

May 18, 2007

Banco de la República Raises its Intervention Interest 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. As a result, the base rate for repo auctions will increase from 8.50% to 8.75%.

This decision was taken in view of the forecasts for inflation and the results of the CPI in April, which rose more than expected. Furthermore, demand and credit continue to grow at a fast pace.

The Board said it will continue to adopt measures that are consistent with the target range for inflation in 2007 (3.5%-4.5%) and will pursue efforts to guarantee convergence towards the long-term target for inflation (3% \pm 1 percentage point). This policy helps to keep economic growth on a sustainable course.

The Board also expressed its confidence that the measures adopted on May 6 will have the desired effect in terms of supporting the stance of the country's monetary policy.

Bogotá, May 18, 2007 (1:57 p.m.).