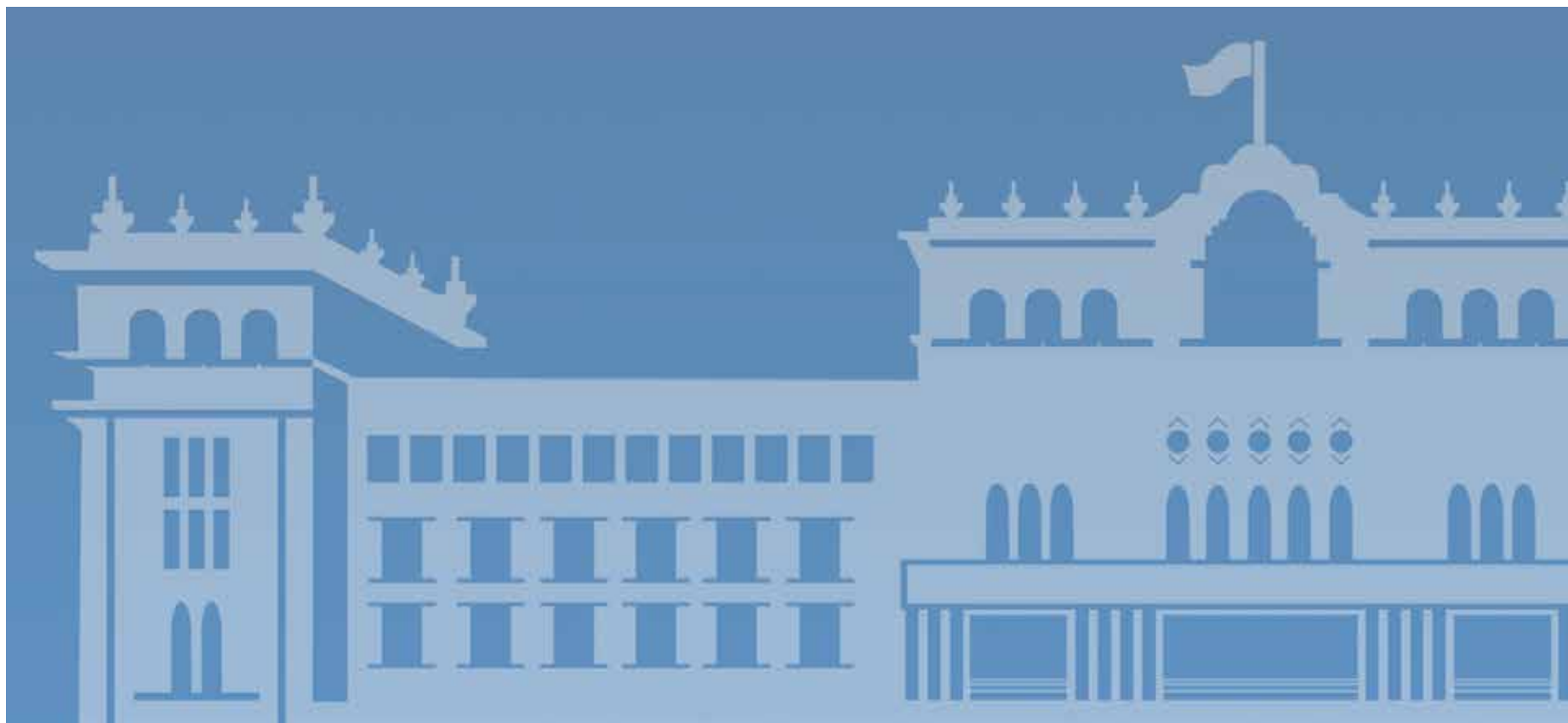


The Republic of Guatemala



Investor Presentation
February 2013

Transaction Summary



Issuer	Republic of Guatemala
Issuer Ratings	Ba1 / BB / BB+ (Moody's / S&P / Fitch, all stable)
Documentation Format	Rule 144A / Reg S
Size (USD)	Benchmark
Denominations	US\$200,000 and integral multiples of US\$1,000 in excess thereof
Tenor	[15- years]
Use of Proceeds	The Republic will use the net proceeds from the sale of the Notes to pay interest and principal on its outstanding debt obligations and the remainder to finance social and investment programs and capital expenditures
Listing	Application will be made to list the Notes on the Luxembourg Stock Exchange and to have the Notes admitted to trading on the Euro MTF Market
Governing Law	State of New York
Sole Bookrunner	HSBC Securities (USA) Inc.

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The market and competitive position data, including market forecasts, used throughout this presentation was obtained from internal surveys, market research, publicly available information and industry publications. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, we have not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. The Republic of Guatemala, and the initial purchaser do not make any representation as to the accuracy of such information.

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Guatemala's Investment Highlights



- ∅ Constitutional representative democracy.
- ∅ Largest GDP and economy in Central America (including Costa Rica and Panama).
- ∅ Tradition of conservative monetary and fiscal policies across various governing parties.
- ∅ Low public debt to GDP ratios (24.7% Total Debt/GDP as of Dec 2012¹)
- ∅ Continued positive growth, averaging +3.35% over past 6 years; one of few sovereigns to register not one year of negative growth during the 2007 - 2008 global financial crisis.
- ∅ Full member of DR-CAFTA free trade agreement (since 2006).
- ∅ United States is largest single trading partner.
- ∅ One of world's top producers of Arabica coffee, and top exporters of Sugar (ranks #2 in Latin America/Caribbean sugar exports behind only Brazil, and #5 globally²).
- ∅ Most recent ratings action was an upward outlook revision (to Stable) by S&P in September 2012.

¹ Total debt is the sum of internal and external liabilities of the Central Government and explicit guarantees provided to the other entities of the public sector

² Azasgua - Azucar de Guatemala



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Overview | The Republic of Guatemala



- n A Central American Republic that shares its Northern boarder with Mexico.
- n Covers a territory of 42,042 square miles.
- n Divided into 22 departments, population of around 15.1 million people (largest population in Central America).
- n The Government is divided into three branches: executive, legislative and judicial.
- n A representative democracy with nine political parties in its legislature. The current president, **Otto Pérez Molina**, is a member of the *Partido Patriota* political party.
- n Real GDP growth: 2.9% in 2010, 4.1% in 2011 and an estimated rate of 3.0% in 2012.



- n Gained independence from Spain in 1821, then from the Mexican Empire in 1823.
- n Main Exports: Primary commodities (agricultural products) and some industrial goods (textiles, chemicals, etc.).
- n Main Imports: Raw materials, consumer goods, capital goods, and intermediate products.
- n In January 2012, Guatemala assumed a nonpermanent seat on the UN Security Council for the 2012 - Dec 2013 term.

New Administration's *Program for Change*



- President Otto Pérez Molina, candidate of the Partido Patriota (“PP”), took office in January 2012. The new Administration announced a broad-based program called Agenda del Cambio (the “Change Agenda”) that sets forth its priorities according to five organizing principles:

Democratic Security and Justice

- § Aims to strengthen the rule of law by establishing a competent police presence throughout the country that also respects established indigenous authorities. Additionally, the Government plans to increase the judiciary’s budget and improve working conditions, and enhance coordination with other governmental institutions.
- § In 2012, achievements in this area included a historic decrease of 9% in violent deaths (526 homicides less than 2011), a reduction of more than 4% in homicide rate, and dissolution of over 80 criminal gangs in Guatemala.

Competitive Economic Development

- § By improving the business climate and reducing impediments to doing business, the Government is determined to attract more domestic and foreign direct investment.
- § As part of its Tax Reform (see “Public Sector Finances” section) the Government has begun to adopt tax policies for the period 2012-2015 with the aim to foster competitive economic development and establish coherent economic policies that seek stable growth.

Productive, Social Infrastructure & Development

- § In 2012, the Government was able to expand and modernize its road infrastructure (paved road network increased by 527km and 6,200km of roads were revamped – or 327mi and 3,853mi, respectively) and transform its power matrix while increasing rural electrification (now Central America’s leading electrical interconnection system). The Government expects to continue to invest in competitive infrastructure and energy efficiency.

Social Inclusion

- § Programs designed to improve the quality of life of the Guatemalan people, including, (A) Zero Hunger aimed at eradicating hunger and malnutrition, (B) Healthy Homes aimed at restructuring healthcare and fighting maternal and infant mortality, (C) Children Prepared focused on revamping the education system and implementing a national curriculum, (D) Young Actors, a 5-step program that aids in the social and psychological development of adolescents via schooling, anti-violence and sexual education programs, among others, and (E) Safe Families to improve family education.

Sustainable Rural Development

- § Focused on improving the quality of life of the people living in rural areas by guaranteeing food, security and reducing environmental degradation.



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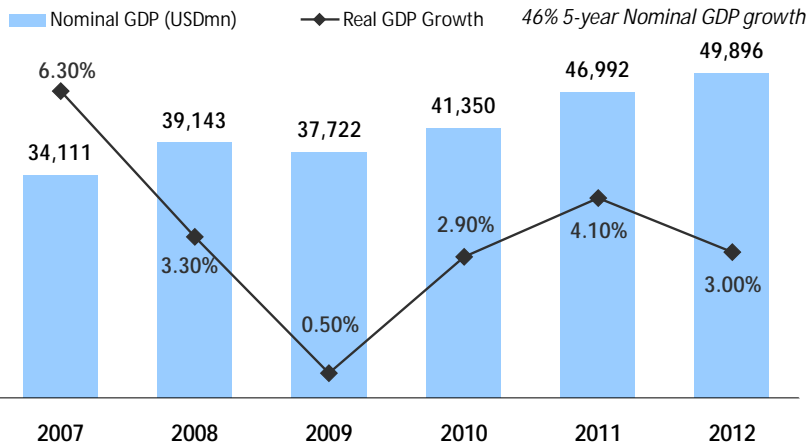
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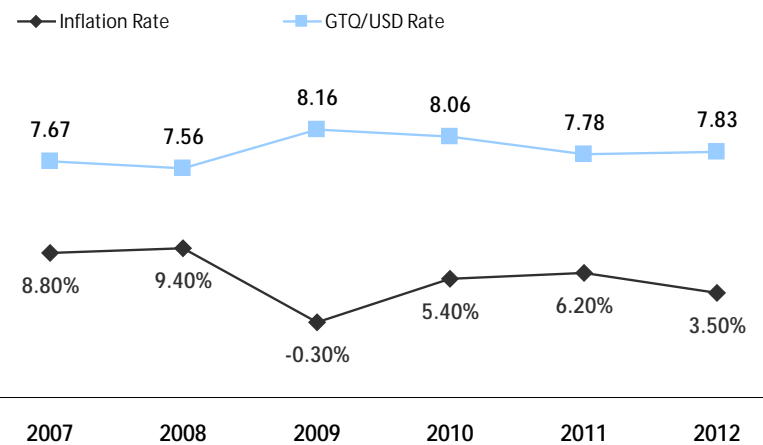
Main Take-Aways



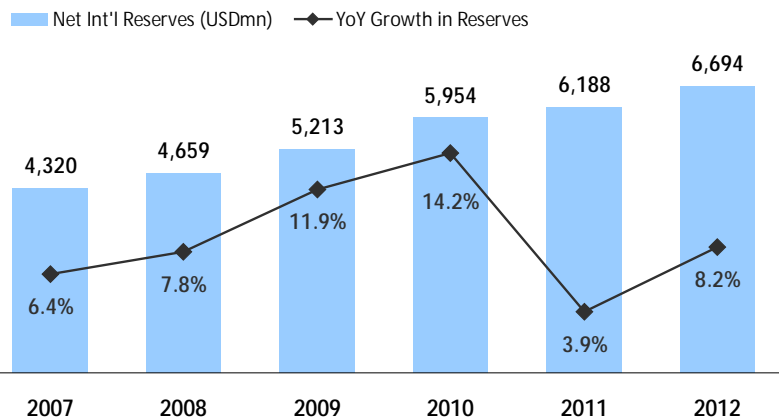
Continued Growth & Solid GDP Expansion



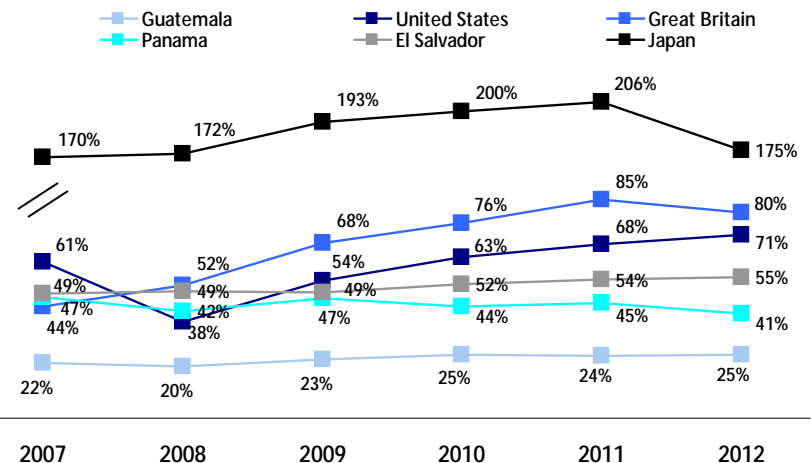
Stable Inflation & Foreign Exchange Rate



High Levels of International Reserves

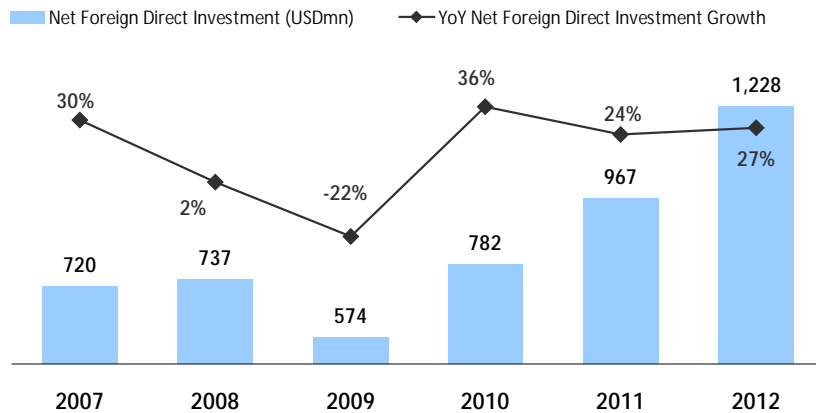


Low Public Debt Levels (Debt/GDP)



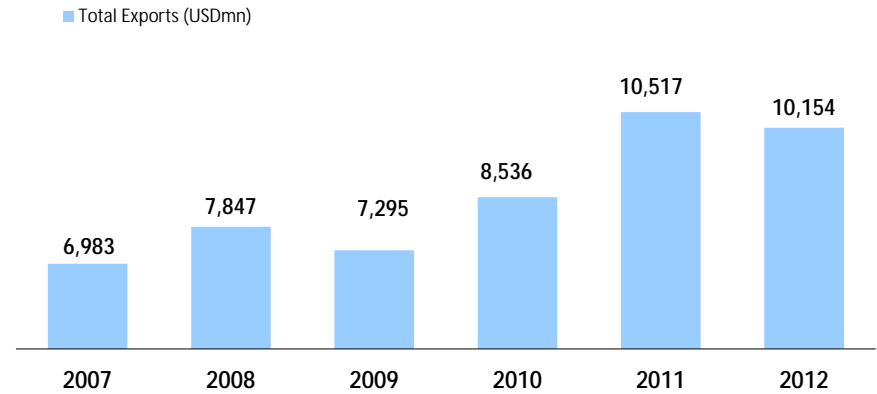


Net Foreign Direct Investment



Source: Bank of Guatemala.

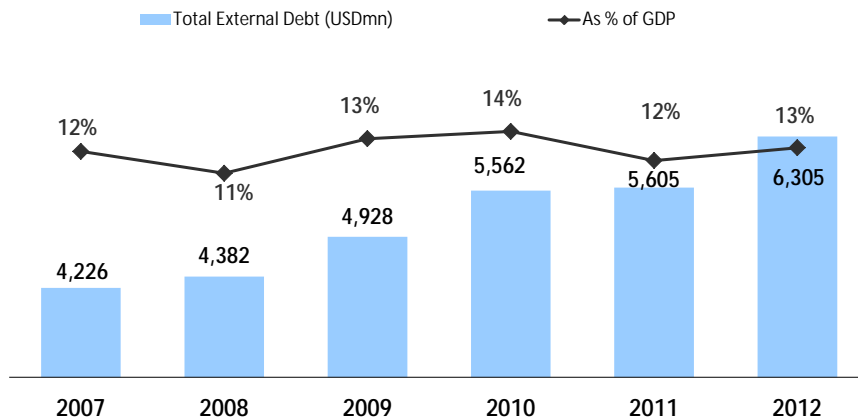
Total Exports of Goods and Services¹



Source: Bank of Guatemala.

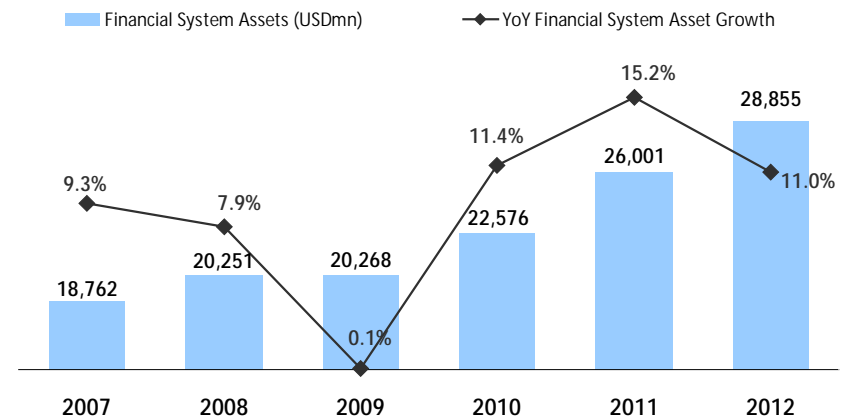
¹Up to November 2012

Total External Debt



Source: Bank of Guatemala.

Assets in Guatemalan Financial System

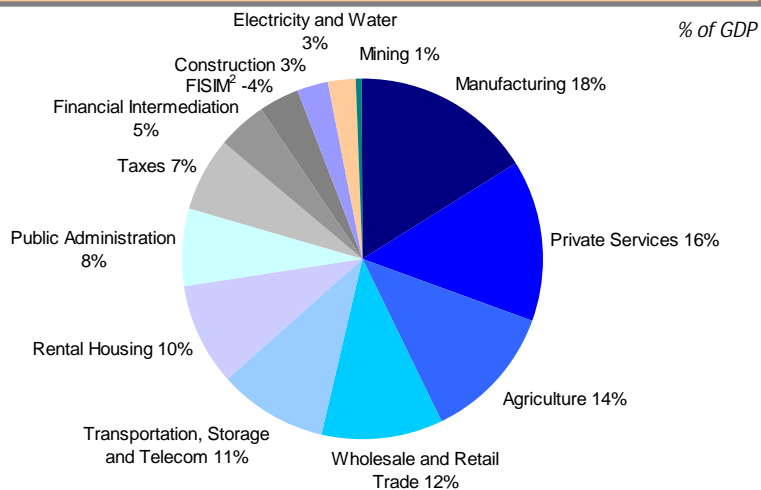


Source: Superintendencia of Banks.

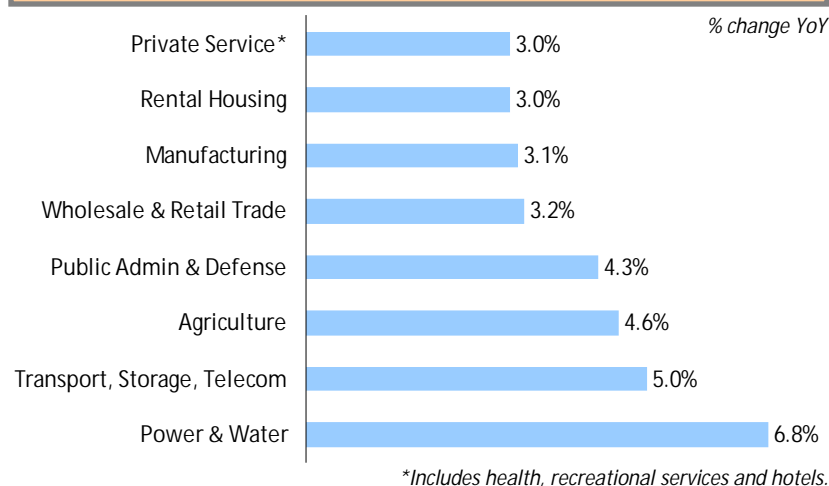
Diverse Industries Driven by Agriculture, Manufacturing and Services



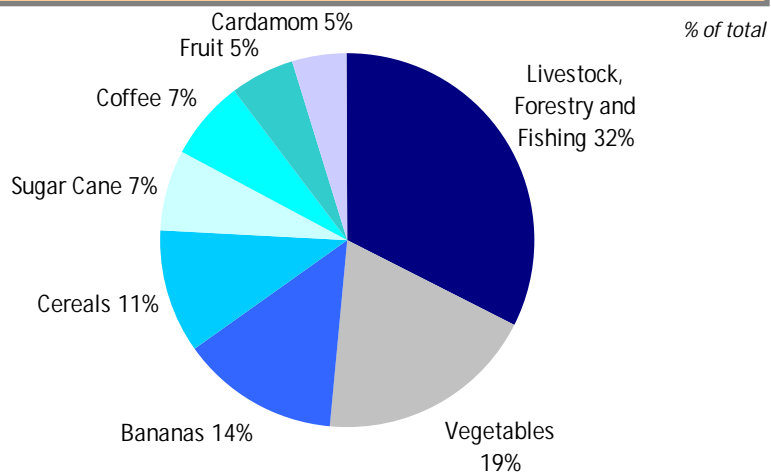
Principal Economic Activities in 2012¹



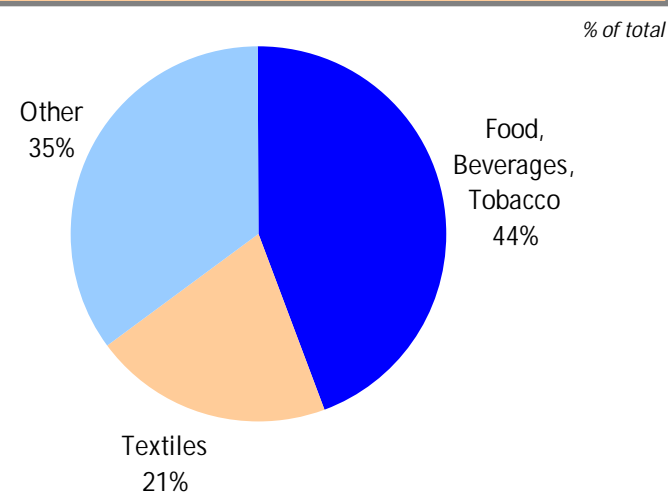
Select High Growth Sectors in 2012



Agricultural Output by Product in 2012



Manufacturing Output by Product in 2012



Sources: Bank of Guatemala.

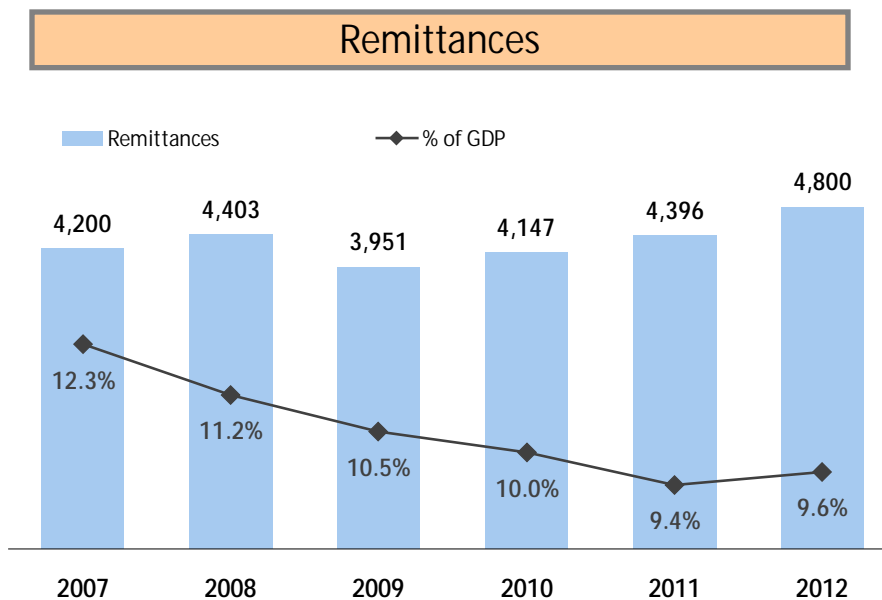
¹ The discrepancy between the main aggregates and the sum of its components is due to the statistical use of chain indices.

² Note: "FISIM" means Financial Intermediation Services Indirectly Measured.

Remittances Continue to Fuel Economic Growth



- Remittances from Guatemalan citizens living abroad represent an important part of the overall economy.
- The average annual growth rate of workers' remittances in 2006 – 2011 was 7.0%. In 2012, the net flow of workers' remittances amounted to US\$4.8 billion.
- Workers' remittances increased 9.20% in 2012 and are projected to exceed US\$5.1bn in 2013.
- An estimated 1.6 million Guatemalans live abroad, with an average of 44,400 migrants per year leaving the country to work abroad from 2002-2010. The migration rate in the same period increased from 10.5% to 11.04%.
- The majority of workers' remittances originate in the United States (97.4%), with the remainder coming from Canada (1.1%), Mexico (0.3%), and the rest of the world (1.2%).





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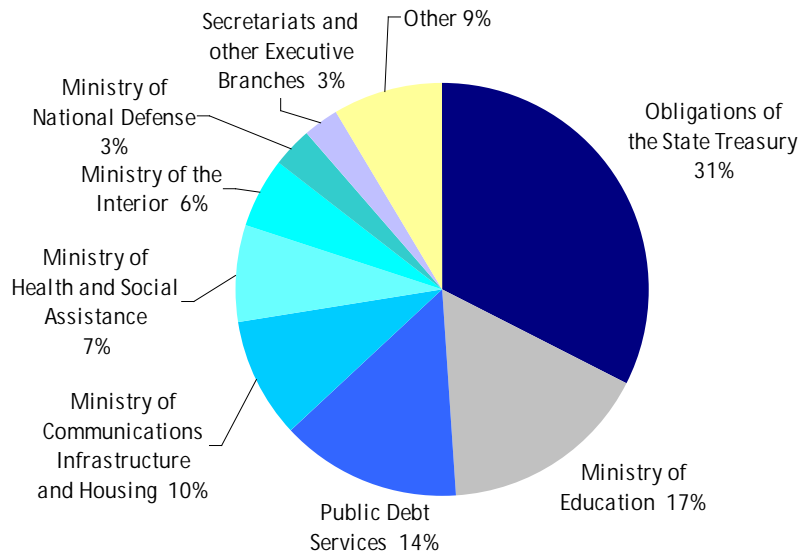
Main Take-Aways

Fiscal Policies and Targets



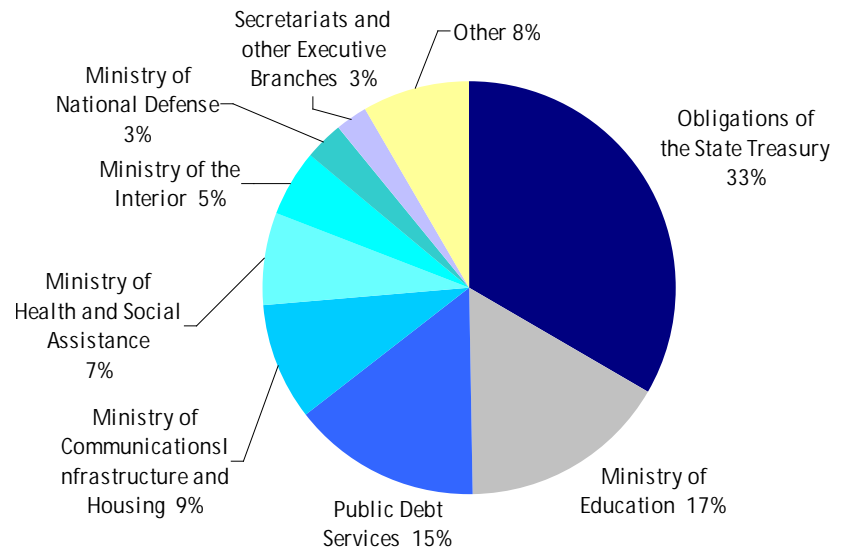
- Guatemala has historically had low fiscal deficits, including during the period from 1999 through 2008. Due in large part to the global financial crisis, the deficit rose to 3.3% and 2.8% in 2010 and 2011, respectively. Preliminary data projects a Government deficit of 2.4% of GDP for 2012, lower than official forecast in the 2012 budget.
- In the Change Agenda, the current Government has set out a specific fiscal plan for the coming years:
 - The Government plans by 2015 to increase tax revenues to 11.9% of GDP, lower government spending to 14% of GDP, ensure that social public spending is equal to or greater than 5% of GDP, reduce the fiscal deficit to 1.8% of GDP, reach a level of public debt no greater than 30% of GDP and achieve timely debt service.

Public Budget Breakdown | Planned



Based on Planned 2012 Fiscal Year Budget of USD7.66 billion

Public Budget Breakdown | Actual



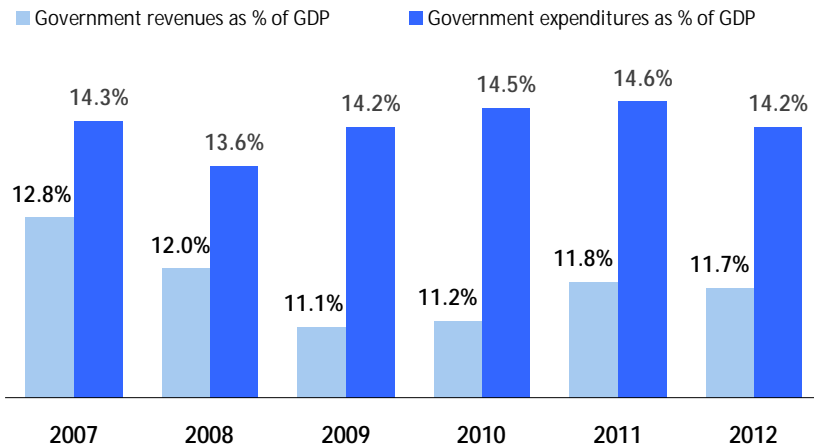
Based on Actual 2012 Fiscal Year Budget of USD7.30 billion

Source: Ministry of Public Finance

Others includes: Ministry of Agriculture, Livestock and Food, Ministry of Social Development, Ministry of Labor and Social Security, Ministry of Culture and Sports, Ministry of Foreign Affairs, Ministry of Public Finance, Ministry of Economy, Ministry of Energy and Mines, President of the Republic, Ministry of Environment and Natural Resources, Attorney General's Office

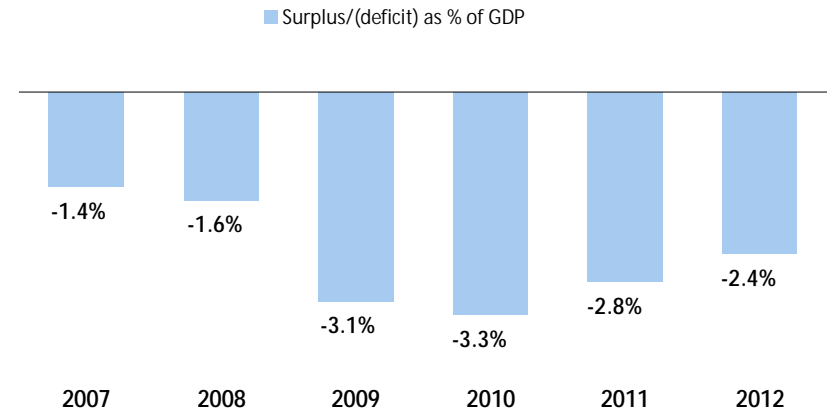


Fiscal Revenue vs. Fiscal Expenditure

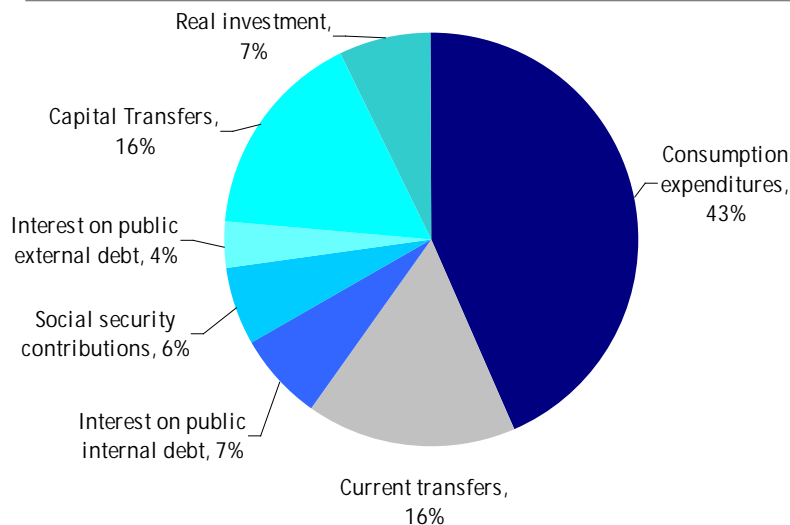


2012 Revenue US\$5.88bn, 2012 Expenditure US\$7.11bn

Fiscal Deficit as GDP %



Expenditures



Sources: Ministry of Public Finance

Tax Revenues as a % of Total Tax Revenue

	2008	2009	2010	2011	Budget 2012	Executed 2012
Import duties	7.3	6.7	6.8	6.3	6.00	5.5
Taxes on goods and services (including VAT)	63.6	62.7	63.5	62.2	62.7	61.3
Estate and real estate taxes	0.05	0.03	0.03	0.04	0.02	0.02
Income taxes	29.1	30.5	29.7	31.5	31.3	32.3
Total Tax Revenues (US\$m)	4,110	4,413	3,896	4,316	5,176	5,501

Source: Integrated Accounting System, or "SICOIN"

Social Security Contributions, Non-Tax Revenues (including foreign aid), Public Services and Current Transfers account for the remainder of Fiscal Revenue (separately totaling US\$326mn)



- ∅ President Otto Peréz Molina's administration passed new tax legislation in Congress in February 2012, after two months in office.
- ∅ The legislation includes both tax policy and tax administration measures.
- ∅ Key components of the revenue package include:
 - § Reduction of some corporate income tax rates
 - § Material reduction of tax exemptions (mainly on value-added tax)
 - § Broadening of the income tax base
 - § Enhancement of tax administration agency's supervision and enforcement capacity
- ∅ As the tax reform laws went into effect in 2013, the full impact of the new legislation is still to be determined.



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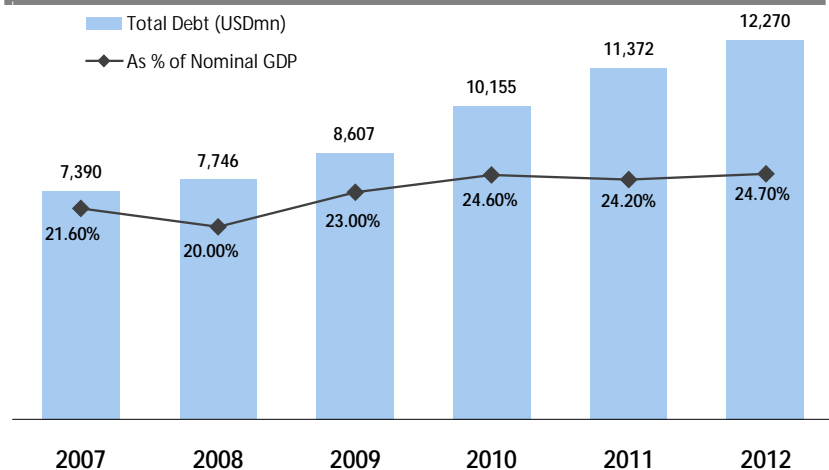
Main Take-Aways

Public Sector Debt Overview



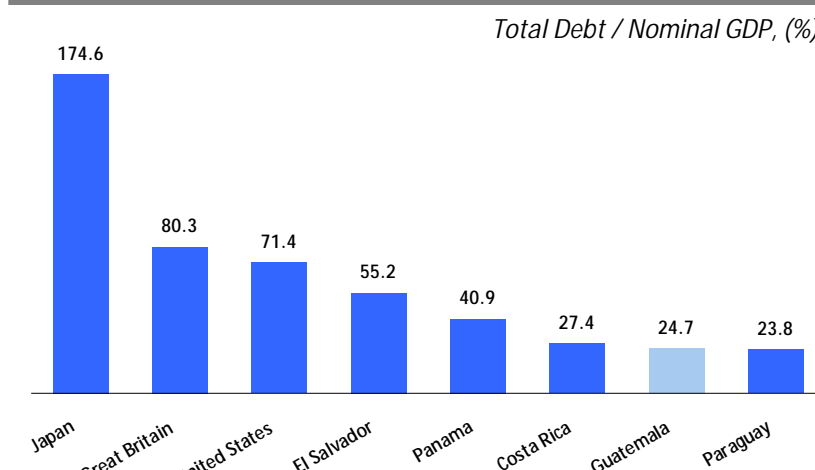
- Favorable debt structure with roughly half of debt issued in local market at long tenors (12yr avg maturity)
- External Debt averages 24yrs; Guatemala most recently issued a US\$700mn 10yr bond in May 2012

Public Sector Debt Profile



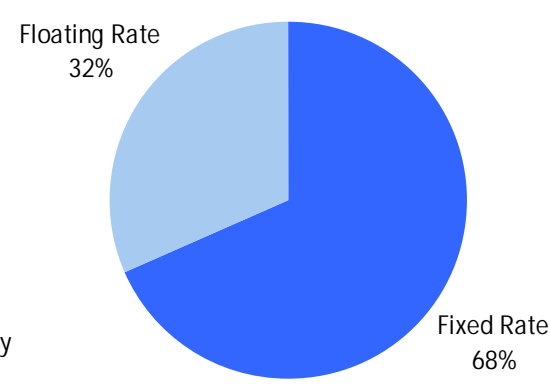
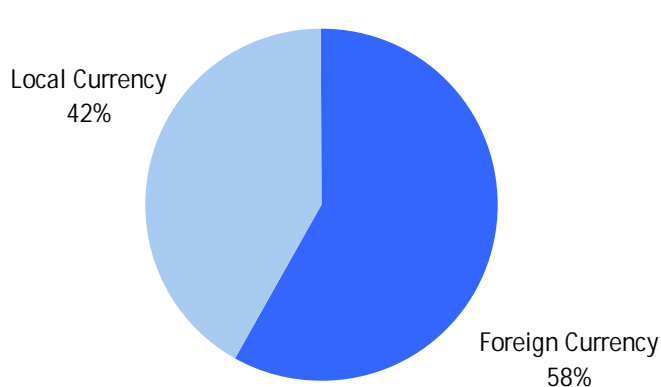
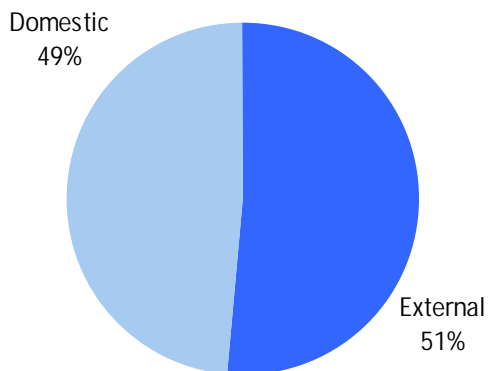
Source: Ministry of Public Finance

2012 Public Sector Debt Comparison



Source: Ministry of Public Finance, Economist Intelligence Unit

2012 Public Sector Debt Overview

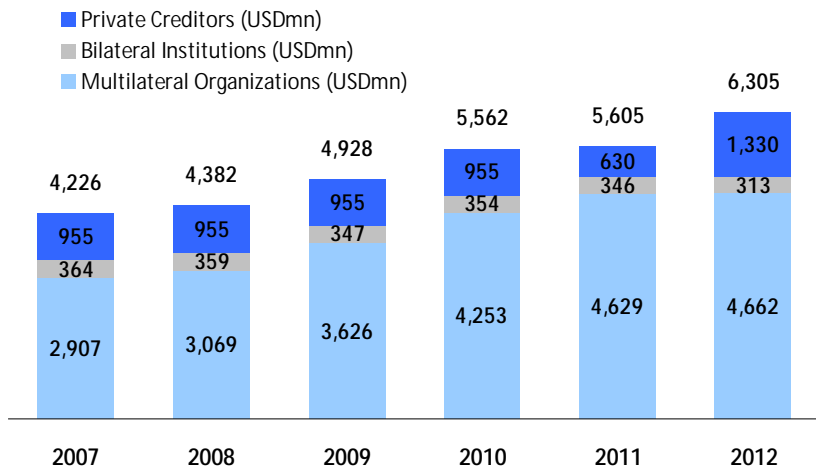


Source: Ministry of Public Finance

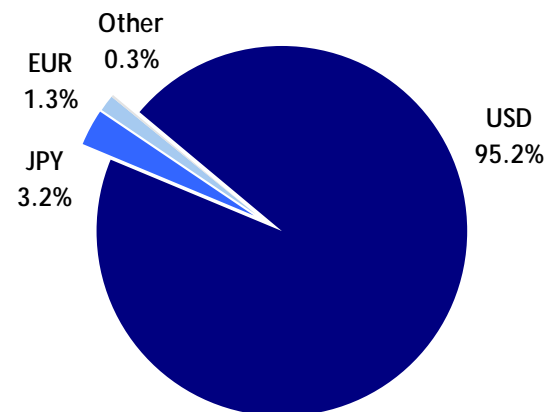
External Public Sector Debt



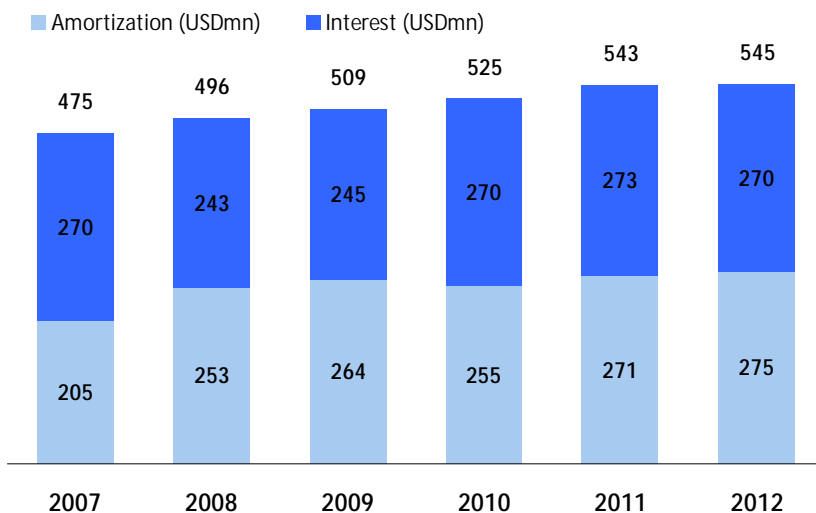
Public Sector External Debt by Creditor



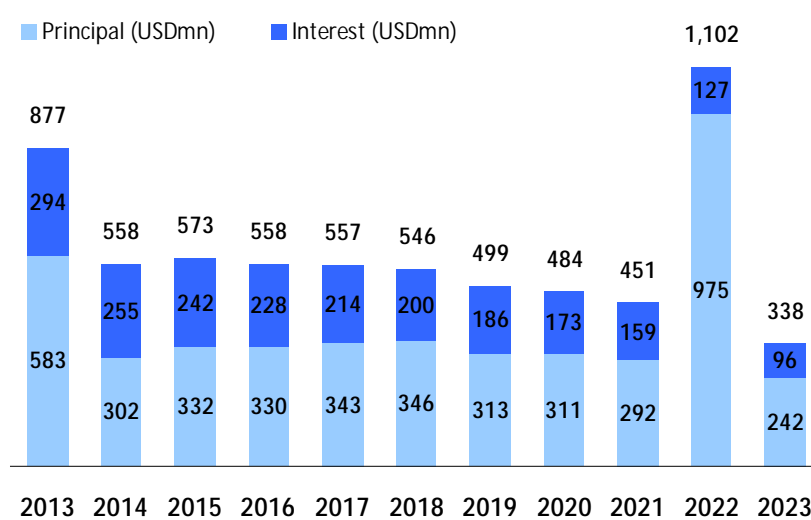
2012 Public Sector External Debt by Currency



External Debt Service 2007 - 2012



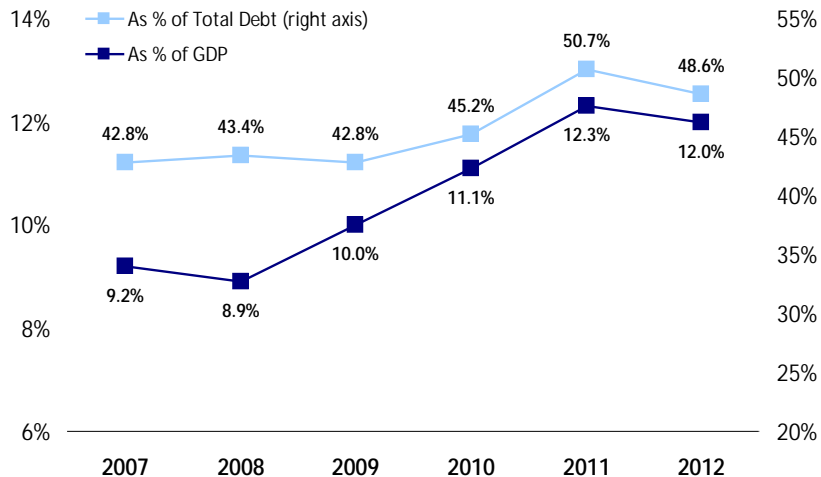
External Debt Profile



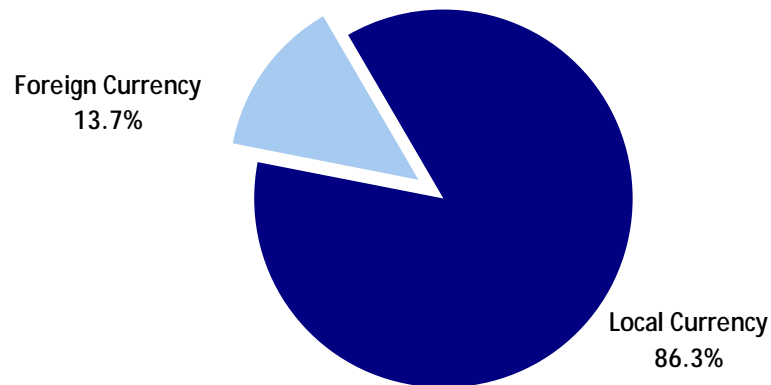
Internal Public Sector Debt



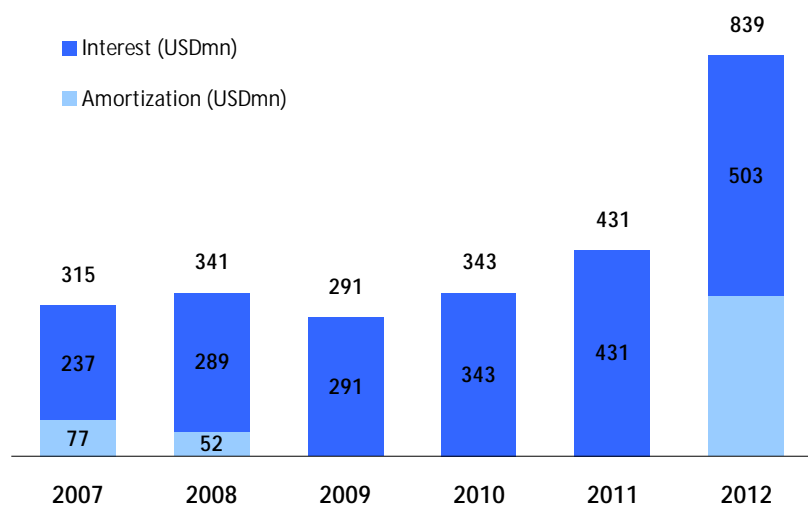
Public Sector Internal Debt Evolution



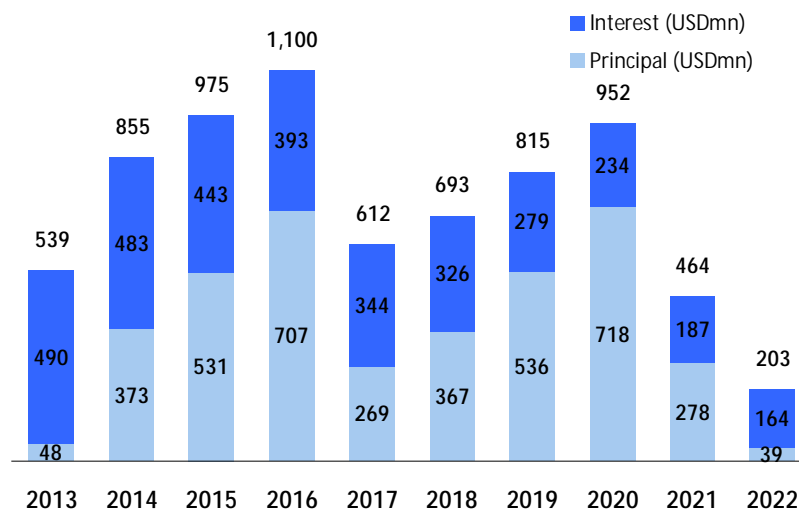
2012 Public Sector Internal Debt by Currency



Internal Debt Service 2007 - 2012



Internal Debt Profile





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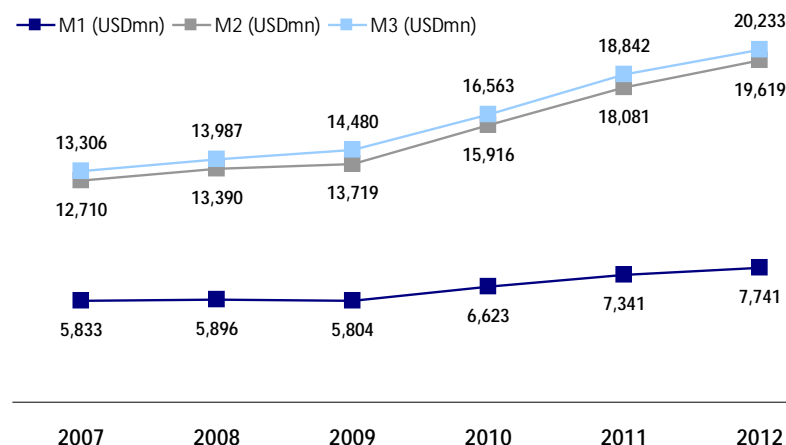
- n The Guatemalan Constitution provides for a *Junta Monetaria (Monetary Board)*, established in 1946, to determine the monetary, foreign exchange and credit policies of the Republic.
 - The Monetary Board also oversees liquidity and solvency of the national banking system to assure the stability and strength of national savings
- n The **Bank of Guatemala** operates as an autonomous financial institution governed by the Monetary Board.
 - The Constitution prohibits the Bank of Guatemala from directly or indirectly financing, or acting as a guarantor or surety provider to, the Government or public/private institutions other than regulated financial institutions
 - Since 2005, the Bank of Guatemala has operated with an inflation-targeting and floating-exchange-rate regime
 - This monetary policy approach has been consistent, even across different Presidential administrations
- n **Guatemala's inflation rate** has been relatively stable over the past five years: 9.4% in 2008, -0.3% in 2009, 5.4% in 2010, 6.2% in 2011, and 3.5% in 2012.
- n As of December 2012, the monetary stabilization operations of the Bank of Guatemala (fixed-term deposits of the central bank) registered **Q20.12 billion (approximately USD2.6 billion)**.

Impact of Monetary Policy

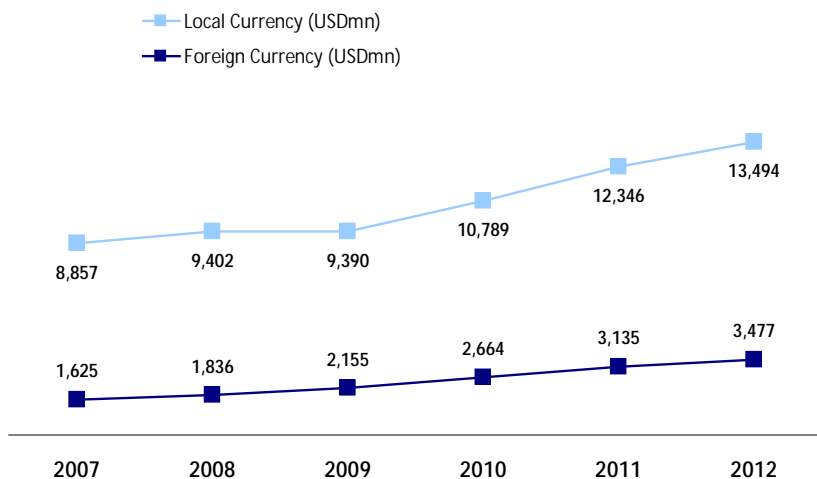


- n The inflation targeting regime is based on an inflation rate target as the nominal anchor for monetary policy, a flexible exchange rate regime, the use of indirect monetary control instruments, as well as to further improve transparency in the proceedings of the Bank of Guatemala.
- n The Monetary Board's 2012 target was to maintain the inflation rate within a range of 4.5% (+/- 1%), and from 2013 on the medium-term inflation target was set at 4.0% +/- 1%, as well as to:
 - promote stability in the general level of prices;
 - maintain a free exchange rate; and
 - continue the modernization of the financial system.

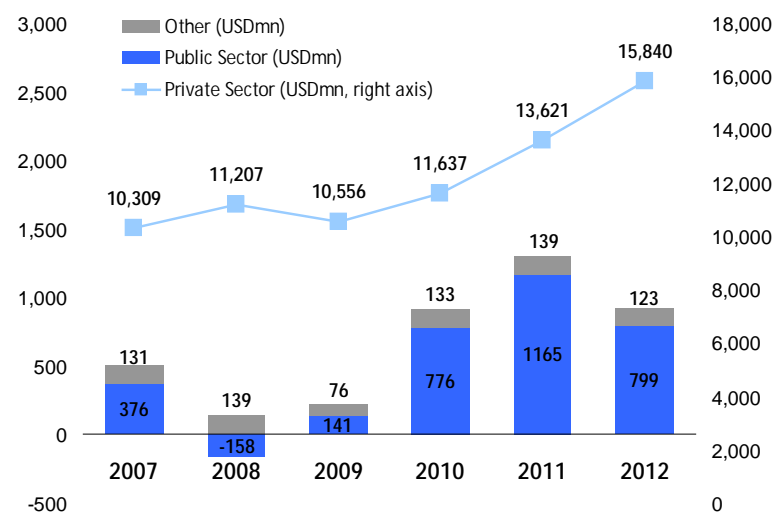
Monetary Aggregates



Deposits



Credit by Sector





- n Significant improvements have been made in the last decade in order to strengthen Guatemala's financial sector.
- n With assistance from the IMF and the World Bank, a financial sector reform program has been implemented to create a modern, strong and well-functioning financial system and to protect the system from shocks. Specific measures and laws have been put into place for:

- | | |
|---|---|
| (i) Closure of insolvent banks; | (vi) Bolstering bank's solvency; |
| (ii) Transfer of assets and liabilities of insolvent banks to other financial institutions; | (vii) Establishment of Credit Information System (credit bureau); |
| (iii) Establishment of the Fiduciary Fund for Bank Capitalization ("FCB"); | (viii) Implementation of new accounting rules; |
| (iv) Recapitalization of weak but viable banks; | (ix) Adoption of a better framework for rapid debt collection; |
| (v) Regulation of bank liquidity | (x) Establishment of the Special Unit Against Money Laundering within the Superintendencia of Banks (SB); and |
| | (xi) Modernization of the payment system for large transactions. |

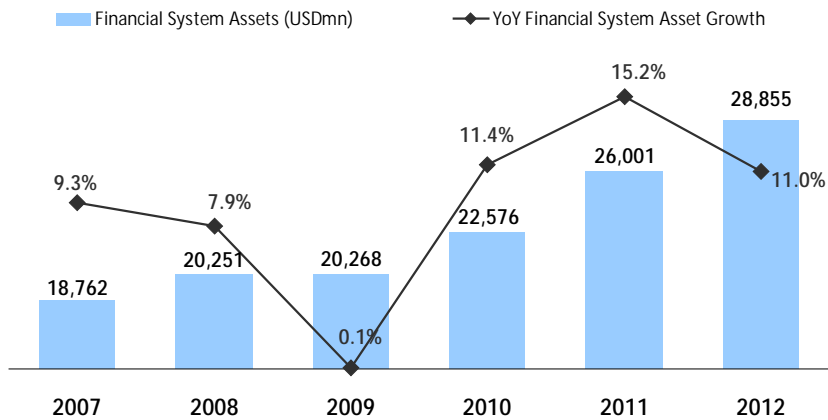
§ As a result, in contrast to domestic bank liquidity difficulties experienced in the late 1990s and in 2006-2007, today's Guatemalan financial system remains relatively well capitalized and liquid.

- As of December 2012, the system-wide capital adequacy ratio for banks was 14.7% (compared to the regulatory limit of 10% and the 8% Basel requirement) and provisioning for NPLs rose from 140% in 2011 to 156% in December 2012.
- n The Guatemalan financial system was also resilient after the global financial crisis, and has increased in total assets from 54.3% of GDP in 2005 to 58.4% of GDP by 2012.

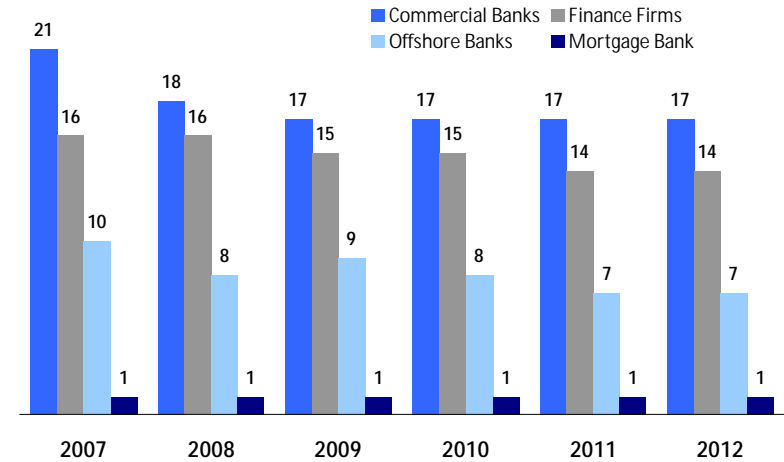
Solid Financial System



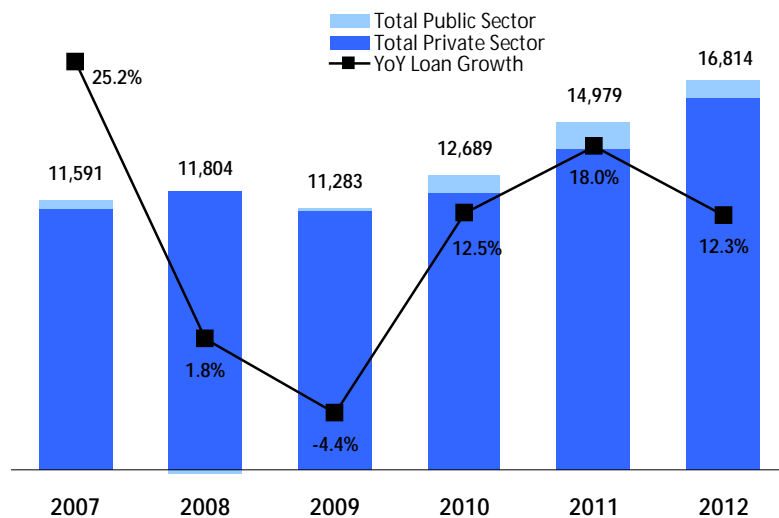
Financial Assets Evolution



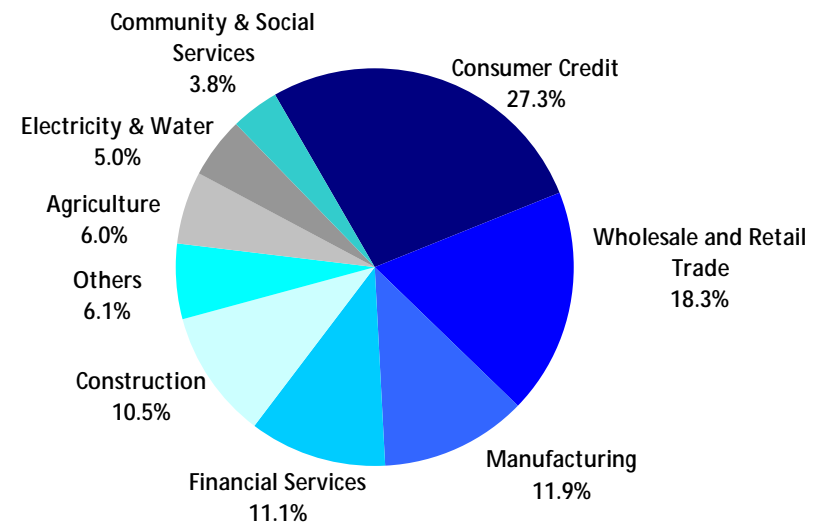
Number of Financial Institutions



Financial Sector Loan Growth



2012 Loans by Sector





Key Elements

- n In April 2009, Guatemala signed a **US\$950mn 18-month Stand-By Agreement** (“SBA”) with the IMF, aimed at mitigating effects of the global economic crisis and promoting macroeconomic stability.
- n Agreement served as a ‘good-housekeeping’ certificate towards the country’s macroeconomic development and as a guarantee of macroeconomic stability in an adverse economic context.
- n The SBA outlined the following framework for economic policy:
 - a) moderately countercyclical fiscal policy to support domestic demand
 - b) monetary policy actions focused on achieving the inflation target
 - c) flexible nominal exchange rate to facilitate economic adjustment
 - d) a financial sector policy aimed at strengthening banking regulation and supervision

Result

- n In the end, no disbursements were made under the SBA, as Guatemala experienced no negative growth during the global financial crisis.
- n Various reviews conducted by the IMF nonetheless verified compliance with all performance criteria by wide margins, including criteria relating to inflation.
- n The agreement concluded successfully on October 21, 2010.



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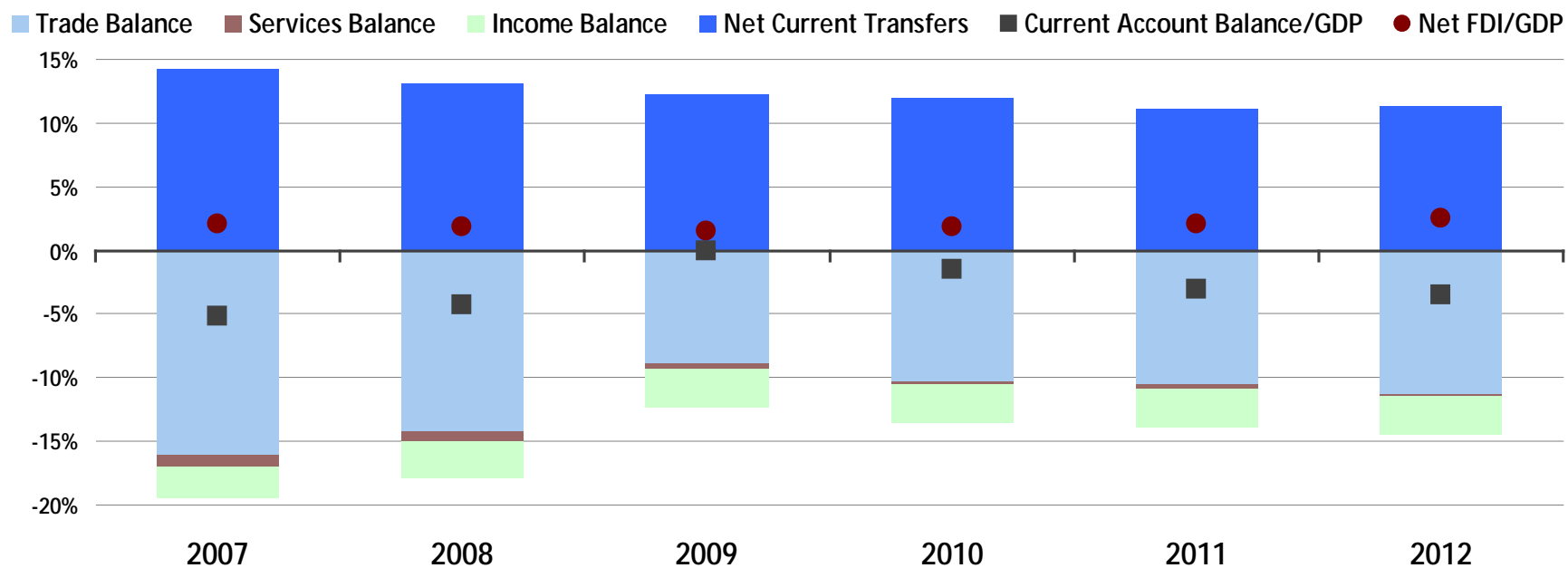
Main Take-Aways

Balance of Payments



Current Account Balance and Net FDI (% of GDP)

In 2012, there was an increase of 26.9% of foreign direct investment YoY

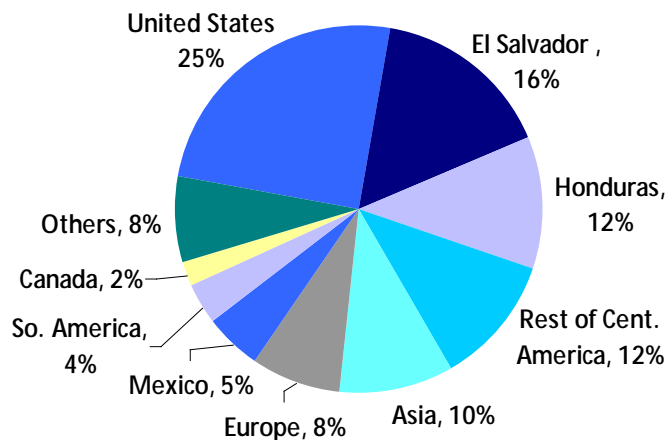


Source: Bank of Guatemala

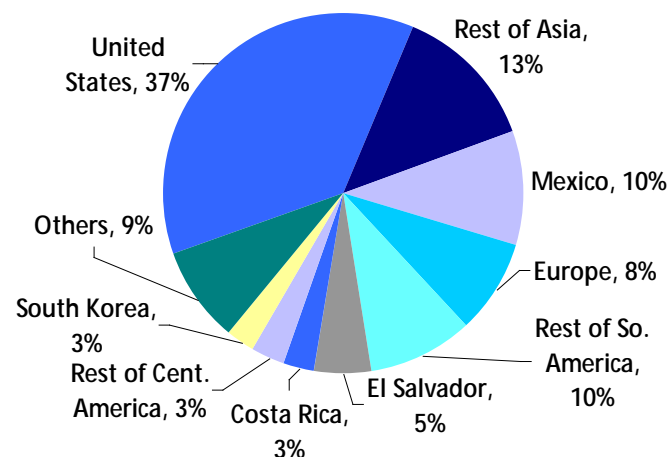
International Trade Overview (Avg. 2007 – 2012)



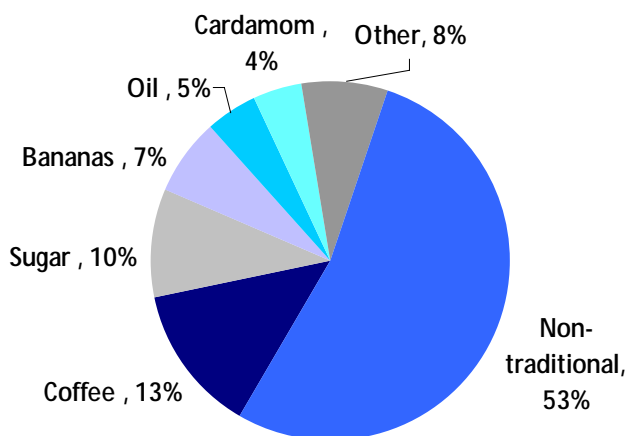
Exports Breakdown by Geography



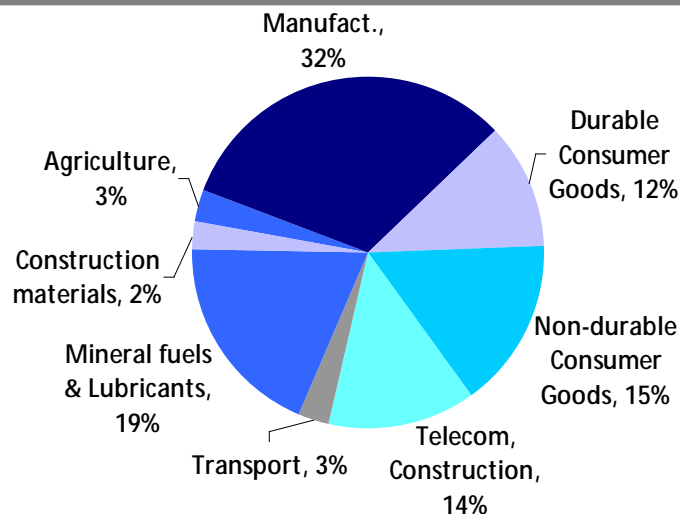
Imports Breakdown by Geography



Exports Breakdown by Product



Imports Breakdown by Product



Non-traditional includes: Chemical Products, Vegetables, Fruits and Preparations, Natural Rubber, Flowers and Plants, Sesame Seeds, Processed Foods Shrimp, Fish and Lobster

“Other” product exports include: Honey, Tobacco, Clothing, Textiles, Wood and Glass (also considered non-traditional)



Investment Highlights

Introduction to Guatemala

Economic Overview

Public Sector Finances

Public Sector Debt

Monetary System

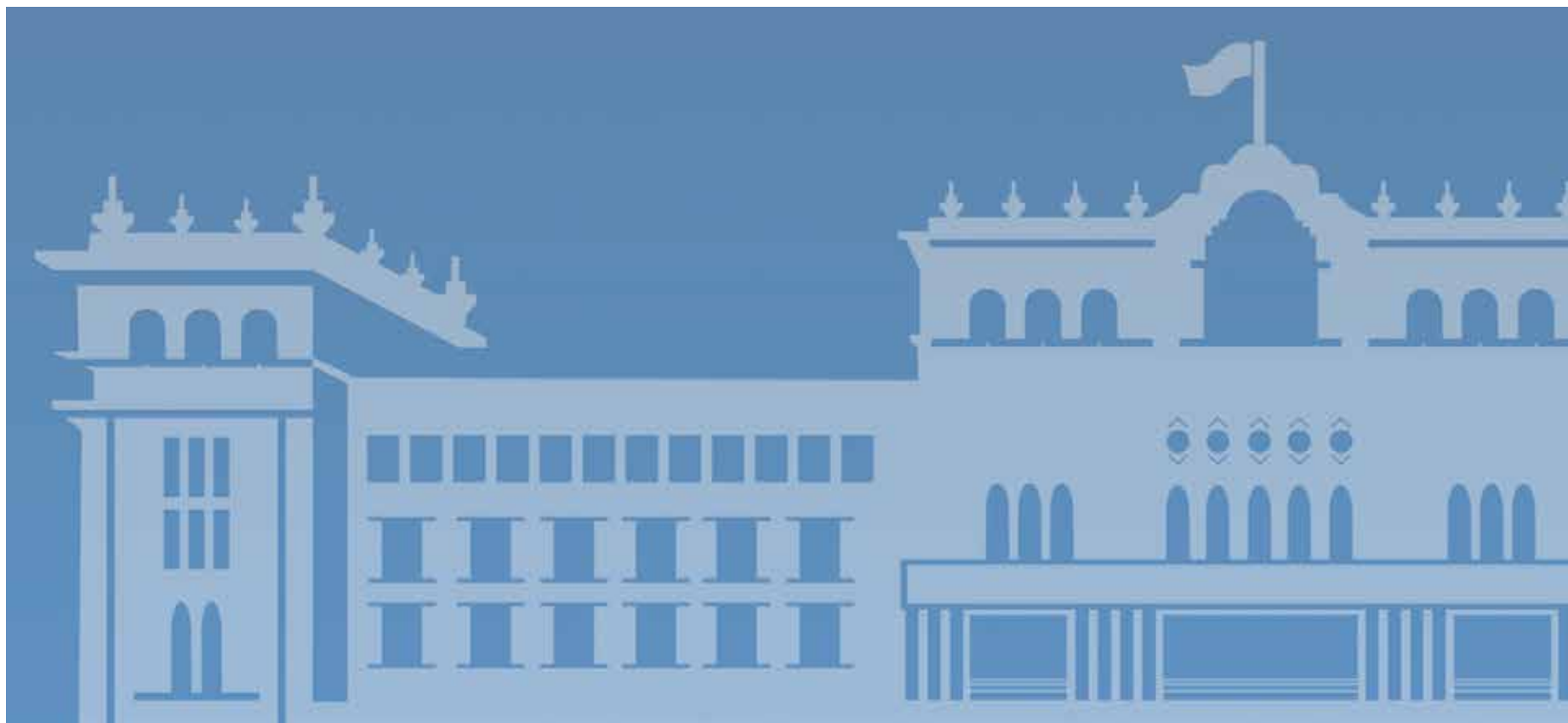
Foreign Trade

Main Take-Aways



- § Constitutional representative democracy
- § Largest GDP and economy in region
- § Strategically positioned between North America and rest of Central / South America
- § Different political parties and Presidents support broadly similar conservative economic/fiscal policies
- § Consistent positive economic growth including during recent global crisis
- § Diverse economy
- § Independent and transparent Central Bank
- § Stable financial system
- § Low level and favorable composition of government debt

The Republic of Guatemala



Investor Presentation
February 2013