

As of June 25, 2009, the exchange rate was Ps. 3.7955 for US\$1.00.

Item 3.B. Capitalization and Indebtedness

Not applicable.

Item 3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

Item 3.D. Risk Factors

You should carefully consider the risks described below in addition to the other information contained in this annual report. In addition, most, if not all, of the risks described below must be evaluated bearing in mind that our most important asset is our equity interest in Banco Galicia, thus, a material change in Banco Galicia's shareholders' equity or income statement would also adversely affect our businesses and results of operations. We may also face risks and uncertainties that are not presently known to us or that we currently deem immaterial, which may impair our business. Our operations, property and customers are located mainly in Argentina. Accordingly, the quality of our customer portfolio, loan portfolio, financial condition and results of operations depend, to a significant extent, on the macroeconomic and political conditions prevailing in Argentina. In general, the risk assumed when investing in the securities of issuers from countries such as Argentina, is higher than when investing in the securities of issuers from developed countries.

Risk Factors Relating to Argentina

A contraction in the domestic economy as well as a deterioration in market conditions could adversely affect the financial system and Grupo Financiero Galicia

Grupo Financiero Galicia's results of operations may be affected by inflation, fluctuations in the exchange rate, modifications of the interest-rate, changes in the Government's policies (including, among others, foreign investment or tax policies), social instability and other political, economic or international developments in Argentina or other changes somehow affecting the country. It should be taken into account that the Government has exercised and currently exercises a marked influence on the Argentine economy.

It cannot be assured that any change in the future, including the enacting of regulations by Argentine authorities, will not substantially and adversely affect the financial position or the results of operations of private sector companies, including us, as has happened in the past.

Argentina's political and economic instability is still high and could continue to affect the economy and our business

During 2001 and 2002, Argentina went through a period of great political, economic and social instability, leading to the early resignation of the President, the default on Argentina's sovereign debt and the devaluation of the Argentine Peso, after more than 10 years of fixed exchange-rate parity with the US Dollar.

Even though the Government succeeded in stabilizing the main macroeconomic variables, such as the exchange-rate and domestic prices, allowing for the continuous growth of the Gross Domestic Product ("GDP"), some analysts believe that the growth of some indicators of the national economy and the stabilization achieved cannot be sustainable in the mid- and long term.

Despite the recent economic growth, Argentina may, in the future, experience another economic recession, which could include high inflation and unemployment rates. Consequently, our results of operations as well as the results of operations of our subsidiaries, including Banco Galicia, could be substantially and adversely affected.

Inflation may rise and undermine the economy and our business

In January 2002, following the decision to abandon the fixed exchange-rate regime set forth in the Convertibility Law (pursuant to which, from April 1, 1991 to January 7, 2002, the Peso was freely convertible into U.S. Dollars on a one-to-one basis), the devaluation of the Peso had an effect on the domestic price system and led to inflation in 2002 after several years of price stability.

According to the data provided by the *Instituto Nacional de Estadísticas y Censos* ("INDEC," National Institute for Statistics and Census), in 2008 the inflation rate, measured using the consumer prices index, was 7.2%, in comparison to 8.5% in 2007 and 9.8% in 2006, in each case measured against the consumer prices in the immediately preceding year. Other price indexes, however, such as those reflecting construction prices and producers' prices, showed an increasing trend in the last two years despite the decrease in consumer inflation as measured by INDEC, which has generated a significant debate over the correct measurement and the possible understatement of the CPI by INDEC.

Inflation may continue to increase or significantly accelerate going forward. Given the current uncertainties, it is not possible to assure you that inflation will not increase. In the past, inflation materially undermined the Argentine economy and the Government's ability to create conditions that promote economic growth. In addition, high inflation or high volatility in inflation rates would negatively and materially affect the financial system's volume of operations, making it difficult for Banco Galicia to continue with the development of its financial intermediation activities and possibly negatively impacting Argentina's level of economic activity and employment.

High inflation would also undermine Argentina's foreign competitiveness, with the same negative effect on the level of economic activity, employment, real salaries, consumption and interest-rates. High volatility of economic variables and uncertainty would also shorten contractual terms and would erode economic agents' planning and decision making capacity, affecting the economic activity. All of these factors would adversely affect us, our business, financial condition, results of operations and prospects.

A significant devaluation of the Peso may adversely affect the Argentine economy and us

It cannot be assured that in the future, and due to various local and international circumstances, there will not be abrupt fluctuations in the value of the Peso. Since the second half of 2008, due to domestic and foreign factors, the Peso has devaluated versus the US Dollar.

Despite the positive effects of the real depreciation of the Peso in 2002 on the competitiveness of certain sectors of the Argentine economy, such depreciation has had a far-reaching negative impact on the Argentine economy in general, as well as on businesses' and individuals' financial condition. The devaluation of the Peso had a negative impact on the ability of Argentine businesses to honor their debt denominated in foreign currency, led to high inflation, strongly reduced real wages and had a negative impact on businesses whose activity was dependent on domestic market demand, such as utilities and the financial industry. The Government's ability to honor its foreign debt obligations was also negatively affected.

If the Peso were to significantly depreciate again, the related negative effects on the Argentine economy could occur again, with adverse consequences on our business, financial condition, results of operations and prospects.

Argentina's economy remains vulnerable to external shocks which could have an adverse effect on the country's economic growth and on our prospects. In addition, the Argentine economy is vulnerable to the ongoing economic crisis in the United States of America

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other countries. Although said conditions vary from country to country, investor reactions to events occurring in one country may substantially affect capital available to issuers (and the price of the securities of issuers) in other countries, with similar characteristics, including Argentina. Lower capital inflows and declining securities prices negatively affect the real economy of a country through higher interest-rates or exchange-rate volatility.

In the past, Argentina's economy was adversely affected by developments in other markets, such as, among others, the events that occurred in Mexico at the end of 1994 and the collapse of several Asian economies between 1997 and 1998. There is a risk that similar events may affect the Argentine economy in the future.

Argentina may also be affected by the economic conditions of major trade partners, such as Brazil, or countries such as the United States, that are significant trade partners and/or have influence over world economic cycles. If these countries' economies entered into a recession, the negative effect on the Argentine economy would stem from a decrease in Argentine exports, which would reduce the country's economic growth. All of these factors would have a negative impact on us, our business, operations, financial condition and prospects.

In addition, at the end of 2007 and in early 2008, the United States' economy started to show signs of weakness, stemming from the uncertainty provoked by the course of the world economy. The crisis in the subprime mortgage market in the United States spread quickly into other geographical regions, such as Europe, Asia, and even Latin America.

As a consequence of said financial and economic crisis, the world's major economies have entered into recessions or have shown a marked fall in their economic activities and this crisis could trigger a less favorable or an unfavorable international environment for Argentina, forcing domestic policy adjustments, which could trigger lower growth and adversely affect us, our business, financial condition, results of operations and prospects.

A decline in international prices for Argentina's main commodity exports could have an adverse effect on Argentina's economic growth and on us

Argentina's financial recovery from the 2001-2002 crisis has been significantly assisted by the increase in commodity prices, including its main commodity exports, such as soy. High commodity prices have contributed to the increase in the value of Argentine exports since the third quarter of 2002 and to high Government revenues from taxes on exports.

The prices of the commodities that Argentina exports have decreased relative to their 2008 levels, affecting export levels in 2009. If prices continue to fall, the growth of the Argentine economy, as well as its exports, could be adversely affected. Such occurrence would have a negative impact on the levels of Government revenues and the Government's ability to service its debt, and could either generate recessionary or inflationary pressures, depending on the Government's reaction. Either of these results would adversely impact us, our business, financial condition, results of operations and prospects.

Argentina's ability to obtain financing from international capital markets and foreign direct investment is limited, which could adversely affect the economy and our business

In the first half of 2005, Argentina restructured part of its sovereign foreign debt, which had been in default since late 2001. According to the Government, the swap for the restructuring of said debt was accepted by 76% of creditors. However, holders of approximately US\$20 billion of the sovereign debt subject to the restructuring offer, mainly from the United States, Italy and Germany did not accept the swap and initiated litigation against Argentina ("holdouts"). New legal proceedings could be brought in the future.

In September 2, 2008, Argentina announced through Decree No. 1394/08 its intention to cancel its sovereign debt with the creditor nations of the Paris Club. The Paris Club announced its acceptance of such decision through a note dated September 18, 2008. As of the date of this annual report, the amount of the debt to be cancelled, the terms of such cancellation, and the extent of the representations of the parties are still unknown. Almost 70% of Argentina's debt with the Paris Club is with Germany, Japan and Spain, but the Paris Club includes creditors such as the United States and other members of the Group of Eight, which are industrially developed countries. A failure to agree with the Paris Club could curb financing from multilateral financial institutions, which could adversely affect Argentina's economic growth and public finances, and, consequently, adversely affect our business, financial position and results of operations.

Recently, due to certain modifications made to the pension and retirement system, which was in charge of the *Administradora de Fondos de Jubilaciones y Pensiones* ("AFJPs," Retirement and Pension Fund Administrators), some holdouts obtained a favorable decision from the Federal District Court for the District of New York City, which ordered a freeze on the assets held by AFJPs in the United States – currently held by the *Administración Nacional de la Seguridad Social* ("ANSES," National Social Security Administration), a decentralized entity of the Government.

During January and early February of 2009, the Government exchanged certain of its debt for *Préstamos Garantizados Nacionales* (loans issued by the Government or "Secured Loans" to restructure bank loans during and after the 2001-2002 crisis), and as a result, was able to reduce the amount of sovereign debt maturing between 2009 and 2011.

In addition, foreign investors in Argentine public utilities companies filed claims with the *Centro Internacional de Arreglo de Disputas de Inversiones* ("CIADI," International Center for Settlement of Investment Disputes), for substantial amounts, due to certain measures taken by the Government to overcome the 2001-2002 crises, and alleging that some measures are inconsistent with certain bilateral treaties signed by Argentina.

The Government's default on its debt payments, its delay in completing the debt restructuring with holdout creditors and the above-mentioned claims against the country, could hinder Argentina's and the country's private sectors access to the capital markets and ability to obtain direct foreign investment. Additionally, in recent years, the CIADI issued certain judgments against Argentina, all of which have been appealed. If such judgments result in court rulings against Argentina, they would involve large amounts of money for the country, as well as injunctions or other provisional remedies related to assets in Argentina that the Government intended to use for other matters. Consequently, the Government could lack sufficient financial resources to promote growth. In addition, private sector investment, which is necessary for the same purpose, may not be available due to the lack of financing.

If Argentina's ability to access financing from international markets and attract direct foreign investment is restricted, there is a risk that it may lack sufficient capital to sustain an investment cycle and sustain a high-economic growth rate. As a consequence, the country's fiscal balance could be affected, which could lead to higher inflation and could negatively affect the Government's ability to implement economic policies that would foster economic growth. If a sustained growth cycle is not achieved, political, social and economic instability could resume. All of these events would have an adverse effect on the Argentine economy and financial system, as well as on us, our business, financial condition, results of operations and prospects.

The foreign exchange market is subject to controls that restrict our access to foreign currency and our access to foreign funds and more restrictive measures could be implemented in the future that would adversely affect our business operations

At the end of 2001 and in 2002, the Government and the Argentine Central Bank established controls over the foreign exchange market and over capital transfers abroad, substantially limiting the ability of companies operating in Argentina to retain foreign currency or make debt payments abroad. The existence of such controls and the surplus in the country's trade balance contributed to an appreciation of the Peso and to the increased availability of foreign currency, which in turn resulted in the easing of many of these restrictions. However, certain restrictions are still in force that limit access to the foreign exchange market by residents and non-residents, including us, to certain monthly amounts and their and our ability to make transfers of foreign currency and payments abroad. In addition, the Government issued a decree in June 2005 that established new controls and restrictions in connection with capital inflows, including the requirement that 30% of funds remitted to Argentina remain deposited in a domestic financial institution for one year without earning any interest. This measure increases the cost of obtaining foreign funds and limits access to these funds. For more information, see Item 4. "Information on the Company-Government Regulation-Foreign Exchange Market."

In an economic environment where access to local capital is substantially constrained, these controls could have a negative effect on the Argentine economy and on our business, by limiting the ability of economic agents operating in Argentina to obtain foreign financing. Moreover, the Argentine authorities could again establish more severe restrictions on the foreign exchange market and on capital movements from and into Argentina, among others, in the future, in response to significant capital outflows or to a significant depreciation of the Peso. These restrictions may hamper foreign investors' ability to receive payments in connection with debt or equity securities of Argentine issuers, such as us, or more severely restrict our access to the foreign capital markets, both of which could adversely impact us, our business, financial condition, results of operations and prospects.

The volatility of the regulatory environment in Argentina could continue to be high and future Argentine governmental policies could adversely affect the Argentine economy as a whole as well as financial institutions such as us and our subsidiaries

The Government has historically exercised significant influence over the country's economy and financial institutions in particular have operated in a highly regulated environment for extended periods. In addition, Argentina's regulatory environment has been volatile. The lack of a stable regulatory environment has imposed limitations on the operation of the economy as a whole, including the financial system. During the 2001-2002 crisis, Argentina experienced a deep economic and financial crisis, social unrest and political turmoil. As a result, the Government took a series of far reaching measures that produced radical structural changes in the Argentine economy and legal framework. Laws and regulations currently governing the economy or the financial sector may change in the future. Future Government policies may include nationalization, forced renegotiation or modification of existing contracts and debt obligations, suspension of the enforcement of creditors' rights, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws and policies affecting international trade and investment. Future changes in the regulatory environment and Government policies may adversely affect the economy and financial institutions in Argentina, including us and our subsidiaries, as well as our and our subsidiaries' business, financial condition, results of operations and prospects. This change could negatively impact our ability to raise funds through the local capital markets in the future, thus possibly negatively impacting our business, financial condition, results of operations and prospects.

Foreign judgments may not be able to be normally enforced in Argentina

We and most of our subsidiaries are companies incorporated under the laws of Argentina. Most of our and our subsidiaries shareholders, directors, members of the Supervisory Syndics' Committee, officers, and some specialists named herein are domiciled in Argentina and the most significant part of our and our subsidiaries assets is located in Argentina.

Under Argentine law, the enforcement of foreign judgments is allowed provided that the requirements set forth in sections 517 to 519 of the National Code of Civil and Commercial Procedures are met or, if it is one of the powers reserved to the provinces, the requirements in the local codes of procedure, and provided that the foreign judgment does not infringe on the concepts of public policy in Argentine law, as determined by the competent courts of Argentina. As such, your ability to enforce a judgment of, among others, a U.S. court against us or our subsidiaries in Argentina may be limited.

The reform of the Integrated Retirement and Pension System may limit our ability to obtain funding

Through the enactment of Law No. 26,425 in November 20, 2008, the Argentine Congress approved the elimination of the capitalization system run by the AFJPs, which was absorbed and replaced by a single government run pension organization called the *Sistema Integrado Previsional Argentino* ("SIPA," the Integrated Social Security System). Among other measures, the law establishes that: (i) funds accumulated in the private retirement and pension system during the last fourteen years will be administered by the ANSES and (ii) the retirement and pension system will now be run by the Government and citizens must contribute to this new system.

The elimination of the existing capitalization system will cause a significant change in Argentina's local capital markets, as AFJPs have historically been important institutional investors. This change could limit our ability to obtain funding through the local capital markets, thus possibly negatively impacting our business, financial condition, results of operations and prospects.

Risk Factors Relating to the Argentine Financial System

The ongoing international financial crisis could intensify and spread, possibly impacting Argentine banks, including Banco Galicia

Although most Argentine banks have not been severely impacted by the ongoing banking crisis in the United States, Europe and Asia, the possibility that Argentine banks could, in the future, be impacted by such crisis cannot be ruled out. Likewise, the high volatility in international assets was also present in local ones. These factors could lead to a lack of confidence by depositors and affect the Argentine financial system, most likely affecting Banco Galicia's profitability. If Banco Galicia's profitability decreases, our business, financial condition, results of operations and prospects would most likely be negatively affected as well.

The recovery of the financial system is dependent upon the ability of financial institutions, including Banco Galicia, to maintain and increase the confidence of depositors

The measures implemented by the Argentine government in late 2001 and early 2002, in particular the restrictions imposed on depositors ability to withdraw money freely from banks and the pesification and restructuring of their deposits, were strongly opposed by depositors due to the monetary losses that they sustained and undermined their confidence in the Argentine financial system and in all financial institutions operating in Argentina.

Although the financial system has seen a substantial recovery in deposits (mostly transactional deposits) since 2002, it cannot be assured that this trend will continue or that the deposit base of the Argentine financial system, including Banco Galicia's, will not be affected in the future by adverse economic, social and political events. If the confidence of depositors in the financial system is affected once again, it will have a direct impact on the manner in which financial institutions, including Banco Galicia, conduct their business by, in general terms, affecting their ability to operate as financial intermediaries. If Banco Galicia's volume of business or ability to act as a financial intermediary is negatively impacted, its profitability may decrease which, in turn, may adversely impact our business, financial conditions, results of operations and prospects.

The negative consequences of the 2001-2002 crisis on the profile and activities of the financial system, including us, may not be overcome in the short term or at all

Immediately after the 2001 and 2002 crisis, the financial system temporarily practically ceased acting as an intermediary between savings and credit. Even though the financial system's private sector deposits and loans have increased substantially from the low levels of 2002, financial depth in Argentina (measured by the ratio of the total financial system's private-sector deposits and loans to GDP), remains low when compared to the levels displayed by comparable countries, such as other Latin American countries, and with past levels recorded in Argentina itself, especially in the case of loans to the private sector. Such loans represented approximately 12% of the Argentine GDP at the end of 2008, as compared to approximately 23% at the end of 1999. The time period necessary for the Argentine financial system's credit activity to return to pre-crisis relative levels remains uncertain.

In addition, even though deposits in the financial system have increased significantly since mid 2002, most deposits are either sight or short-term time deposits. The sources of medium and long-term funding for financial institutions are currently limited. Due to these reasons, and to the characteristics of credit demand, the loan expansion recorded since 2004 has been largely based on short-term loans to individuals and companies.

For the financial system to be able to reach an adequate financial depth level and, at the same time, develop a medium and long-term credit business without having to assume excessive risks in terms of maturity gaps, several developments would need to occur, including, principally: (i) growth in deposits and loans would need to continue over time, (ii) the terms of assets and liabilities in the Argentine financial system would need to be extended, (iii) the public's confidence in the Argentine financial system would need to increase to levels enabling the country's savings to be channeled to the financial system to a greater extent than at present, and (iv) a process of sustained growth with macroeconomic and legal stability would be needed. These trends may not materialize and, even if they do, financial intermediation activities may not develop to the extent needed or may not reach the necessary volume so as to allow the recurrent income generation capacity of Argentine financial institutions, including us, to improve substantially or the expansion of the credit business beyond short-term lending.

Financial institutions' asset quality could deteriorate if the economic growth process does not recover, which would have a negative impact on financial institutions' profitability as well as on ours

After the 2001-2002 crisis, the asset quality ratios of Argentine financial institutions improved and in the last four years the Argentine financial system enjoyed a period of very low credit risk in historical terms. The portfolio quality of financial institutions has improved due to the considerable growth of the country's economy, the improvement of the economic situation in general and the completion of various debt restructuring processes. However, while certain sectors benefited from the post-crisis relative price system, other sectors were adversely affected. The portfolio quality of the private sector, overall, started to deteriorate during 2008. It cannot be assured that the private sector portfolio will not continue to deteriorate.

The value of a large portion of the assets held by various Argentine financial institutions, as well as those institutions' income generation capacity, is dependent, to a large extent, on sustained economic growth.

Should growth significantly slow down or if economic activity experiences a downturn, borrowers' performance could deteriorate, as could employment levels and real wages. Also, even if the Argentine economy continues to grow, if inflation continues to rise it could also affect real wages and employment levels and trigger nominal interest rates increases, all of which would weaken credit demand and borrowers' repayment capacity. In addition, individuals' indebtedness has increased significantly in the past years, which could trigger deterioration in their repayment ability, especially if coupled with a tightening financial scenario. Finally, legacy loans from the 2001-2002 crisis have reached a very low level and, therefore, no material further positive effect on credit quality ratios would be derived from further improvement thereof.

Improvement in the credit risk environment after the 2001-2002 crisis and the low credit risk environment of the recent years have had a positive impact on financial institutions' profitability as they have translated into low loan loss provisions as well as above average income from loan recoveries and the reversal of loan loss provisions in connection with legacy loans. In a tougher credit environment, coupled with the fact that above average income from the recovery of legacy loans and the reversal of loan loss reserves on such loans is reaching an end, credit losses could rise, which may require increases in loan loss reserves, which would most likely have a negative impact on financial institutions' profitability including on ours.

Judgments against financial institutions in connection with the pesification and restructuring of deposits in 2002 may result in a deterioration of financial institutions' deposit base and liquidity, including ours

As a consequence of the application by financial institutions of emergency measures implemented by the executive branch of the Government during and in respect of the 2001-2002 crisis, which mandated the pesification of deposits originally denominated in Dollars and the restructuring of such deposits, in 2002 individuals and entities initiated a significant number of legal actions (known as "amparo" claims) against financial institutions, including the Bank, on the basis that these measures violated their constitutional and other rights. Most appellate and lower courts have declared the above-mentioned emergency measures unconstitutional and, as a result, financial institutions have been required to reimburse the relevant Dollar-denominated deposits, or their equivalent in Pesos, at the then current free market exchange rate.

These rulings resulted in a significant withdrawal of deposits from the financial system and the Bank in 2002 and in significant losses for financial institutions to date, including us, as these institutions have had to reimburse the restructured deposits (mostly Dollar-denominated deposits before pesification) at market exchange rates rather than at the rate at which the deposits were pesified and booked in accordance with the applicable regulations. Pursuant to Argentine Central Bank rules, the losses from the above-mentioned court rulings were deferred and began to be amortized over a five-year period. The negative impact of these losses on financial institutions' capital has been significant. The Government has not provided compensation for these losses and has expressed that it does not intend to do so.

The Argentine Supreme Court of Justice (or the "Argentine Supreme Court") has issued several rulings in connection with the pesification of deposits, which referred to particular cases, with different implications. Also, under Argentine law, Argentine Supreme Court rulings are not precedent setting for lower courts and, therefore, whether these rulings will be followed in similar cases to be heard by lower courts is uncertain. As a consequence of the foregoing, the final resolution of such cases is uncertain. However, if an increasing number of new adverse judgments against financial institutions such as us should materialize, financial institutions, including us, could incur further significant losses and their and our financial condition could be adversely impacted.

New limitations on creditors' rights in Argentina and to the ability to foreclose on certain guarantees and collateral may adversely impact financial institutions such as us

In order to protect debtors, who were affected by the 2001-2002 crisis, the Government passed various laws and regulations temporarily suspending the ability of creditors to foreclose on collateral and to exercise their rights pursuant to guarantees and similar instruments. Such regulations have restricted Argentine creditors, such as us, from initiating collection actions or lawsuits to recover on defaulted loans. Even though these rules have ceased to be applicable, under an adverse economic environment or other circumstances, the Government may pass new rules and regulations affecting the ability of creditors to enforce their rights pursuant to debt agreements, guarantees and similar instruments, which may have an adverse effect on the financial system and our business.

Certain administrative proceedings being initiated by Argentine provincial tax authorities against financial institutions could generate losses for such institutions, including us

Certain provincial authorities have initiated administrative proceedings against financial institutions in order to collect certain local taxes levied on financial institutions' gross income obtained in 2002 and thereafter. The amounts that provincial tax authorities seek to collect in these administrative proceedings in relation to the gross income generated in 2002 by financial institutions are significant, as such authorities are including in the taxable income those gains obtained by financial institutions in connection with the compensatory bonds that the Government made available to them in order to compensate them for the losses that they would otherwise have incurred as a consequence of the policies implemented by the Government to deal with the 2001-2002 crisis, particularly the asymmetric pesification. Although the final outcome of these administrative proceedings is still highly uncertain, as is the number of provincial authorities that will initiate such proceedings and when, these proceedings could generate losses for financial institutions, including us, during fiscal year 2009.

Consumer protection laws may limit some of the rights afforded to us and our subsidiaries

Law No. 24,240, the Consumer Protection Law, as amended and with supplementary rules, (the "Consumer Protection Law") sets forth a series of rules and principles to protect consumers. On March 12, 2008, the Argentine Congress approved an amendment to the Consumer Protection Law, enacted by the Executive Branch through Decree No. 565/08 dated April 3, 2008, published in the Official Gazette of the Argentine Republic (the "Official Gazette") on April 7, 2008.

The Consumer Protection Law was thus amended in various aspects, namely: (i) the universe of people considered as consumers under the Consumer Protection Law was widened, (ii) the maximum fines applicable to suppliers violating this law was increased and the administrative authority charged with enforcing such law was empowered to order any supplier to pay direct damages up to a maximum amount, (iii) the courts were entitled to sentence suppliers to pay "punitive damages" to consumers (such punitive damages cannot exceed Ps. 5 million, depending on the seriousness of the event and other circumstances), and (iv) the ability of consumers' associations to bring class action law suits on behalf of an indeterminate universe of consumers' rights was regulated. Also, the Secretary of Domestic Commerce, which is part of the Ministry of Economy and Production, was appointed as the national enforcement authority and the city of Buenos Aires and the provinces are to act as local enforcement authorities.

We cannot assure you that court and administrative rulings arising from the measures adopted by the Secretary of Domestic Commerce and other enforcement authorities will not cause an increase in the degree of protection given to our debtors and other clients, or that such rulings will not favor the claims brought by consumers' groups or associations. This could prevent us and/or our subsidiaries from collecting payments for services and financing provided, with an adverse effect on our assets, financial condition, business, results of operations and prospects.

Risk Factors Relating to Us

Since we are a holding company, our ability to pay cash dividends depends on the ability of our subsidiaries to pay dividends to us

We are a holding company and, as such, we conduct all of our operations through our subsidiaries. Thus, dividends or other intercompany transfers of funds from subsidiaries are expected to be our primary source of funds to pay for expenses and dividends. Banco Galicia is our most significant subsidiary. As of December 31, 2008, Banco Galicia's consolidated assets represented 98.8% of our consolidated assets. While we do not anticipate that we will conduct operations at the level of the holding company, any expenses we incur at such level, will reduce amounts available to be distributed to our shareholders. The ability of our subsidiaries to pay dividends and make other payments to our holding company will depend on their results of operations and financial condition and may be restricted by, among other things, applicable corporate and other laws and regulations and contractual limitations. In addition, our ability to pay dividends will be subject to legal and other requirements.

We have not received dividends from Banco Galicia since October 2001. In addition, Banco Galicia is restricted from paying dividends as, among other things, under Argentine Central Bank regulations it must reduce its retained earnings available to be distributed as cash dividends by, among others, the difference between the market value and the carrying value of all of its public-sector assets, after netting the legal reserve and other reserves established by Banco Galicia's bylaws. Also, the loan agreements entered into by Banco Galicia, as part of the restructuring of its debt denominated in foreign currency and subject to foreign law (the Bank's "foreign debt"), limit its ability to pay dividends. See Item 8. "Financial Information-Dividend Policy and Dividends-Dividend Policy."

Our ability to repay indebtedness at the holding company level may be impaired due to the lack of liquidity at such level

We conduct our business through our subsidiaries and, therefore, at the holding company level we do not have significant operations or material assets of our own other than the capital stock of our subsidiaries. Excluding such assets, our ability to repay our indebtedness, at the level of the holding company, is dependent on the cash flows generated by our subsidiaries and their ability to make cash distributions. In the absence of such dividend payments, we may need to seek other funding sources in respect of such indebtedness, which may not be available to us at all or on reasonable terms.

Our subsidiaries do not have any obligation to pay amounts to us so that our indebtedness at the holding company level can be repaid or to make funds available for that purpose. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions, as well as our subsidiaries' financial condition and operating requirements may limit our ability to obtain cash from our subsidiaries. Furthermore, the Bank's ability to pay dividends or make other intercompany payments is limited by Argentine Central Bank's rules and certain financial covenants. See "-A breach of any of the covenants under the Bank's debt agreements and the agreements entered into by the Bank and us as part of the restructuring of the Bank's foreign debt in 2004 could result in the occurrence of an event of default under these agreements" and Item 8. "Financial Information-Dividend Policy and Dividends." In the absence of dividend payments, we may not have sufficient liquidity to repay our outstanding indebtedness.

We may operate finance-related businesses that have little or no regulatory supervision

We may operate finance-related businesses outside of Banco Galicia that are not regulated by the Argentine Central Bank. These businesses will be subject only to those regulatory limitations that may be applicable to them. We may enter into businesses that have little or no regulatory supervision or that entail greater risks than our existing businesses, and which may adversely impact our business and financial condition.

We are subject to corporate disclosure and accounting standards that may limit the information available to our shareholders

A principal objective of the securities laws of the United States, Argentina and other countries is to promote full and fair disclosure of all material information of companies issuing securities. However, there may be less publicly available information about us than is regularly published by or about listed companies in certain countries with more developed capital markets, such as the United States. While we are subject to the periodic reporting requirements of the United States' Securities Exchange Act of 1934, as amended, or the "Exchange Act", the periodic disclosure required of non-United States' issuers under the Exchange Act is more limited than the periodic disclosure required of United States' issuers. Furthermore, we are not required to comply with the United States Securities and Exchange Commission's (or "SEC") proxy rules in connection with shareholders' meetings.

In addition, we maintain our financial books and records in Pesos and prepare our financial statements in conformity with Argentine Banking GAAP, which differs in certain respects from Argentine GAAP and U.S. GAAP. See Item 5.A. "Operating Results-U.S. GAAP and Argentine Banking GAAP Reconciliation" and note 35 to our consolidated audited financial statements included in this annual report for a description of the principal differences between Argentine Banking GAAP and U.S. GAAP.

Also, for a description of the differences between Argentine and Nasdaq corporate governance requirements, see Item 6. "Directors, Senior Management and Employees-Nasdaq Corporate Governance Standards."

Our shareholders may be subject to liability for certain votes of their securities

Shareholders who have a conflict of interest with us and who do not abstain from voting may be held liable for damages to us. Also, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or our bylaws may be held liable for damages to us or to other third parties, including other shareholders.

United States' holders of our class B shares may not be able to exercise preemptive and accretion rights

Under Argentine law, holders of our ordinary (common) Class B shares (including the Class B shares underlying our American depositary shares (the "class B shares" and "ADSs," respectively) have preemptive and accretion rights with respect to future issuances of class B shares. United States' holders of our class B shares may not be able to exercise such preemptive and accretion rights unless a registration statement under the Securities Act of 1933 is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to such rights or the shares related thereto. Therefore, if we elect not to file a registration statement with respect to such rights or if an exemption from registration is not otherwise available, a United States' holder of class B shares (including those underlying our ADSs) may not be able to exercise such rights. In addition, the depositary may not be able to sell such rights and distribute the proceeds thereof to a United States' holder of class B shares (including those underlying our ADSs) as contemplated in the Depositary agreement, in which case such rights may lapse.

The concentration of our assets in Argentine public-sector debt instruments is high, which makes our future financial condition dependent on the Government's credit quality and ability and willingness to comply with its repayment obligations

As of December 31, 2008, our exposure to the Argentine public sector (as shown under Item 5.A. "Operating Results-Exposure to the Argentine Public Sector"), amounted to Ps. 6,054.3 million, representing 24.5% of our total assets. Under U.S. GAAP this amount was Ps. 3,777.2 million. Therefore, the value of our assets, our income and cash flow generation capacity and our future financial condition is strongly dependent on the Government's ability to comply with its payment obligations in respect of these public-sector assets. In turn, the ability of the Government to comply with its payment obligations with respect to such public-sector assets is dependent on, among other things, its ability to establish an economic policy that is successful in promoting sustainable economic growth in the long run, generating tax revenues and controlling public expenses, all or some of which may not occur.

We carry a significant portion of our public-sector assets at values that do not reflect their market value, which is substantially lower than their respective book value

We carry our public-sector assets under Argentine Banking GAAP, in accordance with Argentine Central Bank valuation rules, as explained under Item 4. "Information on the Company-Selected Statistical Information-Government and Corporate Securities-Valuation," and Item 5.A. "Operating Results-Critical Accounting Policies- U.S. GAAP – Critical Accounting Policies-Fair Value Estimates." The book values of our positions in Secured Loans, Boden 2012 Bonds (bonds issued by the Government as compensation for the asymmetric pesification), and Discount Bonds in Pesos and GDP-Linked Negotiable Securities (issued by the Government as part of the restructuring of its foreign debt in 2005) are greater than their respective quoted market values.

The difference between the aggregate book value of the above-mentioned assets and their respective aggregate market value as of December 31, 2008, amounted to Ps. 1,827 million, as explained under Item 4. "Information on the Company-Selected Statistical Information-Government and Corporate Securities." As market conditions change, adjustments to the market value of the above-mentioned assets are not reflected in our financial condition. Future sales or settlements of these assets will reflect the market conditions at the time and may result in losses, representing the difference between the settlement amount and the then carrying value, thereby adversely affecting our financial results.

We hold Argentine securities which might be highly volatile

We have had and we currently have certain investments in Argentine government debt and corporate debt. In particular, we hold a significant amount of Boden Bonds, Discount Bonds and other investments the underlying assets of which are mostly government securities. Investments in such securities involve certain risks, including market volatility and the risk of a loss of principal.

Some of the issuers in which we have invested and may invest, including the Argentine government, have experienced in the past substantial difficulties in servicing their debt obligations, which have led to the restructuring of certain indebtedness. We cannot assure that the issuers in which we have invested or may invest will not be subject to similar or other difficulties in the future which may adversely affect the value of our investments in such issuers. In addition, such issuers and, therefore, such investments, are generally subject to many of the risks that are described in this section with respect to us, and, thus, could have little or no value, thereby adversely impacting our financial results.

Our net position in CER-adjusted assets exposes us to increases in the real interest rate

The policies implemented by the Government to address the 2001-2002 crisis created mismatches between our assets and liabilities in terms of currency, yield and maturities. Currently, we carry a net position in CER-adjusted assets (the CER is a coefficient based on the variation of consumer prices), which bear fixed interest rates over CER-adjusted principal. This position is funded by Peso-denominated liabilities (with no principal adjustment linked to inflation), bearing market interest rates and repricing, mainly, in the short term. See Item 5.A. "Operating Results-Currency Composition of Our Balance Sheet". This mismatch exposes us to the fluctuations in real interest rates, with an adverse impact on income resulting from a significant increase in real interest rates paid on our Peso-denominated liabilities, which occurs when nominal interest rates increase more than the consumer inflation rate published by INDEC.

A breach of any of the covenants under the Bank's debt agreements and the agreement entered into by the Bank and us as part of the restructuring of the Bank's foreign debt in 2004 could result in the occurrence of an event of default under these agreements

The loan agreements and indenture entered into by the Bank as part of its foreign debt restructuring in May 2004, include certain covenants that, among other things, restrict the Bank's ability to pay dividends on stock, purchase its stock or the stock of its subsidiaries or use the proceeds of the sale of certain assets or from the issuance of debt or equity securities. Some of these agreements also require that the Bank maintain specified financial ratios. We agreed to maintain certain corporate governance standards and to provide the Bank's creditors with certain financial information and reports on a quarterly and annual basis. A breach of any of these covenants or the Bank's inability to maintain the required ratios could result in an event of default under these agreements. In the event of a default, the relevant lenders could elect, among other options, to declare the Bank's indebtedness, together with accrued interest and other fees, to be immediately due and payable. For more information see Item 10. "Additional Information-Material Contracts."

It may be difficult for us to fully overcome all of the residual negative effects of the 2001-2002 crisis

Our income generation capacity was negatively affected by the 2001-2002 crisis, especially our capacity to generate financial income. It is difficult to predict whether we will be able to increase our level of activity and loan origination to the private sector so as to generate sufficient increased financial revenue and income from services in order for our operating results to more than offset losses from the amortization of *amparo* claims, the negative margin on our matched position in foreign currency resulting from the low yield of our Boden 2012 Bonds and potential losses if we were to mark-to-market the portfolio of public-sector assets. Although demand for fee-related products and services as well as for credit has been increasing in Argentina, together with the growth of the economy, demand for financial products and credit may not continue to increase or may not increase to the extent or at the necessary pace. In addition, we may not be able to sufficiently increase our business volume or margins between lending and borrowing could decrease or be insufficient for our operating income to exceed the above-mentioned losses. Also, lower economic growth would have a negative impact on credit quality and credit losses. Therefore, we may not be able to increase our operating results in the required amount or at the required pace in order to offset these losses.