

**June 15, 2007**

**Banco de la República Raises its Intervention Interests rates by 25 Basis Points**

At a meeting today, the Board of Directors raised Banco de la República's intervention interest rates by 25 basis points. The base rate for repo auctions will go from 8.75% a 9% as a result.

There was no increase in consumer inflation during May, and it is expected to decline throughout the second half of the year. Nevertheless, the annual rise in prices still exceeds the targets set by the Bank, and available information suggests that aggregate demand continues to expand quickly, even more than earlier forecasts predicted.

The Board reiterated its commitment to maintaining a monetary policy that is consistent with the inflation target for 2007 (in 3.5% - 4.5% range), and has ensured convergence towards the long-term target for inflation (3%  $\pm$  1 percentage point). This policy helps to keep economic growth on a sustainable course.

It also imposed a uniform required reserve ratio for checking and savings accounts, given the similarity of these financial assets in terms of liquidity. The ordinary ratio required for such deposits was unified at 8.3 %, and the marginal ratio, at 27%. The required marginal reserve ratio will continue to be calculated pursuant to the percentage at May 7, 2007, and credit institutions will have two "bi-weekly reserve adjustment" periods. The following table shows a comparison of the reserve requirements before and after the Board's decision.

	<b>Ordinary Reserve Ratio</b>		<b>Marginal Reserve Ratio</b>	
	<b>Before</b>	<b>After</b>	<b>Before</b>	<b>After</b>
<b>Checking Accounts</b>	13,0%	8,3%	27,0%	27,0%
<b>Savings Accounts</b>	6,0%	8,3%	12,5%	27,0%
<b>CDs</b>	2,5%	2,5%	5,0%	5,0%

Bogotá, June 15, 2007 (5:20 p.m.)