BANCO DE GUATEMALA

PRESS RELEASE

THE MONETARY BOARD KEEPS THE LEVEL OF THE LEADING INTEREST RATE OF THE MONETARY POLICY AT 7.25%

The Monetary Board, in its session celebrated on December 17, 2008, after being informed of the Inflation Risks Balance, the orientation of the indicative variables and the results of the current mechanical running of the Semi-structural Macroeconomic Model and analyzing the economic and financial international situation and its potential effects on the economic performance of the country, decided by a majority to keep the level of the leading interest rate of the monetary policy at 7.25%.

In its analysis, the Monetary Board considered that the inflation forecasts are over the medium term target, inflation is still at two digits, if the decrease registered in November were the most significant this year and the reductions in the international prices of oil, corn and wheat still do not reflect on internal prices in the same magnitude, the international financial crisis continues to intensify and its effects have spread to the majority of countries, situation that has deteriorated the economic growth expectations worldwide and nationally for 2009, so at this time, caution advises keeping the same leading interest rate.

The Monetary Board highlighted that in order to counteract the effects of the financial crisis, the *Banco de Guatemala* has implemented several mechanisms for giving liquidity temporarily to banking entities and reiterated that they will continue acting this way, as necessary.

In the heart of the Monetary Board there was consensus that the inflation risks balance continues to be complex, so they will continue to give close follow up to the main variables and relevant macroeconomic indicators internally as well as externally. They also declared that in the measure that inflation continues to fall and inflation forecasts and inflation expectations begin to gradually convert toward the medium term target, taking into account other internal and external environment variables; there could be room to gradually begin reducing the leading interest rate of the monetary policy.

Guatemala, December 17, 2008

A month behind, a summary of the arguments presented in each session of the Monetary Board, where the leading interest rate of the Monetary Policy is decided, will be able to be consulted on the web page of the Banco de Guatemala at www.banguat.gob.gt