



BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD ADOPTS ADDITIONAL MEASURES TO PROVIDE LIQUIDITY TO THE BANKS IN THE SYSTEM

After analyzing the international setting, characterized by the restriction of lending resources especially coming from external credit lines; and taking into account that said restriction of resources could generate pressures in the liquidity of the national financial system and affect the development of its credit operations, the Monetary Board decided to temporarily be more flexible and moderate the calculation of the legal banking reserve.

The Monetary Board established the possibility that the calculation of the legal banking reserve include: Term Deposit Certificates, issued by the Central Bank, Treasury Bonds of the Republic of Guatemala and FHA Mortgage Loans, for a maximum amount, as a whole, of Q25.0 million for each banking institution. They additionally decided to increase the portion of cash funds that the entities can add within the calculation of the legal reserve from 25% to 100%. With this measure there will be a fresh available resource of approximately Q720.0 million for the banking entities.

The measure complements other current propositions, among which are the following:

- A window to give liquidity in *quetzales* to banking entities for unlimited amounts (current as of 2005).
- A window to give liquidity in US dollars with established quotas (current as of November 10, 2008).
- Temporary closing of *Banco de Guatemala* Term Deposit Certificate placements for periods longer than 7 days (current as of November 10, 2008).
- A window to redeem *Banco de Guatemala* Term Deposit Certificates, in the hands of the system banks, ahead of schedule (current as of November 24, 2008).
- A window to buy Treasury Bonds of the Republic of Guatemala in the hands of the banking entities (current as of November 24, 2008).

The set of measures implemented is temporary and can be adjusted according to the evolution of said liquidity, so it is compatible with the efforts of the monetary authority for controlling inflation.

Guatemala, November 26, 2008