

REPORT OF THE ACTIVITIES RELATED TO THE MODERNIZATION OF THE PAYMENT SYSTEM CORRESPONDING TO APRIL, 2007

Guatemala, May 16, 2007

According to the established by the third point of the Agreement of the General Management number 1-2005 dated January 21, 2005, the Committee of the Payment System must report monthly to the General Management, the advances and results obtained in the exercise of their functions.

Due to the above, the following presents a summary of the main activities developed during April of the current year, in the frame of the Matrix of Modernization of the Payment System, approved by the Monetary Board in resolution JM-140-2004.

1. Regulation of the Automated Clearing House (ACH).

The first version of the regulation project for the operation of the Automated Clearing House made during March 2007 by a work group made up of *Banco de Guatemala* associates and from the Guatemalan Banking Association –ABG (for its acronym in Spanish), was transferred in April of the current year to the Juridical Advisory of the *Banco de Guatemala* for its corresponding revision, prior to remitting it to the Follow-up Committee.

2. Revision of the administrative procedures of the LBTR (for its acronym in Spanish).

Regarding the revision and updating of the administrative procedures of the Gross Settlement System in Real Time –LBTR (for its acronym in Spanish), the Accounting Department continued reviewing these during the month reported. It is worth indicating that, to date, they have transferred 12 administrative procedures to the Organizational Analysis Section and 8 procedures to Internal Auditing of the *Banco de Guatemala* for a total of 21 procedures, for their corresponding revision according to the Methodology for Making up or Updating Administrative Procedures of the *Banco de Guatemala*, prior to presenting them to the General Management for their approval. The security matrix of the LBTR system and the SWIFT security matrix were also remitted to Internal Auditing for their own analysis and revision.

3. Process of Only Provider for the check processing system.

As was reported in March of the current year, the process of only provider began for the hiring of the service of the Check Processing System that is the responsibility of the *Banco de Guatemala*, while in April 2007, administrative procedures were made for the hiring of

a check processing service with the Imágenes Computarizadas de Guatemala, S.A. company, where the signing of the contract is pending.

4. Updating of the Resolutions of the General Management numbers GG-01-2006 and GG-02-2006 regarding the LBTR system.

The Payment System Committee, in April of this year began the evaluation of the proposal from the Accounting Department regarding the modification to resolutions from General Management GG-01-2006 and GG-02-2006, both dated January 13, 2006, through which a schedule was fixed and the commission for service of the LBTR system. The above due to the incorporation of the referred system of the negotiation systems administered by the *Bolsa de Valores Nacional, S.A.* (National Stock Exchange, Stock Company) and the *Asociación Bancaria de Guatemala* (Guatemalan Banking Association), such as the Foreign Currency Electronic Negotiation System – SINEDI (for its acronym in Spanish), the Electronic Settlement System -SEL (for its acronym in Spanish)- and the Electronic Money Banking Table –MEBD (for its acronym in Spanish), therefore making it necessary to incorporate the operation settlement schedules of the referred systems. Also, according to article 9 of the Regulation system of the LBTR, on the commission for services for the same, it is compulsory to review the referred commission annually. Said documents are found in the process of final evaluation of the committee prior to being transferred to the General Management of the Institution.

5. Operations settled in the LBTR system.

The operations settled through the LBTR system during April 2007 are presented as follows:

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AMOUNT OF OPERATIONS MADE IN THE LBTR SYSTEM
APRIL 2007
(In millions of quetzales)
-
10,000.0
20,000.0
30,000.0
40,000.0
50,000.0
38,648.7 11,399.6 16,124.5 11,124.6
TOTAL PARTICIPANTS (Banks and Financial Stock Companies)
BANCO DE GUATEMALA NEGOTIATION SYSTEMS

AMOUNT OF OPERATIONS MADE IN THE LBTR SYSTEM
APRIL 2007
(In millions of US dollars)
-
50.0
100.0
150.0
200.0
250.0
300.0
265.5 133.7 131.8 -
TOTAL PARTICIPANTS (Banks and Financial Stock Companies)
BANCO DE GUATEMALA NEGOTIATION SYSTEMS

6. Information of the negotiation and compensations systems that settle their operations in the LBTR system.

a. The *Bolsa de Valores Nacional, S. A.* (National Stock Exchange, Stock Company) settles the bids that the *Banco de Guatemala* awards in the Term Deposit biddings in the LBTR system of the *Banco de Guatemala*. During April 2007 4 awardings were settled, corresponding to an equal number of biddings for an amount of Q248.4 million. In the month of April an increase in the amount of operations regarding the observed in March of this year was registered, which can be appreciated in the following graph:

Report of the activities regarding the modernization
Of the payment system to April 2007
0.0
100.0
200.0
300.0
400.0
500.0
600.0
. 561.6 34.4 145.7 248.4
JANUARY FEBRUARY MARCH APRIL

b. In the month reported, the banks of the system settled 164 operations for an amount of Q10,890.8 million, corresponding to investments made in Term Deposits of the *Banco de Guatemala* through the Electronic Money Banking Table –MEBD (for its acronym in Spanish). During April 2007 a decrease was registered in the amount of the settled operations regarding the observed in March of the current year, estimating that said behavior could be due to the fact that the banks of the system opted for available resources in order to take care of cash requirements on behalf of their account holders due to the holy week vacation, the referred variation can be observed in the following graph:

AMOUNT OF OPERATIONS SETTLED IN THE LBTR SYSTEM
BY THE BANKS OF THE SYSTEM DUE TO TERM DEPOSIT INVESTMENTS
THROUGH THE ELECTONIC MONEY BANKING TABLE
-In millions of quetzales-
AMOUNT OF OPERATIONS SETTLED IN THE LBTR SYSTEM
By the BOLSA DE VALORES NACIONAL, S.A. (National Stock Exchange, Stock Company)
-En millones de quetzales-
0.0
5,000.0
10,000.0
15,000.0
20,000.0
Serie2 18,403.5 11,962.0 14,735.0 10,890.8
JANUARY FEBRUARY MARCH APRIL

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MODERNIZATION OF THE PAYMENT SYSTEM TO APRIL 2007
0.0
10,000.0
20,000.0
30,000.0
40,000.0
50,000.0

60,000.0
LBTR 4,599.9 27,849.8 40,550.2 34,115.3 41,129.2 39,934.6 43,595.9 43,323.0 39,043.8 41,546.4 47,411.2 48,611.7 49,808.0 40,239.2 47,337.3 38,648.7
Cámar a 5,630.2 33,630.9 39,049.9 31,863.4 40,364.9 36,474.2 37,237.0 39,177.7 35,301.4 35,686.8 36,147.6 39,506.1 41,954.1 33,906.7 37,407.2 35,990.2
Ene-06 Feb-06 Mar-06 Abr-06 May-06 Jun-06 Jul-06 Ago-06 Sep-06 Oct-06 Nov-06 Dic-06 Ene-07 Feb-07 Mar-07 Abr-07

7. Operations of the Banking Clearing House compared to the operations Of the LBTR system.

The following graphs shows a monthly comparative, of the amounts of settled operations in the LBTR system regarding the amounts of the registered checks in the Banking Clearing House, in quetzales as well as in US dollars, during the period between January 27, 2006 to April 30, 2007.

As can be appreciated, during April of this year the amount of operations settled in the LBTR system as well as the Banking Clearing House decreased regarding March, considering that said behavior is normal, because in April, due to the Holy Week vacation, the banking working days were less than the working days in March.

AMOUNTS SETTLED BY THE LBTR SYSTEM AND CHECKS REGISTERED IN THE BANKING CLEARING HOUSE From January 27, 2006 to April 30, 2007 (In Millions of Quetzales)
REPORT OF THE ACTIVITIES REGARDING THE MODERNIZATION OF THE PAYMENT SYSTEM TO APRIL 2007
0.0
100.0
200.0
300.0
400.0
500.0
600.0
700.0
LBTR 70.0 200.7 239.9 202.2 266.9 305.7 343.7 403.7 300.4 339.6 270.7 314.5 275.1 283.3 193.3 265.5
Cámar a 64.6 271.9 365.0 283.3 369.9 349.2 400.8 399.0 336.1 397.8 436.8 380.8 376.3 443.1 660.3 663.7
Ene-06 Feb-06 Mar-06 Abr-06 May-06 Jun-06 Jul-06 Ago-06 Sep-06 Oct-06 Nov-06 Dic-06 Ene-07 Feb-07 Mar-07 Abr-07

Regarding the settled operations in the LBTR system, expressed in US dollars, we can appreciate in April 2007, the amount of checks registered in the Banking Clearing House, will continue with the tendency to rise. Said behavior was mainly due to the preference of the economic agents due to the use of checks as payment instruments in said currency.

AMOUNTS SETTLED BY THE LBTR SYSTEM AND CHECKS REGISTERED IN THE BANKING CLEARING HOUSE From January 27, 2006 to April 30, 2007 (In Millions of US Dollars)
