rights assumed thereunder are subject to the prior restoration of the economic condition of the Bank and the repayment in full of any financial assistance provided by the Argentine Central Bank to the Bank. Management's intention is to continue the operations in Uruguay.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial statements presentation conform to the rules of the Central Bank of the Republic of Argentina (the "Argentine Central Bank") which prescribes the generally accepted accounting principles for all banks in Argentina (the "Argentine Banking GAAP") that differs in certain respects from generally accepted accounting principles of Argentina applicable to enterprises in general ("Argentine GAAP") (see note 38).

Certain of the required disclosures of the Argentine Central Bank have not been presented herein since they are not material to the accompanying financial statements. In addition, certain presentations and disclosures including the statement of cash flows have been included in the accompanying financial statements to comply with the Securities and Exchange Commission's regulations for foreign registrants.

The consolidated financial statements of Banco Galicia as of December 31, 2001 have been adapted to the same period of time of Grupo Galicia S.A. financial statements.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The following is a summary of significant policies followed in the preparation of the consolidated financial statements.

2.1 UNIT OF MEASUREMENT

The financial statements corresponding to the Argentine operations have been adjusted for inflation up to August 31, 1995. As from that date, in line with professional accounting standards and the regulatory bodies, the financial statements have been prepared without recognizing the changes in the purchasing power of the currency up to December 31, 2001. In line with Argentine Central Bank Communique "A" 3702, Resolution 240/02 of the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.) and Resolution 415/02 of the National Securities Commission, the recognition of the effects of inflation has been resumed in these financial statements since January 1, 2002. For comparative purposes prior periods presented have been restated applying the WPI rate from the period January 1, 2002 to December 31, 2002 (approximately 118.44%). To this end, the restatement method established by that Communique, which is in accordance with the guidelines of Technical Pronouncement No. 6 of the F.A.C.P.C.E. has been followed, considering that the accounting measurements originated prior to December 31, 2001 are stated in the currency value as of that date.

On March 25, 2003, Decree 664/03 rescinded the requirement that financial statements be prepared in constant currency, effective for periods on or after March 1, 2003 and, on April 8, 2003, the Argentine Central Bank issued the Communique "A" 3921 and the CNV issued resolution No. 443/03 discontinuing inflation accounting as of March 1, 2003.

2.2 FOREIGN CURRENCY

Foreign currency is stated at the U.S. dollar rate of exchange set by the Argentine Central Bank, prevailing at the close of operations on the last business day of each month.

Assets and liabilities valued in foreign currencies other than the US dollar will be converted into U.S.\$ using the swap rates communicated by the Argentine Central Bank's operations desk.

As established by professional standards and regulations prevailing in Argentina, the Bank recognized the effects of the devaluation of the Argentine peso as of January 1, 2002.

2.3 GOVERNMENT AND CORPORATE SECURITIES

Government securities mainly represent obligations of the Argentine and U.S. governments. Corporate securities included in this caption consist of quoted corporate equity securities and quoted debt securities. Corporate equity and debt securities are considered as held for trading purposes.

Realized and unrealized gains and losses on sales and interest income on government and corporate securities are included as "Net income from government and corporate securities" in the accompanying income statements.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

VALUATION OF GOVERNMENT SECURITIES UNDER ARGENTINE BANKING GAAP

Through its Communique "A" 2266 of November 1994, the Argentine Central Bank established the categories in which banks would be able to classify Argentine government securities listed on local or foreign capital markets. The categories established by the Argentine Central Bank were the following: "investment account", "available for sale" and "held for trading". The same Communique established the accounting valuation for the securities in each of these categories.

Government securities held by a bank and not classified in either of the two previous categories had to be classified as held for trading. These securities had to be marked to market, and any difference between book value and their market price and the end of each month had to be accounted for in a bank's income statement.

Effective January 7, 2003, Argentine Central Bank Communique "A" 3857 restricted the possibility of classifying securities as holdings in investment accounts, to those existing in the Bank's portfolio as of December 31, 2002.

Effective March 1, 1999, and through its Communiques "A" 2793, "A" 2859, and "A" 2898, the Argentine Central Bank:

- eliminated the available-for-sale category. As a consequence, beginning March 1, 1999, banks could only classify their securities either as investment account or held-for-trading securities.
- established that, with the elimination of the available-for-sale category, the balance of a bank's shareholders' equity account "Unrealized Valuation Difference" as of February 28, 1999, had to be reclassified under the shareholders' equity account "Retained Earnings".
- eliminated the limits to the time an investment portfolio had to be kept and the requirement of matching funding characteristics.

These rules did not modify the accounting for either investment account or held-for-trading securities.

Through Communiques "A" 3021 and "A" 3039, the Argentine Central Bank established that, effective March 1, 2000, investment account securities had to be valued at their acquisition cost increased at the end of each service period by the corresponding coupon rate. Through Communique "A" 3278, the Argentine Central Bank established that, effective June 1, 2001, the holdings incorporated as investment securities had to be valued at their acquisition cost increased by accruing their internal rate of return over the period elapsed since the date of inclusion of the securities in the investment account category.

On June 1, 2001, following the public offer made by the Republic of Argentina to holders of various series of its outstanding bonds to exchange them for new issues, the Bank exchanged eligible Argentine government securities and debt instruments ("Pagare a Tasa Variable", booked under loans) for new issues of identical or ones with higher book value.

The Bank has participated in the debt exchange transaction carried out by the National Government in line with Decree No.648/01 published on May 17, 2001 with respect to the government securities held in investment accounts, and received Argentine Global External Bonds with a face value of Ps.915,912 maturing in 2008 in exchange. The Company accounted for the new bonds at the carry-over basis of the bonds exchanged.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

These holdings include National Government Bonds accruing interest at Libor and maturing in 2012, received within the framework of Sections 28 and 29 of Decree 905/02 (see Note 1) recorded at their technical value. The treatment of the difference exceeding 20% between the market value and the carrying value mentioned above does not apply to these securities.

SECURED LOANS

Within the framework of Decree No.1387/01, the Bank has participated, on November 6, 2001, in the exchange of Argentine public-sector debt securities and loans, under the Promissory Note/Bond program, for new loans called Secured Loans. The main differences between the instruments received and those exchanged consisted of an extension of the amortization term which was 3 years for securities originally maturing up to December 31, 2010 and a reduction of the interest rate, which was set at 70% of the contractual rate, with a maximum rate of 7% per annum for fixed-rate transactions and a Libor rate plus 3% for floating rate loans. As established by article 20 of the above mentioned decree, the conversion was made at the nominal value, at a rate of exchange of Ps.1=U.S.\$1 and in the same currency as that of the converted obligation.

The Argentine Central Bank provided that the gain arising from the difference between the carrying value of the Secured Loans and the book value of the securities exchanged must be recorded in an asset adjustment account and credited to income on a monthly basis, in proportion to the term of each of the Secured Loans received.

As a result of the exchange transaction described above, as of December 31, 2002, Banco Galicia recorded Ps.4,811,474 in Secured Loans - Principal, which includes a gain of (Ps.91,543) resulting from the difference between the carrying value of the Secured Loans and the book value of the securities exchanged. This gain was recorded in an asset adjustment account.

In accordance with Decree 644 dated April 18, 2002, the principal changes are as follows:

- The conversion into pesos of the Secured Loans originally denominated in US dollars at the exchange rate of \$1.40 per US dollar, as established by Section 1 of Decree No. 471/02.
- The new interest rates to be accrued by those Secured Loans, as established by Section 3 of Decree 471/02.(see Note 1).

2.4 INTEREST INCOME (EXPENSE) RECOGNITION

Generally, interest income is recognized on an accrual basis using the linear (effective interest) method. For loans and deposits denominated in Pesos, with maturities greater than 92 days, interest is recognized on a compounded basis, which provides for an increasing effective rate over the life of the loan or deposit.

As of January 1, 1997, the Bank began offering time deposits to its customers where the interest paid is a product of two components:

- A fixed return where the interest expense is recognized under the effective interest method.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

- A variable return, which is indexed, linked. For this component the interest expense is recognized in accordance with the variation in the underlying index.

The Bank suspends the accrual of interest generally when the related loan is past due and the collection of interest and principal is in doubt. The suspension of interest corresponds to the loans classified as "with problems" and "deficient performances", or below under the Argentine Central Bank's classification rules. Accrued interest remains on the Bank's books and is considered to be part of the loan balance when determining the allowance for loan losses. Interest is recognized on a cash basis after reducing the balance of accrued interest, if applicable.

As indicated in Note 1, for the lending and borrowing transactions originally carried out in foreign currency and converted into pesos, the adjustment from the application of the CER was accrued at year end, where applicable.

2.5 FOREIGN EXCHANGE AND SECURITIES ACTIVITIES

The Bank enters into forward contracts to buy or sell currencies or securities at future dates. A receivable and a payable are reflected at the time of the agreement, which reflect the amounts of cash and currencies or securities to be exchanged at the closing date. The difference between the value of the receivable and payable at the original transaction date (premium) is deferred and amortized over the contract life.

The Bank enters into purchases and sales of government securities under agreements to resell or repurchase.

For investments sold under agreements to repurchase, the Bank records the sale of the securities and the amounts of cash and securities to be paid and received, respectively, at the initial transaction date. The premiums paid are deferred and amortized over the contract life.

For investments purchased under agreements to resell, the Bank records the purchase of the securities and the amounts of securities and cash to be paid and received, respectively, at the initial transaction date. The premiums received are deferred and amortized over the contract life.

The Bank purchases and sells foreign currencies on behalf of its customers, which will settle the next day. An asset or liability is reflected for the amounts due from or to the customer and a corresponding asset or liability is reflected for the currency to be exchanged.

2.6 ALLOWANCE FOR LOAN LOSSES

The Bank provides for estimated future possible losses on loans and the related accrued interest generally through the establishment of an allowance for loan losses. The allowance charged to expenses is determined by management based upon loan classifications, actual loss experience, current and expected economic conditions, delinquency aging, and an evaluation of potential losses in the current loan portfolio with specific attention to loans where any evidence that may negatively affect the Bank's ability to recover the loan and accrued interest is known.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

2.7 INVESTMENTS IN OTHER COMPANIES

Investments in Other Companies include equity investments in companies where a minority interest is held, including investments in infrastructure companies and utilities.

Under Argentine Banking GAAP, the equity method is used to account for investments where a significant influence in the corporate decision making process exists. Significant influence is considered to be present in one of the following situations:

- Ownership of a portion of a related company's capital granting the voting power necessary to influence the approval of such company's financial statements and profits distribution.
- Representation in the related company's Board of Directors or corporate governance body.
- Participation in the definition of the related company's policies.
- Existence of significant transactions between the company holding the interest and the related company (for example, when the former is the latter's only supplier or by far its most important client)
- .
- Interchange of senior officers among companies.
- Technical dependence of one of the companies on the other.

Permanent equity investments in companies where corporate decision are not influenced, in terms of the criteria listed above, are accounted for at the lower of cost or share of net book value of the investee.

2.8 FIXED ASSETS AND MISCELLANEOUS ASSETS

Fixed assets and miscellaneous assets are stated at cost. Depreciation of those properties, which were subject to the technical revaluation, is reflected in the statements of income.

The depreciation of fixed assets and miscellaneous assets is calculated, where appropriate, based on the revalued amounts of such assets using the straight-line method at rates based on the estimated useful lives of the related assets. The estimated useful lives are 50 years for properties, 10 years for furniture and fixtures and 5 years for others. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

The cost of maintenance and repairs is charged to income. The cost of significant renewals and improvements is added to the carrying amount of the respective fixed assets. The carrying amounts and accumulated depreciation allowances for assets sold or retired are eliminated from the respective accounts and gains or losses realized on disposition are reflected in the statements of income.

2.9 INTANGIBLE ASSETS

Intangible assets are stated at cost and are amortized on a straight-line basis over 120 months for goodwill and over a maximum of 60 months for organization and development costs. Organization and

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

development costs, in accordance with Argentine Central Bank rules, include compensation and severance payments to personnel affected by a restructuring.

Under Argentine Banking GAAP, goodwill is no longer recognized as an asset when it is estimated that amounts of future income will not be sufficient to absorb the amortization of goodwill or when there are other reasons to presume that the amount of an investment that has been made will not be recovered in full.

2.10 SHAREHOLDERS' EQUITY

Shareholders' Equity accounts have been restated following the procedure mentioned in point 2.1, except for the "Capital Stock" and "Paid in Capital" accounts, which have been stated at their original values. The adjustment stemming from the restatement of these accounts was allocated to the "Adjustments to Shareholders' Equity" account.

Income and expense accounts have been restated.

Monetary results of exposure to inflation were determined as follows:

- a. "Monetary result of financial brokerage" includes the result of exposure to inflation generated by assets and liabilities related to the usual period of brokerage activity between the supply and demand of financial resources.
- b. "Monetary result of operating expenses" includes the result of exposure to inflation generated by monetary assets and liabilities in pesos, related to administrative expenses, pursuant to Argentine Central Bank Communique "A" 3702.
- c. "Monetary result of other operations" includes the result of exposure to inflation generated by assets and liabilities not related to the financial brokerage activity.

Banco de Galicia y Buenos Aires S.A.'s income statement and statement of changes in shareholders' equity have been disclosed as in accordance with Communique "A" 3800 of the Argentine Central Bank. At the referendum of the shareholder's meeting, the Bank absorbed the loss for the year in advance, up to the limit of the balances recorded in retained earnings and unrealized valuation difference arising from the net foreign currency position.

2.11 PRESUMPTIVE MINIMUM INCOME TAX AND INCOME TAX

Effective 1998 and for the period of ten years a presumptive minimum income tax (PMIT) was established as a complementary component of the income tax obligation. PMIT consists in a minimum taxation, which assesses at the tax rate of 1% of certain productive assets. Ultimately tax obligation will be the highest of PMIT and income tax. For financial entities, the taxable basis will be 20% of their computable assets. If in a fiscal year, PMIT obligation exceeds income tax liability, the surplus will be available as a credit against future income tax.

During the year, Banco Galicia determined tax loss carryforwards. Therefore, the Bank was required to pay PMIT.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

During the year, Grupo Galicia and its non-bank subsidiaries adopted the liability method for accounting for deferred taxes.

2.12 STATEMENT OF CASH FLOWS

The consolidated statements of cash flows were prepared using the measurement methods prescribed by the Argentine Central Bank, but in accordance with the presentation requirements of Statement of Financial Accounting Standards No. 95: Statement of Cash Flows ("SFAS No. 95"). SFAS 95 establishes specific presentation requirements and additional disclosures but does not provide guidance with respect with the inflation adjusted financial statements. The effect of inflation restatements and foreign exchange gains and losses on cash flow related to financing and operating activities has been included in the line item "Monetary loss", and the effect of inflation on cash balances has been included in a separate line item after cash flows from investing activities.

2.13 RECLASSIFICATIONS

Certain balances from prior years have been reclassified to conform to the current year presentation.

3. RESTRICTED ASSETS

In accordance with Argentine Central Bank regulations, the Bank is required to maintain average monthly assets (for example, remunerated cash-balances in accounts with foreign correspondents, government securities purchased under agreements to resell with the Argentine Central Bank and Argentine Central Bank Liquidity Bills).

Since February 1, 2002, the assets computable for compliance with minimum cash requirements are cash and Argentine Central Bank accounts.

The required daily averages calculated on a monthly basis for the month ending on each balance sheet date were as follows:

<TABLE>
 <CAPTION>

	BANCO GALICIA	
	DECEMBER 31,	
	2002	2001 (1)
<S>	<C>	<C>
Peso balances.....	Ps. 134,719	Ps. -
Foreign currency balances.....	42,189	-

(1) The Argentine Central Bank determined that the minimum liquidity and reserve requirement balances would be computed on a quarterly basis beginning in January 2002. Under these new regulations there is no minimum liquidity requirement at December 31, 2001.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Certain of the Bank's other assets are pledged or restricted from use under various agreements. The following assets were restricted at each balance sheet date:

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Funds and securities pledged under various arrangements.....	Ps. 194,742	Ps. 881,521
Loans pledged under borrowing arrangements related to		
Equity investments in other companies (1).....	51,106	60,194
Deposits in the Argentine Central Bank, frozen under		
Argentine Central Bank regulations.....	4,691	3,838
New York Branch (funds, government securities and		
certificates of deposit)	-	63,471
Loans granted as collateral.....	5,705,961	10,529,759
Certificates of deposits	435	-
Total.....	Ps.5,956,935	Ps.11,538,783

</TABLE>

(1) The Bank has granted a senior pledge on all its shares in Correo Argentino S.A., in favor of the International Finance Corporation, the Inter American Development Bank (the "IDB") and a syndicate of local institutions, as collateral for financing granted to that company. The Argentine Central Bank through Resolution No.408 dated September 9, 1999 authorized this transaction. According to the contract signed, in the event of a deficit in funds, the Bank and the majority shareholder of Correo Argentino S.A. should hold the financial creditors harmless from any non-compliance as a result of such deficit. Under the terms of the contract, Correo Argentino S.A. should inform the Bank and Socma Americana S.A. of the existence of any deficit.

As a shareholder of the concessionaires of the water supply services, Aguas Argentinas S.A., Aguas Provinciales de Santa Fe S.A. and Aguas Cordobesas S.A., Banco Galicia and the other shareholders have committed to provide financial support to those companies if they were unable to fulfill the commitments they have undertaken with international financial bodies.

The IDB requested that the shareholders of Aguas Argentinas S.A. and Aguas Provinciales de Santa Fe S.A. grant loans to those companies. After the close of these financial statements, assistance was granted to Aguas Argentinas S.A. in the amount of US\$ 598.

4. INTEREST-BEARING DEPOSITS WITH OTHER BANKS

At December 31, 2002 and 2001, the overnight foreign bank interest-bearing deposits included in loans amounted to Ps.156,905 and Ps.373,357, respectively.

5. GOVERNMENT AND CORPORATE SECURITIES

The government and corporate securities classification set forth below was determined in accordance with Argentine Banking GAAP. There are no limits to the time an investment must be held and the matched funding requirement was eliminated.

The available-for-sale category was eliminated by the Argentine Central Bank effective March 1, 1999.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Securities classified as investment securities under Argentine Banking GAAP were classified as available-for-sale securities under U.S. GAAP. See Note 39 to the Consolidated Financial Statements.

Government and corporate securities held by the Bank consist of the following at the respective balance sheet dates:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	----- DECEMBER 31, -----	
	2002	2001
	-----	-----
<S>	<C>	<C>
Government Securities		
Quoted:		
Carried at market value		
Held for trading purposes:		
Government Bonds.....	Ps. 3,219	Ps. 312
Argentine Treasury Bonds.....	2,111	10,940
U.S. Government Bonds.....	-	107,089
Others.....	2,284	9,531
Total trading securities.....	Ps. 7,614	Ps. 127,872
Carried at amortized cost		
Held for investment purposes		
Government Bonds.....	687,478	-
Argentine Republic External Bills (*).....	970,985	-
Total investment securities.....	Ps. 1,658,463	Ps. -
Unquoted		
Fiscal Credit Certificate (*)	105,417	115,788
Government Bonds.....	6,204	-
Others.....	33,789	27,495
Less: Provision for devaluation.....	(391)	(253)
Total Unquoted securities.....	145,019	143,030
Total government securities.....	Ps. 1,811,096	Ps. 270,902
Corporate Securities		
Corporate shares.....	254	20
Negotiable obligations (quoted).....	9,100	11,763
Others.....	-	1,092
Less: Reserve for market valuation.....	(6,424)	-
Total corporate securities.....	Ps. 2,930	Ps. 12,875
Total government and corporate securities.....	Ps. 1,814,026	Ps. 283,777

</TABLE>

(*) Government securities collateralized by future tax payments.

6. LOANS

The lending activities of the Bank consist of the following:

Loans to the non-financial public sector: represent loans to the federal and provincial governments of Argentina.

Loans to the financial sector: represent loans to banks and financial entities.

Loans to the non-financial private sector and residents abroad: include the following types of lending:

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Overdrafts - short-term obligations drawn on by customers through overdrafts. Also, prefinancing of exporters and other customers in connection with documents evidencing the future receipt of cash.

Notes - endorsed promissory notes, discounted and purchased bills and factored loans.

Mortgage loans - loans to purchase or improve real estate and collateralized by such real estate or commercial loans secured by real estate.

Pledge loans - loans where collateral is pledged as an integral part of the loan document.

Credit card loans - loans to credit cards holders.

Consumer loans - loans to individuals.

Others - includes mainly placements in foreign banks - short-term deposits in foreign banks.

Under Argentine Banking GAAP, the Bank must disclose the composition of the loan portfolio by non-financial public sector, financial sector and non-financial private sector and residents abroad. Additionally, the type of guarantee on non-financial private sector loans, which corresponds to the type of collateral, pledged on the loans (preferred guarantees related to a recorded right of first lien), is also required to be disclosed. The classification of the loan portfolio in this regard is as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Non-financial public sector.....	Ps. 7,623,560	Ps. 8,681,840
Financial sector (Argentine)	133,644	189,186
Non-financial private sector and residents abroad		
With preferred guarantees.....	1,501,312	4,539,800
With other guarantees.....	518,506	1,675,280
Unsecured.....	2,480,120	5,888,509
	12,257,142	20,974,615
Allowance for loan losses (see Note 7)	(1,667,300)	(1,041,206)
Total.....	Ps. 10,589,842	Ps. 19,933,409

</TABLE>

The Bank also records its loan portfolio by industry segment. The following industry segments comprised the most significant loan concentrations at December 31, 2002 and 2001, respectively:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Financial services industry.....	1.09%	3.11%
Public sector.....	62.20%	41.39%
Agriculture and livestock.....	3.76%	6.48%
Consumer.....	8.95%	21.11%

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

During fiscal year 2000, the Bank granted loans to the Bank's related parties including related officers and consolidated companies. Total loans outstanding to these persons at June 30, 2000 amounted to Ps.142,835.

As of December 31, 2000 the loans outstanding to these persons amounted Ps.151,867 and the charge from June 30, 2000 to December 31, 2000 reflects payments amounting to Ps.242,932 and advances of Ps.251,964.

The total loans outstanding at December 31, 2001 amounted Ps.232,285, and the change from December 31, 2000 to December 31, 2001 reflects payments amounting to Ps.463,656 and advances Ps.544,074.

The total loans outstanding at December 31, 2002 amounted Ps. 123,837, and the change from December 31, 2001 to December 31, 2002 reflects payments amounting to Ps. 20,705 and advances 14,773. Furthermore, there were adjustments of CER and foreign exchange difference of Ps. 23,432 on the above-mentioned portfolio.

Such loans were made in the ordinary course of business at normal credit terms, including interest rate and collateral requirements, and, in management's opinion, represent normal credit risk.

7. ALLOWANCE FOR LOAN LOSSES

The activity in the allowance for loan losses for the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 is as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA		BANCO GALICIA	
	YEAR ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEARS ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
Balance at beginning of year.....	Ps. 1,041,206	Ps. 590,875	Ps. 571,879	Ps. 586,045
Allowance charged to income.....	1,585,694	914,040	251,733	525,956
Prior allowances reversed.....	-	(2,001)	(2,905)	(3,386)
Inflation effect.....	(656,540)	-	-	-
Loans charged off.....	(303,060)	(461,708)	(229,832)	(536,736)
Balance at end of the period/year.....	Ps. 1,667,300	Ps. 1,041,206	Ps. 590,875	Ps. 571,879

</TABLE>

The inflation effect represents the monetary gain from incurring Allowance for loan losses adjusted to constant Argentine Pesos of December 31, 2002.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Certain loans, principally small loans, are charged directly to income and are not reflected in the activity in the allowance for loan losses. The "Loan loss provision" in the accompanying income statements includes:

<TABLE>
<CAPTION>

	GRUPO GALICIA		BANCO GALICIA	
	YEAR ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEARS ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
Provisions charged to income.....	Ps. 1,585,694	Ps. 914,040	Ps. 251,733	Ps. 525,956
Direct charge-off.....	15,984	41,788	16,318	17,211
Other receivables losses.....	29,988	43,251	1,906	1,685
Financial leases.....	2,662	719	214	87
	Ps. 1,634,328	Ps. 999,798	Ps. 270,171	Ps. 544,939

</TABLE>

The Bank has entered into certain troubled debt restructuring agreements with customers. The Bank eliminates any differences between the principal and accrued interest due under the original loan and the new loan amount through a charge against the allowance for loan losses. Loans under such agreements amounted to Ps. 47,216 at December 31, 2001.

The economic changes that took place in Argentina as from December 2001 have led to most of the loan portfolio of Banco Galicia being subject to a restructuring process which in many cases had not been concluded as of December 31, 2002.

8. OTHER RECEIVABLES RESULTING FROM FINANCIAL BROKERAGE

The composition of other receivables from financial brokerage, by type of guarantee, is as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Preferred guarantees, including deposits with the Argentine Central Bank.....	Ps. 58,786	Ps. 140,419
Other guarantees.....	10,239	16,149
Unsecured (1)	9,150,637	3,659,827
Less: Allowance for doubtful accounts.....	(43,954)	(16,302)
	Ps. 9,175,708	Ps. 3,800,093

</TABLE>

(1) Includes Ps.7,037,155 of "Compensation to be received from the National Government (see note 1).

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

During 2001, the Bank enters into forward transactions in foreign currencies. The assets and corresponding liabilities related to forward transactions in foreign currencies are as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Forward foreign exchange purchases:		
Forward purchases of foreign exchange.....	Ps. -	Ps. 749
Creditors for forward purchases of foreign exchange (*)...	-	727
Forward foreign exchange sales:		
Forward sales of foreign exchange.....	-	370,823
Debtors for forward sales of foreign exchange (*).....	-	370,803

</TABLE>

(*) Forward price of currency contracts net of premiums deferred at end of period.

At December 31, 2002 the Company did not have any outstanding forward contracts.

The breakdown of the caption "others" included in the balance sheet is as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Mutual funds.....	Ps. 26,127	Ps. 21,702
Galtrust I.....	680,230	646,698
Other financial trust participation certificates (See note 34).....	455,766	578,056
Unearned premiums for repo transactions.....	-	19,710
Accrued commissions.....	14,161	34,372
Compensation to be received related to the payment of deposits (see note 1).....	442,895	-
Others.....	374,156	240,174
	Ps. 1,993,335	Ps. 1,540,712

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

9. EQUITY INVESTMENTS IN OTHER COMPANIES

The Bank accounted his investment in Banelco S.A. and Galicia Advent Private Equity Fund Limited for under the equity method. The rest of investments has been account under cost addition dividends method.

Equity investments in other companies held by the Bank consist of the following at the respective balance sheet dates:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
IN FINANCIAL INSTITUTIONS, SUPPLEMENTARY AND AUTHORIZED ACTIVITIES		
Banelco S.A.....	Ps. 10,378	Ps. 8,023
Visa Argentina S.A.....	942	942
Mercado de Valores de Buenos Aires S.A.....	5,872	6,499
Banco Latinoamericano de Exportaciones S.A.....	1,774	1,153
Galicia Advent Private Equity Fund Ltd.....	7,538	6,311
Others.....	2,809	2,501
TOTAL FINANCIAL INSTITUTIONS, SUPPLEMENTARY AND AUTHORIZED ACTIVITIES.....	Ps. 29,313	Ps. 25,429
IN NON-FINANCIAL INSTITUTIONS		
Aguas Argentinas S.A.....	Ps. 23,168	Ps. 45,423
Inversora Diamante S.A.....	12,832	12,832
Inversora Nihuales S.A.....	15,614	15,614
Electrigral S.A.....	5,407	5,407
Aguas Provinciales de Santa Fe S.A.....	10,678	17,257
A.E.C. S.A.....	6,085	6,085
Aguas Cordobesas S.A.....	8,834	7,099
Correo Argentino S.A.....	27,222	27,222
Caminos de la Sierra S.A.....	4,390	5,811
Tradecom International N.V.....	10,577	11,333
Others.....	1,617	2,146
TOTAL IN NON-FINANCIAL INSTITUTIONS	Ps. 126,424	Ps. 156,229
ALLOWANCES.....	Ps. (52,384)	Ps. (33,295)
TOTAL EQUITY INVESTMENTS IN OTHER COMPANIES.....	Ps. 103,353	Ps. 148,363

</TABLE>



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

10. FIXED ASSETS AND INTANGIBLE ASSETS

The major categories of Grupo Galicia's premises and equipment and accumulated depreciation, as of December 31, 2002 and 2001 are as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Land and buildings.....	Ps. 550,536	Ps. 548,613
Furniture and fixtures.....	130,511	135,871
Machinery and equipment.....	199,054	250,007
Vehicles.....	724	6,254
Others.....	7,558	12,025
Accumulated depreciation.....	(322,838)	(333,871)
	Ps. 565,545	Ps. 618,899

</TABLE>

Depreciation expenses of the years ended December 31, 2002 and 2001, the six-month period ended December 31, 2000 and June 30, 2000, was Ps.62,809, Ps.61,127, Ps.27,517 and Ps.54,595, respectively.

The major categories of intangible assets as of December 31, 2002 and 2001 are as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Goodwill, net of accumulated amortization of Ps. 107,896 and Ps. 85,363 respectively.....	Ps. 168,911	Ps. 276,231
Organization and development expenses, net of accumulated amortization of Ps. 234,180 and Ps.188,782 respectively.....	150,254	217,016
	Ps. 319,165	Ps. 493,247

</TABLE>

Total amortization expenses of the years ended December 31, 2002 and 2001, the six-month period ended December 31, 2000 and June 30, 2000, was Ps.167,165, Ps.109,968, Ps.45,243 and Ps.91,558, respectively.

Organization and development expenses include software and the related implementation services purchased from third parties, with a net book value of Ps.126,711 and Ps.157,405 at December 31, 2002, 2001, respectively.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The table below shows the components of goodwill by type of activity for the periods presented.

<TABLE>
<CAPTION>

GRUPO GALICIA			
DECEMBER 31,			
	2002		2001
<S>	<C>	<C>	
Investment.....	Ps. 16,845	Ps.	22,052
Banking.....	93,742		141,146
Regional Credit Card issuing companies.....	58,324		113,033
	Ps. 168,911	Ps.	276,231

</TABLE>

11. MISCELLANEOUS ASSETS

Miscellaneous assets consisted of the following as of December 31, 2002 and 2001:

<TABLE>
<CAPTION>

GRUPO GALICIA			
DECEMBER 31,			
	2002		2001
<S>	<C>	<C>	
Construction in progress.....	Ps. 55,940	Ps.	34,341
Deposits on fixed asset purchases.....	1,860		3,836
Stationery and supplies.....	3,990		4,323
Real estates properties held for sale.....	57,166		86,188
Assets acquired through foreclosures.....	720		13,694
Others.....	63,489		88,902
	Ps. 183,165	Ps.	231,284

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

12. OTHER ALLOWANCES AND RESERVES

Allowances on other assets and reserves for contingencies are as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			
	DECEMBER 31,			
	2001		2000	
<S>	<C>		<C>	
Allowances against asset accounts:				
Other receivables resulting from financial brokerage, for collection risk (a).....	Ps.	43,954	Ps.	16,302
Assets under financial leases (a).....		2,439		1,116
Equity investments in other companies (b).....		52,384		33,295
Miscellaneous receivables, for collection risk (a).....		29,121		55,071
Reserves for contingencies:				
For severance payments (c).....		10,979		3,309
Litigations (d).....		24,814		53,348
Related to commitments undertaken with public services companies.....		92,000		-
Claims related to controverted pesification and other contingencies.....		143,451		-
Sundry liabilities arising from credit card activities (e).....		16,246		7,569
Other commitments (f).....		44,178		11,436
Total reserves for contingencies.....	Ps.	331,668	Ps.	75,662

</TABLE>

(a) Based upon an assessment of debtors' performance, economic and financial situation and the guarantees collateralizing their respective transactions.

(b) Includes the estimated losses due to the excess of the cost plus dividend method over the equity method in non-majority owned equity investments.

(c) Estimated amounts payable under labor lawsuits filed against the Bank relating to terminated employees.

(d) Litigation arising from different types of claims from customers (e.g., claims for thefts from safe deposit boxes, the cashing of checks that have been fraudulently altered, discrepancies in deposits and payments services that the Bank renders, etc).

(e) Reserves for rewards to be given under a credit card reward program, for a guarantee of credit card receivables and for the estimated liability for the insurance of the payment of credit card balances in the event of the death of the credit card holder.

(f) Represents the contingent commitments related to clients in categories other than the "normal" categories under Argentine Banking GAAP.



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

13. OTHER LIABILITIES RESULTING FROM FINANCIAL BROKERAGE- ARGENTINE CENTRAL BANK

The Bank borrows funds under various credit facilities obtained from the Argentine Central Bank for specific purposes as follows:

<TABLE>
 <CAPTION>

<S> DESCRIPTION	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<C>	<C>	<C>
Long-term liabilities:		
Advances for the acquisition of National Government Bonds in U.S. Dollars (*)	Ps. 2,424,244	Ps. -
Argentine Central Bank's liquidity loans	776,931	-
Other Central Bank obligations	1,818	691,323
Total long-term liabilities	Ps. 3,202,993	Ps. 691,323
Short-term liabilities:		
Argentine Central Bank's liquidity loans	4,625,847	2,695,575
Other Central Bank obligations	15	679
Total short-term liabilities	Ps. 4,625,862	Ps. 2,696,254
Accrued interest	207,149	13,688
	Ps. 8,036,004	Ps. 3,401,265

</TABLE>

(*) Advance for the hedge bond. Accrued interest on this advance was Ps.44,101 at December 31, 2002 (see note 1).

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000

(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

14. OTHER LIABILITIES RESULTING FROM FINANCIAL BROKERAGE- BANKS AND INTERNATIONAL ENTITIES, AND LOANS FROM DOMESTIC FINANCIAL INSTITUTIONS.

The Bank also borrows funds under different credit arrangements from local and foreign banks and international lending agencies as follows:

<TABLE>
 <CAPTION>

<S> DESCRIPTION	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<C>	<C>	<C>
BANK AND INTERNATIONAL ENTITIES		
Long term liabilities:		
Compania Interamericana de Inversiones.....	Ps. 233,730	Ps. 151,817
International Finance Corporation (I.F.C.).....	1,042,530	657,393
Nederlands Financierings Maatschappij Voor Ontwikkeling Slande N.V (F.M.O.).....	64,884	42,146
Other foreign banks.....	280,620	229,036
Total long-term liabilities (2) (3).....	Ps. 1,621,764	Ps. 1,080,392
Short-term liabilities:		
Other lines of credit from foreign banks (1).....	1,535,421	562,445
TOTAL BANK AND INTERNATIONAL ENTITIES.....	Ps. 3,157,185	Ps. 1,642,837
DOMESTIC AND FINANCIAL INSTITUTIONS		
Long term liabilities:		
BICE (Banco de inversiones y Comercio Exterior)....	137,145	306,771
Other lines of domestic banks (3).....	14,782	-
Total long term liabilities (2).....	Ps. 151,927	Ps. 306,771
Short-term liabilities:		
Other lines of credit from domestic banks (1).....	47,604	42,428
TOTAL DOMESTIC AND FINANCIAL INSTITUTIONS.....	Ps. 199,531	Ps. 349,199
TOTAL.....	Ps. 3,356,716	Ps. 1,992,036

</TABLE>

(1) Short term debt in default at December 31, 2002.

Accrued interest on the above liabilities was Ps.132,244, and Ps.51,550 at December 31, 2002 and 2001, respectively.

Loans from Banco de Inversion y Comercio Exterior for financing investment projects, increasing the export capacity and financing the Global Multisectorial Credit Program. These loans carry interest at floating rates that range between 4.06% and 11.13%, with maturities ranging between 1 and 10 years. Maturities of borrowings from the Cia. Interamericana de Inversiones and from the F.M.O. are between 1 and 10 years, with interest rates varying from between 4.38% to 9.75%.

Loans from the International Finance Corporation are at variable interest rates, ranging from 4.75% to 6.12% with maturities between 1 and 10 years.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The liabilities with other foreign banks amounting to Ps.1,535,421 at December 31, 2002, correspond to several banks with maturities up to 10 years, and annual interest rates between 3.00% and 7.85%.

For the above mentioned lines of credits, the Bank has formally begun negotiations with a steering committee that was established by the Bank's largest creditors in order to restructure the foreign debt.

Short-term credit lines with domestic banks have a weighted-average interest rate of approximately 30.00%.

As of December 31, 2002, maturities of the above long-term loans for each of the following five fiscal years and thereafter are as follows:

<TABLE>
 <CAPTION>

	Default Acceleration	Contractual Maturity
<S>	<C>	<C>
2002.....	Ps. (3) 1,636,546	Ps. 1,133,247
2003.....	38,255	289,866
2004.....	38,887	133,196
2005.....	25,911	70,154
2006.....	16,222	51,978
2007.....	11,656	51,393
Thereafter.....	6,214	43,857
	-----	-----
	(2) Ps. 1,773,691	Ps. 1,773,691
	=====	=====

</TABLE>

(2) Although contractual arrangements with Bank's creditors provide for the Bank's debt to be repaid on terms that would allow the Bank to classify such debt according to their terms for purposes of the Bank's financial information, given that the Bank has defaulted on its debt obligations, the Bank classified all its debt as "past due/callable" despite the fact that its creditors have not taken requisite measures to accelerate the outstanding debt. In particular, the Bank has an aggregate amount of US\$310,000 corresponding to a loan from the International Finance Corporation, US\$19,294 corresponding to a loan from the F.M.O. US\$69,500 corresponding to a loan from Compania Interamericana de Inversiones, and US\$87,839 corresponding to other lines from several banks, that were issued under an indenture that provides for automatic acceleration of these lines of credit without further act of the creditors.

As of December 31, 2002 the Bank did not have any unused lines of credit.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

15. OTHER LIABILITIES RESULTING FROM FINANCIAL BROKERAGE- NEGOTIABLE OBLIGATIONS

The Board of Directors is authorized to determine all of the conditions of each issuance of negotiable obligations, including timing, currency, price, manner and payment terms. The amounts outstanding and the terms corresponding to outstanding negotiable obligations are as follows:

<TABLE>
 <CAPTION>

	MATURITY	ANNUAL INTEREST RATE	GRUPO GALLCIA	
			DECEMBER 31,	
			2002	2001
<C>	<C>	<C>	<C>	<C>
LONG-TERM LIABILITIES:				
M.I.G.A. S 2 (Semi-annual interest, principal payable every six months).....	2005	4.00%	Ps. 35,754	Ps. 22,541
M.I.G.A. S 1 (Semi-annual interest, principal payable every six months).....	2005	4.00%	149,000	94,301
Seventh series (Semi-annual interest, principal payable at maturity).....	2003	9.00%	672,000	434,769
Sixth series (Semi-annual interest, principal payable every year beggining in August, 2005).....	2002	5.48%	504,450	327,338
F.R.N. Class 6 (*) (Semi-annual interest, principal payable every year beggining in August, 2005).....	2007	7.88%	244,272	-
F.R.N. Class 7 (*) (Semi-annual interest, principal payable at maturity).....	2007	5,95%	145,150	-
Banco Galicia Uruguay S.A. (restructured deposits) (Annual interest 2%, principal payable: 15% September '03; 15% September '04; from September '05 up to September 2011 10% each year).....	2011	2,00%	1,555,849	-
Total long-term liabilities			Ps. 3,306,475	Ps. 878,949
SHORT-TERM LIABILITIES:				
Tarjetas del Mar (Interest fixed, principal payable at maturity).....	2002		PS. 20,849	50,142 (1)
Tarjeta Naranja (Interest fixed, principal payable at maturity).....	2002		99,249 (2)	270,409 (3)
Tarjetas Cuyanas (Interest fixed, principal payable at maturity).....	2002		7,474 (4)	36,811 (5)
Tarjeta Confiar 9th Series (Interest fixed, principal payable at maturity).....	2002	16.22%	549	52,966
United States Commercial Paper 6th Series (Semi-annual interest, principal payable at maturity)	2002	4.14%	-	543,838
Total short- term liabilities			128,121	954,166
			Ps. 3,434,596	Ps. 1,833,115

</TABLE>

(1) Includes 9th Series and 10th Series with an annual interest rate of 16,77% and 14,92%, respectively.

(2) Includes 6th Series, 24th Series, 25th Series and 26th Series with an annual interest rate of 17,18%, 16,70%, 15,82% and 16,13%, respectively.

(3) Includes 27th Series with an annual interest rate of 16,46%.

(4) Includes 9th Series, 10th Series and 11th Series with an annual interest rate of 16,10%, 16,26% and 15,51%, respectively.

(5) Includes 9th Series, 10th Series, 11th Series and 12th Series with an average annual interest rate of 15,96%.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Interest and principal on all of the above debt securities are payable in U.S. dollars.

Accrued interest on the above liabilities was Ps.115,918 and Ps.22,613 at December 31, 2002 and 2001 respectively.

(*) The New York branch launched a medium-term debt securities program for up to US\$500 million, of which US\$200 million were issued at December 31, 2001. Of this amount, US\$125.5 million were rescheduled at the Head Office for a term of 5 years, with a grace period of 2 years, US\$68.9 million were paid in cash and a debt reduction of US\$42.6 million was granted. As of December 31, 2001 these debt securities were included under the caption "Other liabilities resulting from financial brokerage - Other".

Maturities of long-term negotiable obligations at December 31, 2002 are as follows:

<TABLE>
 <CAPTION>

	Default acceleration	Contractual maturity
<S>	<C>	<C>
Past Due / Callable.....	Ps. 1,361,204 (1)	Ps. 550,785
2003.....	273,051	991,386
2004.....	226,376	272,711
2005.....	280,725	326,474
2006.....	280,725	280,725
2007.....	280,725	280,725
2008.....	150,917	150,917
2009.....	150,917	150,917
2010.....	150,917	150,917
2011.....	150,918	150,918
Total.....	Ps. 3,306,475	Ps. 3,306,475

</TABLE>

(1) Although contractual arrangements with the Bank's creditors provide for the Bank's debt to be repaid on terms that would allow the Bank to classify such debt according to their terms for purposes of its financial information, given that the Bank has defaulted on our debt obligations, the Bank classify all its debt as "past due/callable" despite the fact that the Bank's creditors have not taken requisite measures to accelerate their outstanding debt. In particular, the Bank has an aggregate amount of US\$150,000 corresponding to the Negotiable Obligation Sixth series, US\$ 200,000 corresponding to the Negotiable Obligation Seventh series, US\$44,306 corresponding to the Negotiable Obligation MIGA first series and US\$10,632 corresponding to the Negotiable Obligation MIGA second series, that were issued under an indenture that provides for automatic acceleration of the bonds in such Series without further act of the bondholders.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

16. DIRECTORS' AND SYNDICS' FEES

The breakdown of the caption Directors' and syndics' fees in the income statement is as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA		SIX-MONTHS ENDED DECEMBER 31,	BANCO GALICIA
	YEARS ENDED DECEMBER 31,		DECEMBER 31,	YEARS ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
GFG director's fees.....	Ps. 76	Ps. 131	Ps. 68	-
GFG syndic's fees.....	76	131	131	-
Banco Galicia Directors' statutory fees.....	-	23,137	19,588	Ps. 64,322
Banco Galicia Directors' administrative fees.....	1,967	5,623	2,724	5,459
Banco Galicia Syndics' fees.....	387	483	251	655
Subsidiary companies directors' and syndics' fees...	702	5,616	3,285	9,723
	Ps. 3,208	Ps. 35,121	Ps. 26,047	Ps. 80,159

</TABLE>

17. CONTRIBUTIONS TO THE SOCIAL SERVICES INSTITUTE FOR BANKING EMPLOYEES

For the year ended June 30, 1998, the contributions that the Bank was required to make to the Social Services Institute for Banking Employees (the "ISSB") were reduced from 1% to zero by a decree of the National Executive Power. As a result of this decree, the ISSB brought a legal action requesting the reinstatement of the 1% contribution. During the Bank's fiscal year 2000, the 1% contribution would have amounted approximately to Ps.31,237. For the fiscal years ended December 31, 2002 and 2001 and for the six-month period ended December 31, 2000, the 1% contribution would have amounted approximately to Ps.9,068, Ps.34,951 and Ps.17,257. This amount has not been provided for in the financial statements, as management has determined that it is not probable that the legal action will succeed.

Currently, the Bank Employees' Health Care Scheme (the "OSBA") has brought a legal action against all the financial institutions in the system, which has already been answered. In addition, the Federal Public Revenue Authority (the "AFIP") issued Order No. 6/99 ratifying that the OSBA is a legal entity other than ISSB, therefore it does not have any legal authority to claim the contribution. To date this situation has not been resolved.



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

18. BALANCES IN FOREIGN CURRENCY

The balances of assets and liabilities denominated in foreign currencies (principally in U.S. dollars) are as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Cash and due from banks.....	Ps. 282,669	Ps. 621,553
Government and corporate securities.....	1,668,375	233,519
Loans.....	964,984	17,210,852
Other receivables resulting from financial brokerage...	7,272,114	3,228,025
Assets under financial leases.....	-	96,586
Equity investments in other companies.....	21,488	13,393
Miscellaneous receivables.....	23,542	683,365
Bank premises and equipment.....	16,001	12,482
Intangible assets.....	1,977	6,282
Miscellaneous assets.....	2,374	1,610
In process items.....	7,340	15,951
TOTAL	Ps. 10,260,864	Ps. 22,123,618
LIABILITIES:		
Deposits.....	Ps. 2,069,926	Ps. 10,863,392
Other liabilities resulting from financial brokerage...	7,614,591	7,291,669
Sundry liabilities.....	19,887	27,170
In process items.....	1,449	8,336
TOTAL.....	Ps. 9,705,853	Ps. 18,190,567

</TABLE>

19. TRANSACTIONS WITH RELATED PARTIES

Grupo Galicia entered into certain transactions with controlled and equity-method subsidiaries during the fiscal years ended December 31, 2002 and 2001, during the six-months ended December 31, 2000 and during the fiscal year ended June 30, 2000 respectively, with the following revenues and expenses:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31,			SIX-MONTHS ENDED
	2002	2001	2000	JUNE 30,
				2000
<S>	<C>	<C>	<C>	<C>
Revenues recognized.....	Ps. 50,705	Ps. 309,344	Ps. 146,007	Ps. 29,153
Expenses incurred.....	69,508	156,370	93,325	165,870

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

20. BREAKDOWN OF CAPTIONS INCLUDED IN THE INCOME STATEMENT

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
FINANCIAL INCOME				
Interest income resulting from financial brokerage:				
Interest on structured notes.....	Ps. -	Ps. 80,915	Ps. 40,571	Ps. 82,219
Interest on purchased certificates of deposits.....	38,413	247	205	697
Compensatory Bond.....	131,544	-	-	-
Additional interest on current accounts and special accounts with the Argentine Central Bank....	20,338	-	-	-
Others.....	35,713	27,179	2,919	1,728
	Ps. 226,008	Ps. 108,341	Ps. 43,695	Ps. 84,644
Others				
Premiums on reverse repos transactions.....	-	48,429	78,104	100,167
Difference in quotation of gold and foreign currency transactions.....	377,191	46,312	17,493	44,311
Premiums on foreign currency transactions.....	2,399	63,176	50,329	107,637
Interest on pre-export and export financing.....	22,789	-	-	-
Others.....	6,878	7,811	1,956	1,615
	Ps. 409,257	Ps. 165,728	Ps. 147,882	Ps. 253,730
FINANCIAL EXPENSES				
Interest expense resulting from financial brokerage:				
Discounts on negotiable obligations.....	4,116	44,114	34,942	72,839
Interest on negotiable obligations.....	232,153	155,716	93,251	153,722
Interest on other liabilities resulting from financial brokerage from other banks and international entities.....	411,126	230,267	133,219	206,232
	Ps. 647,395	Ps. 430,097	Ps. 261,412	Ps. 432,793
Other interest:				
Interest on Central Bank loans	49,247	3,141	61	175
Interests on liquidity assistance loans	1,365,167	10,614	-	-
CER adjustment on Central Bank advances	46,567	-	-	-
Others	130,518	71,103	19,913	35,418
	Ps. 1,591,499	Ps. 84,858	Ps. 19,974	Ps. 35,593
Others:				
Contributions to the deposit guarantee system	20,222	34,145	16,348	43,625
Premiums on repo transactions.....	140,255	78,104	61,723	109,804
Contributions and taxes on financial income.....	29,786	58,090	22,810	47,015
Charge for impairment of loans.....	28,080	-	-	-
Others.....	2,772	6,197	3,781	5,889
	Ps. 221,115	Ps. 176,536	Ps. 104,662	Ps. 206,333
INCOME FROM SERVICES				
Others				
Commissions on credit cards.....	141,029	297,649	149,561	342,639
Safety rental.....	5,035	7,324	3,504	7,318
Others.....	61,458	153,076	67,410	137,293
	Ps. 207,522	Ps. 458,049	Ps. 220,475	Ps. 487,250

</TABLE>



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
EXPENSES FOR SERVICES				
Others				
Gross revenue taxes.....	Ps. 17,640	Ps. 41,591	Ps. 20,306	Ps. 40,919
Linked with credit cards.....	13,908	31,825	13,397	29,667
Others.....	8,387	35,034	13,828	18,207
	Ps. 39,935	Ps. 108,450	Ps. 47,531	Ps. 88,793
ADMINISTRATIVE EXPENSES				
Other operating expenses				
Rentals.....	36,216	61,959	28,987	55,222
Electricity and communications.....	42,140	69,482	36,106	76,695
Amortization of organization and development expenses.....	84,290	80,024	33,869	73,593
Depreciation of bank premises and equipment.....	62,809	61,127	27,517	54,595
Maintenance and repair expenses.....	26,650	44,848	21,239	43,518
Other operating expenses.....	35,591	52,572	24,960	49,397
	Ps. 287,696	Ps. 370,012	Ps. 172,678	Ps. 353,020
MISCELLANEOUS INCOME				
Interest on miscellaneous receivables (1)	23,175	295,561	25,940	49,073
Premiums and commissions on insurance business...	182,155	169,561	-	-
Reversal of income tax provision	-	102,945	-	-
Others.....	38,445	30,289	10,431	18,614
	Ps. 243,775	Ps. 598,356	Ps. 36,371	Ps. 67,687
MISCELLANEOUS LOSSES				
Claims.....	3,728	10,448	6,009	10,411
Amortization of goodwill.....	82,875	29,944	11,374	17,965
Commissions and expenses on insurance business ..	95,489	146,972	-	-
Others.....	86,469	35,639	28,890	31,013
	Ps. 268,561	Ps. 223,003	Ps. 46,273	Ps. 59,389

</TABLE>

(1) Includes income related to securities sold under repurchase agreements.

21. INCOME TAX

The income tax amounts estimated for the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 amounted to Ps.65,847, Ps.157,677, Ps.114,405 and Ps.162,141, respectively. The statutory income tax rate at December 31, 2002, 2001, 2000 and June 30, 2000 was 35%. At December 31, 2002 the Group had tax loss carryforwards in the approximate amount of Ps. 3,485,806 that may reduce future year's taxable income for income tax purposes. Such tax loss carryforwards expires in the following ten years.

At December 31, 2002, PMIT available to credit future income tax amount to Ps. 11,702. Such PMIT expires in the following ten years.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

22. SHAREHOLDERS' EQUITY AND RESTRICTIONS IMPOSED ON THE DISTRIBUTION OF PROFITS

The distribution of retained earnings in the form of dividends is governed by the Argentine Commercial Companies Law and Resolution N(degree) 290/97 of the CNV. These laws oblige Grupo Galicia to transfer 5% of its net income to a legal reserve until the reserve reaches an amount equal to 20% of the capital stock.

Under the Argentine Central Bank regulation, 20.0% of the Bank's net income must be allocated to a legal reserve, which is reflected in the statement of changes in shareholders' equity. Under Argentine law, cash dividends may be declared only out of unrestricted retained earnings.

Furthermore, Argentine Central Bank Communique "A" 3785 dated October 29, 2002 restricted the distribution of cash dividends. Such rule establishes that the Bank should adjust its earnings to be distributed as cash dividends with the difference between the market value and the carrying value of the compensatory and hedge bonds after netting the legal reserve and other reserves established by the Bank's by-laws.

The "Adjustments to shareholders' equity" caption in the statement of changes in shareholders' equity represents:

- the balance of the 1981 technical valuation of fixed assets of the Bank and its equity investees, available to absorb losses on the disposal or devaluation of such fixed assets;
- the inflation adjustment related to capital stock at the beginning of each period, adjusted to constant Pesos of August 31, 1995. Capital stock maintains its nominal (par) value at each balance sheet date;
- the inflation adjustment related to the increase in capital stock from stock distributions (adjustments to capital). The adjustment represents the effect of inflation from the stock distribution date to the end of each period, and is restated to constant Pesos as of August, 31, 1995;
- the inflation adjustment related to capital stock at the beginning of each period, adjusted to constant Pesos of December 31, 2002. Capital stock maintains its nominal (par) value at each balance sheet date; and
- the inflation adjustment related to the increase in capital stock from stock distributions (adjustments to capital). The adjustment represents the effect of inflation from the stock distribution date to the end of each period, and is restated to constant Pesos as of December 31, 2002.

The composition of Adjustments to shareholders' equity is as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	DECEMBER 2002	DECEMBER 2001
<S>	<C>	<C>
Inflation to:		
- capital stock	1,293,869	1,293,869
- paid-in-capital	93,866	93,866
	1,387,735	1,387,735

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The Bank has annually distributed shares of common stock to its then-current shareholders in proportion to their holdings. Such distributions of stock are characterized under Argentine law as capitalization of retained earnings and capitalization of adjustments to capital. The shareholders must approve such distributions of stock.

23. MINIMUM CAPITAL REQUIREMENTS

The capital adequacy of Grupo Galicia is not under the supervision of the Argentine Central Bank. Grupo Galicia, has a minimum capital requirement from the Commercial Companies Law of Ps.12.

Under the Argentine Central Bank regulations, the Bank is required to maintain minimum levels of capital, as defined ("minimum capital"). The minimum capital, is based upon risk-weighted assets, and the balances of Bank premises and equipment, intangible assets and unquoted equity investments. The required minimum capital and the Bank's capital calculated under the Central Bank requirements are as follows:

<TABLE>
 <CAPTION>

	BANCO GALICIA		
	MINIMUM EQUITY	SHAREHOLDER'S EQUITY	SHAREHOLDER'S EQUITY AS A % OF MINIMUM EQUITY
<S>	<C>	<C>	<C>
December 31, 2002	Ps. -	Ps. -	-
December 31, 2001	1,863,649	2,652,249	142.31
December 31, 2000	1,965,052	2,510,015	127.73
June 30, 2000	1,773,922	2,574,579	145.13

</TABLE>

As of December 31, 2002, the Argentine Central Bank suspended the regulation requiring minimum levels of capital.

24. EARNINGS PER SHARE

Stock distributions (see note 22 and 32) were declared to shareholders in 2001. Accordingly, all common share data include the effects of such distributions. Earnings per share is based upon the weighted average of common shares outstanding in the amount of 1,092,407,017 of Grupo Galicia for the years ended December 31, 2002 and 2001 and 1,023,673,418 of Grupo Galicia for the six-months ended December 31, 2000. All share and per share amounts corresponding to June 30, 2000, have been restated to reflect the effect of the public exchange offer between Grupo Galicia and the Bank, accepted on July 26, 2000. This restatement is based upon the amount of common shares of 1,171,704,540 assuming a 100% of ownership after the exchange.

At December 31, 2002, 2001 and 2000 and June 30, 2000 there were no convertible subordinated negotiable obligations outstanding and therefore for the purposes of calculating earnings per share Grupo Galicia had a simple capital structure.

25. CONTRIBUTION TO THE DEPOSIT GUARANTEE SYSTEM

Pursuant to its Communique "A" 2337, the Argentine Central Bank established rules for applying the deposit guarantee system and the way of settling the related contributions. Furthermore, the National Executive Power through Decree No.1127/98 dated September 24, 1998 extended this guarantee system to cover demand deposits and time deposits of up to Ps.30 stated either in pesos or in foreign currency.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

This system does not cover the deposits made by other financial institutions (including the time deposit certificates acquired through a secondary transaction), the deposits made by persons related to the Bank, either directly or indirectly, deposits of securities, acceptances or guarantees and those set up after July 1, 1995 at an interest rate exceeding the one that the Argentine Central Bank regularly establishes based on a daily survey conducted by it. Nor does this system cover deposits whose ownership has been acquired through endorsement and placement, which offer incentives in addition to the interest rate. The System has been implemented through the creation of the Deposit Insurance Fund, which is managed by a company called Seguros de Depositos S.A. (SEDESA). The shareholders of SEDESA are the Argentine Central Bank and the financial institutions in the proportion determined for each one by the Argentine Central Bank based on the contributions made to the said fund.

Through Communique "A" 3068, the Argentine Central Bank reduced the normal contribution to the said Fund, which amounted to 0.03%, to half, provided that the financial institution arranges with SEDESA 36-month loans, to be earmarked for the Deposit Insurance Fund. Interest on these loans has been determined on the basis of the yield obtained by the aforesaid Fund on its placements.

As from September 2000, Argentine Central Bank Communique "A" 3153 eliminated the above-mentioned loan and the normal contribution of 0.015% on items comprised in the calculation basis remained in force.

As from December 2001, Argentine Central Bank Communique "A" 3358 resolved to increase the contribution to 0.03%.

The Bank recognized contributions amounting to Ps.20,222, Ps.34,145, Ps.16,348 and Ps.43,625 for the fiscal years ended December 31,2002 and 2001, for the six-months ended December 31,2000 and for the fiscal year ended June 30, 2000, respectively, under the account captioned "Financial Expenses - Contribution to the Deposit Guarantee System".

26. EMPLOYEE BENEFIT PLANS

Neither the Bank nor its subsidiaries maintain pension plans for their personnel. The Bank is obligated to pay employer contributions to the National Pension Plan System, determined on the basis of the total monthly payroll.

These expenses aggregated Ps.16,874, Ps.37,253, Ps.15,522 and Ps.31,552 for the fiscal years ended December 31, 2002 and 2001, for the sixth-month period ended December 31, 2000 and for the year ended June 30, 2000, respectively.

On November 19, 2001, the beneficiaries of the Galicia 2004 Trust were designated, as stipulated in the "Framework Trust Agreement" signed on November 4, 1999, to implement an incentive program in favor of certain executives of the Bank. Of the total amount of Ps.4,000 transferred to the trustee by the Galicia 2004 Trust, which were used for the purchase of shares of Grupo Financiero Galicia S.A., 855,442 shares and 189,116 ADS were acquired. The amount transferred has been expensed as incurred.

Shares and ADS of 855,442 and 28,046.60 respectively, were awarded to certain executives. 3,400 ADS that were not awarded were returned to the trustor. The remaining balance of 157,669.40 ADS was used to create the Galicia 2005 Trust.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

27. INCOME STATEMENTS AND BALANCE SHEETS

The presentation of financial statements according to the Argentine Central Bank rules differs significantly from the format required by the Securities and Exchange Commission under Rules 210.9 to 210.9-07 of Regulation S-X (Article 9). The income statements presented below discloses the categories required by Article 9:

<TABLE>
<CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME:				
Interest and fees on loans (*)	Ps. 4,372,230	Ps. 3,185,022	Ps. 1,430,795	Ps. 2,626,383
Interest and dividends on investment securities:				
Tax-exempt	(230)	210,021	117,150	253,203
Interest on interest bearing deposits with other banks	2,349	63,184	53,695	103,317
Interest on other receivables from financial brokerage	602,782	211,314	70,131	85,900
Interest on securities and foreign exchange purchased under agreements to resell	-	48,429	78,104	100,167
Government securities and other trading gains, net	296,285	65,100	18,812	73,923
Total interest income	5,273,416	3,783,070	1,768,687	3,242,893
INTEREST EXPENSE				
Interest on deposits	1,349,472	1,466,711	598,741	1,055,099
Interest on securities sold under agreements to repurchase	140,255	78,432	61,706	109,717
Interest on short-term liabilities from financial intermediation	1,449,066	177,971	81,055	125,065
Interest on long-term liabilities from financial intermediation	1,349,900	284,754	181,781	335,075
Monetary Loss from financial intermediation	1,425,319	-	-	-
Total interest expense	5,714,012	2,007,868	923,283	1,624,956
Net interest income	(440,596)	1,775,202	845,404	1,617,937
Allowance for loan losses	1,601,286	930,504	235,452	494,765
Net interest income after provision for loan losses	(2,041,882)	844,698	609,952	1,123,172

</TABLE>

(*) Includes adjustments of the consumer price index.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

<TABLE>
<CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	YEAR ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
NON-INTEREST INCOME:				
Service charges on deposit accounts.....	Ps. 90,468	Ps. 180,724	Ps. 88,419	Ps. 170,787
Credit card service charges and fees.....	188,851	297,542	144,770	277,454
Other commissions.....	238,340	615,777	251,473	434,322
Income from equity in other companies.....	-	34,656	-	-
Premiums and commissions on insurance business..	182,155	169,561	-	-
Absoption subject to the Approval of the Annual Shareholders Meeting (*).....	1,358,193	-	-	-
Other.....	359,455	267,462	101,298	191,108
Monetary gain (loss) on other transactions.....	(161,680)	-	-	-
Total non-interest income.....	Ps. 2,255,782	Ps. 1,565,722	Ps. 585,960	Ps. 1,073,671
NON-INTEREST EXPENSE:				
Commissions.....	116,746	170,651	74,974	140,716
Salaries and social security charges.....	432,553	592,194	293,916	558,425
Fees and external administrative services.....	83,898	130,816	71,417	170,199
Depreciation of bank premises and equipment.....	62,809	61,127	27,517	54,595
Personnel services.....	22,378	54,126	27,921	51,834
Rentals.....	36,216	61,959	28,987	55,222
Electricity and communications.....	42,140	69,482	36,106	76,695
Advertising and publicity.....	15,236	54,060	33,002	60,356
Taxes.....	125,009	218,066	82,573	183,194
Amortization of organization and development expenses.....	84,290	80,024	33,869	73,593
Loss from equity in other companies.....	51,522	-	9,714	11,973
Maintenance and repair expenses.....	26,650	44,848	21,239	43,518
Minority interest.....	(267,242)	21,967	13,779	(651)
Commissions and expenses on insurance business..	102,497	146,972	-	-
Other.....	692,963	284,197	130,092	213,556
Monetary result from operating expenses.....	(20,819)	-	-	-
Total non-interest expense.....	Ps. 1,606,846	Ps. 1,990,489	Ps. 885,106	Ps. 1,693,225
Income before tax expense.....	(1,392,946)	419,931	310,806	503,618
Income tax expense.....	(65,847)	(157,677)	(114,405)	(162,141)
Net income	Ps. (1,458,793)	Ps. 262,254	Ps. 196,401	Ps. 341,477

</TABLE>

(*) Effect on the foreign currency position compensation.

Certain categories of income and expense maintained by the Bank have been presented in the Article 9 income statement in a manner which warrants further discussion as follows:

- Income from trading activities, net: until late 2001, the Bank actively traded its government securities portfolio and does not distinguish in its accounting records between interest and realized and unrealized gains and losses on such securities. This caption is included as a component of interest income.
- Provision for loan losses: this balance includes direct charge offs plus the allowance for losses on loans and other receivable charged to the allowance for loan losses, less loan loss allowances reversed and bad debts recovered.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Argentine Central Bank rules also require certain classifications of assets and liabilities which are different from those required by Article 9. The following balance sheet presents Grupo Galicia's balance sheet at December 31, 2002 and 2001 as if they had followed Article 9 balance sheet disclosure requirements.

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
ASSETS:		
Cash and due from banks.....	Ps. 572,386	Ps. 758,435
Interest-bearing deposits in other banks.....	156,905	746,864
Trading account assets.....	35,164	140,747
Available for sale securities.....	3,267,025	2,946,132
Loans.....	11,686,616	21,039,217
Allowances for loan losses.....	(1,667,300)	(1,041,206)
Fixed assets.....	565,545	618,899
Compensatory and hedge bonds to be received.....	7,037,155	-
Other assets.....	2,044,423	2,427,602
Total assets.....	Ps. 23,697,919	Ps. 27,636,690
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Deposits.....	Ps. 5,117,028	Ps. 13,255,378
Short-term borrowing.....	6,544,157	4,268,980
Other liabilities.....	1,714,350	3,277,572
Long-term debt.....	8,283,159	3,425,378
Commitments and contingent liabilities.....	331,668	75,662
Minority interest in Consolidated Subsidiaries..	83,082	256,973
Common stock.....	1,092,407	1,092,407
Other shareholders' equity.....	532,068	1,984,340
Total liabilities and shareholders' equity..	Ps. 23,697,919	Ps. 27,636,690

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The carrying value and market value of each classification of available-for-sale securities in the Article 9 balance sheet, are as follows.

<TABLE>
<CAPTION>

	GRUPO GALICIA					
	DECEMBER 31, 2002			DECEMBER 31, 2001		
	CARRYING VALUE	UNREALIZED GAINS/(LOSSES)	MARKET VALUE	CARRYING VALUE	UNREALIZED GAINS/(LOSSES)	MARKET VALUE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
National Government Bonds....	Ps. -	-	Ps. -	Ps. 610,058	-	Ps. 610,058
Argentine External Bills (4).	970,985	-	970,985	619,451	-	619,451
BODEN 2012 - Compensatory Bond.....	687,478	(2) (20,128)	288,932	-	-	-
Fiscal Credit Certificate (4)	105,417	-	105,417	115,787	-	115,787
BODEN 2012.....	4,500	(1,119)	3,381	-	-	-
Total available for sale securities.....	1,768,380	(21,247)	1,368,715	1,345,296	-	1,345,296
GalTrust I.....	680,230	(3) 6,827	432,625	646,698	-	(1) 90,909
GalTrust II, III, IV and V...	81,440	Ps. -	81,440	510,158	(57,037)	453,121
Galicía Mortgage Trust.....	89,636	-	89,636	-	-	-
Secured loans trust.....	27,000	-	27,000	-	-	-
Other securities.....	620,339	-	620,339	443,980	-	443,980
TOTAL.....	Ps. 3,267,025	Ps. (14,420)	Ps. 2,619,755	Ps. 2,946,132	Ps. (57,037)	Ps. 2,333,306

</TABLE>

- (1) For U.S. GAAP purposes, the unrealized loss of Ps.555,789 is considered to be other than temporary (see note 39 j.)
- (2) For U.S. GAAP purposes, the carrying value of the Compensatory Bond received amounts to Ps.309,060 (see note 39 e (ii)).
- (3) For U.S. GAAP purposes, the carrying value of the Galtrust I amounts to Ps.425,798 (see note 39 j).
- (4) These instruments can be used to repay taxes, including value-added tax

The maturities at December 31, 2002 of the government securities available-for-sale and the GalTrust I, II, and V securities included in the Article 9 balance sheet are as follows:

<TABLE>
<CAPTION>

	GRUPO GALICIA				
	DECEMBER 31, 2002				
	CARRYING VALUE	MATURING WITHIN 1 YEAR	MATURING AFTER 1 YEAR BUT WITHIN 5 YEARS	MATURING AFTER 5 YEARS BUT WITHIN 10 YEARS	MATURING AFTER 10 YEARS
<S>	<C>	<C>	<C>	<C>	<C>
Argentine External Bills.....	Ps. 970,985	582,592	Ps. 388,393	-	-
BODEN 2012 - Compensatory Bond.....	687,478	-	257,804	Ps. 429,674	-
BODEN 2012.....	4,500	-	-	-	-
Fiscal Credit Certificate.....	105,417	52,708	52,709	-	-
Total available for sale securities.....	Ps. 1,768,380	Ps. 635,300	Ps. 698,906	Ps. 429,674	-
GalTrust I.....	680,230	-	Ps. 92,511	Ps. 209,511	Ps. 378,208
GalTrust II and V.....	81,440	Ps. 11,499	52,358	14,159	3,424
Galicía Mortgage Trust.....	89,636	-	-	74,871	14,765
Secured loans trust.....	27,000	-	-	27,000	-
Other securities.....	620,339	-	-	-	-
TOTAL.....	Ps 3,267,025				

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

28. OPERATIONS BY GEOGRAPHICAL SEGMENT

The main financial information, classified by country where transactions originate, is shown below. Most of the transactions originated in the Republic of Uruguay were with Argentine citizens and enterprises, and were denominated in U.S. dollars. Transactions between different geographical segments have been eliminated for the purposes of this note.

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA	
	YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,	
	2002	2001	2000	2000	
<S>	<C>	<C>	<C>	<C>	<C>
Total revenues: (*)					
Republic of Argentina.....	Ps. 6,029,518	Ps. 5,075,535	Ps. 2,244,551	Ps. 4,101,459	
Republic of Uruguay.....	352,256	211,734	80,118	154,849	
U.S.A.....	172,383	137,439	69,449	110,700	
Grand Cayman Island.....	(6,140)	848	2	2	
United Kingdom.....	-	181	50	87	
Net income (loss), net of monetary effects allocable to each country:					
Republic of Argentina.....	(1,463,089)	290,295	232,785	370,367	
Republic of Uruguay.....	(74,931)	(35,477)	(23,395)	(31,657)	
U.S.A.....	127,787	56,439	20,789	40,095	
Grand Cayman Island.....	(48,560)	(47,199)	(32,782)	(35,128)	
United Kingdom.....	-	(1,804)	(996)	(2,200)	
Total assets:					
Republic of Argentina.....	22,208,622	23,685,036	33,739,807	32,584,419	
Republic of Uruguay.....	1,291,299	2,850,400	1,521,800	1,352,691	
U.S.A.....	15,588	1,096,970	1,305,449	1,189,847	
Grand Cayman Island.....	182,410	743	146	87	
United Kingdom.....	-	3,541	2,475	2,237	
Fixed assets					
Republic of Argentina.....	549,544	606,340	562,925	555,105	
Republic of Uruguay.....	16,001	11,855	12,606	12,185	
U.S.A.....	-	614	673	570	
United Kingdom.....	-	90	166	229	
Miscellaneous assets					
Republic of Argentina.....	180,791	229,674	178,233	161,354	
Republic of Uruguay.....	2,374	1,610	94	98	
Goodwill					
Republic of Argentina.....	167,260	271,530	178,692	145,402	
Republic of Uruguay.....	1,651	4,701	5,326	5,642	
Other intangible assets					
Republic of Argentina.....	149,928	215,433	184,380	171,927	
Republic of Uruguay.....	326	452	734	111	
U.S.A.....	-	1,127	979	450	
Grand Cayman Island.....	-	4	13	17	
Geographical segment assets as a percentage of total assets					
Republic of Argentina.....	93.71%	85.70%	92.26%	92.75%	
Republic of Uruguay.....	5.45	10.31	4.16	3.85	
U.S.A.....	0.07	3.97	3.57	3.39	
Grand Cayman Island/United Kingdom...	0.77	0.02	0.01	0.01	

</TABLE>

(*) The caption Revenues includes financial income, income from services and miscellaneous income.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

29. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of its business, the Bank was a party to financial instruments with off-balance sheet risk, in order to meet the financing needs of its customers. These instruments expose the Bank to credit risk, in addition to amounts recognized in the consolidated balance sheets. These financial instruments include commitments to extend credit, standby letters of credit, guarantees granted and acceptances. Guarantees granted are surety guarantees in connection with transactions between two parties.

The Bank uses the same credit policies in making commitments, conditional obligations and guarantees as it does for granting loans. In the opinion of Management, the Bank's outstanding commitments and guarantees do not represent unusual credit risk.

The Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument, for commitments to extend credit, standby letters of credit, guarantees granted and acceptances is represented by the contractual notional amount of those investments.

A summary of the credit exposure related to these items is shown below:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			
	DECEMBER 31,			
	2002		2001	
<S>	<C>		<C>	
Commitments to extend credit.....	Ps.	169,563	Ps.	554,314
Standby letters of credit.....		48,587		54,285
Guarantees granted.....		268,598		744,509
Acceptances.....		104,846		153,331

</TABLE>

Commitments to extend credit are agreements to lend to a customer at a future date, subject to the meeting of the contractual terms. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent actual future cash requirements of the Bank. The Bank evaluates each customer's creditworthiness on a case-by-case basis. In addition to the above commitment, at December 31, 2002 and 2001 the available purchase limits for credit card holders amounted to Ps.1,093,774 and Ps.5,406,927, respectively.

Standby letters of credit and guarantees granted are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party.

Acceptances are conditional commitments for foreign trade transactions.

The credit risk involved in issuing letters of credit and granting guarantees is essentially the same as that involved in extending loan facilities to customers. In order to grant guarantees to its customers, the Bank may require counter guarantees. These financial customer guarantees are classified, by type, as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			
	DECEMBER 31,			
	2002		2001	
<S>	<C>		<C>	
Preferred counter guarantees.....	Ps.	151,329	Ps.	268,664
Other counter guarantees.....		43,690		63,949

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The Bank accounts for checks drawn on it and other banks, as well as other items in process of collection, such as notes, bills and miscellaneous items, in memorandum accounts until such time as the related item clears or is accepted. In management's opinion, the risk of loss on these clearing transactions is not significant. The amounts of clearing items in process were as follows:

<TABLE>
 <CAPTION>

GRUPO GALICIA			

DECEMBER 31,			

	2002		2001
	-----		-----
<S>	<C>	<C>	<C>
Checks drawn on the Bank.....	Ps. 77,785	Ps.	844,735
Checks drawn on the other Bank.....	127,239		1,048,284
Bills and other items for collection.....	271,595		654,446

As regards the fiduciary risk, during the fiscal year 2000, the Bank was appointed as trustee under four trust agreements to guarantee compliance with the obligations arising from different contracts between the parties.

At December 31, 2002 and 2001 the trust funds amounted to Ps.76,508 and Ps.55,194, respectively.

In addition, the Bank has securities in custody, mainly related to its activity as mutual fund depository institution. At December 31, 2002 and 2001, these securities amounted to Ps.6,422,056 and Ps.4,267,298, respectively.

30. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank uses a variety of derivative financial instruments, including forward contracts, options and interest rate futures as part of its overall risk management strategy and for trading purposes. To the extent that these instruments create any interest rate, foreign currency or other financial mismatch between the Bank's assets and liabilities, the derivative financial instruments increases the market risk to which the Bank is exposed.

In addition the Bank is exposed to credit risk on these instruments. The Bank would have credit losses in the event of non-performance by the counter-parties that issued the financial instruments. The credit exposure of derivative contracts is represented by the sum of the positive fair value of the individual contracts at the reporting date.

In order to reduce its counter-party credit risk the Bank performs a credit analysis of each counter-party and does not exceed the exposure limits established by the Board of Directors.

As of December 31, 2002 no derivate transaccions except for option contract were outstanding.

The following was the notional and fair values of the Bank's derivative activities at December 31, 2002 and 2001.

<TABLE>
 <CAPTION>

GRUPO GALICIA								

	NOTIONAL		BOOK		FAIR VALUES			
	AMOUNTS		VALUE		ASSET		LIABILITY	
	2002	2001	2002	2001	2002	2001	2002	2001
	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Forward currency exchange contracts:								
Purchases.....	Ps. -	Ps. 749	Ps. -	Ps. 2	Ps. -	-	Ps. -	Ps. 2
Sales.....	-	370,823	-	13,993	-	Ps 14,931	-	-
					Ps. -	Ps. 14,931	Ps. -	Ps. 2
					=====	=====	=====	=====

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

At December 31, 2002 and 2001 the options bought and sold were recorded at their exercise price in memorandum accounts. The premiums collected and/or paid have been accrued on a straight-line basis over the life of the contract.

<TABLE>
 <CAPTION>

GRUPO GALICIA					
MEMORANDUM ACCOUNTS				FAIR VALUE	
DECEMBER 31,				DECEMBER 31,	
2002		2001		2002	2001
<C>	<C>	<C>	<C>	<C>	<C>
<S>					
Option contracts:					
Written call options	Ps. 11,863	7,704		Ps. 11,863	Ps. 7,704
Purchased call options	2,499	1,623		2,499	1,623

31. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards No. 107 ("SFAS") "Disclosures about Fair Value of Financial Instruments" requires disclosures of estimates of fair value of financial instruments. These estimates were made at the end of December 2002 and 2001. Because many of the Bank's financial instruments do not have a ready trading market from which to determine fair value, the disclosures are based upon significant estimates regarding economic and current market conditions and risk characteristics. Such estimates are subjective and involve matters of judgment and, therefore, are not precise and may not be reasonably comparable to estimates of fair value for similar instruments made by other financial institutions.

The estimated fair values do not include the value of assets and liabilities not considered financial instruments. Additionally, values attributable to deposit relationships (core deposit intangibles) and consumers (credit card intangibles) are not reflected.

In order to determine the fair value, cash flows were discounted for each category or group of loans having similar characteristics, based on credit risk, guarantees and/or maturities, using rates offered for similar loans by the Bank at December 31, 2002 and 2001, respectively.

It should be noted, however, that during fiscal 2002, the economic policy (the repeal of the Convertibility Law, the devaluation of the peso, the compulsory "asymmetric pesification" of bank assets and liabilities, the restructuring of deposits, the default on the public debt, among the most significant) and the inconsistency of its implementation have led to:

- the abandonment of the monetary and foreign exchange system which had been in force for 10 years, including a devaluation of the peso of approximately 118%,
- the compulsory modification by the government of most of the contracts outstanding between economic agents, which, among others, has completely modified the currency denomination of bank assets and liabilities as of December 31, 2002 and 2001, and the terms and conditions of its assets and liabilities outstanding as of December 31, 2002 and 2001,
- the radical change of the regulatory framework for the financial system, with the policy implementation measures necessary to complete the design of such regulatory framework (including the regulations that would establish the exact amount of the compensation to be received by banks) still pending,

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

- the disruption of macroeconomic equilibrium (already jeopardized by year-end 2001), given the magnitude of the devaluation, the pressures on the price system and the uncertainty arising from the devaluation and the fact that the Argentine Central Bank was allowed to print currency,
- the virtual paralysis of economic activity, which has impacted on borrowers' ability to repay loans,
- an unprecedented level of uncertainty which has prevented us from reasonably quantify under Argentine Banking GAAP, Argentine GAAP, U.S. GAAP or any other basis the impact of the current Argentine crisis on the Group's or the Bank's total assets and liabilities (and its relevant components), shareholders' equity and net income (and its components) as of and for the year ended December 31, 2001, or any period thereafter. Although uncertain, such impact could be material and adverse,

Due to the uncertainties derived from the economic crisis existing in Argentina at the end of 2001 and the economic policy measures taken by the Government to confront this crisis, the future actual results could differ from the evaluations and estimates made at the date of the preparation of this quantitative analysis and these differences could be significant. Therefore, the following fair values estimated under FAS 107 must be considered in light of these circumstances.

<TABLE>
<CAPTION>

GRUPO GALICIA				
DECEMBER 31,				
2002		2001		
BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE	
<C>	<C>	<C>	<C>	
<S>				
DERIVATIVE ACTIVITIES: (SEE NOTE 30)				
Assets.....	Ps. -	Ps. -	Ps. 13,993	Ps. 14,931
Liabilities.....	-	-	2	2
NON DERIVATIVE ACTIVITIES:				
Assets:				
Cash and due from banks (1).....	Ps. 571,853	Ps. 571,853	Ps. 1,130,003	1,130,003
Government securities (2)				
Trading.....	7,614	7,614	127,872	127,872
Unlisted Securities.....	145,019	145,019	143,030	143,030
Investment.....	1,658,463	1,259,917	-	-
Loans (3).....	10,589,842	7,986,153	19,933,409	13,927,549
Compensatory and hedge Bond to be received (4)	7,037,155	3,064,027	-	-
Others (5).....	2,369,836	2,054,735	3,542,625	2,440,677
Liabilities:				
Deposits (6).....	Ps. 5,164,337	Ps. 4,391,841	Ps.13,386,118	Ps. 13,384,399
Other liabilities resulting from financial Intermediation :				
Central Bank (7).....	8,051,116	7,586,516	3,401,265	3,401,265
Banks and international entities and Loans from Domestic Financial Institutions (8).....				
	3,488,960	957,413	2,043,586	1,723,687
Negotiable obligations (9).....	3,550,514	1,595,725	1,855,728	1,193,443
Others (10).....	1,136,843	1,136,843	2,770,439	2,674,071

The following is a description of the estimating techniques applied:

- (1) CASH AND DUE FROM BANKS: By definition, cash and due from banks are short-term and do not possess credit loss risk. The carrying values at December 31, 2002 and 2001 are a reasonable estimate of fair value.
- (2) GOVERNMENT SECURITIES: Government securities held for trading purposes and government securities available for sale are carried at fair value. The fair value of the Bank's government securities held for investment have been estimated using the quoted market value. The book values at December 31, 2002 and 2001 of bonds such as Fiscal Credit Certificate, Argentine Republic External Bills and National Government Bonds are a reasonable estimates their respective fair values.
- (3) LOANS: In order to determine the fair value of loans, the portfolio was segregated by loan type, repricing characteristics and credit quality. For performing loans, contractual cash flows of loans were discounted at estimated market rates. For non-performing loans, expected cash flows were

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

discounted using an estimated rate considering the time of collection. The value of collateral was considered in the estimation of cash flows.

- (4) COMPENSATORY AND HEDGE BOND TO BE RECEIVED: in connection with estimating the fair value of the Compensatory Bonds, the Bank used quoted market values.
- (5) OTHERS: Includes other receivables from financial brokerage and equity investments in other companies. A majority of the items included under "Other Receivables from Financial Brokerage" are short-term in nature and do not possess significant risk although the fair value of the forward purchases of government securities held for investment purposes is the quoted market value of the underlying government securities. Are also include under this caption the Galtrust I debt securities and trust certificates and the estimated fair values of this assets are in accordance with SFAS 125. Equity investments in companies where significant influence is exercised are not within the scope of SFAS No. 107. Equity investments in other companies are carried at market value less costs to sell. The book value of unquoted equity securities is believed by management to approximate fair value.
- (6) DEPOSITS: The fair value of deposit liabilities on demand and savings account deposits is similar to its book value. The fair value of term deposits was estimated at the expected future cash flows discounted at the estimated market rates at year-end, following management's expectations.
- (7) CENTRAL BANK: At December 31, 2002 and 2001 "Central Bank" includes Argentine Central Bank's liquidity short-term loans and as of December 31, 2002 also includes includes the advance to be requested for the subscription of the Hedge Bond. The fair value was estimated at the expected future cash flows discounted at the estimated market rates at year-end.
- (8) BANKS AND INTERNATIONAL ENTITIES AND LOANS FROM DOMESTIC FINANCIAL INSTITUTIONS: Includes credit lines borrowed under different credit arrangements from local and foreign entities. These lines of credit are being restructured. Where a market exists in the Bank's debt, the quoted market prices have been taken as a best estimate of fair value. When no quoted market prices are available, the estimated fair value has been calculated by discounting the contractual cash flows of these liabilities at estimated market rates.
- (9) NEGOTIABLE OBLIGATIONS: The fair value of the negotiable obligations were determined based on quoted market prices. When no quoted market prices are available, the estimated fair value has been calculated by discounting the contractual cash flows of these liabilities at estimated market rates.
- (10) OTHERS: Includes other liabilities resulting from financial brokerage the carrying values of which at December 31, 2002 are a reasonable estimate of fair value. As of December 31, 2001, also includes the New York branch debt securities which fair value were determined based upon a discounted cash flow, applying estimated current market rates for the remaining terms of the debt securities.

32. CASH DIVIDENDS

On March 15, 2001, the shareholders of Grupo Galicia approved a cash dividend of Ps.70,753.

Argentine Central Bank Communique "A" 3785 dated October 29, 2002 restricted the distribution of cash dividends. Such rule establishes that the Bank should adjust its earnings to be distributed as cash dividends with the difference between the market value and the carrying value of the compensatory and hedge bonds after netting the legal reserve and other reserves established by the Bank's by-laws.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

33. PREFERRED LIABILITIES OF THE FORMER BANCO ALMAFUERTE COOP. LTDO., BANCO MAYO COOP. LTDO., BANCO MENDOZA S.A. AND BANCO MERCOSUR BANK S.A.

During the years ended June 30, 1999, 2000 and December 31, 2000 and 2001, the Bank acquired certain interest in a trust sponsored by SEDESA, the Argentine deposit insurance authority. The trust holds the assets of 3 failed Argentine banks. The Bank acquired the interests in exchange for the assumption of the deposit liabilities of the failed banks. The Bank's interest in the trust consists of preferred certificates A, and subordinated certificates C, whose payments are guaranteed by SEDESA. At December 31, 2002 and 2001, trust certificates were recorded at an amount of Ps.33,904 and Ps.64,589, respectively, in the consolidated financial statements.

Former Banco Almafuerite Coop. Ltda.

Furthermore, a fund was created for a total amount of US\$266,667 to which Banco de Galicia y Buenos Aires S.A. contributed 45%, US\$120,000. This fund, which as of December 31, 2002 amounted to Ps.170,891 due to its conversion into pesos as established by Decree 471, may be computable for meeting the Minimum Liquidity Requirements, as authorized by the Argentine Central Bank. At December 31, 2001, it amounted to Ps.262,659.

Former Banco Mendoza S.A.

On May 11, 1999, a special fund was set up by Banco de Galicia y Buenos Aires S.A., Banco de la Nacion Argentina, HSBC Bank Argentina S.A., BBV Banco Frances S.A. and Banco Credicoop Cooperativo Limitado, as authorized by the Argentine Central Bank's Board of Directors in points 10 and 13 of its Resolution N(degree) 179 dated April 16, 1999. This fund was created for a total amount of US\$470,000; Banco de Galicia y Buenos Aires S.A. contributed 10.64%, US\$50,000. This fund may be computed for meeting the Minimum Liquidity Requirements, as authorized, by the Argentine Central Bank and as of December 31, 2002 amounted to Ps. 71,065, due to its conversion into pesos under the terms of Decree 471 (see Note 1). At December 31, 2001, it amounted to Ps.110,040.

34. TRUST ACTIVITIES

SETTING UP OF THE "GALTRUST I" INDIVIDUAL FINANCIAL TRUST

On October 20, 2000 the Bank securitized a group of loans that were granted to the Argentine Provinces. The taxation revenues from the local provinces collateralize these loans. The Bank transferred the ownership of the loans to a trust Galtrust I. In turn the trust issued Class "A" Debt Securities with a face value of Ps.100,000, Class "B" Debt Securities with a face value of Ps.200,000 and Financial Trust Participation Certificates with a face value of Ps.200,000. Ps46,922 of the class B Debt Securities were sold to third party investors and the remainder of the certificates was retained by the bank.

Under this global program, the Bank transferred the trust ownership of loans amounting Ps.1,070,855 granted to Argentine provinces collateralized by the federal tax sharing corresponding to those Provinces and reserve investments for Ps.16,953, to the GalTrust I Financial Trust in exchange for cash and retained interest in the trust in the form of Class "A" Debt Securities, Class "B" Debt Securities and Financial Trust Participation Certificates.

As of December 31, 2001 all class A debt securities were cancelled.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

As of December 31, 2002 and 2001, those securities were held in the Bank's portfolio for Ps.680,230 and Ps.646,698, respectively.

SETTING UP OF THE " GALTRUST II, III, IV AND V " INDIVIDUAL FINANCIAL TRUSTS

At the meeting held on December 6, 2001, the Board of Directors of Banco de Galicia y Buenos Aires S.A. approved the creation of the Universal Program for the Securitization of Loans for the issue of debt securities and/or certificates of participation in Galtrust Financial Trusts. This program was approved by the National Securities Commission ("the CNV") through its resolution No. 13334 dated April 6, 2000, for a face value of up to US\$1,000,000 thousand (the "Program") and authorized the Bank's participation as originator, trustor and manager of that program.

The trustee of the trusts is Trust of New York, National Association, through its permanent representation in Argentina. Four financial trusts, "Galtrust II, III, IV and V - Letras Hipotecarias", were set up under the above-mentioned program and Certificates of Participation and Debt Securities were issued under those trusts.

On December 2001, the Bank transferred the trust ownership of mortgage loans amounting to Ps.521,294 to the Galtrust II, III, IV and V - Letras Hipotecarias.

The Bank subscribed Certificates of Participation for a face value of Ps.136,839 thousand, in which it had a 100% interest and the remaining Class A and Class B Debt Securities were subscribed for by the Bank .

As December 26, 2002 the Galtrust III and IV financial trusts were terminated.

As of December 31, 2002 and 2001, the Bank held Certificates of Participation and Debt Securities in its portfolio for Ps.81,440 (including CER) and Ps.510.158, respectively.

GALICIA 2004 AND GALICIA 2005 TRUSTS

On November 19, 2001, the beneficiaries of the Galicia 2004 Trust were designated, as stipulated in the "Framework Trust Agreement" signed on November 4, 1999, to implement an incentive program in favor of certain executives of the Bank. The total amount of US\$4,000 transferred to the trustee by the Galicia 2004 Trust, which was used for the purchase of shares in Grupo Financiero Galicia S.A., 855,442 shares and 189,116 ADS were acquired.

Shares and ADS of 855,442 and 28,046.60 respectively were awarded. 3,400 ADS that were not awarded were returned to the trustor. The remaining balance of 157,669.40 ADS was used to create the Galicia 2005 Trust.

GALICIA MORTGAGE LOANS AND SECURED LOANS TRUSTS

As part of the implementation of the Galicia Capitalization and Liquidity Plan, during April 2002, "Galicia Mortgage Loans Financial Trust" was created, under which mortgage loans for Ps.312,774 were transferred, receiving in exchange Ps.234,580 in cash and certificates of participation for Ps.78,194. The trustee is ABN AMRO Bank Argentine Branch, along with thirteen domestic financial institutions acting as subscribers. In addition, the Bank has guaranteed the loans transferred to this trust.

The Secured Loans Trust has been created and the parties involved are Banco de la Provincia de Buenos Aires as beneficiary and BAPRO Mandatos y Negocios S.A., as trustee. Under this Trust, secured loans for

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Ps.108,000 were transferred and Ps.81,000 in cash and certificates of participation for Ps.27,000 were received in exchange.
As of December 31, 2002 the amounts of the participation certificates in "Galicia Mortgage Loans Financial Trust" were Ps.89,639 and the participation certificates of the "Secured Loans Trust" were Ps.27,000.

35. PURCHASE OF REGIONAL CREDIT CARD ISSUING COMPANIES

Tarjetas Regionales S.A. is a holding company, which as of December 31, 2001, was wholly owned by Grupo Financiero Galicia S.A. through its subsidiaries Banco Galicia Uruguay S.A. and Banco de Galicia y Buenos Aires S.A.

As of December 31, 2001, the total goodwill value for the acquisition of the regional-credit-card companies, which includes the goodwill for the companies previously acquired, amounted to Ps.152,108 and, net of accumulated amortization of Ps.39,075, to Ps.113,033. Under Argentine Banking GAAP this goodwill is being amortized over ten years.

During September 1999, Tarjetas Regionales S.A. sold to BAPRO Medios de Pago S.A. 3,400 ordinary shares of Tarjetas del Mar S.A. that represented the 17% of this company's capital stock. The total price of the transaction amounted to Ps.4,710 and the Bank recorded a gain of Ps.2,921.

During January 2000, Tarjetas Regionales S.A. purchased from Credit Card Financing Corp. 182,162 ordinary shares of Tarjetas del Sur S.A. to increase its interest in this company's capital stock from 12.5% to 60%. The price paid for these shares was Ps.15,291.

During February 2000, Tarjeta Naranja S.A. purchased from Sociedad Anonima Importadora y Exportadora de la Patagonia its interest in Tarjetas del Sur S.A., which represents 40% of the shares in this company, increasing the Bank's interest to 92%. The price paid for these shares was Ps.10,485.

On July 4, 2000, Tarjeta Naranja S.A. acquired 3,600,000 shares representing 40% of the capital stock and voting rights of Tarjeta Comfiar S.A., increasing the Bank's interest to 92%.

On March 29, 2001, Tarjetas del Sur S.A. merged into Tarjeta Naranja S.A.

On December 28, 2001, the Board of Directors of Tarjetas Regionales S.A. accepted the contribution made by its shareholder Banco de Galicia y Buenos Aires S.A. consisting of all credits held in that company by Banco de Galicia y Buenos Aires S.A. for an amount of Ps.145,338 as irrevocable capital contributions on account of future issues of shares.

During the first quarter of fiscal year 2001, Tarjetas Regionales S.A. sold part of interest (12%) in Tarjetas del Sur S.A. for Ps.3,146.

On January 15, 2002, the Extraordinary meeting of the shareholders of Tarjetas Regionales S.A. resolved to increase its capital stock to Ps.212,733 through the issue of 70,734,148 ordinary, book entry shares with a face value of Ps.1 each, entitled to one vote per share. Those shares have been fully subscribed and paid up by the shareholder Banco de Galicia y Buenos Aires S.A. As a result, the new interest percentages held by the shareholders in that company are as follows: Banco de Galicia y Buenos Aires S.A. 68.22% of the capital stock and voting rights and Banco de Galicia (Cayman) Ltd., the remaining 31.78%.

During May, 2002, Tarjetas Regionales S.A. purchased from Grupo BAPRO S.A. 10,000 ordinary shares of Tarjetas del Mar S.A. to increase its interest in this company's capital stock from 50% to 99.99%. The price

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

paid for these shares was Ps.3,097. Additionally, during august, 2002, Tarjetas Regionales S.A. sold to Tarjeta Naranja S.A. 1 ordinary share of Tarjetas del Mar S.A.

Tarjetas del Mar S.A.:

In January 2002, Tarjetas del Mar S.A. received a Ps.11,200 60-day loan from Banco de Galicia y Buenos Aires S.A. to be used for settlement of its issue of Series IX Negotiable Obligations.

On March 4, 2002, Tarjetas del Mar S.A. informed the Buenos Aires Stock Exchange and the National Securities Commission ("the CNV") that it had resolved to propose to the holders of the Series X Negotiable Obligations for US\$ 15,400,000, due March 5, 2002, the postponement of their due date for 120 days, during which period interest would be paid monthly in advance at an annual rate of 14.92%. On June 18, 2002, Tarjetas del Mar S.A. informed the Buenos Aires Stock Exchange and the CNV that it had resolved to propose to the holders of these negotiable obligations an additional 120-day postponement of their due date.

Tarjeta Comfiar S.A.:

On January 2002, Series IX Negotiable Obligations for US\$25,000,000 matured. Tarjeta Comfiar S.A. settled this amount on maturity as follows:

- US\$22,423,000 were repaid by means of a loan from Banco de Galicia y Buenos Aires S.A.s Grand Cayman Branch.
- US\$312,000 were paid in cash and an agreement with investors is still pending on the remaining principal of Ps.2,265,000

Tarjeta Naranja S.A.:

During January 2002, Tarjeta Naranja S.A. placed the full amount of Series XXVII Negotiable Obligations for US\$28,000,000 for a term of 344 days.

On May 23, 2002, Tarjeta Naranja S.A. signed a Trust Agreement ("the Agreement") with the holders of these negotiable obligations, pursuant to which a 4.5% of such company's monthly cash-flows will be reserved, during eight years, for the payment of the debt certificate issued as a consequence of this agreement. The series of negotiable obligation included in the Agreement are Series VI, VII, XXV, XXVIII and XXIX issued by Tarjeta Naranja S.A. To date the amount included in the Trust is approximately US\$59,000,000. There is still a negotiation going on with a group of investors that did not accept the Agreement yet, for an approximately principal amount of US\$9,250,000.

Tarjetas Cuyanas S.A.:

During January 2002, Series IX Negotiable Obligations were repaid. As a result a liability arose with Banco Galicia for Ps.8,000.

On January 23, 2002, Series XII Negotiable Obligations for US\$12,000,000 were issued, maturing on April 23, 2002, and Series IX and X Negotiable Obligations were repaid.

On May 23, 2002, Tarjetas Cuyanas S.A. signed an agreement ("the Agreement") with the holders of these negotiable obligations, pursuant to which a 5% of such company's monthly cash-flows, will be destined, during eight years, for the payment of the debt certificate issued as a consequence of the Agreement. To date the amount included in the Trust is approximately US\$5,000,000. There is still a negotiation going on with a

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

group of investors that did not accept this agreement yet, for approximately amount of US\$5,600,000. The remaining amount was paid in cash.

36. SEGMENT REPORTING

The Bank has disclosed its segment information in accordance with the Statement of Financial Accounting Standards No. 131, "Disclosures about Segment of an Enterprise and Related Information". This standard establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available and which is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments consist of one or more operating segments with similar economic characteristics, distribution systems and regulatory environment. The information provided for Segment Reporting is based on internal reports used by management.

The following summarizes the aggregation of Grupo Galicia's operating segments into reportable segments:

Grupo Galicia: this segment includes the income and expenses related to the Holding Company, not attributable to its investments.

Insurance: includes the results of Grupo Galicia's equity interest in the insurance companies. At December 31, 2002 and 2001, Grupo Galicia maintained, through its subsidiary Sudamericana Holding S.A., controlling interests in Galicia Vida Compania de Seguros S.A., Galicia Retiro Compania de Seguros S.A., Instituto de Salta Seguros de Vida S.A., Aseguradora de Personas Galicia S.A., Sudamericana Asesores de Seguros S.A. and Medigap Salud S.A.

Other Group's Businesses: this segment includes the results of the business of Galicia Warrants S.A. and Net Investment S.A. and its subsidiaries.

Buenos Aires Metropolitan branches: corresponds to the results of operations conducted with large corporations, small and medium-sized companies and individuals in branches located in the Federal Capital and Greater Buenos Aires (where the relatively greater economic activity occurs).

Branches throughout the rest of the country: this segment includes the results of operations with large corporations, small and medium-sized companies and individuals in the branches located in the rest of the country.

Home office: includes the results of operations with customers (large corporations, small and medium-sized companies and individuals) located in it, as well as the results of operations with the national and provincial public sectors.

Regional credit card companies: includes the results of the Bank's equity interests in the regional credit card companies. At December 31, 2002 and 2001, the Bank maintained, through its subsidiary Tarjetas Regionales S.A., controlling interests in Tarjeta Naranja S.A. (80%) in the province of Cordoba, Tarjetas Cuyanas S.A. (60%) in the province of Mendoza, Tarjeta Comfiar (92%) in the Province of Santa Fe, and Tarjetas del Mar (99,99% and 50% in 2002 and 2001, respectively) in the Province of Buenos Aires.

International: the results of operations conducted through Banco Galicia Uruguay S.A., Banco de Galicia Cayman Ltd., the New York and Cayman branches, except for the operations carried out with customers located in some of the regions mentioned above.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Other financial business: This segment mainly includes the results of the business of Galicia Capital Markets S.A., Galicia Valores S.A. Sociedad de Bolsa, Agro Galicia S.A. and Galicia Factoring y Leasing S.A.

Other equity investments: Includes the results of the capital expenditures made by the Bank as minority interest in a variety of infrastructure and public utility service companies, such as Aguas Argentinas S.A., Correo Argentino S.A., Inversora Nihuiles S.A., Inversora Diamante S.A., etc.

Overhead and corporate adjustments: Includes the results of the operations that can not be allocated to the segments above and the results of the operations conducted between the aforementioned segments.

The Bank evaluates segment performance based on net income. The table below shows the segment information for continuing operations for the years ended December 31, 2002 and 2001, for the six-month period ended December 31, 2000 and for the fiscal year ended June 30, 2000:

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

<TABLE>
 <CAPTION>

YEAR ENDED DECEMBER 31, 2002	GRUPO GALICIA					
	Grupo Galicia	Buenos Aires Metropolitan Branches	Rest of the Country Branches	Head Office	Regional Credit Cards	International
<S> Net Financial Income	<C> 204,493	<C> 69,354	<C> 79,598	<C> 1,947,211	<C> (17,099)	<C> (1,508,537)
Net Income from Services	(2)	148,175	82,735	(3,312)	141,809	(2,464)
Provision for Loan Losses	-	236,770	247,686	815,045	104,856	229,937
Monetary Results	(167,026)	-	-	(1,241,659)	-	-
Operating Income	37,465	(19,241)	(85,353)	(112,805)	19,854	(1,740,938)
Operating Expenses	7,068	197,263	139,463	377,011	112,556	74,187
Monetary results of operating expenses	227	5,559	3,930	11,103	-	-
Other Income (Loss)	(2,793)	6,912	7,520	(602,127)	(57,133)	(87,584)
Monetary results of other income	400	1,565	1,466	114,917	(259,612)	(2,109)
Minority Interest	-	-	-	-	76,423	72,402
Pre-tax Income	28,231	(202,468)	(211,900)	(965,923)	(333,024)	(1,832,416)
Income tax provision	58,732	-	-	-	394	679
Net Income before the Absorption	(30,501)	(202,468)	(211,900)	(965,923)	(333,418)	(1,833,095)
Absorption subject to the Approval of the Annual Shareholders Meeting(*)	-	-	-	-	-	-
Net income after the Absorption	(30,501)	(202,468)	(211,900)	(965,923)	(333,418)	(1,833,095)
Net Income as a Percentage of Consolidated Net Income	1%	7%	8%	34%	12%	65%
Average Loans	-	1,810,216	1,684,080	9,107,333	312,451	2,216,420
Average Deposits	-	2,050,886	1,387,230	3,172,562	-	2,269,565

<CAPTION>

YEAR ENDED DECEMBER 31, 2002	GRUPO GALICIA					
	Other Financial Businesses	Other Equity Investments	Insurance Business	Other Group's Businesses	Overhead and Corporate Adjustments	Consolidated Total
<S> Net Financial Income	<C> 7,315	<C> -	<C> (44,788)	<C> 1,326	<C> 487,700	<C> 1,226,573
Net Income from Services	8,222	-	(5,590)	5,262	(2,694)	372,141
Provision for Loan Losses	34	-	-	-	-	1,634,328
Monetary Results	(16,634)	-	-	-	-	(1,425,319)
Operating Income	(1,131)	-	(50,378)	6,588	485,006	(1,460,933)
Operating Expenses	10,522	-	22,894	7,388	(9,027)	939,325
Monetary results of operating expenses	-	-	-	-	-	20,819
Other Income (Loss)	12,306	(50,701)	85,653	(4,595)	215,280	(477,262)
Monetary results of other income	(1,324)	-	(14,576)	(2,407)	-	(161,680)
Minority Interest	(132)	-	19	-	118,530	267,242
Pre-tax Income	(803)	(50,701)	(2,176)	(7,802)	827,843	(2,751,139)
Income tax provision	5,401	-	-	641	-	65,847
Net Income before the Absorption	(6,204)	(50,701)	(2,176)	(8,443)	827,843	(2,816,986)
Absorption subject to the Approval of the Annual Shareholders Meeting(*)	-	-	-	-	1,358,193	1,358,193
Net income after the Absorption	(6,204)	(50,701)	(2,176)	(8,443)	2,186,036	(1,458,793)
Net Income as a Percentage of Consolidated Net Income	0%	2%	0%	0%	(29%)	100%
Average Loans	-	-	-	-	-	15,130,500
Average Deposits	-	-	-	-	(84,123)	8,796,120

</TABLE>

(*) Effect on the foreign currency position compensation.

F-77

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

<TABLE>
 <CAPTION>

YEAR ENDED DECEMBER 31, 2002	GRUPO GALICIA					
	Grupo Galicia	Buenos Aires Metropolitan Branches	Rest of the Country Branches	Head Office	Regional Credit Cards	International
<S> Net Financial Income	<C> 1,166	<C> 471,324	<C> 298,938	<C> 799,476	<C> 110,392	<C> 146,444
Net Income from Services	(4)	313,259	171,160	93,366	308,678	19,304
Provision for Loan Losses	-	211,531	177,270	436,502	150,107	24,388
Operating Income	1,162	573,052	292,828	456,340	268,963	141,360
Operating Expenses	7,401	494,190	336,523	165,865	251,678	76,035
Other Income (Loss)	(2,152)	29,238	49,578	21,849	(179)	21,814
Minority Interest	-	-	-	-	(4,345)	3,941
Pre-tax Income	(8,391)	108,100	5,883	312,324	12,761	91,080
Income tax provision	-	44,025	2,397	127,194	21,803	2,108
Net Income	(8,391)	64,075	3,486	185,130	(9,042)	88,972
Net Income as a percentage of Consolidated Net Income	(3%)	24%	1%	71%	(4%)	34%
Average Loans	-	3,989,682	3,623,844	9,067,434	924,418	2,223,915
Average Deposits	-	7,874,385	4,967,221	4,530,953	-	1,177,586

<CAPTION>

YEAR ENDED DECEMBER 31, 2002	GRUPO GALICIA					
	Other Financial Businesses	Other Equity Investments	Insurance Business	Other Group's Businesses	Overhead and Corporate Adjustments	Consolidated Total
<S> Net Financial Income	<C> (629)	<C> -	<C> 10,481	<C> 306	<C> (389,856)	<C> 1,448,042
Net Income from Services	43,533	-	(10,162)	4,578	(9,157)	934,555
Provision for Loan Losses	-	-	-	-	-	999,798
Operating Income	42,904	-	319	4,884	(399,013)	1,382,799
Operating Expenses	29,415	-	20,309	6,050	(29,317)	1,358,149
Other Income (Loss)	5,295	(3,253)	20,274	(527)	275,311	417,248
Minority Interest	(247)	-	(98)	41	(21,259)	(21,967)
Pre-tax Income	18,537	(3,253)	186	(1,652)	(115,644)	419,931
Income tax provision	3,530	-	-	480	(43,860)	157,677
Net Income	15,007	(3,253)	186	(2,132)	(71,784)	262,254
Net Income as a percentage of Consolidated Net Income	6%	(1%)	0%	(1%)	(27%)	100%
Average Loans	-	-	-	-	-	19,829,293
Average Deposits	-	-	-	-	(97,775)	18,452,370

</TABLE>

<TABLE>
 <CAPTION>

SIX-MONTH ENDED DECEMBER 31, 2000	GRUPO GALICIA					
	Grupo Galicia	Buenos Aires Metropolitan Branches	Rest of the Country Branches	Head Office	Regional Credit Cards	International
<S> Net Financial Income	<C> 2,787	<C> 257,478	<C> 171,739	<C> 285,025	<C> 70,089	<C> 58,791
Net Income from Services	-	143,215	83,338	45,370	122,719	5,773
Provision for Loan Losses	-	103,585	88,517	21,108	54,731	2,230
Operating Income	2,787	297,108	166,560	309,287	138,077	62,334
Operating Expenses	1,994	242,049	173,751	55,692	111,228	26,702
Other Income (Loss)	(911)	12,722	10,970	20,732	(9,618)	(7,126)
Minority Interest	-	-	-	-	268	-
Pre-tax Income	(118)	67,781	3,779	274,327	17,499	28,506
Income tax provision	-	22,071	1,230	89,332	22,397	596
Net Income	(118)	45,710	2,549	184,995	(4,898)	27,910
Net Income as a percentage of						

Consolidated Net Income	0%	23%	1%	94%	(2%)	14%
Average Loans	-	4,043,023	3,879,810	8,953,104	841,849	1,788,649
Average Deposits	-	8,047,253	5,028,112	5,055,377	-	1,033,668

<CAPTION>

SIX-MONTH ENDED DECEMBER 31, 2002	GRUPO GALICIA			
	Other Financial Businesses	Other Equity Investments	Overhead and Corporate Adjustments	Consolidated Total
<S>	<C>	<C>	<C>	<C>
Net Financial Income	1,930	-	(23,330)	824,509
Net Income from Services	21,171	-	(3,746)	417,840
Provision for Loan Losses	-	-	-	270,171
Operating Income	23,101	-	(27,076)	972,178
Operating Expenses	12,869	-	35,165	659,450
Other Income (Loss)	2,055	(4,037)	(12,930)	11,857
Minority Interest	(11)	-	(14,036)	(13,779)
Pre-tax Income	12,276	(4,037)	(89,207)	310,806
Income tax provision	3,264	-	(24,485)	114,405
Net Income	9,012	(4,037)	(64,722)	196,401
Net Income as a percentage of Consolidated Net Income	5%	(2%)	(33%)	100%
Average Loans	-	-	-	19,506,435
Average Deposits	-	-	(147,285)	19,017,125

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

<TABLE>
<CAPTION>

	BANCO GALICIA				
	Buenos Aires Metropolitan Branches	Rest of the Country Branches	Head Office	Regional Credit Cards	International
YEAR ENDED JUNE 30, 2000					
<S>	<C>	<C>	<C>	<C>	<C>
Net Financial Income	458,147	342,703	517,152	189,951	113,215
Net Income from Services	285,122	171,599	79,641	161,820	13,836
Provision for Loan Losses	160,907	152,593	104,367	126,266	8,432
Operating Income	582,362	361,709	492,426	225,505	118,619
Operating Expenses	462,448	347,685	77,209	187,074	46,213
Other Income (Loss)	18,215	19,977	33,108	(8,039)	(26,371)
Minority Interest	-	-	-	677	-
Pre-tax Income	138,129	34,001	448,325	31,069	46,035
Income tax provision	42,126	10,369	139,060	34,029	771
Net Income	96,003	23,632	309,265	(2,960)	45,264
Net Income as a percentage of Consolidated Net Income	28%	7%	91%	(1%)	14%
Average Loans	3,715,579	3,758,915	7,386,892	711,426	2,522,098
Average Deposits	7,496,739	4,744,749	4,660,736	-	847,845

<CAPTION>

	BANCO GALICIA			
	Other Financial Businesses	Other Equity Investment	Overhead and Corporate Adjustments	Consolidated Totals
YEAR ENDED JUNE 30, 2000				
<S>	<C>	<C>	<C>	<C>
Net Financial Income	4,068	-	(45,907)	1,579,329
Net Income from Services	53,754	-	(18,076)	747,696
Provision for Loan Losses	-	-	(7,626)	544,939
Operating Income	57,822	-	(56,357)	1,782,086
Operating Expenses	26,240	-	180,365	1,327,234
Other Income (Loss)	7,180	4,716	(671)	48,115
Minority Interest	(26)	-	-	651
Pre-tax Income	38,736	4,716	(237,393)	503,618
Income tax provision	10,513	-	(74,727)	162,141
Net Income	28,223	4,716	(162,666)	341,477
Net Income as a percentage of Consolidated Net Income	8%	1%	(48%)	100%
Average Loans	-	-	-	18,094,910
Average Deposits	-	-	-	17,750,069

</TABLE>

37. SUBSEQUENT EVENTS

On March 28, 2003, Argentine Central Bank released Communique "A" 3911 substantially modifying the accounting criterion for certain financing to the public sector. This Communique establishes that Secured Loans, government securities not subject to the minimum capital requirement to cover market risk, which are mainly those which are not listed on stock exchanges, promissory notes issued by the Fiduciary Fund for the Provincial Development and other financing to the public sector, which financial institutions held in their portfolio at that date or will add to it in the future, must be recognized at the lower value arising from comparing their "present value" to their "technical value". The former is defined as the "net present value" of a cash flow structure, determined under contractual conditions, and discounted at a rate of 3% set by the Argentine Central Bank until December 2003. The "technical value" is the index-adjusted amount of each instrument under contractual conditions.

On June 15, 2003, the Galia 2004 trust was terminated due to its high maintenance cost. The shares and ADS contributed to that trust by the Bank were delivered to its beneficiaries.

38. DIFFERENCES BETWEEN ARGENTINE CENTRAL BANK RULES AND PROFESSIONAL ACCOUNTING STANDARDS

INVESTMENT SECURITIES

As of December 31, 2002, the Group has classified as Investment Securities, the portion of its BODENS US\$ 2012, received in compensation from the Argentine

Central Bank. These securities are recorded at its technical value increased on the basis of interest accrued under the issue terms and conditions, and that foreign currency balance is converted into pesos at the reference exchange rate published by the Argentine Central Bank on the last business day of the fiscal year. Under Argentine Generally Accepted Accounting Principles applicable to enterprises in general these securities should be marked to market with the resulting gain or loss reflected in the income statement. There has been limited activity in the trading of these securities and as such, the quoted market values may not represent the price of an actual sale between a willing buyer and a willing seller.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

COMPENSATION TO BE RECEIVED FROM THE NATIONAL GOVERNMENT

As of December 31, 2002, the Group has accounted for BODENS US\$ 2012, recognizing the right to receive in compensation form Argentine Central Bank, as "Compensation to be received from the National Government" under "Other Receivables Resulting from Financial Brokerage". These assets are recorded at its technical value increased on the basis of interest accrued under the issue terms and conditions, and the foreign currency balance is converted into pesos at the exchange rate published by the Argentine Central Bank on the last business day of the fiscal year. Under Argentine Generally Accepted Accounting Principles applicable to enterprises in general these assets should be accounted for at the market value of the securities to be received with the resulting gain or loss reflected in the income statement. There has been limited activity in the trading of these securities and as such, the quoted market values may not represent the price of an actual sale between a willing buyer and a willing seller.

SECURED LOANS

On November 6, 2001, the Group presented its offer in connection with the exchange of Argentine government securities for secured loans, as established by Decree 1387/01 issued by the Argentine Government. The inception value of the secured loans was determined taking into account the exchange ratio established by the Ministry of Economy (face value plus interest accrued until November 6, 2001, less coupons receivable until November 30, 2001), whereas the securities delivered in exchange were written off at their book value, net of the servicing of principal and interest receivable between November 6 and 30, 2001. Under Argentine GAAP to enterprises that exchange should be accounted for at the market value of the securities exchanged with the resulting gain or loss reflected in the income statement.

ALLOWANCE FOR LOAN LOSSES - NON-FINANANCIAL PUBLIC SECTOR

Under Argentine Central Bank rules, banks must maintain reserves for loan losses in an amount appropriate to cover the risks underlying each bank's, except for the Public Sector. Under Argentine Generally Accepted Accounting Principles these loans should be provisioned according to the risk underlying this portfolio.

39. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ARGENTINE CENTRAL BANK RULES AND UNITED STATES ACCOUNTING PRINCIPLES

The following is a description of the significant differences between Argentine Banking GAAP and those applicable in the United States under generally accepted accounting principles ("U.S. GAAP"). References below to "SFAS" are to United States Statements of Financial Accounting Standards.

The differences below do not include the reversal of the adjustments to the financial statements for the effects of inflation required under Argentine Banking GAAP as the application of inflation accounting represents a comprehensive measure of the effects of wholesale price level changes in the Argentine economy and as such, is considered a more meaningful presentation than historical-based financial reporting for U.S. GAAP purposes.

A. INCOME TAXES

Argentine Central Bank regulations does not require the recognition of deferred tax assets and liabilities and therefore income taxes are recognized on the basis of amounts due in accordance with Argentine tax regulations. This method was applied to Banco Galicia. However, the Group's non-bank subsidiaries applied the deferred income tax method. As a result, the Group's non-bank subsidiaries recognized a deferred tax asset.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

For the purposes of U.S. GAAP reporting, the Group applies SFAS No. 109 "Accounting for Income Taxes". Under this method, income taxes are recognized based on the liability method whereby deferred tax assets and liabilities are established for temporary differences between the financial reporting and tax bases of the Bank's assets and liabilities. Deferred tax assets are recognized if it is more likely than not that such assets will be realized.

Under U.S. GAAP the deferred tax asset related recognized by the Group's non-bank subsidiaries was reversed.

At December 31, 2000, the Group had an additional reserve of Ps. 44,481 which was reversed.

Deferred tax assets (liabilities) are summarized as follows:

<TABLE>
 <CAPTION>

	GRUPO GALICIA		
	YEAR ENDED DECEMBER 31, 2002		
	SFAS 109 applied to Argentine GAAP balances	SFAS 109 applied to U.S. GAAP adjustments	SFAS 109
<S>	<C>	<C>	<C>
Deferred tax assets			
Allowance for loan losses - private sector.....	291,824	(16,583)	275,241
Allowance for loan losses - public sector.....	-	522,805	522,805
Compensation and hedge bonds	(1,260,235)	1,459,449	199,214
Impairment of intangible assets.....	-	10,794	10,794
Allowance for equity in other companies.....	-	-	-
Impairment of fixed assets and foreclosed assets	-	23,301	23,301
Liabilities.....	34,986	-	34,986
Provision for contingencies.....	127,827	-	127,827
Others.....	(9,241)	15,427	6,186
Loss carry forward.....	1,220,032	-	1,220,032
Total gross deferred tax assets.....	Ps. 405,193	Ps. 2,015,193	Ps. 2,420,386
Deferred tax liabilities:			
Investments.....	Ps. -	Ps. -	Ps. -
Depreciation of fixed assets.....	(1,598)	-	(1,598)
Amortization of intangible assets.....	(2,634)	(78)	(2,712)
Foreign exchange loss.....	(53,664)	-	(53,664)
Total gross deferred tax liabilities.....	Ps. (57,896)	Ps. (78)	Ps. (57,974)
Net deferred income tax asset before valuation allowance	Ps. 347,297	Ps. 2,015,115	Ps. 2,362,412
Valuation allowance.....	(400,961)	(2,015,115)	(2,416,076)
Net deferred income tax.....	Ps. (53,664)	Ps. -	Ps. (53,664)

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

<TABLE>
 <CAPTION>

	GRUPO GALICIA		
	YEAR ENDED DECEMBER 31, 2002		
	SFAS 109 applied to Argentine GAAP balances	SFAS 109 applied to U.S. GAAP adjustments	SFAS 109
<S>	<C>	<C>	<C>
Deferred tax assets			
Allowance for loan losses - private sector.....	101,525	335,025	436,550
Allowance for loan losses - public sector.....	-	2,138,622	2,138,622
Amortization of intangible assets.....	9,194	36,969	46,163
Impairment of intangible assets.....	-	34,195	34,195
Allowance for equity in other companies.....	-	22,975	22,975
Foreign exchange loss.....	-	593,125	593,125
Liabilities.....	15,273	-	15,273
Provision for contingencies.....	22,932	-	22,932
Others.....	20,129	(1,651)	18,478
Loss carry forward.....	233,436	-	233,436
Total gross deferred tax assets.....	Ps. 402,489	Ps. 3,159,260	Ps. 3,561,749
Deferred tax liabilities:			
Investments.....	Ps. (51,441)	Ps. 57,037	Ps. 5,596
Depreciation of fixed assets.....	(16,062)	-	(16,062)
Total gross deferred tax liabilities.....	Ps. (67,503)	Ps. 57,037	Ps. (10,466)
Net deferred income tax asset before valuation allowance	Ps. 334,986	Ps. 3,216,297	Ps. 3,551,283
Valuation allowance.....	(334,986)	(3,216,297)	(3,551,283)
Net deferred income tax.....	Ps. -	Ps. -	Ps. -

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

<TABLE>
 <CAPTION>

GRUPO GALICIA			
SIX-MONTHS ENDED DECEMBER 31, 2002			
	SFAS 109 applied to Argentine GAAP balances	SFAS 109 applied to U.S. GAAP adjustments	SFAS 109
<S>	<C>	<C>	<C>
Deferred tax assets			
Structured notes.....	Ps. -	Ps. 43,920	Ps. 43,920
Allowance for loan losses.....	55,840	7,665	63,505
Amortization of intangible assets.....	5,446	25,518	30,964
Liabilities.....	6,027	-	6,027
Provision for contingencies.....	10,911	-	10,911
Loss carry forward.....	21,025	-	21,025
Total gross deferred tax assets.....	Ps. 99,249	Ps. 77,103	Ps. 176,352
Deferred tax liabilities			
Investments.....	Ps. (83,373)	Ps. 60,347	Ps. (23,026)
Depreciation of fixed assets.....	(37,528)	-	(37,528)
Others.....	177	(6,975)	(6,798)
Total gross deferred tax liabilities.....	Ps. (120,724)	Ps. 53,372	Ps. (67,352)
Net deferred income tax (liability) asset.....	Ps. (21,475)	Ps. 130,475	Ps. 109,000

</TABLE>

<TABLE>
 <CAPTION>

BANCO GALICIA			
YEARS ENDED JUNE 30, 2000			
	SFAS 109 applied to Argentine GAAP balances	SFAS 109 applied to U.S. GAAP adjustments	SFAS 109
<S>	<C>	<C>	<C>
Deferred tax assets			
Structured notes.....	Ps. -	Ps. 45,975	Ps. 45,975
Allowance for loan losses.....	50,562	11,601	62,163
Amortization of intangible assets.....	2,634	26,364	28,998
Liabilities.....	7,091	-	7,091
Provision for contingencies.....	9,419	-	9,419
Loss carryforward.....	16,686	-	16,886
Others.....	153	6,337	6,490
Total gross deferred tax assets.....	Ps. 86,545	Ps. 90,277	Ps. 177,022
Deferred tax liabilities			
Investments.....	Ps. (80,511)	Ps. 46,657	Ps. (33,854)
Depreciation of fixed assets.....	(47,981)	-	(47,981)
Total gross deferred tax liabilities.....	Ps. (128,492)	Ps. 46,657	Ps. (81,835)
Net deferred income tax (liability) asset.....	Ps. (41,947)	Ps. 136,934	Ps. 95,187

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory income tax rate in Argentina to Income before income tax, calculated on the basis of U.S. GAAP for the years ended December 31, 2002 and 2001, for the six-month period ended December 31, 2000 and for the year ended June 30, 2000.

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA	
	FISCAL YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	FISCAL YEAR ENDED JUNE 30,	
	2002	2001	2000	2000	
<S>	<C>	<C>	<C>	<C>	<C>
Statutory income tax rate.....	35.0%	35.0%	35.0%	35.0%	35.0%
Tax provision computed by applying the statutory rate to the income before taxation calculated in accordance with U.S. GAAP.....	Ps. 146,594	(2,923,399)	Ps. 110,702	Ps. 176,073	(33,327)
Tax exempt income.....	(2,496,823)	(465,369)	(12,853)		
Effect of the change in the rate under which temporary Differences will reverse.....	-	-	-	-	-
Reversal of deferred income taxes under U.S. GAAP	-	8,971	-	-	-
Reversal of deferred tax set-up under Argentine GAAP	-	44,481	-	-	-
Valuation allowance (1).....	2,416,076	3,551,283	-	-	-
Other.....	-	(4,838)	3,709		1,981
Actual tax provision under U.S. GAAP.....	Ps. 65,847	Ps. 211,129	Ps. 101,558	Ps. 144,727	

</TABLE>

(1) Valuation allowance: as described in Note 1 to the Group's financial statements, there is substantial doubt of the Group's ability to continue as a going concern. This situation constitutes significant negative evidence under FAS 109 as to the realizability of deferred tax assets and thus, a valuation allowance would be required for all deferred tax assets that are not assured of realization by either (1) carryback to prior years or (2) reversal of existing taxable temporary differences. The Group provided a full reserve of its deferred tax assets after netting the future reversal of temporary differences. Based on the Argentine's Income Tax Law there are no provisions that allow the Company to carryback tax losses to prior years. Following the same principle the Group fully reserved its PMIT carryforward.

B. COMMISSIONS ON LOANS

Under Argentine Banking GAAP, the Bank does not defer certain loan origination costs relating to credit cards. In accordance with U.S. GAAP under SFAS 91, loan origination fees net of certain direct loan origination costs should be recognized over the life of the loan as an adjustment of yield.

C. INTANGIBLE ASSETS

Included in organization and development costs of the Bank are costs for compensation and severance payments to Bank employees as part of restructurings. These items are being amortized over 60 months. U.S. GAAP requires that such costs be expensed as incurred.

The Bank amortizes deferred expenses for setting up branches over the related lease agreements, a maximum of 60 months. Subsequent to the year ended June 30, 1999, in accordance with SOP 98-5 effective for fiscal years beginning after December 15, 1998, such start-up costs should be expensed as incurred.

Goodwill recorded on the purchase of credit card companies is being amortized in 10 years for Argentine Banking GAAP purposes. Under U.S. GAAP, a 5 year amortization period was elected to represent the period benefited by the intangible asset in accordance with APB 17.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

For the purposes of U.S. GAAP, goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such evaluation is based on various analyses including undiscounted cash flow projections that considers circumstances that occurred subsequent to December 31, 2001. Under Argentine GAAP, the facts and circumstances subsequent to December 31, 2001, including the effects of the devaluation of the peso, are not considered in the assessment of a company's ability to continue as a going concern. For the reconciliation to U.S. GAAP, the Group has recorded a loss on its financial statements as of December 31, 2001.

For fiscal years beginning after December 15, 2001, SFAS 142 supersedes APB 17. This statement establishes that goodwill must no longer be amortized but rather must be tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such evaluation is based on various analyses including undiscounted cash flow projections. Amortization expenses of the current year under Argentine GAAP have been recovered for U.S. GAAP purposes.

Under U.S. GAAP the SOP 98-1, effective for fiscal years beginning after December 15, 1998, define three stages for the costs of computer software developed or obtained for internal use: the preliminary project stage, the application development stage and the post-implementation operation stage. Only the second stage costs should be capitalized. Under Argentine GAAP the Bank capitalized costs relating to all three of the stages of software development.

The Group, following the guidelines established by the article 202 of the Argentine Commercial Companies Law, has deducted from the Share Issuance Premiums the organizational costs related to the exchange offer and the issuance of shares conducted in July 2000. Under U.S. GAAP and following the guidelines established by SAB 50, the organizational costs such as legal, printing and other costs related to the exchange offer and the issuance of shares have been considered an intangible asset and a 5 year amortization period was elected to represent the period benefited by the intangible asset. The audit fees related to this these transactions have been expensed as incurred, in accordance to U.S. GAAP.

D. LOAN LOSS RESERVES

The Bank's accounting for its loan loss reserve differs in some respects with practices of U.S. based banks. The most significant differences follow:

(I) LOAN CHARGE OFFS AND RECOVERIES

The Bank records recoveries on previously charged-off loans directly to income and records the amount of charged-off loans in excess of amounts specifically allocated as a direct charge to the income statement. The Bank does not partially charge off troubled loans until final disposition of the loan, rather, the allowance is maintained on a loan-by-loan basis for its estimated settlement value. The banking industry practice in the United States is to account for all charge off and recovery activity through the allowance for loan loss account. Further, loans are generally charged to the allowance account when all or part of the loan is considered uncollectible. In connection with loans in judicial proceedings, resolution through the judicial system may span several years. Loans in judicial proceedings, greater than three years at December 31, 2002, 2001 and 2000, June 30, 2000, amounted to Ps.323,104, Ps.335,431, Ps.245,625 and Ps.248,648, respectively. Had these loans been charged off, the balance of loans and the allowance for loan losses would decrease by this amount. The Bank's practice does not affect the accompanying statements of income as the Bank's reserve contemplates all losses inherent in those troubled loans.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as notes)

(II) LOANS - NON-FINANCIAL PUBLIC SECTOR

During the fiscal year ended December 31, 2001, and as a consequence of Decree No.1387/01, effective as of November 6, 2001, the Bank swapped part of its Argentine public-sector debt instruments, under the Promissory Note/Bond program, for Secured Loans.

As established by article 20 of the above mentioned decree, the conversion was made at the nominal value, at a rate of exchange of Ps.1=US\$1 and in the same currency as that of the converted obligation.

The Argentine Central Bank provided that the difference between the nominal value of the Secured Loans and the book value of the public-sector debt instruments exchanged (in the case of securities, classified and valued as "investment accounts" or "for trading purposes", under Argentine Central Bank rules) must be credited to income and added to the recorded amount included in "Loans - To the non-financial public sector" on a monthly basis, in proportion to the term of each of the secured loans received.

In accordance with U.S. GAAP, satisfaction of one monetary asset (in this case a loan or debt security) by the receipt of another monetary asset (in the case a Secured Loan) for the creditor is generally based on the market value of the asset received in satisfaction of the debt. In this particular case, the Secured Loan being received is significantly different in structure and in interest rates than the debt securities swapped. Therefore, the fair value of the loans was determined on the balance sheet date based on the contractual cash flows of the loan received discount at an estimated market value. The estimated fair value of the loan received will constitute the cost basis of the asset. The difference between the cost basis and amounts expected to be collected will be amortized on an effective yield basis over the life on the loan.

As part of the implementation of the Galicia Capitalization and Liquidity Plan during the fiscal year ended December 31, 2002, a "Secured Loans" Trust has been created where Ps.108,000 of secured loans were by in exchange for portion in cash and certificates of participation in a sale transaction.

In addition, the Group has offered to exchange certain loans to Argentine provincial governments for loans of the Argentine Federal Government, however that exchange has not been finalized. The Group has other loans to provincial governments that, in addition to the aforementioned provincial loans, are considered to be impaired under U.S. GAAP in accordance with Statement of Financial Accounting Standards No. 114. Accordingly, the Group has established an allowance for loan losses on loans to Argentine Provinces.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

(iii) IMPAIRED LOANS - NON-FINANCIAL PRIVATE SECTOR AND RESIDENTS ABROAD

For the purposes of reporting under U.S. GAAP, the Bank adopts Statement of Accounting Standards No. 114, "Accounting for Creditors for Impairment of a Loan" ("SFAS 114") as amended by Statement of Financial Accounting Standards No. 118, "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures" ("SFAS 118"). SFAS 114, as amended, requires that the carrying value of an impaired loan be based on the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral, if the loan is collateral dependent. Under SFAS 114, a loan is considered impaired when, based on current information, it is probable that the borrower will be unable to pay contractual interest or principal payments as scheduled in the loan agreement. SFAS 114 applies to all loans except smaller-balance homogeneous consumer loans, loans carried at fair value or the lower of cost or fair value, debt securities, and leases.

The Bank applies SFAS 114 to all commercial loans classified as "With problems", "Insolvency Risks" and "Uncollectible" or commercial loans greater than 90 days past due. In addition, as of December 31, 2001 the Bank has included in the scope of SFAS 114, other loans with potential risk besides the above-mentioned for Ps.1,949,899. The Bank specifically calculates the present value of estimated cash flows for commercial loans in excess of Ps.200,000 and greater than 90 days past due. For commercial and other loans in legal proceedings, loans in excess of Ps.200,000 are specifically reviewed either on a cash-flow or collateral-value basis, both considering the estimated time to settle the proceeding. As of December 31, 2002, for commercial loans under the thresholds described above, the Bank believes the percentages applied under the Central Bank rules result in an allowance on such loans that approximates the amounts under SFAS 114.

The following information relates to the Bank's impaired loans:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA	
	DECEMBER 31,		DECEMBER 31,	JUNE 30,	
	2002	2001	2000	2000	
<S>	<C>	<C>	<C>	<C>	<C>
Total impaired loans.....	Ps. 2,211,814	2,915,717	Ps. 502,797	Ps.	475,253
Average impaired loans during the year.....	2,965,832	2,590,117	499,199		465,631
Impaired loans where no additional loan loss allowance has been provided in accordance with FAS 114...	1,564,775	474,967	291,863		258,932
Cash payments received for interest on impaired loans, Recognized as income.....	1,646	3,183	2,671		3,598
Allowance for impaired loans under SFAS 114.....	1,022,577	1,271,686	215,698		204,287

</TABLE>

In addition the Bank has performed a migration analysis for consumer loans and all performing commercial loans, as detailed in, "Loan loss reserves under U.S. GAAP", in the selected statistical information. The result of the migration analysis, shows that the Bank has provided for loan losses in excess of this analysis for Ps. 112,000. For U.S. GAAP purposes, this amount of provision has been reversed.

(iv) CREDIT CARDS

The Group establishes its reserve for credit card loans based on the past due status of the loan. All loans greater than 180 days has been reserved at 50% in accordance with the rules established by the Central Bank. Under U.S. GAAP, loans greater than 180 days past due should charged off. As a result charge offs the credit card portfolio under U.S. GAAP would be increased as of December 31, 2002 and 2001, Ps.31,652

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

and Ps.70,994, respectively. The Group also increased its reserve for credit card loans by a like amount to cover additional loss exposure inherent in the credit card portfolio.

e. GOVERNMENT SECURITIES AND OTHER INVESTMENTS

(i) INVESTMENT SECURITIES

The Bank's government securities and certain other securities that are included under the caption "investment accounts" under Argentine Central Bank rules, are considered as "available for sale" under U.S. GAAP. As of December 31, 2001, the Bank did not hold government securities classified as investment securities under Argentine Central Bank rules.

The gross gain on sales of government securities considered as "available for sale" under U.S. GAAP amounted to Ps.2,073, Ps.880 and Ps.19,527 for the fiscal year ended December 31, 2001, for the six-month period ended December 31, 2000 and for the year ended June 30, 2000, respectively; and the gross losses on sales from government securities classified as "available for sale" under U.S. GAAP amounted to Ps.(15), Ps.(2) and Ps.(352) for the fiscal year ended December 31, 2002 and 2001, for the six-month period ended December 31, 2000 and for the year ended June 30, 2000, respectively.

As of December 31, 2002 there were no sales of government securities considered as "available for sale" under U.S. GAAP.

Argentine Banking GAAP provides that only coupon interest, rather than the discounts or premiums on purchase, can be accrued on available for sale securities as of March 1, 2000. Therefore from March 1, 2000, the cost of the investment includes the purchase price plus the amount of the accrued coupon interest. For the purposes of U.S. GAAP the Bank continued accreting and amortizing discounts and premiums as a component of its interest income. For U.S. GAAP the cost of the investments continued to be calculated in accordance with the amortized cost basis.

(ii) HEDGE BONDS ISSUED IN CONNECTION WITH THE COMPENSATION FOR FOREIGN CURRENCY POSITION AND COMPENSATORY BONDS ISSUED IN CONNECTION WITH THE COMPENSATION FOR "ASYMMETRIC PESOFICATION"

For the "asymmetric pesification" and its consequences

Argentine Central Bank's Communication "A" 3650 established the regulations necessary to implement the provisions of Decree No.905/02 in connection with the compensation of the negative effects of the conversion into pesos at different exchange rates of financial institutions' assets and liabilities and the resulting foreign currency mismatches left in their balance sheets. The Bank informed the Central Bank in three communications each following the applicable Communication issued by the Central Bank of the amount of bonds they believed they were entitled to under communications issued by the Central Bank (the last correspondence being January 2003). The amount of compensation so determined amounted to US\$1,021.8 million (Compensatory Bond) and US\$1,232.2 million (Hedge Bond). The Central Bank deposited in October 2002 Compensatory Bonds in the amount of US\$ 200.8 million to the account of the Bank. The subscribed amount of the Hedge Bond are included as "Other Receivables Resulting from Financia Brokerage - Other". In order to purchase the subscribed Hedge Bonds, the Bank may enter into a credit agreement with the Central Bank, with interest payable at CER plus 2%. In the case of the Hedge bonds and the related financing to be obtained from the Central Bank, the transaction is retroactive to February 3, 2002. The Bank can withdrawal its request to purchase the Hedge Bonds prior to the approval of the Central Bank and prior to the transaction is executed.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

In connection with the Bank's right (but not the obligation) to purchase the Hedge Bonds, the Bank has recognized the right to purchase the Hedge Bonds at their equivalent value as if the Bank had the associated bonds in their possession, and recognized the associated liability to fund the Hedge Bonds as if the Bank had executed the debt agreement with the Central Bank. The receivable is denominated in U.S. dollars bearing interest at 2% whereas the liability to the Central Bank is denominated in pesos with interest being accrued at CER plus 2%, each retroactive to February 3, 2002.

Under U.S. GAAP the right to purchase the Hedge Bonds is not considered an asset under Financial Accounting Standards Board Statement of Concepts No. 6 Elements of Financial Statements (CON 6). Under CON 6, assets are defined as "...probable future economic benefits obtained or controlled by an entity as a result of past transactions or events". In addition, one of the three essential characteristics of an asset include that an entity can obtain the benefit and control others' access to it. As of December 31, 2002, the Bank can not obtain the benefit of the Hedge Bonds to be purchased until such time as the transaction becomes approved by the Central Bank and the Bank remits funds to the Central Bank. The liability under U.S. GAAP would be recognized when the Bank enters into the financing arrangement.

In connection with the Compensatory Bonds received or receivable by the Bank, such amounts should initially be recognized at their market value (limited to the amounts of the loss suffered by the Bank in connection with the "asymmetric pesification"). Compensation Bonds in the Bank's possession are classified as available for sale and recognized at market with the gain or loss recognized as a charge or credit to equity through other comprehensive income. In connection with estimating the fair value of the Compensatory Bonds, the Bank used quoted market values. There has been limited activity in the trading of these securities and as such, the quoted market values may not represent the price of an actual sale between a willing buyer and a willing seller. Absent additional information the Bank has used the market quotation as the fair market value for estimating U.S. GAAP adjustments.

For the "asymmetric indexation" and legal actions related to the payment of deposits

In addition, financial institutions have requested to the government that they be compensated for the losses generated to them by: 1) the payment of deposits pursuant to judicial orders at the free market exchange rate, which was greater than that established by the government for conversion into pesos of included financial institutions' assets and liabilities, and 2) the adjustment for inflation of included assets and liabilities by using different coefficients (CER vs. CVS) ("asymmetric indexation"). As of the date of preparation of these financial statements, the authorities have not taken any measures to compensate these issues.

Under Argentine Central Bank rules, the difference describe in (1) above adjusted by applying the CER and interest accrued at the payment date, has been recorded in "Other receivables resulting from financial brokerage". As of December 31, 2002, that difference amounted to Ps.442,895.

Under U.S. GAAP the right to obtain this compensation is not considered an asset under Financial Accounting Standards Board Statement of Concepts No. 6 Elements of Financial Statements (CON 6). Under CON 6, assets are defined as "...probable future economic benefits obtained or controlled by an entity as a result of past transactions or events". In addition, one of the three essential characteristics of an asset include that an entity can obtain the benefit and control others' access to it. As of December 31, 2002, the Bank can not obtain the benefit of the compensation until such time as the compensation becomes approved by the National Government and the Argentine Central Bank.

(iii) STRUCTURED NOTES

During the year ended June 30, 1999 the Bank transferred investments from its available-for-sale portfolio in exchange for a structured note. The cash flows receivable on the structured note are linked to the cash flows on the underlying security.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

The Bank accounted for this transaction by eliminating the unrealized losses, then included in equity, and recording the structured note at its face value.

Under U.S. GAAP the above transfer would not qualify as a sale under SFAS 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" because the Bank retains a 100% beneficial interest in the transferred assets. Changes in the market value of the securities transferred will continue to be recognized under SFAS 115.

During November 2001, this structured note was dissolved as the underlying bonds were part of the swap transaction described in 38.d(ii).

f. ITEMS IN PROCESS OF COLLECTION

The Bank does not give accounting recognition to checks drawn on the Bank or other banks, or other items to be collected until such time as the related item clears or is accepted. Such items are recorded by the Bank in memorandum accounts. U.S. banks, however, account for such items through balance sheet clearing accounts at the time the items are presented to the Bank.

The Group's assets and liabilities would be increased by approximately Ps.476,619 and Ps.2,547,464 had U.S. GAAP been applied at December 31, 2002 and 2001, respectively.

g. DERIVATIVE INSTRUMENTS

The Bank accounts for derivatives in memoranda accounts off balance sheet.

Under U.S. GAAP SFAS 133 as amended by SFAS 137 and SFAS 138 was applicable for all fiscal quarters of all fiscal years beginning after June 15, 2000.

SFAS No. 133 establishes the standards of accounting and reporting derivative instruments, including certain derivative instruments in other contracts (collectively referred to as derivatives) and hedging activities. This Statement requires institutions to recognize all derivatives in the balance sheet, whether as assets or liabilities, and to measure those instruments at their fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge for the exposure to changes in the fair value of a recorded asset or liability or unrecorded firm commitment, (b) a hedge for the exposure. If such a hedge designation is achieved then special hedge accounting can be applied for the hedged transactions, that will reduce the volatility in the income statement to the extent that the hedge is effective. In order for hedge accounting to be applied the derivative and the hedged item must meet strict designation and effectiveness tests.

As of December 31, 2001 the Group had not designated any of its derivatives as fair value, cash flow or foreign currency hedges in accordance with the provisions of SFAS 133. Therefore, under the provisions of SFAS 133, the derivatives would be accounted for at fair value in the balance sheet and the unrealized gains and losses on those derivatives would be accounted for in the income statement.

As of December 31, 2002, the book value of the option contracts, is believed by management to approximate fair value.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

h. FORWARD CONTRACTS IN FOREIGN CURRENCY

Apart from the valuation differences for derivative financial instruments that have been discussed above the Bank accounts for forward foreign currency contracts by recognizing a receivable and a payable for the currencies for which it will make a gross settlement.

Under SFAS 52 and SFAS 80, applicable for the Group until June 30, 2000, and under SFAS 133, applicable for the Group from July 1, 2000 until December 31, 2000, forward contracts are recorded on a net rather than under a gross basis.

In addition to the adjustment recorded for the purposes of SFAS 133, the Bank's assets and liabilities would be decreased by approximately Ps.669 and Ps.372,776 had U.S. GAAP been applied as of December 31, 2002 and 2001, respectively.

i. REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

The Bank enters into repurchase and reverse repurchase agreements of financial instruments on a basis different from that required under U.S. GAAP. At the initial transaction date, the Bank records the government securities purchase or sale and records the amount of cash and security to be exchanged in the future as a receivable or payable.

Under U.S. GAAP, for repurchase and reverse repurchase transactions entered into on or prior to January 1, 1998, only the receipt or payment of cash and the related payable or receivable for the borrowing or lending of cash was recorded.

For repurchase and reverse repurchase transactions entered into on or after January 1, 1998 to July 30, 2000 debtors under repurchase agreements reclassify financial assets pledged as collateral in certain circumstances in which the secured party has taken control of these assets. As of December 31, 2001 and 2000, debtors under repurchase agreements must reclassify financial assets pledged as collateral irrespective of whether the secured party has taken control of the assets. For repurchase and reverse repurchase transactions entered into on or after January 1, 1998, secured parties must recognize assets received as collateral on the balance sheet only in the case of sale of the collateral or default of the borrower.

The Bank's assets and liabilities would be decreased by approximately Ps.2,960,905 and Ps.2,355,364 had U.S. GAAP been applied as of December 31, 2000, and June 30, 2001, respectively. As of December 31, 2002 and 2001 there were no reverse repurchase agreements.

j. TRANSFERS OF FINANCIAL ASSETS

Financial trust "Galtrust I"

The financial trust "Galtrust I" was created in October 2000 in connection with the securitization of provincial loans for a total amount of Ps.1,092 million. The securitized loans were from the portfolio of loans granted to provincial governments, guaranteed by the federal tax revenues shared with the provincial governments. This trust was recorded under Argentine Central Bank rules in the "Other Receivables from Financial Brokerage", account in the financial statements and its balance as of December 31, 2002, 2001 and 2000, was Ps. 680 million, Ps.647 million and Ps.979 million, respectively. The Bank considers this transaction as a sale under U.S. GAAP, following the rules established by FAS 125, Galtrust I debt securities and certificates retained by the Bank are considered as "available for sale" under U.S. GAAP and the unrealized gains (losses) on these securities are reported as an adjustment to shareholders' equity, unless unrealized losses are deemed to be other than temporary in accordance with Emerging Issues Task Force No. 99-20. The unrealized loss on the

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

retained interests at December 31, 2001 has been deemed to be other than temporary and such loss has been charged to income. The retained interests were initially recorded based on their allocated book value using the fair value allocation method.

During 2002, the portfolio of loans included in and the related retained interest in Galtrust I were subject to the pesification described in Note 1. As a result the retained interest in the trust was converted to pesos at an exchange rate of to 1.40 to 1 and the interest rate for their debt securities changed to CER plus 2%. Also Galtrust I will be swaped for National Government Loans.

For purposes of estimating the fair value of the retained interests in the securitization trusts valuation models were used which consider certain assumptions in estimating future cash flows and a rate under which the cash flows are discounted.

These significant assumptions include:

- Cumulative prepayment rate estimated based on the prepayment history of similar loans. This rate was equivalent to 1.52% as of October 2000, December 31, 2000, December 31, 2001 and December 2002.
- As of December 31, 2000 and 2001, there had been no experience of losses on these loans. The credit risk reflected by the subordination of the B and C note was taken into account in the discount rate applied by the Bank. The discount rates used as of October 2000, December 2001 and 2002 were as follows.

DISCOUNT RATE FOR: (a)

<TABLE>
 <CAPTION>

	DECEMBER 31, 2002	DECEMBER 31, 2001	DECEMBER 31, 2000	OCTOBER 2000
<S>	<C>	<C>	<C>	<C>
Galtrust I Class A Debt Securities	-	-	8.5%	9.5%
Galtrust I Class B Debt Securities	22% (b)	39.2 %	12.0%	12.6%
Galtrust I Participation Certificates	22% (b)	39.2 %	13.0%	13.0%

- (a) As of October 2000, December 31, 2000 and 2001, the rate is based upon the Bank's estimate of comparable rates of discount used in similar rated bonds in Argentina.
- (b) As of December 31, 2002, the discount real rate used is based on CER plus 700 basis points (no similar bonds existed at December 31, 2002).

Financial trust "Galtrust II, III, IV, V" and "Galicia Mortgage Loans"

As described in Note 34 of the Group's financial statements on December 17, 2001 and April 2002, the Bank entered into securitization transactions where the Bank established five different trusts and transferred to the trusts ownership of mortgage loans in exchange for debt securities and residual interests in the trusts.

These transfers would not be considered as a sale for U.S. GAAP purposes. However, in accordance with Financial Accounting Standards Board Statement No. 140, at the completion of a transfer of financial assets, the transferor should carry in its balance sheet any retained interests in the transferred assets. The cost basis of the assets transferred would be allocated to the retained interests based on their relative fair values at the date of transfer. Subsequently, those retained interests would be accounted for as available for sale

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

securities. For Argentine GAAP purposes, these retained interests are accounted for at cost plus accrued interest for the debt securities, and the equity method is used to account for the residual interest in the trusts.

As described in note 34, on December 26, 2002 the "Galtrust III and IV" financial trusts were terminated, and the loan portfolio of those trusts have been incorporated to the Bank's loan portfolio. The Bank has performed a migration analysis for these consumer loans, which shows that the book value is a reasonable estimate of it's fair value.

For "Galtrust II and V", the book value of the debt securities and residual interests the Bank has, is believed by management to approximate fair value.

For "Galicia Mortgage Loans", the book value of the residual interests approximates its fair value.

k. ACCEPTANCES

Under Argentine GAAP, acceptances are accounted for in memorandum accounts. Under U.S. GAAP, third party liability for acceptances should be included in "Other receivables resulting from financial brokerage" representing Bank customers' liabilities on outstanding drafts or bills of exchange that have been accepted by the Bank. Acceptances should be included in "Other liabilities resulting from financial brokerage" representing the Bank's liability to remit payment upon the presentation of the accepted drafts or bills of exchange.

The Bank's assets and liabilities would be increased by approximately Ps.104,846, Ps.153,331, Ps.138,398 and Ps.137,710, had U.S. GAAP been applied as of December 31, 2002, 2001 and 2000, and June 30, 2000, respectively.

l. YEAR 2000 COSTS

Under Argentine GAAP costs related to the Year 2000 project have been capitalized. Under U.S. GAAP costs relating to the Year 2000 project arising from the modification of existing systems must be expensed as incurred.

m. FOREIGN EXCHANGE DIFFERENCE

At December 31, 2001, the official exchange rate between the U.S. dollar and the Argentine peso was 1 to 1 and for Argentine GAAP purposes, this rate was used to translate all U.S. dollar denominated assets and liabilities at December 31, 2001.

For U.S. GAAP purposes, foreign currency transactions should be translated at the applicable rate at which those particular transactions could be settled at the balance sheet date. In anticipation of an announced devaluation, "exchange houses" in Argentina (used for limited personal transactions and not for settling business transactions) started exchanging dollars at 1.4 or more pesos to the dollar prior to December 31, 2001. Such exchange houses were closed at December 31, 2001. Through January 10, 2002, no transactions were conducted in U.S. dollars and there was no exchangeability between the peso and the dollar. Under Statement of Accounting Standards No. 52, if the exchangeability between two currencies is temporarily lacking at the balance sheet date, the first subsequent rate at which exchanges could be made is used for translating foreign currency transactions. In this case, the January 11, 2002, exchange rate of Ps.1.6 to US\$1 was the first available rate after year end and thus that rate was used for U.S. GAAP purposes to translate U.S. dollar denominated assets and liabilities at December 31, 2001.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000
(Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

In addition, the Group's equity holdings in Argentine companies were similarly adjusted for its proportional effect of applying the Ps.1.6 to US\$1 exchange rate to the U.S. dollars denominated assets and liabilities of such companies at December 31, 2001.

As of December 31, 2002 and under Argentine GAAP purposes, foreign currency assets and liabilities are stated in pesos, using the U.S. dollar rate of exchange set by the Argentine Central Bank, prevailing at the close of operations on the last business day of each month

h. IMPAIRMENT OF FIXED ASSETS AND FORECLOSED ASSETS

Under Argentine Banking GAAP, fixed assets and foreclosed assets are restated for inflation using the WPI index at December 31, 2002. As such, the balances of fixed assets and foreclosed assets were increased by approximately 118%. In accordance with Statement of Accounting Standards No. 144, "Impairment of Long-lived Assets", such assets are subject to impairment tests in certain circumstances. Because projected cash flows associated with fixed assets and foreclosed assets are insufficient to recover the restated carrying amounts of the assets, those assets should be tested for impairment. Market values for the Bank's fixed and foreclosed assets were obtained. The difference between the market values and the amount recorded under Argentine Banking GAAP, was charged to income for the year ended December 31, 2002.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

CONSOLIDATED NET INCOME

<TABLE>
 <CAPTION>

	GRUPO GALICIA		BANCO GALICIA	
	FISCAL YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30,
	2002	2001	2000	2000
<S>	<C>	<C>	<C>	<C>
Net income as stated.....	Ps. (1,458,793)	262,254	196,401	Ps. 341,477
Loan origination fees and costs:				
Credit card costs (Note 39b.).....	(11,160)	3,628	(142)	363
Intangible assets(Note 39c.):				
Capitalized costs for compensations to Bank's employees...	-	299	478	4,821
Amortization of deferred expenses for setting up of branches.....	31,473	11,425	5,592	(5,035)
Goodwill amortization.....	33,813	(17,954)	(8,216)	(10,289)
Goodwill impairment.....	66,860	(97,700)	-	-
Year 2000 costs (Note 39l.).....	2,980	2,980	1,490	(15,295)
Software costs (Note 39c.).....	6,651	(1,560)	(3,657)	(3,840)
Loss on exchange of Public Debt (Note 39d(ii)).....	2,023,056	(3,330,379)	-	-
Loan impairment - Public Debt (Note 39d(ii)).....	978,057	(2,224,181)	-	-
Loan impairment - private sector (Note 39d(iii)).....	965,250	(864,318)	11,246	35,226
Loan impairment - credit cards (Note 39d(iv))	39,342	(70,994)	-	-
Derivative instruments (Note 39g).....	(937)	(17,167)	18,104	-
Amortization of organization costs on exchange offer (Note 39c)	(4,646)	(4,646)	(6,007)	-
Impairment / loss on Galtrust I securities (Note 39j)	301,356	(555,020)	(769)	-
Government Securities:				
Compensatory Bond received (Note 39e(ii)).....	(378,417)	-	-	-
Compensatory Bond to be received (Note 39e(ii)).....	(1,573,762)	-	-	-
Hedge Bond (Note 39e(ii)).....	(1,754,651)	-	-	-
Compensation related to the payment of deposits (Note 39e(ii))	(442,895)	-	-	-
Accrued interest of other available-for-sale Securities (Note 39e(i)).....	-	-	(11,338)	(6,505)
Foreign exchange difference (Note 39m).....	1,694,640	(1,694,640)	-	-
Foreign exchange difference in Equity investments in other companies (Note 39m)	66,889	(66,889)	-	-
Impairment of fixed assets and foreclosed assets (Note 39h).....	(66,574)	-	-	-
Reversal of deferred taxes under Argentine GAAP (Note 39a)...	-	(44,481)	100	(31,336)
Deferred taxes, net (Note 39a).....	-	(8,971)	12,747	48,750
Presumptive minimum income tax.....	(11,702)	-	-	-
Minority interest	(87,990)	154,620	(1,298)	-
Net income (loss) in accordance with U.S. GAAP.....	Ps. 418,840	(8,563,694)	Ps. 214,731	Ps. 358,337
Net income (loss) per share in accordance with U.S. GAAP (Note 24).....	Ps. 0.383	(7,839)	Ps. 0.210	Ps. 0.306
Average number of shares outstanding (in thousands) (Note 24).....	1,092,407	1,092,407	1,023,673	1,171,705
Net income (loss) per share in accordance with U.S. GAAP assuming full dilution (Note 24).....	Ps. 0.383	(7,839)	Ps. 0.210	Ps. 0.306

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

CONSOLIDATED SHAREHOLDERS' EQUITY

<TABLE>
 <CAPTION>

	GRUPO GALICIA			BANCO GALICIA
	DECEMBER 31,			YEAR ENDED
	2002	2001	2000	JUNE 30,
<S>	<C>	<C>	<C>	<C>
Shareholders' equity as stated.....	Ps. 1,624,475	3,076,747	Ps. 2,885,246	Ps 2,909,973
Loan origination fees and costs (Note 39b.).....	1,785	12,945	9,317	9,459
Intangible assets (Note 39c.):				
Capitalized costs for compensations to the Bank's employees.....	-	-	(299)	(778)
Amortization of deferred expenses for setting up of branches.....	(22,218)	(53,691)	(65,115)	(70,707)
Goodwill amortization.....	(9,067)	(42,880)	(24,926)	(16,711)
Goodwill impairment.....	(30,840)	(97,700)	-	-
Software costs.....	(2,406)	(9,057)	(7,497)	(3,840)
Loss on exchange of Public Debt (Note 39d(ii)).....	(1,307,323)	(3,330,379)	-	-
Loan impairment - Public Debt (Note 39d(ii)).....	(1,246,124)	(2,224,181)	-	-
Loan impairment - private sector (Note 39d(iii)).....	79,031	(886,219)	(21,901)	(33,146)
Loan impairment - credit card (Note 39d(iv)).....	(31,652)	(70,994)	-	-
Government securities:				
Compensatory Bond received (Note 39e (ii)).....	(398,546)	-	-	-
Compensatory Bond to be received (Note 39e (ii)).....	(1,573,762)	-	-	-
Hedge Bond (Note 39e (ii)).....	(1,754,651)	-	-	-
Compensation related to the payment of deposits (Note 39e (ii))	(442,895)	-	-	-
Unrealized appreciation (depreciation) of other available-for-sale securities (Note 39e(j)).....	(1,119)	-	(127,092)	(126,804)
Structured notes (Note 39e (iii))	-	-	(125,488)	(131,363)
Derivative instruments (Note 39g).....	-	937	18,104	-
Tax effect unrealized appreciation (depreciation) of available-for-sale securities (Note 39e (i)).....	-	-	44,481	44,381
Tax effect structured notes (Note 39e (ii)).....	-	-	43,920	45,975
Amortization of organization costs related to the exchange offer (Note 39c)	(15,299)	(10,653)	(6,007)	-
Organization costs related to the exchange offer (Note 39c).....	24,590	24,590	24,590	-
Tax effect organization costs related to the exchange offer (Note 39c).....	-	-	(8,607)	-
Loss on sale of Galtrust I debt securities (Note 39j)...	-	-	(769)	-
Unrealized appreciation (depreciation) of Galtrust I securities (Note 39j).....	(247,605)	(555,789)	(33,223)	-
Tax effect Galtrust I securities (Note 39j).....	-	-	11,628	-
Unrealized appreciation (depreciation) of Galtrust II, III, IV, V securities (Note 39j).....	-	(57,037)	-	-
Minority interest.....	83,081	171,071	16,451	-
Year 2000 costs (Note 39l).....	(20,118)	(23,098)	(26,078)	(27,567)
Foreign exchange difference (Note 39m).....	-	(1,694,640)	-	-
Equity investments in other companies (Note 39m)	-	(66,889)	-	-
Impairment of fixed assets and foreclosed assets (Note 39h).....	(66,574)	-	-	-
Presumptive minimum income tax (Note 39a)	(11,702)	-	-	-
Prior income tax adjustments (Note 39a).....	(6,521)	-	-	-
Investment securities deferred tax provision (Note 39e (i)).....	-	-	44,481	44,381
Deferred taxes, net (Note 39a).....	-	-	17,578	4,832
Consolidated shareholders' equity (deficit) in accordance with U.S GAAP.....	Ps (5,375,460)	(5,836,917)	Ps 2,668,794	Ps 2,648,085

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

Roll forward analysis of shareholder's equity under U.S. GAAP at December 31, 2002, 2001 and 2000, and June 30, 2000:

<TABLE>
 <CAPTION>

BANCO GALICIA					
			ADJUSTMENTS TO SHAREHOLDERS' EQUITY	PROFIT RESERVES	
	CAPITAL STOCK	PAID IN CAPITAL		LEGAL	OTHER
<S>	<C>	<C>	<C>	<C>	<C>
Balance as of June 30, 1999.....	Ps. 405,417	Ps. 310,678	Ps. 1,000,407	Ps. 296,223	Ps. (8,242)
Distribution of retained earnings:					
Legal reserve.....	-	-	-	65,793	-
Reserve provided by the By-Laws.....	-	-	-	-	15
Cash dividends.....	-	-	-	-	-
Stock distributions to shareholders (63,245,024 shares).....	63,245	-	74,909	-	-
Unrealized depreciation of available-for-sale securities, net of tax.....	-	-	-	-	-
Net income for the year under U.S. GAAP.....	-	-	-	-	-
Balance at June 30, 2000....	468,662	Ps. 310,678	Ps. 1,075,316	Ps. 362,016	Ps. (8,227)

<CAPTION>

BANCO GALICIA			
	OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
	<C>	<C>	<C>
Balance as of June 30, 1999.....	Ps. (292,638)	Ps. 514,365	Ps. 2,226,210
Distribution of retained earnings:			
Legal reserve.....	-	(65,793)	-
Reserve provided by the By-Laws.....	-	(15)	-
Cash dividends.....	-	(76,166)	(76,166)
Stock distributions to shareholders (63,245,024 shares).....	-	(138,154)	-
Unrealized depreciation of available-for-sale securities, net of tax.....	139,704	-	139,704
Net income for the year under U.S. GAAP.....	-	358,337	358,337
Balance at June 30, 2000....	Ps. (152,934)	Ps. 592,574	Ps. 2,648,085

</TABLE>

<TABLE>
 <CAPTION>

GRUPO GALICIA					
			ADJUSTMENTS TO SHAREHOLDERS' EQUITY	PROFIT RESERVES	
	CAPITAL STOCK	PAID IN CAPITAL		LEGAL	OTHER
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 2000....	Ps. 543,000	Ps. 15,250	Ps. 661,202	Ps. 1,944	Ps. 40,279
Capital increase approved by extraordinary meeting of shareholders held on May 16, 2000 (*).....	549,407	64,001	726,533	-	-
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	-	-	-	-	-
Organizational costs related to the exchange offer, net of tax and minority interest.....	-	7,317	8,666	-	-
Net income for the period under U.S. GAAP.....	-	-	-	-	-
Balance at December 31, 2000.....	Ps. 1,092,407	Ps. 86,568	Ps. 1,396,401	Ps. 1,944	Ps. 40,279
Distribution of retained earnings:					
Legal reserve.....	-	-	-	14,181	-
Reserve provided by the By-Laws.....	-	-	-	-	196,597
Cash dividends.....	-	-	-	-	-
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	-	-	-	-	-
Net loss for the year under U.S. GAAP.....	-	-	-	-	-

Balance at December 31, 2001.....	Ps.1,092,407	Ps. 86,568	Ps. 1,396,401	Ps. 16,125	Ps. 236,876
	=====	=====	=====	=====	=====
Distribution of retained earnings:					
Legal reserve.....	-	-	-	13,113	-
Reserve provided by the By-Laws.....	-	-	-	-	251,208
Cash dividends.....	-	-	-	-	-
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	-	-	-	-	-
Net loss for the year under U.S. GAAP.....	-	-	-	-	-
	-----	-----	-----	-----	-----
Balance at December 31, 2002.....	Ps.1,092,407	Ps. 86,568	Ps. 1,396,401	Ps. 29,238	Ps. 488,084
	=====	=====	=====	=====	=====

<CAPTION>

GRUPO GALICIA			
	OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY
<S>	<C>	<C>	<C>
Balance at June 30, 2000.....	Ps. (100,631)	Ps. 66,500	Ps. 1,227,544
Capital increase approved by extraordinary meeting of shareholders held on May 16, 2000 (*).....	(78,954)	(44,263)	1,216,724
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	(6,188)	-	(6,188)
Organizational costs related to the exchange offer, net of tax and minority interest.....	-	-	15,983
Net income for the period under U.S. GAAP.....	-	214,731	214,731
	-----	-----	-----
Balance at December 31, 2000.....	Ps. (185,773)	Ps. 236,968	Ps. 2,668,794
	=====	=====	=====
Distribution of retained earnings:			
Legal reserve.....	-	(14,181)	-
Reserve provided by the By-Laws.....	-	(196,597)	-
Cash dividends.....	-	(70,753)	(70,753)
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	128,736	-	128,736
Net loss for the year under U.S. GAAP.....	-	(8,563,694)	(8,563,694)
	-----	-----	-----
Balance at December 31, 2001.....	Ps. (57,037)	Ps. (8,608,257)	Ps. (5,836,917)
	=====	=====	=====
Distribution of retained earnings:			
Legal reserve.....	-	(13,113)	-
Reserve provided by the By-Laws.....	-	(251,208)	-
Cash dividends.....	-	-	-
Unrealized appreciation of available-for-sale securities, net of tax and minority interest.....	42,617	-	42,617
Net loss for the year under U.S. GAAP.....	-	418,840	418,840
	-----	-----	-----
Balance at December 31, 2002.....	Ps. (14,420)	Ps. (8,453,738)	Ps. (5,375,460)
	=====	=====	=====

</TABLE>

(*) Covered by Board meeting minutes dated July 24, 2000 and July 26, 2000.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

COMPREHENSIVE INCOME

SFAS 130 "Reporting Comprehensive Income" establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in the financial statements. Comprehensive income is the total of net income and all transactions, and other events and circumstances from nonowner sources.

The following disclosure presented for the fiscal years ended December 31, 2002 and 2001, for the six-month period ended December 31, 2000 and for the year ended June 30, 2000, shows all periods restated to conform with SFAS 130.

<TABLE>
 <CAPTION>

	GRUPO GALICIA		BANCO GALICIA	
	FISCAL YEARS ENDED DECEMBER 31,		SIX-MONTHS ENDED DECEMBER 31,	YEAR ENDED JUNE 30
	2002	2001	2000	2000
<S> INCOME STATEMENT	<C>	<C>	<C>	<C>
Financial Income.....	Ps 3,948,671	Ps 3,538,627	Ps 1,797,749	Ps 3,268,777
Financial Expenditure.....	4,520,991	2,106,985	967,244	1,695,953
Net Financial Income.....	(572,320)	1,431,642	830,505	1,572,824
Provision for Loan Losses.....	920,827	4,690,811	258,926	509,713
Income from Services.....	507,424	1,150,427	513,120	929,331
Expenditures from Services.....	139,424	212,243	95,422	181,272
Monetary result of financial brokerage.....	2,862,286	-	-	-
Administrative Expenses.....	1,008,431	1,465,307	669,769	1,356,872
Monetary result of operating expenses.....	59,809	-	-	-
Net Income (Loss) from Financial Brokerage...	788,517	(3,786,292)	319,508	454,298
Minority Interests.....	179,252	132,653	(15,077)	651
Miscellaneous Income.....	288,888	656,254	89,297	142,483
Miscellaneous Losses.....	(722,782)	(5,355,180)	(77,439)	(94,368)
Monetary results of other operations.....	(49,188)	-	-	-
Net Income (Loss) before Income tax.....	484,687	(8,352,565)	316,289	503,064
Income Tax.....	(65,847)	(211,129)	(101,558)	(144,727)
NET INCOME (LOSS) UNDER U.S. GAAP.....	418,840	(8,563,694)	214,731	358,337
Other comprehensive income gain (loss):				
Unrealized gains (losses) on securities...	42,617	128,736	(15,221)	211,432
Tax effect on unrealized gains (losses) on securities.....	-	-	9,033	(71,728)
OTHER COMPREHENSIVE INCOME GAIN (LOSS)	42,617	128,736	(6,188)	139,704
COMPREHENSIVE INCOME (LOSS).....	Ps 461,457	Ps (8,434,958)	Ps 208,543	Ps 498,041

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

CONCENTRATION OF RISK - TOTAL EXPOSURE TO THE PUBLIC SECTOR - ARGENTINE GOVERNMENT AND PROVINCES

The Group has significant exposure to the Argentine Government and Provinces in the form of government securities, secured and other debt obligations. As of December 31, 2002 and 2001, the Group had the following loans outstanding:

<TABLE>
 <CAPTION>

	GRUPO GALICIA			
	DECEMBER 31, 2002		DECEMBER 31, 2001	
	ARGENTINE BANKING GAAP	U.S. GAAP	ARGENTINE BANKING GAAP	U.S. GAAP
<S>	<C>	<C>	<C>	<C>
Argentine Federal Government loans	Ps 3,979,339	Ps 2,739,513	Ps 5,171,717	Ps 1,817,071
Argentine Provincial loans	3,777,551	2,531,427	3,193,183	1,300,488
Other Argentine public receivables	393,955	326,458	921,465	614,248
Galtrust 1 (securitization of Provincial Loans)	680,230	432,625	646,698	90,909
Compensatory bond received	687,478	288,932	-	-
Compensatory bond to be received	2,814,159	1,240,397	-	-
Hedge bond (1)	4,222,996	-	-	-
Compensation to be received related to the payment of deposits	442,895	-	-	-
Others (2)	1,122,790	1,121,671	1,500,411	1,500,411
Total	Ps 18,121,393	Ps 8,681,023	Ps 11,433,474	Ps 5,323,127

</TABLE>

(1) The advance to be requested from the Argentine Central Bank for the subscription of the Hedge Bond, was recorded in "Other liabilities resulting from financial brokerage - Other", for Ps. 2,468,345. Under U.S. GAAP, the Hedge Bond and the advance has been eliminated.

(2) Includes bonds such as Fiscal Credit Certificate, Argentine Republic External Bills and National Government Bonds. The carrying values at December 31, 2002 and 2001 are a reasonable estimate of its fair values

As of December 31, 2001 and 2002, the reduction in carrying value for U.S. GAAP purposes in these loans and securities is primarily a result of the effect of discounting future cash flows of these loans or securities and because under U.S. GAAP the right to purchase the Hedge Bonds is not considered an asset.

RISKS AND UNCERTAINTIES

The prospects of the Argentine economy and exchange markets that existed at the end of 2001 were widely uncertain. The increasing public sector deficit, the contracting economy and rumors and predictions that Argentina was abandoning the one-to-one currency parity policy, as well as the impending default on the country's external obligations, contributed to a great uncertainty as to the future of Argentina and its economy. Significant measures were put in place in December 2001, such as the freezing of bank deposits and the introduction of exchange controls that restricted capital outflows.

Subsequent measures put forth by the Argentine government have added to the uncertainty, as many government decrees have been issued, then subsequently changed, modified or repealed. Other decrees lack specific

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

and substantive guidance for implementing the new rules. Still others are being challenged in the Argentine judicial courts.

Due to the Argentine crisis and its material adverse effects on the Bank's cash flows and deposit base, the Bank became increasingly unable to access to the financial market or otherwise obtain any financing, other than from the Argentine Central Bank. The Bank's liquid assets, deposits and cash flows from operations became insufficient to pay its foreign obligations as they became due. As a result, the Bank began to negotiate with its foreign creditors, as obligations matured, for an extension to the maturities of these obligations until a comprehensive renegotiation of its entire liabilities with foreign creditors could be accomplished.

On June 12, 2002, the Bank announced the restructuring of all of its debts with foreign creditors, under the framework of the Plan. Within this framework, the repayment of the Bank's debt with foreign creditors has been postponed until such debt is renegotiated.

Because the Bank has failed to make certain scheduled debt payments on its foreign debt and the creditors have not waived any defaults or agreed to forebear the exercise of their rights, its creditors are entitled to accelerate the maturity of its obligations and to seek to exercise remedies, including, without limitation, seeking to obtain and enforce judgment liens against the Bank. In addition, due to cross-default provisions, the Bank's failure to make certain scheduled payments of interest or principal constitute an event of default under many of its other financing agreements (including loan agreements and the indenture for its medium-term note program).

If as a result of the above-mentioned negotiations with its creditors, the Bank were unable to reach a satisfactory rescheduling agreement with its creditors and they attempted to exercise remedies in connection with its financial debt, the Bank's financial condition and its operations would be materially and negatively affected. The restructuring of the Bank's foreign debt is an essential component of its operating ability.

The balance of the Bank's financial assistance from the Argentine Central Bank as of December 31, 2002, was Ps.5,581.5 billion. Under Communiqué "A" 3940 of the Argentine Central Bank the Bank in order to restructure its liabilities with the Argentine Central Bank into liabilities maturing in 70 or 120 monthly installments the Bank, before December 5, 2003, must receive the approval of the Argentine Central Bank to the terms and conditions for the restructuring of its foreign debt.

Valuation reserves, impairment charges and estimates of market values on assets, as established by the Group for U.S. GAAP purposes are subject to significant assumptions of future cash flows and interest rates for discounting such cash flows. Losses on the exchange of government bonds, impairment charges on loans to Argentine provincial governments, and on retained interests in securitization trusts were significantly affected by high discount rates at December 31, 2002 and 2001. Should the discount rates change in the future years, the carrying amounts and charges to income and shareholders' equity will also change. In addition, as estimates to future cash flows change, so will the carrying amounts which are dependent on such cash flows. It is at least reasonably possible that changes to the carrying amounts of loans, investments and other assets will be adjusted in the near term in amounts that are material to the Group's financial position and results of operations.

The Bank is entitled to receive compensation from the Argentine Government in the form of Compensatory and Hedge Bonds (see Note 1). The receipt of the Bonds is subject to the approval of the Argentine Central Bank. It is possible that the Argentine Central Bank will alter the Compensatory and hedge Bonds to when the Bank claims it is entitled in amounts that could be material to Grupo Galicia. In addition, the market value of the Bonds received or to be received will fluctuate significantly as the market for such bonds develops more fully. Therefore, the ultimate settlement of these bonds may differ significantly from the carrying value, at December 31, 2002 or any future date.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

As indicated in Note 1 to the financial statements, there is substantial doubt as to the Group's ability to continue as a going concern. As a result, deferred tax assets are generally not recognized. For U.S. GAAP purposes, a valuation allowance against deferred tax assets of Ps.2,416,076 and Ps.3,551,283 has been established as it is more likely than not that those deferred tax assets will not be realized for the fiscal years ended December 31, 2002 and 2001 respectively. Certain rulings in the future, such as whether loans to the government will be able to offset debt payable to the government, may affect positively the realization of the associated deferred tax assets. However, the realization of new deferred tax assets generated in the short term will be subject to the "more likely than not" criteria applied at December 31, 2002.

40. PARENT ONLY FINANCIAL STATEMENTS

The following are the unconsolidated balance sheets of Grupo Financiero Galicia S.A. at December 31, 2002 and 2001 and the related unconsolidated statements of income, and cash flows for the fiscal years ended December 31, 2002 and 2001.

BALANCE SHEETS (PARENT COMPANY ONLY)

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	----- DECEMBER 31, -----	
	2002	2001
	-----	-----
	<C>	<C>
<S>		
ASSETS		
A. Cash and due from banks		
Cash.....	Ps. 1,018	Ps. 13
Banks and correspondents.....	264	341
Other.....	-	-
	-----	-----
	1,282	354
D. Other receivables resulting from financial brokerage		
Unlisted negotiable obligations.....	148,697	-
Other receivables included in the debtor classification regulations	34,589	143,862
Accrued interest receivable included in the debtor classification regulations.....	313	118
	-----	-----
	183,599	143,980
F. Equity investment in other companies		
In financial institutions.....	1,439,635	2,867,115
Other.....	38,997	44,147
	-----	-----
	1,478,632	2,911,262
G. Miscellaneous receivables		
Other.....	193	2,142
	-----	-----
	193	2,142
H. Fixed assets.....	3,521	1,208
J. Intangible assets		
Goodwill.....	13,559	20,005
Organization and development expenses.....	163	210
	-----	-----
	13,722	20,215
	-----	-----
TOTAL ASSETS.....	Ps. 1,680,949	Ps. 3,079,161
	=====	=====

</TABLE>



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended
 December 31, 2000 and for the fiscal year ended June 30, 2000
 (Expressed in thousands of constant Argentine pesos as of December 31,
 2002, except as noted)

<TABLE>			
<S>		<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY			
M. Miscellaneous liabilities			
Directors and syndics fees payable.....	Ps.	120	Ps. 262
Other.....		56,354	2,152
		-----	-----
		56,474	2,414
		-----	-----
TOTAL LIABILITIES.....	Ps.	56,474	Ps. 2,414
SHAREHOLDERS' EQUITY	Ps.	1,624,475	Ps. 3,076,747
		-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	Ps.	1,680,949	Ps. 3,079,161
		=====	=====
</TABLE>			

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

STATEMENT OF INCOME (PARENT COMPANY ONLY)

<TABLE>
 <CAPTION>

	GRUPO GALICIA	
	FISCAL YEAR ENDED DECEMBER 31,	
	2002	2001
	<C>	<C>
<S>		
A. Financial income		
Interest on Notes.....	74	-
Interest income from other receivables resulting from financial brokerage.....	7,035	1,166
Net income from government and corporate securities.....	11	-
Adjustment by application of adjusting index.....	442	-
Other.....	Ps. 196,932	Ps. -
	Ps. 204,494	Ps. 1,166
B. Financial expenses		
Interest on current accounts.....	1	-
	Ps. 1	Ps. -
Gross brokerage margin.....	204,493	1,166
E. Expenses for services		
Commissions.....	2	4
	Ps. 2	Ps. 4
Monetary loss from financial intermediation.....	Ps. (167,026)	-
G. Administrative expenses		
Personnel expenses.....	1,118	2,045
Directors and syndics fees.....	152	262
Other fees.....	3,058	2,058
Advertising and publicity.....	-	2
Taxes.....	643	500
Other operating expenses.....	1,849	2,163
Other.....	248	371
	Ps. 7,068	Ps. 7,401
Monetary gain from operating expenses.....	Ps. 227	Ps. -
Net income from financial brokerage	Ps. 30,624	Ps. (6,239)
H. Miscellaneous income		
Net income on long term investments.....	-	270,645
Other.....	593	926
	Ps. 593	Ps. 271,571
I. Miscellaneous losses		
Net income on long term investments(1).....	1,427,469	-
Other.....	4,209	3,078
	Ps. 1,431,678	Ps. 3,078
Monetary gain (loss) on other transactions.....	Ps. 400	Ps. -
Income tax.....	Ps. 58,732	Ps. -
Net income for the period.....	Ps. (1,458,793)	Ps. 262,254

</TABLE>

(1) Includes the effect on the foreign currency position compensation.



GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

STATEMENT OF CASH FLOWS (PARENT COMPANY ONLY)

<TABLE>
<CAPTION>

	GRUPO GALICIA	
	FISCAL YEARS ENDED DECEMBER 31,	
	2002	2001
	<C>	<C>
CHANGES IN CASH		
Cash at the beginning of the period.....	Ps. 354	Ps. 240
Increase / (decrease) in cash.....	928	114
CASH AT END OF PERIOD	1,282	354
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Less:		
Operating expenses paid.....	(8,357)	(6,942)
Plus:		
Other operating income received.....	6,939	12,073
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES....	(1,418)	5,131
OTHER SOURCES OF CASH		
Increase in short-term debts.....	396	-
Increase in short-term investment.....	161,153	-
Cash dividends.....	-	116,526
Other sources of cash.....	4,470	4,673
OTHER SOURCES OF CASH.....	166,019	121,199
OTHER USES OF CASH		
Increase in short-term loans.....	(1,439)	-
Decrease in short-term debts.....	-	(1,313)
Increase in fixed assets.....	(20)	(271)
Increase in long-term investments.....	(4,184)	(52,907)
Dividends paid.....	-	(70,753)
Other uses of cash.....	(158,030)	(972)
TOTAL OTHER USES OF CASH.....	(163,673)	(126,216)
INCREASE / (DECREASE) IN CASH.....	Ps. 928	Ps. 114

</TABLE>

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

NEW AUTHORITATIVE PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") has issued certain Statements of Financial Accounting Standards ("SFAS") which are applicable to the Bank, but are not yet required and have not yet been adopted.

In April 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections as of April 2002". SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," and SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". As a result, gains and losses from extinguishment of debt will no longer be classified as extraordinary items unless they meet the criteria of unusual or infrequent as described in APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". In addition, SFAS No. 145 amends SFAS No. 13, "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. Management is currently evaluating the impact the adoption of SFAS No. 145 will have on the consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". The issuance of SFAS No. 146 nullifies the former guidance provided by the Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" ("EITF 94-3"). SFAS No. 146 requires the recognition of a liability for costs associated with exit or disposal activity when the liability is incurred, rather than on the date commitment to an exit or disposal plan. SFAS No. 146 is effective for liabilities, related to exit or disposal activities, which are incurred after December 31, 2002, while earlier application is encouraged. Management is currently evaluating the impact the adoption of SFAS No. 146 will have on the consolidated financial statements.

The FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions" ("SFAS No. 147"). SFAS No. 147 amends SFAS No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions," to remove the acquisition of financial institutions from the scope of that statement and provides guidance on the accounting for the impairment or disposal of acquired long-term customer-relationship intangible assets. Except for transactions between two or more mutual enterprises, SFAS No. 147 requires acquisitions of financial institutions that meet the definition of a business combination to be accounted for in accordance with SFAS No. 141 and SFAS No. 142. The provisions of SFAS No. 147 are effective on October 1, 2002, with earlier application permitted. Management is currently evaluating the impact the adoption of SFAS No. 147 will have on the consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of FAS 123" ("SFAS No. 148"). SFAS No. 148 continues to permit entities to apply the intrinsic method of APB 25, "Accounting for Stock Issued to Employees", however, SFAS No. 148 is intended to encourage companies to adopt the accounting provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 148 provides three transition methods for companies who choose to adopt the provisions of SFAS No. 123, the prospective method, the modified prospective method and the retroactive restatement method. In addition, SFAS No. 148 mandates certain new disclosures. SFAS No. 148 is effective for fiscal years ending after December 15, 2002, with early adoption permitted. Management is currently evaluating the impact that the adoption of SFAS No. 148 will have on the consolidated financial statements.

GRUPO FINANCIERO GALICIA S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended December 31, 2002 and 2001, for the six-months ended December 31, 2000 and for the fiscal year ended June 30, 2000 (Expressed in thousands of constant Argentine pesos as of December 31, 2002, except as noted)

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133. SFAS No. 149 is effective prospectively for contracts entered into or modified after June 30, 2003 and prospectively for hedging relationships designated after June 30, 2003. Management is currently evaluating the impact the adoption of SFAS No. 149 will have on the consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (an interpretation of FASB Statements No. 5, 57, and 107 and rescission of Interpretation No. 34)." FIN 45 clarifies the requirements of SFAS No. 5, "Accounting for Contingencies, relating to a guarantor's accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45's provisions for initial recognition and measurement should be applied on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The guarantor's previous accounting for guarantees that were issued before the date of FIN 45's initial application may not be revised or restated to reflect the effect of the recognition and measurement provisions of the Interpretation. The disclosure requirements are effective for financial statements of both interim and annual periods that end after December 15, 2002. Management is currently evaluating the impact the adoption of FIN 45 will have on the consolidated financial statements.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of FIN 46 are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities" or "VIEs") and how to determine when and which business enterprise should consolidate the VIE (the "primary beneficiary"). This new model for consolidation applies to an entity which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 applies to public enterprises as of the beginning of the applicable interim or annual period, and it applies to nonpublic enterprises as of the end of the applicable annual period. Management is currently evaluating the impact that the adoption of FIN 46 will have on the consolidated financial statements.