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# BANCO DE GALICIA Y BUENOS AIRES S.A. REPORTS EARNINGS FOR THE QUARTER ENDED MARCH 31, 2011

(Buenos Aires, Argentina, May 11, 2011) – Banco de Galicia y Buenos Aires S.A. (the "Bank", Buenos Aires Stock Exchange: GALI) today announced its financial results for the quarter ended March 31, 2011.

- **Net income for the first quarter of FY2011 amounted to Ps.235.3 million, compared to a Ps.60.7 million profit for the same quarter of FY2010.**

- **This growth was a consequence of a significant increase in the volume of activity with the private sector, together with the continuity of the improvement of the Bank's financial condition due to the reduction of its exposure to the public sector and the decrease of its foreign debt restructured in 2004.**

- **In addition, this quarter included results from CFA [(1)], for Ps.47.1 million, as well as the Ps.25.9 million profit from the amortization of the negative goodwill stemming from its acquisition. In addition personal expenses for the quarter included Ps.45.8 million on account of future salary increases and a non-remunerative fixed amount paid since January 2011. Also, a Ps.32.0 million loss was included, corresponding to the accrued income tax from Banco Galicia.**

- **The Bank's credit exposure to the private sector and deposits reached Ps.27,856 million and Ps.24,249 million, respectively. As of March 31, 2011, the Bank's estimated market share of loans to the private sector was 9.07%, with a 1.23 percentage points ("p.p.") increase from the prior year (0.67 p.p. corresponded to CFA), while its estimated market share of deposits from the private sector was 8.44%, increasing 0.43 p.p. in the same period (0.16 p.p. from CFA).**

- **During the last twelve months net exposure to the non financial public sector decreased by Ps.1,953 million, reducing 8.3 p.p. its share within total assets (from 12.1% to 3.8%).**

- **Going on with the above mentioned foreign debt reduction, in February 2011 the Bank redeemed the portion of capitalized interests corresponding to its subordinated negotiable obligations due in 2019, for US$ 91.5 million.**

- **During the quarter the Bank continued improving its asset quality. The non-accrual loan portfolio of total loans to the private sector decreased to 3.24% and its coverage with allowances for loan losses increased to 140.15%, from 4.32% and 126.32%, respectively, from the previous year.**

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*(1) Compañía Financiera Argentina S.A., Cobranzas & Servicios S.A. and Procesadora Regional S.A.*

- **On May 4, 2011, Banco Galicia issued negotiable obligations for US$300.0 million, after a successful placement in the international markets.**

- **During April, Banco Galicia launched its program of benefits *Quiero!* (which means "I want!"). With this program the Bank is modifying the dynamics of the market and innovating, not only as regards benefits and discounts, but also about point award programs.**

- **Since April, Banco Galicia is already present in Facebook and in Twitter, trying to show a closer and efficient image within its clients and the public in general.**

- **The Shareholders' Meeting held on April 27, 2011, approved a Ps.100.1 million cash dividend, paid to shareholders on May 10, 2011.**

## NET INCOME FOR THE QUARTER ENDED MARCH 31, 2011

In the first quarter of FY2011, the Bank recorded a Ps.235.3 million profit, compared with a Ps.60.7 million profit for the same quarter of the previous year.

Net income for the quarter included the profit from CFA, for Ps.47.1 million, and a Ps.25.9 million profit from the amortization of the negative goodwill from its acquisition.

The variation in income before losses from *amparo* claims was mainly a consequence of the Ps.520.4 million increase in operating income(1), higher net other income, for Ps.53.0 million, and higher income from equity investments, for Ps.27.8 million. These were partially offset by higher administrative expenses, for Ps.308.6 million, higher loan loss provisions, for Ps.53.4 million, and a higher income tax, for Ps.83.8 million.

It is worth mentioning that during the quarter Banco Galicia began to accrue income tax losses, which amounted to Ps.32.0 million.

Results from CFA for the quarter included a Ps.163.3 million operating income, provisions for loan losses for Ps.20.9 million, administrative expenses for Ps.82.0 million, other income for Ps.15.7 million and income tax for Ps.29.0 million.

The operating income for the quarter totaled Ps.1,360.1 million, up 62.0% from the Ps.839.7 million recorded in the first quarter of the prior year. This positive development was due both to a higher net financial income (up Ps.363.7 million) and a higher net income from services (up Ps.156.7 million), Ps.163.3 million of which corresponded to CFA (a Ps.154.1 million net financial income and a Ps.9.2 million net income from services).

*In pesos*

| **Table I** | **FY2011** | | **FY2010** |
|---|---|---|---|
| **Earnings per Share** | **1st Q** | **4th Q** | **1st Q** |
| Average Shares Outstanding (in thousands) | 562,327 | 562,327 | 562,327 |
| Book Value per Share | 5.034 | 4.616 | 3.890 |
| Earnings per Share | 0.418 | 0.352 | 0.108 |

*(1) Operating income: net financial income (2) plus net income from services.*

*(2) Net financial income: includes financial income from security margins of repurchase agreement transactions, recorded under Miscellaneous Income/Loss.*

## INFORMATION DISCLOSURE

The data shown in the tables of this report and the consolidated financial statements correspond to Banco de Galicia y Buenos Aires S.A. consolidated with the subsidiaries under its direct or indirect control. The "Bank" refers to the consolidated Banco de Galicia y Buenos Aires S.A., except where otherwise noted.

On June 30, 2010, the assets and liabilities of Compañía Financiera Argentina S.A., Cobranzas y Servicios S.A. and Procesadora Regional S.A. have been consolidated on a line-by-line basis due to the acquisition of said companies. Given the incorporation date, results stemming from CFA were recorded since July 1, 2010.

The Bank's consolidated financial statements and the figures included in the different tables of this report correspond to Banco de Galicia y Buenos Aires S.A., Banco Galicia Uruguay S.A. (in liquidation), Galicia (Cayman) Limited, Tarjetas Regionales S.A. and its subsidiaries, Galicia Valores S.A. Sociedad de Bolsa, Galicia Administradora de Fondos S.A., Compañía Financiera Argentina S.A., Cobranzas y Servicios S.A. and Procesadora Regional S.A.

## FIRST QUARTER OF FY2011 RESULTS

*Percentages*

| **Table II** | **FY2011** | | **FY2010** |
|---|---|---|---|
| **Profitability and Efficiency** | **1st Q** | **4th Q** | **1st Q** |
| Return on Average Assets (*) | 2.91 | 2.69 | 1.17 |
| Return on Average Shareholders' Equity (*) | 34.63 | 32.09 | 11.21 |
| Financial Margin (*) (1) | 11.28 | 12.60 | 8.03 |
| Net Income from Services as a % of Operating Income (2) | 43.43 | 41.95 | 51.52 |
| Net Income from Services as a % of Administrative Expenses | 66.85 | 66.11 | 75.57 |
| Administrative Expenses as a % of Operating Income (2) | 64.97 | 63.45 | 68.18 |

*(*) Annualized.*
*(1) Financial Margin: Financial Income minus Financial Expenses, divided by Average Interest-earning Assets.*
*(2) Operating Income: Net Financial Income plus Net Income from Services.*

Net financial income for the first quarter of FY2011, including the Ps.8.8 million financial income from security margins of repurchase agreement transactions, amounted to Ps.773.2 million (including Ps.154.1 million from CFA), up Ps.363.7 million from the first quarter of the previous fiscal year.

The quarter's net financial income includes a Ps.10.1 million gain from quotation differences, including the results from foreign-currency forward transactions. This gain was composed of a Ps.36.8 million gain from FX brokerage and of a Ps.26.7 million loss from the valuation of the foreign-currency net position and the results from foreign-currency forward transactions. In the same quarter of 2010 gains from quotation differences amounted to Ps.18.5 million (composed of a Ps.34.7 million gain from FX brokerage and of a Ps.16.2 million loss from the valuation of the foreign-currency net position and the results from foreign-currency forward transactions).

The quarter's net financial income before quotation differences amounted to Ps.763.1 million, with a Ps.372.1 million increase as compared to the Ps.391.0 million income of the same quarter of 2010, mainly as a consequence of a significant increase in the volume of activity with the private sector, of a higher average spread and of the increase recorded in non interest bearing liabilities, together with the incorporation of the net financial income from CFA, for Ps.154.1 million.

The average interest-earning assets grew by Ps.6,951 million as compared to the same quarter of the previous fiscal year, as a consequence of the Ps.8,735 million increase in the average portfolio of loans to the private sector (including Ps.1,370 million from CFA), partially offset by the Ps.1,520 million decrease in the average balance of the portfolio of public sector securities. Interest-bearing liabilities increased only Ps.3,247 million during the same period, as the increase of the average balances of saving accounts and time deposits together with the incorporation of CFA's interest-bearing liabilities were partially offset by the elimination of interest bearing current accounts (due to Argentine Central Bank regulations).

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

| Table III Average Balances, Yield and Rates (*) | FY2011 | | | | | | | | FY2010 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1st Q | | 4th Q | | 3rd Q | | 2nd Q | | 1st Q | |
| | Av. B. | Int. | Av. B. | Int. | Av. B. | Int. | Av. B. | Int. | Av. B. | Int. |
| **Interest-Earning Assets** | **27,107** | **17.52** | **24,352** | **18.63** | **22,603** | **15.33** | **20,822** | **15.25** | **20,156** | **13.71** |
| Government Securities (**) | 2,965 | 14.00 | 2,720 | 21.53 | 2,857 | (0.02) | 3,313 | 15.45 | 4,485 | 10.02 |
| Loans | 22,596 | 18.82 | 20,046 | 19.04 | 17,926 | 18.96 | 15,369 | 16.72 | 13,863 | 16.24 |
| - Private Sector | 22,596 | 18.82 | 20,046 | 19.04 | 17,926 | 18.96 | 15,369 | 16.72 | 13,861 | 16.25 |
| - Public Sector | - | - | - | - | - | - | - | - | 2 | 2.55 |
| Financial Trusts Securities | 615 | (5.06) | 681 | 3.81 | 756 | (4.69) | 869 | (4.38) | 943 | (3.84) |
| Other Interest-Earning Assets | 931 | 12.09 | 905 | 11.98 | 1,064 | 9.60 | 1,271 | 10.41 | 865 | 11.29 |
| **Interest-Bearing Liabilities** | **19,937** | **6.94** | **17,567** | **6.92** | **16,043** | **6.46** | **15,817** | **6.45** | **16,690** | **6.24** |
| Current Accounts | 4 | - | 6 | (0.14) | 6 | 0.13 | 580 | 1.17 | 1,440 | 1.05 |
| Savings Accounts | 5,192 | 0.20 | 4,634 | 0.20 | 4,287 | 0.19 | 3,679 | 0.19 | 3,466 | 0.19 |
| Time Deposits | 10,641 | 9.21 | 9,394 | 8.99 | 8,481 | 8.52 | 8,093 | 8.58 | 8,296 | 9.09 |
| Debt Securities | 2,180 | 10.63 | 1,909 | 11.27 | 2,121 | 10.07 | 2,152 | 10.64 | 2,125 | 8.61 |
| Other Interest-Bearing Liabilities | 1,920 | 8.46 | 1,624 | 9.08 | 1,148 | 8.07 | 1,313 | 6.34 | 1,363 | 6.00 |

*(*) Does not include quotation differences. Annual nominal rates were calculated using a 360-day denominator.*
*(**) Until August 31, 2010 it included Discount Bonds and GDP-Linked Units, valued in accordance with Communiqué "A" 4270. In September 2010 a valuation allowance for the holdings of said securities was recorded. Since that date the total amount of such holdings was sold.*

Provisions for loan losses for the first quarter of FY2011 amounted to Ps.174.4 million, Ps.53.4 million higher than in the same quarter of the prior year. The latter figure included Ps.20.9 million corresponding to CFA.

Net income from services amounted to Ps.586.9 million (including Ps.9.2 million from CFA), up 36.4% (or 34.3% excluding gains from CFA) from the Ps.430.2 million recorded in the first quarter of the previous fiscal year. In line with the strategic positioning of the Bank in each segment, the increase of fees which stood out were credit-related fees (77.5%), fees related to national and regional credit cards (41.3%), to foreign trade (30.6%) and to deposits (23.8%).

*In millions of pesos*

| **Table IV**<br>**Income from Services, Net** | **FY2011**<br>**1st Q** | <br>**4th Q** | <br>**3rd Q** | <br>**2nd Q** | **FY2010**<br>**1st Q** |
|---|---|---|---|---|---|
| National Cards | 193.5 | 201.4 | 166.1 | 153.1 | 144.1 |
| Regional Credit Cards | 305.9 | 289.4 | 248.9 | 231.9 | 209.4 |
| CFA | 17.3 | 17.0 | 16.1 | 0.0 | 0.0 |
| Deposit Accounts | 93.2 | 88.1 | 81.0 | 81.1 | 75.3 |
| Insurance | 36.9 | 33.3 | 35.1 | 34.0 | 31.4 |
| Financial Fees | 11.4 | 14.2 | 14.8 | 14.5 | 13.2 |
| Credit-Related Fees | 50.4 | 49.1 | 40.1 | 33.1 | 28.4 |
| Foreign Trade | 18.8 | 19.7 | 17.4 | 15.7 | 14.4 |
| Collections | 13.6 | 13.1 | 11.8 | 10.9 | 9.1 |
| Utility-Bills Collection Services | 11.2 | 11.0 | 9.8 | 8.6 | 7.5 |
| Mutual Funds | 2.0 | 1.8 | 1.6 | 1.5 | 1.3 |
| Other | 50.0 | 47.6 | 47.3 | 44.8 | 43.1 |
| **Total Income** | **804.2** | **785.7** | **690.0** | **629.2** | **577.2** |
| **Total Expenditures** | **217.3** | **231.4** | **185.5** | **168.9** | **147.0** |
| **Income from Services, Net** | **586.9** | **554.3** | **504.5** | **460.3** | **430.2** |

Administrative expenses for the quarter totaled Ps.877.9 million (including Ps.82,0 million from CFA), up 54.2% from the same quarter of the previous year. Personnel expenses amounted to Ps.516.7 million, growing 56.4% as a consequence of the incorporation of CFA (Ps.37.0 million), a provision on account of future salary increases and a non-remunerative fixed amount paid commencing in January 2011 (Ps.45.8 million), and the growth of 967 people in staff. The remaining administrative expenses amounted to Ps.361.2 million, with a Ps.122.2 million increase (51.1%) as compared to Ps.239.0 million from the first quarter of FY2010. From this increase Ps.45.0 million corresponded to CFA. Excluding the latter amount, the increase was 32.3%, due to the greater level of activity, the expansion of the branch network and the inflation during the period.

Income from equity investments for the quarter amounted to Ps.31.0 million, recording a Ps.27.8 million increase from the Ps.3.2 million for the first quarter of 2010. This increase was mainly the consequence of the Ps.25.9 million amortization of the negative goodwill stemming from the acquisition of Compañía Financiera Argentina SA and of Cobranzas y Servicios SA. The remainder of the variation was mainly due to higher profits from our interest in Sudamericana Holding SA.

Net other income for the quarter amounted to Ps.61.0 million, compared to a Ps.23.9 million loss in the same quarter of the prior year. The profit for the quarter was mainly as a consequence of gains from: (i) loans recovered, for Ps.34.7 million; (ii) punitive interests, for Ps.18.2 million; and (iii) security margins of repurchase agreement transactions, for Ps.8.8 million. Losses for the first quarter of 2010 were mainly due to: (i) amortization of deferred losses from *amparo* claims, for Ps.29.2 million; and (ii) net provisions recorded, for Ps.29.1 million; which were partially offset by: (i) profits from loans recovered (Ps.15.3 million); (ii) punitive interests (Ps.10.7 million); and (iii) security margins of repurchase agreement transactions, for Ps.4.7 million.

The income tax charge was Ps.130.0 million, Ps.83.8 million higher than in the first quarter of FY2010. This charge corresponds, mainly, to: (i) the regional credit card companies, for Ps.68.5 million; (ii) Banco Galicia, for Ps.32.0 million; and (iii) CFA, for Ps.29.0 million.

## LEVEL OF ACTIVITY

As of March 31, 2011, the Bank's total exposure to the private sector reached Ps.27,856 million, Ps.1,483 million of which corresponded to CFA. Excluding the latter figure, the Bank's total exposure to the private sector reached Ps.26,373 million, with a 47.1 % increase during the last twelve months.

Total loans include Ps.4,797 million corresponding to the regional credit card companies, which increased 57.3% during the year.

The Bank's market share of loans to the private sector as of March 31, 2011, without considering those granted by the regional credit card companies and by CFA, was of 8.40%, compared to an 8.28% and a 7.84% from December 31, 2010, and March 31, 2010, respectively. Including loans granted by CFA, said market share reached 9.07% as of March 31, 2011.

*In millions of pesos*

| **Table V** | **FY2011** | | | | **FY2010** |
|---|---|---|---|---|---|
| **Exposure to the Private Sector** | **1st Q** | **4th Q** | **3rd Q** | **2nd Q** | **1st Q** |
| Loans | 24,258 | 22,369 | 19,370 | 17,939 | 14,851 |
| Financial Leases | 473 | 442 | 388 | 383 | 367 |
| Corporate Securities | 64 | 78 | 26 | 21 | 21 |
| Other Financing (*) | 3,061 | 3,013 | 2,756 | 2,531 | 2,384 |
| **Total Credit** | **27,856** | **25,902** | **22,540** | **20,874** | **17,623** |
| Securitized Loans | - | - | 91 | 185 | 306 |
| **Total** | **27,856** | **25,902** | **22,631** | **21,059** | **17,929** |

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

During the year, loans to the private sector by type of borrower (excluding loans granted by CFA) registered growth in those granted to large corporations (63.8%), individuals (60.2%) and SMEs (41.6%). By sector of activity, the higher growth was recorded in consumer (61.3%), in retail and wholesale trade (54.6%), in the manufacturing industry (53.4%) and in the agriculture and livestock sector (31.6%).

*In millions of pesos*

| **Table VI** | **FY2011** | | | | **FY2010** |
|---|---|---|---|---|---|
| **Loans by Type of Borrower** | **1st Q** | **4th Q** | **3rd Q** | **2nd Q** | **1st Q** |
| Large Corporations | 3,027 | 2,768 | 2,560 | 2,243 | 1,848 |
| Middle-Market Companies | 7,235 | 6,642 | 5,374 | 5,010 | 5,108 |
| Individuals | 13,709 | 12,641 | 11,012 | 10,115 | 7,637 |
| Financial Sector | 287 | 318 | 424 | 571 | 258 |
| Non-Financial Public Sector | 1 | 3 | 1 | 1 | 1 |
| **Total Loans** | **24,259** | **22,372** | **19,371** | **17,940** | **14,852** |
| Allowances | 1,103 | 1,038 | 988 | 932 | 811 |
| **Total Loans, Net** | **23,156** | **21,334** | **18,383** | **17,008** | **14,041** |

*In millions of pesos*

| **Table VII**<br>**Loans by Sector of Activity** | **FY2011**<br>**1st Q** | <br>**4th Q** | <br>**3rd Q** | <br>**2nd Q** | **FY2010**<br>**1st Q** |
|---|---|---|---|---|---|
| Financial Sector | 287 | 318 | 424 | 571 | 258 |
| Services | 1,654 | 1,484 | 1,310 | 1,285 | 1,120 |
| - Public Sector | 1 | 3 | 1 | 1 | 1 |
| - Other | 1,653 | 1,481 | 1,309 | 1,284 | 1,119 |
| Agriculture & Livestock | 2,585 | 2,268 | 1,892 | 1,704 | 1,965 |
| Consumer | 13,269 | 12,233 | 10,609 | 9,740 | 7,313 |
| Retail & Wholesale Trade | 2,607 | 2,439 | 1,864 | 1,774 | 1,686 |
| Construction | 313 | 318 | 287 | 193 | 198 |
| Manufacturing | 3,297 | 3,012 | 2,713 | 2,432 | 2,149 |
| Other | 247 | 300 | 272 | 241 | 163 |
| **Total Loans** | **24,259** | **22,372** | **19,371** | **17,940** | **14,852** |
| Allowances | 1,103 | 1,038 | 988 | 932 | 811 |
| **Total Loans, Net** | **23,156** | **21,334** | **18,383** | **17,008** | **14,041** |

As of March 31, 2011, the Bank's exposure to the public sector amounted to Ps.3,591 million. Excluding debt securities issued by the Argentine Central Bank said exposure reached Ps.1,480 million while as of March 31, 2010, it amounted to Ps.3,433 million. Thus, net exposure to the non-financial public sector decreased by Ps.1,953 million during the year, representing a 56.9% decrease. Such decrease was due to the sell out of the Bank's holdings of Boden 2012 Bonds, Discount Bonds, GDP-Linked Negotiable Securities and Bonar 2014 Bonds.

*In millions of pesos*

| **Table VIII**<br>**Exposure to the Argentine Public Sector (*)** | **FY2011**<br>**1st Q** | <br>**4th Q** | <br>**3rd Q** | <br>**2nd Q** | **FY2010**<br>**1st Q** |
|---|---|---|---|---|---|
| **Government Securities' Net Position** | **2,791** | **3,050** | **2,687** | **2,580** | **4,005** |
| Held for Trading | 2,123 | 2,408 | 1,638 | 1,332 | 1,517 |
| Bonar 2014 Bonds | - | - | 22 | - | - |
| Bonar 2015 Bonds | 668 | 642 | 644 | 636 | 610 |
| Boden 2012 Bonds | - | - | - | - | 1,266 |
| Discount Bonds and GDP-Linked Negotiable Securities | - | - | 383 | 612 | 612 |
| **Loans** | **1** | **3** | **1** | **1** | **1** |
| **Other Receivables Resulting from Financial Brokerage** | **799** | **808** | **806** | **901** | **911** |
| Trust Certificates of Participation and Securities | 797 | 807 | 805 | 900 | 910 |
| Other | 2 | 1 | 1 | 1 | 1 |
| **Total Exposure** | **3,591** | **3,861** | **3,494** | **3,482** | **4,917** |

*(*) Excludes deposits with the Argentine Central Bank, which constitute one of the items by which the Bank complies with the Argentine Central Bank's minimum cash requirement.*

As of March 31, 2011, the Bank's deposits amounted to Ps.23,823 million. Excluding those from CFA, said deposits amounted to Ps.23,525 million, representing a 30.9% increase during the last twelve months.

*In millions of pesos*

| **Table IX**<br>**Deposits in Argentina (*)** | **FY2011**<br>**1st Q** | **4th Q** | **3rd Q** | **2nd Q** | **FY2010**<br>**1st Q** |
|---|---|---|---|---|---|
| **In Pesos** | **20,112** | **18,368** | **16,337** | **15,206** | **14,904** |
| Current Accounts | 5,893 | 5,582 | 5,061 | 4,784 | 3,941 |
| Savings Accounts | 4,217 | 4,185 | 3,521 | 3,525 | 3,549 |
| Time Deposits | 9,715 | 8,328 | 7,493 | 6,601 | 7,136 |
| Adjusted Time Deposits | 1 | 5 | 5 | 5 | 1 |
| Other | 286 | 268 | 257 | 291 | 277 |
| **In Foreign Currency** | **4,137** | **3,930** | **3,634** | **3,368** | **3,083** |
| **Total Deposits** | **24,249** | **22,298** | **19,971** | **18,574** | **17,987** |

*(*) Includes CFA.*

As of March 31, 2011, the Bank's estimated market share of deposits in the Argentine financial system was 6.08%. Considering only private-sector deposits, the Bank's estimated deposit market share reached 8.44% as of March 31, 2011. Excluding deposits raised by CFA, said market shares were 5.97% and 8.28%, respectively.

*Percentages*

| **Table X**<br>**Market Share (*)** | **FY2011**<br>**1st Q** | **4th Q** | **3rd Q** | **2nd Q** | **FY2010**<br>**1st Q** |
|---|---|---|---|---|---|
| Total Deposits | 6.08 | 5.94 | 5.78 | 5.72 | 6.09 |
| Private Sector Deposits | 8.44 | 8.35 | 8.14 | 7.94 | 8.01 |
| Total Loans | 8.10 | 7.95 | 7.68 | 7.72 | 6.86 |
| Loans to the Private Sector | 9.07 | 8.95 | 8.64 | 8.65 | 7.84 |

*(*) Banco de Galicia y Buenos Aires S.A., only, within the Argentine financial system, according to the daily information on deposits and loans published by the Argentine Central Bank. Beginning in June 30, 2010, figures include the balances from Compañía Financiera Argentina S.A. End-of-period data. Deposits and Loans include only principal. The regional credit-card companies' data is not included.*

Other financial liabilities amounted to Ps.9,882 million, Ps.2,657 million or 36.8% higher than a year before. This increase was mainly as a consequence of repurchase agreement transactions from Banco Galicia and of an increase of financing from merchants in connection with credit card activities. Although the balance of negotiable obligations increased only Ps.105 million (4.8%) during the year, its structure changed as a result of: (i) a Ps.776 million (46.0%) reduction in negotiable obligations issued by Banco Galicia due to the redemption of all its negotiable obligations due in 2014 carried out in November 2010, for an outstanding principal amount of US$102.3 million, and to the redemption in February 2011 of the portion of capitalized interests corresponding to its subordinated negotiable obligations due in 2019, for US$ 91.5 million (including interest accrued and unpaid until the day before the payment was made); (ii) a Ps.780.4 million increase in the balance of negotiable obligations issued by the subsidiaries of Tarjetas Regionales SA, mainly as a consequence of the issuance of Tarjeta Naranja SA for US$ 200 million in January 2011; and (iii) the issuance of Ps.100 million of CFA during March 2011.

*In millions of pesos*

| Table XI Other Financial Liabilities | FY2011 1st Q | 4th Q | 3rd Q | 2nd Q | FY2010 1st Q |
|---|---|---|---|---|---|
| Domestic Financial Institutions and Credit Entities | 645 | 613 | 423 | 298 | 209 |
| Foreign Financial Institutions and Credit Entities | 748 | 703 | 736 | 661 | 599 |
| Negotiable Obligations (*) | 2,296 | 1,821 | 2,202 | 2,274 | 2,191 |
| Obligations in Connection with Spot Transactions Pending Settlement and Repurchase Agreement Transactions | 1,798 | 1,180 | 336 | 1,101 | 1,187 |
| Other (**) | 4,395 | 4,385 | 3,563 | 3,432 | 3,039 |
| **Total** | **9,882** | **8,702** | **7,260** | **7,766** | **7,225** |

*(*) Includes subordinated negotiable obligations.*
*(**) Includes, mainly, debt with merchants in connection with credit-card activities.*

As of March 31, 2011, the Bank had 2.0 million deposit accounts, which represents an increase of approximately 262 thousand accounts as compared with the same date of the previous year. Likewise, the number of credit cards reached 7.3 million, 1.1 million more than those managed a year before, 51 thousand of which corresponded to CFA. (See the Additional Information table)

## ASSET QUALITY

The Bank's non-accrual loan portfolio amounted to Ps.787 million as of March 31, 2011. The non-accrual loan portfolio represented 3.24% of total loans to the private-sector as of March 31, 2011, recording a 1.08 percentage points decrease from the 4.32% recorded a year before.

The coverage of the non-accrual loan portfolio with allowances for loan losses reached 140.15% as of the end of the first quarter of 2011, improving when compared to March 31, 2010, when such figure was 126.32%.

*In millions of pesos, except percentages*

| Table XII Loan Portfolio Quality | FY2011 1st Q | 4th Q | 3rd Q | 2nd Q | FY2010 1st Q |
|---|---|---|---|---|---|
| **Non-Accrual Loans (*)** | **787** | **755** | **744** | **819** | **642** |
| With Preferred Guarantees | 30 | 28 | 27 | 27 | 27 |
| With Other Guarantees | 25 | 37 | 38 | 94 | 98 |
| Without Guarantees | 732 | 690 | 679 | 698 | 517 |
| **Allowance for Loan Losses** | **1,103** | **1,038** | **988** | **932** | **811** |
| **Non-Accrual Loans to Private-Sector Loans (%)** | **3.24** | **3.38** | **3.84** | **4.57** | **4.32** |
| **Allowance for Loan Losses to Private-Sector Loans (%)** | **4.55** | **4.64** | **5.10** | **5.20** | **5.46** |
| **Allowance for Loan Losses to Non-Accrual Loans (%)** | **140.15** | **137.48** | **132.80** | **113.80** | **126.32** |
| **Non-Accrual Loans with Guarantees to Non-Accrual Loans (%)** | **6.99** | **8.61** | **8.74** | **14.77** | **19.47** |

*(*) The non-accrual portfolio includes loans classified under the following categories of the Argentine Central Bank classification: With Problems and Medium Risk, High Risk of Insolvency and High Risk, Uncollectible and Uncollectible due to Technical Reasons.*

During the quarter, Ps.104 million were charged off against the allowance for loan losses and direct charges to the income statement for Ps.4 million were made.

*In millions of pesos*

| Table XIII<br>Consolidated Analysis of Loan Loss Experience | FY2011<br>1st Q | 4th Q | 3rd Q | 2nd Q | FY2010<br>1st Q |
|---|---|---|---|---|---|
| **Allowance for Loan Losses at the Beginning of the Quarter** | **1,038** | **988** | **932** | **811** | **806** |
| **Changes in the Allowance for Loan Losses** | | | | | |
| Incorporation of CFA | - | - | - | 107 | - |
| Provisions Charged to Income | 169 | 151 | 230 | 113 | 118 |
| Provisions Reversed | - | - | - | - | - |
| Charge Offs | (104) | (101) | (174) | (99) | (113) |
| **Allowance for Loan Losses at Quarter End** | **1,103** | **1,038** | **988** | **932** | **811** |
| **Charge to the Income Statement** | | | | | |
| Provisions Charged to Income | 169 | 149 | 147 | 110 | 116 |
| Direct Charge Offs | 4 | 4 | 5 | 4 | 4 |
| Bad Debts Recovered | (35) | (40) | (35) | (15) | (15) |
| Provisions Reversed (*) | - | - | - | - | - |
| **Net Charge to the Income Statement** | **138** | **113** | **117** | **99** | **105** |

*(*) Recorded under "Net Other Income/(Loss)".*

In the following table, asset quality information is also shown in terms of "total credit." Total credit is defined as loans, certain accounts included in "Other Receivables Resulting from Financial Brokerage" representing credit transactions, assets under financial leases, guarantees granted and unused balances of loans granted.

*In millions of pesos, except percentages*

| Table XIV<br>Asset Quality - Total Credit | FY2011<br>1st Q | 4th Q | 3rd Q | 2nd Q | FY2010<br>1st Q |
|---|---|---|---|---|---|
| **Non-Accrual Portfolio (*)** | **800** | **768** | **758** | **838** | **659** |
| With Preferred Guarantees | 31 | 30 | 29 | 30 | 31 |
| With Other Guarantees | 26 | 39 | 39 | 95 | 99 |
| Without Guarantees | 743 | 699 | 690 | 713 | 529 |
| **Allowance for Credit Losses** | **1,121** | **1,055** | **1,001** | **946** | **825** |
| **Non-Accrual Portfolio to Private-Sector Credit (%)** | **2.87** | **2.97** | **3.36** | **4.01** | **3.74** |
| **Allowance for Credit Losses to Private-Sector Credit (%)** | **4.02** | **4.07** | **4.44** | **4.53** | **4.68** |
| **Allowance for Credit Losses to Non-Accrual Portfolio (%)** | **140.13** | **137.37** | **132.06** | **112.89** | **125.19** |
| **Non-Accrual Portfolio with Guarantees to Non-Accrual Portfolio (%)** | **7.13** | **8.98** | **8.97** | **14.92** | **19.73** |

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

## CAPITALIZATION AND LIQUIDITY

As of March 31, 2011, the Bank's consolidated computable capital exceeded by Ps.1,656 million the Ps.2,155 million minimum capital requirement. This excess was of Ps.1,114 million as of March 31, 2010.

The Ps.436 million increase in the minimum capital requirement compared with March 31, 2010, was mainly attributable to the Ps.655 million higher requirements in connection with financing to the private sector, due to the growth of this portfolio, partially offset by the Ps.212 million decrease related to the non-financial public sector, mainly due to the sale of government securities during the last twelve months.

The Ps.978 million increase in computable capital, as compared to March 31, 2010, was mainly a consequence of: (i) higher core capital, for Ps.535 million, mainly due to 2010 fiscal year's net income; (ii) higher supplemental capital, for Ps.145 million, due to the increase in the balance of the Bank's subordinated debt, attributable to the increase in the quotation of the US Dollar and to the higher quarter's net income; and (iii) the negative goodwill stemming from the acquisition of CFA (included in "Deductions").

*In millions of pesos, except ratios*

| Table XV<br>Consolidated Regulatory Capital | FY2011<br>1st Q | 4th Q | 3rd Q | 2nd Q | FY2010<br>1st Q |
|---|---|---|---|---|---|
| **Minimum Capital Required (A)** | **2,155** | **2,007** | **1,911** | **1,773** | **1,719** |
| Allocated to Financial Assets | 1,750 | 1,519 | 1,379 | 1,200 | 1,095 |
| Allocated to Fixed Assets | 174 | 165 | 170 | 177 | 170 |
| Allocated to Other Assets | 92 | 99 | 90 | 82 | 91 |
| Allocated to Market Risk | 10 | 6 | 5 | 15 | 12 |
| Allocated to Interest-Rate Risk | 16 | 70 | 76 | 35 | 26 |
| Allocated to Lending to the Public Sector | 113 | 148 | 191 | 264 | 325 |
| **Computable Capital (B)** | **3,811** | **3,594** | **3,461** | **2,872** | **2,833** |
| Core Capital | 2,719 | 2,193 | 2,183 | 2,174 | 2,184 |
| Supplemental Capital | 1,113 | 1,333 | 1,181 | 1,059 | 968 |
| Deductions | (33) | 48 | 80 | (375) | (331) |
| Additional Capital – Market Variation | 12 | 20 | 17 | 14 | 12 |
| **Excess over Required Capital (B) - (A)** | **1,656** | **1,587** | **1,550** | **1,099** | **1,114** |
| **Total Capital Ratio (%)** | **14.55** | **15.19** | **15.60** | **13.64** | **13.71** |

As of March 31, 2011, the Bank's liquid assets represented 66.77% of the Bank's transactional deposits and 34.48% of its total deposits.

| Table XVI<br>Liquidity (unconsolidated) | FY2011<br>1st Q | 4th Q | 3rd Q | 2nd Q | FY2010<br>1st Q |
|---|---|---|---|---|---|
| Liquid Assets (*) as a percentage of Transactional Deposits | 66.77 | 63.38 | 68.97 | 66.05 | 68.89 |
| Liquid Assets (*) as a percentage of Total Deposits | 34.48 | 33.98 | 36.31 | 35.27 | 33.41 |

*(*) Liquid assets include cash and due from banks (including deposits with the Argentine Central Bank and the special escrow accounts with the monetary authority), holdings of Lebac and Nobac (Argentine Central Bank's bills and notes, respectively), net call money interbank loans, short-term placements with correspondent banks and reverse repurchase agreement transactions with the local market.*

*This report is a summary analysis of the Bank's financial condition and results of operations as of and for the period indicated. For a correct interpretation, this report must be read in conjunction with the Bank's financial statements, as well as with all other material periodically filed with the National Securities Commission (www.cnv.gob.ar) and the Buenos Aires Stock Exchange (www.bolsar.com). In addition, the Argentine Central Bank (www.bcra.gov.ar) may publish information related to the Bank as of a date subsequent to the last date for which the Bank has published information.*
*Readers of this report must note that this is a translation made from an original version written and expressed in Spanish. Therefore, any matters of interpretation should be referred to the original version in Spanish.*

## SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA (*)

*In millions of pesos*

| | FY2011 | | | | FY2010 |
|---|---|---|---|---|---|
| | 1st Q | 4th Q | 3rd Q | 2nd Q | 1st Q |
| Cash and Due from Banks | 5,282.7 | 5,634.5 | 5,196.9 | 3,990.8 | 3,989.2 |
| Government and Corporate Securities | 3,211.9 | 2,206.3 | 2,854.0 | 3,541.0 | 4,043.1 |
| Net Loans | 23,155.9 | 21,333.7 | 18,382.9 | 17,007.9 | 14,041.0 |
| Other Receivables Resulting from Financial Brokerage | 3,797.8 | 3,207.0 | 2,175.3 | 3,128.1 | 3,502.1 |
| Equity Investments in Other Companies | 69.2 | 65.8 | 61.9 | 66.8 | 68.2 |
| Bank Premises and Equipment, Miscellaneous and Intangible Assets | 1,522.3 | 1,448.8 | 1,440.7 | 1,432.1 | 1,490.1 |
| Other Assets | 1,415.8 | 1,402.8 | 1,116.4 | 1,101.1 | 1,221.0 |
| **Total Assets** | **38,455.6** | **35,298.9** | **31,228.1** | **30,267.8** | **28,354.7** |
| Deposits | 23,823.2 | 22,242.7 | 19,930.5 | 18,581.7 | 17,976.6 |
| Other Liabilities Resulting from Financial Brokerage | 8,976.6 | 7,443.9 | 6,039.5 | 6,553.5 | 6,061.1 |
| Subordinated Negotiable Obligations | 905.0 | 1,258.0 | 1,220.1 | 1,213.0 | 1,164.2 |
| Other | 1,673.0 | 1,532.7 | 1,433.6 | 1,472.3 | 802.6 |
| Minority Interests | 246.8 | 225.9 | 206.6 | 187.2 | 163.0 |
| **Total Liabilities** | **35,624.6** | **32,703.2** | **28,830.3** | **28,007.7** | **26,167.5** |
| **Shareholders' Equity** | **2,831.0** | **2,595.7** | **2,397.8** | **2,260.1** | **2,187.2** |
| **Foreign-Currency Assets and Liabilities** | | | | | |
| Assets | 7,089.0 | 6,703.3 | 6,010.3 | 5,334.1 | 6,098.9 |
| Liabilities | 8,341.3 | 7,495.8 | 6,996.5 | 6,854.7 | 6,797.4 |
| Net Forward Purchases/(Sales) of Foreign Currency (1) | 1,472.7 | 853.7 | 1,009.7 | 1,610.8 | 718.0 |

*(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Section 33 - Law No. 19,550).*
*(1) Recorded off-balance sheet.*

## SELECTED FINANCIAL INFORMATION – CONSOLIDATED DATA (*)

*In millions of pesos*

| | FY2011 | | | | FY2010 |
|---|---|---|---|---|---|
| | 1st Q | 4th Q | 3rd Q | 2nd Q | 1st Q |
| **FINANCIAL INCOME** | **1,203.9** | **1,168.7** | **900.9** | **812.1** | **732.6** |
| Interest on Cash and Due from Banks | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 |
| Interest on Loans to the Financial Sector | 2.1 | 3.5 | 3.2 | 1.0 | 0.7 |
| Interest on Overdrafts | 58.8 | 56.2 | 50.9 | 43.1 | 36.2 |
| Interest on Promissory Notes | 160.9 | 142.7 | 128.3 | 113.7 | 113.7 |
| Interest on Mortgage Loans | 26.9 | 26.6 | 26.2 | 25.7 | 25.4 |
| Interest on Pledge Loans | 4.9 | 3.8 | 2.9 | 2.5 | 2.3 |
| Interest on Credit-Card Loans | 385.7 | 342.0 | 299.0 | 279.2 | 223.4 |
| Interest on Financial Leases | 19.7 | 18.3 | 16.1 | 16.0 | 15.1 |
| Interest on Other Loans | 403.9 | 361.8 | 322.8 | 157.1 | 140.0 |
| Net Income from Government and Corporate Securities | 94.9 | 154.9 | (4.8) | 128.3 | 112.3 |
| Interest on Other Receivables Resulting from Financial Brokerage | 4.5 | 4.5 | 2.1 | 3.6 | 5.1 |
| CER Adjustment | 0.1 | 0.1 | 1.3 | 0.8 | 0.9 |
| Other | 26.1 | 21.8 | 22.9 | 33.5 | 29.4 |
| Quotation Differences on Gold and Foreign Currency | 15.2 | 32.3 | 29.8 | 7.4 | 28.0 |
| **FINANCIAL EXPENSES** | **439.5** | **401.7** | **358.6** | **312.5** | **327.8** |
| Interest on Current-Account Deposits | - | - | - | 1.7 | 3.8 |
| Interest on Savings-Account Deposits | 1.8 | 1.6 | 1.5 | 1.2 | 1.1 |
| Interest on Time Deposits | 236.6 | 208.1 | 180.1 | 173.2 | 188.1 |
| Interest on Subordinated Obligations | 32.1 | 35.3 | 35.2 | 33.9 | 33.4 |
| Other Interest | 9.0 | 3.6 | 1.0 | 0.9 | 0.9 |
| Interest on Interbank Loans Received (Call Money Loans) | 0.1 | 1.4 | 1.1 | 2.3 | 1.4 |
| Interest on Other Financing from Financial Entities | 9.3 | 4.4 | 2.1 | - | - |
| Net Losses from Options | - | - | - | 0.2 | 0.2 |
| Interest on Other Liabilities Resulting from Financial Brokerage | 50.1 | 44.0 | 38.8 | 39.1 | 30.4 |
| Contributions to the Deposit Insurance Fund | 9.7 | 8.6 | 8.0 | 7.8 | 7.4 |
| CER Adjustment | - | 0.1 | 0.1 | - | 0.1 |
| Other | 90.8 | 94.6 | 90.7 | 52.2 | 61.0 |
| **GROSS FINANCIAL MARGIN** | **764.4** | **767.0** | **542.3** | **499.6** | **404.8** |
| **PROVISIONS FOR LOAN LOSSES** | **174.4** | **162.3** | **153.2** | **115.0** | **121.0** |
| **INCOME FROM SERVICES, NET** | **586.9** | **554.3** | **504.5** | **460.3** | **430.2** |
| **ADMINISTRATIVE EXPENSES** | **877.9** | **838.4** | **736.4** | **608.3** | **569.3** |
| Personnel Expenses | 516.7 | 476.6 | 412.3 | 348.8 | 330.3 |
| Directors' and Syndics' Fees | 3.3 | 3.9 | 1.7 | 1.8 | 2.2 |
| Other Fees | 35.6 | 30.0 | 28.7 | 16.3 | 15.4 |
| Advertising and Publicity | 44.2 | 62.0 | 48.4 | 40.2 | 35.4 |
| Taxes | 53.4 | 52.1 | 45.8 | 40.0 | 33.7 |
| Depreciation of Premises and Equipment | 21.3 | 20.5 | 19.4 | 18.0 | 17.7 |
| Amortization of Organization Expenses | 19.6 | 17.2 | 16.4 | 14.6 | 12.9 |
| Other Operating Expenses | 113.8 | 108.4 | 102.0 | 80.9 | 76.3 |
| Other | 70.0 | 67.7 | 61.7 | 47.7 | 45.4 |
| **MINORITY INTERESTS RESULTS** | **(25.7)** | **(19.0)** | **(18.9)** | **(23.4)** | **(17.1)** |
| **INCOME FROM EQUITY INVESTMENTS** | **31.0** | **32.3** | **29.5** | **1.4** | **3.2** |
| **NET OTHER INCOME / (LOSS)** | **61.0** | **(51.2)** | **33.7** | **(92.5)** | **(23.9)** |
| **INCOME TAX** | **130.0** | **84.9** | **63.7** | **49.3** | **46.2** |
| **NET INCOME / (LOSS)** | **235.3** | **197.8** | **137.8** | **72.8** | **60.7** |

*(*) Banco de Galicia y Buenos Aires S.A., consolidated with subsidiary companies (Section 33 – Law No. 19,550).*

## ADDITIONAL INFORMATION

| | FY2011 | | | | FY2010 |
|---|---|---|---|---|---|
| | 1st Q | 4th Q | 3rd Q | 2nd Q | 1st Q |
| **Mutual Funds** *(In millions of pesos)* (*) | **1,693.6** | **1,417.0** | **1,197.1** | **1,110.9** | **1,130.6** |
| **Physical Data (Number of)** | | | | | |
| **Employees** | **11,253** | **11,069** | **10,831** | **10,569** | **9,123** |
| Bank in Argentina | 5,257 | 5,185 | 5,140 | 5,090 | 5,067 |
| Other companies | 4,833 | 4,724 | 4,537 | 4,310 | 4,056 |
| CFA | 1,163 | 1,160 | 1,154 | 1,169 | - |
| **Branches** | **475** | **466** | **460** | **456** | **394** |
| Bank Branches | 241 | 240 | 238 | 238 | 238 |
| Regional Credit-Card Companies Offices | 175 | 167 | 163 | 159 | 156 |
| CFA | 59 | 59 | 59 | 59 | - |
| **Deposit Accounts (in thousands)** | **2,029** | **1,969** | **1,916** | **1,813** | **1,767** |
| **Credit Cards (in thousands)** | **7,261** | **6,995** | **6,741** | **6,405** | **6,125** |
| **Inflation and Exchange Rates** | | | | | |
| Retail Price Index (%) (**) | 2.32 | 2.43 | 2.28 | 2.33 | 3.46 |
| Wholesale Price Index (IPIM) (%) (**) | 3.00 | 2.82 | 2.93 | 3.62 | 4.47 |
| CER Coefficient (%) (**) | 2.32 | 2.32 | 2.29 | 2.85 | 3.16 |
| Exchange Rate (Pesos per US$) (***) | 4.0520 | 3.9758 | 3.9607 | 3.9318 | 3.8763 |

*(*) Market value of the FIMA mutual fund units under custody.*
*(**) Variation within the quarter.*
*(***) As of the last working day of the quarter.*

## RECENT DEVELOPMENTS

## BANCO GALICIA

### Shareholders' Meeting

The annual shareholders' meeting of the Bank was held on April 27, 2011. The following table shows the composition of the Board of Directors resulting from the shareholders' resolutions:

| | | Term expiration date: December 31, |
|---|---|---|
| **Chairman** | Antonio R. Garcés | 2011 |
| **Vice Chairman** | Sergio Grinenco | 2011 |
| **Secretary Director** | Guillermo J. Pando | 2013 |
| **Directors** | Pablo Gutiérrez | 2013 |
| | Luis M. Ribaya | 2013 |
| | Pablo M. Garat (1) | 2012 |
| | Ignacio A. Gonzalez García (1) | 2012 |
| **Alternate Directors** | Raúl H. Seoane | 2011 |
| | Enrique García Pinto | 2011 |
| | Juan C. Fossatti (1) | 2012 |
| | Julio P. Naveyra (1) | 2012 |
| | Osvaldo H. Canova (1) | 2012 |

*(1) Independent directors according to CNV and Nasdaq rules.*

At the same meeting, the following syndics were also designated for one year:

| | | Term expiration date: December 31, |
|---|---|---|
| **Syndics** | Enrique M. Garda Olaciregui | 2011 |
| | Norberto D. Corizzo | 2011 |
| | Luis A. Díaz | 2011 |
| **Alternate Syndics** | Fernando Noetinger | 2011 |
| | Miguel N. Armando | 2011 |
| | Ricardo A. Bertoglio | 2011 |

The shareholders resolved that the Ps.766.6 million retained earnings be distributed as follows: Ps.93.8 million to Legal Reserve, Ps.100.1 million as Cash Dividends and Ps.572.7 million to the next Fiscal Year, in order to maintain a regulatory capital consistent with the risks assumed and with the expected growth in the volume of business, within the framework of the regulations in force.

### Dividend Distribution

The Shareholders' Meeting approved the Board of Directors' proposal in connection with the payment of a cash dividend for Ps.100.1 million. This proposal was previously authorized by the *Superintendencia de Entidades Financieras y Cambiarias* (the Argentine Superintendency of Financial Institutions and Exchange Bureaus), required by regulations in force established by the Argentine Central Bank. From said dividend, the personal asset tax of FY2010 will be withheld, when corresponding.

## *Quiero!* Program

On April 17, Banco Galicia launched its program of benefits *Quiero!* (which means “I want!”). With this program the Bank is modifying the dynamics of the market and innovating, not only as regards benefits and discounts, but also about point award programs. *Quiero!* is the first and unique program which enables the client to choose where to apply the discount, its percentage and the day to use it. In addition, especially selected products highly valued by its clients are offered, generally electronics or tourist packages.

*Quiero!* also grants points to the clients for their activity with the Bank, for their balances in saving accounts, insurances, payroll accounts, and for their consumptions with credit and debit cards, for certain transactions through automated channels like Home Banking and even clients can participate in games, being the only program in the market with these characteristics.

## Banco Galicia in Social Networks

Banco Galicia always aimed and characterized itself for being close to the people. After monitoring and studying during the last years the changes in habits and behaviors, the Bank realized that society was every day more connected through web applications and social networks. As a consequence Banco Galicia is already present in Facebook and in Twitter, trying to show a closer, dynamic and efficient image within its clients and the public in general, loyal to its values.

In addition, during the next months Banco Galicia will add news in other platforms and networks, such as You Tube and LinkedIn, boosting this innovative way of getting closer to its clients.

## Negotiable Obligations

On May 4 Banco Galicia issued its Class I negotiable obligations, within its global short-term, medium-term and/or long-term note program, for an outstanding face value at any time of up to US$ 342.5 million or the equivalent amount in other currencies. The amount issued was US$ 300.0 million, and the success of the placement was shown in the amount of offers received, which were over US$ 1.3 billion. The aggregate principal amount will mature on May 4, 2018. The notes will bear 8.75% interest per annum, which will be payable semi-annually, commencing on November 4, 2011.

## Change in the Valuation Criterion for the Exposure to the Public Sector

Since March 1, 2011, the Argentine Central Bank, amended the valuation criterion applicable to holdings of public sector debt, according to the probable allocation of the assets:

a) Reasonable market value: the debt instruments are registered at the corresponding market closing price or at present value; it is applicable to debt instruments included in the list of volatilities or present values published by the Argentine Central Bank.

b) Cost plus yield: the debt instruments not included in the list mentioned in a) above, are registered at incorporation value increased on an exponential basis according to their internal rate of return. The monthly accrual shall be recorded in the income statement or in a contra asset account according to the debt instrument:

- b1) Debt instruments stemming from sovereign debt exchanges: as long as the market value is lower than the book value, 50% of the yield will be allocated to income and the remaining 50% will be recorded with a counterpart under contra asset accounts, which will be reversed by means of an allocation to income as long as their balance exceeds the positive difference between the market value and the book value of said account.
- b2) Argentine Central Bank instruments: the yield will be allocated to income.

b3)Debt instruments not stemming from sovereign debt exchanges and not included in the list mentioned in a) above: registered at present value, discounting the cash flows at a discount rate equal to the yield of debt instruments with volatility published by the Central Bank with similar duration. As long as the present value is lower than the book value, the monthly accrual shall be recorded with a counterpart under contra asset account.
It is also allowed to register debt instruments subject to market prices under cost plus yield, up to certain amounts, if the objective is to hold the debt instrument till maturity.

The application of the mentioned criterion was consistent with those of the Bank until February 28, 2011, therefore there were not significant economic effects.

**COMPAÑÍA FINANCIERA ARGENTINA**

On March 28, 2011, the company issued its Class III negotiable obligations, within its global short-term, medium-term and/or long-term note program, for an outstanding face value of up to US$ 250.0 million or the equivalent amount in other currencies.

The amount issued of Series I was Ps.56.0 million, and the aggregate amount will mature on December 23, 2011. The notes will bear floating interest rate equal to the simple arithmetic average of the private BADLAR plus 3.26%, which will be payable on June 26, 2011, September 24, 2011 and on the date of maturity.

The amount issued of Series II was Ps.44.0 million, and will be amortized in three installments, on June 28, 2012 (33.33%), on September 28, 2012 (33.33%) and on December 28, 2012 (33.34%). The notes will bear a floating interest rate equal to the simple arithmetic average of the private BADLAR plus 4.08%, which will be payable quarterly, commencing on June 28, 2011 and until December 28, 2012.

**TARJETAS CUYANAS**

On April 15, 2011, the company issued its Class IV negotiable obligations, within its global short-term, medium-term and/or long-term note program, for an outstanding face value of up to US$ 120.0 million or the equivalent amount in other currencies.

The aggregate principal amount issued of Ps.50 million will mature on January 10, 2012. The notes will bear a floating interest rate equal to the simple arithmetic average of the private BADLAR plus 2.85%, which will be payable on July 14, 2011, on October 12, 2011 and on January 10, 2012.