



DESCRIPTION OF THE ORGANIZATIONAL STRUCTURE OF THE BANCO DE GUATEMALA

I. LEGAL FRAMEWORK

Article 3 of Decree Number 16-2002 of the Congress of the Republic of Guatemala, Organic Law of the Banco de Guatemala, establishes that the fundamental objective of the institution is to contribute to the creation and maintenance of the most favorable orderly development conditions for the national economy, which will contribute to the monetary, foreign exchange rate and credit conditions that will promote stability in the general level of prices, so you have, among other elements of importance, an organizational structure that contributes to effective institutional management, for the achievement of the objective mentioned, as well as for the development of the functions specified in article 4 of this Law.

Article 26 paragraph h) of that Organic Act provides that, among the powers that correspond to the Monetary Board is to approve or modify the administrative structure of the Banco de Guatemala, proposed by the General Manager of the institution.

Below is a description of the organizational structure of the Banco de Guatemala:

II. ORGANIZATIONAL STRUCTURE

The Banco de Guatemala, to comply with its fundamental objective, efficiently and effectively develops functions that are dictated in its legal framework, in particular its organic law. For this purpose, it has an organizational structure led by their superior organs: the Monetary Board, Presidency and General Management, and established by the administrative structure that is coordinated by the General Management, by means of the Management Areas, which are made up of departments, sections and units. Each one of the agencies that make up the organization of the Central Bank have set a primary function or reason for being, complemented by its basic functions, objectives and operational targets. In summary, the main function of each organ and of each unit of the organization is as follows:

A. MONETARY BOARD

The Monetary Board, established according to articles 132 of the Political Constitution of the Republic of Guatemala and 13 of the Organic Law of the Banco de Guatemala, exercises the supreme administration of the Banco de Guatemala.

Technical Insurance Advisory Council

According to article 101 of the Law on Insurance Activity, the main functions of the Technical Insurance Advisory Council is to provide all the advice that the Monetary Board requires addressing matters of their competence in the areas of insurance, reinsurance and its brokerage.

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B. PRESIDENCY

The Presidency of the Banco de Guatemala is made up by the President and the Vice President, who in turn are also members of the Monetary Board. Among the duties of the President are those regarding proposing the monetary, foreign exchange rate and credit policy to the Monetary Board, including programmed goals; and ensure the proper implementation of the referred policy.

1. Execution Committee

It is responsible for the implementation of Monetary, Foreign Exchange Rate and Credit Policy determined by the Monetary Board and, for this effect, shall comply with the functions established in article 40 of the organic law of the institution. The Execution Committee is made up of the President of the Banco de Guatemala, who, in turn, coordinates it, by the authorities of the Banco de Guatemala and technical advisers appointed by the Monetary Board.

2. Internal Auditing

It is responsible for developing independent and objective activities to ensure and give consultancy in the field of its competence, to add value and propose improvements regarding the operations of the Banco de Guatemala, with the purpose of supporting the entity in the fulfillment of its objectives, providing a systematic and disciplined approach that contribute to improving risk management, control and administration processes. To accomplish its main function, Internal Auditing depends on *staff* from the Presidency of the Banco de Guatemala and the Monetary Board, to whom they must render a direct report and is managed administratively through the General Management of the entity. Internal Auditing consists of the following administrative units:

- a) Studies Auditing Unit
- b) Financial Auditing Unit
- c) Operative Auditing Unit
- d) Risk and Information Technology Auditing Unit

3. Compliance Office

It is responsible for monitor compliance with current regulations against Money Laundering or Laundering of Other Assets and Law for Prevention and Restraint of Terrorism Funding, as well as the programs, guidelines, procedures and internal controls established by the Banco de Guatemala in their quality as a liable party.

C. GENERAL MANAGEMENT

The General Management will be responsible for the management of the Banco de Guatemala and will respond before the President of the institution and before the Monetary Board on the correct and efficient operation of the institution. To do this, it relies on the area managers, which are detailed below:

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D. ECONOMIC MANAGEMENT

The Economic Management is responsible for the design and follow-up of the monetary, foreign exchange rate and credit policy of the country; the periodic evaluation of the mentioned policy; the identification of the main economic macro-tendencies, their analysis and interpretation and their influence in the inflation targeting; the financial stability analysis; the preparation of the main economic statistics necessary for decision making on the monetary policy matters and the coordination of the Technical Council. To comply with this main function, the Economic Management will have the following offices, described as follows:

1. Technical Council

It is the staff unit that is responsible for providing the conditions that allow appropriately channeling the technical support needed by the authorities to fulfill the functions of the entity. As well as to facilitate communication and coordination among the different departments of the Banco de Guatemala which make up the Technical Council, to hold effective and efficient works which have been assigned by the mentioned Council.

2. Macroeconomic Analysis and Forecast Department

Its main function is to design the monetary, foreign exchange rate and credit policy in the framework of Inflation Targeting, as well as to wholly and consistently analyze and evaluate the macroeconomic variables and other issues associated with the Monetary Policy adopted by the Monetary Board to pursue the main objective of the Banco de Guatemala. For that purpose, it has the following sections:

- a) Financial Programming and Inflation Analysis Section
- b) International Economy, Analysis Treaties and Agreements Section
- c) Macroeconomic Analysis Section

3. Macroeconomic Statistics Department

Its main function is to gather, collect and disseminate statistical information of the macroeconomic variables prepared by the Banco de Guatemala and, in its internal structure, has the following sections:

- a) National Accounts Section
- b) Economic Indicators and Price Indices Section
- c) Monetary and Financial Statistics Section
- d) Balance of Payments Statistics Section
- e) Survey and Basic Statistics Section
- f) Environmental Accounts Section

4. Financial Stability Analysis Department

Its main function is to advise the corresponding offices regarding topics associated with the financial stability analysis, trends, risks, competitiveness and regulation of the national financial system, as well as the analysis of macro-prudential measures.

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To fulfill this function, in its internal structure, it has the following sections:

- a) Macroprudential Analysis of the Financial System Section
- b) Applied Financial Research Section
- c) Banking Information Analysis Section

5. Economic Research Department

Its main function is to develop applied economic research, economic analysis on the evolution and trend for the macroeconomic phenomena, domestic as well as foreign, as well as the relevant macroeconomic and econometric models. To fulfill its main function, it has the following sections:

- a) Macroeconomic Models Section
- b) Applied Economic Research Section

E. FINANCIAL MANAGEMENT

The Financial Management is mainly responsible for the coordination of the execution of the monetary, foreign exchange rate and credit policy; the investment of the International Monetary Reserves, and the attention to the operations in foreign currency from the public sector and banking system; the schedules of acquisition, issue, amortization and destruction of monetary species; the attention to the deposit, withdrawal and currency exchange operations with banks in the system; monitoring of the fulfillment of the guidelines established by the Monetary Board for the administration of the International Monetary Reserves, including the measurement and analysis of the risk indicators and performance of the investment portfolios of the Central Bank; the accounting registry of economic and financial events that affect the wealth of the Bank; and, the implementation of actions that allow contributing to the good operation of the payments system. To fulfill these functions, the Financial Management has the following offices:

1. Execution of the Monetary, Foreign Exchange and Credit Policy Department

It is responsible for executing the monetary, foreign exchange rate and credit policy determined by the Monetary Board, according to the guidelines of the Execution Committee, as well as to carry out the activities derived from the functions that concern the Banco de Guatemala, as the State Financial Agent; for this, it has the following sections:

- a) Monetary and Foreign Exchange Operations Section
- b) Monetary, Foreign Exchange and Credit Markets Analysis Section
- c) Monetary Operations Settlement Section

2. International Department

Its main function is to coordinate the investment of the International Monetary Reserves of the Banco de Guatemala, according to the guidelines dictated by the Monetary Board, as well as to take care of the operations of foreign currency of the Banco de Guatemala, of the central government and the rest of the public sector. It has the following sections:

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- a) International Monetary Reserves Investment Section
- b) Foreign Operations Section

3. International Monetary Reserves Risk Analysis Department

It is responsible for contributing to ensuring that the administration of the International Monetary Reserves of the Banco de Guatemala is executed according to the Monetary Board investment guidelines, through the measurement and analysis of risk and performance indicators of the Central Bank's investment portfolios, through the implementation of appropriate analytical tools.

4. Accounting and Payments System Department

Its main function is to coordinate the activities regarding the registry and accounting control of Banco de Guatemala's patrimony; those related to its accounting function as State Financial Agent; those as the fiduciary of the trusts established with public funding and special funds administrator; and, to ensure the good operation of the payments system. In its internal structure, it has the following sections:

- a) Operations Registry and Financial Statements Section
- b) International Monetary Reserves Registry Section
- c) Trusts and Special Funds Section
- d) Registry and Settlement of Payment Subsystems Operations Section
- e) Surveillance of Payment Subsystems Section

5. Monetary Issue Department

In charge of executing the Policy for the Administration of Cash in the Banco de Guatemala, in order to supply the banks of the system with the cash that they require. It has the following sections:

- a) Issue Section
- b) Treasury and Banking Operations Section
- c) Currency Analysis Section

F. ADMINISTRATIVE MANAGEMENT

The Administrative Management is responsible for assisting the administrative functions and services, in clearly defined divisions according to their nature and specialization. These administrative functions will be frame primarily in planning and organizational development; communication and institutional relations; management of human talent; the computer systems; the goods and services provider and security. For that purpose, it has the following offices:

1. Planning and Organizational Development

Responsible of advising general management and dependencies of the entity in the design and implementation of actions and measures for organizational development, aimed at strengthening the administrative management of the Banco de Guatemala.

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2. Communication and Institutional Relations Department

Responsible for providing advice to the authorities and offices of the Banco de Guatemala, regarding communications and institutional relations, proposing and executing communication action that help strengthen the institutional image, trust and credibility. For that purpose, it has the following sections:

- a) Communication Section
- b) Institutional Relations and Culture Section
- c) Libraries Section

3. Human Resources Department

Its main function is to coordinate and direct the human resources system of the Banco de Guatemala, to have highly qualified personnel, with the purpose of contributing to achieve the fundamental objective of the entity. For that purpose, it has the following sections:

- a) Personnel Salaries and Benefits Administration Section
- b) Planning and Labor Relations Section
- c) Human Resources Development Section
- d) Teaching, Training and Development Center

4. Administrative Services Department

In charge of contributing to the achievement of the objectives and results of each of the dependencies of the Banco de Guatemala, in terms of acquisition of assets, supplies and services, maintenance of buildings, goods and facilities owned by the Banco de Guatemala; as well as in the protection and reproduction of documentation. For this purpose, it has the following sections:

- a) Procurement and Expenditure Budget Control Section
- b) Maintenance Section
- c) Administrative Secretariat Section

5. Security Department

It is in charge of providing comprehensive security to the authorities, senior officials, officials and employees, as well as to the assets and securities of the Banco de Guatemala, ensuring the proper functioning of the entity. For this purpose, this department has the following sections:

- a) Institutional Security Section
- b) Special Security Section
- c) Special Investigations Section

6. Information Technology Department

Its main function consists in coordinate and direct the activities that allow offering products, services, consultancy and technical support in computing matters to the authorities and dependencies of the Banco de Guatemala, to strengthen the

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technification of the entity. For this purpose, it has the following dependencies:

- a) Information Technology Infrastructure Section
- b) Databases Section
- c) Information Technology Projects Section
- d) Information Technology Services Section
- e) Management and Technology Quality Section
- f) Information Technology Security Section

G. LEGAL MANAGEMENT

Legal Management is a specialized area in legal matters to advise the Monetary Board, authorities and officers of the Banco de Guatemala, in which the decisions adopted by the Board are made. For that purpose, it has the following offices:

1. Monetary Board Secretariat

Its main function is to prepare, summon and attend all the sessions of the Monetary Board; to prepare the documents coming from these sessions and inform the decisions adopted by the legally corresponding parties.

2. Legal Advice

Its main function is to advise the Monetary Board, authorities and officers of the Banco de Guatemala.

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