



THE NET PROFIT OF THE CAIXA GALICIA GROUP GROWS 38% BY SEPTEMBER 2006 REACHING 193 MILLION €

The income statement shows growth higher than 20% in all the margins

Credit investment grows 44.7%, with an increase of 57% in the credit to corporates

The efficiency ratio is slightly less than 50%, after an improvement of eight percentage points

La Coruña, October 27, 2006. Caixa Galicia finishes the first nine months of 2006 with a profit before taxes of 223 million euros and a volume of business of 56,697 millions, demonstrating a trend which will clearly allow it to exceed the goals set for the financial year.

This evolution responds to a strategy designed to convert the organization into a large commercial platform, with departments specialized in the design of products created for the customer and a structure of distribution channels dedicated to sales and quality service.

This strategy has facilitated a 36.2% growth in the business managed and 40,000 new customers. This growth is accompanied by an income statement with increases of over 20% in all the margins, due to an improvement in efficiency levels, which are at 46% and by a doubtful debt rate of 0.37%.

Results:

Profit before taxes of the Caixa Galicia group has reached 223 million euros in the first nine months of the year, 33.1% more than during the same period of the previous year. After the payment of taxes **the profit attributed to the group is 192.7 million euros, 37.6%** more than in September 2005.

A review of the main chapters of the income statement demonstrates the consistency of these profits.

- The strength of commercial activity has had a clear impact on the **net interest margin; it grew 23.1%**, reaching 392.4 million euros.
- Furthermore, **income from net fees and commissions grew 36.7%**, as a consequence of the evolution in business lines such as insurance, cards, or advanced services such as the coverage of interest rate risks or factoring services.

- In addition to the progress in income from typically financial activity, the portfolio of **participated companies** has also behaved well, both in its contributions from consolidated companies as well as the results of financial transactions, placing the **ordinary margin in 589 million euros, 28.7%** more than in September 2005.
- The capacity for generating income, together with an increase in **productivity per employee**, places the **efficiency ratio** (net operating expenses/gross operating income) **at 46%**, which means an improvement of eight percentage points with respect to September 2005.
- This progress in terms of efficiency permits the Caixa to absorb the impact on costs caused by the increase in the network in 33 offices, and to increase its growth in the **net operating profit to 49.4%**, reaching 317.7 million euros.

Business:

- **The volume of business managed reached 56,697 million euros**, with a year-to-year increase of 36.2%.
- **Credit investment reached 25,805 million euros, 44.7%** more than in September of 2005. The evolution experienced in the credit to corporates, segment, defined as a strategic priority by the entity, was especially significant: it grew 57%.
- A strict risk management has accompanied the increase in investment. The **doubtful debt rate** at the end of September was **0.37%** and the **coverage ratio** of doubtful assets reached **487%**.
- **Customer resources on the balance sheet reached 26,103 million euros**, after a **32.7%** increase with respect to the same month of the previous year. There has also been an increase of **16.4%** in products **off the balance sheet** (*investment funds, pensions and insurance policies*), reaching **4,789 million euros**.
- The commercial strength of the company has also permitted it to double the number of insurance policies signed, increase the number of credit cards in 74,600, and contract in three months 720 million euros in transactions of interest rate risk hedging for companies.

In the first nine months of the year 33 new offices have been opened, so that the Caixa Galicia **office network** now consists of 783 operating offices and six representative offices in Latin America and Europe.

Caixa Galicia: Consolidated P&L account
(30th September 2006)

	(000 EUR)	% VAR
Interest and similar income	957.705	36,2
Interest and similar charges	-603.113	45,8
Profit on Capital Instruments	37.765	30,3
NET INTEREST INCOME	392.357	23,1
Net Fees and Commissions	82.456	36,7
Income from consolidated companies	10.087	91,9
Net result on financial operations	103.676	41,7
GROSS OPERATING INCOME	588.576	28,7
Operating expenses	-292.891	10,7
Other operating net result	21.987	11,4
NET OPERATING RESULT	317.672	49,4
Net provisions	94.123	93,3
Other income / loss	-121	-103,1
INCOME BEFORE TAXES	223.428	33,1
Income Tax	-30.799	10,7
ATTRIBUTED TO THE GROUP	192.697	37,6

3rd Q - HIGHLIGHTS	(000,000 EUR)	% VAR
Business under management	56.697	36,2
<i>Loans to customers</i>	<i>25.805</i>	<i>44,7</i>
<i>Customers resources</i>	<i>30.892</i>	<i>29,9</i>
On-Balance Sheet	26.140	32,9
Off-Balance Sheet	4.789	16,4
<i>Branch Network</i>	<i>783</i>	<i>+33</i>

		2.006	2.005
		(EUR 000)	
1. Interest and similar income.....	0001	957.703	703.392
2. Interest and similar charges.....	0145	-603.110	-413.659
2.2. Other.....	.....0248.	603.110	413.659
3. Profit on Capital Instruments.....	0255	37.765	28.988
A) NET INTEREST INCOME.....	0260	392.358	318.721
4. Income from companies accounted by the equity method.....	0265	10.085	5.257
4.1. Associated Companies.....	.....0266	10.085	5.257
5. Fees and Commission income.....	0270	98.379	75.642
6. Fees and Commission expense.....	0325	-15.923	-15.334
8. Net result on financial operations.....	0350	103.208	71.748
8.1. Trading Portfolio.....	.....0351	15.148	35.138
8.2. Other Financial Asset at fair value	0355	1.610	8.926
8.3. Financial Assets available for sale.....	.....0358	99.459	73.718
8.4. Credit Investment.....	.....0361		-54.338
8.5. Other.....	.....0370.	-13.009	8.304
9. Net exchange rate adjustment.....	0385	466	1.400
B) GROSS OPERATING INCOME.....	0390	588.573	457.434
10. Sales and Income from non-Financial Services	0395	32.058	
11. Non Financial Cost.....	0400	-24.198	-23.479
12. Other operating income.....	0405	27.578	44.242
13. Personnel expense.....	0420	-205.148	-185.377
14. Other General operating charges.....	0435	-61.351	-52.536
15. Amortisation.....	0465	-26.392	-24.421
15.1. Material assets.....	.....0466	25.075	24.059
15.2. Intangible assets.....	.....0478	1.317	362
16. Other operating charges.....	0485	-13.452	-3.211
C) NET OPERATING RESULT.....	0495	317.668	212.652
17. Impairment losses on assets.....	0500	-96.116	-44.309
17.1. Financial assets available for sale.....	.....0501	3.686	2.273
17.2. Credit investments .....	.....0505	92.322	42.036
17.6. Material assets.....	.....0518	63	
17.8. Other intangible assets .....	.....0520	45	
18. Net provisions.....	0530	1.993	-4.376
21. Other income.....	0560	4.300	8.156
21.1. Profits from the sale of material assets.....	.....0561	1.347	5.989
21.3. Other.....	.....0563.	2.953	2.167
22. Other Losses.....	0575	-4.418	-4.301
22.1. Losses on material assets sales.....	.....0576	45	180
22.3. Other.....	.....0578.	4.373	4.121
D) INCOME BEFORE TAXES.....	0600	223.427	167.822
23. Income Tax.....	0605	-30.799	-27.813
E) NET INCOME FROM ORDINARY ACTIVITY.....	0620	192.628	140.009
F) NET CONSOLIDATED RESULT.....	0630	192.628	140.009
26. Attributed to the Minority.....	0635	-68	-79
G) ATTRIBUTED TO THE GROUP.....	0640	192.696	140.088

(000 EUROS)

		2.006	2.005
1. Interest and similar income.....	0001	959.478	704.650
2. Interest and similar charges.....	0145	-600.116	-413.665
2.2. Other.....	.0248..	600.116	413.665
3. Profit on Capital Instrumets.....	0255	77.457	76.050
3.3. Income from group companies.....	.0258..	73.000	74.727
3.4. Other capital instruments.....	.0259..	4.457	1.323
A) INTEREST INCOME.....	0260	436.819	367.035
5. Fees and Commision income.....	0270	89.526	75.891
6. Fees and Commision expense.....	0325	-15.921	-15.505
8. Net result on financial operations.....	0350	8.770	14.532
8.1. Trading Portfolio.....	.0351..	15.148	35.138
8.2. Other Financial Assest at fair value	0355	1.610	8.926
8.3. Financial Assets available for sale.....	.0358..	5.021	16.502
8.4. Credit Investment.....	.0361..		-54.338
8.5. Other.....	.0370..	-13.009	8.304
9. Net exchange rate adjustment.....	0385	466	1.400
B) GROSS OPERATING INCOME.....	0390	519.660	443.353
12. Other operating income.....	0405	5.543	2.796
13. Personnel expense.....	0420	-183.023	-165.888
14. Other General operating charges.....	0435	-64.597	-58.491
15. Amortisation.....	0465	-24.044	-22.144
15.1. Material assets.....	.0466..	22.762	21.782
15.2. Intangible assests.....	.0478..	1.282	362
16. Other operating charges.....	0485	-3.303	-3.211
C) NET OPERATING RESULT.....	0495	250.236	196.415
17. Impairment losses on assets.....	0500	-96.024	-42.029
17.1. Financial assets available for sale.....	.0501..	3.686	
17.2. Credit investments .....	.0505..	92.230	42.029
17.6. Material assets.....	.0518..	63	
17.8. Other intangible assets .....	.0520..	45	
18. Net provisions.....	0530	1.993	-4.376
21. Other income.....	0560	4.090	8.120
21.1. Profits from the sale of material assets.....	.0561..	1.347	5.989
21.3. Other.....	.0563..	2.743	2.131
22. Other Losses.....	0575	-4.254	-4.270
22.1. Losses on material assets sales.....	.0576..	45	179
22.3. Other.....	.0578..	4.209	4.091
D) INCOME BEFORE TAXES.....	0600	156.041	153.860
23. Income Tax.....	0605	-15.447	-15.894
E) NET INCOME FROM ORDINARY ACTIVITY.....	0620	140.594	137.966
F) NET CONSOLIDATED RESULT.....	0630	140.594	137.966

		2.006	2.005
ASSETS			
			(EUR 000)
1. CASH AND DEPOSITS IN CENTRAL BANKS	0001	371.278	189.881
2. TRADING PORTFOLIO.....	0014	433.638	256.640
2.5. Other capital instruments .....	.....0351	152.471	95.149
2.6. Trading derivatives.....	.....0360	281.167	161.491
4. FINANCIAL ASSETS AVAILABLE FOR SALE.....	0016	6.493.192	10.996.193
4.1. Debt securities.....	.....0238	4.110.397	9.484.377
4.2. Other Capital Instruments.....	.....0353	2.382.795	1.511.816
<i>Pro-memoria: Lent or on guarantee.....</i>	.....0368	3.457.899	8.972.458
5. CREDIT INVESTMENTS.....	0017	28.607.274	20.782.338
5.1. Deposited at Credit Institutions.....	.....0024	2.614.768	2.870.546
5.2. Money Market operations with counterpart institutions.....	.....0059		166.140
5.3. Customers loans.....	.....0074	25.805.147	17.670.150
5.5. Other Financial assets.....	.....0375	187.359	75.502
6. INVESTMENT PORTFOLIO HELD TO MATURITY.....	0018	1.566.123	1.077.091
<i>Pro-memoria: Lent or on guarantee.....</i>	.....0370	1.254.402	1.019.265
10. HEDGING DERIVATIVES.....	0390	175.072	100.857
11. NON CURRENT ASSETS FOR SALE.....	0019	7.145	4.670
11.5. Material assets.....	.....0405	7.145	4.670
12. SHAREHOLDINGS.....	0420	214.527	102.768
12.1. In affiliated companies.....	.....0421	214.527	102.768
13. PENSION LINKED INSURANCE CONTRACTS	0455	147.595	25.348
15. MATERIAL ASSETS	0465	813.393	723.604
15.1. Own usage.....	.....0466	648.627	573.085
15.2. Property investments .....	.....0475	38.854	39.123
15.4. Corresponding to Social Welfare .....	.....0485	125.912	111.396
16. INTANGIBLE ASSETS	0495	21.246	9.805
16.1. Goodwill .....	.....0496	832	799
16.2. Other intangible assets.....	.....0500	20.414	9.006
17. TAX ASSETS.....	0505	309.816	264.482
17.1. Current .....	.....0506	84.168	26.632
17.2. Deferred.....	.....0507	225.648	237.850
18. ACCRUALS.....	0510	35.081	69.054
19. OTHER ASSETS.....	0515	243.754	189.011
19.1. Stock .....	.....0516	127.748	2.238
19.2. Others .....	.....0520	116.006	186.773
TOTAL ASSETS.....	0550	39.439.134	34.791.742

2.006

2.005

LIABILITY AND NET WORTH
LIABILITIES

(000 EUR)

1. TRADING PORTFOLIO.....	0565	300.554	151.056
1.5. Trading derivatives .....	.....0795	300.548	150.027
1.6. Trading securities .....	.....0800	6	1.029
4. FINANCIAL LIABILITIES AT FAIR VALUE AFFECTING NET WORTH.....	0568	35.365.974	31.937.278
4.1. Central bank deposits .....	.....0554	1.576.468	1.831.092
4.2. Credit institution deposits .....	.....0574	7.485.428	10.359.642
4.3. Money market operations with counterpart institutions.....	.....0604	200.029	
4.4. Customer deposits.....	.....0619	20.017.037	17.238.076
4.5. Marketable Debt securities.....	.....0769	4.641.591	1.648.120
4.6. Subordinate liabilities.....	.....0844	1.244.973	785.487
4.7. Other financial liabilities.....	.....0865	200.448	74.861
11. HEDGING DERIVATES.....	0895	202.257	66.782
14. PROVISIONS.....	0915	330.534	205.729
14.1. Pension and other similar duties .....	.....0916	280.099	157.872
14.3. Provisions for risks and contingent commitments .....	.....0923	25.669	24.382
14.4. Other provisions.....	.....0927	24.766	23.475
15. TAX LIABILITIES.....	0930	484.231	106.426
15.1. Current .....	.....0931	20.157	14.095
15.2. Deferred.....	.....0932	464.074	92.331
16. ACCRUALS	0935	82.736	62.360
17. OTHER LIABILITIES.....	0940	292.380	234.316
17.1. Social Welfare fund fund.....	.....0941	220.864	201.633
17.2. Others .....	.....0955	71.516	32.683
TOTAL LIABILITIES	1000	37.058.666	32.763.947

NET WORTH

1. MINORITY INTERESTS.....	1001	2.012	2.042
2. VALUATION ADJUSTMENTS.....	1005	751.248	599.414
2.1. Financial assets available for sale.....	.....1006	751.248	599.414
3. OWN FUNDS.....	1020	1.627.208	1.426.339
3.1. Capital or endowment funds.....	.....1021	60	60
3.1.1. Issued .....	.....1022	60	60
3.3. Reserves .....	.....1031	1.434.452	1.286.191
3.3.1. Accrued reserves .....	.....1032	1.433.539	1.278.790
3.3.3. Reserves of institutions accounted by the equity method .....	.....1036	913	7.401
3.3.3.1. Affiliated companies.....	.....1037	913	7.401
3.7. Results attributed to group .....	.....1065	192.696	140.088
TOTAL NET WORTH.....	1095	2.380.468	2.027.795
TOTAL NET WORTH AND LIABILITIES.....	1100	39.439.134	34.791.742

MEMORANDUM ACCOUNTS

1. CONTINGENT RISKS.....	1101	2.136.555	1.507.784
1.1. Financial guarantees.....	.....1102	2.038.591	1.411.256
1.3. Other contingent risks.....	.....1116	97.964	96.528
2. CONTINGENT COMMITMENTS.....	1125	6.361.022	4.362.551
2.1. Available to third parties .....	.....1126	6.238.939	4.274.496
2.2. Other commitments .....	.....1149	122.083	88.055

(000 EUROS)

ASSETS	TOTAL		
		2.006	2.005
1. CASH AND DEPOSITS IN CENTRAL BANKS	0001	371.157	189.881
2. TRADING PORTFOLIO.....	0014	433.638	256.640
2.5. Other capital instruments .....	..0351..	152.471	95.149
2.6. Trading derivatives.....	..0360..	281.167	161.491
4. FINANCIAL ASSETS AVAILABLE FOR SALE.....	0016	4.223.412	9.526.577
4.1. Debt securities.....	..0238..	4.090.803	9.464.783
4.2. Other Capital Instruments.....	..0353..	132.609	61.794
<i>Pro-memoria: Lent or on guarantee.....</i>	..0368	3.457.899	8.972.458
5. CREDIT INVESTMENTS.....	0017	29.124.897	20.964.864
5.1. Deposited at Credit Institutions.....	..0024	2.612.649	2.869.964
5.2. Money Market operations with counterpart institutions.....	..0059		166.140
5.3. Customers loans.....	..0074..	26.281.423	17.871.964
5.5. Other Financial assets.....	..0375..	230.825	56.796
6. INVESTMENT PORTFOLIO HELD TO MATURITY.....	0018	1.566.123	1.077.091
<i>Pro-memoria: Lent or on guarantee.....</i>	..0370	1.254.402	1.019.265
10. HEDGING DERIVATIVES.....	0390	175.072	100.857
11. NON CURRENT ASSETS FOR SALE.....	0019	7.145	4.670
11.5. Material assets.....	..0405..	7.145	4.670
12. SHAREHOLDINGS.....	0420	792.249	804.099
12.1. In associated companies.....	..0421.	736	1.066
12.2. In jointly controlled companies.....	..0430.	330	
12.3. In Group companies.....	..0440..	791.183	803.033
13. PENSION LINKED INSURANCE CONTRACTS	0455	147.595	25.348
15. MATERIAL ASSETS	0465	783.802	689.092
15.1. Own usage.....	..0466..	619.036	538.573
15.2. Property investments .....	..0475..	38.854	39.123
15.4. Corresponding to Social Welfare .....	..0485	125.912	111.396
16. INTANGIBLE ASSETS	0495	12.292	6.529
16.2. Other intangible assets.....	..0500..	12.292	6.529
17. TAX ASSETS.....	0505	295.035	259.709
17.1. Current .....	..0506..	71.990	21.859
17.2. Deferred.....	..0507..	223.045	237.850
18. ACCRUALS.....	0510	34.773	68.921
19. OTHER ASSETS.....	0515	115.701	186.773
TOTAL ASSETS.....	0550	38.082.891	34.161.051

(000 EUROS)

LIABILITY AND NET WORTH	TOTAL		
			(000 EUR)
LIABILITIES			
1. TRADING PORTFOLIO.....	0565	300.554	151.056
1.5. Trading derivatives .....	..0795..	300.548	150.027
1.6. Trading securities .....	..0800..	6	1.029
4. FINANCIAL LIABILITIES AT FAIR VALUE AFFECTING NET WORTH.....	0568	35.312.305	31.939.593
4.1. Central bank deposits .....	..0554..	1.562.757	1.831.092
4.2. Credit institution deposits .....	..0574..	7.485.428	10.359.642
4.3. Money market operations with counterpart institutions.....	..0604	200.029	
4.4. Customer deposits.....	..0619..	20.067.279	17.245.838
4.5. Marketable Debt securities.....	..0769	4.638.102	1.648.120
4.6. Subordinate liabilities.....	..0844..	1.234.612	785.487
4.7. Other financial liabilities.....	..0865..	124.098	69.414
11. HEDGING DERIVATES.....	0895	202.257	66.782
14. PROVISIONS.....	0915	330.439	205.627
14.1. Pension and other similar duties .....	..0916	280.099	157.872
14.3. Provisions for risks and contingent commitments .....	..0923	25.668	24.382
14.4. Other provisions.....	..0927..	24.672	23.373
15. TAX LIABILITIES.....	0930	58.502	92.004
15.2. Deferred.....	..0932..	58.502	92.004
16. ACCRUALS	0935	82.969	64.215
17. OTHER LIABILITIES.....	0940	292.254	234.316
17.1. Social Welfare fund fund.....	..0941..	220.864	201.633
17.2. Others .....	..0955..	71.390	32.683
18. FINANCIAL LIABILITY CAPITAL	0960		
TOTAL LIABILITIES	1000	36.579.280	32.753.593
NET WORTH			
2. VALUATION ADJUSTMENTS.....	1005	-1.957	27.469
2.1. Financial assets available for sale.....	..1006	-1.957	27.469
3. OWN FUNDS.....	1020	1.505.568	1.379.989
3.1. Capital or endowment funds.....	..1021..	60	60
3.1.1. Issued .....	..1022..	60	60
3.3. Reserves .....	..1031..	1.364.914	1.241.963
3.3.1. Accrued reserves .....	..1032..	1.364.914	1.241.963
3.7. Attributed Result.....	..1060..	140.594	137.966
TOTAL NET WORTH.....	1095	1.503.611	1.407.458
TOTAL NET WORTH AND LIABILITIES.....	1100	38.082.891	34.161.051
MEMORANDUM ACCOUNTS			
1. CONTINGENT RISKS.....	1101	2.155.181	1.510.103
1.1. Financial guarantees.....	..1102..	2.057.217	1.413.575
1.2. Assets subject to obligations to third parties .....	..1115		
1.3. Other contingent risks.....	..1116..	97.964	96.528
2. CONTINGENT COMMITMENTS.....	1125	6.361.017	4.362.551
2.1. Available to third parties .....	..1126..	6.238.934	4.274.496
2.2. Other commitments .....	..1149..	122.083	88.055