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HONDURAS - EL SALVADOR



Official name: Republic of Honduras

President: Xiomara Castro de Zelaya

Population (2022): 10.30 million

Surface: 112.492 km²
098,580 sq. km

Official languages: Spanish. English is widely used in the Bay Islands for historical reasons

Currency: Lempiras

GNI per capita 2022: 2,490

Unemployment rate: 7,4%

Annual Growth 2022: 3,1%

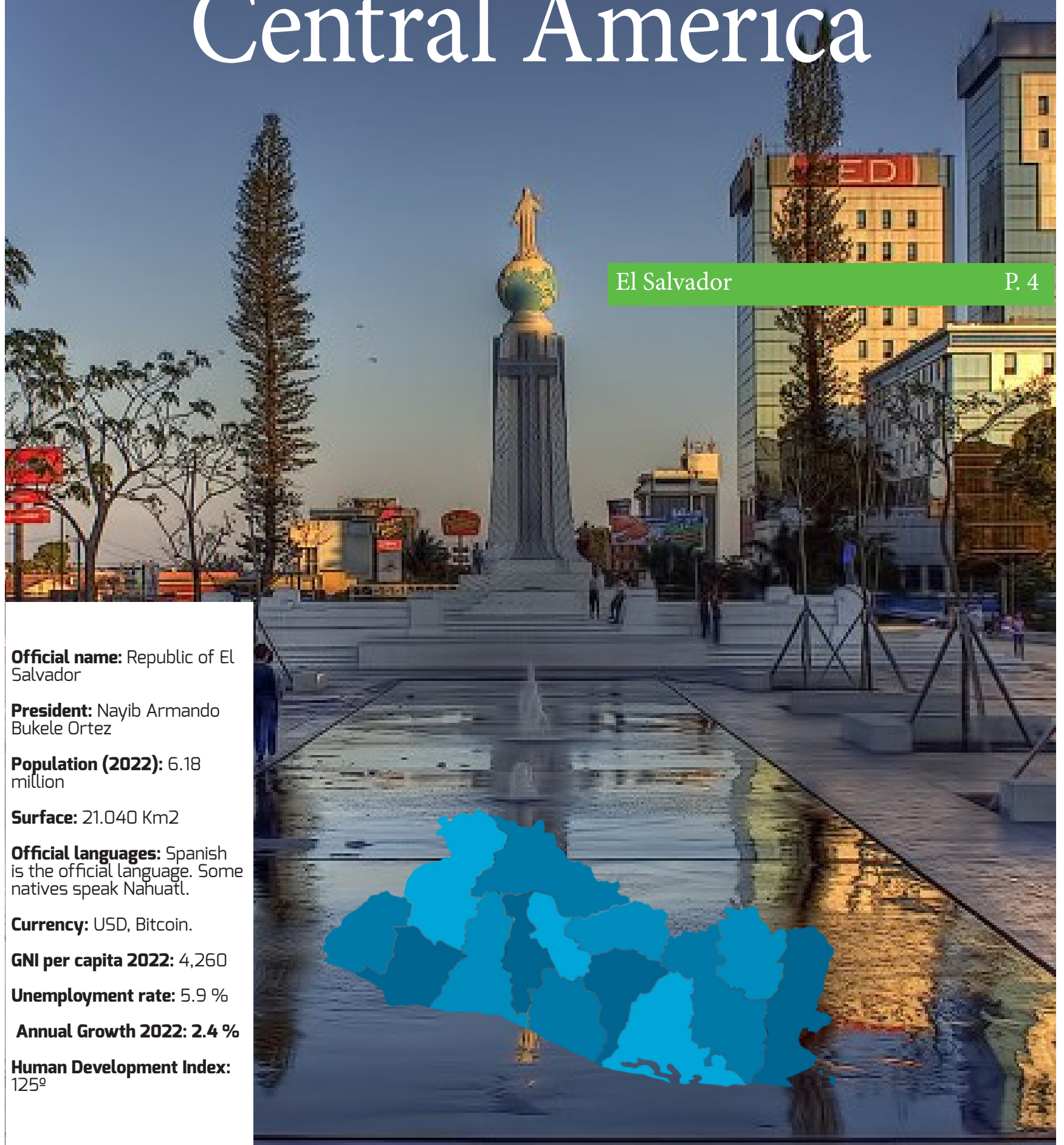
Human Development Index: 137

Member of: Honduras belongs to 39 international organizations, including the United Nations, the OAS and SICA.

Honduras

P. 2 y 3

A jewel to discover in Central America



El Salvador

P. 4

Official name: Republic of El Salvador

President: Nayib Armando Bukele Ortez

Population (2022): 6.18 million

Surface: 21.040 Km²

Official languages: Spanish is the official language. Some natives speak Nahuatl.

Currency: USD, Bitcoin.

GNI per capita 2022: 4,260

Unemployment rate: 5.9 %

Annual Growth 2022: 2.4 %

Human Development Index: 125^o



Luis Atala
Vice President
FICOHSA

HONDURAS HAS THE POTENTIAL FOR FASTER GROWTH

Honduras, officially the Republic of Honduras, is a country in Central America with coasts on the Caribbean Sea to the north and the Pacific Ocean to the south. Honduras is a unitary state and defines itself as free, sovereign and independent. Tegucigalpa, along with Comayagüela, constitute the capital of the country, with Tegucigalpa being the most populous city. It is bordered to the north and east by the Caribbean Sea, to the southeast by Nicaragua, to the southwest by the Gulf of Fonseca and to the south by El Salvador, and to the west by Guatemala.

Tourist diversity. Honduras is visited by visitors from all over the world for various reasons, among them, the visit of its forests, islands and beaches by cruise ships, airplanes or by road, being its main drivers the ecological tourism, cultural tourism and archaeological tourism.

The country's economy recovered to 12.5% growth in 2021 and is expected to grow by 3.5% in 2022 and 3.1% in 2023. A new government took office in early 2022 and will have the opportunity to chart a course consistent with the country's recovery and rebuilding needs and address critical barriers to growth.

Continuing the focus on boosting

growth and competitiveness, fostering inclusion by improving access to quality basic services and jobs, and promoting resilience to climate change will improve social outcomes and foster more economic opportunities among the country's most vulnerable. Institutional reforms on key issues, such as improving the sustainability of the electricity sector, as well as governance and the business climate, can also contribute to further developing a framework for inclusive growth in Honduras.

Honduras belongs to 39 international organizations, including the United Nations, the OAS and SICA. The United States is one of Honduras' main allies, both politically and economically. Trade with the U.S. represents about 34.2% of Honduras' total trade flows. In addition, according to various estimates, about 1,000,000 Hondurans live in the United States.

Israel has become an important partner of Honduras in recent years. Both countries have signed several agreements and memoranda of understanding on defense and cooperation. Of particular note is Honduras' recognition of Jerusalem as the capital of the State of Israel.

China and Honduras initiated formal diplomatic relations. "The two governments have decided to recognize each other and establish diplomatic relations at the ambassadorial level," with immediate effect, the Chinese Foreign Ministry said in a statement.

Operations approved by the World Bank during 2020 include a \$20 million emergency investment project to respond to the threat posed by COVID-19; a \$119 million credit to mobilize financial resources to respond to the COVID-19 emergency; \$30 million to support an investment project to improve the quality of pre-basic education services; a \$45 million project to improve water supply services in participating urban municipalities; A \$70 million project to improve water service delivery and governance in the Dry Corridor, and a \$150 million project to support the country's response and recovery needs following hurricanes Eta and Iota.

Honduras possesses multiple strengths and the potential for faster growth and greater shared prosperity, due to its strategic location, a growing industrial base, ongoing efforts to diversify its exports, and a young and growing population.

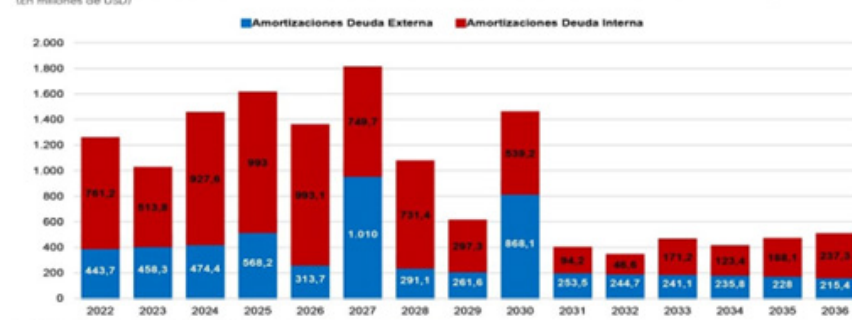
for our clients., entrepreneurs, companies and large corporations, have trusted in our strength and reliability, that is why in 2022 we were considered the main bank in Honduras and we are in the top 10 in the region according to the CNBS report.

We have just been recognized as the leading bank in Honduras, with investments of US\$1.087 billion and assets of US\$6.9 billion, according to the report of the National Banking and Insurance Commission of Honduras. The same report places us among the top ten banks in the region.

The United States is Honduras' main trading partner; both in exports and imports and international trade requires specialized financing that Honduran banks obtain from our correspondent relationships with US banks. The United States is also the source of a high proportion of foreign investment, where U.S. companies that set up operations in Honduras also require financial services. Finally, the United States is the main source of remittances received in Honduras, which are so important for supporting economic growth and improving the well-being of families.

The social DNA comes from the

Perfil de Amortizaciones de la Deuda Publica de la Administracion Central de Honduras (En millones de USD)



Fiscal consolidation with growth; Xiomara Castro's challenge in Honduras.

Honduras' public debt reached approximately US\$15 billion at the end of 2021 and represented 56.7% of the Gross Domestic Product (GDP). For its part, the country's public and private external debt reached more than 8 billion dollars, which represented an increase of 1.03 percent with respect to the figure recorded at the close of 2020, when it was approximately 8 billion dollars, an increase of 30 percent of GDP. Torino concludes that general government debt is, in relative terms, lower than most countries in the Latin American region.

The country's economy recovered to 12.5% growth in 2021 and is expected to grow by 3.5% in 2022 and 3.1% in 2023.

In recent years, Honduras has recorded the second highest economic growth rates in Central America, second only to Panama and well above the average for Latin America and the Caribbean (LAC).

Honduras received 6,483.5 million dollars from its nationals abroad during the first nine months of the year, an increase of 20.4% over the same period of 2021, the Central Bank (BCH) reported on Monday. 84.3% of remittances were sent by Hondurans living in the United States.

For Luis Atala Corporate vice president of Ficohsa financial group "Today we have presence in Guatemala, Nicaragua and Panama. In addition, we have a representative office in the United States".

We were born in 1991 as Financiera Comercial Hondureña S.A. on the initiative of a group of entrepreneurial, visionary businessmen and with the conviction of the partners to continue investing in the country, which allowed the founding of Banco Ficohsa, S.A. on July 18, 1994. At Grupo Financiero Ficohsa we have proven to be a point of support

foundation of the group 28 years ago. Today, we continue working to professionalize our focus on sustainability, with a deep work internally to co-create this culture of sustainability that characterizes us in Ficohsa and fills us with pride. From the environmental point of view, we are the only group that formally measures the ecological footprint in Honduras and we became a signatory member of the United Nations Global Compact in 2018 in order to strengthen the commitment to address the social, economic and environmental challenges of globalization, putting people, the planet, prosperity and peace at the center.

In CSR we work hand in hand with Fundación Ficohsa, which this year celebrates its 25th anniversary, and with other foundations such as Fundación Amigos del Hospital María, Fundación Hondufuturo, Fundación Convive Mejor, Fundación Creciendo con Diabetes, Fundación CALI Honduras (Central America Leadership Initiative).

Ofrecemos a nuestros clientes alrededor de 3,000 puntos de atención





Adolfo Larach
President
COHERSA

HONDURAS HAS SET SHORT-TERM OBJECTIVES

Honduras could be completely self-sufficient in energy from its own production. The total production of all electricity production facilities is nine MM kWh, which represents 118% of the country's own use.

National objectives, a productive Honduras that generates opportunities and decent employment, makes sustainable use of its resources and reduces environmental vulnerability.

- By 2030, ensure universal access to affordable, reliable, and modern energy services.

- By 2030, significantly increase the share of renewable energy in the energy mix

- By 2030, double the global rate of energy efficiency improvements.

- By 2030, increase international cooperation to facilitate access

to clean energy research and technology, including renewables, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean technologies.

- By 2030, expand infrastructure and improve technology to provide modern and sustainable energy services for all in developing countries.

Adolfo Carlos Larach Foster president of Cohersa says that we can motivate all the readers to think in the green direction, let's not believe that there are alternatives of other types of fuels that are less bad. I believe that all of humanity should be thinking and demanding that the energy transition should be as soon as possible and that we should be responsible with the environment, because I believe that we have little time left to do it.

Honduras is the leading country in the region in solar energy, given that, in 2018 and 2019, about 11% of electricity was provided by photovoltaics. In 2016, the country ranked first in Central America with respect to installed solar capacity and third in Latin America, behind Chile and Mexico. Honduras aims for 80% of its energy portfolio to come from renewable energies by 2038.

National objectives, a productive Honduras that generates opportunities and decent employment

Supported by the North American initiative called HUGE in favor of investments in the Central American Northern Triangle, we have traveled on several occasions to expose our expansion project to important interest groups in the United States. Honduras' privileged position makes us an attractive destination for industry interested



Honduras is the leading country in the region in solar energy

in manufacturing operations closer to the U.S. market (near shoring). Honduras is a country rich in possibilities, even more so now that there is great interest from North American industry and companies to produce closer to the United States.

In June of last year, the U.S. Government, as part of the Call for Action program that seeks to generate jobs in this region to mitigate migration, announced that major companies with operations in China want to invest more than US\$ 3 billion dollars to relocate manufacturing centers to our region.

To describe a little of the process cycle, in our current La Vegona generation plant, during the day a solar plant would feed a pumping equipment that would raise water from a reservoir located in a lower plane to reservoirs more than 200 meters above sea level. During the night or when required by the demand of the national grid, this stored water (which in reality has been transformed into stored renewable energy), would be released to be used in hydroelectric turbines to generate and inject energy into the national grid. This provides a stable and reliable supply 24 hours a day.

With the La Vegona hydroelectric generation project, we have participated nationally and internationally in conferences presenting our success story in the implementation of the environmental and social standards of the International Finance Corporation (IFC). Today, the IFC's social and environmental standards have been gradually adopted by investors and local banks for the construction and operation of new projects.

It has been able to attract national and international financing and investment from very respectable institutions to build projects such as the La Vegona hydroelectric generation plant, which has become an example to follow for its efficiency, and for the quality of its social and environmental management.



Proyecto de Expansión



Planta Hidroeléctrica La Vegona



Una solución integral para generar 450 Megavatios con energía sostenible firme 24/7 para Centroamérica, uniendo las ventajas de las tecnologías de generación solar y de almacenaje de energía por bombeo (pump storage)

"Creo que toda la humanidad debería estar pensando y exigiendo que la transición energética sea lo más pronto posible y que seamos responsables con el medio ambiente, porque yo creo que nos queda poco tiempo para hacerlo."

Adolfo Larach





FOR EL SALVADOR ACCEPTING BITCOIN HAS BECOME A WISE MOVE.

In 2023, El Salvador will offer better public safety indexes that favor domestic tourism in the different commercial sectors. During the government of President Nayib Bukele, different strategies have been implemented to combat crime and reduce the insecurity that is experienced every day in the Salvadoran territory. According to the firm Forward Keys, specialized in sector studies, During the year 2022 El Salvador registered an increase of 45% in the number of tickets compared to the year 2019.

El Salvador is one of the top tourist destinations for 2023. The travel guide company, Lonely Planet, revealed its 18th annual "Best in Travel" list of favorable destinations for activities in 2023. The list includes several destinations in Latin American countries, which have been contemplated by the company, including El Salvador.

Thanks to the decreases in criminality due to the implementation of the Territorial Control Plan, favorable conditions have been created for tourists and investors to visit El Salvador safely, which has been reflected in the data obtained at the end of 2022 in this sector, and a greater increase in tourism inflow is expected for

the current year 2023. Adopting the Bitcoin has become a wise move, it is helping them to improve their economy, it is reducing the fiscal deficit, the GDP increased, thanks to Bukele's attempt to reduce corruption. The fact of adopting a currency like bitcoin as legal tender, so far it is going well, it has made Bukele look good inside wallstreet, the economy is doing well, and he can deal with the debt, it is an optimistic message. He has set up a bitcoin embassy in the US...An alternative that protects him from inflation... Send money, remittances very interesting, with bitcoin, no commissions. Digitalization but not yet implemented in all stores, needs a process of implementation.

The market was skeptical of Bukele's idea, but now he has become a star on wall street: the best performing bonds yield 19%, have a lot of risk...Salvador is returning those bonds, and is generating a lot of confidence on wallstreet...(they love his willingness to pay). 20% return on Salvador bonds...

Microfinance in El Salvador has played a very important role in the development of the country. El Salvador has a very competitive market and has a large number of different organizations that offer



José Dimas Quintanilla
President
INTEGRAL EL SALVADOR

financial services to the micro and small business sector in the country. Among the organizations that operate in the industry are private banks, savings and loan companies, savings and loan cooperatives, regulated and non-regulated financial institutions, non-governmental organizations (NGOs), and other companies.

According to the study conducted by FELABAN (Latin American Federation of Banks), El Salvador has increased by 281% the number

its operation. We expect to close the year 2023 with a loan portfolio growth of 10.5%, which will allow us to reach a total portfolio of close to US\$200 million; we expect to close deposits with US\$140 million and total assets of US\$250 million. At the end of the year, the number of employees will be approximately 560. The expected growth rate for the loan portfolio is similar to the one we have registered in recent years; we are growing at a good pace, but taking care of the quality of the portfolio.

We all know that the USA is an important commercial partner for the country, on the other hand, a high percentage of the population resides in that country that has emigrated abroad in search of new opportunities and the remittances that they send already constitute 25% of the GDP. We have also seen how the birth and strengthening of several MYPES have been supported by resources coming from Salvadorans residing in that country.

Another thing we have seen is that

Figure 1.1a Remittances, Foreign Direct Investment, Portfolio Flows, and Official Development Assistance Flows to Low- and Middle-income Countries, 1990-2023f



Remittances are a substantial source of external finance in low and middle-income countries. Image: World Bank/World

Looking to the future as other countries evaluate crypto.

El Salvador is leading the way in cryptocurrency adoption, and its success (or failure) could have a huge impact on countries that are considering implementing a digital currency as legal tender. As we look to El Salvador's future, it is clear that the political environment has played a role in how people talk about their national currency.

Remittances make up more than 20% of the country's GDP, according to the World Economic Forum. Given the amount of money going into international bank transfer fees, Bitcoin could be an attractive alternative. El Salvador adopted Bitcoin as its national currency primarily to combat poverty and help unbanked citizens. The government hoped to improve economic opportunities for citizens by allowing them to access the digital currency through their smartphones.

Microfinance in El Salvador has played a very important role in the development of the country.

of non-bank correspondents, allowing greater geographical coverage of financial services, thus enabling greater financial inclusion through digital media and achieving greater geographical coverage to reduce transaction costs.

For José Dimas Quintanilla president of Integral the micro and small business sector is key to the economic stability of the region given the level of employment it generates. It is known that in Latin America the jobs generated by this sector represent more than 70% and constitute more than 90% of the companies; in this sense, its sustainability and viability are fundamental to achieve social stability in the region.

Traditionally, the sector has been considered extremely risky due to its vulnerability levels, a fact that cannot be disputed, but what has not been considered carefully enough is that MSEs (Micro and Small Enterprises) are very resilient when it comes to facing economic crises. This phenomenon was clearly marked during the pandemic, the sector was able to adapt and reinvent itself to overcome the difficulties that this phenomenon brought to

remittances are received mainly by families who spend the money buying from the companies that Integral serves, which implies that the dynamics of the MYPES to a high degree responds to the movement of Family Remittances. In the case of Salvadorans, we thank them and appreciate the sacrifice they make for this country, El Salvador remains standing and prospering because of the flow of remittances they send to the country.

Important changes are taking place in the country and if you have the resources to return and come to invest there are opportunities and very dynamic sectors to do so. There is room for your investments to be profitable so that you can continue your life in the country if you wish to return.

As I am sure you know, security conditions have improved. There is now more confidence in moving around the national territory, the problem has not been totally eradicated, but it has improved a lot, there is a substantial change, it is time to invest.

As Salvadorans we welcome anyone who wants to visit us and invest in the country.



20
YEARS

Apoyando a los Empresarios de la **Micro y Pequeña Empresa** Salvadoreña que con su trabajo y esfuerzo impulsan al país.

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+503 2250-6090 www.integral.com.sv

