IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular (the "**Offering Circular**") accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OF AMERICA OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IN THE EUROPEAN ECONOMIC AREA, THE OFFERING CIRCULAR AND THE OFFER OF THE NOTES HAVE BEEN PREPARED ON THE BASIS THAT ANY OFFER OF NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF NOTES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THE EUROPEAN ECONOMIC AREA OF NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFERING CIRCULAR MAY ONLY DO SO TO LEGAL ENTITIES WHICH ARE QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2 OF THE PROSPECTUS REGULATION, PROVIDED THAT NO SUCH OFFER OF NOTES SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION IN RELATION TO SUCH OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASERS HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF NOTES THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE NOTES CONTEMPLATED IN THE OFFERING CIRCULAR. THE EXPRESSION "PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED). THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA. FOR THE PURPOSES OF THIS PROVISION, (A) A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED OR SUPERSEDED, THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; AND (B) THE EXPRESSION "OFFER" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION AND THE TERMS OF THE OFFER AND THE NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE NOTES. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED OR SUPERSEDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

EACH PERSON IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHO RECEIVES ANY COMMUNICATION IN RESPECT OF, OR WHO ACQUIRES ANY NOTES UNDER, THE OFFERS CONTEMPLATED IN THE OFFERING CIRCULAR, OR TO WHOM THE NOTES ARE OTHERWISE MADE AVAILABLE, WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED, ACKNOWLEDGED AND AGREED TO AND WITH THE INITIAL PURCHASERS AND THE ISSUER THAT IT AND ANY PERSON ON WHOSE BEHALF IT ACQUIRES NOTES IS: (1) A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION; AND (2) NOT A "RETAIL INVESTOR" (AS DEFINED ABOVE). FOR THE PURPOSES OF THIS REPRESENTATION, AN "OFFER TO THE PUBLIC" IN RELATION TO ANY NOTES IN ANY MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM

AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND ANY NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE NOTES.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM ("UK").

FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS NEITHER: (I) A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA"); NOR (II) A QUALIFIED INVESTOR AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE PUBLIC OFFERS AND ADMISSIONS TO TRADING REGULATIONS 2024. CONSEQUENTLY, NO DISCLOSURE DOCUMENT REQUIRED BY THE FCA PRODUCT DISCLOSURE SOURCEBOOK ("DISC") FOR OFFERING, SELLING, OR DISTRIBUTING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING, SELLING, OR DISTRIBUTING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER DISC AND THE CONSUMER COMPOSITE INVESTMENTS (DESIGNATED ACTIVITIES) REGULATIONS 2024.

IN THE UK, THE OFFERING CIRCULAR AND ANY OTHER MATERIAL IN RELATION TO THE NOTES DESCRIBED IN THE OFFERING CIRCULAR ARE BEING DISTRIBUTED ONLY TO, AND ARE DIRECTED ONLY AT, PERSONS WHO ARE (I) PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "ORDER"), OR (II) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, OR (III) PERSONS TO WHOM IT WOULD OTHERWISE BE LAWFUL TO DISTRIBUTE THEM, ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS." IN THE UK, THE NOTES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE THE NOTES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. THE OFFERING CIRCULAR AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY ANY RECIPIENTS TO ANY OTHER PERSON IN THE UK. ANY PERSON IN THE UK THAT IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THE OFFERING CIRCULAR OR ITS CONTENTS."

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Notes, investors must be either (i) a "qualified institutional buyer," within the meaning of and in reliance on Rule 144A under the Securities Act or (ii) a non "U.S. person" (as defined in Rule 902 under the Securities Act) in an offshore transaction in accordance with Regulation S under the Securities Act (either (i) or (ii) being an "Eligible Investor"). By opening the e-mail or accessing the Offering Circular, you shall be deemed to have represented to the Initial Purchasers named in the Offering Circular that (1) you and any customer you represent is an Eligible Investor; and (2) you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

Any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Initial Purchasers named herein, nor any person who controls any such persons, nor any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

OFFERING CIRCULAR

U.S.$815,670,000

The Republic of Honduras

6.400% Notes due 2036

The Republic of Honduras (the "Republic" or "Honduras") is offering U.S.$815,670,000 aggregate principal amount of its 6.400% Notes due 2036 (the "Notes"). Interest on the Notes will be payable semi-annually in arrears on January 29 and July 29 of each year, commencing on January 29, 2027. The Notes will mature on July 29, 2036. The Republic may redeem the Notes, in whole or in part, at any time or from time to time, on not less than 10 nor more than 60 days' notice, prior to April 29, 2036 (three months prior to the maturity date of the Notes) by paying the greater of the outstanding principal amount of the Notes and a "make-whole" amount plus any additional amounts and accrued and unpaid interest on the principal amount of the Notes to be redeemed up to, but excluding, the redemption date. In addition, the Republic may redeem the Notes, in whole or in part, at any time or from time to time on or after April 29, 2036 (three months prior to the maturity date of the Notes), at a redemption price equal to 100% of the principal amount of Notes to be redeemed plus any additional amounts and accrued and unpaid interest on the principal amount of the Notes to be redeemed up to, but excluding, the redemption date. See "Description of the Notes—Optional Redemption."

The Notes will constitute direct, general, unconditional, unsubordinated and unsecured Indebtedness (as defined below) of the Republic and will rank equally, without any preference among themselves, with all other unsecured and unsubordinated obligations of the Republic, present or future, constituting Public External Indebtedness (as defined below) of the Republic. It is understood that this provision will not be construed so as to require the Republic to make payments under any series of the Notes ratably with payments being made under any other Public External Indebtedness. The Republic has pledged its full faith and credit for the due and punctual payment of all amounts due in respect of the Notes.

The Notes will be issued pursuant to an Indenture (as defined below) that contains provisions permitting future modifications to any term of the Notes without the approval of all the holders of the Notes. Under these provisions, the Republic may amend the payment provisions of any series of debt securities issued by the Republic and other reserve matters listed in the Indenture with the consent of the holders of: (1) more than 75% of the aggregate principal amount of the outstanding debt securities of a series affected by the proposed modification; (2) with respect to two or more series of debt securities, if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the then aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually.

Except as described herein, payments on the Notes will be made without deduction for or on account of withholding taxes imposed by the Republic. 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. This Offering Circular constitutes a prospectus for the purpose of Part IV of the Luxembourg law on prospectus securities dated July 16, 2019.

Investment in the Notes involves Risk. See "Risk Factors" beginning on page 16 regarding certain risk factors you should consider before investing in the Notes.

Issue price: 100.000%[(1)]

[(1)] Plus accrued interest, if any, from July 29, 2026.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the Securities Act or the securities law of any other jurisdiction. Accordingly, the Notes are being offered only to Qualified Institutional Buyers ("QIBs") pursuant to Rule 144A under the Securities Act and persons outside the United States in reliance on Regulation S of the Securities Act ("Regulation S").

Delivery of the Notes will be made on or about July 29, 2026 only in book-entry form through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream").

Joint Book-Running Managers

Citigroup **Santander**

The date of this Offering Circular is July 22, 2026.

Honduras

CARIBBEAN SEA
BELIZE
GOLF OF HONDURAS
Islas de la Bahia
Roatán
HONDURAS
GUATEMALA
Trujillo
Colon
Atlántida
La Ceiba
Cortes
San Pedro Sula
Yoro
Santa Bárbara
Copán
Santa Rosa de Copan
Santa Bárbara
Yoro
Gracias a Dios
Puerto Lempira
Olancho
Comayagua
Comayagua
Gracias
Ocotepeque
Intibucá
La Esperanza
Francisco Morazán
Juticalpa
Nueva Ocotepeque
Lempira
La Paz
La Paz
El Paraíso
Tegucigalpa
Yuscarán
EL SALVADOR
NICARAGUA
Valle
Nacaome
Choluteca
Choluteca
GOLF OF FONSECA
PACIFIC OCEAN

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE REPUBLIC AND THE TERMS AND CONDITIONS OF THE OFFERING, INCLUDING THE MERITS AND THE RISKS INVOLVED.

The Republic is responsible only for the information contained in this document. The Republic has not, and Citigroup Global Markets Inc. and Santander US Capital Markets LLC (the "Initial Purchasers") have not, authorized anyone to provide you with information that is different from the information contained in this document. The Republic is offering to sell the Notes only in jurisdictions where offers and sales are permitted. The offer and sale of the Notes in certain jurisdictions is subject to restrictions described herein under "Plan of Distribution."

PROHIBITION OF SALES TO EEA RETAIL INVESTORS—The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS—The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is neither: (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of English law by virtue of the EUWA; nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook ("DISC") for offering, selling, or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling, or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

In the UK, this Offering Circular and any other material in relation to the Notes described herein are being distributed only to, and are directed only at, persons who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons." In the UK, the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged in only with, Relevant Persons. This Offering Circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Offering Circular or its contents.

This Offering Circular may only be used for the purposes for which it has been published.

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The Republic has taken reasonable care to ensure that the information contained in this Offering Circular is true and correct in all material respects and not misleading as of the date hereof, and that, to the best of the knowledge and belief of the Republic, there has been no omission of information which, in the context of the issue of the Notes, would make this Offering Circular as a whole or any such information misleading in any material respect. The Republic accepts responsibility accordingly.

This Offering Circular does not constitute an offer by, or an invitation by or on behalf of, the Republic or the Initial Purchasers to subscribe to or purchase any of the Notes in a jurisdiction where such offer would be unlawful. Each recipient of this Offering Circular shall be deemed to have made its own investigation and appraisal of the financial condition of the Republic. The distribution of this Offering Circular or any part of it and the offering, possession, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Republic and the Initial Purchasers to inform themselves about and to observe any such restrictions. See "Plan of Distribution" and "Transfer Restrictions" for a description of further restrictions on the offer, sale and delivery of Notes and on distribution of this Offering Circular and other offering material relating to the Notes.

Each person purchasing Notes pursuant to Rule 144A will be deemed to:

- represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it or such account is a qualified institutional buyer (as defined in Rule 144A); and

- acknowledge that the Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be reoffered, resold, pledged or otherwise transferred except as described under "Transfer Restrictions."

Each purchaser of Notes sold outside the United States in reliance on Regulation S will be deemed to have represented that it is not purchasing Notes with a view to distribution thereof in the United States. Each person purchasing Notes pursuant to Rule 144A also acknowledges that:

- it has been afforded an opportunity to request from the Republic and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of the information herein;

- it has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision; and

- no person has been authorized to give any information or to make any representation concerning the Republic or the Notes other than those contained in this Offering Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Republic or the Initial Purchasers.

DEFINED TERMS AND CONVENTIONS

All references to the "Republic" and "Honduras" are to the Republic of Honduras.

References to "Central America" and "Central American countries" are to Honduras, Costa Rica, Guatemala, El Salvador and Nicaragua.

The central government of Honduras ("Central Government") consists of the Ministries, decentralized institutions, such as the Honduran tax administration agency (*Servicio de Administración de Rentas*, or "SAR") and the Honduran Social Security Institute (*Instituto Hondureño de Seguridad Social*, or "IHSS"), and the Central Administration (as defined herein). The central administration ("Central Administration") consists of the three branches of government and constitutionally created entities. The combined public sector in Honduras consists of the Central Government, local governments (municipalities), the non-financial public sector ("NFPS"), non-financial state-owned enterprises, other non-financial decentralized institutions, pension funds and other public sector financial institutions, such as the Central Bank of Honduras (*Banco Central de Honduras*, or "Central Bank" or "CBH").

References to "GDP" are to gross domestic product, which measures the total value added of final products and services produced in a country in a specific year. Nominal GDP measures the total value added of final production in current prices. Real GDP measures the total value added of final production in constant prices of a particular year, which allows for comparisons of historical GDP that exclude the effects of inflation. In this Offering Circular, real GDP figures are based on constant 2000 prices, the year used by the Central Bank for purposes of maintaining real GDP statistics. GDP growth rates and growth rates for the various sectors of the Honduran economy are based on real figures, unless otherwise indicated. Figures expressed as a percentage of GDP use nominal GDP as the base number, unless otherwise indicated.

References to "FOB" are to exports free on board and to "CIF" are to imports including cost, insurance and freight charges. References to "net international reserves" are to foreign currency reserves. The term "current account surplus (deficit)" as applied to the balance of payments includes foreign aid, unless otherwise specified.

PRESENTATION OF FINANCIAL AND ECONOMIC INFORMATION

The fiscal year of the Central Government commences on January 1 and ends on December 31 of each year.

Certain financial and economic information presented in this Offering Circular may be subject to routine revision and possible adjustment. In particular, some information and data for 2023, 2024, 2025, and 2026 are preliminary and subject to revision or adjustment as additional or amended information may become available. We have identified such information and data as "preliminary" or "estimated" in this Offering Circular. Certain GDP figures, for example, have been identified as estimated because year-end information is available for some sectors of the economy while other sectors require an estimation based on partial data. Some GDP figures have been identified as preliminary because year-end information is available for all sectors of the economy but are still subject to final revision. Estimated figures are published during the first quarter following the end of a reference year. Preliminary figures are available nine to 12 months after the reference year. Final revised figures are published two years after the reference year.

The Republic believes that this revision process is substantially similar to the practices of other nations. As of the date of this Offering Circular the Republic does not expect that any such revisions or adjustments will be material, although the Republic cannot provide any assurances that material changes will not be made or that the information provided is complete.

Certain statistical information reported herein has been derived from official publications of, and information supplied by, among others, the Central Bank, the *Secretaría de Finanzas* ("SEFIN"), and the National Commission for Banking and Insurance (*Comision Nacional de Bancos y Seguros*, "CNBS"). Certain other information in this Offering Circular is derived from information made publicly available by the United Nations.

Certain amounts included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Unless otherwise specified or the context requires, references to "U.S. dollars," "$" and "U.S.$" are to United States dollars and references to "*Lempiras*," "*Lempira*," and "*L.*" are to Honduran Lempiras, the national currency of the Republic.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements (as such term is defined in the Securities Act) concerning the Republic. These statements are based upon beliefs of certain government officials and others as well as a number of assumptions and estimates which are inherently subject to significant uncertainties, many of which are beyond the control of the Republic. Future events may differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are principally contained in the sections "Summary," "The Republic of Honduras," "The Honduran Economy," "Foreign Trade and Balance of Payments," "Monetary System," "Public Sector Finances" and "Public Sector Debt." In addition, in those and other portions of this Offering Circular, the words "anticipates," "believes," "contemplates," "estimates," "expects," "plans," "intends," "projections" and similar expressions, as they relate to the Republic, are intended to identify forward-looking statements. Such statements reflect the current views of the Republic with respect to future events and are subject to certain risks, uncertainties and assumptions. The Republic undertakes no obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, there can be no assurances that the events described or implied in the forward-looking statements contained in this Offering Circular will in fact occur.

Honduras cautions you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to:

- Adverse external factors, such as high international interest rates, fluctuation in oil prices, and recession or low growth in Honduras' trading partners.
- Instability or volatility in the international financial markets. This could lead to domestic volatility, making it more complicated for the Republic to achieve its macroeconomic goals. This could also lead to declines in foreign investment inflows, portfolio investment in particular.
- Adverse domestic factors, such as declines in remittances, foreign direct and portfolio investment, domestic inflation, high domestic interest rates, exchange rate volatility, political or social uncertainty and adverse effects of climatic events. Each of these could lead to lower economic growth in Honduras.

Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their respective dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

ENFORCEMENT OF CIVIL LIABILITIES

The Republic is a sovereign state. Consequently, it may be difficult for investors to obtain or realize in the United States or elsewhere upon judgments against the Republic. To the fullest extent permitted by applicable law, the Republic will irrevocably submit to the non-exclusive jurisdiction of any New York State or U.S. federal court sitting in The City of New York, and any appellate court thereof, in any suit, action or proceeding arising out of or relating to the Notes or the Republic's failure or alleged failure to perform any obligations under the Notes (a "Related Proceeding," which term shall exclude claims or causes of action arising under the federal securities laws of the United States or any state securities laws), and the Republic will irrevocably agree that all claims in respect of any such Related Proceeding may be heard and determined in such New York State or U.S. federal court. The Republic will irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any Related Proceeding and any objection to any Related Proceeding whether on the grounds of venue, residence or domicile. The Republic will agree that a final judgment in any Related Proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. However, a judgment obtained in the United States against the Republic, where the Republic was not duly served or was not afforded the right to defend itself in court, may not be enforceable in the Republic.

To the extent that the Republic or any of its revenues, assets or properties, has or may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its revenues, assets or properties, the Republic has, to the fullest extent permitted under the U.S. Foreign Sovereign Immunities Act of 1976, as amended (the "Immunities Act"), irrevocably waived such immunity in respect of any action or proceeding arising out of, or related to, the offering and sale of the Notes or the Republic's failure, or alleged failure, to perform any obligations under the Notes. This waiver covers the Republic's sovereign immunity and immunity from prejudgment attachment, post-judgment attachment and attachment in aid of execution; provided, however, that it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment, and that under the laws of the Republic, the revenues, assets or properties of the Republic within Honduras are exempt from attachment or other form of execution before or after judgment. See "Descriptions of the Notes—Submission to Jurisdiction." For the avoidance of doubt, the waiver of immunity set forth herein shall not apply to any immunity in respect of the following property or assets of the Republic: (i) property or assets of, or held in the name of, any diplomatic mission, consular post, or permanent mission of the Republic; (ii) property or assets of a military character or under the control of a military authority or defense agency of the Republic; or (iii) funds, reserves, bank accounts, or other property or assets of the central bank or central monetary authority of the Republic.

Notwithstanding the preceding paragraph, the Republic has not consented to service or waived sovereign immunity with respect to actions brought against it under the U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Republic with respect to such actions, it would not be possible to obtain a judgment in such an action brought in a U.S. court against the Republic unless such court were to determine that the Republic is not entitled under the Immunities Act to sovereign immunity with respect to such action. Further, even if a U.S. judgment could be obtained in any such action under the Immunities Act, it may not be possible to enforce in the Republic a judgment based on such a U.S. judgment. Execution upon property of the Republic located in the United States to enforce a U.S. judgment may not be possible except under the limited circumstances specified in the Immunities Act.

EXCHANGE RATE INFORMATION

On July 21, 2011, the Central Bank approved a crawling peg exchange rate regime. Under this regime, the exchange rate between the *Lempira* and other foreign currencies is allowed to fluctuate within a specified band and determined daily through foreign exchange auctions. This policy was implemented after reaching an initial agreement with the International Monetary Fund ("IMF") for a facility aimed at addressing Honduras' balance of payments challenges arising from structural issues such as significant imports for consumption and the appreciation of the *Lempira* (the "Extended Fund Facility"). This is an intermediate exchange rate scheme that allows moderate fluctuation of the exchange rate within a specified band.

On April 10, 2023, the Central Bank reactivated the mechanism for auction of foreign exchange in the Honduran exchange market. This was done with the purpose of generating confidence, conveying certainty, and improving the allocation of foreign exchange for various economic agents and the general population.

This Offering Circular converts certain amounts in *Lempiras* to U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, U.S. dollar equivalents of *Lempira* amounts as of a specified date are based on the exchange rate in effect for such date, and U.S. dollar equivalents of *Lempiras* amounts for a specified period are based on the average daily exchange rates for such periods. Currency conversions contained in this Offering Circular should not be construed as representations that *Lempiras* have been, could have been, or could be converted into U.S. dollars at the indicated or any other rate of exchange. See "Foreign Trade and Balance of Payments—Foreign Exchange."

The following table shows the average and end-of-period exchange rates of the *Lempira* against the U.S. dollar, and the real exchange rate index:

Foreign Exchange Rates

Year	Average	End of Period	Real Exchange Rate Index
	(L. per U.S.$1.00)[1]		(Base December 2017 = 100)
2021	24.0153	24.3454	105.9
2022	24.4869	24.5978	108.5
2023	24.6016	24.6513	109.2
2024	24.7950	25.3800	109.5
2025	25.9547	26.3737	105.3
2026			
January	26.4142	26.4491	104.6
February	26.4773	26.4932	103.8
March	26.5187	26.5631	103.9
April	26.5704	26.5988	104.2
May	26.6285	26.6608	104.4
June	26.6934	26.7183	N/A[2]

(1) Purchase exchange rate.

(2) Not available.

Source: Central Bank.

SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by, and is subject to, the detailed information appearing elsewhere in this Offering Circular.

The Republic of Honduras

Honduras is Central America's second most populous country, with an estimated population of 9.9 million in 2024, and the second largest in land mass, with an area of 112,492 square kilometers. Honduras is bordered on the north by the Caribbean Sea, on the south by the Pacific Ocean at the Gulf of Fonseca, on the west by the Republic of Guatemala, on the southwest by the Republic of El Salvador and on the southeast by the Republic of Nicaragua.

Honduras is a representative democracy, organized as a republic, with government power divided into three independent and complementary branches: the executive branch, composed of the President and the cabinet secretaries; the legislative branch, composed of the National Congress; and the judicial branch, which includes the Supreme Court of Justice, the Courts of Appeals, the courts of first instance (*Juzgados de Letras*) and Justices of Peace. The President and members of the National Congress are elected in open national elections held every four years. The current President is Nasry Asfura, who was elected on November 30, 2025 with 40.3% of the popular vote.

The power of the executive branch is vested in the President of Honduras and its 22 cabinet secretaries. The President appoints all cabinet secretaries and may remove them at will. Each cabinet secretary is the head of a government agency, called *Secretarías*, responsible for different sectors, such as defense, agriculture, finance, commerce and industry, and tourism.

The National Congress is made up of a single house of 128 publicly elected members who serve four-year terms. Based on the results of the last general elections that took place in November 2025, the composition of the National Congress by political party is as follows:

Political Party	***Number of Seats***
National Party of Honduras (*Partido Nacional de Honduras*)	49
Liberal Party of Honduras (*Partido Liberal de Honduras*)	41
Refoundation and Freedom Party (*Partido Libertad y Refundación*)	35
Innovation and Social Democratic Unity Party (*Partido Innovación y Unidad Social Democrata*)	2
Democratic Christian Party of Honduras (*Partido Demócrata Cristiano de Honduras*)	1

Source: Honduras National Electoral Council

The Supreme Court is made up of 15 justices appointed by the National Congress for seven-year terms, each of whom may be reappointed without a limit of periods.

Economic Performance

GDP

According to preliminary figures, Honduras had a nominal GDP of approximately L.1,027,762.0 million (U.S.$39,669.0 million) in 2025. From 2021 to 2025, Honduras experienced sustained economic growth with real GDP growth averaging 5.5% per annum, which was mainly driven by consumption, exports and public and private investment. Private sector consumption and private investment averaged 82.9% and 18.6%, respectively, of real GDP. Economic performance during this period was bolstered by the inflow of remittances, which recorded an average annual growth of 16.8%. The sectors of the economy that contributed most significantly to this increase were: financial intermediation, which registered an average growth of 12.7% with an average contribution of 3.0% to GDP; manufacturing, which registered an average growth of 3.7% with an average contribution of 0.7% to GDP; commerce, which registered an average growth of 6.2% with an average contribution of 0.6% to GDP; and communications, which registered an average growth of 3.2% with an average contribution of 0.3% to GDP.

Inflation

For 2021, 2022 and 2023, the annual inflation rate was 5.32%, 9.80%, and 5.19%, respectively. In 2024, the annual inflation rate was 3.88%. During 2024, inflation continued to slow down compared to what was observed in 2022 and 2023, mainly influenced by lower food prices; however, prices of certain products, such as services and fuels, remained high. In 2025, the annual inflation rate was 4.98%, mainly due to increases in the prices of food items and non-alcoholic beverages, housing, water, electricity, gas and other fuels, and hotels and restaurants.

Foreign Exchange

On July 21, 2011, the Central Bank modified the fixed exchange rate regime and established a crawling band pursuant to which the exchange rate is permitted to fluctuate, based on daily foreign exchange auctions.

Through Agreement No. 05/2023 of April 10, 2023, the Central Bank reactivated auctions as a mechanism to allocate foreign exchange in the Honduran exchange market, with the aim of generating confidence, conveying certainty, and ensuring an equitable distribution of foreign exchange among various economic agents and the general population. Under the current exchange rate regime and the operational mechanism of the foreign exchange auctions, the Central Bank uses a fluctuating band of one percent (1%) above and below the center of this band, which is comprised of the average of the previous seven days of the base price weighted by 80% plus the average of the previous seven days of the weighted average exchange rate of the foreign exchange auction weighted by 20%.

The exchange rate of the *Lempira* against the U.S. dollar has depreciated gradually in nominal terms since 2021. On December 31, 2021, the exchange rate stood at L.24.3454 = U.S.$1.00, increasing to L.24.5978 = U.S.$1.00 on December 31, 2022, and L.24.6513 = U.S.$1.00 on December 31, 2023. The exchange rate continued to depreciate, reaching L.25.3800 = U.S.$1.00 on December 31, 2024, and L.26.3737 = U.S.$1.00 on December 31, 2025. As of March 31, 2026, the exchange rate stood at L.26.5631 = U.S.$1.00.

Foreign Currency Reserves

Net International Reserves ("NIR") of the CBH in 2021 increased by U.S.$528.8 million. However, in 2022 and 2023, NIR decreased by U.S.$256.1 million and U.S.$865.6 million, respectively. The total NIR amounted to U.S.$8,677.6 million in 2021, U.S.$8,421.5 million in 2022, and U.S.$7,555.9 million in 2023.

As of December 31, 2024, NIR of the CBH amounted to U.S.$8,049.2 million, while the Official Reserve Assets ("ORA") totaled U.S.$8,325.2 million, equivalent to 5.2 months of imports of goods and services.

As of December 31, 2025, NIR of the CBH amounted to U.S.$10,219.1 million, while the ORA totaled U.S.$10,508.5 million, equivalent to 6.0 months of imports of goods and services.

As of March 31, 2026, NIR of the CBH amounted to U.S.$11,152.7 million, while the ORA totaled U.S.$11,439.2 million, equivalent to 6.4 months of imports of goods and services.

Foreign Trade and Balance of Payments

FOB imports of goods as a percentage of nominal GDP decreased from 53.6% in 2021 (U.S.$15,076.5 million) to 46.9% in 2025 (U.S.$18,461.9 million).

In 2024, FOB imports of goods totaled U.S.$17,765.3 million, an increase of U.S.$403.1 million, or 2.3%, compared to 2023. CIF imports of general merchandise ("GM") increased by U.S.$207.8 million, or 1.3%, compared to 2023, amounting to U.S.$16,259.3 million. This was mainly due to increases of food and beverages (U.S.$185.1 million) and transportation equipment (U.S.$154.2 million), partially offset by decreases in other industrial supplies (U.S.$204.4 million) and fuels (U.S.$47.7 million). CIF imports of goods for processing ("GP") totaled U.S.$3,396.6 million, an increase of U.S.$181.4 million, or 5.6%, compared to 2023, mainly due to an increase in imports of textile materials and related manufactures.

In 2024, exports reached U.S.$11,082.5 million, a decrease of U.S.$300.3 million, or 2.6%, compared to U.S.$11,382.7 million in 2023. This was due to a decrease of U.S.$371.7 million in GM exports, mainly of products such as bananas, coffee and palm oil, and was partially offset by an increase of GP exports, mainly electrical machines parts and pieces.

In 2025, FOB imports of goods totaled U.S.$18,461.9 million, an increase of U.S.$696.6 million, or 3.9% compared to 2024. CIF imports of GM totaled U.S.$17,127.5 million, an increase of U.S.$868.2 million, or 5.3%, compared to 2024. This growth was mainly driven by higher imports of industrial supplies (U.S.$612.2 million), food and beverages (U.S.$160.5 million), capital goods (U.S.$157.5 million), partially offset by declines in imports of fuels and lubricants (U.S.$132.8 million) and transport equipment, parts and accessories (U.S.$51.7 million). CIF imports of GP totaled U.S.$3,297.1 million, a decrease of U.S.$99.5 million, or 2.9%, compared to 2024, mainly due to lower imports of textile materials and related manufactures (U.S.$146.8 million).

The current account results as a percentage of nominal GDP increased from a 5.5% deficit in 2021 to a 2.4% surplus in 2025. This was mainly due to an increase of 65.8% in the inflow of balance of transfers, which went from U.S.$7,631.6 million in 2021 to U.S.$12,653.7 million in 2025. The current account deficit in goods and services decreased from 24.3% of nominal GDP in 2021 to 22.1% of nominal GDP in 2025.

In 2024, the current account deficit totaled U.S.$1,615.6 million (4.4% of GDP), an increase of U.S.$166.3 million, or 11.5%, compared to 2023. This was mainly due to a decrease in exports of GM. Additionally, current account remittances totaled U.S.$9,497.6 million (26.5% of GDP), an increase of U.S.$551.3 million, or 6.2%, compared to 2023.

In 2025, the current account recorded a surplus of U.S.$935.7 million (2.4% of GDP), an increase of U.S.$2,551.3 million compared to 2024. This was mainly due to an increase in current account remittances, which totaled U.S.$11,904.4 million in 2025, reflecting a year-over-year increase of U.S.$2,406.8 million, or 25.3%, mainly due to higher amounts of remittances that were anticipated in response to the restrictive immigration measures implemented in the United States. Additionally, exports of goods increased by U.S.$1,144.7 million, or 10.3%, compared to 2024, in part due to increased external sales, favored by historically high international prices of coffee.

Monetary System

The Central Bank and the CNBS are the two regulatory institutions of the Honduran financial system. They issue general rules that financial institutions must comply with to maintain a healthy financial system with a normally operating payment system according to international standards and best practices.

As of December 31, 2025, the outstanding amount of loans provided by commercial banks in Honduras amounted to U.S.$24,990.6 million, representing a decrease of 0.12% (U.S.$31.1 million) compared to December 31, 2024.

Public Sector Finances

In 2024, the fiscal deficit of the Central Administration represented 1.8% of nominal GDP, and the NFPS recorded a deficit of 1.0% of nominal GDP. In 2025, the fiscal deficit of the Central Administration represented 1.9% of nominal GDP, and the NFPS recorded a deficit of 0.7% of nominal GDP.

In 2024, the Central Administration's tax revenue collection totaled U.S.$6,353.9 million, an increase of U.S.$315.2 million, or 5.2%, compared to U.S.$6,038.8 million in 2023. In 2025, according to preliminary figures, the Central Administration's tax revenue collection totaled U.S.$6,641.8 million, an increase of U.S.$287.9 million, or 4.5%, compared to 2024.

In 2024, the Central Administration's current expenditures totaled U.S.$6,417.3 million, an increase of 4.6% compared to U.S.$6,137.8 million in 2023. The increase was mainly due to higher expenditures with salaries and wages. In 2025, the Central Administration's current expenditures totaled U.S.$6,753.9 million, an increase of 5.2% compared to U.S.$6,417.3 million in 2024. The increase was mainly due to higher expenditures with salaries and wages and goods and services.

2025 Budget

On February 5, 2025, the National Congress, through Legislative Decree No. 4-2025, approved the General Budget of Income and Expenditures of the Republic for Fiscal Year 2025 (the "2025 Budget"), which was published in the Official Gazette No. 36,759, dated February 6, 2025.

The 2025 Budget estimates the Central Administration's revenue for 2025 (which includes financing of L.79,074.8 million) at L.266,667.6 million, an increase of 7.2% compared to the 2024 budget. On the expenditure side, it was estimated that the Central Administration was budgeted to spend L.266,667.6 million, including L.79,490.6 million for debt service, and L.11,562.3 million for transfers, which include transfers to the Presidency, the Supreme Court of Justice, the National Congress and other constitutional bodies.

2026 Budget

On April 21, 2026, the National Congress, through Legislative Decree No. 62-2026, approved the General Budget of Income and Expenditures of the Republic for Fiscal Year 2026 (the "2026 Budget"), which was published in the Official Gazette No. 37,124, dated April 23, 2026.

The 2026 Budget estimates the Central Administration's revenue for 2026 (which includes financing of L.65,719.0 million) at L.263,807.1 million, a decrease of 1.1% compared to the 2025 budget. On the expenditure side, it was estimated that the Central Administration was budgeted to spend L.263,807.1 million, including L.71,897.1 million for debt service, and L.12,516.6 million for transfers, which include transfers to the Presidency, the Supreme Court of Justice, the National Congress and other constitutional bodies.

Public Sector Debt

As of December 31, 2025, the total public debt of the Central Government was U.S.$17,969.4 million, of which U.S.$8,672.3 million was internal debt and U.S.$9,297.1 million was external debt. As of December 31, 2025, 36.6% of the total public sector debt of the Central Administration was denominated in *Lempiras* and the remaining 63.4% was denominated in foreign currency. As of December 31, 2025, 65.9% of the Central Government's public sector debt had fixed rates of interest and 34.1% had floating rates of interest.

As of December 31, 2025, the average maturity of all public sector debt of the Central Administration was 9.2 years. While the Central Administration's public sector internal debt had an average maturity of 7.3 years, the Central Administration's public sector external debt had an average lifespan of 11.3 years.

Public Infrastructure Investments

The construction of an efficient road system has become one of the most important pillars of economic and social development in Honduras, both at the national and regional levels. Investment in road infrastructure is expected to bring significant benefits, including improved access to land for productive activities, economic diversification, and the expansion of basic public services. As of March 31, 2026, the Central Government projects a total investment of L.40,187.1 million, including L.32,561.9 million for the transportation sector and L.7,625.2 million for energy projects.

The Central Government signed several public-private partnership contracts for public infrastructure projects. As of December 31, 2025, approximately U.S.$1,720.9 million had been contracted for projects in the infrastructure, energy, ports, and airports sectors, and U.S.$1,276.0 million had been disbursed in connection with these projects.

Poverty

In 2023, the number of households living in poverty reached 64.1%, with extreme poverty at 41.5% and relative poverty at 22.6%. In 2024, the number of households living in poverty reached 62.9%, with extreme poverty at 40.1% and relative poverty at 22.8%. In 2025, the number of households living in poverty reached 60.1%, with extreme poverty at 38.3% and relative poverty at 21.9%. These figures are returning to pre-pandemic levels (approximately 59.3%), as poverty surged in 2021 by more than 10 basis points, reaching 73.6%.

Selected Economic Indicators

	For the year ended December 31,				
	2021	2022	2023	2024	2025
The Economy					
Nominal GDP (L. millions)[1]	675,932.7	769,494.1	845,210.0	917,082.0	1,027,762.0
Nominal GDP (U.S.$ millions)[1][7]	28,106.9	31,406.1	34,435.2	37,065.3	39,669.0
Real GDP growth[1][2]	12.6	4.1	3.6	3.6	3.8
Annual inflation	5.32%	9.80%	5.19%	3.88%	4.98%
Open Unemployment	8.6%	8.9%	6.4%	5.2%	4.9%
Balance of Payments (U.S.$ millions)					
Exports[3]	11,100.1	13,500.6	12,804.9	12,609.2	13,853.9
Imports[3]	17,917.1	22,091.5	20,937.8	21,464.2	22,549.5
Goods and services balance[3]	(6,816.9)	(8,590.9)	(8,132.9)	(8,854.9)	(8,695.6)
Current account surplus (deficit)[3]	(1,537.7)	(2,156.6)	(1,449.3)	(1,615.6)	935.7
As % of GDP[1]	(5.5%)	(6.9%)	(4.2%)	(4.4%)	2.4%
Net international reserves	8,677.6	8,421.5	7,555.9	8,049.2	10,219.1
Non-Financial Public Sector					
Total revenues (U.S.$ millions)[6]	8,431.1	9,314.8	10,078.3	10,631.6	11,315.7
Total expenditures (U.S.$ millions)[6]	9,463.2	9,389.2	10,533.6	10,979.0	11,571.4
Primary balance surplus (deficit)[6]	(653.1)	386.1	62.1	55.6	63.2
As % of GDP[1]	(2.4%)	1.2%	0.2%	0.2%	0.2%
Overall balance surplus (deficit)[6]	(1,032.1)	(74.4)	(455.3)	(347.3)	(255.7)
As % of GDP[1]	(3.7%)	(0.2%)	(1.3%)	(1.0%)	(0.7%)
Public Debt					
Total public debt[7]	15,679.2	16,817.6	16,667.8	17,374.1	17,969.4
Internal debt[4][7]	7,388.5	8,147.4	8,157.0	8,069.9	8,672.3
External debt[5]	8,290.7	8,670.2	8,510.8	9,304.2	9,297.1
Total public debt (% of GDP)[1]	55.8%	53.5%	48.4%	46.9%	45.3%
Public internal debt (% of GDP)[1][4]	26.3%	25.9%	23.7%	21.8%	21.9%
Public external debt (% of GDP)[1][5]	29.5%	27.6%	24.7%	25.1%	23.4%

(1) Revised figures.

(2) Percentage change from previous year.

(3) Goods and services at FOB prices.

(4) Internal Debt: Central Government debt, including non-market securities (e.g., recapitalization bonds of the Central Bank, Corporación Nacional de Inversiones bonds, El Zarzal bonds, agrarian debt, but excluding the Central Bank's zero coupon bonds for quasi-final debt).

(5) External Debt of the Central Government.

(6) Amounts in *Lempiras* have been converted to U.S. dollars using the following (in the framework of the methodology used in National Accounts, an average (credit) exchange rate is used as of the last day of each month):

2021: L.24.0486 = U.S.$1.00
2022: L.24.5014 = U.S.$1.00
2023: L.24.5449 = U.S.$1.00
2024: L.24.7423 = U.S.$1.00
2025: L.25.9085 = U.S.$1.00

(7) Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00
December 30, 2022: L.24.5978 = U.S.$1.00
December 29, 2023: L.24.6513 = U.S.$1.00
December 31, 2024: L.25.3800 = U.S.$1.00
December 31, 2025: L.26.3737 = U.S.$1.00

Source: SEFIN; Central Bank.

The Offering

Issuer	The Republic of Honduras.
Issue Amount	U.S.$815,670,000 aggregate principal amount.
Issue Price	100.000% of the principal amount of the Notes, plus accrued interest, if any, from July 29, 2026.
Issue Date	July 29, 2026.
Maturity Date	July 29, 2036.
Interest	The Notes will bear interest from July 29, 2026 at the rate of 6.400% per annum payable semi-annually in arrears on January 29 and July 29 of each year, commencing on January 29, 2027.
Optional Redemption	Prior to April 29, 2036 (the date that is three months prior to the Maturity Date) (the "Par Call Date"), the Republic may redeem the Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to, but excluding, the redemption date, and (2) 100% of the principal amount of the Notes to be redeemed, plus, in either case, accrued and unpaid interest thereon to, but excluding, the redemption date. On or after the Par Call Date, the Republic may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest on the outstanding principal amount of the Notes to be redeemed to, but excluding, the redemption date. See "Description of the Notes—Optional Redemption."
Withholding Tax; Additional Amounts	Principal of and interest on the Notes are payable by the Republic without withholding or deduction for or on account of taxes imposed by Honduras to the extent described herein. In the event that the Republic is required by law to deduct or withhold taxes, duties, assessments or governmental charges, the Republic will pay Additional Amounts (as defined below) as necessary to enable holders of Notes to receive such amounts after such deduction or withholding as they would have received absent such deduction or withholding, subject to certain exceptions. See "Description of the Notes—Additional Amounts."
Status	The Notes will constitute direct, general, unconditional, unsubordinated and unsecured Indebtedness (as defined below) of the Republic and will rank equally, without any preference among themselves, with all other unsecured and unsubordinated obligations of the Republic, present or future, constituting Public External Indebtedness (as defined below) of the Republic. It is understood that this provision will not be construed so as to require the Republic to make payments under any series of the Notes ratably with payments being made under any other Public External Indebtedness. The

Republic has pledged its full faith and credit for the due and punctual payment of all amounts due in respect of the Notes.

Negative Pledge and Certain Covenants	The Notes contain certain covenants and restrictions on the creation or subsistence of any Lien (as defined herein) securing Public External Indebtedness, with certain exceptions. See "Description of the Notes—Covenants—Negative Pledge."
Use of Proceeds	The net proceeds from the issuance and sale of the Notes, after deducting estimated offering expenses and the Initial Purchasers' commissions and discounts, will be approximately U.S.$814,621,680. Honduras will use the net proceeds of the offering (i) in part, for liability management transactions, which may include payment of the purchase price for all or a portion of outstanding notes that Honduras may purchase pursuant to its Tender Offer (as defined below), on the terms and subject to the conditions of the Tender Offer, and/or (ii) for general budgetary purposes. The notes that Honduras may purchase in the Tender Offer are its 6.250% Notes due 2027, with an outstanding principal amount of U.S.$700,000,000 as of July 14, 2026 and which will mature on January 19, 2027. Certain of the Initial Purchasers or their affiliates may hold positions in the notes that are subject to the Tender Offer and, accordingly, may receive a portion of the proceeds from this offering to the extent they tender such notes in the Tender Offer. The Initial Purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.
Concurrent Tender Offer	Honduras has announced a liability management transaction consisting of a tender offer to purchase for cash its 6.250% Notes due 2027 (the "Tender Offer") subject to the terms and conditions of the Tender Offer. This Offering Circular does not constitute a solicitation of an offer to sell any securities of Honduras in the Tender Offer.
Collective Action Clauses	The Notes will be issued pursuant to an indenture that contains provisions permitting future modifications to any term of the Notes without the approval of all the holders of the Notes. Under these provisions, the Republic may amend the payment provisions of any series of debt securities issued by the Republic and other reserve matters listed in the indenture with the consent of the holders of: (1) more than 75% of the aggregate principal amount of the outstanding debt securities of a series affected by the proposed modification; (2) with respect to two or more series of debt securities, if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the then aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually. See "Description of the Notes—Collective Action Securities, Modifications, Amendments and Waivers."
Form of Notes	The Notes will be issued in the form of global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its participants (including, direct and indirect participants, such as Euroclear and Clearstream). Notes in definitive certificated form will not be issued in exchange for the Global Notes except under limited circumstances. For a description of certain factors relating to clearance and settlement, see "Book-Entry Settlement and Clearance."

Denominations	Each Note will be issued in minimum denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.
Further Issues	From time to time, the Republic may, without the consent of holders of the Notes create and issue additional Notes with the same terms and conditions as the Notes (except the amount of the first interest payment, the issue date and the issue price), provided, however, that any additional Notes subsequently issued shall be fungible with the Notes for U.S. federal income tax purposes. Additional Notes issued in this manner will be consolidated with and will form a single series with the Notes.
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	The Notes and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, except that all matters concerning authorization and execution by the Republic will be governed by the laws of the Republic.
Transfer Restrictions	The Notes have not been registered under the Securities Act. As a result, the Notes are subject to limitations on transferability and resale. For more information, see "Transfer Restrictions."
Trustee, Principal Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon.
Risk Factors	You should carefully consider all of the information in this Offering Circular. See "Risk Factors" in the Offering Circular for a description of the principal risks involved in making an investment in the Notes. Risk Factors Relating to the Notes • An active trading market may not develop for the Notes, which may hinder your ability to liquidate your investment. • The Notes will contain provisions that permit Honduras to amend the payment terms without the consent of all holders. • The ability of holders to transfer Notes in the United States and certain other jurisdictions will be limited. Risk Factors Relating to Honduras • Honduras is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it. • Political and social developments in Honduras could have a material adverse effect on the Honduran economy and on Honduras' ability to make payments on its outstanding public debt, including the Notes. • Honduras, under the government of President Xiomara Castro, withdrew from the International Centre for Settlement of Investment Disputes ("ICSID") Convention which may adversely affect Honduras and its ability to repay the Notes. • Honduras may be subject to legal proceedings, disputes, claims and administrative proceedings arising in the ordinary course. If the outcomes of these proceedings are adverse to Honduras, it could have a material adverse effect on Honduras' financial condition and Honduras' ability to repay the Notes. • A decline in international prices for commodities or Honduran products could have a material adverse effect on the Honduran economy and Honduras' ability to make payments on its outstanding public debt, including the Notes.

- Future political support for current economic policies, including servicing of Honduras' outstanding public debt, cannot be assured.
- Honduras may be unable to obtain financing on satisfactory terms in the future, which could have a material adverse effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.
- A significant decrease in remittances from Hondurans living abroad could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.
- Any significant real depreciation of the Lempira against the U.S. dollar or other major currencies could have a material adverse effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.
- Any revision to our official financial or economic data resulting from any subsequent review of such data by the Central Bank or other government entities could have a material adverse effect on the interests of our creditors, including any purchasers of the Notes.
- Certain economic risks are inherent in any investment in an emerging market country such as Honduras.
- Honduras' economy has been vulnerable to external shocks, such as the global economic crisis, and remains vulnerable to those that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects.
- The ratings of Honduras may be lowered or withdrawn.
- Honduras may be adversely affected by weather systems, such as hurricanes and tropical systems.
- Failure to address actual and perceived corruption effectively may adversely affect Honduras.
- Failure to address actual and perceived drug trafficking activities and related crime may adversely affect Honduras.
- Cutbacks in U.S. aid to Honduras could impair important initiatives of the government of Honduras.
- Any attempt by the United States to withdraw from or materially modify DR-CAFTA and certain other international trade agreements could adversely affect Honduras' economy.

See "Risk Factors" below for a discussion of certain factors you should consider before deciding to invest in the Notes.

RISK FACTORS

This section describes certain risks associated with investing in the Notes. You should consult your financial and legal advisors about the risk of investing in the Notes. Honduras disclaims any responsibility for advising you on these matters.

Risk Factors Relating to the Notes

An active trading market may not develop for the Notes, which may hinder your ability to liquidate your investment.

Honduras has been advised by the Initial Purchasers that they intend to make a market in the Notes but are not obligated to do so and may discontinue market making at any time without notice. The Notes will be a new issue of securities with no established trading market. 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. However, no assurance can be given as to the liquidity of the trading market for the Notes. The price at which the Notes will trade in the secondary market is uncertain. In addition, the liquidity of the trading market in the Notes as well as the market price quoted for the Notes, may be adversely affected by changes in the overall market for fixed income securities and by changes in our financial performance or prospects. As a result, we cannot assure you that an active trading market will develop or be sustained for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all.

The Notes will contain provisions that permit Honduras to amend the payment terms without the consent of all holders.

The Notes will contain provisions, commonly known as "collective action clauses," regarding acceleration and voting on future amendments, modifications and waivers that differ from those applicable to certain of the Republic of Honduras' outstanding Public External Indebtedness (as defined herein). Under these provisions, which are described in the sections entitled "Description of the Notes—Events of Default" and "—Collective Action Securities, Modifications, Amendments and Waivers," the Republic of Honduras may amend (1) the payment provisions of debt securities, including the Notes, with the consent of more than 75% of the aggregate principal amount of the outstanding debt securities of a series affected by the proposed modification; (2) with respect to two or more series of debt securities, if certain "uniformly applicable" requirements are met, more than 75% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate; or (3) with respect to two or more series of debt securities, whether or not the "uniformly applicable" requirements are met, more than 66⅔% of the aggregate principal amount of the outstanding debt securities of all series affected by the proposed modification, taken in the aggregate, and more than 50% of the then aggregate principal amount of the outstanding debt securities of each series affected by the proposed modification, taken individually except as described herein.

The ability of holders to transfer Notes in the United States and certain other jurisdictions will be limited.

The Notes issued pursuant to this offer will not be registered under the Securities Act, and therefore, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws. Offers and sales of the Notes may also be subject to transfer restrictions in other jurisdictions. You should consult your financial or legal advisors for advice concerning applicable transfer restrictions with respect to the Notes.

Risk Factors Relating to Honduras

Honduras is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it.

Honduras is a foreign sovereign state. As a result, it may be difficult or impossible for investors to obtain or enforce judgments against Honduras, whether in an investor's own jurisdiction or elsewhere. Further, a judgment obtained in the United States against the Republic, where the Republic was not duly served or where the Republic was not afforded the right to defend itself in court, may be unenforceable in Honduras. Under the laws of the Republic, the revenues and property of the Republic in Honduras are exempt from attachment or other form of execution, whether before or after judgment. See "Enforcement of Civil Liabilities."

Political and social developments in Honduras could have a material adverse effect on the Honduran economy and on Honduras' ability to make payments on its outstanding public debt, including the Notes.

Honduras has, from time to time, experienced social and political turmoil, including riots, nationwide protests, *coup d'états*, strikes and street demonstrations, which have undermined Honduras' policy predictability and economic stability. Future government policies to preempt or respond to social unrest could include, among other things, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies.

These policies, as well as related negative changes in the political environment in Honduras, could destabilize and adversely affect the Honduran economy and Honduras' ability to make payments on its outstanding public debt, including the Notes.

Honduras, under the government of former President Xiomara Castro, withdrew from the ICSID Convention, which may adversely affect Honduras and its ability to repay the Notes.

In February 2024, under the government of former President Xiomara Castro, Honduras sent a formal notice of withdrawal from the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. The withdrawal took effect in August 2024.

As part of the current administration's strategy to strengthen Honduras' international standing and investment climate, Honduras signed the ICSID Convention in March 2026 to formalize its re-accession. Pursuant to the constitutional procedure established under Articles 16, 215 and 216 of the Constitution of Honduras, the Convention is currently undergoing approval by the National Congress. Following such expected approval, the Convention is expected to be ratified by the President of the Republic and published in the Official Gazette (La Gaceta) in accordance with the requirements for its incorporation into the domestic legal order. Thereafter, Honduras would subsequently deposit its instrument of ratification with the World Bank, acting in its capacity as depositary of the ICSID Convention. Upon such deposit, and in accordance with Article 68(2) of the ICSID Convention, the Convention will enter into force for Honduras 30 days thereafter.

Although the withdrawal did not have any legal effect on cases already underway against Honduras prior to the effectiveness of the withdrawal, and Honduras has now taken steps toward re-accession, the withdrawal may reduce investor confidence in Honduras' commitment to protecting foreign investments, which could lead to decreased foreign investment inflows. Lower investment levels can negatively impact economic growth and government revenue, affecting the ability to service debt, including the Notes.

Honduras may be subject to legal proceedings, disputes, claims and administrative proceedings arising in the ordinary course. If the outcomes of these proceedings are adverse to Honduras, it could have a material adverse effect on Honduras' financial condition and Honduras' ability to repay the Notes.

Honduras currently is, or in the future may be, involved in legal proceedings arising from time to time in the ordinary course and, as such, could incur substantial judgments, fines, legal fees, or other costs. See "General Information."

Claims arising out of actual or alleged violations of law have been asserted against Honduras by individuals, either individually or through class actions, or by other entities. Certain of these matters include claims for substantial or indeterminate amounts of damages and include claims for injunctive or equitable relief. The damages sought against Honduras in these matters could be substantial. Additionally, Honduras' legal costs for any of these matters, either alone or in the aggregate, could be significant. Therefore, if these legal proceedings are determined adversely to Honduras, they could have a material adverse effect on Honduras' financial condition and Honduras' ability to pay the Notes.

A decline in international prices for commodities or Honduran products could have a material adverse effect on the Honduran economy and Honduras' ability to make payments on its outstanding public debt, including the Notes.

The structure of the Honduran economy is dependent on revenues from the export of coffee, bananas, palm oil, cultured shrimp, plastics, preparations of legumes and fruits, among other commodities and products. See "The Honduran Economy—Principal Sectors of the Economy—Agriculture, Livestock, Hunting, Forestry and Fishing" and "Foreign Trade and Balance of Payments—Composition of Foreign Trade—Exports." Honduras can make no assurances that revenues from such commodities and other products will not experience fluctuations as a result of changes in international markets. A decline in international prices for such commodities or other products could adversely affect the Honduran economy, fiscal accounts and international reserves. Additionally, Honduras' production capacity could decrease due to plant disease or producers' inability or failure to make the necessary capital expenditures. These circumstances could have a material adverse effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.

Future political support for current economic policies, including servicing of Honduras' outstanding public debt, cannot be assured.

Changes in the government could lead to a shift in government economic policies that could affect the proportion of Honduras' budget devoted to public debt payments, or have other adverse effects on Honduras' ability to meet its outstanding public debt obligations in the future, including its obligations under the Notes.

Honduras may be unable to obtain financing on satisfactory terms in the future, which could have a material adverse effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.

Honduras' future tax revenue and fiscal results may be insufficient to meet Honduras' debt service obligations or otherwise satisfy quantitative or qualitative requirements under Honduras' existing indebtedness, including loans from multilateral financial institutions, such as the IMF. In such case, Honduras may have to rely on additional financing from domestic and international capital markets in order to meet future debt service obligations. In the future, Honduras may not be able or willing to access international or domestic capital markets or obtain financing from multilateral financial institutions, such as the IMF, and therefore Honduras ability to service its outstanding public debt, including the Notes, could be adversely affected.

A significant decrease in remittances from Hondurans living abroad could have a material adverse effect on our ability to make payments on our outstanding public debt, including the Notes.

According to estimates from the American Community Survey of the U.S. Census Bureau, in 2024, there were 1,041,077 people living in the United States of America who were born in Honduras. According to the Remittances Survey at the Honduran Consulates in the United States of America, conducted by the Central Bank, 80.7% of interviewees (Hondurans living in the United States of America) responded that they regularly send remittances to Honduras. This highlights the importance of remittances to Honduras' economy, as they serve as a significant source of secondary income. In 2025, the inflow of remittances to Honduras reached 31.0% of nominal GDP, which places the country as one of the largest recipients of remittances in Latin America.

Remittances from Hondurans living abroad, which are primarily in U.S. dollars, are one of the Republic's most important sources of foreign currency. See "Foreign Trade and Balance of Payments." In 2021, remittances (in both current and capital accounts) to Honduras totaled U.S.$7,421.5 million, or 26.4% of GDP. In 2022, remittances to Honduras totaled U.S.$8,744.2 million or 27.8% of GDP. In 2023 and 2024, total remittances to Honduras reached U.S.$9,241.6 million and U.S.$9,811.0 million, respectively, or 26.8% and 26.5% of GDP, respectively. As of December 31, 2025, according to foreign exchange records, workers' remittances (current account) amounted to U.S.$11,904.4 million, while capital account remittances totaled U.S.$392.9 million, resulting in total remittance of U.S.$12,297.3 million, equivalent to 31.0% of nominal GDP.

The current presidential administration in the United States has issued a number of executive orders announcing plans to restrict immigration and increase deportations. These plans include: increased border security measures to limit border crossings into the U.S., suspension of refugee resettlement, suspension of physical entry into the U.S. by migrants seeking asylum, and limiting birthright citizenship.

On July 4, 2025, U.S. President Trump signed the One Big Beautiful Bill Act (the "OBBBA"), a sweeping tax and spending law with significant fiscal policy changes, including new excise tax imposed on certain remittance transfers. Pursuant to the OBBBA, effective January 1, 2026, a 1% remittance transfer tax applies to remittances sent from the United States to recipients in foreign countries when the sender provides cash, a money order, a cashier's check, or other similar physical instrument to the remittance transfer provider. The sender is liable for the tax, and remittance transfer providers are required to collect the remittance transfer tax from senders.

On July 7, 2025, the U.S. Department of Homeland Security announced the termination of Temporary Protected Status ("TPS") for Honduras. Honduras was designated for TPS in 1999 after the impact of Hurricane Mitch in 1998. The U.S. government assessed that it is now safe for Honduran nationals to return home, based on a U.S. Citizenship and Immigration Services review of the conditions in Honduras and in consultation with the Department of State, and as a result, conditions in Honduras no longer support its designation for TPS. Honduras' TPS designation and related benefits terminated on September 8, 2025. In June 2026, the U.S. Supreme Court ruled that federal courts have no authority to review the Secretary of Homeland Security's decision to terminate TPS designations.

The implementation of these or other similar policies could reduce the flow of remittances to Honduras. A significant decrease in remittances could lead to a depreciation of the *Lempira* and adversely affect Honduras' ability to honor its financial obligations.

Any significant real depreciation of the Lempira against the U.S. dollar or other major currencies could have a material adverse effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.

Any significant real change in the value of the *Lempira* against the U.S. dollar or other major currencies might adversely affect the Honduran economy and its financial condition, which could have a negative effect on Honduras' ability to make payments on its outstanding public debt, including the Notes.

Any revision to our official financial or economic data resulting from any subsequent review of such data by the Central Bank or other government entities could have a material adverse effect on the interests of our creditors, including any purchasers of the Notes.

Certain financial and economic information presented in this Offering Circular may be subject to routine revision and subsequently be materially adjusted or revised to reflect new or more accurate data as a result of the periodic review of our official financial and economic statistics. Such revisions could reveal that our economic and financial conditions as of any particular date are materially different from those described in this Offering Circular. We can offer no assurance that such adjustments or revisions will not have a material adverse effect on the interests of our creditors, including any purchasers of the Notes.

Certain economic risks are inherent in any investment in an emerging market country such as Honduras.

Investing in an emerging market country such as Honduras carries economic risks. These risks include many different factors that may affect Honduras' economic results, including the following:

- interest rates in the United States and financial markets outside Honduras;
- changes in economic or tax policies in Honduras;
- the imposition of trade barriers by Honduras' trade partners;
- general economic and business conditions in Honduras, Latin America or global markets;
- changes in capital markets in general that may affect policies or attitudes towards investing in Honduras;
- the ability of Honduras to effect key economic reforms;
- high levels of inflation or deflation;
- the impact of hostilities or political unrest in other countries that may affect international trade, commodity prices and the global economy;
- the decisions of international financial institutions regarding the terms of their financial assistance to Honduras;
- changes in the value of the currency;
- internal security issues;
- the public health crisis and economic shutdowns caused by the COVID-19 pandemic, any subsequent wave or resurgence and/or new pandemic; and
- increases in oil and commodity prices or of other imports of Honduras.

Any of these factors, as well as volatility in the markets for securities similar to the Notes, may adversely affect the liquidity of, and trading markets for, the Notes. See "Forward-Looking Statements" in this Offering Circular.

Honduras' economy has been vulnerable to external shocks and remains vulnerable to shocks that could be caused by future significant economic difficulties of its major regional trading partners or by more general "contagion" effects.

Emerging-market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

A significant decline in the economic growth of any of Honduras' major trading partners could adversely affect Honduras' economic growth. In particular, a decline in economic growth in the United States could affect our exports and the level of remittances received in Honduras, which in turn can affect Honduras' balance of payments and domestic demand. In addition, because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavored by international investors, Honduras could be adversely affected by negative economic or financial developments in other emerging market countries.

There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the countries in Latin America, including Honduras. In addition, there can be no assurance that these events will not adversely affect Honduras' economy, its ability to raise capital in the external debt markets in the future or its ability to service its public debt, including the Notes.

The ratings of Honduras may be lowered or withdrawn.

On September 22, 2017, Moody's Investors Service ("Moody's") upgraded Honduras' long-term issuer rating and senior unsecured bond rating from B2 to B1. On the same date, Moody's upgraded the foreign currency and local currency issuer ratings from B2 to B1. On August 1, 2024, Moody's affirmed Honduras' rating, maintaining a stable outlook. Most recently, on July 18, 2025, Moody's affirmed Honduras' long-term local and foreign currency issuer ratings and senior unsecured ratings at B1, maintaining a stable outlook. The affirmation reflected Honduras' relatively strong fiscal position, low and stable debt burden, and steady economic growth, despite structural constraints from low levels of economic development and relatively weak institutions and governance.

On July 18, 2017, Standard & Poor's ("S&P") raised its long-term foreign and local currency sovereign credit ratings for Honduras to BB- from B+, with a stable outlook. At the same time, S&P affirmed its B short-term foreign and local currency sovereign credit ratings. On July 21, 2022, S&P affirmed the BB- rating and revised the outlook from stable to negative. On September 29, 2023, S&P affirmed the BB- rating and revised the outlook from negative to stable. On September 20, 2024, S&P affirmed the BB- rating and revised the outlook from stable to negative. Most recently, on March 26, 2026, S&P revised Honduras' outlook from negative to stable and affirmed its BB-/B long- and short-term sovereign credit ratings. According to S&P, the outlook revision reflected reduced political uncertainty following the 2025 electoral process, a renewed commitment to fiscal consolidation, and an improved relationship between the government, the private sector, and international financial institutions.

Ratings address the creditworthiness of Honduras and the likelihood of timely payment of Honduras' long-term bonds. Ratings are not a recommendation to purchase, hold or sell securities and may be changed, suspended or withdrawn at any time. The Republic's ratings and the rating outlooks assigned to the Republic are dependent upon economic conditions and other factors affecting credit risk that are outside the control of the Republic. Any adverse change in the Republic's credit ratings could adversely affect the trading price for the Notes. Each rating should be evaluated independently of the others. Detailed explanations of the ratings may be obtained from the rating agencies.

Honduras may be adversely affected by weather systems, such as hurricanes and tropical systems.

In prior years, Honduras has been affected by major weather systems and events, ranging from hurricanes to drought. The 2020 hurricane season was devastating for Honduras. The country was hit by tropical storm Eta on November 5, 2020, and three weeks later, on November 18, 2020, by Hurricane Iota. The total damages caused by these natural phenomena are estimated at approximately L.52,099 million. The total impacts of the disaster on the public sector were approximately L.9,049 million.

In November 2024, tropical storm Sara hit Honduras, bringing widespread rains and substantially impacting residents and businesses, particularly in agricultural areas. The total effects caused by tropical storm Sara are estimated at approximately L.6,200 million (U.S.$249 million).

In 2026, the current "El Niño" weather pattern developing in the Pacific Ocean could cause drought, excessive heat and other climactic effects which could have a significant impact on the Honduran economy.

Honduras may suffer major weather systems in the future and the economic losses resulting from such systems may have an adverse effect on the Republic's ability to repay the Notes.

Failure to address actual and perceived corruption effectively may adversely affect Honduras.

Honduras ranked 157 out of 182 countries in the Corruption Perceptions Index of 2025 produced by Transparency International. In 2023, Ricardo Arturo Salgado Bonilla, former Minister of Strategic Planning of Honduras, was included in the report presented to the U.S. Congress, pursuant to Section 353(b) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, for allegedly directing coordinated efforts of the LIBRE political party, including intimidation tactics, to suppress dissent.

The government of Honduras has supported various anti-corruption programs, including with the Organization of American States through its Support Mission Against Corruption in Honduras ("MACCIH") and the Government's *Plan de Acción de Estado Abierto Honduras* 2018-2020 (the "Transparency Plan"). The International Commission against Corruption and Impunity in Honduras ("CICIH") was another proposed international mechanism aimed at addressing corruption and impunity in Honduras, requested by former President Xiomara Castro from the United Nations Secretary-General. Many of these programs were not successfully implemented.

The failure by Honduras to address actual and perceived corruption may negatively impact investors' views of Honduras and valuations of the Notes which could have an adverse effect on the Republic's ability to repay the Notes.

Failure to address actual and perceived drug trafficking activities and related crime may adversely affect Honduras.

Travel alerts issued by the U.S. Department of State Bureau of Consular Affairs, the most recent as of July 17, 2023, call for caution in some areas of Honduras due to an increased risk of crime and kidnapping. In addition, certain former government officials have been tried and convicted in the United States on charges related to drug trafficking. See "The Republic of Honduras—Corruption and Drug Trafficking."

Perceptions about drug trafficking and related crime in Honduras could tarnish the country's reputation, potentially reducing international tourism, foreign investment and economic growth in Honduras. A weaker economy would impact the government's revenue and its ability to service its debt, including the Notes.

Cutbacks in U.S. aid to Honduras could impair important initiatives of the Honduran government.

The United States has provided foreign assistance to Honduras over the years to support a wide range of activities, including in the areas of counter-narcotics, anti-money laundering, anti-corruption, education, economic and legal reforms. Current assistance to Honduras is guided by the U.S. Strategy for Engagement in Central America, which is designed to promote economic prosperity, strengthen governance and improve security in the region.

From 2021 to 2025, the United States, through various agencies, provided U.S.$926.3 million in bilateral, regional, centrally managed, and humanitarian assistance to Honduras.

The United States provided over U.S.$1 billion in aid to the Central American countries of El Salvador, Guatemala, and Honduras in fiscal year 2022, including U.S.$450 million in development funds as part of the U.S. Government's Strategy for Addressing the Root Causes of Migration in Central America. On March 25, 2024, the U.S. Government announced an additional U.S.$1 billion in new private sector commitments, bringing the total of new commitments to more than U.S.$5.2 billion since May 2021. The funding includes projects in El Salvador, Guatemala, and Honduras, aimed at addressing the root causes of migration by ensuring that the people of Northern Central America have opportunities to thrive in their own communities. The funding supports programs that increase economic opportunities, promote good governance and transparency, and reduce crime and violence.

Honduras received disbursements from the U.S. in the amounts of: U.S.$158.1 million in 2021, U.S.$181.3 million in 2022, U.S.$211.1 million in 2023, U.S.$223.9 million in 2025, and U.S.$151.9 million in 2025.

On January 20, 2025, the presidential administration in the United States issued an executive order announcing a policy to reevaluate and realign U.S. foreign aid with American foreign policy interests. This order included a 90-day pause in foreign development assistance while the government reviews foreign assistance programs and determines whether to continue, modify or cease each program. Accordingly, on January 26, 2025, the U.S. State Department confirmed that it had paused all U.S. foreign assistance funded by or through the State Department and USAID for review. Further, on February 3, 2025, the U.S. government announced plans to shut down USAID, with its programs expected to be overseen by the State Department going forward. The reevaluation of U.S. foreign aid programs may result in a decrease in aid to Honduras.

Additionally, in response to U.S. plans to restrict immigration and increase deportations, the Republic has stated that it may consider ending cooperation with the U.S. military, which currently maintains a military presence at bases in Honduras. These statements could impact the Republic's relationship with the U.S. and subsequent foreign aid.

Cutbacks in the United States' foreign assistance to Honduras could impair important initiatives undertaken by the government of Honduras in the areas of counter-narcotics, anti-money laundering, anti-corruption, education, economic and legal reforms, which could adversely affect your investment in the Notes.

Any attempt by the United States to withdraw from or materially modify DR-CAFTA and certain other international trade agreements could adversely affect Honduras' economy.

United States President Donald J. Trump has made comments suggesting that he was not supportive of existing multilateral international trade agreements. The United States has renegotiated NAFTA, imposed steel tariffs, imposed tariffs on China and threatened tariffs on the European Union, Mexico and other trading partners. At this time, it remains unclear what the United States would or would not do with respect to other such international trade agreements in the future. If the United States takes action to withdraw from or materially modify DR-CAFTA or certain other international trade agreements, Honduras' economy could be adversely affected, which could adversely affect Honduras' ability to service its debt, including the Notes.

USE OF PROCEEDS

The net proceeds from the issuance and sale of the Notes, after deducting estimated offering expenses and the Initial Purchasers' commissions and discounts, will be approximately U.S.$814,621,680. Honduras will use the net proceeds of the offering (i) in part, for liability management transactions, which may include payment of the purchase price for all or a portion of outstanding notes that Honduras may purchase pursuant to its Tender Offer, on the terms and subject to the conditions of the Tender Offer, and/or (ii) for general budgetary purposes.

The notes that Honduras may purchase in the Tender Offer are its 6.250% Notes due 2027, with an outstanding principal amount of U.S.$700,000,000 as of July 14, 2026 and which will mature on January 19, 2027.

Certain of the Initial Purchasers or their affiliates may hold positions in the notes that are subject to the Tender Offer and, accordingly, may receive a portion of the proceeds from this offering to the extent they tender such notes in the Tender Offer. The Initial Purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.

THE REPUBLIC OF HONDURAS

Territory, Population and Society

The Republic of Honduras (the "Republic" or "Honduras") is Central America's second most populated country, with an estimated population of 9.9 million people in 2024 according to the Institute of National Statistics ("INE"), and second largest in land mass, with an area of 112,492 square kilometers. Honduras is bordered on the north by the Caribbean Sea, on the south by the Pacific Ocean at the Gulf of Fonseca, on the west by the Republic of Guatemala, on the southwest by the Republic of El Salvador and on the southeast by the Republic of Nicaragua.

The Honduran territory consists mainly of mountains; however, there are narrow plains along the coasts, a large undeveloped lowland jungle in the northeast in *La Mosquitia* region, and the heavily populated lowland Sula valley in the northwest. In *La Mosquitia* lies the *Río Plátano* Biosphere Reserve, a lowland rainforest. This reserve was added to the United Nations Educational, Scientific and Cultural Organization ("UNESCO") World Heritage Sites List in 1982.

By virtue of its geographic location, Honduras experiences two seasons, rainy and dry. The temperature in Honduras is relatively stable, as it fluctuates throughout both seasons not more than approximately 5°C (41°F). The temperature in different regions, as is the case for other tropical countries, is entirely dependent on each region's elevation above sea level. Average temperatures reach 32°C (90°F) in certain regions and 20°C (68°F) in others.

Although severe tropical storms can occur at any time of the year, the rainy season runs from May to November in the interior part of the country and from September to January along the north coast and Bay Islands. Honduras has periodically suffered directly from hurricanes, which have a greater propensity during the period from August to November.

The Honduran population is 90% Mestizo, which is a mixture of European and American Indian, 7% Amerindian, 2% Afro-Honduran, and 1% Anglo-American. As of October 2023, approximately 55.6% of the population resided in urban areas and 44.4% resided in rural areas. The capital city is Tegucigalpa, which is located in the Central District within the department of Francisco Morazán. The Central District had a population of approximately 1.3 million in 2023. San Pedro Sula is the commercial and industrial center of the country.

The average annual population growth rate in Honduras was 1.6% during the 2020 to 2023 period. Most of the population is Roman Catholic.

In 2024, total remittances (i.e. including current account and capital account) from Hondurans abroad amounted to U.S.$9,811.0 million, representing 26.5% of GDP.

According to estimates from the American Community Survey of the U.S. Census Bureau, in 2024, there were 1,041,077 people living in the United States of America who were born in Honduras. In 2025, total remittances (i.e. including current account and capital account) from Hondurans abroad amounted to U.S.$12,297.3 million, representing 31.0% of GDP.

As of December 31, 2024, approximately 88.8% of the adult population in Honduras was literate. Although the Political Constitution of the Republic of Honduras of 1982 (the "Constitution"), as modified, states that the Central Government must provide free primary education for every child between the ages of seven and 14, as of 2024, basic education coverage for children between the age of six and eleven was 90.8%. The World Bank classifies Honduras as a lower-middle income country.

The country faces significant challenges related to political reconciliation, implementing structural fiscal reforms to improve macroeconomic performance and strengthening crime and violence prevention. As of December 31, 2025, 60.1% of Honduran households lived in poverty, of which 38.3% lived in extreme poverty.

In 2025, the remittances flow to Honduras grew by 25.3% compared to 2024, totaling U.S.$12,297.3 million.

In September 1992, the International Court of Justice resolved a border dispute between Honduras and El Salvador and awarded most of the disputed territories to Honduras. The border demarcation process, in which both parties were involved in accordance with the decision of the International Court of Justice, was completed in 2008.

On November 16, 2022, Belize brought a dispute to the International Court of Justice seeking a ruling affirming its sovereignty over the Sapodilla Cayes. The case is underway, with both countries presenting their arguments. Honduras has claimed the Sapodilla Cayes as part of its territory since 1982.

On March 19, 2024, Honduras ratified a maritime boundary treaty signed with Nicaragua in 2021. This treaty defines the extent of both countries in the Gulf of Fonseca and resolves border conflicts in both the Caribbean Sea and the Pacific Ocean. The ratification of the treaty by the Honduran Congress represents a significant step towards the resolution of historical disputes between both countries.

The following table sets forth information on per capita gross national income, average life expectancy, adult literacy rates and education enrollment ratios in certain Central American countries and the United States, as reported by the United Nations Development Program:

Selected Comparative Social Statistics for the Periods Indicated

	Honduras	El Salvador	Nicaragua	Guatemala	Costa Rica	United States
Per Capita GNI[(1)]	U.S.$6,065	U.S.$10,595	U.S.$6,881	U.S.$12,459	U.S.$23,417	U.S.$73,650
Average life expectancy[(2)]	72.9	72.1	74.9	72.6	80.8	79.3
Adult literacy rate[(3)]	89%	90%	83%	83%	98%	N/A
Mean years of schooling[(4)]	7.5	7.3	9.9	5.8	8.8	13.9
Expected years of schooling[(4)]	10.2	11.1	11.5	10.7	16.3	15.9

(1) Gross National Income based on 2023 figures, adjusted for purchasing power parity.

(2) In years for 2023.

(3) Percentage of the population ages 15 and older who can, with understanding both read and write a short simple statement on their everyday life. El Salvador 2023, Costa Rica 2021, Guatemala 2022, Honduras 2023, Nicaragua 2015.

(4) 2023 data or the most recent year available.

Source: Human Development Report 2025, United Nations Development Program.

Historical Background

Prior to the 16th century, various indigenous tribes occupied the territory that is now Honduras, most notably the Mayas. Much of the country was conquered in the early 16th century by Spain, which introduced Spanish, the now predominant language. Honduras declared its independence from Spain in 1821 and was for a time part of the Mexican Empire. Since 1838 it has been an independent republic. Comayagua was the capital of Honduras until 1880, when it was changed to Tegucigalpa.

Honduras suffered continuous civil turmoil and foreign interventions throughout the nineteenth century, which brought relative economic and social stagnation. The country remained mostly rural and by 1914 the population had grown to 562,000 from 350,000 in the early 1850s.

Liberal policies that favored international trade and investment were implemented in the 1870s, prompting foreign investment to focus on the export industry. Banana exporting companies built an independent economy. This marked the beginning of direct and total control by foreign investors of banana production and marketing. As a result, thousands of workers traveled to the north coast to work in the banana plantations and other industries located in northern Honduras. The fruit companies commandeered the infrastructure and created self-sufficient, tax-exempt sectors that contributed relatively little to the economic growth of the rest of the country. In addition to drawing many Central American workers to the north, the fruit companies also encouraged immigration of workers from the English-speaking Caribbean, most notably Jamaica and Belize.

Constitutional crises in the 1940s led to reforms in the 1950s. As a result of one of such reforms, workers were given permission to unionize, which led to a general strike in 1954 that paralyzed the northern part of the country for more than two months. In October 1955, a provisional military junta was installed, replacing former United Fruit Company lawyer and then President, Juan Manuel Galvez. The junta remained in power until 1957, when it organized constituent assembly elections and the newly elected Constitutional Assembly appointed Ramón Villeda as President for a six-year term.

The Villeda administration obtained funds from the International Monetary Fund ("IMF") to stabilize the Republic's currency and from the World Bank to foster infrastructure development. Among other efforts to improve and modernize Honduras, the Villeda administration introduced a new labor code, established a social security system, and began a program of agrarian reform. These reforms produced increasing opposition among certain sectors of Honduran society, which resulted in another military coup in October 1963 that prevented elections and ousted Villeda.

From 1963, the military command of the armed forces established a military government that lasted until 1981. A constituent assembly was elected by popular vote in April 1980, and the first democratic and general elections were held in November 1981. In 1982, a new constitution was approved, which remains in effect, and Roberto Suazo assumed power.

During the Suazo administration, there was a significant expansion of the role of the United States in Honduras, both as policy advisor and as a source of military and economic aid, as the U.S. government tried to stop the advances of what it considered to be pro-Soviet forces in Central America.

On January 27, 1998, Carlos Roberto Flores took office as Honduras' fifth democratically elected President since free elections were restored in 1981. Flores implemented IMF programs aimed at reforming and modernizing the government and economy, with emphasis on fiscal health and improving international competitiveness. President Flores was succeeded by Ricardo Maduro Joest, who was elected on November 25, 2001 in open elections supervised by international observers and regarded as free, fair and peaceful.

José Manuel Zelaya Rosales of the Liberal Party of Honduras won the presidential elections held on November 27, 2005. On June 28, 2009, the Honduran Supreme Court ordered the removal of President Zelaya after his decision to conduct a referendum that, if approved, would have allowed him to convene a national constituent assembly and eventually replace the Constitution, which drew widespread international condemnation. The National Congress appointed Roberto Micheletti as interim President the following day, and he remained in office until elections were held in November 2009. As a result of these political developments, Honduras was suspended from the Organization of American States. Honduras was reinstated to the Organization of American States in June 2011.

Porfirio Lobo from the National Party won the November 2009 presidential elections. His party took 71 of the 128 seats in the National Congress. International observers, including the National Democratic Institute and the European Union, deemed the elections free and fair. The newly elected government promptly undertook a series of actions aimed at easing political tensions. Some of the most important steps involved: (i) appointing a government of national reconciliation that included political rivals; (ii) establishing a Truth and Reconciliation Commission that became operational on May 4, 2010; (iii) working with the National Congress on several Constitutional reforms; (iv) restoring diplomatic relations with partner countries; and (v) promptly reengaging with the international community and development partners. See "The Honduran Economy―Economic and Social Policies".

Juan Orlando Hernández from the National Party won the presidential election of November 26, 2017 with 43% of the popular vote. Hernández defeated Salvador Nasralla, a candidate representing the alliance between two parties, Refoundation and Freedom Party (*Partido Libertad y Refundación - LIBRE*) and Social-Democratic Innovation and Unity Party (*Partido Social Demócrata Innovación y Unidad*), which secured 41.4% of the popular vote, and Luis Zelaya of the Liberal Party of Honduras (*Partido Liberal de Honduras*), who received 14.7% of the popular vote, as well as four other presidential candidates.

Xiomara Castro of the Refoundation and Freedom Party won the November 2021 presidential election with 51% of the popular vote. Castro formed an alliance with Salvador Nasralla from the Saviour of Honduras Party (*Partido Salvador de Honduras*) and defeated Nasry Asfura of the National Party of Honduras (*Partido Nacional de Honduras*), who received 36.93% of the votes, and Yani Rosenthal of the Liberal Party of Honduras (*Partido Liberal de Honduras*), who received 10% of the votes, as well as 12 other presidential candidates. Castro became the first female president of Honduras, marking an end to the 12-year rule of the National Party of Honduras.

The last Honduran general election, held on November 30, 2025, resulted in Nasry Asfura of the National Party of Honduras winning the presidency with approximately 40.3% of the popular vote. Asfura defeated Salvador Nasralla of the Liberal Party of Honduras, who obtained around 39.5% of the votes, as well as candidates from the Liberty and Refoundation Party and other minor parties. The election was notably close, with a margin of less than one percentage point between the top two candidates. Asfura's victory marked the return of the National Party to power following the administration of Xiomara Castro.

In December 2025, runner-up presidential candidate, Salvador Nasralla, alleged fraud during the November 2025 presidential elections in Honduras, claiming that some disputed votes from the election had still not been counted despite days of reviewing disputed tally sheets. When Honduran election officials declared Nasry Asfura the winner on Christmas Eve, they stated that a review of more than 98% of the tally sheets showed it was "arithmetically impossible" for Salvador Nasralla to prevail. The official count gave Nasry Asfura the victory in the three-way race by 27,000 votes – or less than one percentage point – with just over 40% of the vote.

Salvador Nasralla's legal team filed appeals with Honduras' Electoral Justice Tribunal (the *Tribunal de Justicia Electoral*, or "TJE") on December 30, 2025, and requested votes to be re-counted. The TJE requested additional documentation before it decided whether to admit the challenge, and set a 48-hour deadline for the National Electoral Council (*Consejo Nacional Electoral*, "CNE") to submit paperwork pertaining to the recount requests. Salvador Nasralla's lawyers had not made evidence of fraud presented in the appeal publicly available and Nasry Asfura's party has denied Salvador Nasralla's accusations of fraud. For an election to be annulled, Honduran law requires a candidate to demonstrate that there was widespread or structural fraud that altered the result, rather than merely isolated errors.

The election was monitored by the Organization of American States Electoral Observation Mission (the "OAS/EOM"), which had been present in Honduras since November 18, 2025, observing preparations for the election, voting day on November 30, and monitoring activities 24 hours a day at the Electoral Logistics Center, the technology warehouse, and other spaces where counts were conducted. The OAS/EOM issued a statement on December 24, 2025, noting that it was aware of expressed disagreements with the electoral process and its outcome, but it did not identify any decisive fraudulent elements in the Honduran election. The OAS/EOM also recognized that, during the post-electoral stage, delays were observed in the handling of retrieved materials and limitations in the implementation of technological solutions for processing the results. For example, the company that was hired to run the electronic results platform for the election experienced technical difficulties and delays in reporting votes as they were counted. While these shortcomings affected the timeliness and clarity of official information, the OAS/EOM confirmed that they did not compromise the integrity of the election. The OAS/EOM stated that the circulation of disinformation in this context generated uncertainty among the population, a situation that was exacerbated by the absence of timely institutional communications by the CNE.

On January 5, 2026, the TJE announced that it had decided not to admit the appeals filed by Nasralla's legal team, ruling that the requirements necessary to show *negative ficta*, or a deemed negative decision, in an electoral context were not met.

Based on the results of the last general elections that took place in November 2025, the composition of the National Congress by political party is as follows:

Political Party	***Number of Seats***
National Party of Honduras (*Partido Nacional de Honduras*)	49
Liberal Party of Honduras (*Partido Liberal de Honduras*)	41
Refoundation and Freedom Party (*Partido Libertad y Refundación*)	35
Innovation and Social Democratic Unity Party (*Partido Innovación y Unidad Social Democrata*)	2
Democratic Christian Party of Honduras (*Partido Demócrata Cristiano de Honduras*)	1

Source: Honduras National Electoral Council

In order to combat corruption in political campaigns, the Government enacted the Law for Financing, Transparency and Control of Political Parties and Candidates (*Ley de Financiamiento, Transparencia y Fiscalización a Partidos Políticos y Candidatos*) (the "Campaign Finance Law") on January 18, 2017. The Campaign Finance Law was developed in consultation with the Supreme Electoral Tribunal and the Support Mission Against Corruption in Honduras ("MACCIH"), as well as other organizations within and outside of the Government. The Campaign Finance Law established an independent agency, called the *Unidad a Financiamiento, Transparencia y Fiscalización de Partidos Políticos y Candidatos* (the "Campaign Finance Unit"), to implement the law, issue regulations and supervise persons and entities subject to the law.

The key features of the Campaign Finance Law and the regulations promulgated thereunder include:

- a prohibition on the use of public resources to finance campaigns;
- limits on the amount of funding that individuals and corporations may contribute to political campaigns and political parties;
- limits on the amount that candidates may spend on certain political campaigning activities;
- sanctions ranging from monetary penalties to disqualification from participating as a candidate in elections;
- a requirement that all candidates open a bank account with a national bank and hold campaign funds in such account; and
- a requirement that candidates report all campaign spending to the Campaign Finance Unit.

Since its inception in 2017, the Campaign Finance Unit has audited a number of candidates for elected office with the support of the Attorney General and the National Commission for Banking and Insurance (*Comision Nacional de Bancos y Seguros,* or "CNBS"). These audits were carried out in 2017 and 2021 and have assessed issues such as campaign spending, individual and corporate contributions, and compliance with banking and reporting requirements. As a result of these audits, candidates for elected office have been the subject of investigation, and approximately L.200 million has been identified as potentially running afoul of spending limits.

On May 26, 2021, Decree No. 35-2021 was published. Decree No. 35-2021 reforms the Electoral Law of Honduras. The main reforms include:

- integration of vote receiving boards (*juntas receptoras de votos*), setting the number of members at five;
- new calculations for political debt;
- changes to the eligibility of candidates with legal actions against them, such that candidates are eligible to hold public office unless they have a final judgment against them; and
- regulation of the results transmission system, which requires the CNE to implement the Preliminary Results Transmission Service (*Servicio de Transmisión de Resultados Preliminares*) that allows results to be updated on the same day of the election. This system has already been implemented.

The National Congress approved a special budget in the amount of L.1,492 million for the CNE for the primary elections held on March 9, 2025. The presidential candidates for the three parties that participated in the primary elections were: Salvador Nasralla of the Liberal Party of Honduras, Rixi Moncada of the Liberty and Refoundation Party, and Nasry Asfura of the National Party of Honduras. The National Congress approved a special budget in the amount of L.1,737 million for the CNE for the general elections held on November 30, 2025, in which Nasry Asfura was elected president.

Form of Government

Honduras is a representative democracy, organized as a republic, with government power divided into three independent and complementary branches: the executive branch, composed of the President and the cabinet secretaries; the legislative branch, composed of the National Congress; and the judicial branch, which includes the Supreme Court of Justice, the Courts of Appeals, the courts of first instance (*Juzgados de Letras*) and Justices of Peace. The President and members of the National Congress are elected in open national elections held every four years.

The power of the executive branch is vested in the President of Honduras and its 22 cabinet secretaries. The President appoints all cabinet secretaries and may remove them at will. Each cabinet secretary is the head of a government agency, called *Secretarías*, responsible for different sectors, such as defense, agriculture, finance, commerce and industry, and tourism. In addition, other autonomous and semiautonomous government agencies form part of the executive branch. These agencies may be public institutions, which provide social or public services not usually provided by the private sector; government-owned corporations, which are fully owned by the government and often have independent budgets and sources of funds; or mixed enterprises, which bring together public and private resources, with the state owning at least a 51% share in them. Decentralized agencies include the National Autonomous University of Honduras; the Central Bank; the National Agrarian Institute; the Honduran Coffee Institute (*Instituto Hondureño del Café*, or "IHCAFE")); the Honduran Social Security Institute (*Instituto Hondureño de Seguridad Social*, or "IHSS"); and National Electric Energy Company ("ENEE").

The National Congress is made up of a single house of 128 publicly elected members who serve four-year terms. Among other powers, the National Congress of Honduras has the power to enact legislation, ratify treaties, approve the annual budget and appoint the Attorney General and Comptroller General. Proposed legislation may be submitted to the National Congress by any of the members of congress or the President through his cabinet secretaries. The Supreme Court or the Electoral Court of Justice (*Tribunal de Justicia Electoral*, or "TJE") may propose legislation pertaining to each tribunal's scope of responsibility. The President has veto power over legislation, which may be overridden by a two-thirds vote of the National Congress. All laws must be signed and promulgated by the executive branch and published in the official government newspaper of Honduras, called *La Gaceta*.

The Supreme Court is made up of 15 justices appointed by the National Congress for seven-year terms, each of whom may be reappointed without a limit of periods. Among other powers, the Supreme Court appoints and removes judges and justices of lower courts, decides on the constitutionality of laws, and tries high-ranking government officials when the National Congress has declared that there are grounds for impeachment. The Supreme Court has four chambers: constitutional, civil, criminal, and labor.

Honduras is divided into 18 departments and 298 municipalities. One governor is appointed for each department by the President of Honduras. Each municipality elects a mayor for four-year terms in open elections held simultaneously with presidential elections. Local governments have their own income sources, mostly municipal taxes and fees, as well as government transfers to supplement their budgets and fund poverty reduction programs.

Electoral Reforms

On January 28, 2019, the Government enacted Decree No. 200-2018 ("Decree 200") which is aimed at strengthening democracy, reducing corruption and preventing money laundering. Several electoral reforms were approved through Decree 200, including replacing the Supreme Electoral Tribunal (*Tribunal Supremo Electoral,* or "TSE") with the CNE and the TJE. The CNE is mandated to oversee the administrative, technical and logistical aspects of public elections. The TJE is mandated to run the jurisdictional or adversarial aspect of public elections including the review of claims against candidates. Both the CNE and the TJE are autonomous and independent entities. Additionally, the National Registry of People (*Registro Nacional de Personas*, or "RNP") was restructured in order to increase transparency and reduce corruption. The RNP is mandated to create national identity numbers and preserve Hondurans' biometric information.

The CNE is composed of three counselors and two alternates with five-year terms subject to reelection. The TJE is composed of three judges and two alternates with five-year periods subject to reelection. The RNP is administered by three commissioners and two alternates with five-year terms subject to reelection.

On September 10, 2024, the National Congress approved the Electoral Procedural Law which reforms the normal processing of elections in Honduras, aiming to correct possible errors or violations of electoral regulations. In addition, it addresses technological advances to guarantee the effectiveness and efficiency of the process, as well as to ensure that it is available and accessible to all participants in the electoral process. The Electoral Procedural Law will be applied by the TJE.

In September 2024, the Electoral Affairs Committee of the National Congress favorably discussed a potential Law on the Organization and Broadcasting of Presidential Debates (*Ley de Organización y Transmisión de Debates Presidenciales*), which establishes how official debates between presidential candidates will be organized, moderated, and broadcast. The law assigns oversight to the CNE, with mechanisms to ensure impartiality through a commission composed of multiple stakeholders.

Internal Security

Between 2006 and 2011, the murder rate in Honduras more than doubled from 46.2 per 100,000 in 2006 to 86.5 per 100,000 in 2011. This trend was also reflected in statistics relating to other types of crimes, such as robbery, extortion and drug trafficking, among others. Due to the implementation of an integrated security strategy, homicide rates have fallen from their 2011 peak, down to 23.23 per 100,000 in 2025.

The following table presents the homicide rate in Honduras for each year from 2021 to 2025:

Historic Homicide Rate

Year	Number of Homicides
	(*per 100,000 inhabitants*)
2021	41.71
2022	38.14
2023	34.44
2024	26.26
2025	23.23

Source: Department of Statistics-Police Statistics System

The Central Government focuses its security strategy on the following four main areas:

- Enhancing comprehensive prevention of violence and crime by reinforcing measures for crime prevention, deterrence, and control, including strengthening border security, maintaining and restoring public order, and regulating private security service providers.
- Increasing response capacity of criminal investigations to reduce impunity by enhancing services for investigation, prevention, deterrence, and control to combat crime, drug trafficking, extortion, and related offenses.
- Reducing road accidents by implementing more checkpoints, improving education and improving road safety services, aiming to reduce deaths, injuries, and property damage caused by traffic accidents.
- Improving the professional profile of police academy graduates to elevate the number and quality of trained, professionalized, and specialized police officers, by ensuring police officers are trained according to the needs of the institution.

Although Honduras does not have a dedicated cybersecurity law, it has taken steps toward strengthening cybersecurity and establishing a legal framework to address cybercrime. Honduras' Penal Code has provisions that address cyber-related offenses, including hacking, unauthorized access and fraud. The Central Government has collaborated with organizations like the OAS and the Central American Integration System ("SICA") to improve cybersecurity capabilities and awareness. Honduras has participated in regional cybersecurity initiatives and trainings to improve infrastructure and response mechanisms to cyber threats.

The Special Law on Cybersecurity and Protection Measures Against Hate and Discrimination Acts on the Internet and Social Media (*Ley Especial de Ciberseguridad y Medidas de Protección ante los Actos de Odio y Discriminación en Internet y Redes Sociales*) was submitted to Congress in February 2018 and aims to regulate cybersecurity and provide protection against acts of hate and discrimination on the internet and social media. As of March 31, 2026, this law remains in draft form and has not been approved by Congress yet. Furthermore, a multi-party special commission of the National Congress has recommended that the country adhere to the Budapest Convention on cybercrime.

Memberships in International Organizations

The foreign policy of Honduras is based on national priorities and interests to promote international relations in different areas with the goal of developing and maintaining good relationships with other countries and strengthening peace and cooperation mechanisms among nations. Honduras maintains diplomatic relationships with 133 countries and has 33 diplomatic representations at the embassy level and five Permanent Missions in international organizations.

Honduras participates in some regional forums alongside Venezuela, focusing on mutual goals in social and economic development. In addition, Honduras owes U.S.$881,105.67 under three outstanding promissory notes payable to *Petroleos de Venezuela S.A.* ("PDVSA") for purchases of oil made prior to the imposition of sanctions against PDVSA by the Office of Foreign Assets Control

("OFAC"). Honduras also owes U.S.$16,332,687.50 to the *Banco de Desarollo Economico y Social de Venezuela* ("BANDES") pursuant to a loan entered into prior to the imposition of sanctions against BANDES by OFAC. Honduras has not made payments to PDVSA and BANDES in respect of these amounts due to sanctions restrictions. The funds owed to PDVSA and BANDES are being kept in segregated accounts at the Central Bank of Honduras until sanctions are lifted.

Honduras is a member of the following regional integration bodies: Central American Integration System; Ibero-American Conference; Community of Latin American and Caribbean Countries; Association of Caribbean States; EU-CELAC Summit and the East-Asia-Latin American Cooperation Forum. In addition, since 2013 Honduras has been an observer country in the Alliance for the Pacific Forum and a special guest of the *Mercado Común del Sur* ("MERCOSUR").

Honduras is an active member of the following international organizations: United Nations; Organization of American States ("OAS"); Dialogue and Consultation Mechanism of Tuxtla ("Mesoamerica Project"); International Court of Justice ("ICJ"); International Labor Organization; United Nations Organization for Food and Agriculture; United Nations Educational, Scientific and Cultural Organization ("UNESCO") ; World Health Organization; World Intellectual Property Organization; World Trade Organization; IMF; The Pan-American Health Organization ("PAHO"); the Inter-American Institute for Cooperation on Agriculture (IICA), World Bank Group; Development Bank of Latin America and the Caribbean ("CAF"), United Nations Development Program; Inter-American Development Bank ("IADB"); Central American Court of Justice; Central American Bank for Economic Integration ("CABEI"); and the American Commission for the Fight against Terrorism ("CICTE").

Honduras belongs to the Inter-American System and the Universal Human Rights System. Honduras also participates in other regional initiatives. One of these initiatives is the Dominican Republic-Central America Free Trade Agreement ("DR-CAFTA") signed in August 2004. Under the agreement, 80% of tariffs on goods exported to the United States from Honduras have been eliminated, with the remaining 20% to be eliminated on a schedule that varies from five to 20 years. The agreement was ratified by the U.S. Congress in the summer of 2005 and by Honduras' National Congress in March 2005.

In February 2024, Honduras, under former President Xiomara Castro's government, sent a formal notice of withdrawal of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the "ICSID Convention") to the World Bank. In compliance with Article 71 of the ICSID Convention, the withdrawal became effective six months after the receipt of the notification, on August 25, 2024. The World Bank notified all signatory states regarding Honduras' withdrawal from the ICSID Convention. In March 2026, Honduras signed the ICSID Convention to formalize the country's reincorporation. Pursuant to the constitutional procedure established under Articles 16, 215 and 216 of the Constitution of the Republic of Honduras, the Convention is currently undergoing approval by the National Congress. Following such expected approval, the Convention is expected to be ratified by the President of the Republic and published in the Official Gazette (La Gaceta) in accordance with the requirements for its incorporation into the domestic legal order. Thereafter, Honduras would subsequently deposit its instrument of ratification with the World Bank, acting in its capacity as depositary of the ICSID Convention. Upon such deposit, and in accordance with Article 68(2) of the ICSID Convention, the Convention will enter into force for Honduras 30 days thereafter.

Relations with the IMF

The 2019-2021 IMF Program for Honduras was launched in 2019 with a Stand-by Arrangement ("SBA") and Credit Facility in the amount of U.S.$311.0 million to support macroeconomic stability and promote economic and institutional reforms for inclusive growth. The main objectives included strengthening the fiscal position, improving the efficiency of electricity supply and financial position of ENEE, protecting investment and social spending, and improving the business climate and government management, with a particular emphasis on combating corruption.

In 2019, during the first review of the program, U.S.$144.7 million was disbursed for health assistance and social spending. The second review increased funds to U.S.$557.0 million to address balance of payments needs due to the COVID-19 pandemic, with additional disbursements to cover health needs and social benefits. The third review, in response to damage caused by tropical storms Eta and Iota, allowed for a disbursement of U.S.$90 million, allocating a total of U.S.$376.2 million to the national emergency. In 2021, the fourth review approved an additional U.S.$215.8 million, raising the resource ceiling to U.S.$773.0 million, with total disbursements of U.S.$590.4 million and a remaining availability of U.S.$182.5 million. The increased IMF funds were intended for budgetary support to address the pandemic, respond to storm damage, rehabilitate roads and agricultural infrastructure, and increase spending on health and social benefits.

The SBA was extended until January 2022, although it was not fulfilled as planned. During 2022, negotiations for a new agreement began, with discussions focused on reforms to improve macroeconomic stability, protect the most vulnerable population in the country, and combat poverty and migration. The second technical mission took place in June 2022. During this mission, the authorities reaffirmed their commitment to reducing poverty, protecting the most vulnerable, and promoting inclusive growth. They also expressed their commitment to combating corruption, strengthening governance, and increasing transparency to improve public financial management. As part of a broader structural reform in fiscal matters, the government approved a law to eliminate trusts and initiated a review process of tax exemptions to make the tax collection system more equitable.

In 2023, the IMF highlighted Honduras' economic recovery, but noted that significant social challenges such as poverty and unemployment persisted. In August 2023, the IMF and Honduras reached a 36-month agreement under an Extended IMF Facility ("EFF") and Extended Credit Facility ("ECF"), with access to approximately U.S.$830.0 million to help finance economic reforms. The agreement included goals of macroeconomic stability, fiscal transparency, energy sector reforms, and improvements in governance and transparency. In September 2023, the IMF Executive Board approved the agreements with Honduras, totaling approximately U.S.$822.0 million, and underscored the need for a strong commitment to economic reforms and capacity development, recognizing the persistent challenges of poverty, inequality, corruption, and the need for investment.

From August 26 to August 28, 2024, a team from the IMF visited Honduras on a technical mission. At the conclusion of the visit, the IMF team stated that the government held open and productive discussions about recent economic developments and future prospects. On September 10, 2024, following in-person and virtual discussions held with the Honduran government, the IMF stated that Honduras' 2025 budget bill was in line with the government's economic program supported by the IMF, providing space for critical social and infrastructure spending.

From October 7 to October 18, 2024, a team from the IMF carried out an additional visit to Honduras. As a result of the visit, the IMF and the Honduran government reached a staff-level agreement on the economic reforms needed to complete the first and second reviews under Honduras' ECF and EFF programs. The IMF concluded that the Honduran economy had shown resilience despite global challenges and the impact of El Niño. However, international reserves had declined due to a severe drought affecting agricultural exports and lower-than-expected financing. The agreement emphasized five key policy areas: maintaining budgetary discipline; increasing social spending to protect vulnerable populations; implementing prudent monetary and exchange rate policies; reforming the energy sector; and strengthening anti-corruption measures.

On December 6, 2024, the Executive Board of the IMF completed the first and second reviews under Honduras' EFF and ECF agreements. The completion of the reviews enabled the Republic to immediately draw about U.S.$198 million (SDR 150 million), bringing total disbursements under the program to about U.S.$315 million (SDR 239 million).

The IMF Executive Board assessed that while all December 2023 performance criteria were met, the June 2024 criteria on net international reserves, central bank net domestic assets, and the stock of domestic arrears at the public electricity utility company ENEE were not met. The Board approved the Republic's requests for non-compliance waivers for the June 2024 performance criteria on the basis of corrective actions.

From April 27 to May 11, 2025, a team from the IMF visited Honduras to discuss recent economic developments and policy implementation. The IMF and the Honduran government reached a staff-level agreement on policies and reforms needed to complete the third review of the EFF and ECF agreements. On June 11, 2025, the Executive Board of the IMF completed the third reviews under the EFF and ECF programs for Honduras, enabling a disbursement of about U.S.$160 million (SDR 117.6 million), and bringing the total disbursements under the programs to about U.S.$485 million (SDR 356 million).

Honduras' program performance, as assessed under the third reviews, was strong. The Executive Board assessed that all quantitative performance targets for December 2024 had been met, and of the May 2025 performance targets, three structural benchmarks – including the adoption of a manual for budget execution programming, the launch of a digital investment portal, and the completion of a diagnostic study of the foreign exchange allocation system – were also met, while progress had been made on the implementation of three additional structural benchmarks.

On May 11, 2026, IMF staff and the Honduran government reached a staff-level agreement on the reforms needed to complete the fourth and fifth reviews of Honduras' EFF and ECF arrangements. Discussions focused on policies to preserve macroeconomic and fiscal stability, strengthen resilience, and bolster inclusive economic growth, including: (i) fiscal prudence, (ii) efforts to strengthen social spending, (iii) efforts by the Central Bank of Honduras to maintain low and stable inflation and adequate reserve buffers, (iv) energy sector reforms, and (v) strengthening governance, combatting corruption, and improving the business climate.

On June 29, 2026, the Executive Board of the IMF completed the fourth and fifth reviews under the EFF and ECF arrangements for Honduras, enabling a disbursement of about U.S.$242 million (SDR 178.4 million), and bringing the total amount available under the programs to about U.S.$725 million (SDR 535.3 million). The IMF stated that program performance for the fourth and fifth reviews was favorable, and with a healthy accumulation of international reserves alongside prudent fiscal policies, and an appropriate monetary and exchange rate policy mix, the Honduran economy is well placed to navigate the challenging external environment, while progress in structural reforms has strengthened in recent months. In completing the reviews, the Executive Board assessed quantitative performance targets for June 2025 and December 2025. While all quantitative performance targets for June 2025 had been met, the December 2025 performance criterion on the stock of domestic arrears at the public electricity utility ENEE was not met. The Board approved the government's request for a waiver of non-observance of the December 2025 performance criterion on the basis of corrective actions. Eleven of 17 structural benchmarks due for these reviews were met or implemented with delay.

Funding from other Multilateral Institutions

Honduras expects funding for the remainder of 2026 to include U.S.$242.0 million from the IMF, U.S.$145.3 million from the World Bank, U.S.$100.0 million from the IADB, U.S.$120.0 million from CAF, and U.S.$50.0 million from OPEC.

Relations with the United States

Honduras and the United States are strategic partners and allies and have a close and constructive relationship. The two countries cooperate on a broad range of issues affecting the region, including counter-narcotics, transnational crime, law enforcement issues and migration issues.

For example, Honduras has hosted Joint Task Force Bravo, a U.S. military presence at Soto Cano Air Force Base, since 1983. This far-reaching joint effort includes operations to combat drug-trafficking and other transnational organized crime, and to provide disaster relief and humanitarian assistance. Honduras also engages in joint task forces with the U.S. Drug Enforcement Agency to carry out complex investigations into drug trafficking, money laundering and other transnational crime that have led to collaborative law enforcement action in both countries. The U.S. Department of Defense provides counter-narcotics assistance, principally through specialized training and equipment, with the full cooperation of the government of Honduras. Cooperation between Honduras and United States has resulted in apprehension of numerous high-level drug traffickers. Over the last 11 years, 46 drug traffickers have been extradited to the United States to face justice on U.S. charges.

Honduras and the United States have strong migration ties. According to the American Community Survey ("ACS") of the U.S. Census Bureau, in 2024, there were 1,041,077 people living in the United States of America who were born in Honduras. Honduras has also had strong commercial ties with the United States, particularly since the 1980s, when Honduras became one of the first beneficiaries of the Caribbean Basin Initiative, which allowed duty free importation of Honduran goods into the United States. Our economic ties with the United States have expanded since that time, especially after the signing of the DR-CAFTA.

Since 2014, both governments have run joint public awareness programs designed to inform migrants of the dangers of unauthorized immigration and to correct misconceptions about U.S. immigration policy. The Honduran National Police and the U.S. Department of Homeland Security ("DHS") have also established two criminal investigative units to combat human trafficking. On September 27, 2019, Honduras and the United States signed two agreements designed to (i) root out crime, target smuggling organizations, and improve Honduras' investigative capacity through bilateral efforts and law enforcement cooperation and (ii) share information regarding criminals attempting to enter/exit their respective countries illegally.

On September 25, 2019, the U.S. signed an agreement with the government of Honduras to expand bilateral initiatives to confront irregular migration through Central America. The agreement, published in the Official Gazette No. 35,199, dated March 13, 2020, further enhances asylum and protection capacity in Honduras. Using best practices developed by the United States and the international community, the two countries collaborate to increase protection options for vulnerable populations. DHS stated that both Honduras and the United States share a longstanding partnership, bolstered by close proximity, common principles, and shared democratic values that have led to years of partnership, from addressing historical migration flows to efforts to build a more stable and prosperous region.

In July 2021, the U.S. government sought to enhance previous U.S. efforts in Honduras by implementing the U.S. Strategy for Addressing the Root Causes of Migration in Central America. Then-U.S. Vice President Kamala Harris and then-President Xiomara Castro began a strategic dialogue between U.S. and Honduran agencies. During the first U.S.-Honduran strategic dialogue in January 2023, both governments committed to addressing insecurity and economic inequality, promoting sustainable development, mitigating climate change, improving food security, and managing migration humanely. The Biden Administration allocated foreign assistance to Honduras to support these priorities, disbursing approximately U.S.$157.6 million in foreign assistance through different agencies to Honduras for fiscal year 2021, approximately U.S.$180.5 million for fiscal year 2022, U.S.$205.5 million for fiscal year 2023, U.S.$223.9 million for fiscal year 2024, and U.S.$151.9 million for fiscal year 2025.

On July 4, 2025, U.S. President Trump signed the One Big Beautiful Bill Act (the "OBBBA"), a sweeping tax and spending law with significant fiscal policy changes, including new excise tax imposed on certain remittance transfers. Pursuant to the OBBBA, effective January 1, 2026, a 1% remittance transfer tax applies to remittances sent from the United States to recipients in foreign countries when the sender provides cash, a money order, a cashier's check, or other similar physical instrument to the remittance transfer provider. The sender is liable for the tax, and remittance transfer providers are required to collect the remittance transfer tax from senders.

On July 7, 2025, the U.S. Department of Homeland Security announced the termination of Temporary Protected Status ("TPS") for Honduras. Honduras was designated for TPS in 1999 after the impact of Hurricane Mitch in 1998. The U.S. government assessed that it is now safe for Honduran nationals to return home, based on a U.S. Citizenship and Immigration Services review of the conditions in Honduras and in consultation with the Department of State, and as a result, conditions in Honduras no longer support its designation for TPS. Honduras' TPS designation and related benefits terminated on September 8, 2025. In June 2026, the U.S. Supreme Court ruled that federal courts have no authority to review the Secretary of Homeland Security's decision to terminate TPS designations.

On August 1, 2025, the United States introduced a new tariff framework affecting various trading partners; however, Honduras was not included among the countries subject to additional or country-specific tariffs. No additional tariffs were imposed on Honduras under the Trump administration's reciprocal tariff policy.

On June 2, 2026, following a series of investigations initiated by the United States Trade Representative ("USTR") regarding foreign trade practices related to forced labor, the Trump administration proposed a new tariff framework contemplating additional duties of 10.0% or 12.5% on imports from 60 countries, including Honduras. Notwithstanding the foregoing, the framework proposed by the USTR explicitly exempts from these additional duties those products that qualify for duty-free treatment under DR-CAFTA. Accordingly, while Honduras remains within the scope of the administration's broader trade enforcement measures, the potential impact on Honduran exports to the United States is expected to be substantially mitigated by the continued application of preferential tariffs under DR-CAFTA.

On February 7, 2026, President Nasry Asfura met with U.S. President Trump at Trump's Mar-a-Lago residence in Palm Beach, Florida, just ten days after Asfura's inauguration as President of Honduras. The meeting covered security cooperation, migration policy (including the continuation of TPS), economic investment in sectors such as artificial intelligence, technology, and manufacturing, and a proposed interoceanic railway project. Honduras also raised the issue of existing U.S. tariffs.

Extradition Treaty between Honduras and the United States

Honduras and the United States have maintained an extradition treaty since 1909, which came into force on July 10, 1912, followed by an Additional Extradition Convention in 1927, effective as of June 5, 1928. Despite these agreements, Honduras lacked a specific law regulating detailed procedures for both active and passive extradition. To address this, on June 10, 2013, the Supreme Court of Justice implemented a new framework focusing on protecting the fundamental rights and guarantees of individuals facing extradition. This procedural improvement facilitated the extradition of numerous individuals, particularly those involved in drug trafficking, including former President Juan Orlando Hernández.

On August 28, 2024, the Central Government formally notified the United States of its decision to terminate the extradition treaty. The Honduran government justified ending the extradition treaty with the United States primarily on the grounds of national sovereignty and concerns about foreign intervention. The extradition treaty between Honduras and the United States was set to terminate officially on February 28, 2025. However, on January 10, 2026, former President Xiomara Castro revoked her prior denunciation of the extradition treaty. On January 25, 2026, the president of the National Congress, Tomas Zambrano, affirmed that Honduras intended to maintain the extradition treaty with the United States.

Corruption and Drug Trafficking

On October 18, 2019, a New York jury convicted Juan Antonio Hernández, the brother of former President Juan Orlando Hernández, on one count of cocaine importation conspiracy, one count of possession of machine guns and destructive devices, one count of conspiracy to possess machine guns and destructive devices and one count of making false statements. In March 2021, Juan Antonio Hernández was sentenced to life in prison and ordered to forfeit U.S.$138.5 million.

On February 15, 2022, only a few days after leaving office, former President Juan Orlando Hernández was arrested and detained by Honduran authorities at the request of the United States for cocaine importation and related weapons offenses. The United States subsequently filed a formal extradition request, which was granted by the Honduran trial judge. On March 8, 2024, following a three-week jury trial, former President Juan Orlando Hernández was convicted for conspiring to distribute cocaine and related firearms offenses. He was sentenced on June 26, 2024 to 540 months in prison and 60 months of supervised release. On December 1, 2025, President Donald Trump formally granted a full and complete pardon to former President Juan Orlando Hernández, who was released from U.S. federal prison that same day, having served less than two years of his 45-year sentence for drug trafficking and weapons conspiracy.

In 2023, Ricardo Arturo Salgado Bonilla, former Minister of Strategic Planning of Honduras, was included in the report presented to the U.S. Congress, pursuant to Section 353(b) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, for allegedly directing coordinated efforts of the LIBRE political party, including intimidation tactics, to suppress dissent.

On August 1, 2024, Juan Carlos "El Tigre" Bonilla, the former chief of the Honduran National Police, was sentenced in a United States federal court to 19 years in prison for drug trafficking and weapons offenses. Bonilla pled guilty of using his position to facilitate the smuggling of large quantities of cocaine into the U.S. and collaborating with a Honduran drug cartel led by the Hernández brothers, including former President Juan Orlando Hernandez.

In 2025, Honduras ranked 157 out of 182 countries in the Corruption Perceptions Index produced by Transparency International.

COVID-19

On March 10, 2020, the Government reported the first case of a patient infected with COVID-19 in Honduras. The government implemented various protective measures, including stay-at-home orders, suspension of all non-essential activities, closure of schools and universities and shutting down the country's borders for all non-Honduran citizens. Other measures, aimed at addressing the economic and financial emergency caused by the outbreak of COVID-19, included (i) postponing the filing date of tax returns for small and medium size companies; (ii) granting discounts on income tax payments to small and medium sized companies; (iii) postponement of payment of sales taxes for the duration of the national emergency for those taxpayers whose businesses were unable to operate during the emergency; (iv) enabling the CBH and the Honduran Bank for Production and Housing (*Banco Hondureño para la Producción y la Vivienda*, or "BANHPROVI") to provide financing and refinancing support to businesses and individuals affected by the COVID-19 pandemic; (v) authorizing SEFIN to procure U.S.$2.5 billion in additional financing through 2021; (vi) establishing a food supply program ordering all national, fiscal and municipal lands to become available to guarantee food supply and urging local producers to increase food production; and (vi) facilitating loans to farmers and food producers.

The CNBS also issued temporary financial relief measures, including urging financial institutions to grant debtors deferrals on the payment of their financial obligations. Furthermore, financial institutions in general were urged to establish updated plans to assure the continuity of their operations.

In 2020, the Honduran economy decreased by 9.0%, mainly due to the effects of the pandemic on productive activity, coupled with the impact of tropical storms Eta and Iota. These joint events marked the most pronounced economic contraction in the country's recent economic history.

The first COVID-19 vaccines arrived in Honduras in March 2021, but as in most countries, the number of doses was limited. The Ministry of Health in Honduras deployed teams of health care workers to administer the COVID-19 vaccines to citizens. By March 2023, 67% of individuals aged six months and older had received two doses, while approximately 57% of the population had received a booster shot. As of October 2023, Honduras reported 472,250 confirmed cases of COVID-19 and 11,111 deaths related to the virus.

The Honduran government assigned resources to address the COVID-19 pandemic in its annual budgets as follows: L.7,398.1 million in 2020, L.4,308.8 million in 2021, L.733.9 million in 2022 and L.618.9 million in 2023. The majority of resources were used to purchase medicines and vaccines. The annual budget for 2025 does not include specific allocations for COVID-19.

Honduras' National Climate Change Strategy and Sustainable Development Goals

Honduras is a lower-middle-income country facing several socio-economic challenges, such as high levels of poverty, inequality, informality, violence, gender disparities, and increasing emigration. Additionally, Honduras is highly vulnerable to climate change, having experienced 66 climate-related events between 1998 and 2017, resulting in 15,715 deaths. Hurricanes Eta and Iota in November 2020 affected over three million people in northern Honduras, with an estimated 41% of the affected population being women and 20% children.

In 2011, Honduras established the Economic and Financial Management Unit for Climate Change under the Ministry of Finance. In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, which aims to improve quality of life, increase access to justice, promote peace, and protect the planet. Honduras is also a signatory of the Paris Agreement, aiming to reduce greenhouse gas emissions in line with its Nationally Determined Contributions ("NDCs"), which are also crucial for achieving the 2030 Agenda goals. Honduras has taken steps to align its national planning instruments with the Sustainable Development Goals ("SDGs"), including establishing the Commission on the National Agenda for the SDGs.

Honduras has made progress in developing its National Climate Change Strategy and the Government Plan to Rebuild Honduras (2022-2026). These initiatives aim to fulfill regional commitments and ensure sustainable environmental management, such as recycling solid materials, reducing air, water, and soil pollution, monitoring the carbon footprint of national industries, and banning toxic waste imports. The country has strengthened its internal capabilities and institutional framework to manage funding for climate change programs and projects.

Honduras seeks to reduce poverty and inequality levels by considering different population groups, with particular attention to the elderly, people with disabilities, women, girls, adolescents, indigenous and Afro-descendant communities, migrants, and those living below the poverty line. The country is developing public policies and a Social Protection Law to ensure a decent standard of living by providing access to education, health services, and both contributory and non-contributory transfers. The government is implementing the Solidarity Action Program and the Solidarity Network Program, both of which contribute to poverty reduction and access to social services, with the latter focusing on social protection, health, education, local and human capacity building, infrastructure, and income-generating opportunities.

In this context, Honduras has incorporated sustainable sovereign bonds into its financing strategy to achieve the SDGs. This initiative aims to direct funds toward green and social investments that help reduce poverty and promote climate action. These projects cover various areas, including renewable energy, energy efficiency, sustainable water management, clean transportation, productivity, social housing, education, health, community development, and social protection through non-contributory social assistance programs.

One of Honduras' green initiatives, being implemented through the Ministry of Natural Resources, is the Padre Andrés Tamayo National Reforestation and Watershed Protection Program. This program aims to restore 24,000 hectares of forestland across 100 municipalities and support the water supply through the protection of over 1,000 micro-watersheds, the installation of 302 water storage tanks and the development of 10 community reservoirs, at an approximate cost of L.1.3 billion. The program aligns with the Republic's SDGs by reducing deforestation and promoting environmental stewardship on a national scale and is expected to directly and indirectly create approximately 10,000 jobs and benefit over 6.7 million residents after its completion in 2027.

One of Honduras' social initiatives, being implemented through its Ministry of Social Development, is the *Programa Nacional de Alimentación Escolar* also known as the "*Merienda Escolar Program*." This program provides daily meals to children enrolled in preschool and elementary school. In 2024, the program benefited 1,223,515 students and successfully allocated L.1,023 million across 20,381 schools.

Green, Social and Sustainable Bond Framework

On September 12, 2024, Honduras adopted its Green, Social and Sustainable Bond Framework through Agreement Number 637-2024 of the Ministry of Finance.

The Green, Social and Sustainable Bond Framework establishes the following objectives and requirements to be classified as Eligible Social Expenditures: (i) support for vulnerable groups and populations in poverty, and reduction of inequalities; (ii) job creation and support for micro-, small- and medium-sized companies; (iii) access to basic housing; (iv) access to education; (v) food security; (vi) access to health services; and (vii) access to basic services and infrastructure.

The Green, Social and Sustainable Bond Framework establishes the following objectives and requirements to be classified as Eligible Green Expenditures: (i) low-carbon transportation; (ii) energy efficiency; (iii) access to renewable energy; (iv) sustainable management of natural resources, land use and protected land and marine areas; (v) resilient and efficient management of water and wastewater; (vi) climate change adaptation and mitigation; (vii) pollution prevention and control; and (viii) sustainable agriculture.

The Eligible Social Expenditures and Eligible Green Expenditures (together, the "Eligible Expenditures") may include the following types of expenditures: (i) fiscal expenditures, such as tax subsidies and tax exemptions; (ii) operational expenditures, such as financing for state agencies, local authorities and companies that contribute to the deployment of the country's social, environmental and climate strategy; (iii) investments in real assets (including land, energy efficiency, infrastructure, hospitals, etc.) and maintenance costs for public infrastructure; (iv) expenditures related to intangible assets, such as research and innovation, human capital and organization; (v) capital transfers to decentralized or regional public entities; and (vii) any expenditure that can be used to implement Honduras' environmental and climate policy or social policy.

The categories and types of expenditures described above are listed for illustrative purposes and are not exhaustive. Any expenditure contained in Honduras' budget that contributes to any of the social and green categories and meets the criteria is eligible under the Green, Social and Sustainable Bond Framework.

Any project, asset or expenditure related to the following activities will be excluded from the Eligible Expenditures, though some of these activities are open to sources of financing other than sovereign green or social bonds:

- Exploration and production of fossil fuels;
- Energy generation based exclusively on the burning of fossil fuels or hybrid plants using more than 15% of fossil fuels in their generation capacity;
- Construction of railways for the transportation of fossil fuels;
- Generation of nuclear energy;
- Electricity transmission infrastructure and electricity systems where an average of 25% or more of the energy is generated by fossil fuels;
- Alcohol, firearms, tobacco, gambling or palm oil industries;
- Production or commerce of any product or activity that is considered illegal by Honduran law or international treaties;

- Deforestation or degradation of forests; or

- Activities that violate the rights of indigenous and/or black populations.

The Green, Social and Sustainable Bond Framework is aligned with the ICMA Green Bond Principles of 2021 (with June 2022 Appendix 1), the ICMA Social Bond Principles of 2023 and the ICMA Sustainable Thematic Bonds Guidelines of 2021.

THE HONDURAN ECONOMY

History and Background

Honduran military leaders' support for U.S. policies in Central America in the 1980s had strong repercussions on Honduras' economy in the form of increased U.S. financial support. Honduras' defense spending rose throughout the 1980s until it represented between 20% and 30% of the national budget. U.S. assistance to Honduras in 1980 was less than U.S.$4.0 million. It increased to U.S.$48.3 million in 1983. By 1985, total economic and military aid rose to more than U.S.$200 million as Honduras became the tenth largest recipient of U.S. aid.

The Honduran economy became increasingly dependent on foreign assistance, particularly after the significant region-wide economic decline that took place during the 1980s. Private investment plummeted in 1980, and capital flight from Honduras for that year totaled U.S.$500 million. International coffee prices fell in the mid-1980s and remained low throughout the decade. In 1993, average annual per capita income remained low at about U.S.$580, and 75% of the population was below the poverty line by internationally defined standards.

In the early 1990s, stronger civilian governments contributed to better overall economic conditions, although the country was burdened by substantial foreign debt, diminished natural resources, and one of the fastest growing and urbanizing populations. In addition, the withdrawal of a significant portion of U.S. economic aid prompted the government to diversify its sources of funding. According to "The Global Competitiveness Report 2019" published by the World Economic Forum, Honduras achieved 52.7 points in the Competitiveness Index, ranking 101 (out of 141 countries) in terms of competitiveness.

Economic and Social Policies

Government Plan on Decentralization, Employment, and Justice to Transform Honduras

On January 27, 2026, following the inauguration of President Nasry Asfura, the administration presented its government agenda for the 2026–2030 term under the slogan "Together We Will Thrive." The administration's policy framework emphasizes the decentralization of public administration, economic growth, institutional strengthening, public security, and infrastructure development, with the stated objective of promoting investment, job creation, and the improvement of public services.

The administration's economic priorities include:

- **Decentralization and Infrastructure Development:** Strengthening municipal governance by expanding the operational role of local governments in the execution of public works and services; continuing strategic infrastructure projects, including road network, logistics corridors, and the expansion and modernization of transportation infrastructure; improving transportation, energy, and port infrastructure to facilitate economic activity and regional integration; and supporting long-term logistics initiatives – including the expansion of Puerto Cortés and feasibility studies related to an interoceanic railway project – with the aim of positioning Honduras as a regional hub for logistics and trade.

- **Investment and Private Sector Development:** Promoting domestic and foreign investment through policies that enhance legal certainty, macroeconomic stability, and transparency; supporting industrial and agro-industrial development; facilitating productive investment aimed at generating employment and expanding economic opportunities; modernizing customs and trade facilitation systems; simplifying administrative procedures for importers and exporters; and supporting investment incentives and digital government initiatives designed to improve the business environment. The government has also announced measures to bolster investor confidence, including beginning the process of Honduras' reincorporation to ICSID. See "The Republic of Honduras—Memberships in International Organizations" for more information about Honduras' reincorporation to ICSID.

- **Industrial Transformation and Macroeconomic Stability:** Support industrial modernization policies focused on value-added production, export competitiveness, technological development, and integration into global supply chains; promote workforce development and digital skills initiatives; and maintain monetary and fiscal policies aimed at preserving macroeconomic stability, moderating inflation, strengthening international reserves, and supporting sustainable economic growth and investment conditions.

- **Energy and Productive Development:** Drive initiatives related to the modernization of the energy sector, the reduction of technical and non-technical losses, the expansion of transmission and distribution infrastructure, the diversification of the national energy mix, and the development of renewable energy projects, with the stated objective of enhancing competitiveness, strengthening productive capacity, and expanding access to reliable energy services.

- **Agricultural and Rural Development:** Support agricultural productivity and agro-industrialization as mechanisms for job creation and rural development; strengthen supply chains and export capacity within the agricultural sector; expand access to agricultural inputs, technical assistance, and productive infrastructure; modernize logistics and sanitary certification systems; facilitate land regularization and property titling initiatives; and support small and medium-sized agricultural producers with the aim of improving competitiveness and food security.

- **Tourism and Sustainable Development:** Promote the development of sustainable tourism through improvements in tourism infrastructure, transport connectivity, environmental sustainability, and international promotion initiatives; support ecotourism, coastal and cultural tourism, and tourism diversification strategies; and encourage investment in tourism-related infrastructure and services to strengthen Honduras' position as a regional tourism destination.

The government's institutional and social priorities include:

- **Public Security and Justice:** Implementing a public security strategy focused on crime prevention, strengthening law enforcement and territorial control, combating extortion, drug trafficking, money laundering, and organized crime, enhancing criminal investigation capabilities, and increasing the use of technology and institutional coordination in public security matters. The government has also emphasized strengthening the rule of law, transparency, constitutional guarantees, and legal certainty, while promoting regional cooperation initiatives related to security and migration.

- **Health:** Expanding access to health services, reducing surgical waiting lists, strengthening the national hospital network, improving the supply and procurement of essential medicines and medical services, modernizing health infrastructure and digital systems, and promoting primary and preventive care initiatives aimed at improving public health outcomes and quality of life.

- **Education and Human Capital Development:** Expanding educational opportunities through improvements in educational infrastructure, digital connectivity, technical training, scholarship programs, and workforce development initiatives; supporting digital transformation within the educational system; strengthening school nutrition and education access programs; and expanding access to higher education through the development of additional university campuses and training opportunities aimed at enhancing labor competitiveness and employment prospects.

- **Governance, Institutional Modernization, and Social Development:** Promoting efficiency in public spending, the modernization and digitalization of public administration, the decentralization of government operations, and cooperation with municipal governments, with an emphasis on democratic governance, institutional strengthening, transparency, and accountability. The administration has also promoted initiatives related to social protection, services for women, disaster preparedness, environmental protection, labor formalization, and social inclusion, with the aim of improving public sector efficiency and expanding economic and social opportunities throughout the country.

Public Infrastructure Investments

The Central Government has prioritized within its public investment program the execution of infrastructure projects (roads, power generation and ports), as well as investments for the *Red Solidaria* program, internal security and projects in the health and education sectors.

The construction of an efficient road system has become one of the most important pillars of economic and social development in Honduras, both at the national and regional levels. Investment in road infrastructure is expected to bring significant benefits, including improved access to land for productive activities, economic diversification, and the expansion of basic public services. As of March 31, 2026, the Central Government projects a total investment of L.40,187.1 million, including L.32,561.9 million for the transportation sector and L.7,625.2 million for energy projects.

The Central Government signed several public-private partnership contracts for public infrastructure projects. As of December 31, 2025, approximately U.S.$1,720.9 million had been contracted for projects in the infrastructure, energy, ports, and airports sectors, and U.S.$1,276.0 million had been disbursed in connection with these projects.

Main Highway Projects

Agricultural Corridor Project

The Agricultural Corridor is one of the Central Government's most important projects. The Central Government has begun working on roads in strategic productive areas located in the department of Olancho, which will create an agricultural corridor that will connect Olancho with Francisco Morazán and El Paraíso through the following sections:

- The ENA – San José de Rio Tinto – Dulce Nombre de Culmí, with a length of 15.33 kilometers.

- El Bijagual – San Francisco de Becerra (Route 77), with a length of 15.09 kilometers.

- Las Delicias (Route 15) – El Bijagual and San Francisco de Becerra – Catacamas, with a length of 62.75 kilometers.

- Las Lomas – Terrero Blanco (Route 53), with a length of 60.6 kilometers.

- Juan de Flores – Talanga with a length of 18.46 kilometers.

The work on these roads sections is planned to be carried out over four years, from November 2022 to September 2026, with an estimated investment of L.3,209.5 million (U.S.$120.8 million) for the construction and rehabilitation of 144.38 kilometers using hydraulic concrete.

As of March 31, 2026, 120.2 kilometers of road had been rehabilitated and constructed with hydraulic concrete in the Olancho department.

The Lenca Corridor

The Lenca corridor is a route that connects the departments of Comayagua, Intibucá, and Lempira, thus connecting the central and western areas of the country. During 2022, the rehabilitation of the highway section Siguatepeque (Comayagua department) to La Esperanza (Intibucá department) measuring 67 kilometers began, with an investment of L.982.9 million (U.S.$37.0 million) and an expected execution period of 48 months from November 2022 to December 2026. This project will benefit the municipalities of Siguatepeque, Jesús de Otoro, La Esperanza, and Intibucá, reducing costs for the moving merchandise and basic grains harvested in production areas of the Comayagua and Intibucá departments, as well as the department of Lempira.

The investment in these highway corridors is expected to be fully financed with national funds. As of March 31, 2026, 64.74 kilometers of road had been rehabilitated and constructed with hydraulic concrete. Complementary works are being carried out throughout the corridor, such as curbs and vertical and horizontal signage, in order to provide a safe road.

The Tourist Corridor

In the Tourist Corridor, several road sections will be rehabilitated and expanded through the Resilient Roads Program of Honduras ("PCR-HN"), a program that is financed with two CABEI loans for a combined value of U.S.$703.3 million (approximately U.S.$548.5 million specifically for the Tourist Corridor) and a contribution of national funds of U.S.$25 million (approximately U.S.$17.0 million specifically for the Tourist Corridor).

The PCR-HN will improve the following sections of the Tourist Corridor:

- La Barca – El Progreso, with a length of 36.6 kilometers, for an amount of U.S.$216.8 million;

- El Progreso – Tela, with a length of 68.3 kilometers, for an amount of U.S.$123.1 million;

- Bypass of the city of El Progreso, with a length of 15.8 kilometers, for an amount of U.S.$97.6 million; and

- Tela – La Ceiba, with a length of 94.3 kilometers, for an amount of U.S.$123.0 million.

The Tourist Corridor rehabilitation is expected to be executed in a period of four years from September 2026 to February 2030. This project is in its initial stage of preparation to launch the bidding processes and competitions for designs, works and supervision.

The Western Corridor

The Western Corridor connects San Pedro Sula to Guatemala and El Salvador. It is part of the main road network of the country and is integrated into the International Network of Mesoamerican Highways.

The Central Government has several public investment projects planned for the construction and rehabilitation of the CA-4 from the community of Naco, in the Department of Santa Bárbara, to the customs offices of Aguas Calientes and El Poy, located in the Department of Ocotepeque. These cover 259.7 kilometers of road with high vehicular traffic, and the rehabilitation would result in an estimated investment of L.9,414.4 million (U.S.$354.4 million), expected to be executed from November 2022 to June 2031.

This corridor contemplates the intervention of the following roadway sub-sections:

- Naco – Quimistan (28.2 kilometers);

- Quimistan – Sula (23.1 kilometers);

- Sula – La Entrada (27.9 kilometers);

- El Portillo – Sensenti (21.8 kilometers);
- Ocotepeque – Aduana El Poy (8.0 kilometers);
- Ocotepeque – Aduana Aguas Calientes (22.0 kilometers);
- Ocotepeque – El Portillo (20.0 kilometers);
- Sesenti – Cucuyagua (21.8 kilometers); and
- Macuelizo – Corinto (87.0 kilometers).

As of March 31, 2026, 161.72 kilometers of road on the CA-4 have been rehabilitated with hydraulic concrete.

The Eastern Corridor

The Eastern Corridor connects the city of Tegucigalpa, in the department of Francisco Morazán, with the department of El Paraíso and the Las Manos Customs Office. As of March 31, 2026, L.4,274.2 million (U.S.$161.15 million) had been invested for the rehabilitation with hydraulic concrete of 128.5 kilometers of the CA-6 highway. This covers the sections from Tegucigalpa (Villa Vieja exit) to Neteapa Junction (detour to Morocelí), with improvement works in the departments of Francisco Morazán and El Paraíso.

The sections under rehabilitation are as follows:

- Las Mesas (detour to Batallón) – Ojo de Agua (detour to Villa de San Francisco), with a length of 11.1 kilometers;
- El Zamorano (detour to Güinope – Las Mesas) (detour to Batallón), with a length of 9.4 kilometers;
- Pinares de Uyuca – El Zamorano detour (detour to Güinope), with a length of 14.9 kilometers;
- Detour to Tatumbla – detour to Pinares de Uyuca, with a length of 6.8 kilometers;
- Expansion to four lanes of the pedestrian bridge from Villa Nueva to Posta Villa Vieja; and
- Danli – Trojes, El Paraiso department, with a length of 78.0 kilometers.

As of March 31, 2026, the construction and rehabilitation of 73.1 kilometers of highway had been completed in the eastern part of the country.

Other Highway Sections

Additionally, the Central Administration has other investments nationwide, including the rehabilitation and construction with hydraulic concrete of the following highway sections:

- Tegucigalpa – Santa Lucía Expressway, with a length of 10 kilometers (located in the Department of Francisco Morazán).
- Variant CA-5 South Exit, with a length of 8.15 kilometers (located in the Central District, in the Department of Francisco Morazan).

These sections have an approved budget of L.2,067.1 million (U.S.$77.8 million), with a physical target of 18.15 kilometers of rehabilitated and newly constructed roads. As of March 31, 2026, 3.0 kilometers of roads paved with hydraulic concrete have been completed.

Hospital Construction Projects

The Secretariat of Infrastructure and Transportation's Hospital Construction Program aims to develop modern and functional hospital infrastructure nationwide, strengthening the national health system, improving access to quality medical care and promoting the well-being of the Honduran population. Its scope covers the planning, design, and construction of new hospitals, as well as the expansion and modernization of existing health centers. Key activities include earthworks, the construction of medical facilities, emergency areas, operating rooms, laboratories, administrative units, and the installation of basic services and hospital safety systems.

As of December 31, 2025, the program had executed L.2,051.0 million in hospital infrastructure projects. Among the works currently underway are the hospitals in Salamá, Ocotepeque, and Santa Bárbara.

Other Transportation Projects

Palmerola International Airport

Palmerola International Airport is a project contracted under a public-private partnership, operated by the concessionaire Palmerola International Airport S.A. Palmerola International Airport began operating on December 11, 2021. It offers passenger and cargo transport services.

In 2022, Palmerola International Airport had 309,334 outbound passengers, including 3,987 domestic passengers, 304,101 international passengers with normal fares, 1,239 exempt international passengers, and 7 international passengers granted a discount on fares.

In 2023, Palmerola International Airport had 412,766 outbound passengers, including 463 domestic passengers, 408,441 international passengers with normal fares, 3,773 exempt international passengers, and 89 international passengers granted a discount on fares.

In 2024, Palmerola International Airport had 449,789 outbound passengers, including 219 domestic passengers, 444,723 international passengers with normal fares, 4,823 exempt international passengers, and 243 international passengers granted a discount on fares.

In 2025, Palmerola International Airport had 446,130 outbound passengers, including 97 domestic passengers, 440,829 international passengers with normal fares, 4,845 exempt international passengers and 359 international passengers granted a discount on fares. No domestic passengers were registered with exempt or discounted fares.

The Central Government established a project aiming to enhance competitiveness by providing first-rate airport infrastructure. The project incorporates clean energy concepts such as rainwater harvesting, waste usage, solid waste classification, low-energy lighting systems, and a design that maximizes the use of natural light.

To provide the highest quality and service levels to airlines and their passengers, in accordance with demand studies, the terminal plan incorporates six fixed boarding bridges and one MARS position, allowing for seven simultaneous contact boarding processes (capacity to connect up to seven aircraft). From the highway running in front of the airport, known as CA5, there is access to a large 1,200-space car park with areas for passengers, taxis, buses, and rental vehicles. One of the pillars of the project is the cargo service, which includes a building of 3,500 m², coupling bays for trucks as well as a loading and unloading area with a capacity of approximately 20,000 tons per year.

The total estimated investment is U.S.$245.2 million. As of December 31, 2025, U.S.$170.5 million had been executed as follows:

- U.S.$111.7 million of initial mandatory works by the Concessionaire.
- U.S.$11.5 million of the works by Grantor and transferred to the Concessionaire.
- U.S.$9.5 million works by the Grantor.
- U.S.$37.8 million works of the Debt Conversion Program.

To date, Palmerola International Airport is currently operational and offering regular services. However, the works contemplated in the original project have not yet been fully completed. The remaining financial balance of US$74.7 million is earmarked for the execution, completion, and delivery of the remaining complementary works and investments according to the project's master plan.

Puerto Cortés

Puerto Cortés is the main port of Honduras and accounts for approximately 90% of Honduras' commercial activity. Located on the Caribbean Sea, in northern Honduras, Puerto Cortés has six piers, 1,157 meters of mooring quays, 18,000 m² of indoor storage and 296,000 m² of open storage. Its geographical location has given the port a leading position at a regional level. It is one of only 11 Latin American ports that are part of the Container Security Initiative ("CSI"). Accordingly, containers carrying goods from Puerto Cortés to any U.S. seaport are checked by U.S. Customs officials in Honduras, which speeds up entry into the United States.

Container and General Cargo Terminal of Puerto Cortés

In February 2013, COALIANZA awarded a concession for the container terminal to International Container Terminal Services, Inc. ("ICTSI"), a Philippine corporation. The concession is for 30 years with an expected investment of U.S.$624.4 million.

The project was structured with the purpose of modernizing the container operation by equipping the terminal to improve efficiency, implementing the master plan for the development and modernization of Puerto Cortés, and employing technological tools that are in line with the new global trends in logistics chains.

The main achievements of the project include:

- An increase in port facilitation areas, with docks was expanded from 470 meters in 2013 to 820 meters in 2024.
- Installation of two Super Post Panamax cranes, which increased the productivity of the docks, increasing from 19 container movements per hour in 2013 to 24.4 container movements per hour in 2024.
- Improved waiting times for container ships, from 120 minutes in 2013 to 22.7 minutes in 2024.
- The total movement of TEUs (container units) increased from 602,641 TEUs in 2014 to 962,217 TEUs in 2025.
- In 2024, 473,329 containers were moved at the port.
- In 2025, 502,189 containers were moved at the port, an increase of 6% compared to 2024.

In March 2026, Puerto Cortés recorded its highest level of activity, handling 150 vessels. In terms of cargo, 1,077,911 metric tons were handled in the port, representing 74% of the cargo moved through the Honduran port system. Regarding containers, 38,657 units (equivalent to 72,831 TEUs) were handled, consolidating Puerto Cortés's position as the nation's main logistics and commercial hub, with growth in TEU volume compared to February.

Solid Bulk Terminal in Puerto Cortés

The Puerto Cortés Solid Bulk Terminal was concessioned to operate and manage the maintenance, conservation, and development of its facilities and equipment. This ensures quality service, modernizes and enhances port structures, increases capacity and projection, and creates favorable conditions for the development of economic trade in Honduras. The terminal specializes in all activities related to the transport of solid bulk. The project is contractually expected to be completed in 2029.

The total aggregate investment in this terminal was expected to be U.S.$68.03 million. However, as of December 31, 2025, U.S.$69.38 million had been executed.

The main achievements of the project include:

- Improved product unloading time: From 7.0 days in 2013 to an average of 5.3 days in 2024 and 3.3 days in 2025.
- Enhanced loading systems: Direct and indirect loading systems with integrated weighing processes increased productivity, from 2,585 metric tons per day in 2014 to over 18,000 metric tons per day in 2024.
- Performance of vessels served: In 2024, 66 vessels were served, mobilizing 2,532,294 metric tons of solid and liquid bulk.

Energy Projects

Rehabilitation and Repowering Project Hydroelectric Complex Cañaveral-Río Lindo

The rehabilitation and repowering project for the Hydroelectric Complex Cañaveral-Río Lindo involves major maintenance activities to repair, replace, and improve the components and facilities of the Cañaveral-Río Lindo hydroelectric plant. This project aims to extend the plant's life by at least 30 years, improve electricity supply at a lower cost, and reduce risks of failure, power shortages, and system instability.

The rehabilitation portion of the project introduced improved technology at the power generation plant by installing higher-performance turbines and digital technology control equipment, enhancing flow usage and turbine efficiency by around 2%.

The repowering portion of the project increased the installed capacity of the generators for use during peak demand hours, resulting in a 20.8 MW increase in the total installed capacity of the complex. The two power substations were upgraded, with transformers and other power equipment replaced. The control and protection systems were modernized, and maintenance was provided to civil works in order to facilitate the delivery of energy to the National Interconnected System.

The project began on May 28, 2015, with an original end date of July 22, 2024. However, the project was extended and remains in force under the JICA HO-P6 Agreement. The JICA HO-P6 Agreement covers project costs in an aggregate amount of U.S.$135.4 million, of which U.S.$47.73 million had been disbursed as of March 31, 2026.

Gross Domestic Product

According to preliminary figures, Honduras had a nominal GDP of approximately L.1,027,762.0 million (U.S.$39,669.0 million) in 2025. From 2021 to 2025, Honduras experienced sustained economic growth with real GDP growth averaging 5.5% per annum, which was mainly driven by consumption, exports and public and private investment. Private sector consumption and private investment averaged 82.9% and 18.6% respectively, of real GDP during this period. Economic performance during this period was bolstered by the inflow of remittances, which recorded an average annual growth rate of 16.8%. The sectors of the economy that contributed most significantly to this increase were: financial intermediation, which registered average growth of 12.7% with an average contribution of 3.0% to GDP; manufacturing, which registered average growth of 3.7% with an average contribution of 0.7% to GDP; commerce, which registered average growth of 6.2% with an average contribution of 0.6% to GDP; and communications, which registered average growth of 3.2% with an average contribution of 0.3% to GDP.

In 2021, real GDP increased by 12.6%. This was mainly due to private consumption and investment, as well as internal and external demand. The main economic activities that contributed to this increase were: manufacturing, which grew by 19.1%, financial intermediation, which grew by 14.8%, commerce, which grew by 17.0%, and communications, which grew by 2.4%.

In 2022, real GDP increased by 4.1%. This was mainly explained by an increase in exports of 6.6%, as well as an increase in private investment of 5.9% and in private consumption of 5.7%; the latter being favored by remittances. The main economic activities that contributed to this growth were: financial intermediation (11.9%), manufacturing industry (6.7%), commerce (5.0%), communications (1.4%) and agriculture, livestock, hunting, forestry and fishing (0.3%).

In 2023, real GDP increased by 3.6%. This growth was mainly explained by an increase in final consumption expenditure of 5.2% and an increase in gross fixed investment of 11.2%, which in turn resulted from strong public investment for construction, rehabilitation, paving and road expansion projects. The main economic activities that contributed to this growth were: financial intermediation (12.8%), agriculture, livestock, hunting, forestry and fishing (4.0%), communications (5.3%) and commerce (3.9%).

In 2024, real GDP grew at an annual rate of 3.6 %, equal to the 3.6% growth reported in 2023. On the demand side, there was greater dynamism in final consumption, with an increase driven by private and public consumption, as well as an increase in total investment due to growth in private investment. Additionally, the leading contributors to real GDP by economic activity were financial intermediation, electricity and water distribution, commerce and communications.

In 2025, the Honduran economy grew by 3.8% compared to 2024. This was due to positive dynamics in the economic activities that contribute most to GDP (financial intermediation; electricity and water distribution; agriculture, livestock, hunting, forestry and fishing; and communications), driven by domestic and external demand.

The following table shows Honduras' real GDP growth, in constant *Lempiras*, by expenditure, for the periods indicated:

Real GDP by Expenditure

(*L. millions*)[1]

	For the Year Ended December 31,				
	2021	2022	2023	2024[2]	2025[3]
Final Consumption	**215,924**	**225,119**	**236,923**	**246,056**	**255,892**
Private Sector	183,588	194,120	203,060	211,619	218,933
Public Sector	32,336	30,999	33,863	34,437	36,960
Fixed Capital Formation	**46,783**	**48,017**	**53,409**	**56,351**	**56,281**
Private Sector	41,069	43,491	45,552	48,570	48,485
Public Sector	5,713	4,526	7,857	7,782	7,796
Changes in stock	**3,283**	**7,817**	**(6,963)**	**(698)**	**6,821**
Goods and Services Exports	**114,796**	**122,369**	**113,841**	**108,437**	**107,980**
(-) Goods and Services Imports	154,803	167,976	153,449	157,530	164,882
GDP (at market prices)	**225,982**	**235,346**	**243,761**	**252,616**	**262,092**

(1) In constant 2000 *Lempiras*.

(2) Revised

(3) Preliminary

The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' real GDP growth, expressed as a percentage, by expenditure, for the periods indicated:

Real GDP Growth by Expenditure

(*percentage change from previous year*)[1]

	For the Year Ended December 31,				
	2021	2022	2023	2024[2]	2025[3]
Final Consumption	**16.2**	**4.3**	**5.2**	**3.9**	**4.0**
Private Sector	16.8	5.7	4.6	4.2	3.5
Public Sector	12.6	(4.1)	9.2	1.7	7.3
Fixed Capital Formation	**41.5**	**2.6**	**11.2**	**5.5**	**(0.1)**
Private Sector	44.1	5.9	4.7	6.6	(0.2)
Public Sector	24.8	(20.8)	73.6	(1.0)	0.2
Goods and Services Exports	**23.2**	**6.6**	**(7.0)**	**(4.7)**	**(0.4)**
(-) Goods and Services Imports	32.6	8.5	(8.6)	2.7	4.7
GDP (at market prices)	**12.6**	**4.1**	**3.6**	**3.6**	**3.8**

(1) In constant 2000 *Lempiras*.

(2) Revised

(3) Preliminary

Note: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' quarterly real GDP growth, in constant *Lempiras*, by expenditure, for the periods indicated:

Real GDP by Expenditure

Quarterly National Accounts

	2024*				2025**			
	I	II	III	IV	I	II	III	IV
	(L. millions)[1]							
Final Consumption	**58,733**	**61,025**	**59,381**	**66,917**	**60,390**	**62,717**	**62,793**	**69,992**
Private Sector	51,156	52,737	50,997	56,729	52,158	54,028	52,866	59,881
Public Sector	7,577	8,288	8,384	10,189	8,232	8,689	9,927	10,112
Fixed Capital Formation	**11,174**	**14,762**	**15,596**	**14,819**	**11,174**	**14,798**	**15,745**	**14,564**
Goods and Services Exports	**26,660**	**29,185**	**27,841**	**24,752**	**27,553**	**28,684**	**27,770**	**23,973**
(-) Goods and Services Imports	34,874	39,900	41,491	41,265	35,855	42,080	44,052	42,895
GDP (at market prices)	**61,078**	**61,581**	**62,068**	**67,889**	**63,758**	**64,107**	**64,391**	**69,836**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note 1: Data referred to the original series.
Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' quarterly real GDP growth, expressed as a percentage, by expenditure, for the periods indicated:

Real GDP by Expenditure

Quarterly National Accounts

	2024*				2025**			
	I	II	III	IV	I	II	III	IV
	percentage change accumulated from same period of last year (1)							
Final Consumption	**5.6**	**5.3**	**4.5**	**3.9**	**2.8**	**2.8**	**3.8**	**4.0**
Private Sector	6.3	5.6	4.8	4.2	2.0	2.2	2.7	3.5
Public Sector	0.6	2.8	2.9	1.7	8.6	6.7	10.7	7.3

Fixed Capital Formation	**0.4**	**10.2**	**8.4**	**5.5**	**0.0**	**0.1**	**0.4**	**(0.1)**
Goods and Services Exports	**(8.6)**	**(7.6)**	**(6.5)**	**(4.7)**	**3.3**	**0.7**	**0.4**	**(0.4)**
(-) Goods and Services Imports	(1.9)	2.1	2.1	2.7	2.8	4.2	4.9	4.7
GDP (at market prices)	**3.1**	**3.6**	**3.6**	**3.6**	**4.4**	**4.2**	**4.1**	**3.8**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note 1: Data referred to the original series.

Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' real GDP, in constant *Lempiras*, by economic activity, for the periods indicated:

Real GDP by Economic Activity
For the Year Ended December 31,

	2021	2022	2023	2024*	2025**
		(L. millions)[1]			
Manufacturing	42,942	45,825	42,889	41,614	42,449
Commerce, automotive vehicle and motorcycle repair, personal and household goods.	21,777	22,856	23,754	24,415	24,984
Agriculture, stockbreeding, hunting, forestry and fishing	28,537	28,628	29,759	29,605	30,636
Education	9,325	9,675	10,186	10,431	10,582
Public Administration and Defense; Mandatory Affiliation Social Security Plan	11,213	11,404	11,476	12,185	13,011
Financial intermediation	49,732	55,630	62,751	70,630	78,582
Construction	5,517	5,591	6,339	6,888	6,786
Housing	9,000	9,268	9,520	9,801	10,104
Real estate and other business services	9,472	9,134	9,635	10,106	10,615
Social and health services	8,145	7,818	7,923	8,130	8,640
Communications	23,182	23,505	24,753	25,899	26,513
Transportation and storage	8,133	9,024	9,635	9,987	10,289
Hotels and restaurants	4,035	4,902	5,460	5,684	5,714
Community, social and personal services	5,217	5,395	5,790	6,156	6,361
Electricity and water distribution	6,819	7,758	8,498	9,286	9,680
Exploitation of mines and quarries	454	442	477	498	489
Minus: indirectly measured financial intermediation services	38,173	42,921	47,498	51,747	56,673
Gross added value at basic prices	**205,326**	**213,935**	**221,347**	**229,569**	**238,762**
Plus: net taxes of production and importation subsidies	20,656	21,411	22,414	23,047	23,330
GDP at market prices	**225,982**	**235,346**	**243,761**	**252,616**	**262,092**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' real GDP growth, expressed as a percentage, by economic activity, for the periods indicated:

Real GDP Growth by Economic Activity
For the Year Ended December 31,

2021	2022	2023	2024*	2025**

	percentage change from previous year(1)				
Manufacturing	19.1	6.7	(6.4)	(3.0)	2.0
Commerce, automotive vehicle and motorcycle repair, personal and household goods.	17.0	5.0	3.9	2.8	2.3
Agriculture, stockbreeding, hunting, forestry and fishing	(1.6)	0.3	4.0	(0.5)	3.5
Education	0.6	3.8	5.3	2.4	1.5
Public Administration and Defense; Mandatory Affiliation Social Security Plan	3.0	1.7	0.6	6.2	6.8
Financial intermediation	14.8	11.9	12.8	12.6	11.3
Construction	27.1	1.3	13.4	8.7	(1.5)
Housing	2.4	3.0	2.7	3.0	3.1
Real estate and other business services	12.9	(3.6)	5.5	4.9	5.0
Social and health services	19.1	(4.0)	1.3	2.6	6.3
Communications	2.4	1.4	5.3	4.6	2.4
Transportation and storage	28.3	11.0	6.8	3.7	3.0
Hotels and restaurants	58.2	21.5	11.4	4.1	0.5
Community, social and personal services	12.3	3.4	7.3	6.3	3.3
Electricity and water distribution	17.4	13.8	9.5	9.3	4.2
Exploitation of mines and quarries	25.0	(2.8)	8.1	4.3	(1.9)
Minus: indirectly measured financial intermediation services	13.4	12.4	10.7	8.9	9.5
Gross added value at basic prices	**11.5**	**4.2**	**3.5**	**3.7**	**4.0**
Plus: net taxes of production and importation subsidies	24.5	3.7	4.7	2.8	1.2
GDP at market prices	**12.6**	**4.1**	**3.6**	**3.6**	**3.8**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' quarterly real GDP growth, in constant *Lempiras*, by economic activity:

Real GDP by Economic Activity

Quarterly National Accounts

	2024*				2025**			
	I	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**
	(L. millions)(1)							
Manufacturing	10,647	10,763	10,614	9,590	10,773	11,016	10,840	9,820
Commerce, automotive vehicle and motorcycle repair, personal and domestic equipment; Hotels and restaurants	7,269	7,545	7,281	8,004	7,363	7,612	7,404	8,318
Agriculture, stockbreeding, hunting, forestry and fishing	7,802	6,372	6,478	8,953	8,040	6,530	6,540	9,526
Education; Social and health services	4,411	4,611	4,730	4,809	4,466	4,682	5,070	5,004
Public Administration and Defense; Mandatory Affiliation Social Security Plan	3,034	3,005	3,005	3,141	3,223	3,206	3,199	3,382
Financial intermediation	15,638	16,685	18,752	19,554	17,309	18,799	20,712	21,762
Construction	1,558	1,615	1,569	2,146	1,634	1,735	1,599	1,818
Housing; Real estate and other business services	4,758	4,968	4,999	5,183	4,914	5,254	5,303	5,248
Communications	6,315	6,239	6,503	6,842	6,625	6,403	6,723	6,762
Transportation and storage	2,401	2,397	2,543	2,645	2,439	2,365	2,692	2,793
Community, social and personal services	1,461	1,544	1,487	1,663	1,513	1,604	1,606	1,638
Electricity and water distribution	2,047	2,165	2,585	2,489	2,551	2,518	2,456	2,155
Exploitation of mines and quarries	117	119	114	147	123	125	114	127
Minus: indirectly measured financial intermediation services	11,756	12,351	13,985	13,655	12,576	13,611	15,341	15,145
Gross added value at basic prices	**55,704**	**55,676**	**56,677**	**61,512**	**58,397**	**58,238**	**58,918**	**63,209**

Plus: net taxes of production and importation subsidies	5,375	5,904	5,391	6,377	5,361	5,869	5,473	6,627
GDP at market prices	**61,078**	**61,581**	**62,068**	**67,889**	**63,758**	**64,107**	**64,391**	**69,836**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note 1: Data referred to the original series.

Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' quarterly real GDP growth, expressed as a percentage, by economic activity:

Real GDP by Economic Activity
Quarterly National Accounts

	2024*				2025**			
	I	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**
	percentage change accumulated from same period of last year (1)							
Manufacturing	(5.5)	(3.8)	(3.6)	(3.0)	1.2	1.8	1.9	2.0
Commerce, automotive vehicle and motorcycle repair, personal and domestic equipment; Hotels and restaurants	3.5	3.7	3.2	3.0	1.3	1.1	1.3	2.0
Agriculture, stockbreeding, hunting, forestry and fishing	(0.3)	0.9	1.0	(0.5)	3.0	2.8	2.2	3.5
Education; Social and health services	3.6	3.5	3.2	2.5	1.2	1.4	3.4	3.6
Public Administration and Defense; Mandatory Affiliation Social Security Plan	6.7	6.0	6.3	6.2	6.3	6.5	6.5	6.8
Financial intermediation	14.8	15.3	13.8	12.6	10.7	11.7	11.2	11.3
Construction	11.9	11.9	11.4	8.7	4.8	6.2	4.8	(1.5)
Housing; Real estate and other business services	3.5	3.5	3.8	3.9	3.3	4.5	5.1	4.1
Communications	5.6	3.8	3.5	4.6	4.9	3.8	3.6	2.4
Transportation and storage	2.2	5.9	4.1	3.7	1.6	0.1	2.1	3.0
Community, social and personal services	7.3	6.0	5.1	6.3	3.5	3.7	5.1	3.3
Electricity and water distribution	(1.2)	(1.1)	5.5	9.3	24.6	20.3	10.7	4.2
Exploitation of mines and quarries	3.3	5.4	5.2	4.3	4.7	4.7	3.1	(1.9)
Minus: indirectly measured financial intermediation services	11.1	11.5	10.1	8.9	7.0	8.6	9.0	9.5
Gross added value at basic prices	**2.9**	**3.5**	**3.6**	**3.7**	**4.8**	**4.7**	**4.5**	**4.0**
Plus: net taxes of production and importation subsidies	4.7	5.0	3.8	2.8	(0.2)	(0.4)	0.2	1.2
GDP at market prices	**3.1**	**3.6**	**3.6**	**3.6**	**4.4**	**4.2**	**4.1**	**3.8**

(1) In constant 2000 *Lempiras*.

* Revised

** Preliminary

Note 1: Data referred to the original series.

Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank of Honduras.

The following table shows Honduras' nominal GDP growth by economic activity:

	Nominal GDP by Economic Activity For the Year Ended December 31,				
	2021	2022	2023	2024*	2025**
			(L. millions)		
Manufacturing	109,604	124,808	128,527	136,402	153,860.93
Commerce, automotive vehicle and motorcycle repair, personal and household goods.	97,702	119,447	127,981	131,632	143,697
Agriculture, stockbreeding, hunting, forestry and fishing	73,630	95,981	101,246	103,350	136,891
Education	43,171	46,812	52,253	58,783	65,570
Public Administration and Defense; Mandatory Affiliation Social Security Plan	38,687	42,162	45,246	50,193	55,903
Financial intermediation	41,176	47,913	54,425	63,506	74,710
Construction	39,750	41,704	54,607	64,235	67,851
Housing	32,384	34,601	37,213	40,285	43,248
Real estate and other business services	33,021	34,673	39,065	43,037	47,377
Social and health services	26,133	25,576	26,971	30,163	33,621
Communications	20,670	19,945	20,361	21,110	23,105
Transportation and storage	23,397	25,283	31,790	36,060	40,537
Hotels and restaurants	18,765	23,684	29,210	33,792	37,383
Community, social and personal services	17,133	19,461	22,087	24,474	26,502
Electricity and water distribution	19,851	27,320	29,170	33,710	31,386
Exploitation of mines and quarries	5,323	5,532	5,970	7,017	7,846
Minus: indirectly measured financial intermediation services	34,046	40,455	45,196	51,352	58,852
Gross added value at basic prices	**606,351**	**694,446**	**760,927**	**826,397**	**930,636**
Plus: net taxes of production and importation subsidies	69,582	75,048	84,283	90,685	97,126
GDP at market prices	**675,933**	**769,494**	**845,210**	**917,082**	**1,027,762**

* Revised

** Preliminary

Note: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows each economic sector's contribution to nominal GDP expressed as a percentage of nominal GDP:

	Nominal GDP by Economic Activity For the Year Ended December 31,				
	2021	2022	2023	2024*	2025**
Manufacturing	16.2	16.2	15.2	14.9	15.0
Commerce, automotive vehicle and motorcycle repair, personal and domestic equipment	14.5	15.5	15.1	14.4	14.0
Agriculture, stockbreeding, hunting, forestry and fishing	10.9	12.5	12.0	11.3	13.3
Education	6.4	6.1	6.2	6.4	6.4
Public Administration and Defense; Mandatory Affiliation Social Security Plan	5.7	5.5	5.4	5.5	5.4
Financial intermediation	6.1	6.2	6.4	6.9	7.3
Construction	5.9	5.4	6.5	7.0	6.6
Housing	4.8	4.5	4.4	4.4	4.2
Real estate and other business services	4.9	4.5	4.6	4.7	4.6
Social and health services	3.9	3.3	3.2	3.3	3.3
Communications	3.1	2.6	2.4	2.3	2.2
Transportation and storage	3.5	3.3	3.8	3.9	3.9
Hotels and restaurants	2.8	3.1	3.5	3.7	3.6

Community, social and personal services	2.5	2.5	2.6	2.7	2.6
Electricity and water distribution	2.9	3.6	3.5	3.7	3.1
Exploitation of mines and quarries	0.8	0.7	0.7	0.8	0.8
Minus: indirectly measured financial intermediation services	5.0	5.3	5.3	5.6	5.7
Gross added value at basic prices	**89.7**	**90.2**	**90.0**	**90.1**	**90.5**
Plus: net taxes of production and importation subsidies	10.3	9.8	10.0	9.9	9.5
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Revised

** Preliminary

Note: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows Honduras' quarterly nominal GDP by economic activity:

Nominal GDP by Economic Activity

Quarterly National Accounts

	2024*				**2025****			
	I	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**
	(L. millions)							
Manufacturing	33,561	34,479	34,912	33,450	38,372	39,634	38,439	37,416
Commerce, automotive vehicle and motorcycle repair, personal and domestic equipment; Hotels and restaurants	40,121	42,177	39,516	43,610	43,111	45,290	43,320	49,359
Agriculture, stockbreeding, hunting, forestry and fishing	29,006	21,920	21,872	30,553	39,402	26,615	24,784	46,089
Education; Social and health services	18,798	24,155	21,447	24,545	20,889	26,599	24,511	27,192
Public Administration and Defense; Mandatory Affiliation Social Security Plan	10,147	14,843	11,161	14,042	12,516	16,443	14,046	12,898
Financial intermediation	14,676	15,880	16,084	16,867	17,652	18,197	18,472	20,389
Construction	13,785	14,592	15,182	20,676	15,351	16,850	16,539	19,112
Housing; Real estate and other business services	19,549	20,670	21,068	22,035	21,170	22,840	23,296	23,319
Communications	5,037	5,060	5,299	5,716	5,545	5,619	5,960	5,981
Transportation and storage	8,760	8,332	8,508	10,460	9,766	9,470	9,863	11,439
Community, social and personal services	5,775	6,015	5,984	6,699	6,243	6,537	6,719	7,003
Electricity and water distribution	6,625	7,651	9,968	9,466	8,394	8,853	7,451	6,687
Exploitation of mines and quarries	1,477	1,680	1,670	2,191	1,801	1,856	1,859	2,330
Minus: indirectly measured financial intermediation services	12,386	12,745	13,239	12,982	13,952	14,331	15,114	15,455
Gross added value at basic prices	**194,931**	**204,707**	**199,432**	**227,327**	**226,260**	**230,471**	**220,145**	**253,759**
Plus: net taxes of production and importation subsidies	21,139	22,099	24,354	23,093	22,200	23,187	25,489	26,250
GDP at market prices	**216,070**	**226,806**	**223,786**	**250,419**	**248,461**	**253,659**	**245,634**	**280,009**

* Revised

** Preliminary

Note 1: Data referred to the original series.

Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The following table shows each economic sector's contribution to quarterly nominal GDP expressed as a percentage of nominal GDP:

Nominal GDP by Economic Activity

Quarterly National Accounts

2024*				**2025****			
I	**II**	**III**	**IV**	**I**	**II**	**III**	**IV**

	percentage of total nominal GDP							
Manufacturing	15.5	15.2	15.6	13.4	15.4	15.6	15.6	13.4
Commerce, automotive vehicle and motorcycle repair, personal and domestic equipment; Hotels and restaurants	18.6	18.6	17.7	17.4	17.4	17.9	17.6	17.6
Agriculture, stockbreeding, hunting, forestry and fishing	13.4	9.7	9.8	12.2	15.9	10.5	10.1	16.5
Education; Social and health services	8.7	10.7	9.6	9.8	8.4	10.5	10.0	9.7
Public Administration and Defense; Mandatory Affiliation Social Security Plan	4.7	6.5	5.0	5.6	5.0	6.5	5.7	4.6
Financial intermediation	6.8	7.0	7.2	6.7	7.1	7.2	7.5	7.3
Construction	6.4	6.4	6.8	8.3	6.2	6.6	6.7	6.8
Housing; Real estate and other business services	9.0	9.1	9.4	8.8	8.5	9.0	9.5	8.3
Communications	2.3	2.2	2.4	2.3	2.2	2.2	2.4	2.1
Transportation and storage	4.1	3.7	3.8	4.2	3.9	3.7	4.0	4.1
Community, social and personal services	2.7	2.7	2.7	2.7	2.5	2.6	2.7	2.5
Electricity and water distribution	3.1	3.4	4.5	3.8	3.4	3.5	3.0	2.4
Exploitation of mines and quarries	0.7	0.7	0.7	0.9	0.7	0.7	0.8	0.8
Minus: indirectly measured financial intermediation services	5.7	5.6	5.9	5.2	5.6	5.6	6.2	5.5
Gross added value at basic prices	**90.2**	**90.3**	**89.1**	**90.8**	**91.1**	**90.9**	**89.6**	**90.6**
Plus: net taxes of production and importation subsidies	9.8	9.7	10.9	9.2	8.9	9.1	10.4	9.4
GDP at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Revised

** Preliminary

Note 1: Data referred to the original series.

Note 2: The sum of the parts is not necessarily equal to the total, due to approximations.

Source: Central Bank.

The Main Sectors of the Economy

From 2021 through 2025, the main sectors of the Honduran economy which exhibited growth were: (i) financial intermediation; (ii) manufacturing; (iii) commerce, automotive vehicle and motorcycle repair, personal and household goods; (iv) transportation and storage; (v) electricity and water distribution; and (vi) communications.

In 2025, the Honduran economy grew by 3.8%, driven by the positive dynamics in the following economic activities: financial intermediation (11.3%); electricity and water distribution (4.2%); agriculture, livestock, forestry, hunting and fisheries (3.5%); and communications (2.4%).

Manufacturing

From 2021 through 2025, the manufacturing industry grew by an average of 3.7%, driven mainly by increases in: food products, beverage and tobacco (1.7% on average), manufacturing of textile products, including footwear (2.4% on average), manufacturing of plastics and chemical products (2.7% on average), and machinery and equipment manufacturing (18.2% on average).

The following table shows the principal Honduran manufacturing activities, in constant *Lempiras*, for the periods indicated:

Main Manufacturing Activities

For the Year Ended December 31

	2021	**2022**	**2023**	**2024**(3)	**2025**(4)
		(L. millions)(1)			
Food Products, Beverages and Tobacco	19,897	20,131	20,241	19,358	20,254
Production, Processing and Preservation and Fish	5,187	5,403	5,361	5,053	5,363
Grain Mill Products	1,274	1,285	1,280	1,312	1,355
Food Products and Prepared Animal feeds	8,452	8,462	8,354	7,832	8,304

Beverages	4,592	4,633	4,948	4,960	5,029
Tobacco Products	392	349	299	201	202
Textiles, Leather and Footwear	13,318	15,044	11,598	10,512	9,626
Wood and Wood Products	349	371	381	386	393
Paper and Paper Products, Editing and Printing Activities	695	599	518	496	483
Chemicals and Chemical Products, Petroleum Products, Rubber and Plastic Products	2,529	2,650	2,403	2,481	2,633
Glass, Glass Products and Other Non-Metallic Minerals	1,695	1,787	1,948	2,126	2,180
Basic Metals	165	180	160	193	247
Metal Products, Machinery and Equipment	3,537	4,312	5,063	5,497	6,079
Furniture(2)	289	310	320	336	345
Other Manufacturing	468	442	257	230	211
Total	**42,941**	**45,825**	**42,889**	**41,614**	**42,449**

(1) Using 2000 as the base year for constant volume and price in *Lempiras*.

(2) Includes manufacturing of all types of furniture, except for stone, concrete and ceramic, which are accounted for in "Other Manufacturing."

(3) Revised

(4) Preliminary

Note: Totals might vary due to rounding.

Source: Central Bank.

The following table shows the percentage of annual growth of the principal Honduran manufacturing activities for the periods indicated:

Growth of Main Manufacturing Activities

For the Year Ended December 31,

	2021	**2022**	**2023**	**2024(3)**	**2025(4)**
	(percentage change from previous year)(1)				
Food Products, Beverages and Tobacco	6.5	1.2	0.5	(4.4)	4.6
Production, Processing and Preservation and Fish	7.8	4.2	(0.8)	(5.7)	6.1
Grain Mill Products	0.4	0.9	(0.4)	2.4	3.3
Food Products and Prepared Animal feeds	2.6	0.1	(1.3)	(6.2)	6.0
Beverages	15.3	0.9	6.8	0.2	1.4
Tobacco Products	5.9	(11.1)	(14.3)	(32.6)	0.1
Textiles, Leather and Footwear	39.9	13.0	(22.9)	(9.4)	(8.4)
Wood and Wood Products	24.2	6.5	2.5	1.5	1.8
Paper and Paper Products, Editing and Printing Activities	22.3	(13.8)	(13.6)	(4.3)	(2.6)
Chemicals and Chemical Products, Petroleum Products, Rubber and Plastic Products	8.6	4.8	(9.3)	3.2	6.1
Glass, Glass Products and Other Non-Metallic Minerals	30.5	5.4	9.1	9.1	2.5
Basic Metals	17.2	8.8	(11.2)	20.9	27.9
Metal Products, Machinery and Equipment	32.4	21.9	17.4	8.6	10.6
Furniture(2)	5.9	7.2	3.4	4.8	2.7
Other Manufacturing	63.5	(5.6)	(41.8)	(10.6)	(8.2)
Total	**19.1**	**6.7**	**(6.4)**	**(3.0)**	**2.0**

(1) Using 2000 as the base year for constant volume and price in lempiras

(2) Includes manufacturing of all types of furniture, except for stone, concrete and ceramic, which are accounted for in "Other Manufacturing."

(3) Revised

(4) Preliminary

Note: Totals might vary due to rounding.

Source: Central Bank.

In 2021, the manufacturing sector grew by 19.1%, due to the increase in the manufacturing of textile products, machinery and equipment, such as automotive electrical harnesses (electrical components and vehicle dashboards) mainly due to greater demand from the United States. Likewise, the food, beverage and tobacco industry grew as a result of domestic demand, as well as exports of food products and milling and fish processing and preservation. Meanwhile, there was a decrease in the production of beverages and processing of meat products, as well as in the production of sugar and oils and fats. In contrast, the manufacture of non-metallic mineral products (cement and concrete) increased in response to trends observed in the construction sector. Additionally, the manufacture of chemical and plastic substances and products rose to meet the demands of both intermediate and final industry.

In 2022, the manufacturing sector grew by 6.7%, mainly due to the performance of the food, beverages and tobacco sector, particularly the processing of meat, production and preservation of fish, oils and fats, dairy products and other food products. The manufacturing of textile products and harnesses also demonstrated a positive performance due to increased demand from abroad. Additionally, there was growth in the production of chemical substances and products, as well as in the metal and non-metallic industry (cement). In contrast, a decline was observed in the processing of coffee, tobacco products and paper.

In 2023, the manufacturing sector decreased by 6.4%, mainly due to the negative performance in the manufacturing of textile products resulting from the decreased consumption of these goods, particularly in the United States. Additionally, there was a reduction in the production of chemical products, metal products and other manufactures. A decrease was also noted in the processing of food for both external and internal consumption, including shrimp, tilapia, oils and fats, tobacco, dairy products and flour.

In 2024, the manufacturing sector decreased by 3.0%. This is mainly due to contractions in the miscellaneous food industry, and in the manufacture of garments except leather garments, the latter due to lower external demand for garments, especially from the United States, and a shortage of skilled labor as a result of the emigration of skilled human resources.

In 2025, the manufacturing sector grew 2.0% compared to the previous year, mainly due to an increase in the production of food and non-alcoholic beverages, as well as in the manufacture of other finished metal products. This performance was offset by the slow recovery of external demand for textiles, mainly from the United States.

Goods for Processing (Maquila)

The goods for processing industry, which includes companies under the commercial free zone regime, continues to be one of the main economic sectors in the country and one of the areas with the highest employment. The main subsectors of the *maquila* sector include manufacturing of textiles, clothing and harnesses (electrical components and vehicle dashboards), but also trade services, call centers, washing, dyeing and assembly of garments, among others. The performance of the *maquila* sector is directly related to the economic cycles in the United States as Honduras' main trading partner. Between 2021 and 2025, goods for processing represented on average 36.8% of manufacturing activities and 5.7% of nominal GDP.

The following table shows data on goods for processing (maquila) in *Lempiras* and percentages for the periods indicated:

Goods for Processing (maquila)

	As of December 31,				
	2021	**2022**	**2023**	**2024**[(1)]	**2025**[(2)]
Gross added value (L. millions)	42,937	53,394	46,059	46,755	49,214
Percentage change from previous year	41.5%	24.4%	(13.7%)	1.5%	5.3%
Percentage of total nominal GDP	6.4%	6.9%	5.4%	5.1%	4.8%
Percentage of total manufacturing activity	39.2%	42.8%	35.8%	34.3%	32.0%

(1) Revised

(2) Preliminary

Note: Totals might vary due to rounding.

Source: Central Bank.

In 2021, the Gross Added Value ("GAV") of the maquila sector grew by 41.5%, mainly due to an increase in clothing production of 42.9% and an increase in the manufacture of harnesses and automotive parts of 39.8%. Consequently, exports rose by 46.8% year-on-year, reflecting greater external demand; with approximately 69.0% directed to the United States and 22.2% to the Central American region. This industry contributed 39.2% to total manufacturing and accounted for 6.4% of GDP. Additionally, in 2021, this industry generated 156,011 jobs, representing 4.1% of the total EAP and 34.7% of the manufacturing workforce.

In 2022, the GAV of the maquila sector accounted for 42.8% of total manufacturing sector and 6.9% of nominal GDP. This performance was largely driven by a 25.3% increase in clothing production and a 32.3% rise in the manufacturing of harnesses and automobile parts. In 2022, 324 maquila companies created 162,650 jobs, representing a 4.3% increase compared to 2021 (156,011 jobs). This accounted for 4.5% of total employment in the economy and 29.3% of the manufacturing sector.

In 2023, the GAV of the maquila sector decreased by 13.7%, due to decreased orders from the North American market, particularly for clothing. This reduction in demand also impacted complementary services such as trade, screen printing, and transportation. As a result, the number of jobs in the maquila sector decreased to 139,163, a reduction of 23,487 jobs compared to 2022 (162,650). The maquila sector accounted for 29.4% of the manufacturing sector and 3.8% of total employment in the economy.

In 2024, the maquila sector grew by 1.5%, with textile and harness manufacturing standing out for their contribution of 26.0% to the increase in total manufacturing and 3.9% of GDP. In addition, exports recovered by 0.2%. In 2024, the maquila sector employed 129,239 people, accounting for 25.7% of all manufacturing employees and 3.5% of the national workforce.

In 2025, the maquila sector grew by 5.3%, driven by an increase in exports of electrical components and wiring harnesses for motor vehicles. In 2025, the maquila sector accounted for 32.0% of total manufacturing activity.

Commerce (Wholesale and Retail), Motor Vehicle Repairs, Household and Personal Goods

The wholesale, retail, motor vehicle repair, household and personal goods sector includes the sale, maintenance and repair of motor vehicles and motorcycles, wholesale and retail trade of food products, fuel, textile products, pharmaceutical products, household goods, building materials and hardware, among others. This sector demonstrated an average annual growth rate of 6.2% in real terms from 2021 to 2025.

In 2021, the commerce, motor vehicle repairs, household and personal goods sector grew by 17.0%, as trade normalized, and the economic activities most affected by the COVID-19 pandemic were restored. This recovery was largely driven by growth in domestic supply and imports of agricultural and manufactured goods intended for the domestic market.

In 2022, the commerce, motor vehicle repairs, household and personal goods sector grew by 5.0%, mainly due to the gradual economic recovery of most economic activities, an increase in imports of goods and an increase in household availability due to the receipt of remittances.

In 2023, the commerce, motor vehicle repairs, household and personal goods sector grew by 3.9%, mainly due to the commercialization of national products, specifically agricultural goods.

In 2024, the commerce, motor vehicle repairs, household and personal goods sector grew by 2.8%, mainly due to increased demand for consumer goods (greater purchases of food products, vehicles and appliances), driven by stability in household income.

In 2025, the commerce, motor vehicle repairs, household and personal goods sector grew by 2.3%, mainly due to sustained demand for consumer goods, driven by stable household income.

Agriculture, Livestock, Hunting, Forestry and Fishing

Coffee, African palm crops, banana, tropical fruit and basic grains crops (especially corn and beans) make up the agriculture portion of the sector; it also includes poultry farming, livestock and fishing (shrimp farming) and forestry. This sector demonstrated an average annual growth rate of 1.1% in real terms from 2021 to 2025.

In 2021, the agriculture, livestock, hunting, forestry and fishing sector contracted by 1.6%, due to losses in the cultivation of agricultural products (African palm and sugar cane), as well as the reduced production of bananas. It is relevant to note that this activity had not yet recovered from the adverse effects on plantations caused by tropical storms at the end of 2020. In contrast, coffee and fishing activities showed an increase in production.

In 2022, the agriculture, livestock, hunting, forestry and fishing sector grew by 0.3%, mainly due to the increased production of banana, sugar cane and farmed shrimp. However, this growth was offset by a decline in coffee production because pests - especially leaf spot - significantly impacted production. Additionally, African palm crops suffered due to damage from heavy rains and low agricultural performance stemming from insufficient maintenance. Tilapia farming also reported unfavorable results.

In 2023, the agriculture, livestock, hunting, forestry and fishing sector grew by 4.0%, mainly due to higher yields of coffee crops. The cultivation of basic grains (corn and beans) also contributed to this growth, supported by government programs designed to assist producers and ensure the country's production and food security. On the other hand, fishing declined due to the decrease in fish farming, attributed to the cancellation of environmental licenses, as part of government measures to protect the ecosystem. Likewise, African palm crops experienced lower agricultural yields due to pests and insufficient maintenance.

In 2024, the agriculture, livestock, hunting, forestry and fishing sector contracted by 0.5%, mainly due to the reduced performance of agricultural activities such as coffee, African palm, and banana crops as a result of adverse weather conditions and labor shortages. Aquaculture activities in fish farming and shrimp farming also declined due to lower external demand.

In 2025, the agriculture, livestock, hunting, forestry and fishing sector grew by 3.5%, due to the positive performance of agricultural activities such as coffee, staple grains, sugarcane, tubers and vegetables.

The following table shows the production of some of the main agricultural, livestock, forestry and fishing products for the periods indicated:

Agriculture, Livestock, Hunting, Forestry and Fishing Products

For the Year Ended December 31,

	2021	**2022**	**2023**	**2024**[5]	**2025**[6]
		(L. millions)[1]			
Coffee Crops	7,830	6,458	7,394	6,818	7,247
Tubers, Fruit and Vegetables Crops	4,235	4,306	4,342	4,740	4,763
Bovine Cattle	3,629	3,673	3,710	3,748	3,812
Fishing Activities[2]	3,068	3,256	3,178	2,885	2,956
Banana Crops	1,183	1,682	1,701	1,679	1,550
African Palm Crops	1,792	1,776	1,670	1,606	1,536
Corn Crops	1,548	1,571	1,661	1,764	1,813
Poultry Farming	1,529	1,558	1,582	1,595	1,626
Bean Crops	857	866	1,018	1,099	1,542
Forestry	811	844	862	873	888
Rice Crops	95	90	62	59	57
Sorghum Crops	168	170	171	173	176
Other Animal Farming[3]	215	296	299	279	293
Other Crops and Agricultural Activities[4]	1,576	2,081	2,108	2,286	2,377
Total	**28,537**	**28,628**	**29,759**	**29,605**	**30,636**

(1) Chain index of volume and price with reference base 2000.

(2) Refers to fish and shrimp farming, as well as the catching of fish, shrimp, lobsters and other aquatic products at sea.

(3) Includes pig farming and other animal farming.

(4) Refers to tobacco crops, sugar cane, agricultural services, products obtained from live animal products and others not accounted for elsewhere.

(5) Revised

(6) Preliminary

Note: Totals might vary due to rounding.

Source: Central Bank.

The following table shows the annual growth of the main agricultural, livestock, hunting, forestry and fishing products for the periods indicated:

Agriculture, Livestock, Hunting, Forestry and Fishing Products

For the Year Ended December 31,

	2021	**2022**	**2023**	**2024**[5]	**2025**[6]
Coffee Crops	7.1	(17.5)	14.5	(7.8)	6.3
Tubers, Fruit and Vegetables Crops	2.4	1.7	0.8	9.2	0.5
Bovine Cattle	1.2	1.2	1.0	1.0	1.7
Fishing Activities[2]	2.6	6.1	(2.4)	(9.2)	2.5
Banana Crops	(36.6)	42.2	1.1	(1.3)	(7.7)
African Palm Crops	(9.8)	(0.9)	(5.9)	(3.8)	(4.4)
Corn Crops	0.7	1.5	5.7	6.2	2.8
Poultry Farming	11.3	1.9	1.5	0.8	1.9
Bean Crops	1.0	1.0	17.5	8.0	40.3
Forestry	10.0	4.1	2.2	1.3	1.7
Rice Crops	(17.9)	(5.1)	(31.7)	(5.2)	(3.2)
Sorghum Crops	1.0	1.3	1.0	1.0	1.7
Other Animal Farming[3]	(14.0)	37.4	1.3	(6.7)	4.7

Other Crops and Agricultural Activities[4]	(24.4)	32.0	1.3	8.5	4.0
Total	(1.6)	0.3	4.0	(0.5)	3.5

[1] Chain index of volume and price with reference base 2000.

[2] Refers to fish and shrimp farming, as well as the catching of fish, shrimp, lobsters and other aquatic products at sea.

[3] Includes pig farming and other animal farming.

[4] Refers to tobacco crops, sugar cane, agricultural services, products obtained from live animal products and others not accounted for elsewhere.

[5] Revised

[6] Preliminary

Note: Totals might vary due to rounding.

Source: Central Bank.

Education

The education sector includes public and private education services. The education sector had an average growth rate of 2.7% in real terms over the past five years. This growth is attributed to an increase in the number of schools, colleges, and registered teachers throughout the country, resulting in stable performance from 2021 to 2025.

The education sector grew, in real terms, by 0.6%, 3.8%, 5.3%, and 2.4%, 1.5% in 2021, 2022, 2023, 2024, and 2025, respectively.

Public Administration, Defense, Social Security and Other Public Services

The public administration, defense, social security and other public services sector includes government administrative services, services for the community and administrative services for the mandatory social security scheme. From 2021 to 2025, the sector grew by an annual average of 3.7% in real terms. This growth can be attributed to the increase in salaries and hiring of personnel by public sector entities in line with budget availability.

The public administration, defense, social security and other public services sector grew in real terms, by 3.0%, 1.7%, and 0.6% in 2021, 2022, and 2023, respectively. Notably, in 2021, the 3.0% growth rate was driven by significant investment in the hiring of personnel, particularly in the health sector, to address the demand of the population as a result of the pandemic.

In 2024, the public administration, defense, social security and other public services sector grew by 6.2%.

In 2025, the public administration, defense, social security and other public services sector grew by 6.8%, driven by increases in wages and salaries paid to government employees and the purchase of goods and services.

Financial Intermediation

Financial intermediation services comprise monetary intermediation and other types of financial intermediation, which include the Central Bank, commercial banks, financial companies and other public and private financial intermediaries. Financial intermediation also includes the financing of insurance and pension plans, including public and private insurers, pension funds and insurance auxiliaries. From 2021 to 2025, financial intermediation showed an annual average growth of 12.7%, positioning itself as an important productive activity in the country and a significant contributor to the growth of real GDP.

In 2021, the financial intermediation sector grew by 14.8%, mainly due to the recovery of debts that were refinanced.

In 2022 and 2023, the financial intermediation sector grew by 11.9% and 12.8%, respectively. These increases were attributed to improved performance in interest and commission income, driven by a diverse range of financial products and services.

In 2024, the financial intermediation sector grew by 12.6%, mainly due to higher income from commissions (drafts and transfers, and credit and debit cards), given the increase in the intermediation margin (interest received minus interest paid) as a result of a higher volume of commercial and consumer loans.

In 2025, the financial intermediation sector grew by 11.3%, mainly due to higher income from commissions (wire transfers, and credit and debit cards), given the increase in the intermediation margin (interest received less interest paid), resulting from a higher volume of commercial and consumer loans.

Construction

The construction sector includes the construction of homes and offices, as well as commercial, industrial and public buildings. It also includes the construction of roads, bridges and streets, and other general construction services. From 2021 through 2025, construction increased, on average, by 9.8% per annum.

In 2021, the construction sector recovered, growing by 27.1%, mainly due to the progress in the execution of public infrastructure works, particularly the network improvement and rehabilitation of road infrastructure projects.

In 2022 and 2023, the construction sector grew by 1.3% and 13.4%, respectively, mainly as a result of positive performance in residential, commercial, industrial construction and the provision of services. Additionally, the public sector focused its investments on road infrastructure projects, maintenance and road improvements, as well as on the energy sector, specifically targeting infrastructure and loss reduction.

In 2024, the construction sector grew by 8.7%, mainly due to the ongoing execution of both public and private projects, especially residential projects in the Central District, favored by government initiatives that allow access to resources under preferential interest rate and term conditions, aimed at basic and middle-class housing.

In 2025, the construction sector contracted by 1.5%, mainly due to a drop in private construction projects. This decline was the result of a less favorable economic climate for the sector, combined with changes to the requirements for obtaining preferential-rate financing for middle-class and affordable housing.

Housing

From 2021 through 2025, the housing sector grew at an annual average rate of 2.8%.

The housing sector grew by 2.4%, 3.0%, and 2.7% in 2021, 2022, and 2023, respectively. These increases were primarily due to an increase in housing demand.

In 2024 and 2025, the housing sector grew by 3.0% and 3.1% respectively, mainly explained by the increased demand for housing services, especially in larger cities.

Real Estate and Other Business Services

From 2021 through 2025, the real estate and other business services sector grew annually on average by 4.9%. This growth trend was due to an increased demand for these services, mainly in the manufacturing, commercial and financial intermediation sectors, as well as in households.

The real estate and other business services sector grew, in real terms, by 12.9% and 5.5% in 2021 and 2023, respectively. These increases were mainly due to an increase in demand for real property.

In contrast, in 2022, the sector experienced a decline, in real terms, of 3.6%. This decline was attributed to lower demand for real estate and professional services.

In 2024 and 2025, the real estate and other business services sector grew by 4.9% and 5.0% respectively, mainly due to improved overall economic conditions, which had a positive impact on demand for commercial and industrial real estate, as well as for various services necessary for business development.

Health and Social Services

The health and social services sector includes hospital services (such as health services provided under the supervision of doctors), other human health services (such as ambulance services and those provided in residential health institutions), social services and other social and health services. From 2021 through 2025, the health and social services sector grew by an average annual rate of 5.1% in real terms.

In 2021, the health and social services sector grew by and 19.1%. This growth was attributed to investments in the sector aimed at countering the effects of the COVID-19 pandemic and enhancing disease prevention efforts, particularly through vaccine distribution and improved medical care.

In 2022, the health and social services sector contracted by 4.0%, mainly as a result of the normalization in demand for services from the general population as the COVID-19 pandemic subsided.

In 2023 and 2024, the health and social services sector grew by 1.3% and 2.6%, respectively.

In 2025, the health and social services sector grew by 6.3%, driven by increased demand for private services and higher wages and salaries in the public sector, resulting from the hiring of new healthcare workers.

Communications

The communications sector consists of postal and courier services, as well as telecommunications services, such as fixed and mobile telephone services, internet and data transmission services, and cable television services. From 2021 through 2025, the communications sector recorded an average annual growth rate of 3.2%.

In 2021 and 2022, the communications sector grew by 2.4% and 1.4%, respectively, mainly due to the greater demand for these services due to the need for internet connectivity, derived from remote work and online classes.

In 2023, the communications sector grew by 5.3%, mainly due to changes in consumption patterns as well as improvements by telecommunications companies in the services they provide in terms of technology, high-speed data transfer and cable television, coupled with the expansion of geographic coverage.

In 2024, the communications sector grew by 4.6%, mainly due to increased demand for telecommunications services from both businesses and households.

In 2025, the communications sector grew by 2.4%, mainly due to increased demand for telecommunications services from both businesses and households.

Hondutel

In 2005, Hondutel lost its monopoly to provide telecommunications services in Honduras, particularly for incoming international telephone services, which caused a significant deterioration of Hondutel's finances.

In 2014, Hondutel's senior management took measures to reduce the number of employees, such as through voluntary severance agreements and work suspensions (which often resulted in cancelations of positions), which reduced operating costs.

Hondutel has made several alliances with key international companies, including Starlink (in April 2023), Huawei (in May 2024) and Google (in July 2024), to modernize its operations. These agreements are intended to allow Hondutel to enhance its infrastructure, offer more advanced services, deliver more coverage in remote areas and provide innovative technological solutions to its users, thus benefiting consumers and specific sectors such as education.

Hondutel reported losses in 2021 and 2022. In 2023, Hondutel recorded a net profit of U.S.$7.76 million. In 2024, Hondutel's net profit was U.S.$11.76 million. In 2025, Hondutel reported a net loss of U.S.$6.06 million. In the first quarter of 2026, Hondutel reported a loss of U.S.$1.65 million.

The following table shows Hondutel's profit and loss information for the periods indicated:

Hondutel – Revenues, Expenses, and Profit and Loss

(*in millions U.S. dollars*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Revenues	42.57	47.28	62.25	53.23	34.62	7.31
Expenditures	55.42	55.07	54.49	41.47	40.69	8.96
Profit/Loss	(12.85)	(7.79)	7.76	11.76	(6.06)	(1.65)

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: HONDUTEL Financial Statements.

The following table shows Hondutel's wage expenditures and number of employees as of the dates indicated:

Hondutel – Wages Expenditures and Number of Employees

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Wages Expenditures* (in U.S.$ millions)	19.87	16.55	14.73	15.08	15.34	4.03
Number of Employees	2,017	1,738	1,365	1,390	1,416	1,405

*Wage = Sueldo Bruto

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L25.3800 = U.S.$1.00

December 31, 2025: L26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: HONDUTEL Management Report.

Transportation and Storage

The transportation and storage sector includes the transportation of passengers and goods by land, sea and air; storage services; and complementary and support activities to transportation (port services, travel agencies, among others). From 2021 through 2025, the sector recorded an average annual growth rate of 10.6%.

In 2021, the transportation and storage sector grew by 28.3%, mainly due to the surge of economic activity after the COVID-19 pandemic, including an increase in the production of goods, reactivation of trade, an increase in imports and a decrease in sanitary mobility measures for passenger transportation. In 2022, the transportation and storage sector grew by 11.0%, mainly due to demand generated by the increased production of agricultural and manufacturing goods, as well as imported goods. In 2023, the transportation and storage sector grew by 6.8%, mainly due to increased demand for passenger transportation, along with a rise in the production and marketing of agricultural goods. Additionally, the demand for air transportation services surged due to the introduction of new direct flights and the launch of new airlines.

In 2024, the transportation and storage sector grew by 3.7%, mainly driven by the increased mobility of users in both urban and interurban areas of the country, as well as the growing demand for land freight transportation services from a wide range of economic sectors.

In 2025, the transportation and storage sector grew by 3.0%, mainly driven by increased user mobility in both urban and interurban areas of the country, as well as by the growing demand for land freight transportation services from a wide range of economic sectors.

ENP

The *Empresa Nacional Portuaria* ("ENP") is a decentralized government agency that was created on October 14, 1965. ENP is responsible for managing and operating all seaport facilities, studying port needs, developing work plans, seeking external and domestic financing, coordinating port activities and taking any other actions needed for the management and operation of all maritime ports in Honduras. Since its creation in March 1966, ENP has operated the ports of Puerto Cortés, Puerto Castilla and San Lorenzo.

Through the implementation of the Honduran Maritime Ports Modernization Program established by the Central Government, ENP entered into concessions for the General Cargo Container and Solid Bulk Terminals in Puerto Cortés. ENP reduced its participation in the management of containerized, general and bulk cargo and maintained the provision of maritime services to ships.

ENP also designed a complementary program to reduce administrative and operational personnel costs in order to optimize the use of ENP resources with strategic objectives to strengthen operational, financial and administrative capacity. The program was developed with a management model focused on achieving results that contribute to consolidating the position and financial solvency of ENP and improving corporate social responsibility.

The program is based on three fundamental pillars:

- Administrative Level: Establish strategic alliances with companies whose operational activities are related to port activities, seeking to develop short, medium, and long-term projects. This involves pooling efforts and resources to achieve common goals, with special emphasis on developing the ports of San Lorenzo and Castilla and continuing to strengthen Puerto Cortés.

- Operational Level: Increase the occupancy of the commercial areas of the Free Zone by leasing spaces to companies that contribute to the economic and social development of the ports. This also includes acquiring equipment for port services, both on the docks and for ships. Acquiring pilot boats and tugboats will improve operations and reduce operating costs, while maintaining operational safety to avoid disruptions in the national economy caused by third-party towing/pilotage services.

  Technological modernization and digitalization of the ports to carry out operations with greater efficiency and effectiveness. This includes acquiring an ERP system to centralize and manage processes, optimizing them to ensure productivity.

  Additionally, ENP is working to improve operating conditions to meet current and future demands of international maritime trade. Current projects include:

  - The construction of a liquid terminal, known as dock 1B, to receive oil tankers with greater draft. This project is 14.9% complete, with its completion projected for April 2027.

  - Dredging, expanding, and improving the facilities and equipment of the Port of San Lorenzo to meet demand resulting from the service limitations of the Panama Canal. To carry out this project, ENP is conducting a marine soil characterization study and an environmental impact study prior to launching the bidding process.

- Institutional Level: Continue supporting Customs by maintaining merchandise security through non-intrusive inspections, thus guaranteeing the Secure Container Initiative. This ensures containers received at Puerto Cortés can be examined before being placed on ships bound for the United States, allowing them to enter without delays and promoting trade expansion in the region. This includes the maintenance and enhancement of gamma ray machines and the future installation of x-ray machines.

- Social: The Design and Construction Project of the Malecón de Puerto Cortés Linear Park was launched to promote domestic and international tourism. This leverages the tourist attractions of Puerto Cortés, such as its beaches, Laguna de Alvarado, and the Garifuna communities of Bajamar and Travesía, as well as mountain and adventure tourism. This project provides multiple direct and indirect benefits, such as:

  - Creating jobs;

  - Stimulating local economic growth;

  - Attracting national and foreign investment in the tourism and services industry;

  - Creating safe public spaces for all population sectors, facilitating recreational, sports, sociocultural, art, and commercial activities; and

  - Improving the quality of life for the inhabitants of the municipality.

The following table sets forth ENP's profit and loss before transfers to the public sector for the period indicated:

ENP's Profit and Loss Before Transfers to Public Sector

(*Millions of Lempiras*)

As of December 31,					As of March 31,
2021	**2022**	**2023**	**2024**	**2025**	**2026**
424.88	436.28	544.76	616.62	819.00	255.76

Source: ENP Financial Statements

During the 2021 to 2025 period, ENP's profit before transfers to the public sector rose from L.424.88 million in 2021 to L.819.00 million in 2025, an increase of 92.8% over the five-year period. In 2025, profit before transfers were L.819.00 million, but ENP reported a negative net balance of L.862.75 million after transfers, due to an extraordinary transfer requested by the Central Government of L.1,631.12 million. In the three-month period ended March 31, 2026, ENP's profit before transfers was L.255.76 million.

The following table sets forth summary information from the profit and loss statement for ENP for the periods indicated:

ENP's Revenue, Expenses, Depreciation, Profit and Loss

(*U.S.$ millions*)

	For the year ended December 31,					For the three months ended March 31,
	2021	2022	2023	2024	2025	2026
Revenues	52.7	57.28	65.53	69.12	76.64	21.0
Expenditures	40.59	45.89	52.06	54.05	106.90	10.8
Depreciation	2.74	2.95	2.51	2.37	2.44	0.6
Profit/Loss	9.37	8.44	10.96	12.7	(32.71)	8.3

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L25.3800 = U.S.$1.00

December 31, 2025: L26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: ENP's financial statements

Hotels and Restaurants

The services provided by hotels and restaurants recorded an average annual growth rate of 19.1% from 2021 through 2025.

In 2021, the hotels and restaurants sector grew by 58.2%, mainly due to an increase in the population's confidence after the application of COVID-19 vaccines.

In 2022 and 2023, the hotels and restaurants sector grew by 21.5% and 11.4%, respectively, primarily driven by a resurgence in both external and internal tourism. In particular, there was increased interest in Honduras as a country rich in historical tourism.

In 2024, the hotels and restaurants sector grew by 4.1%. Lodging services showed a continuous increase throughout the year, due to fairs, festivals and different tourist activities in different areas of the country, which contributed increased income.

In 2025, hotels and restaurants grew by 0.5%, mainly driven by the hotel sector compared to the previous year. Restaurants, on the other hand, showed less robust growth.

Community, Social and Personal Services

The community, social and personal services sector includes activities such as radio and television services, cultural services, sports and other recreational services, association services and other services, such as hairdressing activities and other beauty treatments, funeral services and all other services not specifically included in the service activities.

From 2021 through 2025, the community, social and personal services sector recorded an average annual growth rate of 6.5% in real terms.

The community, social and personal services sector grew by 12.3%, 3.4% and 7.3% in 2021, 2022 and 2023, respectively. In 2024, the community, social and personal services sector grew by 6.3%.

In 2025, the community, social and personal services sector grew by 3.3%, mainly due to growth in activities related to nonprofit organizations, social services, service industries, and recreational activities.

Electricity and Water Distribution

The electricity and water distribution sector includes the generation, transmission and distribution of electrical energy, as well as the collection, purification and distribution of water. From 2021 through 2025, the electricity and water sector recorded an average annual growth rate of 10.8%.

In 2021, 2022, and 2023, the electricity and water distribution sector grew by 17.4%, 13.8% and 9.5%, respectively, primarily driven by increased internal demand for these services.

In 2024, the electricity and water distribution sector grew by 9.3%, mainly due to increased public and private power generation, driven by an increase in demand for energy services.

In 2025, the electricity and water distribution sector grew by 4.2%, mainly due to an increase in generation from renewable sources, especially hydroelectric and wind power, generating greater added value due to lower costs for producing clean energy.

Electricity Sector and ENEE

Honduras is a member of the Central American Regional Electricity Market ("MER") as a signing party of the Treaty with the Framework for the Electricity Market of Central America and its protocols. The MER has a regional transmission company, a regional system and market operator, and a regional regulator. Honduras imports and exports electricity within the MER.

The *Empresa Nacional de Energía Eléctrica* ("ENEE") is a state-owned company that operates the domestic electrical energy system. It was created on February 20, 1957, and is responsible for generation, transmission, distribution and sale of electricity in Honduras.

In 2014, the National Congress approved the "General Law of the Electricity Industry" to regulate the generation, transmission, distribution, and sale of electricity. The General Law of the Electricity Industry assigned policymaking responsibilities to the Secretary of Energy ("SEN"). It also reorganized ENEE into three independent companies under a parent company and opened the sector to private investment.

The General Law of the Electricity Industry also established various market participants. A system operator and dispatch center ("ODS") was created to manage the operation of the power grid and ensure the reliable delivery of electricity. The mandate of the ODS, a function previously performed by ENEE, involved designing plans to expand generation and transmission based on sound projections of energy demand, the preparation of procedures for purchase of energy in spot markets, and the operation of the payment system in the wholesale market. The Electricity Regulatory Commission (*Comisión Reguladora de Energía Eléctrica*, or "CREE") was created as a body with functional and budgetary independence to regulate the electricity sector. The CREE's regulatory functions include: (i) licensing of transmission and distribution; (ii) review and approval of bidding documents for contracts to purchase capacity and energy by distribution companies and of the awarded contracts; (iii) market monitoring; (iv) approval of transmission expansion plans; (v) setting a scheme of quality of service and performance standards for transmission and distribution companies, with penalties or compensations to users; and (vi) establishing the regulatory framework for electricity tariffs, allowed revenues for distribution and for transmission, and charges. CREE oversaw a gradual process of opening the electricity market to other players in order to foster competition and promote efficiency in the electricity market.

The Central Government proposed a new reform of the legal framework for the electricity subsector (the "Electricity Reform Bill") , which, as of June 17, 2026, had been passed in its second debate in the plenary session of the National Congress. The Electricity Reform Bill will now be sent for its third debate in the National Congress.

As currently drafted, the Electricity Reform Bill aims to modernize ENEE and the electricity sector in Honduras, including by clarifying the separation of policy, regulation, dispatch and utility operations and by providing for gradual elimination of features from previous unsuccessful reforms. The Electricity Reform Bill accordingly directs ENEE to provide for an end date and report on the PNRP.

The previous ODS will be replaced by a new System and Market Operator (the "OSM"), financed through the CREE, and acting as an independent technical body responsible for the integrated operation of the national interconnected electricity system. The primary function of the OSM will be to ensure the continuity and security of the electricity supply and the proper coordination of generation, storage, transmission, and regional exchange systems at the lowest cost for the electricity market operations as a whole. The OSM will also administer the electricity wholesale market, which shall comprise the contract market, the spot market, and the ancillary services market.

As contemplated in the Electricity Reform Bill, the CREE will remain as the regulator of the electricity system, and will have it own budget, financed in part by a 0.25% tax on the total monthly electricity sales invoiced by each distribution company in Honduras, and by a 0.25% tax on the total value of electricity purchases settled by market agents.

The Electricity Reform Bill also specifies certain requirements for electricity distribution companies. Distribution companies must cover the peak power demand of their regulated consumers – plus the reserve margin established in the regulations – through firm capacity and energy contracts with generators, covering at least up to the end of the following calendar year. Distributors must procure capacity and energy through competitive, long-term international public tenders supervised by the CREE. Electricity rates should be set based on the real annual capital cost, determined through studies contracted by the CREE with specialized consulting firms, and should reflect the capital cost for activities of similar risk in Honduras.

The Electricity Reform Bill provides for a complete reorganization of ENEE, requiring ENEE to transform and spin off into at least one generation company, one distribution company, and one transmission company; these entities will then be owned by the Republic through ENEE, which will act as the parent company. The subsidiary companies will be expected to adhere to high international standards regarding transparency, accounting, disclosure, compliance, and auditing. Therefore, the new subsidiaries will be subject to compliance audits by the Comptroller General, to budget reviews by SEFIN, and to budget approval by the executive branch. Any future programs with or financial contributions by the Central Government to ENEE or its subsidiaries must be tied to specific objectives and targets, evaluation indicators, mechanisms for monitoring implementation and results, and consequences for non-compliance.

Because the reform remains under debate in the National Congress, the provisions could change from what is described above.

ENEE

ENEE owns and operates the second largest hydroelectric plant in Central America, the Francisco Morazán plant, also known as El Cajón, with a capacity of 300 MW. Other state-owned hydroelectric plants are Río Lindo (80 MW), Cañaveral (29 MW), El Níspero (22.5 MW), Santa María del Real (1.2 MW), El Coyolar (1.8 MW), Nacaome (28.1 MW), and Patuca III (104 MW). ENEE also has four fossil fuel power plants: Santa Fe (4.8MW), Ceiba Térmica (10 MW) and La Puerta Hitachi (15 MW).

Recent developments include the incorporation of renewable generation and energy storage solutions, such as a solar facility in Patuca (50 MW) and battery storage (75 MW) projects in Amarateca, currently under development, which contribute to system flexibility and operational support.

In order to meet the demand for electricity, ENEE also purchases energy from independent power producers ("IPPs") pursuant to long term power purchase agreements ("PPAs"), with two-part pricing (energy and capacity). Several IPPs have been operating in Honduras since the mid-1990s, shortly after the government allowed private sector participation in the electricity industry. Such IPPs include Electricidad de Cortés (Elcosa), which received the first PPA in Honduras in 1994 and Empresa de Mantenimiento, Construcción y Electricidad (EMCE). International companies have also entered the sector in recent years, mainly due to the opportunities for solar and wind development. In 2018, Norwegian company Scatec Solar announced the commercial operation of a 35 MW solar facility, bringing their total owned capacity in Honduras to 95 MW. Other international companies operating in Honduras include the United States' SunEdison, Ormat, and SB Energy Holdings. Nearly all IPPs hold a power purchase agreement with ENEE as the purchaser.

ENEE has operated at a loss for many years, due to (1) energy losses in distribution; (2) high prices of energy under its PPAs; (3) high prices of fossil fuels used in its own generation; (4) the fact that the electricity rates charged are insufficient to cover the supply cost; and (5) high levels of debt. The Central Government has had to transfer funds to ENEE to cover the financial gaps generated as a result of these factors.

Losses in the electricity system of ENEE have been among the highest in the region, creating a significant gap in ENEE's financial performance. Technical losses derive from system failures, reading errors or the physical transfer of energy; non-technical losses represent unbilled consumption of energy as a result of unofficial connections to the distribution network, modifications or alterations of measuring devices by clients, or any other form of energy supply that does not result in billing because the energy has not been correctly measured or read. Many clients do not have meters and are charged fixed rates regardless of consumption.

Distribution losses remain contributors to ENEE's financial imbalance. While losses remain elevated and materially high by regional standards, the recent trend shows gradual improvement, declining from 36.5% in 2023 to 34.2% in 2025 based on a year-over-year indicator that measures only the energy received and billed by the ENEE's distribution area. In March 2026, distribution losses further declined to 33.3%.

ENEE purchases fossil fuels, such as bunker fuel and diesel, to generate electricity in its thermal generation plants. Increases in the international prices of fossil fuels have significantly increased the cost of producing thermal energy during that time. As a result, despite significantly reducing the volume of fossil fuels it purchases, the overall cost of its fossil fuel purchases has not decreased commensurately.

The PPAs signed by ENEE with the IPPs were often entered into on a long-term basis at prices that reflected generating costs applicable at the time the contracts were entered into. Through the years, advances in technology have lowered the cost of producing electricity. While less expensive options exist in the market, a significant portion of the electricity that ENEE supplies to its customers is purchased at non-competitive prices set forth in its PPAs, which negatively affects its financial position.

Additionally, insufficient investments in networks resulted in constraints in the transmission grid and distribution system, negatively affecting electricity dispatch and increasing generation costs to supply demand. Therefore, the rates that ENEE charges for the electricity it supplies to its consumers do not cover all costs associated with the generation, transmission, distribution and sale of that energy.

The Central Government and ENEE have taken various actions to try to address these issues.

Changes to the electricity rate structure have been phased in over time to allow ENEE and other electric companies to charge rates that may more adequately compensate their costs. Additionally, ENEE reduced its workforce and increased generation from clean energy sources. In May 2022, ENEE began renegotiating 18 PPAs to lower average energy supply costs. The renegotiated PPAs were submitted to the National Congress in May 2024 and approved by Legislative Decree 3-2025, published in the Official Gazette No. 36,786 on March 10, 2025.

As part of an earlier attempt to reduce energy losses, the Central Government hired Empresa Energía Honduras ("EEH"), a private company, to manage loss reduction, focusing on eliminating irregular connections, standardizing protocols in the distribution network, as well as increasing individual meter installation and promoting fraud detection campaigns. This public-private partnership was approved by Legislative Decree 118-2013 in July 2013. Contract payments were agreed to be made via a dedicated government trust fund managed by Ficohsa. EEH was officially contracted in August 2016, with the Canadian company Manitoba Hydro serving as the project supervisor. Unfortunately, EEH did not meet its goals, and energy losses increased during the seven-year contract period.

The Central Government developed the National Loss Reduction Program (*Plan Nacional de Reduccion de Perdidas*, or "PNRP"), which allocated significant funding from the national budget to help reduce losses during the 2022-2025 period. The budget allocation for the PNRP in 2023, 2024 and 2025 was approximately L.2.5 billion, L.2.9 billion, and L.2.0 billion, respectively. However, the PNRP has yet to achieve positive results.

In 2024, efforts continued with changes to ENEE's internal governance. For example, a Technical Distribution Control Unit (*Unidad Tecnica de Control de Distribucion*, or "UTCD"), which reports to ENEE's board of directors, was created. The UTCD is expected to oversee the entire distribution system and align the PNRP with distribution to enhance governance in this area. The Central Government is reassessing its strategy to reduce electricity supply losses in the medium and long term.

By the end of 2025, ENEE's financial results remained negative, with energy losses in distribution at approximately 34%. Each percentage point of loss equates to a financial loss of approximately U.S.$22 million for ENEE. The trend of energy losses is detailed in the following table:

ENEE – Losses 2021-2025

As of December 31,

Year	Millions Kwh	Percentage of Losses
2021	2,905.5	30.6
2022	3,372.5	34.8
2023	3,762.6	36.5
2024	3,728.1	34.9
2025	3,738.1	34.2
2026 (as of March 31)	3,606.2	33.3

Source: ENEE Distribution Network Balance.

Despite its efforts, ENEE has operated at a loss for nearly a decade, from 2015 to 2025, with only a few years showing positive results. The following tables presents the operating results of ENEE for the years 2021 through 2025:

ENEE Statement of Cash Flows

(*Millions of Lempiras*)

	For the year ended December 31,				
Description	**2021**	**2022**	**2023**	**2024**	**2025**
Total Revenues	**26,162**	**40,615**	**39,623**	**46,870**	**39,339**
Sales of goods and services	24,006	34,668	35,289	40,284	35,169
Current Transfers of the Central Administration	-	-	-	-	-
Capital Transfers of the Central Administration	-	3,729	1,972	5,417	997
Other revenues	2,157	2,219	2,363	1,169	3,174
Total Expenditures	**30,708**	**42,628**	**45,294**	**51,337**	**46,454**
Current Expenditures	29,910	41,921	43,869	49,951	43,249
Operational Costs	18,808	28,991	31,010	37,224	27,722
Of which, Energy purchases	-	-	-	-	-
Other expenditures	11,102	12,930	12,860	12,727	15,527

Capital Expenditures	798	707	1,425	1,386	3,205
Global Balance	**(4,546)**	**(2,013)**	**(5,671)**	**(4,467)**	**(7,115)**

Source: ENEE.

ENEE Statement of Cash Flows

(*Percentage of GDP*)

	For the year ended December 31,				
Description	**2021**	**2022**	**2023**	**2024**	**2025**
Total Revenues	**3.9**	**5.3**	**4.7**	**5.1**	**3.8**
Sales of goods and services	3.6	4.5	4.2	4.4	3.4
Current Transfers of the Central Administration	-	-	-	-	-
Capital Transfers of the Central Administration	-	0.5	0.2	0.6	0.1
Other revenues	0.3	0.3	0.3	0.1	0.3
Total Expenditures	**4.5**	**5.5**	**5.4**	**5.6**	**4.5**
Current Expenditures	4.4	5.4	5.2	5.4	4.2
Operational Costs	2.8	3.8	3.7	4.1	2.7
Of which, Energy purchases					
Other expenditures	1.6	1.7	1.5	1.4	1.5
Capital Expenditures	0.1	0.1	0.2	0.2	0.3
Global Balance	**(0.7)**	**(0.3)**	**(0.7)**	**(0.5)**	**(0.7)**

Source: ENEE.

ENEE's revenues are influenced by several factors, including demand, changes in the tariff structure, the management of late payments, subsidy policies, and efforts to reduce both technical and non-technical losses. In recent years, energy sales revenues have experienced substantial growth, with increases of approximately 14% in 2021 and of 6.9% between 2022 and 2023. A key reform aimed at improving ENEE's revenues was the inclusion of the actual costs of PPA contracts in rates, which positively impacted ENEE's cash flow. Another major change under the General Law of the Electricity Industry was the removal of cross-subsidies for electricity rates, a policy that remained in effect until 2022. In 2022, the General Law of the Electricity Industry was modified to reintroduce cross-subsidies. Notably, these costs are now covered by the Central Government and high-income residential consumers instead of ENEE. Additionally, electricity rates account for both technical and non-technical losses, capped at a maximum of 15%.

As of March 31, 2026, outstanding payments owed to ENEE had reached a total of approximately L.18,718 million, reflecting an increase of approximately L.1,604 million since December 2024 (L.17,114 million). Approximately 53% of these outstanding payments were attributed to the residential sector. Addressing these arrears could lead to the recovery of a portion in the future. As of March 31, 2026, ENEE had 381,540 subscribers, and more than 85% of them were from the residential sector.

ENEE's net global deficit is influenced by current revenue from energy sales and the operating expenses of energy purchases. Addressing this deficit requires additional efforts in the medium and long term to improve cash flow, with the main challenges being high loss levels, financial debt balances, and obligations to energy suppliers. According to ENEE's income statement, since 2015, the gross margin – calculated as current income minus operating expenses – has stabilized at an average of 20%. However, the operating margin has steadily declined since 2015, particularly during 2017-2018. While the operating margin stabilized from 2019 to 2022, it decreased again in 2023, largely due to increased energy purchases in the market resulting from a reduced public sector energy supply.

This declining profitability has contributed to a growing fiscal deficit. As discussed above, the Central Government has implemented measures that have partially alleviated ENEE's financial issues. During 2015 and 2016, due to low oil prices and staff reductions, ENEE's deficit fell to about 0.3% of GDP. However, between 2017 and 2019, the deficit rose to around 1.0% of GDP. From 2020 to 2022, it stabilized at approximately 0.8%. By 2025, the deficit reduced further to 0.5% of GDP, primarily due to debt servicing and government transfers. As part of the IMF program for Honduras, the Central Government is currently focused on addressing ENEE's loss levels and avoiding new arrears with energy suppliers.

The following table sets forth ENEE's debt outstanding in U.S. dollars as of the dates indicated:

ENEE – Debt Balance

(*Millions of U.S. dollars*)

	As of December 31,					As of March 31,
Description	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
I. INTERNAL DEBT	2,547.9	2,749.2	2,788.8	2,786.3	2,906.3	2,853.1
A. ENEE BONDS	555.3	801.3	832.0	828.3	963.7	914.8
B. CREDIT LINES FINANCIAL SYSTEM	135.1	78.3	47.7	44.7	-	-
C. ERP- PARIS CLUB AND OTHERS	473.1	499.7	543.0	540.1	573.9	541.0
D. CENTRAL GOVERNMENT-PATUCA III (Debt)						
E. SUBSIDIARY AGREEMENTS GOVERNMENT-ENEE	1,384.5	1,369.9	1,366.1	1,373.2	1,368.6	1,397.3
II. EXTERNAL DEBT	204.0	172.1	141.9	126.7	81.9	81.9
TOTAL FINANCIAL DEBT	2,751.9	2,921.3	2,930.7	2,913.0	2,988.2	2,935.0
III. DEBT WITH ENERGY SUPPLIERS						
45+ Days Floating debt	398.9	399.7	423.7	585.7	464.3	614.8
TOTAL	**3,150.8**	**3,321.1**	**3,354.4**	**3,498.7**	**3,452.4**	**3,549.8**

Note: During 2022, (i) debt under Syndicated Loan I was paid; and (ii) the investments corresponding to the first year of EEH's fees were reimbursed.

Source: ENEE.

ENEE's most significant liabilities consist of obligations to suppliers and financial debt. As of December 31, 2025, the company's capital structure included financial debt amounting to U.S.$2.9 billion and obligations to suppliers of U.S.$464.3 million, resulting in total debt of approximately U.S.$3.5 billion, or 8.7% of GDP. Of the financial debt, approximately U.S.$963.7 million consisted of budget bonds issued in the domestic market. The financing debt also includes debt owed to Eximbank of China at a weighted average interest rate of 6.75%, as well as sovereign bonds issued by the Central Government in international markets, amounting to U.S.$1.3 billion at an interest rate of 5.96%.

Private energy suppliers have in the past been the primary source of funds to cover ENEE's financial gaps each year. The accumulation of debt with these suppliers has led to significant public debt, prompting the Central Government to pursue a restructuring of ENEE's liabilities. Approximately 66% of ENEE's financial debt is owed to the Central Government. The debt structure includes internal obligations to local creditors and external debt in the international financial market, primarily owed to the Industrial and Commercial Bank of China (the "ICBC"). A large portion of this debt is concentrated in budget and sovereign bonds, which have become a serious strain on ENEE's cash flow due to capital and interest payments. As of December 31, 2025, ENEE's debt to energy suppliers overdue by more than 45 days amounted to approximately U.S.$464.3 million.

According to ENEE, a major financial challenge is managing short-term debt maturities, including a U.S.$700 million payment for a sovereign bond. In 2023, ENEE's increase in internal debt was limited, with only L.1.3 billion in budget bonds issued, as the company's deficit was primarily financed through transfers from the Central Government. Renewable energy generators have taken on a larger role in meeting ENEE's financing needs through new outstanding payments. However, no new public debt was incurred with private energy suppliers in 2023, as many payments were made using internal resources and capital transfers from the Central Government.

As of December 31, 2025, internal debt accounted for 97.3% of ENEE's total debt balance. External debt, representing 2.7% of total debt, was incurred for investment projects, including the Patuca III Project and maintenance of the Francisco Morazán Dam, primarily financed by the ICBC.

As of December 31, 2025, the prevailing debt with energy suppliers – representing payments for electricity supplies cleared within 45 days – amounted to L.12,291 million. As of March 31, 2026, preliminary data indicated that ENEE's floating debt to suppliers is L. 16,331 million.

Electricity Generation and Consumption

Electricity generation in Honduras (measured in kWh) grew at an average annual rate of 5.0%, in real terms, from 2021 to 2025.

In 2021 and 2023, electricity sales grew by 13.8%, and 3.8%, respectively. The growth in 2021 resulted mainly from increased economic activity after COVID-19-related restrictions. In 2022, electricity sales decreased by 3.1%. In 2024 and 2025, electricity sales grew by 7.3%, and 4%, respectively, because of demand increase.

The following table shows information on the production and consumption of electricity, in millions of kWh, for the periods indicated:

Electricity Generation and Consumption

(*kWh millions*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Electricity Generation	**10,236.00**	**10,431.04**	**10,843.05**	**11,098.64**	**11,368.88**	**2,495.45**
Hydroelectric Public	2,017.51	2,052.79	2,250.11	2,484.43	2,487.76	427.47
Hydroelectric Private	1,744.35	1,834.18	956.19	1,326.00	1,419.80	356.20
Thermal Public	81.65	68.37	16.64	19.49	69.70	2.81
Thermal Private	3,203.74	3,502.93	4,618.62	4,922.53	4,450.12	842.77
Biomass	803.81	806.70	797.88	281.36	313.53	143.55
Wind	774.28	685.78	769.26	664.06	831.87	277.52
Solar Private	1,057.96	947.90	999.24	1,000.50	1,085.09	283.59
Solar Public	-	-	-	-	-	-
Geothermal	348.21	337.19	291.47	241.48	225.49	55.02
Imported	204.48	195.20	148.64	158.80	485.53	106.52
Electricity Consumption						
National	**6,580.82**	**6,379.47**	**6,618.82**	**7,102.60**	**7,389.73**	**1,693.73**
Residential	3,027.94	2,802.72	3,055.63	3,311.41	3,529.79	806.10
Commercial	1,748.37	1,698.32	1,779.82	1,926.72	1,984.62	457.56
Industrial	1,431.72	1,506.01	1,395.71	1,452.92	1,449.34	337.13
Public Lighting	-	-	-	-	-	-
Official	372.79	372.42	387.66	411.55	425.98	92.94
International Sales	**-**	**-**	**-**	**-**	**-**	**-**
Transmission and Distribution Losses	**3,655.18**	**4,051.57**	**4,224.23**	**3,996.04**	**3,979.16**	**801.72**

Source: ENEE.

The following table shows information on electricity production and consumption, as a percentage of total electricity generated or consumed, for the periods indicated:

Electricity Generation and Consumption

(as a percentage of total electricity generated / consumed)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Electricity Generation	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Hydroelectric Public	19.7	19.7	20.8	22.4	21.9	17.1
Hydroelectric Private	17.0	17.6	8.8	11.9	12.5	14.3
Thermal Public	0.8	0.7	0.2	0.2	0.6	0.1
Thermal Private	31.3	33.6	42.6	44.4	39.1	33.8
Biomass	7.9	7.7	7.4	2.5	2.8	5.8
Wind	7.6	6.6	7.1	6.0	7.3	11.1
Solar Private	10.3	9.1	9.2	9.0	9.5	11.4
Solar Public	-	-	-	-	-	-
Geothermal	3.4	3.2	2.7	2.2	2.0	2.2
Imported	2.0	1.9	1.4	1.4	4.3	4.3
Electricity Consumption						
National	**64.3**	**61.2**	**61.0**	**64.0**	**65.0**	**67.9**
Residential	29.6	26.9	28.2	29.8	31.0	32.3
Commercial	17.1	16.3	16.4	17.4	17.5	18.3
Industrial	14.0	14.4	12.9	13.1	12.7	13.5
Public Lighting	-	-	-	-	-	-
Official	3.6	3.6	3.6	3.7	3.7	3.7

International Sales	-	-	-	-	-	-
Transmission and Distribution Losses	**35.7**	**38.8**	**39.0**	**36.0**	**35.0**	**32.1**

Source: ENEE.

Historically, electricity generation relied heavily on fossil fuels, however by 2019, 57% of power came from renewable sources, with the remainder from fossil fuels. In 2023, the installed capacity reached 2,970.4 MW, with 64% from renewable energy and 36% from thermal sources. From 2019 to 2024, an additional 1,182 MW of renewable energy capacity was added to the total installed capacity of the system. In 2025, the installed capacity reached 3,517.5 MW, with 57% from renewable energy and 43% from thermal sources.

The COVID-19 health emergency in 2020 affected economic activities into 2021. By 2022, electricity demand reached 1,789 MW, marking an increase of 3% compared to 2021 and of 11% compared to 2020. As of December 31, 2025, the power generation infrastructure included various technologies, with a total installed capacity of 3,517.5 MW, composed of 41% thermal plants, 31% hydroelectric plants, 9% solar, 7% biomass and 6% wind.

Current generation capacity cannot meet expected future demand, requiring expansion. The CND's 2024-2033 Generation Expansion Plan anticipates capacity withdrawals, with 243.36 MW planned for 2027 and 507.12 MW for 2030, mostly from thermal plants. To address demand growth cost-effectively, the CND is exploring expansion options, guided by government and developer initiatives. The Central Government has been working on diversifying the energy framework, including pre-investment studies for hydroelectric projects such as Llanitos and Jicatuyo, El Tablón, Morolica and Patuca II. Llanitos and Jicatuyo, El Tablón, and Morolica are expected to begin construction by 2025 and to begin operations in 2030. The estimated operation date for Patuca II is still being analyzed. Investments are also planned for strategic transmission lines, particularly in Yoro, Olancho, and Danlí.

A U.S.$50 million decarbonization project, funded by the IADB and Clima, is also in progress. The project aims to enhance access to electricity services and reinforce the financial and operational sustainability of the electricity sector through investments that enable a reliable, sustainable power supply, such as developing solar parks. These efforts are expected to increase generation capacity while optimizing energy transmission and distribution. Furthermore, energy storage systems are expected to be built to ensure a consistent and efficient energy supply.

Expansion of the electricity network has significantly improved the proportion of the population that has access to electricity, rising from 68.9% in 2005 to 87.5% by the end of 2022. Urban electrification is now at nearly 95%, and the Central Government aims to connect approximately 78,703 more homes through the Rural Electrification in Isolated Systems Project, benefiting indigenous and Afro-descendant communities in Olancho, La Mosquitia, and Colón. This project also includes ENEE's commitment to execute rural electrification projects. Its progress in broadening energy access will be monitored by SEFIN and taken into account in the process of restructuring ENEE's debt.

Water Distribution and SANAA

In 1961, the Central Government created the *Servicio Autónomo Nacional de Acueductos y Alcantarillados* ("SANAA"), a state-owned company responsible for the development and management of all Honduran water supply systems, including drinking water supply, sewage and pluvial systems.

Although drinking water had previously been supplied exclusively by SANAA, since the late 1990s, the water supply has been privatized or transferred to municipalities. Decentralization of water systems started in 1995 with the transfer to the Municipality of Puerto Cortes of the local water and sanitation system. Municipalities to which water supply systems were transferred may decide, as San Pedro Sula did in 2000, to grant concessions for the operation of their water system to a private operator.

In 2003, the Drinking Water and Sewage System Law (*Ley Marco del Sector Agua Potable y Saneamiento*) was passed, which modified SANAA's role from operator of water supply systems to technical advisor of the municipalities. In addition, the law required SANAA to transfer all drinking water supply systems to the municipalities. Some local governments do not have the institutional capacity to operate the system, and many operate at a loss.

As of December 31, 2025, only two water systems were supplied by SANAA, these being located in La Ceiba and El Progreso. All remaining municipalities are supplied by private operators.

The following table sets out SANAA's operating results for the periods indicated:

Income and Expenditures of SANAA

(*Millions of L.*)

	For the year ended December 31,				For the 11-month period ended November 30,
	2021	2022	2023	2024	2025
Total revenues	**1,726.30**	**557.8**	**543.9**	**503.1**	**509.4**
Sales	542.1	249.4	92.9	102.7	92.8
Other income	1,184.20	308.4	450.9	400.4	416.5
Total Expenditures	**1,812.00**	**745.6**	**643.7**	**522.4**	**382.7**
Operational costs	1,138.60	435.0	498.2	402.4	336.6
Other expenditures	673.4	310.6	145.5	48.3	46.0
Global Balance	**(85.7)**	**(187.8)**	**(99.8)**	**(19.3)**	**126.7**

Source: SANAA Financial Statements.

From 2021 to 2024, SANAA operated at a loss. During the eleven-month period ended November 30, 2025, SANAA demonstrated a significant shift in financial trends, recording a positive overall balance of L.126.7 million. This operating surplus was supported by long-term efforts at SANAA to decentralize processes and collaborate with municipalities to mitigate long-standing administrative challenges.

Mining and Quarrying

The production of mines and quarries includes the extraction of metallic minerals, such as silver, gold, lead, zinc and iron oxide products, as well as quarrying activities, such as the extraction of, stone, sand and clay, among others. The materials extracted from the quarries are directly related to the demand of the construction sector.

From 2021 through 2025, the mining and quarrying industry represented, on average, 0.2% of real GDP, and recorded an average annual growth rate, in real terms, of 6.5%.

In 2021, the mining and quarrying sector grew by 25.0%, mainly due to a greater production of stone, sand and clay, caused by the positive behavior of construction activity. Extraction of metallic minerals also increased.

In 2022, the mining and quarrying sector declined by 2.8%, mainly due to a reduction in the extraction of metallic minerals, especially gold. In 2023, the mining and quarrying sector grew by 8.1%, mainly due to increased construction activity and increased demand for stone and clay. In 2024, mining and quarrying sector grew by 4.3%.

In 2025, the mining and quarrying sector declined by 1.9%, primarily due to a decline in the extraction of stone, sand, and clay, linked to the downturn in the construction sector, as well as lower exports of metallic minerals, mainly due to the rise in the price of gold.

Employment and Wages

In Honduras, the structure of minimum wages is established by economic sector and company size in accordance with Article 23 of the Minimum Wage Act. There are 45 different minimum wages.

Due to the lack of consensus among the sectors, during the period from 2005 to 2011, the minimum wage was fixed directly by the Central Government. The National Congress enacted Decree No. 103 of 2016 (the "Minimum Salary Law"), providing for a mechanism that establishes the minimum wage, taking into account expected inflation and productivity. This mechanism has allowed the Minimum Wage Commission to agree on adjustments over several years. The current minimum wage is effective as of January 1, 2026.

With the mediation of the Honduran government, representatives of the private sector and workers reached an agreement to increase the minimum wage. The increase will range from 6% to 7.5% for 2026 and 2027.

The following table sets forth the average minimum wage for the periods indicated.

Minimum Monthly Wage and Year to Year Variation

	2021		2022		2023		2024		2025		2026	
	(*Lempiras*)	(%)	(*Lempiras*)	(%)	(*Lempiras*)	(%)	(*Lempiras*)	(%)	(*Lempiras*)	(%)	(*Lempiras*)	(%)
Nominal	10,601.67	5.78	11,278.75	6.39	12,377.73	9.74	13,156.53	6.29	13,985.16	6.30	14,917.20	6.66
Real*	10,066.15	4.47	10,272.09	2.05	11,767.02	14.55	12,545.56	6.62	13,321.74	6.19	N/A	N/A

* Consumer Price Index (CPI), 1979-2016, Inflation in the year to December of each year according to decree, CPI calculated by the Central Bank.
Source: Ministry of Labor and Social Security

The average minimum wage has been adjusted annually by an average of 6.77% in nominal terms and 6.51% in real terms for the period between 2021 and 2025.

Open unemployment refers to unemployed people actively looking for a job, including those seeking a job for the first time and available to work the following week. Visible underemployment refers to people working less than 44 hours per week and not earning the minimum wage. Invisible underemployment refers to people working more than 44 hours per week who do not earn the minimum wage.

The following table sets forth employment statistics for the periods indicated:

Employment and Labor
(Percentage of the total economically active population)

	As of December 31,			As of June 30, 2024	As of July 31, 2025
	2021	2022	2023		
Participation rate	60.7%	58.7%	54.5%	55.8%	58.2%
Employment rate	91.4%	91.1%	93.6%	94.8%	95.1%
Open unemployment rate	8.6%	8.9%	6.4%	5.2%	4.9%
Invisible underemployment	41.2%	20.9%	19.1%	8.5%	8.0%
Visible underemployment	26.9%	36.7%	35.2%	34.8%	33.4%

Source: (i) Internal data; (ii) General Office of Salaries (*Dirección General de Salarios*); (iii) Ministry of Labor and Social Security (*Secretaría de Trabajo y Seguridad Social);* (iv) Permanent Household Survey for Multiple Purposes (*Encuesta Permanente de Hogares de Propósitos Múltiples*); and (iv) National Institute of Statistics (*Instituto Nacional de Estadísticas*), 2021-2025

Poverty

The Central Administration has focused its support on the most vulnerable sectors actively combating poverty and working to reduce social inequalities among the Honduran population.

In 2021, the number of households living in poverty increased to 73.6%, with extreme poverty at 53.7% and relative poverty at 19.9%. These figures were mainly related to the COVID-19 pandemic.

In 2023, the number of households living in poverty reached 64.1%, with extreme poverty at 41.5% and relative poverty at 22.6%. In 2024, the number of households living in poverty reached 62.9%, with extreme poverty at 40.1% and relative poverty at 22.8%. In 2025, the number of households living in poverty reached 60.1%, with extreme poverty at 38.3% and relative poverty at 21.9%. These figures are returning to pre-pandemic levels (approximately 59.3%), as poverty surged in 2021 by more than 10 basis points, reaching 73.6%. It is important to note the disparity between rural and urban poverty. In this regard, rural areas have shown notable improvement, with the poverty rate for households decreasing from 76.0% in 2021 to 60.4% in July 2025, marking a 15.6% reduction. Similarly, urban areas also saw progress, with the poverty rate declining from 71.8% in 2021 to 59.9% in July 2025.

Up until 2014, poverty was measured using the "poverty line" method, which assessed a household's ability to meet a set of food and non-food needs through the purchase of goods and services. The food needs were determined by the cost of a basic food basket, while the non-food needs, known as the extended basket, included expenses like housing, education, health, and transportation. Households whose income fell below the cost of the food basket were classified as living in extreme poverty, while those whose income exceeded the food basket cost but was below the extended basket were classified as living in relative poverty. Since 2015, the Multidimensional Poverty Index ("MPI-Honduras"), based on the Alkire-Foster methodology, has been used to measure poverty. This index is applied to the specific conditions in Honduras and focuses on various national priorities, known as dimensions, which include areas like employment, education, health, and housing.

The table below indicates the percentage of households living in poverty for the years indicated:

Percentage of Households in Poverty
(*in percentages*)

Category	As of June 30, 2021	2023	2024	As of July 30, 2025
Extreme				
Urban	44.3	33.4	32.5	30.6
Rural	66.1	52.3	50.5	48.9
National	53.7	41.5	40.1	38.3
Relative				
Urban	27.5	30.6	30.2	29.3
Rural	9.8	11.9	12.5	11.6
National	19.9	22.6	22.7	21.9
General				
Urban	71.8	64.0	62.7	59.9
Rural	76.0	64.1	63.1	60.4
National	73.6	64.1	62.9	60.1

a/ The Permanent Household Survey for Multiple Purposes, did not use the same method for 2022 due to the COVID -19 pandemic. Hence, information for this year is not available.
Source: *Instituto Nacional de Estadística* ("INE").

The Central Government has continued to support the most vulnerable sectors, actively combating poverty and migration while seeking to reduce social inequalities within the Honduran population. Efforts have been prioritized through programs such as financial aid, subsidies, scholarships, school meals, support for the hospital network, school repairs, road construction, and others.

As part of its Solidarity Network Program, the Central Government effects conditional monetary transfers as an initiative focused on financially supporting families in extreme poverty. These transfers are primarily intended for households headed by women and older adults, and cover various areas of assistance, such as support in health, education and food security. Through the Solidarity Network Program, more than 228,500 families, along with children, young people, and adults in extreme poverty, received direct support in 2024, based on the census, reaching a total investment of L 918.6 million.

In 2024, the Solidarity Network Program led an intervention implemented in villages, aiming to expand access, coverage, and quality of education for learners, with a focus on inclusion, gender, disability, and ethnicity to reduce the educational gap among vulnerable populations. The program sought to lower illiteracy rates through the involvement of trained civil society educators in carrying out relevant actions. In 2024, under the educational strengthening framework, a budget execution of L.357 million from the National Treasury was allocated to literacy services, school scholarships, and improvements in educational processes for students from targeted households. Achievements include the delivery of 48,225 school scholarships to students in the first, second, and third cycles of basic and secondary education; 4,927 conditional cash transfers to facilitators of the National Literacy and Adult Basic Education Program; 61,306 participants becoming literate in the first and second cycles of basic education in targeted villages; 60,000 school kits and 50,588 pairs of school shoes distributed to students enrolled in public educational centers.

In 2024, employment was generated through the establishment of 1,362 productive units aimed at promoting job creation, economic development, and social progress within communities. This initiative provides seed capital in the amount of L 100 thousand to finance productive initiatives, with a total aggregate investment of L 136.2 million.

Also in 2024, the school meal program benefited approximately 1.2 million children, while 115,000 people received food packages as humanitarian aid to ensure food security for those in vulnerable conditions. Around 1,002 schools were repaired nationwide, and more than 233,000 women received comprehensive services through the *Ciudad Mujer* program, which stands out as one of the most human-centered social programs. The program significantly increased services to women in the 400 most vulnerable villages identified by the census.

The Central Government has focused significant efforts on reducing poverty with prudence, and fiscal transparency. These actions align with both the SDGs and the Central Government's plan to rebuild Honduras.

Social Security

The IHSS was created in July 1959 as a result of the North Coast Banana Companies strike that took place in July 1954. The IHSS operates as an autonomous Central Government agency, separate and independent from the National Treasury of the Republic. It is responsible for guiding, directing, and managing social security services to Honduran workers.

All employers and workers in Honduras, foreign or national, must be affiliated with the IHSS. The IHSS provides coverage in three basic areas: maternity and healthcare; disability, retirement and death; and professional risks.

Social security in Honduras consists of two main systems. The first is the social security system (pension), a contributory plan that provides coverage for disability, old age, and death based on the contributions made. The second is the healthcare system, which ensures that all eligible Hondurans, foreigners, and those passing through the country or visiting as tourists can access healthcare benefits if they can contribute, either on their own or through a third party

The retirement age in Honduras is 65 years for men and 60 years for women. In addition, retirees must have made 180 monthly contributions to the social security system over a 15-year period. Pensions must not exceed 80% of the salary used as the contribution base.

Disability pensions are awarded to workers who become disabled and have contributed to the social security system at least 36 months during a six-year period prior to the disability. If the disability is the consequence of a work-related accident, beneficiaries must have made at least eight monthly contributions to the social security system during the previous two years.

Any resulting surplus in the social security system is transferred to the Central Government by the IHSS. Likewise, any shortfall in the system is covered by the Central Government. In compliance with the Law of the Social Protection System, the Economic and Social Committee has gradually increased contribution rates from employers and workers for a period of ten years, starting on September 4, 2015, in accordance with the following contribution ceilings table:

Gradual Contribution Ceilings for Social Security System

(in Lempiras)

	2021	2022	2023	2024	2025
Social Security System (Disability Retirement and Death)	10,282.4	10,796.5	11,336.32	11,336.32	11,903.13
Healthcare System	9,849.7	10,342.2	11,109.30	11,109.30	11,903.13

The following table shows the current required contributions to the social security system, by type of coverage, as a percentage of wages (subject to the contribution ceilings described above):

Contributions to Social Security
From May 2024 onwards

	Maternity and Healthcare System	Disability, Retirement and Death System	Professional Risk
Employer	5.0%	3.5%	0.2%
Worker	2.5%	2.5%	0.0%
Central Government	0.5%	0.5%	0.0%
Total	8.0%	6.5%	0.2%

Source: IHSS.

The following table sets forth the basic income and expenditures of the social security system for the periods indicated:

IHSS – Consolidated Income and Expenditures
For the year ended December 31,

	2021	2022	2023	2024	2025
	(millions of Lempiras)				
Income					
Non tax income	12,356.3	12,785.5	11,173.4	13,286.0	16,089.1
Other Income	2,713.0	2,387.1	3,101.0	4,296.6	6,326.5
Total Income	**15,069.3**	**15,172.6**	**14,274.4**	**17,582.6**	**22,415.6**
Total Expenditures	**9,869.0**	**12,000.3**	**12,887.3**	**12,976.9**	**14,631.6**
Net income	**5,200.3**	**3,172.4**	**1,387.1**	**4,605.6**	**7,783.9**

Source: IHSS.

FOREIGN TRADE AND BALANCE OF PAYMENTS

General

Exports of goods increased at an average annual rate of 10.7% between 2021 and 2025. The current account showed a deficit of 5.5% of GDP in 2021, and reflected a surplus of 2.4% of GDP in 2025. This was mainly due to an increase of 65.8% in the inflow of balance of transfers, which went from U.S.$7,631.6 million in 2021 to U.S.$12,653.7 million in 2025. The current account deficit in goods and services decreased from 24.3% of nominal GDP in 2021 to 22.1% of nominal GDP in 2025.

In 2025, the foreign trade of goods recorded a deficit of U.S.$6,234.7 million, representing a decrease of U.S.$448.1 million compared to the deficit recorded in the same period of the previous year, which was U.S.$6,682.8 million. In year-over-year terms, the deficit in General Merchandise ("GM") trade decreased by U.S.$369.7 million, and the surplus in Goods for Processing ("GP") trade increased by U.S.$24.6 million. Furthermore, the balance of "other goods" registered an increase of U.S.$53.8 million in the surplus.

Composition of Foreign Trade

Honduras maintains close commercial ties with the United States, its main trading partner. From 2021 through 2025, on average 33.6% of GM exports were destined for the United States, 24.7% for Central America and 24.3% for the European Union. During that same period, 31.8% of GM imports came from the United States, 23.3% from Asia (with 15.7% from China), and 20.8% from Central America.

In 2023, GM exports to the United States accounted for 35.4% of GM exports, while imports from that same country represented 31.6% of GM imports. In 2024, GM exports to the United States accounted for 35.5% of GM exports, while GM imports from that same country represented 30.5% of GM imports.

In 2024, North America remained Honduras' main trading partner, accounting for 41.8% of GM exports and 37.7% of GM imports. The United States stands out as the most important partner in this region, representing 35.5% of GM exports, mainly consisting of products such as bananas, coffee, melons, and watermelons. GM imports from the United States represented 30.5% of GM imports, primarily consisting of fuels, food, and supplies for the manufacturing industry.

In 2025, GM exports to the United States accounted for 32.8% of total GM exports, mainly driven by shipments of key products such as coffee, bananas, and precious metals (gold). Meanwhile, GM imports from the United States represented 29.7% of total GM imports, largely associated with purchases of fuels, food and beverages, as well as supplies for the manufacturing industry.

Exports

During the period from 2021 through 2025, the total value of exports increased from U.S.$10,246.9 million to U.S.$12,227.2 million.

In 2021, total exports reached U.S.$10,246.9 million (36.5% of nominal GDP), an increase of U.S.$2,563.2 million, or 33.4%, compared to 2020. Exports of GM reached U.S.$5,016.9 million, an increase of U.S.$872.9 million, or 21.1% compared to 2020, primarily due to an increase in exports of coffee, palm oil and plastics; however, this was partly offset by a decrease in exports of bananas and sugar. Exports of GP reached U.S.$5,032.8 million, an increase of U.S.$1,640.9 million, or 48.4%, compared to 2020. This was mainly due to an increase in sales of textile products and automotive harnesses, aided by the recovery after COVID-19 lockdowns when countries reopened their economies. In 2021, GM exports to the United States increased by U.S.$92.1 million, or 6.0% compared to 2020, and accounted for 31.4% of total GM exports.

In 2022, total exports reached U.S.$12,281.0 million, an increase of U.S.$2,034.1 million, or 19.9%, compared to 2021. This was mainly due to an increase in GP and GM exports. Exports of GP reached U.S.$6,130.7 million, an increase of U.S.$1,097.9 million, or 21.8%, compared to 2021, primarily due to an increase in exports of textile products, electrical parts and automotive harnesses. Exports of GM reached U.S.$6,001.3 million, an increase of U.S.$984.5 million, or 19.6%, compared to 2021, mainly due to an increase in nearly all export products, such as bananas, coffee and palm oil. In 2022, GM exports to the United States increased by U.S.$379.8 million, or 23.4%, compared to 2021 and accounted for 32.8% of total GM exports.

In 2023, exports totaled U.S.$11,382.7 million, decreasing by U.S.$898.2 million, or 7.3%, compared to 2022. This is attributed to reduced exports of GP and GM. GP exports totaled U.S.$5,397.2 million, a decrease of U.S.$733.5 million, or 12.0%, compared to 2022. GM exports totaled U.S.$5,816.8 million, a decrease of U.S.$184.5 million, or 3.1%, compared to 2022. In 2023, GM exports to the United States increased by U.S.$100.3 million, or 5.0%, compared to 2022, and represented 35.4% of total GM exports.

In 2024, exports reached U.S.$11,082.5 million, a decrease of U.S.$300.3 million, or 2.6%, compared to U.S.$11,382.7 million in 2023. This was due to a decrease of U.S.$371.7 million in GM exports, mainly of products such as bananas, coffee and palm oil, and was partially offset by an increase of GP exports, mainly electrical machines parts and pieces. In 2024, GM exports to the United States decreased by U.S.$102.6 million, or 4.9%, compared to 2023, and represented 35.5% of total GM exports.

In 2025, exports totaled U.S.$12,227.2 million, reflecting an increase of U.S.$1,144.7 million, or 10.3%, compared to 2024. GM exports totaled U.S.$6,597.5 million, an increase of U.S.$1,152.5 million, or 21.2%, compared to 2024. This growth was mainly driven by higher coffee exports, supported by improved prices on the international market. However, this increase was partially offset by a decline in textiles exports of U.S.$179.9 million. In 2025, GM exports to the United States increased by U.S.$243.4 million, or 12.1%, compared to 2024 and represented 32.8% of total GM exports.

In the three-month period ended March 31, 2026, cumulative exports totaled U.S.$3,612.2 million, reflecting an increase of U.S.$372.3 million, or 11.5%, compared to the same period in 2025. GM exports amounted to U.S.$2,401.5 million, representing an increase of U.S.$442.6 million, or 22.6%, compared to the same period in 2025. The U.S. continues to be the main destination for Honduran exports, accounting for 37.7% of total GM exports, mainly driven by shipments of key products such as coffee, bananas, recycled products, and precious metals.

The following table shows the geographical distribution of exports for the periods indicated:

Geographic Distribution of Exports of General Merchandise

(*Percentage of total Exports*)[(1)]

	For the year ended December 31,					For the three months ended March 31,	
	2021[R]	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
America	**66.1**	**69.0**	**71.7**	**74.8**	**67.0**	**63.6**	**64.5**
North America	35.9	37.2	41.1	41.8	38.6	39.8	43.3
Mexico	3.1	3.3	4.3	5.0	3.8	2.8	3.3
United States	31.4	32.8	35.4	35.5	32.8	34.7	37.7
Latin-America	30.3	31.8	30.6	33.0	28.4	23.8	21.2
Central America	24.3	24.9	24.3	26.9	22.9	19.6	17.4
Costa Rica	2.6	2.2	2.6	2.8	2.4	2.1	1.7
El Salvador	8.2	8.6	7.6	8.4	7.4	6.3	5.6
Guatemala	8.3	8.5	8.4	9.9	8.3	7.5	6.3
Nicaragua	5.2	5.5	5.7	5.8	4.9	3.8	3.8
Rest of Latin-America	5.9	6.9	6.2	6.1	5.5	4.2	3.9
Europe	**28.2**	**24.4**	**22.3**	**20.0**	**26.7**	**30.5**	**31.1**
Belgium	3.8	3.0	3.0	2.9	4.2	4.8	5.7
Germany	6.6	6.2	5.3	4.7	7.2	9.0	8.3
Netherlands	7.3	3.3	3.4	3.0	4.5	2.9	3.6
Rest of World	**5.6**	**6.6**	**6.0**	**5.2**	**6.2**	**5.9**	**4.3**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) FOB Prices

* Preliminary

R Revised

Source: Central Bank

The following table shows the value (FOB) of Honduras' main exports for the periods indicated:

Goods Exports by Groups of Products

(*U.S.$ millions*)[(1)]

	For the year ended December 31,					For the three months ended March 31,	
	2021[R]	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
Textiles[(2)]	4,017.0	4,881.1	3,965.0	3,904.8	3,724.9	899.4	829.2
Electric machines parts and pieces	939.3	1,187.3	1,377.8	1,440.2	1,567.9	365.3	368.9
Other goods	76.5	62.3	54.5	63.9	54.3	16.3	12.5
Total Goods for Processing	**5,032.8**	**6,130.7**	**5,397.2**	**5,408.8**	**5,347.1**	**1,281.0**	**1,210.6**
Coffee	1,243.9	1,405.0	1,392.5	1,218.2	2,329.1	867.8	1,129.7
Banana	312.3	638.6	684.9	506.2	391.6	89.9	122.3
Palm Oil	552.9	665.9	514.0	429.2	475.5	73.5	86.5
Cultured Shrimp	266.2	285.3	272.7	236.7	278.7	69.7	72.0
Plastics	172.9	195.6	168.0	216.4	207.4	52.1	45.1

Preparations of legumes and Fruits	112.1	146.3	157.3	152.0	164.8	38.2	45.1
Cigars	128.3	147.4	142.9	136.4	134.6	28.5	31.5
Legumes and Vegetables	131.2	126.5	119.3	124.0	119.0	43.2	40.1
Sugar	44.5	74.0	113.5	127.8	99.0	28.4	19.5
Other Products	1,325.1	1,534.7	1,577.0	1,685.1	1,793.2	424.4	532.0
Total General Merchandise	**5,016.9**	**6,001.3**	**5,816.8**	**5,445.1**	**6,597.5**	**1,907.4**	**2,323.2**
Total Other Goods	**197.2**	**149.0**	**168.7**	**228.6**	**282.6**	**51.5**	**78.3**
Total Exports	**10,246.9**	**12,281.0**	**11,382.7**	**11,082.5**	**12,227.2**	**3,239.9**	**3,612.2**

(1) FOB Prices

(2) Textiles include: Yarns or man-made fiber, MMF non-apparel, knit cotton, apparel and manufactured textile fibers

* Preliminary

R Revised

Source: Central Bank.

The following table shows the composition of Honduras' main exports as a percentage of total exports for the periods indicated:

Goods Exports by Groups of Products

(*Percentage of total exports*)(1)

	For the year ended December 31,					For the three months ended March 31,	
	2021R	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
Textiles(2)	39.2	39.7	34.8	35.2	30.5	27.8	23.0
Electric machines parts and pieces	9.2	9.7	12.1	13.0	12.8	11.3	10.2
Other goods	0.7	0.5	0.5	0.6	0.4	0.5	0.3
Total Goods for Processing	**49.1**	**49.9**	**47.4**	**48.8**	**43.7**	**39.5**	**33.5**
Coffee	12.1	11.4	12.2	11.0	19.0	26.8	31.3
Banana	3.0	5.2	6.0	4.6	3.2	2.8	3.4
Palm Oil	5.4	5.4	4.5	3.9	3.9	2.3	2.4
Cultured Shrimp	2.6	2.3	2.4	2.1	2.3	2.2	2.0
Plastics	1.7	1.6	1.5	2.0	1.7	1.6	1.2
Preparations of legumes and Fruits	1.1	1.2	1.4	1.4	1.3	1.2	1.2
Cigars	1.3	1.2	1.3	1.2	1.1	0.9	0.9
Legumes and Vegetables	1.3	1.0	1.0	1.1	1.0	1.3	1.1
Sugar	0.4	0.6	1.0	1.2	0.8	0.9	0.5
Other Products	12.9	12.5	13.9	15.2	14.7	13.1	14.7
Total General Merchandise	**49.0**	**48.9**	**51.1**	**49.1**	**54.0**	**58.9**	**64.3**
Total Other Goods	**1.9**	**1.2**	**1.5**	**2.1**	**2.3**	**1.6**	**2.2**
Total Exports	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) FOB Prices

(2) Textiles include: Yarns or man-made fiber, MMF non-apparel, knit cotton, apparel and manufactured textile fibers

* Preliminary

R Revised

Source: Central Bank.

Services Trade

Honduras' services trade is predominantly focused in the tourism sector. Revenue from this sector totaled U.S.$302.6 million in 2021 and rose to U.S.$882.2 million in 2025, mainly due to an increase of travelers entering the country.

In 2021, exports of services totaled U.S.$853.2 million, an increase of U.S.$147.8 million, or 20.9%, compared to 2020. Inflows from travel (tourism) increased by U.S.$147.8 million to U.S.$302.6 million, compared to 2020, and accounted for 35.5% of total exports of services. Exports of "other services," principally communications, business, government and computer and information services, totaled U.S.$422.9 million, representing 49.6% of total exports of services. In 2021, imports of services totaled U.S.$2,840.8 million, an increase of U.S.$1,033.6 million, or 57.2%, compared to 2020. Imports of transportation services during 2021 totaled U.S.$1,761.9 million (representing 62.0% of total imports of services), reflecting an increase of U.S.$834.2 million compared to 2020.

In 2022, exports of services totaled U.S.$1,219.6 million, an increase of U.S.$366.4 million, or 42.9%, compared to 2021, mainly due to an increase in travel services following the reopening of the economy after the COVID-19 lockdown. In 2022, imports of services totaled U.S.$3,771.0 million, an increase of U.S.$930.1 million, or 32.7%, compared to 2021, mainly due to global logistics issues, which caused an increase in maritime transport freight prices.

In 2023, exports of services totaled U.S.$1,422.2 million, an increase of U.S.$202.5 million, or 16.6%, compared to 2022. Travel (tourism) revenues totaled U.S.$666.2 million, representing 46.8% of total service exports. This reflected an increase of U.S.$126.5 million compared to 2022. Exports of "other services," including communications, business, government, and computing and information services, totaled U.S.$579.0 million, representing 40.7% of total service exports. In 2023, imports of services totaled U.S.$3,575.5 million, a decrease of U.S.$195.4 million, or 5.2%, compared to 2022. Imports of transportation services totaled U.S.$1,965.3 million, representing 55.0% of total service imports. This was a decrease of U.S.$419.6 million compared to 2022.

In 2024, exports of services totaled U.S.$1,526.8 million, an increase of U.S.$104.6 million, or 7.4%, compared to 2023. Within service exports, travel (tourism) revenues totaled U.S.$788.8 million, representing 51.7% of total service exports, reflecting an increase of U.S.$122.7 million compared to 2023. Meanwhile, exports of "other services" including communications, business, and government services, totaled U.S.$534.6 million, representing 35.0% of total service exports. In 2024, imports of services totaled U.S.$3,698.9 million, an increase of U.S.$123.3 million, or 3.4%, compared to 2023. In 2024, on balance, foreign trade in services recorded a deficit of U.S.$2,172.1 million, an increase of U.S.$18.7 million compared to 2023.

In 2025, exports of services totaled U.S.$1,626.7 million, an increase of U.S.$99.9 million, or 6.5%, compared to 2024. Travel (tourism) revenues remained the main component, equivalent to 54.2% of total service exports, and showing an increase of U.S.$93.4 million compared to 2024. Meanwhile, exports of "other services," including communications, business, and government services, represented 33.0% of total service exports. In 2025, imports of services totaled U.S.$4,087.6 million, an increase of U.S.$388.7 million, or 10.5%, compared to 2024. Transportation services continued to account for the largest share of service imports, making up 49.4% of total service imports. In 2025, on balance, foreign trade in services registered a deficit of U.S.$2,460.9 million, U.S.$288.8 million higher than the U.S.$2,172.1 million recorded in 2024. This result was mainly due to the expansion of service imports.

The following table indicates the number of travelers to Honduras for the periods indicated:

Travelers to Honduras

(*thousands of persons*)

	For the year ended December 31,					For the three months ended March 31,	
	2021	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
Tourists[(1)]	459	844	850	841	920	192	227
Excursionists[(2)]	367	1,067	1,522	1,952	2,197	652	773
Cruisers	314	943	1,392	1,802	1,979	618	710
One day visitors	53	123	129	150	218	34	63
Total Visitors	**826**	**1,911**	**2,372**	**2,793**	**3,118**	844	**999**
FX Income (in U.S.$ millions)[(3)]	302.6	539.7	666.2	788.8	882.2	-	-

(1) Tourists correspond to all visitors who stay at least one night in the country.

(2) Excursionists are one day visitors to the country, including tourists who arrive on cruise ships into the country.

(3) Figures estimated by the Central Bank.

* Preliminary

Source: Honduran Tourism Institute (Instituto Hondureño de Turismo).

Imports

FOB imports of goods increased from U.S.$15,076.5 million (53.6% of nominal GDP) in 2021 to U.S.$18,461.9 million (46.9% of nominal GDP) in 2025. This was mainly due to the growth of national demand for industrial supplies, fuels and lubricants, food and beverages, inputs for the manufacturing of textile materials and harnesses, among others sorts of goods, from the rest of the world.

In 2021, FOB imports of goods totaled U.S.$15,076.5 million, an increase of U.S.$4,823.5 million, or 47.0%, compared to 2020. CIF imports of GM totaled U.S.$13,472.5 million, an increase of U.S.$4,503.1 million, or 50.2%, compared to 2020. Within GM imports, imports of other industrial supplies increased by U.S.$1,469.2 million, imports of fuels and lubricants increased by U.S.$908.9 million, and imports of capital goods increased by U.S.$602.9 million. In 2021, CIF imports of GP totaled U.S.$3,381.8 million, an increase of U.S.$1,116.4 million, or 49.3%, compared to 2020, mainly due to the rise in demand for raw materials for the manufacture of apparel as the demand for GP exports recovered when production rebounded with the easing of COVID-19 lockdowns.

In 2022, FOB imports of goods totaled U.S.$18,320.5 million, an increase of U.S.$3,244.1 million, or 21.5%, compared to 2021. CIF imports of GM totaled U.S.$16,313.6 million, an increase of U.S.$2,841.1 million, or 21.1%, compared to 2021. Within GM imports, imports of fuels and lubricants increased by U.S.$975.9 million, imports of other industrial supplies increased by U.S.$828.0 million and imports of food and beverages increased by U.S.$365.1 million. In 2022, CIF imports of GP totaled U.S.$4,385.8 million, an increase of U.S.$1,004.0 million, or 29.7%, compared to 2021, mainly due to the rise in demand for raw materials for the manufacture of apparel and automotive harnesses.

In 2023, FOB imports of goods totaled U.S.$17,362.2 million, a decrease of U.S.$958.3 million, or 5.2%, compared to 2022. CIF imports of GM totaled U.S.$16,051.5 million, a decrease of U.S.$262.1 million, or 1.6%, compared to 2022. This was mainly due to decreases in other industrial supplies of U.S.$749.9 million and fuels and lubricants of U.S.$142.5 million, offset by increases in all other types of GM goods, mainly food and beverages by U.S.$158.3 million and capital goods by U.S.$56.9 million, compared to 2022. In 2023, CIF imports of GP totaled U.S.$3,215.2 million, a decrease of U.S.$1,170.6 million, or 26.7%, compared to 2022, primarily due to reduced imports of textile materials, partially offset by increased imports of electrical parts and automotive harnesses.

In 2024, FOB imports of goods totaled U.S.$17,765.3 million, an increase of U.S.$403.1 million, or 2.3%, compared to 2023. CIF imports of GM totaled U.S.$16,259.3 million, increasing by U.S.$207.8 million, or 1.3% compared to 2023. This was mainly due to increases in imports of food and beverages (U.S.$185.1 million) and transportation equipment (U.S.$154.2 million), partially offset by decreases in other industrial supplies (U.S.$204.4 million) and fuels (U.S.$47.7 million). In 2024, CIF imports of GP totaled U.S.$3,396.6 million, an increase of U.S.$181.4 million, or 5.6%, compared to 2023, mainly due to an increase in imports of textile materials and related manufactures.

In 2025, FOB imports of goods totaled U.S.$18,461.9 million, an increase of U.S.$696.6 million, or 3.9%, compared to 2024. CIF imports of GM totaled U.S.$17,127.5 million, an increase of U.S.$868.2 million, or 5.3%, compared to 2024. This growth was mainly driven by higher imports of industrial supplies (U.S.$612.2 million), food and beverages (U.S.$160.5 million), capital goods (U.S.$157.5 million), partially offset by declines in imports of fuels and lubricants (U.S.$132.8 million) and transport equipment, parts and accessories (U.S.$51.7 million). In 2025, CIF imports of GP totaled U.S.$3,297.1 million, a decrease of U.S.$99.5 million, or 2.9%, compared to 2024, mainly due to lower imports of textile materials and related manufactures (U.S.$146.8 million).

In the three-month period ended March 31, 2026, CIF goods imports totaled U.S.$5,031.8 million, an increase of U.S.$323.1 million, or 6.9%, compared to the same period in 2025. CIF imports of GM rose by U.S.$373.8 million, or 9.6%, reaching U.S.$4,287.5 million. This performance was mainly driven by higher imports of transport equipment, parts and accessories (U.S.$134.2 million), as well as other industrial supplies (U.S.$124.3 million). In the three-month period ended March 31, 2026, CIF imports of GP totaled U.S.$744.3 million, reflecting a decline of U.S.$50.7 million, or 6.4%, compared to the same period in 2025, mainly due to lower imports of textile materials and their manufactures.

The following table sets forth GM imports by country of origin for the periods indicated:

Geographic Distribution of Imports of General Merchandise

(Percentage of total imports)[(1)]

	For the year ended December 31,					For the three months ended March 31,	
	2021[R]	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
America	**67.7**	**67.6**	**66.7**	**65.7**	**64.4**	**65.1**	**63.9**
North America	40.2	40.4	38.6	37.7	36.6	37.2	36.5
Mexico	6.4	6.0	6.3	6.6	6.2	6.4	6.0
United States	33.3	33.8	31.6	30.5	29.7	29.9	29.3
Latin-America	27.4	27.2	28.1	28.0	27.8	27.9	27.5
Central America	21.2	20.4	20.8	20.7	21.1	21.3	20.9
Costa Rica	4.0	3.9	4.2	4.0	4.3	4.1	4.2
El Salvador	5.4	5.2	5.1	5.1	5.3	5.7	5.4
Guatemala	10.6	10.1	10.4	10.5	10.4	10.5	10.4
Nicaragua	1.1	1.3	1.0	1.0	1.0	0.9	1.0
Rest of Latin America	6.2	6.9	7.3	7.4	6.7	6.6	6.5

Asia	**22.6**	**21.7**	**22.5**	**23.7**	**25.8**	**25.4**	**28.2**
China	15.8	14.5	14.5	15.7	17.9	18.1	19.2
Rest of World	**9.7**	**10.7**	**10.8**	**10.6**	**9.8**	**9.5**	**7.8**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) FOB Prices

* Preliminary

R Revised

Source: Central Bank

On average, from 2021 to 2025, imports of GM from North America, Latin America, Central America and Asia represented approximately 38.7%, 27.7%, 20.8%, and 23.3%, respectively, of total imports. In 2025, imports of GM from North America, Latin America, Central America and Asia represented 36.6%, 27.8%, 21.1%, and 25.8%, respectively, of total imports.

The following tables set forth the value (CIF) and composition of imported goods for the periods indicated:

Goods Imports by type of goods

(*U.S.$ millions*)(1)

	For the year ended December 31,					For the three months ended March 31,	
	2021R	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
Food and beverages	1,865.0	2,230.1	2,388.4	2,573.5	2,734.0	640.0	628.8
Other Industrial supplies	4,509.2	5,337.2	4,587.3	4,382.9	4,995.1	1,104.3	1,228.6
Fuels and lubricants	2,006.3	2,982.2	2,839.7	2,792.0	2,659.2	632.5	675.8
Capital goods, their parts and accessories	1,858.3	2,156.4	2,213.3	2,284.9	2,442.4	572.2	597.7
Transport equipment, parts and accessories	1,157.2	1,353.8	1,669.4	1,823.6	1,771.9	413.8	548.0
Other consumer goods	2,070.0	2,248.8	2,347.5	2,392.8	2,519.6	548.9	604.5
Other Goods	6.4	5.2	6.0	9.7	5.3	2.0	4.1
Total GM	**13,472.5**	**16,313.6**	**16,051.5**	**16,259.3**	**17,127.5**	**3,913.7**	**4,287.5**
Textile materials and its manufactures	2,562.7	3,422.4	2,195.3	2,267.3	2,120.5	522.2	477.0
Machinery, electrical equipment, parts	491.1	516.0	634.5	622.9	637.3	162.5	156.8
Other GP	328.0	447.4	385.4	506.4	539.3	110.3	110.5
Total GP	**3,381.8**	**4,385.8**	**3,215.2**	**3,396.6**	**3,297.1**	**795.0**	**744.3**
Total imports	**16,854.3**	**20,699.4**	**19,266.8**	**19,655.9**	**20,424.6**	**4,708.7**	**5,031.8**

(1) CIF prices.

* Preliminary

R Revised

Source: Central Bank

Goods Imports by type of goods

(*Percentage of total imports*)(1)

	For the year ended December 31,					For the three months ended March 31,	
	2021R	**2022***	**2023***	**2024***	**2025***	**2025***	**2026***
Food and beverages	11.1	10.8	12.4	13.1	13.4	13.6	12.5
Other Industrial supplies	26.8	25.8	23.8	22.3	24.5	23.5	24.4
Fuels and lubricants	11.9	14.4	14.7	14.2	13.0	13.4	13.4
Capital goods, their parts and accessories	11.0	10.4	11.5	11.6	12.0	12.2	11.9
Transport equipment, parts and accessories	6.9	6.5	8.7	9.3	8.7	8.8	10.9
Other consumer goods	12.3	10.9	12.2	12.2	12.3	11.7	12.0
Other Goods	-	-	-	-	-	-	0.1
Total GM	**79.9**	**78.8**	**83.3**	**82.7**	**83.9**	**83.1**	**85.2**

Textile materials and its manufactures	15.2	16.5	11.4	11.5	10.4	11.1	9.5
Machinery, electrical equipment, parts	2.9	2.5	3.3	3.2	3.1	3.5	3.1
Other GP	1.9	2.2	2.0	2.6	2.6	2.3	2.2
Total GP	**20.1**	**21.2**	**16.7**	**17.3**	**16.1**	**16.9**	**14.8**
Total imports	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(1) CIF prices.

* Preliminary

R Revised

Source: Central Bank

Free Trade Agreements

Honduras' foreign trade is established by its active participation in regional economic integration through free trade agreements and partnerships with neighboring countries and international blocs. The main purpose of these agreements is to reduce trade barriers, promote economic growth and encourage cooperation in various sectors.

Honduras has signed important trade agreements with Central American countries, the Dominican Republic, Chile, Canada, Peru, Korea, the European Union, Mexico, United Kingdom, and the United States. By participating in these agreements, Honduras seeks to expand market access, attract investment, and improve its competitiveness on a global scale. The country's commitment to regional economic integration through free trade initiatives underscores its commitment to sustainable economic development and the prosperity of its citizens.

Central American Economic Integration Treaty

In December 1960, the governments of Guatemala, El Salvador, Honduras, and Nicaragua signed a treaty with the primary objective of unifying the economies of the four countries and promoting the development of Central America to improve the living conditions of its citizens. The Central American Economic Integration Treaty provided the basis for future free trade movements experienced in Honduras and other Central American nations. This agreement became effective on June 4, 1961. It was later modified by the Protocol to the General Treaty on Central American Economic Integration (the "Guatemala Protocol") signed on October 29, 1993, and effective as of August 16, 1995. It establishes and consolidates the Economic Integration Subsystem, adapting it to the new institutional framework of the SICA and to the needs of the countries of the region. The Economic Integration Subsystem is made up of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, the latter incorporated on May 6, 2013.

The Central American Economic Integration Treaty establishes the Central American Common Market, made up of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, for the improvement of a free trade area and the adoption of a uniform Central American tariff. This instrument also establishes the commitment to constitute a Customs Union between their territories.

Deep Integration Process towards the free transit of goods and natural persons between the Republics of Guatemala and Honduras

The Deep Integration Process, in its first phase between Guatemala and Honduras, was launched by the Declaration of Presidents on December 13, 2014. In accordance with the Central American Economic Integration Treaty, the work is gradual and progressive with the objective of accelerating the constitution of the Customs Union and the free movement of individuals between the two countries. On June 26, 2017, the first stage of the Deep Integration Process was implemented, constituting the Single Customs Territory between Guatemala and Honduras, and the model of Integrated Border Posts ("IBPs") and Peripheral Customs was defined to control the transit of goods and individuals. Within the Single Customs Territory, community goods (goods obtained, collected, produced or processed in the single customs territory) can be freely traded. Likewise, movable goods from third countries that have been nationalized in any of the states participating, in compliance with tax and non-tax obligations, are considered community goods.

Guatemala and Honduras are signatories to the Central American Economic Integration Treaty and the Guatemala Protocol, as amended on February 27, 2002, and therefore continue to be part of the Central American Free Trade Area, through which free trade is granted to goods originating in the states that are part of the Economic Subsystem. The IBPs of Agua Caliente, El Florido and Corinto operate in accordance with the procedures established in the Regulations for Operation.

El Salvador joined the Deep Integration Process on July 26, 2017, and became a full member of the Ministerial Instance in 2018. This step was part of ongoing efforts to finalize integration between Guatemala and Honduras. On December 16, 2021, the Ministerial Instance of the Deep Integration Process approved the roadmap for the operational implementation of El Salvador to said process. As part of the Deep Integration Process, the El Amatillo IBP was implemented in December 2023 for customs operations, with plans to facilitate the free movement of goods. Additionally, the El Poy border post is set to be incorporated as an IBP, further streamlining trade and enhancing regional cooperation among the member countries.

Free Trade Agreement between the Dominican Republic and Central America

The Free Trade Agreement between Central America and the Dominican Republic was signed on November 29, 1998. The treaty's main objectives are to stimulate the expansion and diversification of trade between the parties, eliminate trade barriers, and create favorable procedures to promote free trade and free competition. This agreement became effective on December 19, 2001.

Dominican Republic-Central America Free Trade Agreement

In August 2004, Honduras signed the Dominican Republic-Central America Free Trade Agreement ("DR-CAFTA") with the other Central American nations, the United States and the Dominican Republic. DR-CAFTA is very important to the Honduran economy, given that the United States is its main commercial and investment partner. DR-CAFTA made permanent previously temporary benefits, giving predictability to participants in the economy. DR-CAFTA strengthened the position of Honduras relative to other countries, for investments both inside and outside the region. This agreement became effective on April 1, 2006.

Free Trade Agreement between Central America and Chile

In 2006, Honduras joined the Free Trade Agreement between Central America and Chile. The treaty was approved on January 10, 2007, and it became effective on July 19, 2008, immediately eliminating tariffs on 94% of Chilean products. All other tariffs were gradually eliminated by 2017. In addition, Honduras and Chile signed a bilateral protocol, including provisions that govern trade between Honduras and Chile, and an agreement for the promotion and reciprocal protection of investments.

Free Trade Agreement between Central America and Panama

In 2007, Honduras signed the Free Trade Agreement between Central America and Panama, and it became effective on January 9, 2009. The FTA includes commitments to promote a larger and safer market for the facilitation of trade in goods, services and the flow of capital and technology in their territories.

Free Trade Agreement between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and México

The Free Trade Agreement between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Mexico was signed on November 22, 2011, and became effective on January 1, 2013. The objectives of this agreement include (i) encouraging expansion and diversification of trade in goods and services; (ii) promoting conditions of fair competition within the free trade zone; and (iii) eliminating trade barriers and facilitating the movement of goods and services, capital and people between the territories. This was an important milestone in Honduran international trade, as Mexico is one of its main trading partners.

Free Trade Agreement between the Republic of Colombia and the Republics of El Salvador, Guatemala, and Honduras

The Free Trade Agreement between the Republic of Colombia and the Republics of El Salvador, Guatemala and Honduras was signed on August 9, 2007, in the city of Medellin, Colombia, and was approved by the National Congress of Honduras through Decree No. 188-2007 of January 10, 2008. It became effective as of March 26, 2010.

The agreement covers national treatment and access of goods to the market; rules of origin; customs procedures related to the origin of the goods; trade facilitation; safeguard measures; anti-dumping and countervailing measures; sanitary and phytosanitary measures; technical barriers of trade; public procurement; investment; cross-border trade in services; electronic commerce; temporary entry of businesspeople and transparency.

Association Agreement Central America – European Union

Negotiations of the framework for the Association Agreement between Central America and the European Union concluded in May 2010 in Madrid, Spain. The discussions covered trade of goods, services and the right of establishment, electronic commerce, intellectual property, public procurement, trade and competition, trade and sustainable development, and addresses issues leading to the economic integration of the region. The final agreement incorporates the Republic of Panama.

The agreement consolidated the benefits of the Generalized System of Preferences Plus ("SGP Plus"), which gives tariff preferences to products such as shrimp, pineapple, live plants, grapefruit, cigars, and melons, among others. The agreement also establishes quotas for sensitive products in Central America and the European Union. The agreement entered into force on August 1, 2013, and has been useful to Honduran exporters in products such as shrimp, pineapple, coffee, sweet potato, minerals, ornamental plants and melon.

In 2024, the approval process of the three pillars of the agreement (Political, Trade and Cooperation) was completed, so full implementation is achieved.

Free Trade Agreement Honduras- Canada

Negotiations with Canada were initiated jointly with El Salvador, Guatemala, Honduras, and Nicaragua. The process dates to 1998 and after a stall in the negotiations, in 2010, Canada and Honduras agreed to establish a free trade zone to lower trade barriers and improve economic development, each removing a large percentage of tariffs on the other country's goods and services. In parallel, the two countries agreed to comply with certain labor and environmental principles domestically. The agreement entered into force on October 1, 2014.

Free Trade Agreement Honduras- Peru

The Free Trade Agreement between Honduras and Peru was signed on May 29, 2015, and entered into force on January 1, 2017. The agreement regulates matters such as rules of origin, market access, commercial facilitation, intellectual property, investment, services, among others.

Free Trade Agreement between the Republic of Korea and the Republics of Central America

The Free Trade Agreement between the Republic of Korea and the Republics of Central America was signed on February 21, 2018, in Seoul, South Korea, and became effective on November 1, 2019.

Association Agreement United Kingdom of Great Britain and Northern Ireland and Central America

The Association Agreement between Central America and the United Kingdom of Great Britain and Northern Ireland ("AACRU-2021"), guarantees the continuity of market access conditions and other disciplines negotiated in the Association Agreement between Central America and the EU ("AACUE") after BREXIT. Therefore, the tariff reduction schedule, tariff preferences, and quotas (regional and national) agreed in the AACUE are maintained in the AACRU.

Tax Preference Systems and Partial Scope Agreements

Honduras has entered into the following tax preference agreements and partial scope agreements to promote trade:

- Australia
- New Zealand
- Japan
- Switzerland
- Norway
- Venezuela (Partial scope agreement which grants unilateral tariff preferences for some Honduran products)

Balance of Payments

Current Account

In 2021, the current account presented a deficit of U.S.$1,537.9 million (5.5% of GDP), a difference of U.S.$2,203.8 million from the surplus of 2020. This was mainly due to an increased deficit in the goods, services, and income accounts, especially the goods account, which increased by U.S.$2,260.3 million, due to higher imports of GM and GP. Although exports increased, there was a higher rise in imports. In 2021, current account remittances totaled U.S.$7,184.4 million (26.4% of GDP), an increase of U.S.$1,611.3 million, or 28.9%, compared to 2020, mainly due to the economic recovery after COVID-19 lockdowns when countries were reopening their economies.

In 2022, the current account deficit totaled U.S.$2,156.6 million (6.9% of GDP), an increase of U.S.$618.7 million, or 40.2%, compared to 2021. This was mainly due to an increased deficit in the goods, services, and income accounts, particularly in the goods account, which rose by U.S.$1,210.0 million due to higher imports of GM and GP. While exports also increased, the growth in imports outpaced them. In 2022, current account remittances totaled U.S.$8,464.9 million (27.8% of GDP), an increase of U.S.$1,280.5 million, or 17.8%, compared to 2021.

In 2023, the current account deficit totaled U.S.$1,449.3 million (4.2% of GDP), a decrease of U.S.$707.3 million, or 32.8%, compared to 2022. This was mainly due to an increase in remittances and a decrease in the deficit of the services account. In 2023, current account remittances totaled U.S.$8,946.3 million (26.8% of GDP), an increase of U.S.$481.5 million, or 5.7%, compared to 2022.

In 2024, the current account deficit totaled U.S.$1,615.6 million (4.4% of GDP), an increase of U.S.$166.3 million, or 11.5%, compared to 2023. This was mainly due to a decrease in exports of GM. Additionally, current account remittances totaled U.S.$9,497.6 million (26.5% of GDP), an increase of U.S.$551.3 million, or 6.2%, compared to 2023.

In 2025, the current account recorded a surplus of U.S.$935.7 million (2.4% of GDP), an increase of U.S.$2,551.3 million compared to 2024. This was mainly due to an increase in current account remittances, which totaled U.S.$11,904.4 million in 2025 (31% of GDP), reflecting a year-over-year increase of U.S.$2,406.8 million, or 25.3%, mainly due to higher amounts of remittances that were anticipated in response to the restrictive immigration measures implemented in the United States. Additionally, exports of goods increased by U.S.$1,144.7 million, or 10.3%, compared to 2024, in part due to increased external sales, favored by historically high international prices of coffee.

The following table shows the inflows of remittances as a percentage of nominal GDP for the periods indicated:

Remittances Income

(*U.S.$ millions*)

	For the year ended December 31,				
	2021[R]	**2022**[(1)]	**2023**[(1)]	**2024**[(1)]	**2025**[(1)]
Remittances Current Account	7,184.4	8,464.9	8,946.3	9,497.6	11,904.4
Remittances Capital Account	237.1	279.3	295.2	313.4	392.9
Total Remittances[(2)]	7,421.5	8,744.2	9,241.6	9,811.0	12,297.3
Percentage of nominal GDP	26.4%	27.8%	26.8%	26.5%	31.0%

[R] Revised

[(1)] Preliminary

[(2)] Includes both remittances in current and capital accounts.

Source: Central Bank.

Capital and Financial Account

From 2021 through 2025, the capital account recorded an average annual surplus of U.S.$342.6 million.

In 2021, the capital account surplus decreased by U.S.$250.4 million, or 45.4%, compared to 2020, falling to U.S.$300.6 million. This change was primarily due to the continuation of fund transfers from foreign reinsurance companies to Honduran insurance companies as compensation for goods lost due to hurricanes Eta and Iota.

In 2022, the capital account surplus increased by U.S.$14.1 million, or 4.7%, compared to 2021, reaching U.S.$314.7 million. This variation was mainly due to an increase in remittances, which are primarily intended for the acquisition of fixed assets.

In 2023, the capital account surplus increased by U.S.$35.8 million, or 11.4%, compared to 2022, reaching U.S.$350.5 million. This variation was primarily due to an increase in remittances, which are mainly directed towards acquiring fixed assets.

In 2024, the capital account surplus decreased by U.S.$30.9 million, or 8.8%, compared to 2023, reaching U.S.$319.6 million, mainly due to less transfers to the government.

In 2025, the capital account surplus increased by U.S.$107.7 million, or 33.7% compared to 2024, reaching U.S.$427.4 million, mainly due to remittance flows directed toward capital investments.

From 2021 through 2025, the financial account recorded an annual average of U.S.$1,050.7 million.

In 2021, the financial account reached U.S.$1,281.0 million, an increase of U.S.$803.0 million, or 168.0%, compared to 2020. This increase is primarily attributed to a rise in flows of foreign direct investment ("FDI"), driven by higher reinvestment of profits from FDI companies following the economic recovery after the peak of the pandemic.

In 2022, the financial account reached U.S.$1,472.1 million, an increase of U.S.$191.0 million, or 14.9%, compared to 2021. This increase can be attributed to an increase in net inflow of FDI driven by profit reinvestment. These inflows were partially offset by outflows of portfolio investment, including the payment of sovereign bonds and increased investments in external financial assets by banks and pension funds.

In 2023, the financial account reached U.S.$240.9 million, a decrease of U.S.$1,231.2 million, or 83.6%, compared to 2022. This decrease can be attributed to investments in deposits abroad by the private sector and net payments of external debt service.

In 2024, the financial account reached U.S.$1,723.8 million, an increase of U.S.$1,482.9 million, or 615.5%, compared to 2023. This increase is mainly attributed to external financing to the public sector, through sovereign bonds and net disbursements of government-contracted loans. The private sector also received external financing, notably through FDI in domestic companies and external loans to the financial system.

In 2025, the financial account reached U.S.$535.5 million, a decrease of U.S.$1,188.3 million, or 68.9%, compared to 2024. This was mainly driven by a net outflow for debt services payments by the public sector to external creditors, including principal repayments on loans contracted by the Central Government. The private sector showed a similar result due to payments of loans to external creditors.

During the period from 2021 to 2025, Honduras received an annual average inflow of FDI amounting to U.S.$899.6 million. The highest inflow was recorded in 2023, reaching U.S.$1,056.9 million, while the lowest inflow occurred in 2021, totaling U.S.$738.7 million.

The following tables show the amount of foreign direct investment and its composition during the periods indicated:

Foreign Direct Investment by Sector

For the year ended December 31,

	2021[R]	**2022***	**2023***	**2024***	**2025***
	(*U.S.$ millions*)				
Agriculture, Forestry, Hunting And Fishing	18.8	10.1	(26.5)	(63.3)	46.8
Commerce, Restaurants and Hotels	147.9	400.6	14.5	84.8	97.3
Construction	15.3	21.7	(21.3)	1.4	1.5
Electricity, Gas and Water	98.9	153.7	9.1	72.6	40.3
Transformation Goods Industry (Maquila)	77.4	11.8	(35.2)	(46.5)	111.2
Manufacturing Industry	42.0	95.9	424.5	18.3	(163.3)
Mines and Quarries	43.5	(129.3)	48.4	49.2	17.8
Services [(1)]	314.1	307.7	472.4	650.8	650.6
Transportation, Storage and Telecommunications	(19.2)	48.1	171.1	133.4	79.0
Total	**738.7**	**920.3**	**1,056.9**	**900.8**	**881.2**

* Preliminary

R Revised

Source: Central Bank

(1) Financial intermediaries, insurance and other non-financial business services corporations.

Foreign Direct Investment by Sector

For the year ended December 31,

	2021[R]	**2022***	**2023***	**2024***	**2025***
	(Percentage of total FDI)				
Agriculture, Forestry, Hunting And Fishing	2.5	1.1	(2.5)	(7.0)	5.3
Commerce, Restaurants and Hotels	20.0	43.5	1.4	9.4	11.0
Construction	2.1	2.4	(2.0)	0.2	0.2
Electricity, Gas and Water	13.4	16.7	0.9	8.1	4.6
Transformation Goods Industry (Maquila)	10.5	1.3	(3.3)	(5.2)	12.6
Manufacturing Industry	5.7	10.4	40.2	2.0	(18.5)
Mines and Quarries	5.9	(14.0)	4.6	5.5	2.0
Services [(1)]	42.5	33.4	44.7	72.2	73.8
Transportation, Storage and Telecommunications	(2.6)	5.2	16.2	14.8	9.0
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

* Preliminary

R Revised

Source: Central Bank

(1) Financial intermediaries, insurance and other non-financial business services corporations.

The following tables show the composition of foreign direct investment by country of origin:

Foreign Direct Investment by Country of Origin

	For the year ended December 31,				
	2021R	**2022***	**2023***	**2024***	**2025***
	(U.S.$ millions)				
Belgium	(64.1)	78.4	258.4	39.8	(172.2)
Bermuda	74.5	89.3	154.2	107.6	16.4
British Virgin Islands	49.1	(33.6)	55.9	(24.3)	62.3
Colombia	169.1	170.5	220.4	238.1	336.1
El Salvador	15.7	41.3	17.0	32.5	35.6
Guatemala	133.4	42.9	59.1	86.1	147.0
Mexico	(39.4)	13.3	50.6	56.0	(29.4)
Panama	132.0	238.9	147.8	316.1	109.1
United States	109.5	110.4	(167.6)	(260.3)	120.3
Other	158.9	168.9	261.2	309.2	256.1
Total	**738.7**	**920.3**	**1,056.9**	**900.8**	**881.2**

* Preliminary

R Revised

Source: Central Bank

Foreign Direct Investment by Country of Origin

	For the year ended December 31,				
	2021R	**2022***	**2023***	**2024***	**2025***
	(Percentage of total FDI)				
Belgium	(8.7)	8.5	24.4	4.4	(19.5)
Bermuda	10.1	9.7	14.6	11.9	1.9
British Virgin Islands	6.6	(3.7)	5.3	(2.7)	7.1
Colombia	22.9	18.5	20.9	26.4	38.1
El Salvador	2.1	4.5	1.6	3.6	4.0
Guatemala	18.1	4.7	5.6	9.6	16.7
Mexico	(5.3)	1.4	4.8	6.2	(3.3)
Panama	17.9	26.0	14.0	35.1	12.4
United States	14.8	12.0	(15.9)	(28.9)	13.7
Other	21.5	18.4	24.7	34.3	29.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* Preliminary

R Revised

Source: Central Bank

Balance of Payments

	For the year ended December 31,				
(U.S.$ millions)	**2021***	**2022***	**2023***	**2024***	**2025***
Balance of Goods and Services	(6,817.2)	(8,590.9)	(8,132.9)	(8,854.9)	(8,695.6)
Balance of Goods	(4,829.6)	(6,039.6)	(5,979.5)	(6,682.8)	(6,234.7)
Exports	11,100.1	13,500.6	12,804.9	12,609.2	13,853.9
Goods	10,246.9	12,281.0	11,382.7	11,082.5	12,227.2
Services	853.2	1,219.6	1,422.2	1,526.8	1,626.7
Imports	17,917.3	22,091.5	20,937.8	21,464.2	22,549.5
Goods	15,076.5	18,320.5	17,362.2	17,765.3	18,461.9
Services	2,840.8	3,771.0	3,575.5	3,698.9	4,087.6
Income Balance	(2,352.4)	(2,486.3)	(2,653.7)	(2,800.4)	(3,022.5)
Revenues	131.4	261.3	516.8	525.2	600.5
Payments	2,483.8	2,747.6	3,170.5	3,325.6	3,622.9
Balance of Transfers	7,631.6	8,920.6	9,337.3	10,039.8	12,653.7
Public Sector	447.2	455.7	391.0	542.2	749.3
Private Sector(1)	7,184.4	8,464.9	8,946.3	9,497.6	11,904.4
Current Account Balance	**(1,537.9)**	**(2,156.6)**	**(1,449.3)**	**(1,615.6)**	**935.7**
Capital Account	**300.6**	**314.7**	**350.5**	**319.6**	**427.4**
Financial Account	**1,281.0**	**1,472.1**	**240.9**	**1,723.8**	**535.5**
Direct Investment	512.7	737.7	837.4	527.0	809.5
In Honduras	738.7	920.3	1,056.9	900.8	881.2
Abroad	(226.0)	(182.6)	(219.6)	(373.8)	(71.7)
Portfolio Investment	(115.5)	(385.0)	(339.3)	439.7	226.9
Other investments	883.9	1,119.3	(257.1)	757.1	(500.9)
Assets	154.3	380.6	(311.9)	(369.2)	(254.9)
Commercial credit	(92.1)	37.9	(129.0)	(10.0)	(51.0)
Loans	(20.8)	(6.3)	13.8	(7.9)	(16.0)
Currency and deposits	32.4	321.2	(151.9)	(289.0)	(124.0)
Other assets	234.9	27.8	(44.9)	(62.2)	(64.0)
Liabilities	729.5	738.7	54.8	1,126.2	(246.0)
Commercial credit	46.3	57.1	18.9	66.0	101.3
Loans	250.7	636.4	6.3	958.7	(331.2)
Currency and deposits	88.7	34.3	(41.4)	105.3	(30.9)
Other liabilities	343.8	11.0	71.0	(3.9)	14.7
Net errors and omissions	**415.0**	**243.0**	**(212.6)**	**(163.1)**	**10.5**
Global Balance	**458.7**	**(126.7)**	**(1,070.4)**	**264.7**	**1,909.0**
Reserves and related sectors	**(458.7)**	**126.7**	**1,070.4**	**(264.7)**	**(1,909.0)**
Central Bank reserve assets	(586.6)	122.0	948.5	(462.2)	(2,069.2)
Use of IMF credit	124.4	0.0	117.5	197.5	160.2
Extraordinary credit	3.5	4.7	4.4	0.0	0.0

(1) Includes family remittances and other donations.
*Preliminary
Source: Central Bank

Foreign Currency Reserves

As of December 31, 2021, Net International Reserves ("NIR") of the CBH totaled U.S.$8,677.6 million, an increase of U.S.$528.8 million, or 6.5%, compared to 2020. This was primarily due to an increase in fixed term deposits in foreign financial institutions and holdings of special drawing rights ("SDR"). The ORA of the CBH totaled U.S.$8,973.3 million and represented 6.0 months of imports of goods and services.

As of December 31, 2022, NIR of the CBH totaled U.S.$8,421.5 million, a decrease of U.S.$256.1 million, or 3.0%, compared to 2021. This was mainly due to a reduction in holdings of bills, coins, and SDR. The ORA of the CBH totaled U.S.$8,703.5 million and represented 5.9 months of imports of goods and services.

As of December 31, 2023, NIR of the CBH totaled U.S.$7,555.9 million, a decrease of U.S.$865.6 million, or 10.3%, compared to 2022. This was mainly due to the reduction in fixed term deposits in foreign financial institutions. The ORA of the CBH totaled U.S.$7,839.6 million and represented 5.2 months of imports of goods and services.

As of December 31, 2024, NIR of the CBH totaled U.S.$8,049.2 million, an increase of U.S.$493.3 million, compared to 2023. This was mainly due to disbursements granted by international organizations. The ORA of CBH totaled U.S.$8,325.2 million and represented 5.2 months of imports of goods and services.

As of December 31, 2025, NIR of the CBH totaled U.S.$10,219.1 million, an increase of U.S.$2,169.9 million, or 27.0%, compared to 2024. This was mainly due to the inflow of foreign currency from family remittances and the export of goods and services, which allowed for greater investment in investment portfolios and term deposits in foreign institutions. The ORA of the CBH totaled U.S.$10,508.5 million and represented 6.0 months of imports of goods and services.

As of March 31, 2026, NIR of the CBH totaled U.S.$11,152.7 million, an increase of U.S.$933.6 million compared to December 31, 2025. This was mainly due to the inflow of foreign currency from family remittances and exports of goods and services, which allowed greater investment in investment portfolios and term deposits in foreign institutions. The ORA of the CBH totaled U.S.$11,439.2 million and represented 6.4 months of imports of goods and services.

The financial system's net foreign assets increased from U.S.$7,158.8 million in 2021 to U.S.$9,634.4 million as of March 31, 2026.

As of December 31, 2023, Other Depository Entities ("ODCs") recorded net foreign liabilities of U.S.$1,496.5 million, reflecting an increase of U.S.$80.2 million, or 5.7%, compared to 2022. This was mainly due to an increase in external liabilities of U.S.$230.1 million, counter to an increase of external assets of U.S.$149.8 million.

As of December 31, 2024, the net foreign liabilities of ODCs totaled U.S.$1,982.4 million, reflecting an increase of U.S.$485.9 million, or 32.5%, compared to 2023. This was mainly due to an increase in external liabilities of U.S.$671.4 million, counter to an increase in external assets of U.S.$185.5 million.

As of December 31, 2025, the net foreign liabilities of ODCs totaled U.S.$1,893.9 million, reflecting a reduction of U.S.$88.4 million, or 4.5%, compared to 2024. This was mainly due to an increase in external assets of U.S.$118.5 million, counter to an increase in external liabilities of U.S.$30.0 million.

As of March 31, 2026, the net foreign liabilities of ODCs totaled U.S.$1,904.8 million, reflecting an increase of U.S.$10.9 million, or 0.6%, compared to December 31, 2025. This was mainly due to an increase in external liabilities of U.S.$19.6 million, counter to an increase in external assets of U.S.$8.7 million.

The following table shows assets and liabilities of the CBH and other entities for the years presented:

Net External Assets of the Financial System[(1)]

(U.S.$ millions)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Central Bank of Honduras	**8,187.8**	**7,973.1**	**7,079.9**	**7,456.8**	**9,593.7**	**10,574.9**
External assets	9,174.4	8,898.9	8,037.0	8,522.5	10,712.1	11,643.3
Official reserve assets	8,973.3	8,703.5	7,839.6	8,325.2	10,508.5	11,439.2
Other assets	201.1	195.5	197.4	197.3	203.6	204.0
External liabilities	986.6	925.9	957.0	1,065.7	1,118.4	1,068.4
Short term	295.8	282.0	283.7	276.0	289.4	286.5
Long term	690.8	643.8	673.3	789.7	829.0	781.9

Net international reserves	8,677.5	8,421.5	7,555.9	8,049.2	10,219.1	11,152.7
Other deposit entities[2]	**(1,354.4)**	**(1,416.3)**	**(1,496.5)**	**(1,982.4)**	**(1,893.9)**	**(1,904.8)**
External assets	706.1	652.7	802.5	988.1	1,106.5	1,115.2
External liabilities	2,060.5	2,068.9	2,299.0	2,970.4	3,000.5	3,020.0
Other financial entities[3]	**326.0**	**479.1**	**592.4**	**633.0**	**814.2**	**964.3**
External assets	690.6	847.5	1,032.2	1,068.0	1,272.5	1,278.9
External liabilities	364.6	368.4	439.8	435.1	458.3	314.5
Financial system	**7,159.4**	**7,035.9**	**6,175.8**	**6,107.3**	**8,514.0**	**9,634.4**

(1) Prepared according to the IMF's Monetary and Financial Statistics Manual (2000).

(2) Includes commercial banks, development banks, private financial development organizations and savings and credit cooperatives.

(3) Includes insurance companies, private pension funds and BANHPROVI.

Source: Central Bank

Foreign Exchange

The *Lempira* was fixed at L.2.00 per U.S.$1.00 from 1918 through 1990. In 1990, the government established an official exchange rate of L.4.00 per U.S.$1.00 for practically all transactions. In 1992, the exchange rate was fully liberalized. In June 1994, the Central Bank introduced a foreign exchange auction system, where all foreign currencies needed by the national financial system were auctioned daily. The resulting rate from these auctions became the legal exchange rate for foreign exchange transactions.

This system remained in place until October 2005, when the Central Bank adopted a fixed exchange rate regime of L.18.9 per U.S.$1.00, based on observed net international reserves. The allocation of foreign exchange within the financial system continued to be conducted through Central Bank auctions.

On July 21, 2011, the Central Bank modified the fixed exchange rate regime and established a crawling band pursuant to which the exchange rate is permitted to fluctuate, based on daily foreign exchange auctions. This adjustment was made considering the country's strong external position, bolstered by increased exports and remittances. The policy change aimed to protect the external position against uncertainties and risks related to international economic conditions.

In response to the supply and demand impacts following the COVID-19 pandemic, which resulted in price increases for imported goods and services and an increase in the demand for foreign exchange, the Central Bank evaluated the performance of the Organized Exchange Market. Through Agreement No. 05/2023 of April 10, 2023, the Central Bank reactivated auctions as a mechanism to allocate foreign exchange in the Honduran exchange market, with the aim of generating confidence, conveying certainty, and ensuring an equitable distribution of foreign exchange among various economic agents and the general population.

Under the current exchange rate regime and the operational mechanism of the foreign exchange auctions, the Central Bank uses a fluctuating band of one percent (1%) above and below the center of this band, which is comprised of the average of the previous seven days of the base price weighted by 80% plus the average of the previous seven days of the weighted average exchange rate of the foreign exchange auction weighted by 20%.

The Central Bank reviews the established base price level every five foreign exchange auctions to maintain the external competitiveness level of the national currency. This review considers the internal and external inflation differential with Honduras' main trading partners, the nominal effective exchange rate index, and the international reserves coverage; meanwhile, the weighted average exchange rate of the foreign exchange auction seeks to incorporate the local foreign exchange market behavior in the real exchange rate. Under the current exchange rate regime, foreign exchange agents must sell 100% of the day's foreign exchange earnings to the Central Bank by the next business day at the latest.

On May 18, 2026, the Central Bank approved a plan to ease access to foreign currency and strengthen the functioning of Honduras' foreign exchange market. The plan builds on a first set of measures implemented beginning February 25, 2026, aimed at reducing costs and operational burdens for participants in the foreign exchange auction, which resulted in a significant reduction in rejected bid amounts, moderated demand for foreign currency, and reduced volatility in the reference exchange rate. A second set of measures took effect on May 18, 2026, including an increase in the threshold for bids exempt from supporting documentation requirements to up to U.S.$125,000 per day, and elimination of rejections based on partial or below-U.S.$10,000 awards. The Central Bank has indicated that additional measures are contemplated for the third and fourth quarters of 2026, with a longer-term transition toward an inflation-targeting framework beginning in 2027.

The following table shows the average and end-of-period exchange rates of the *Lempira*/Dollar and the real exchange rate index:

Foreign Exchange Rates

Year	Average	End of period	Real Exchange Rate Index
	(L. per U.S.$1.00)[1]		(Base December 2017 = 100)
2021	24.0153	24.3454	105.9
2022	24.4869	24.5978	108.5
2023	24.6016	24.6513	109.2
2024	24.7950	25.3800	109.5
2025	25.9547	26.3737	105.3
2026			
January	26.4142	26.4491	104.6
February	26.4773	26.4932	103.8
March	26.5187	26.5631	103.9
April	26.5704	26.5988	104.2
May	26.6285	26.6608	104.4
June	26.6934	26.7183	N/A[2]

[1] Purchase exchange rate.

[2] Not available.

Source: Central Bank.

Investment and Promotion Laws

Promotion and Protection of Investments Law

To promote, modernize and protect investments in Honduras, as well as to promote the creation of new jobs, the National Congress issued the Decree 51-2011, by means of which it issues the Promotion and Protection of Investments Law, which grants all investors unlimited access to foreign exchange, protection of intellectual property rights and the right to repatriate 100% of any compensation for expropriation. In addition, foreign investors are granted equal treatment to national investors, market access without limitations, access to credit from the financial system, and the right to establish branches, subsidiaries, representation or co-investments, among other benefits.

Law for the Promotion of Public-Private Partnerships

The Law for the Promotion of Public-Private Partnerships, created by Legislative Decree No. 143-2010 and its implementing regulations, established the possibility for the private sector to present investment projects in infrastructure and services through the private initiative scheme, opening the way to new business opportunities in the country and thus facilitating access to more and better infrastructure and public services.

Free Zone Law

The purpose of the Free Zone Law is to facilitate industry, trade, export and re-export of goods and/or services through national and foreign companies through special regulations for the development of their activities. To obtain the status to operate in the free zone, authorization must be requested from the Ministry of Economic Development.

Benefits include:

- Exemption from payment of customs duties, charges, surcharges, internal taxes, excise taxes and other taxes and levies on goods brought into the zone, which are directly or indirectly related to import and export customs operations;
- Exemption from the payment of municipal taxes and contributions; and
- Exemption from payment of income tax and related taxes

Law for the Promotion of Call Centers and Outsourcing of Business Services

Created by Legislative Decree No. 90-2012 to establish the general rules and procedures under which call centers and business services outsourcing centers ("BPOs") must operate within the national territory, as well as the benefits and obligations of the persons who develop, administer or operate them.

Benefits include:

- Exemption from the payment of customs duties, charges, surcharges, consular duties, internal taxes, excise taxes and other taxes levied on the importation of equipment, tools, spare parts, accessories, office furniture and equipment and other goods that are directly related to the operations and execution of the incentivized activity; and
- Exemption from income tax exclusively for the income from the incentivized activity during the period that they carry out their operations in the free zone counted from the start of operations.

Temporary Import Scheme

The Temporary Import Scheme is a mechanism to encourage exports by companies that do not receive the benefits contemplated in other laws in effect in Honduras. Companies must submit an application for the Temporary Import Scheme before the General Directorate of Productive Services of the Secretariat of Economic Development. This scheme establishes a temporary import mechanism aimed at promoting exports, which includes the suspension of customs duties, consular fees, the customs administrative service fee, and any other taxes and surcharges, including the general sales tax.

Benefits include:

- The suspension of the payment of customs duties, general sales tax and other import taxes on:
  - raw materials, semi-finished products, containers, packaging, and other inputs to produce goods or services exported to non-Central American countries, or when they are assembled, transformed, modified, or physically incorporated into products or services exported to non-Central American countries;
  - machinery, equipment, molds, tools, spare parts and accessories exclusively for assembling, transforming, modifying or producing goods or services intended for export to non-Central American countries; these goods may be freely disposed of after five years have elapsed from the date of their temporary importation, subject to authorization from the Secretariat of Finance; and
  - samples, instructions, patterns, mannequins and models necessary to adjust the production of goods and services to the standards and designs required in the international market and for demonstrative, research or instruction purposes.
- Total exemption from payment of income tax on profits from the export of goods to non-Central American countries for ten years counted from the date of commencement of their exportable production, provided that the following requirements are met:
  - industrial or agro-industrial company;
  - maintain at least 25 direct jobs; and
  - generate non-traditional products defined in the Export Promotion Law.

Tourism Incentives Law

In accordance with the Tourism Incentives Law, individuals or entities engaged in tourism services and activities previously qualified by the Honduran Institute of Tourism, including investments linked to protected areas of tourist interest (biological reserves, national parks, wildlife refuges, nature reserves), national monuments, historical monuments, museums, archaeological parks, special areas of tourist interest for their environmental/natural/ecological/agro-industrial context, and community tourism projects or companies, may enjoy the benefits of the law.

The benefits afforded under the Tourism Incentives Law include:

- Exemption from payment of income tax, net asset tax, and related taxes, for a non-extendable period of 15 years;
- Exemption from income tax and any related withholdings on payments for services or fees contracted with domestic and foreign individuals or legal entities that are essential for a tourism project's studies, installation, implementation, engineering, construction, and monitoring, for a period of up to five years;
- Exemption from sales tax on local purchases of goods and services directly related to construction, renovation, or restoration; new infrastructure; complementary investments; or new investments in tourism activities certified by the Honduran Institute of Tourism for a non-extendable period of 10 years;

- Projects are entitled to all benefits established in the Customs Law regarding the importation of machinery and equipment necessary for the construction and maintenance of the project. Such machinery and equipment must be used solely and exclusively for the project; and

- Exemption from the payment of import customs duties. Excise taxes, tariffs, fees, surcharges, duties, general and special taxes, and other customs levies on the importation and local purchase of inputs, goods, materials, and equipment directly related to the development, installation, construction, equipping, repair, replacement, and maintenance of the tourism project for a period of up to 10 years. This exemption does not include fees for electronic, security, or modernization services, which must be paid for the services and controls provided by the Customs Administration.

MONETARY SYSTEM

Monetary Authorities

The Central Bank and the CNBS are the two regulatory institutions of the Honduran financial system. They issue general rules that financial institutions must comply with to maintain a healthy financial system with a normally operating payment system according to international standards and best practices.

Central Bank

The CBH was created in 1950. Its board is composed of five members, one of whom serves as president and another as vice president. These members are appointed by the President of the Republic of Honduras, through the Ministry of Finance, and their term is four years, with the possibility of being renewed. Legislative Decree No. 53 dated February 3, 1950 (the Law of the Central Bank), guarantees complete independence to the board to exercise its functions according to current laws and regulations. Its budget is prepared in collaboration with the Ministry of Finance and must be approved by the National Congress.

The Central Bank is an autonomous institution governed by a special organic law. According to Article 342 of the Constitution, the Central Bank has full autonomy to issue currency and formulate and implement monetary, credit, and exchange rate policies. The Central Bank Law establishes that its main objective is to ensure the maintenance of the internal and external value of the national currency and to promote the normal functioning of the payment system. To achieve these goals, the bank is tasked with formulating, developing, and executing the country's monetary, credit, and exchange rate policy.

The Central Bank has implemented an active monetary policy to maintain low and stable inflation levels and protect Honduras' external position. It has also used credit policy to regulate the financial resources available in the economy. The Central Bank can provide credit to the Central Government and its entities through the purchase of securities in the secondary market. However, the Central Bank is prohibited from granting direct loans to the Central Government, except in cases of emergency, severe public calamity, or to cover seasonal variations in income and expenses. Additionally, the Central Bank can grant temporary liquidity loans to banks, savings and loan associations, and financial companies to ensure the stability of the financial and payment system.

Among the functions and attributions of the Central Bank are:

- determining and executing Honduras' monetary, credit, and exchange rate policy;
- ensuring the proper use of Honduras' international monetary reserves to maintain general economic stability;
- issuing legal tender banknotes and coins in Honduras;
- trading foreign exchange within the country and enabling financial institutions to act as Central Bank agents;
- establishing and regulating controls on capital movements in and out of Honduras, in accordance with international commitments;
- acting as lender of last resort to financial system institutions facing temporary liquidity problems;
- issuing short-term debt securities in national or foreign currency to be placed in banks and the public for financial stabilization purposes;
- determining the Legal Reserves that financial system institutions must maintain;
- acting as banker, fiscal agent, and economic-financial advisor for Honduras, its agencies, and official and state entities, as well as representing the country before the International Monetary Fund and other international organizations as entrusted by the Central Government.

These attributions are fundamental for the Central Bank in fulfilling its key role in the national economy.

Comisión Nacional de Bancos y Seguros

The CNBS is a decentralized agency responsible for ensuring the stability and solvency of the financial system and other institutions supervised by it, including the securities market. The CNBS maintains functional and budgetary independence from the Central Government.

The CNBS is responsible for:

- monitoring, supervising and controlling banking institutions, insurance companies, finance companies, savings and loan associations, and other savings and credit organizations, securities market and pension funds;
- issuing standards, including those of precautionary nature, to ensure the proper performance by the supervised institutions;
- verifying the correct formation, reorganization and liquidation of supervised institutions;
- developing criteria for the valuation of assets and liabilities and provisioning for risks to maintain liquidity and solvency of the supervised institutions; and
- implementing the sanctioning framework for infringements by supervised institutions, and processes of intervention, liquidation or closure of any institution.

Monetary Policy

Framework of Monetary Policy

The board of directors of the Central Bank creates, develops, and executes the country's monetary, credit, and exchange rate policies. The main instruments of monetary policy are open market operations and the policy interest rate. The Central Bank issues short-term letters and bonds (Central Bank Bonds) for open market operations. These short-term letters can be issued for up to one year, without interest coupons, and with a discount on their nominal value. Bonds are issued for up to two years with semi-annual interest coupons. The Monetary Policy Rate (the "MPR") is the interest rate charged by the Central Bank to depository institutions on short-term loans and serves as a reference rate for interbank transactions.

After keeping its monetary policy stance unchanged since mid-2016, with the MPR at 5.50%, on January 7, 2019, the Central Bank decided to increase the MPR by 25 basis points to 5.75%, as a precautionary measure against rising inflation expectations caused by adjustments in electricity and transportation rates. In December 2019, the Central Bank adopted a more relaxed monetary policy stance, setting the MPR at 5.50%. This decision was based on an evaluation of the macroeconomic context, which was characterized by lower inflationary pressures, a strengthened external position indicated by a historical balance of international reserves, and reduced dynamism in economic activity. Regarding legal reserve requirements and mandatory investments in the national financial system, during 2019, the Central Bank maintained the legal reserve rate at 12.0% for both national and foreign currency. Additionally, mandatory investments in national currency remained at 12.0%, while mandatory investments in foreign currency were set at 5.0%. The computation methods for these reserves were also upheld for the financial system.

During 2020, the Central Bank had a more flexible monetary policy stance, initiating a gradual reduction of the MPR by 250 basis points, setting it at 3.00% in November 2020 (Resolution No. 376-11-2020). The Central Bank, through Resolution No. 377/11-2020, set the interest rate for permanent investment facilities at 0.0% (MPR - 3.00%) to encourage the financial system to maintain sufficient liquidity and promote credit access across various economic sectors. Additionally, through Resolution No. 148-4/2020, the Central Bank established that the repurchase window rate would be the permanent credit facilities rate plus 0.50%. The Central Bank also extended the maximum term of the repurchase window to 28 days.

Furthermore, in early 2020, as part of measures to ease internal financial conditions to mitigate the impact of the COVID-19 pandemic, the Central Bank set the requirement for mandatory investments in national currency at 0.0%. Subsequently, in September 2020, the Central Bank authorized a reduction of 3.0% in the legal reserve in national currency, from 12.0% to 9.0%, and set the requirement for mandatory investments in national currency at 3.0%.

During 2021 and 2022, the Central Bank's board of directors maintained the MPR at 3.00%, considering the economic prospects of the national and international environment, the inflation expectations of economic agents, and the short- and medium-term inflation forecasts of the Central Bank. Additionally, the percentages of legal reserve and mandatory investments in national currency remained unchanged at 9.0% and 3.0%, respectively. Meanwhile, in foreign currency, the legal reserve and mandatory investment requirements remained unchanged at 12.0%.

In accordance with its monetary program, the Central Bank continued to gradually withdraw excess liquidity from the financial system through open market operations, helping to reduce inflationary pressures. As a result of the short-term liquidity reduction, the placement rates of Central Bank securities increased, helping to strengthen the transmission of the policy interest rate.

In August 2023, the Central Bank modified the interest rate band for permanent credit facilities and permanent investment facilities through Resolution No. 337-8/2023. This adjustment aimed to create more space for the interbank market, contributing to the disinflationary process and enhancing the effectiveness of monetary policy. The new interest rates were set at the MPR plus 1.00% for permanent credit facilities and the MPR minus 3.00% points for permanent investment facilities.

Furthermore, the legal reserve and mandatory investment requirements in foreign currency remained unchanged at 12.0% each, totaling 24.0%. It was also established that legal reserve requirements in both currencies must be fully constituted in sight deposits at the Central Bank, maintained on a biweekly average basis, and a minimum daily amount equivalent to 80% of them must be maintained daily.

The following table set forth the historical and current legal reserve and mandatory investment requirements in foreign currency since 2019:

Financial System Reserve Requirements in Local and Foreign Currency

Year	Month	Reserve Requirement (local currency)	Reserve Requirement (foreign currency)	Mandatory Investment (local currency)	Mandatory Investment (foreign currency)	Investments in Foreign Banks (foreign currency)
2019	December 31	12%	12%	5%	12%	0%
2020	February 13	12%	12%	3%	12%	0%
	April 6	12%	12%	0%	12%	0%
	September 24	9%	12%	3%	12%	0%
2023	November 16	10%	12%	3%	12%	0%

Source: Central Bank.

In March 2023, the Central Bank signed with BANHPROVI an Investment Fund Administration Contract for an amount of L.25,000.00 million. This contract was entered into with the purpose of supporting productive sectors, including micro, small, and medium enterprises, as well as the productive sector and housing. It is important to note that the resources for this contract partly stemmed from the liquidation of the Central Bank-BANHPROVI Trust in accordance with the provisions of Legislative Decree No. 66-2022.

Currently, mandatory investments in national currency can be computed as follows:

- in investment accounts of accounting record at the Central Bank;
- the net accumulated flow of new credits granted by financial institutions to priority productive sectors;
- up to 0.5% with the net accumulated flow of the total value of new loans granted by financial sector institutions to microfinance institutions;
- up to 3.0% with the issuance of 2022 and 2023 bonds by ENEE, as well as the new bond issuances by ENEE authorized for 2024 (Resolution No. 319-7/2024).

In foreign currency, the requirements for legal reserves and mandatory investments remain unchanged at 12.0%. The reserve deposits in both currencies remained entirely as demand deposits at the Central Bank on a daily basis of 100%.

In February 2024, the Central Bank, through Resolution No. 79-2/2024, authorized the computation of mandatory investments in foreign currency to liberalize additional resources and encourage financing for productive sectors that generate foreign exchange income—thereby increasing the country's exportable supply. This allows deposits in investment accounts recorded at the Central Bank of up to one percent (1.0%) of the net accumulated flow of new credits granted by financial sector institutions to foreign exchange-generating bank debtors in 2024.

On March 29, 2024, the Central Bank's board of directors approved the Monetary Program, which contains the guidelines and measures for the country's monetary, credit and exchange policy to be implemented in 2024 and 2025. On October 24, 2024, the Central Bank approved the 2024-2025 Monetary Program review, which updated macroeconomic projections for the following two years and outlined the monetary, credit, and exchange rate policy measures aimed at maintaining the internal and external stability of the national currency. As part of the 2024-2025 Monetary Program review, the Central Bank analyzed the prevailing domestic and international economic conditions and concluded that it was appropriate to begin normalizing monetary and exchange rate policies. In response, the board of the Central Bank approved an increase of 100 basis points to the MPR, setting it at 4.0% per annum, effective on August 5, 2024 (per Resolution No. 340-8/2024). In addition, as part of the Monetary Program review, the Central Bank board of directors enacted a set of measures to enhance the signaling of the MPR and strengthen its impact across economic sectors. These steps are intended to strengthen the country's external position and curb inflationary pressures. Key actions include:

- In October 2024, the Central Bank board of directors increased the MPR by an additional 175 basis points, raising it to 5.75% per annum, effective as of October 28, 2024 (per Resolution No. 456-10/2024).

- The interest rate corridor for the Standing Facilities of the Central Bank was adjusted, also effective as of October 28, 2024 (per Resolution No. 456-10/2024).

- Within the legal reserve maintenance period of 14 days, financial institutions are now allowed to maintain a minimum daily reserve equivalent to 90.0% of the required amount. This adjustment is effective as of October 31, 2024 (per Resolution No. 457-10/2024).

- The Central Bank board of directors decided to remunerate mandatory investments in national currency with a return of 50.0% of the MPR, starting with the reserve period beginning October 31, 2024 (per Resolution No. 458-10/2024).

Financial Sector

The following tables set forth the number of financial institutions regulated by the CNBS as of March 31, 2026:

Regulated Financial Institutions by the CNBS

Type of Institution	Quantity
Commercial Banks	15
Insurance Companies	12
Financial Companies	9
Brokerage houses	6
Private development organizations	5
Public pension funds	5
General Deposit Warehouses	4
Remittances Companies	4
Rating Agencies	2
Credit card processors	3
Private pension funds	4
Foreign Exchange offices	2
Private risk centrals	2
Representation offices	1
Stock Exchange	1
Manager Mutual Guarantee Fund	1
Private Contribution regime	1
Price Provider	1
Non-banking Institutions that Provide Payment Services Using Electronic Money (INDEL)	1
Total	**79**

Additionally, there are two state-owned financial institutions:

- The National Development Bank (*Banco Nacional de Desarrollo Agrícola* or BANADESA) was created in 1980. Its main objective is to direct financial resources for the development of agricultural, ranching, fishing, forestry and all other activities related to primary processing, including commercialization.

- BANHPROVI was created in 2005. It works as a wholesale bank, and its main goal is to promote the development and growth of the productive sectors through short-, medium-, and long-term financing, at market conditions, through banks and credit unions supervised by the CNBS. BANHPROVI focuses on private and social sectors, particularly in the manufacturing, commerce, services, housing and agricultural sectors and small companies. In 2016, through Legislative Decree 358-2014, the BANHPROVI law was modified allowing it to carry out its own capital-raising operations and financial intermediation based on its own payment capacities, guarantees and risk rating, as otherwise authorized by the Law of the Financial System.

The following table shows the outstanding amount of loans provided by commercial banks in Honduras by sector as of the dates indicated:

Outstanding Loans of Commercial Banks

(*Millions of U.S. dollars*)

	As of December 31,					As of March 31,	Percentage of total loans as of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2026**
Real estate	3,774.8	4,497.6	5,578.0	6,269.9	6,567.4	6,646.8	25.9%
Consumption	3,470.7	4,181.4	5,287.7	5,870.6	5,863.2	5,821.5	22.7%
Wholesale and retail trade	2,357.2	2,898.1	3,369.4	3,584.7	3,457.1	3,416.7	13.3%
Services	2,244.3	2,565.7	2,795.2	3,229.2	3,140.2	3,260.4	12.7%
Industry	1,890.5	2,183.3	2,579.1	2,406.4	2,418.1	2,455.6	9.6%
Export Financing	509.1	607.0	583.4	653.8	756.7	939.2	3.7%
Transportation and Commission	344.4	449.6	589.7	680.9	777.9	768.8	3.0%
Agriculture	692.5	694.0	678.3	697.1	710.1	817.9	3.2%
To municipalities	388.0	397.0	419.1	369.2	386.9	381.7	1.5%
To National Banks	387.0	141.0	299.8	384.0	239.9	480.5	1.9%
Poultry Farming	105.7	132.7	153.8	204.0	173.6	178.1	0.7%
Livestock	147.9	153.7	172.3	170.6	150.3	143.1	0.6%
Fishing	100.0	125.2	117.0	130.8	137.5	144.4	0.6%
To Central Government	55.5	75.2	131.4	117.5	136.6	130.9	0.5%
Mining	94.8	98.3	88.3	81.1	58.2	54.3	0.2%
To decentralized agencies	154.8	61.3	44.0	164.7	8.7	8.5	0.0%
Apiculture	0.8	2.0	5.4	4.7	5.0	2.4	0.0%
Forestry	3.3	2.7	2.6	2.4	3.1	3.0	0.0%
Loans over policies	0.0	0.1	0.1	0.1	0.1	0.1	0.0%
TOTAL	**16,721.4**	**19,265.8**	**22,894.6**	**25,021.8**	**24,990.6**	**25,653.7**	**100.0%**

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: Data reported by the commercial banks.

From December 31, 2021 through March 31, 2026, the private sector received, on average, 97.4% of the total disbursed loans from the financial system, while the public sector received, on average, 2.6% of all disbursed loans. During the three-month period ended March 31, 2026, the main sectors that received financing from the financial system in 2026 were real estate (25.9%); consumption (22.7%); commerce (13.3%); services (12.7%); industry (9.6%); and agriculture, poultry farming, livestock, fishing, apiculture, and forestry (3.2%).

Financial System Regulation

In 2014, regulated financial institutions began the process of adopting the International Financial Reporting Standards ("IFRS") and certain other prudential standards. 2015 was a transition year, and 2016 was an implementation year for the adoption of these new standards. By 2016, all regulated financial institutions had adopted IFRS and the prudential standards.

In 2015, the National Congress approved the Law Against Money Laundering (*Ley Contra el Lavado de Activos*), which increases Central Government oversight of financial transactions.

The Financial System Law was modified in December 2016 by Decree No. 160-2016 and in September 2019 by Decree No. 54-2019, updating the legal framework for financial institutions by providing new resolution mechanisms for institutions with administrative, financial and compliance deficiencies in accordance with international best practices and regulatory limits.

In August 2017, Decree No. 57-2017 modified the Credit Cards Law, establishing a maximum annual interest rate limit of 54%.

On December 3, 2018, the CNBS adopted Resolution GES No.1035/03-12-2018, which establishes the minimum capital required from institutions in the financial system: L.600.0 million for banks, L.120.0 million for savings and loan associations, L.85.0 million for financial companies and the same amount for any other regulated financial institution.

Combatting Money Laundering, Terrorist Financing and Corruption

Honduras has made significant strides in recent years to strengthen its efforts against money laundering, terrorist financing, and corruption through a series of legislative, institutional, and technological advancements.

Beginning with an evaluation by the Financial Action Task Force of Latin America ("GAFILAT") in 2015, Honduras has actively worked to align with international standards. The subsequent Mutual Evaluation Report ("MAR") in October 2016 highlighted areas for improvement and set the stage for ongoing progress reports. Since then, Honduras has submitted numerous follow-up reports to GAFILAT, detailing additional measures taken to enhance its anti-money laundering and counter-terrorism financing frameworks.

In the seventh follow-up report issued in December 2019, a re-evaluation of the recommendations was requested based on the implementation of specific actions aimed at addressing the deficiencies outlined in the Immediate Outcomes Measures ("IEM"). As a result of these advancements, the Plenary of Representatives of GAFILAT approved the country's seventh follow-up report (published in January 2020), which resulted in an upward re-rating of six recommendations. This acknowledgment by the international community highlighted the substantial efforts undertaken by the country in this domain. The seventh follow-up report noted that the Republic was fully compliant with 18 of the GAFILAT recommendations, largely compliant with 14 of the recommendations, partially compliant with six of the recommendations and non-compliant with two of the recommendations.

Honduras is focusing its efforts on addressing the partially compliant or non-compliant recommendations made on its anti-money laundering and counter-terrorism financing regularity frameworks:

Partially complaint

- On Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, Honduras was found partially compliant with the implementation of "targeted financial sanctions related to proliferation" (recommendation 7).
- On Preventive Measures, Honduras was found partially compliant in the area of "wire transfers" (recommendation 16).
- On Supervision, Honduras was found partially compliant on the "Regulation and Supervision of Designated Non-Financial Businesses and Professions" (recommendation 28).
- On Supervision, Honduras was found partially compliant on "sanctions" (recommendation 35).
- On AML/CFT Policies and National Coordination, Honduras was found partially compliant on "statistics" (recommendation 33).

Non-compliant

- On Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, Honduras was found non-compliant with addressing "non-profit organizations" (recommendation 8).
- On legal persons and structures, Honduras was found non-compliant on "transparency and beneficial ownership of legal persons" (recommendation 24).

Honduras has strengthened its legal framework to combat money laundering, marking a significant milestone with the Congress' recent approval of Decree 43-2023 on July 2023. This Decree represented a crucial step in refining and broadening the scope of money laundering crimes, aligning closely with international conventions. It encompasses all serious offenses, such as drug trafficking, human trafficking, weapons trafficking, and the exploitation of natural and environmental resources. The Decree specifies severe penalties, including a maximum of 13 years imprisonment and fines up to 150% of the laundered amount. Moreover, penalties increase by an additional quarter when money laundering involves a criminal organization. In addition to criminal penalties, this Decree introduced stringent measures for holding legal entities accountable. Entities found guilty face severe sanctions, including dissolution or fines up to five times the value of the laundered assets. Further measures include the suspension of specific activities, closure of premises linked to criminal activities, and disqualification from receiving public benefits. These legislative enhancements underscore Honduras' commitment to effectively combatting financial crimes and reinforcing its legal and institutional framework in alignment with global standards.

Institutionally, Honduras has established key governmental bodies such as the Interinstitutional Commission for the Prevention of Money Laundering and Terrorist Financing (*Comisión Interinstitucional para la Prevención de Lavado de Activos y Financiamiento* *del Terrorismo*, or "CIPLAFT") and the Financial Intelligence Unit (*Unidad de Inteligencia Financiera*, or "UIF"). These entities oversee and coordinate efforts with a focus on the financial system, while the Unit for Registration, Monitoring, and Prevention of Money Laundering and Terrorist Financing (*Unidad de Registro, Monitoreo y Prevención del Lavado de Activos y Financiamiento del Terrorismo*, or "URMOPRELAFT") supervises entities and individuals engaged in Designated Non-Financial Businesses and Professions (*Actividades y Profesiones no Financieras Designadas*, or "DNFBP"). The Office of Administration of Seized Assets (*Oficina Administradora de Bienes Incautados*, or "OABI") manages forfeited assets, and the special prosecutor against organized crime investigates and prosecutes serious crimes.

Moreover, Honduras actively engages in international cooperation, partnering with organizations like the United Nations Office on Drugs and Crime ("UNODC") and the Inter-American Development Bank (the "IADB") to share intelligence and enhance capacity. Technologically, the country has adopted advanced analytics and digital tools for monitoring transactions, detecting suspicious activities, and conducting risk assessments.

Also, Honduras has developed or implemented the following:

- the National AML/CFT/CFP Strategy, with support from the IADB. This strategy addresses anti money laundering ("AML"), countering the financing of terrorism ("CFT") and countering the financing proliferation ("CFP");

- with the support of the IADB, a risk study of the non-profit organization ("NPO") sector (concluded in January 2022) and a risk study for AML/CFT for the DNFBP sectors;

- creation of the non-governmental organization ("NGO") portal through which NGOs register and report their transactions in accordance with the requirements of Decree 241-2010;

- the e-ROS portal, which allows reporting entities to submit suspicious transaction reports ("STRs") through a secure and confidential channel;

- the CIPLAFT portal, through which the Public Prosecutor's Office submits its requests digitally and securely;

- a module through which reporting entities report cash transactions as required by law in 2021 and a module for INDEL (non-banking institutions that provide payment services using electronic money) transfers in 2023;

- feedback sessions for compliance officers from various sectors of the national financial system, identifying opportunities for improvement in STR preparation, response to information requests, and the need to adjust monitoring systems for unusual transactions, among others; and

- signing of a strategic alliance among the *Consejo Hondureño de la Empresa Privada Fundación* ("COHEP"), *Universidad Tecnológica Centroamericana* ("UNITEC"), and CNBS to train experts in the certification program in risk management for money laundering and terrorism financing, in which CNBS provided instructors in exchange for UNITEC offering slots for CNBS officials to benefit from the program.

Financial Institutions

From 2021 through 2025, assets held by commercial banks represented, on average 95.0% of the total assets of the financial system, with the remaining 5.0% on average being held by other institutions, such as state-owned banks, private financial development companies and other financial companies.

From 2021 through 2025, on average, 94.6% of the total loans granted by the financial system were extended by commercial banks, and the remaining 5.4%, on average, were extended by other financial institutions. On average, 97.7% of deposits were held by commercial banks and the remaining 2.3% on average, were held by other financial institutions.

As of December 31, 2025, commercial banks held 95.0%, 95.3%, and 97.4% of the assets, loans and deposits of the financial system, respectively. As of March 31, 2026, commercial banks held 95.1%, 95.3%, and 97.3% of the assets, loans and deposits of the financial system, respectively.

The following table sets out the total assets, loan portfolio and total deposits of commercial banks and other financial institutions, as presented in their balance sheets, as of the dates indicated:

Assets, Loans and Deposits of the Financial System

(*Millions of U.S. dollars*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Assets						
Commercial Banks	32,967.1	35,434.4	40,680.4	44,403.2	46,542.1	47,878.6
Other Financial Institutions	1,757.3	1,892.8	2,173.9	2,318.5	2,457.1	2,492.1
Total	**34,724.4**	**37,327.2**	**42,854.3**	**46,721.7**	**48,999.2**	**50,370.7**
Loans						
Commercial Banks	16,721.4	19,265.8	22,894.6	25,021.8	24,990.6	25,653.7
Other Financial Institutions	1,172.2	1,234.3	1,421.9	1,144.2	1,242.9	1,255.9
Total	**17,893.6**	**20,500.2**	**24,316.5**	**26,166.0**	**26,233.5**	**26,909.6**
Deposits						
Commercial Banks	19,662.1	21,560.7	24,260.7	25,844.3	27,406.0	28,523.3
Other Financial Institutions	423.4	448.8	514.7	591.8	726.3	794.3
Total	**20,085.5**	**22,009.4**	**24,775.4**	**26,436.1**	**28,132.3**	**29,317.6**

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: Data reported by the regulated institutions.

The ratio of loans to deposits for 2021, 2022, 2023, 2024 and 2025 was 89.1%, 93.1%, 98.1%, 99.0% and 93.3% respectively. As of March 31, 2026, the ratio of loans to deposits was 91.8%.

The following table sets out non-performing loans in the financial system as of March 31, 2026:

Non-Performing Loans of the Financial System

(In millions of U.S. dollars)

Type of Institution	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 360 days**	**More than 360 days**	**Total**
Commercial Banks	23,157.6	1,097.3	451.0	356.2	213.9	150.7	227.1	25,653.7
State-Owned Financial Institutions	190.2	17.2	11.7	7.0	14.0	16.5	78.7	335.2
Private Organizations of Financial Development	147.7	3.4	0.9	0.6	1.3	2.8	7.5	164.2
Financial Companies	594.9	84.3	47.2	10.7	5.2	6.1	7.8	756.2
Total	**24,090.5**	**1,202.2**	**510.7**	**374.5**	**234.3**	**176.0**	**321.1**	**26,909.4**

Amounts in *Lempiras* have been converted to U.S. dollars using the March 31, 2026 exchange rate: L.26.5631 = U.S.$1.00

Source: Data reported by supervised institutions.

As of December 31, 2025, non-performing loans overdue by 90 or more days made up 2.9% of total financial system loans. As of March 31, 2026, non-performing loans overdue by 90 or more days made up 2.7% of total financial system loans.

The following table sets forth the five largest commercial banks in Honduras based on their total assets as of March 31, 2026:

Position of the Largest Commercial Banks

(*in millions of U.S. dollars*)

Bank	Assets	Loans	Deposits	Capital and Reserves
Ficohsa	9,214.5	4,592.9	4,793.1	675.2
Atlántida	8,599.6	5,240.9	5,961.2	744.8
Bac Credomatic	7,239.9	3,991.1	4,240.5	563.2
Occidente	8,450.2	3,449.9	5,487.0	619.9
Banpaís	5,313.6	3,414.4	2,916.2	481.5

Amounts in *Lempiras* have been converted to U.S. dollars using the March 31, 2026 exchange rate: L.26.5631 = U.S.$1.00

Source: Data reported by commercial banks.

Reserves and Capital Adequacy Requirements

Commercial banks are under the supervision of the CNBS and are subject to periodic reporting requirements and mandatory audits. The CNBS sets capital and loan loss reserve requirements for the banking system. Commercial banks are required to maintain a certain percentage of their deposits as a reserve deposited at the Central Bank in the form of cash or securities issued by the Central Bank. The loan loss reserve requirements of the CNBS are independent of the Central Bank's reserve requirement for monetary policy purposes.

The CNBS requires a capital adequacy ratio ("CAR") (capital / risk weighted assets) minimum of 10.0%. As of March 31, 2026, the CAR of the banking system was 14.2%, which exceeded the minimum requirement established by the CNBS.

In accordance with the international best practices established in Basel III, the CNBS has required institutions in the financial system to establish a capital conservation coverage percentage of 2.5%, which began in 2018 and was scheduled to conclude in 2022, at a rate of 0.25% semiannually. Additionally, a leverage ratio of 4% has been established, along with a liquidity coverage ratio ("LCR") that has been in effect since October 2020. In response to the economic crisis caused by the COVID-19 pandemic, the CNBS, through a resolution, decided to postpone compliance with the capital conservation coverage percentage, resuming its effectiveness in 2021 and concluding in 2025.

Financial institutions implemented the Internal Capital Adequacy Assessment Process ("ICAAP"), for which they presented their first results report in 2024. Likewise, the CNBS is in the process of implementing the Net Stable Funding Ratio ("NSFR").

To facilitate access to financing for agricultural producers and traders, since 2015, loss reserve requirements for loans to borrowers in the agricultural sector have been relaxed, provided the loans are performing. As of December 31, 2025, this policy remained in place.

Since 2020, the regulations for the management of environmental and social risk applicable to financial institutions have been issued. These regulations aim to establish the provisions that institutions must observe for the management of the environmental and social risks associated with the credits they grant. This management depends on the client's activity, or the purpose of the financing, taking in consideration the size, complexity, or significant adverse environmental and social impacts, performance and context of the financed investment projects.

As of March 31, 2026, the requirements for the CAR are as follows:

Capital Adequacy Ratio Requirements by Category

	Loan Category						
	I	I-B	II	III	IV	IV-B	V
COMERCIAL							
Large commercial debtors							
Mortgage guarantee on real estate	0%	0.75%	4%	25%	60%		100%
Guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions	0%	0%	0%	25%	60%		100%
Other guarantees	0%	0.5%	4%	25%	60%		100%
Small commercial debtors							
Mortgage guarantee on real estate	0%	0.75%	4%	25%	60%		100%
Guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions	0%	0%	0%	25%	60%		100%
Other guarantees	0%	0.75%	4%	25%	60%		100%

Microcredit							
Guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions	0%		0%	25%	60%		100%
Other guarantees	0%		5%	25%	60%		100%
Leasing							
Guarantees on financial leases of real estate	0%		4%	25%	60%		100%
Other guarantees on financial leases	0%		4%	25%	60%		100%
Agriculture							
Large agricultural debtors							
Guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions and mortgage guarantee on real estate	0%		0%	15%	60%		100%
Other guarantees	0%		0%	25%	60%		100%
Small and medium agricultural debtors							
Guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions and mortgage guarantee on real estate	0%		0%	15%	50%		100%
Other guarantees	0%		0%	25%	60%		100%
INDIVIDUALS							
CONSUMPTION							
Loans for education with reciprocal or mortgage guarantees	0%		0%	25%	60%		100%
Other guarantees	1%		5%	25%	60%		100%
Credit cards	0.5%	1%	5.25%	25%	60%	80%	100%
Term less than 30 days	1%		5%	25%	60%		100%
HOUSING							
Mortgage guarantee on real estate	0%	0.75%	3%	20%	50%		70%
With mortgage guarantee plus guarantee on deposits pledged in the same institution, reciprocal guarantee or against guarantees issued by first-class financial institutions	0%	0%	3%	20%	50%		70%

Source: CNBS

Interest Rates

The following table sets forth the average annual interest rates for the periods indicated:

Historical Average Interest Rates

(in percentages)

	Loans				**Deposits**			
	Commercial Banks		**Financial Companies**		**Commercial Banks**		**Financial Companies**	
	Max	Min	Max	Min	Max	Min	Max	Min
As of December 31, 2021								
Domestic	36.6	7.1	36.8	9.1	5.2	0.2	5.8	-
Foreign	8.8	2.8	10.5	8.4	1.5	0.1		
As of December 31, 2022								
Domestic	35.1	3.9	41.3	9.1	5.2	0.2	5.5	-
Foreign	8.8	4.9	8.5	7.1	1.6	0.1		
As of December 31, 2023								
Domestic	36.3	4.4	40.8	7.8	5.4	0.2	5.5	0.6
Foreign	9.9	5.9	10.0	10.0	1.7	0.1		
As of December 31, 2024								
Domestic	37.3	8.3	39.6	9.9	7.4	0.2	6.0	0.6
Foreign	11.2	7.7	14.2	14.2	1.9	0.1		
As of December 31, 2025								
Domestic	37.7	7.2	37.8	12.6	6.3	0.3	5.7	0.6
Foreign	11.0	6.8	14.5	12.0	1.8	0.1		

As of March 31, 2026								
Domestic	37.6	6.7	36.8	11.2	6.4	0.3	5.4	0.6
Foreign	10.6	7.0	14.5	10.0	1.7	0.1		

Interest rates are averages of historical interest rates at year-end.

Source: Data reported by regulated institutions.

Liquidity and Credit Aggregates

The monetary aggregates calculated by the Central Bank include the money supply and the monetary base. The most important components of the money supply are M1, M2 and M3, and are defined as follows:

- M1 – paper money and coins held by the public plus transferable deposits;
- M2 – M1 plus other deposits and debt securities in local currency; and
- M3 – M2 plus deposits plus transferable deposits and debt securities in foreign currency.

The year-on-year growth rates in M1, M2 and M3 are set forth in the following table:

Monetary Supply

(*in percentages*)

	For the year ended December 31,					For the three-months ended March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
M1	8.4	18.4	10.4	(6.3)	(8.9)	1.0
M2	10.3	12.4	12.7	6.2	6.0	3.7
M3	8.5	11.2	10.7	6.5	6.5	4.1

Source: Central Bank.

From 2021 through 2025, M1, M2, and M3 showed an average year-over-year growth of U.S.$185.5 million, U.S.$1,730.8 million, and U.S.$1,968.4 million, or 4.4%, 9.5%, and 8.7%, respectively. This growth trend was mainly due to increases in savings and term deposits both in local and foreign currency, influenced by domestic economic growth.

In 2021, M1, M2, and M3 increased by 8.4%, 10.3%, and 8.5%, respectively, compared to 2020, mainly due to an increase in savings account deposits in national currency.

In 2022, M1, M2, and M3 increased by 18.4%, 12.4%, and 11.2%, respectively, compared to 2021, mainly due to an increase in term deposits, savings and in checking accounts, both in local and foreign currency.

In 2023, M1, M2, and M3 increased by 10.4%, 12.7%, and 10.7%, respectively, compared to 2022, mainly due to an increase in deposits in local currency by households, nonprofit institutions and private companies.

In 2024, M1 decreased by 6.3% compared to 2023, mainly due to the reduction in national currency checking account deposits. M2 and M3 increased by 6.2% and 6.5%, respectively, compared to 2023, mainly due to an increase in domestic currency deposits from households, non-profit institutions and private companies.

In 2025, M1 decreased by 8.9% compared to 2024, mainly due to savings in checking accounts. M2 and M3 increased by 6.0% and 6.5%, respectively, compared to 2024, mainly due to an increase in savings account deposits in national currency.

In the three-month period ended March 31, 2026, M1 increased by 1.0%, mainly due to savings in checking accounts. M2 and M3 increased by 3.7% and 4.1%, respectively, compared to December 31, 2025, mainly due to an increase in deposits in savings accounts in national currency.

The main credit and liquidity indicators are shown in the following table:

Credit and Liquidity

(*in millions of U.S. dollars*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Monetary Aggregates						
Bills and Coins in Circulation	2,066.0	2,190.3	2,239.3	2,310.4	2,593.0	2,581.3
M1	4,772.3	5,652.3	6,240.7	5,848.9	5,330.3	5,383.4
M2	16,611.5	18,677.7	21,048.6	22,363.5	23,708.3	24,577.1
M3	20,683.6	23,009.7	25,471.8	27,138.6	28,905.9	30,078.4
Credit by Sector						
Public Sector	4,629.3	4,652.7	4,507.6	4,694.4	4,734.9	5,244.3
Private Sector	18,897.7	22,022.8	26,045.7	28,478.0	29,232.5	29,716.3
Total Credit	**23,527.0**	**26,675.5**	**30,553.3**	**33,172.4**	**33,967.4**	**34,960.7**
Deposits						
National Currency	14,155.9	15,917.8	18,377.3	19,410.1	20,694.7	21,595.0
Foreign Currency	4,070.0	4,321.4	4,422.3	4,769.6	5,186.9	5,496.4
Total Deposits	**18,225.9**	**20,239.2**	**22,799.6**	**24,179.7**	**25,881.6**	**27,091.4**

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$1.00

Source: Central Bank.

Deposits in financial institutions from 2021 through 2025 increased at an average annual rate of 9.0%.

In 2021, deposits increased by 8.4%, compared to 2020, mainly due to increases in household deposits in domestic currency.

In 2022, deposits increased by 11.0%, compared to 2021, mainly due to increases in household and private companies deposits in domestic currency.

In 2023, deposits increased by 12.7%, compared to 2022, mainly due to increases in household deposits in domestic currency and private companies deposits in domestic and foreign currency.

In 2024, deposits increased by 6.1%, compared to 2023, mainly due to increases in deposits in domestic and foreign currencies.

In 2025, deposits increased by 7.0%, compared to 2024, mainly due to increases in deposits in domestic and foreign currencies.

Credit in the financial system from 2021 through 2025 increased at an average annual rate of 10.8%.

In 2021, credit in the financial system increased by 14.9%, compared to 2020, mainly due to an increase in public sector credit of 35.1%.

In 2022, credit in the financial system increased by 13.4%, compared to 2021, mainly due to an increase in private sector credit of 16.5%.

In 2023, credit in the financial system increased by 14.5%, compared to 2022, mainly due to an increase in private sector credit of 18.3%.

In 2024, credit in the financial system increased by 8.6%, compared to 2023, mainly due to an increase in private sector credit of 9.3%.

In 2025, credit in the financial system increased by 2.4%, compared to 2024, mainly due to an increase in private sector credit of 2.6%.

Inflation

The inflation rate is measured by the consumer price index ("CPI") with December 2025 as the base. The index is measured in eight regions, including the two largest cities in Honduras (Tegucigalpa and San Pedro Sula). The inflation index is an indicator that measures the changes in prices of a set of goods and services that consumers typically buy. The Central Bank is the institution responsible for measuring the CPI. A wholesale price index is calculated quarterly by the Central Bank and is used as a deflator for some economic activities for purposes of calculating real GDP (trade and manufacturing sub-sectors, among others) but is not used to measure inflation.

The Central Bank establishes a two-year monetary program that includes inflation objectives that serve as a guideline for monetary policy. The following table shows the Central Bank's inflation objectives for the periods indicated:

Central Bank's Inflation Objectives

Year	Inflation Objective Range (%)
2021	4.00 ± 1
2022	4.00 ± 1
2023	4.00 ± 1
2024	4.00 ± 1
2025	4.00 ± 1
2026	4.00 ± 1

Source: Central Bank.

The following table shows the inflation rate measured by the CPI for the periods indicated:

Inflation Rate

(*percentage variation*)

	As of and for the year ended December 31,				As of and for the twelve months ended March 31,	
	2021	2022	2023	2024	2025	2026
Year-over-year	5.32	9.80	5.19	3.88	4.98	3.94
Average	4.47	9.08	6.69	4.61	4.59	4.45

Source: Central Bank.

In 2021, the inflation rate was 5.32%, mainly due to increases in the prices of food, industrial and perishable goods, fuels for vehicle use and personal care items.

In 2022, the inflation rate was 9.80%, mainly due to increases in the prices of perishable industrial foods, electricity, clothing, and fuels for vehicle use.

In 2023, the inflation rate was 5.19%, mainly due to lower prices of fuels for vehicular and domestic use, electricity rate, and a slowdown in the growth of prices of certain food items.

In 2024, the inflation rate was 3.88%, mainly due to increases in the prices of housing, water, electricity, gas and other fuels, food items and non-alcoholic beverages (notwithstanding a slowdown in the growth of prices of certain food items and non-alcoholic beverages), hotels and restaurants, clothing and footwear, and furniture and household goods.

In 2025, the inflation rate was 4.98%, mainly due to increases in the prices of food items and non-alcoholic beverages, housing, water, electricity, gas and other fuels, and hotels and restaurants.

In the 12-month period ended March 31, 2026, the inflation rate was 3.94%, mainly due to increases in the prices of food items and non-alcoholic beverages, transportation, restaurants and hotels, and housing, water, electricity, gas and other fuels.

Capital Markets

As of December 31, 2025, the Honduran capital market was composed primarily of debt securities, with the public sector as the largest issuer of securities in the country. Securities issued by the public sector dominated trading activity on the stock exchange, accounting for approximately 98.5% of total trading volume in 2025. The remaining 1.5% corresponded to securities issued by private sector entities. In the three-month period ended March 31, 2026, securities issued by the public sector accounted for approximately 99.1% of the trading activity on the stock exchange. The remaining 0.9% corresponded to securities issued by private sector entities.

The current participants in the local capital market are as follows:

- one securities exchange;
- five broker-dealer entities;
- two credit rating agencies;
- twelve commercial banks registered as issuers of public offering securities (with seven of them having outstanding securities as of March 31, 2026);
- one non-financial private issuer, which had outstanding securities as of March 31, 2026;
- three financial companies registered as issuers of public offering securities (with one of them having outstanding securities and the other two having authorized but unissued securities as of March 31, 2026);
- one pricing service provider; and
- three public-sector issuers.

In addition to the above market participants, the Government received the registration of the first securities depository for the custody, clearing, and settlement of private sector securities, which is expected to come into operation during the year 2026. There is a securities depository operated by the Central Bank, responsible for the registration, custody, and administration of securities issued by both the Central Bank and the Government. This electronic registry is fully automated.

The financial system continues to be the main issuer of securities within the private sector of the Honduran capital market. Currently, only seven commercial banks, one financial company, and one non-financial company maintain active corporate bond issuances in the local market. As of December 31, 2025, the Honduran market had exclusively issued fixed income instruments (bonds), with no activity in derivatives, investment funds, securitizations, or equity securities.

From 2021 to 2025, the total value of securities transactions in Honduras decreased from U.S.$5.7 billion to U.S.$3.8 billion. Transactions involving public-sector securities declined by 33.6%, partly due to the monetary policy measures implemented by the Central Bank beginning in March 2020, which included the temporary suspension of the daily Central Bank bill auctions directed exclusively at financial institutions. The purpose of this suspension was to provide banks with the liquidity required to meet their clients' financing needs. Additionally, the Government decided not to issue securities in the domestic market during 2022 and set a 6% coupon rate for its issuances in 2023 and 2024, and an 8% coupon rate for its issuances in 2025.

In 2025, trading volume in the capital markets increased by 151% compared to 2024, primarily driven by a surge in public sector instrument trading. In the three-month period ended March 31, 2026, trading volume in the capital markets increased by 111% compared to the same period in 2025, primarily driven by increased trading in public sector instruments.

The following table shows the volume of securities transactions in the Honduran capital market for the periods indicated:

Securities Transactions in Honduras

(*in millions of U.S. dollars*)

	For the year ended December 31,					For the three months ended March 31,	
Sector	**2021**	**2022**	**2023**	**2024**	**2025**	**2025**	**2026**
Public	5,592.80	4,817.54	1,142.87	1,285.15	3,714.39	472.35	990.94
Private	126.91	118.87	175.20	217.99	55.23	2.12	8.93
TOTAL	**5,719.71**	**4,936.41**	**1,318.07**	**1,503.14**	**3,769.62**	**474.47**	**999.87**

Dirty price transactions.

Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L.26.5631 = U.S.$.1.00

Source: Central Bank; Central American Stock Exchange (Bolsa Centroamericana de Valores, S.A.)

PUBLIC SECTOR FINANCES

Fiscal Policy

The non-financial public sector ("NFPS") comprises the Central Government, local governments, and non-financial public companies. During the 2021-2025 period, the Government maintained a policy of returning to fiscal consolidation and stabilizing NFPS public debt, in line with the provisions of the Fiscal Responsibility Law ("FRL") and the Legislative Decrees containing budgetary provisions.

The process of fiscal consolidation during this period has been achieved through a series of measures, including compliance with the FRL. Additionally, as part of structural fiscal reforms, the Government approved a series of Executive and Legislative Decrees in 2022-2023, aimed at eradicating inefficiencies in the public sector.

From 2021 through 2025, the Honduran economy showed a recovery in economic activity, reflecting resilience and proper application of fiscal rules contributing to fiscal consolidation and macroeconomic stability. This period was affected by the impacts of the COVID-19 pandemic and tropical storms Eta and Iota in 2020, which initially deteriorated fiscal indicators.

In 2021, the fiscal deficit of the Central Administration decreased to 5.0% of nominal GDP, mainly due to the increase in the total income of the Central Administration of about 2.5% of GDP. The NFPS recorded a deficit of 3.7% of nominal GDP.

In 2022, the fiscal deficit of the Central Administration decreased to 1.3% of nominal GDP, mainly due to low execution of public investments that were initially projected for 2022 as a result of an institutional restructuring within the Central Administration. The NFPS recorded a deficit of 0.2% of nominal GDP.

In 2023, the fiscal deficit of the Central Administration increased to 3.6% of nominal GDP. The NFPS recorded a deficit of 1.3% of nominal GDP.

In 2024, the fiscal deficit of the Central Administration decreased to 1.8% of nominal GDP. The NFPS recorded a deficit of 1.0% of nominal GDP.

In 2025, the fiscal deficit of the Central Administration increased to 1.9% of nominal GDP. The NFPS recorded a deficit of 0.7% of nominal GDP.

In the three-month period ended March 31, 2026, the Central Administration achieved a surplus of 0.4% of nominal GDP. The NFPS achieved a surplus of 0.9% of nominal GDP. The surplus is mainly explained by the low execution of public spending and by compliance in tax revenue collection.

This return to fiscal consolidation is largely attributed to strict compliance with the FRL, which has significantly contributed to better fiscal indicators. Over the last eight years, each of the Multiannual Fiscal Performance Rules has been fully complied with. It is important to note that in 2020, in the aftermath of the COVID-19 pandemic, the FRL and related ceilings were subject to exceptions.

At the end of 2023, the Honduran economy benefited from dynamic economic activity. Compliance with tax revenue collection, greater control over current expenditure, and reorientation of non-priority budgetary expenditures contributed to keeping the deficit below the ceiling established in both the 2024-2027 Medium-Term Macro-Fiscal Framework and the exception rules established in Article 4 of the FRL, which set forth extraordinary scenarios in which the fiscal rule for the year may be waived or modified.

In 2025, the 2025-2028 Medium-Term Macro-Fiscal Framework established a target for the NFPS deficit of 3.0% of GDP, lower than the 3.9% of GDP target set in Article 331 of Legislative Decree No. 62-2023.

In 2025, the 2026-2029 Medium-Term Macro-Fiscal Framework set the NFPS deficit goal for 2025 at 2.5% of GDP. This deficit includes a fiscal space of 1.0% of GDP allocated for productive investment, aiming to serve various societal sectors and stimulate economic growth. This goal is below the 3.4% of GDP target established in Article 343 of Legislative Decree No. 4-2025.

The Government aims to gradually return to fiscal consolidation and maintain prudent levels of public debt, indicating that fiscal policy measures anchored to the FRL must be adhered to.

In 2023, Moody's and S&P maintained Honduras' risk rating at B1 and BB-, respectively. Standard & Poor's upgraded its outlook from negative to stable, indicating progress and generating confidence among economic agents.

On August 1, 2024, Moody's affirmed Honduras' rating, maintaining a stable outlook. Most recently, on July 18, 2025, Moody's affirmed Honduras' long-term local and foreign currency issuer ratings and senior unsecured ratings at B1, maintaining a stable outlook. The affirmation reflected Honduras' relatively strong fiscal position, low and stable debt burden, and steady economic growth, despite structural constraints from low levels of economic development and relatively weak institutions and governance.

On September 20, 2024, S&P affirmed the BB- rating and revised the outlook from stable to negative. Most recently, on March 26, 2026, S&P revised Honduras' outlook from negative to stable and affirmed its BB-/B long- and short-term sovereign credit ratings. According to S&P, the outlook revision reflected reduced political uncertainty following the 2025 electoral process, a renewed commitment to fiscal consolidation, and an improved relationship between the government, the private sector, and international financial institutions.

Fiscal Responsibility Law

The FRL was approved by Decree No. 25-2016 on April 28, 2016, and published in the Official Gazette on May 4, 2016. This law aims to institutionalize fiscal consolidation and is based on principles of accountability, transparency, and stability in accordance with international best practice standards.

The FRL contains three quantitative fiscal rules (the "Macro-Fiscal Rules"): (a) limiting the deficit of the NFPS, (b) restricting the growth rate of nominal primary current expenditure of the Central Administration, and (c) limiting floating debt greater than 45 days.

These rules are consistent with the Central Government's objectives and goals, as well as with the Medium-Term Macro-Fiscal Framework, which projects income, expenditure, and debt for the following four years. The FRL also defines the transition path to achieve these objectives gradually.

Since the FRL's approval in 2016 (and through 2025), the Government has complied with the three Macro-Fiscal Rules as set out in the following table:

Compliance with Macro Fiscal Rules

Description	2021	2022	2023	2024	2025	Observations
Rule 1						
Non-Financial Public Sector Deficit (NFPS) (% of GDP)	3.70%	0.20%	1.30%	1.00%	0.70%	Accomplished
Rule 2						
Annual Growth Rate of Primary Current Expenditure to / from the Central Administration (%)[(1)]	15.10%	7.70%	7.80%	9.40%	10.30%	Accomplished
Rule 3						
New arrears of CA payments over 45 days (% of GDP)	0.20%	0.02%	0.10%	0.30%	0.50%	Accomplished

[(1)] Refers to Primary Current Expenditure as established by the FRL Regulation.

Source: SEFIN.

In line with the legal framework, the Government reformed the ceilings of the FRL's Exception Clause based on Articles 330 and 331 of Legislative Decree No. 62-2023, published on January 18, 2024, containing the General Budget of the Republic 2024 (the "2024 Budget Law").

Article 330 of the 2024 Budget Law established that in 2024, the annual ceiling target for the fiscal deficit of the global balance of the NFPS after the application of an exception clause of the FRL was 1% of GDP. The fiscal deficit was required to be reduced by at least 0.5% per year until reaching 1.0% of GDP, as established in Article 3 of the FRL.

Article 331 of the 2024 Budget Law established that during the suspension period of the Macro-Fiscal Rules, an annual ceiling for the NFPS's global balance deficit could be set at no more than 3.9% of GDP for 2024, which is expected to be reduced by at least 0.5% annually until returning to 1.0% of GDP.

The compliance evaluation for 2025 will be carried out with respect to the goals defined on the 2026-2029 Medium-Term Macro-Fiscal Framework, which are based on a gradual convergence to the path of compliance with the FRL. The Macro-Fiscal Rules and guidelines established in the 2026-2029 Medium-Term Macro-Fiscal Framework for 2025 are the following:

- The maximum deficit of the NFPS may not be greater than 2.5% of GDP.
- The growth of the nominal primary current expenditure of the Central Administration may not be greater than 14.4%.
- The Central Administration's payment arrears in excess of 45 days may not exceed 0.5% of GDP.

Preliminary figures for 2025 reflect an NFPS deficit of 0.7% of GDP, which is consistent with the fiscal limits established under the FRL as approved through Articles 342 and 343 of Legislative Decree No. 4-2025 (3.4% of GDP).

Fiscal Accounts

The following table sets forth the fiscal accounts of the Central Administration for the periods indicated:

Financial Account: Central Administration

(*millions of U.S dollars*)

	As of December 31,					As of March 31,	
Description	**2021**	**2022**	**2023**	**2024**	**2025[2]**	**2025**	**2026**
TOTAL REVENUE	**5,367.5**	**6,201.5**	**6,695.1**	**7,089.1**	**7,354.7**	**1,603.6**	**1,691.3**
Current Income	**5,197.7**	**6,044.8**	**6,513.2**	**6,811.4**	**6,982.2**	**1,411.2**	**1,511.5**
Tax Income	4,861.7	5,590.7	6,038.8	6,353.9	6,641.8	1,313.6	1,403.9
of which Security Tax	131.6	154.9	176.7	187.7	206.9	54.0	66.7
Non-Tax Income	336.0	454.1	474.4	457.5	340.4	97.6	107.6
of which interest income received (ENEE)	76.4	77.1	77.4	75.8	-	-	-
APP Revenue	**16.1**	**45.9**	**54.7**	**57.4**	**57.0**	**13.1**	**21.1**
Donations	**153.7**	**110.7**	**127.2**	**100.8**	**106.4**	**8.6**	**158.8**
Capital Income	-	-	-	**119.5**	**209.1**	**170.6**	-
Current Expenditure	**5,284.4**	**5,633.3**	**6,137.8**	**6,417.3**	**6,753.9**	**1,396.0**	**1,263.3**
Consumption Expenditure	**3,037.5**	**3,098.5**	**3,333.7**	**3,671.5**	**3,995.6**	**878.1**	**866.9**
Total Wages and Salaries	2,248.4	2,379.6	2,536.6	2,774.5	2,991.7	702.7	719.1
Goods and services	789.1	718.9	797.1	897.0	1,003.9	175.4	147.7
Debt Interest	**881.8**	**940.5**	**1,092.1**	**1,054.7**	**1,059.9**	**189.3**	**199.1**
Internal	636.9	685.1	741.8	708.1	665.9	138.4	150.3
External	244.9	255.4	350.3	346.6	394.1	50.9	48.9
Transfers	**1,365.0**	**1,594.3**	**1,712.0**	**1,691.1**	**1,698.3**	**328.6**	**197.3**
CURRENT ACCOUNT SAVINGS	**(86.7)**	**411.5**	**375.4**	**394.1**	**228.3**	**15.2**	**248.2**
Capital Expenditure	**1,477.9**	**976.1**	**1,791.6**	**1,317.9**	**1,343.1**	**261.6**	**246.7**
Investment	441.9	270.9	655.0	583.6	641.4	102.5	163.2
Transfers	1,036.0	705.2	1,136.6	734.3	701.7	159.1	83.5
TOTAL NET EXPENSES	**6,762.3**	**6,609.4**	**7,929.4**	**7,735.2**	**8,097.0**	**1,657.6**	**1,510.0**
GLOBAL BALANCE	**(1,394.8)**	**(407.9)**	**(1,234.3)**	**(646.1)**	**(742.3)**	**(54.0)**	**181.3**
NET FINANCING[1]	**1,394.8**	**407.9**	**1,234.3**	**646.1**	**742.3**	**54.0**	**(181.3)**
NET EXTERNAL CREDIT	**122.4**	**427.5**	**(175.7)**	**n/a**	**n/a**	**n/a**	**n/a**
Disbursements	387.0	873.5	319.1	n/a	n/a	n/a	n/a
Amortization	(259.2)	(439.1)	(484.2)	n/a	n/a	n/a	n/a
External Transfers	6.2	5.5	2.6	n/a	n/a	n/a	n/a
Zero Coupon Bonus	(11.6)	(12.4)	(13.2)	n/a	n/a	n/a	n/a
NET INTERNAL CREDIT	**1,272.4**	**(19.6)**	**1,409.9**	**n/a**	**n/a**	**n/a**	**n/a**
Utilization	1,846.9	238.7	524.8	n/a	n/a	n/a	n/a
Amortization	(448.5)	(707.8)	(477.0)	n/a	n/a	n/a	n/a
Other Financing	(40.1)	1,298.3	(74.8)	n/a	n/a	n/a	n/a
Accounts Payable Flow	11.0	1.3	501.4	n/a	n/a	n/a	n/a
Deposit Flow	(96.8)	(850.2)	935.5	n/a	n/a	n/a	n/a
Net Loan Concession	-	-	-	n/a	n/a	0.0	n/a
Exchange Rate (end of period)	**24.35**	**24.60**	**24.65**	**25.38**	**26.37**	**25.62**	**26.56**
Total Gross Expenditure[2]	**7,470.0**	**7,756.3**	**8,890.5**	**n/a**	**n/a**	**n/a**	**n/a**
Net Global Balance in relation to GDP	**(5.0%)**	**(1.3%)**	**(3.6%)**	**(1.8%)**	**(1.9%)**	**(0.1%)**	**0.4%**
Gross Global Balance in relation to GDP	**(7.6%)**	**(5.0%)**	**(6.4%)**	**n/a**	**n/a**	**n/a**	**n/a**

n/a = not available

(1) As part of the process of transition towards the registration and compilation of public finance statistics based on the MEFP (2014), the net granting of loans is considered a Financial Asset, so it is recorded “below the line”, that is to say in financing.

(2) Preliminary

Source: SEFIN.

In 2021, 2022, 2023, 2024, and 2025, total wages and salaries represented 8.1%, 7.6%, 7.4%, 7.7%, and 7.7%, respectively, of GDP.

In 2021, 2022, 2023, 2024, and 2025, total goods and services represented 2.8%, 2.3%, 2.3%, 2.5%, and 2.6%, respectively, of GDP.

In 2021, 2022, 2023, 2024, and 2025, total interest debt represented 3.2%, 3.0%, 3.2%, 2.9%, and 2.7%, respectively, of GDP.

In 2021, 2022, 2023, 2024, and 2025, total transfers represented 4.9%, 5.1%, 5.0%, 4.7%, and 4.4%, respectively, of GDP.

The following table sets forth the fiscal accounts of the non-financial public sector for the periods indicated:

Financial Account: Non-Financial Public Sector

(*millions of U.S. dollars*)

	As of December 31,					As of March 31,	
Description	**2021**	**2022**	**2023**	**2024**	**2025**[(1)]	**2025**	**2026**
Income and Donations	**8,431.1**	**9,314.8**	**10,078.3**	**10,631.6**	**11,315.7**	**2,497.3**	**2,754.6**
Current Income	**8,271.9**	**9,187.8**	**9,945.9**	**10,408.9**	**10,990.2**	**2,316.2**	**2,591.0**
Tax revenue	5,399.6	6,259.4	6,771.6	7,080.2	7,322.8	1,464.7	1,635.6
Social Security Contributions	963.3	1,005.1	1,024.2	1,129.8	1,287.7	306.4	321.0
Sales of Goods and Services	1,410.7	1,391.3	1,506.6	1,433.7	1,482.0	330.9	376.1
Interest and Dividends	356.6	341.6	430.6	550.4	681.2	166.9	177.8
Current transfers	48.5	65.3	64.1	69.1	70.7	16.9	17.2
Others	93.1	125.1	148.8	145.8	145.7	30.3	63.3
Donations	**153.8**	**121.9**	**127.8**	**101.8**	**106.4**	**9.1**	**158.9**
Capital Income	**5.4**	**5.2**	**4.6**	**120.9**	**219.1**	**172.0**	**4.7**
Income	0.3	2.1	0.0	0.3	1.6	0.3	0.1
Capital Transfers	5.2	3.0	4.6	120.7	217.5	171.8	4.6
Expenses	**9,463.2**	**9,389.2**	**10,533.6**	**10,979.0**	**11,571.4**	**2,282.8**	**2,374.7**
Current Expenses	**7,898.8**	**8,333.0**	**8,913.4**	**9,387.7**	**9,937.2**	**2,029.6**	**2,107.1**
Wages and salaries	3,289.6	3,469.9	3,733.1	3,940.5	4,230.9	957.7	975.1
Purchase of Goods and Services	2,595.8	2,759.8	2,898.6	3,039.4	3,118.1	604.1	669.5
Interest Paid	735.7	802.1	947.9	953.4	1,000.1	169.9	178.2
Current Transfers	1,211.7	1,232.2	1,290.6	1,381.1	1,474.9	277.1	273.6
Rest of the General Government	-	-	-	-	-	-	-
Private Sector and Financial Sector	1,159.4	1,191.4	1,248.1	1,362.1	1,448.3	274.4	271.1
Public Companies	-	-	-	-	-	-	-
Others (external sector and others)	52.3	40.8	42.4	19.0	26.6	2.8	2.5
Other Current Expenses	65.9	69.0	43.2	73.3	113.2	20.8	10.6
Current Account Savings	**373.1**	**854.8**	**1,032.5**	**1,021.2**	**1,053.0**	**286.6**	**484.0**
Capital Expenditure	**1,564.4**	**1,056.2**	**1,620.3**	**1,591.3**	**1,634.1**	**253.2**	**267.6**
Investment	966.4	884.9	1,414.3	1,406.2	1,365.9	171.1	247.1
Inventory Variation	4.7	3.4	40.3	11.1	79.5	17.0	17.9
Other Capital Expenditures	7.2	-	0.5	-	-	-	1.4
Capital Transfers	586.1	167.9	165.3	174.0	188.7	65.2	1.2
Net Global Balance (Deficit)	**(1,032.1)**	**(74.4)**	**(455.3)**	**(347.4)**	**(255.7)**	**214.4**	**380.0**
Financing	**1,032.1**	**74.4**	**455.3**	**347.4**	**255.7**	**(214.4)**	**(380.0)**
Exchange Rate (end of period)	**24.35**	**24.60**	**24.65**	**25.38**	**26.37**	**25.62**	**26.56**
Operating Balance of Public Companies	**(6.6)**	**(153.2)**	**(115.2)**	**(455.0)**	**(181.1)**	**n/a**	**n/a**
Operating Balance Public Companies (% GDP)	**-**	**(0.5%)**	**(0.3%)**	**(1.3%)**	**(0.5%)**	**n/a**	**n/a**
Net Global Balance (% GDP)	**(3.7%)**	**(0.2%)**	**(1.3%)**	**(1.0%)**	**(0.7%)**	**n/a**	**n/a**

n/a = not available

(1) Preliminary.

Source: SEFIN.

Revenues

Tax revenues are the most important component of the total revenues of the Central Administration.

In 2021, tax revenues totaled U.S.$4,861.7 million, an increase of 35.6% compared to U.S.$3,586.5 million in 2020. This increase was mainly due to the recovery in economic activity, in line with the rise in disposable income of households and companies, determined by the flow of remittances and the partial recovery of formal jobs.

In 2022, tax revenues totaled U.S.$5,590.7 million, an increase of 15.0% compared to U.S.$4,861.7 million in 2021. Government revenues were influenced by the greater dynamism of private consumption, which had a positive impact on the performance of the economy, translating into a positive effect on tax revenue collection.

In 2023, tax revenues totaled U.S.$6,038.8 million, an increase of 8.0% compared to U.S.$5,590.7 million in 2022. This increase was mainly due to higher indirect taxes, specifically sales tax.

In 2024, tax revenues totaled U.S.$6,353.9 million, an increase of 5.2% compared to U.S.$6,038.8 million in 2023. This increase was mainly due to the sales tax, the income tax, and the fuel tax.

In 2025, according to preliminary figures, tax revenues totaled U.S.$6,641.8 million, an increase of 4.5% compared to U.S.$6,353.9 million in 2024. This increase was mainly due to higher indirect taxes, specifically sales tax, import duties, and the fuel tax.

In the three-month period ended March 31, 2026, tax revenues amounted to U.S.$1,403.9 million, representing an increase of U.S.$90.2 million compared to the amount collected during the same period in 2025. This result was mainly due to higher collections of sales tax, fuel tax, and import tax.

The ratio between tax revenues and GDP was 17.5% in 2021, 17.9% in 2022, 17.6% in 2023, 17.6% in 2024 and 17.0% for 2025.

On average, for the period from 2021 through 2025, tax revenues represented 90.2% of the total annual revenues of the Central Administration and represented 90.3% of its total revenues during 2025.

The main components of the tax revenues of the Central Administration in 2025 were:

- Sales tax, which represented 42.8% of total tax collection;
- Income tax, which represented 30.3% of total tax collection;
- Fuel consumption tax (Contribution for the Attention to Social Programs and Conservation of Road Heritage), which represented 7.7% of total tax collection; and
- Customs tax, which represented 5.1% of total tax collection.

Expenditures

The behavior of expenditures is largely explained by the containment and reorientation of non-priority expenditures, in line with the Central Administration's priorities and the responsible use of resources. This demonstrates the Central Administration's commitment to comply with the FRL by adhering to the fiscal rule for the Central Administration's primary nominal current expenditures, which has been kept below the limits established in the FRL and its exception clauses.

Current Expenditures

In 2021, the Central Administration's current expenditures totaled U.S.$5,284.4 million, an increase of 12.6% compared to U.S.$4,694.0 million in 2020. In 2021, current expenditures represented 19.0% of nominal GDP. This increase was primarily due to higher expenditures on salaries and wages, goods and services, and current transfers.

In 2022, the Central Administration's current expenditures totaled U.S.$5,633.3 million, an increase of 6.6% compared to U.S.$5,284.4 million in 2021. In 2022, current expenditures represented 18.0% of nominal GDP. This increase was mainly due to an increase in current transfers.

In 2023, the Central Administration's current expenditures totaled U.S.$6,137.8 million, an increase of 9.0% compared to U.S.$5,633.3 million in 2022. In 2023, current expenditures represented 17.9% of nominal GDP. This increase was mainly due to higher interest payments and current transfers.

In 2024, the Central Administration's current expenditures totaled U.S.$6,417.3 million, an increase of 4.6% compared to U.S.$6,137.3 million in 2023. The increase was mainly due to higher expenditures on salaries and wages.

In 2025, the Central Administration's current expenditures totaled U.S.$6,753.9 million, an increase of 5.2% compared to U.S.$6,417.3 million in 2024. The increase was mainly due to higher expenditures on salaries and wages and goods and services.

In the three-month period ended March 31, 2026, the Central Administration's current expenses totaled U.S.$1,263.3 million, a decrease of 9.5% compared to U.S.$1,396.0 million in the same period in 2025. The decrease was mainly due to lower salaries and current transfers.

Net Expenditures

The largest components of the Central Administration's total net expenditures from 2021 to 2025, on average, were salaries and wages (34.8%), current transfers (21.7%), capital expenditures (18.6%), interest and commissions (13.5%), and goods and services (11.3%).

In 2021, the Central Administration's total net expenditures amounted to U.S.$6,762.3 million, an increase of 18.0% compared to U.S.$5,730.4 million in 2020. In 2021, net expenditures represented 24.4% of nominal GDP. This increase was mainly due to a rise in capital expenditures in both real investment and capital transfers.

In 2022, the Central Administration's total net expenditures amounted to U.S.$6,609.4 million, a decrease of 2.3% compared to U.S.$6,762.3 million in 2021. In 2022, net expenditures represented 21.1% of nominal GDP. This decrease was mainly due to reduced expenditures on goods and services.

In 2023, the Central Administration's total net expenditures amounted to U.S.$7,929.4 million, an increase of 20.0% compared to U.S.$6,609.4 million in 2022. In 2023, net expenditures represented 23.1% of nominal GDP. This increase was mainly due to higher debt interest and capital expenditures.

In 2024, total net expenditures of the Central Administration amounted to U.S.$7,735.2 million, a decrease of 2.4% compared to U.S.$7,929.4 million in 2023. In 2024, net expenditures represented 21.4% of nominal GDP. This decrease was mainly due to reduced capital expenditures.

In 2025, total net expenditures of the Central Administration amounted to U.S.$8,097.0, an increase of 4.7% compared to U.S.$7,735.2 million in 2024. In 2025, net expenditures represented 20.8% of nominal GDP. This increase was mainly due to higher expenditures on salaries and wages and goods and services.

In the three-month period ended March 31, 2026, total net expenditures of the Central Administration amounted to U.S.$1,510.0 million, a decrease of 8.9% compared to U.S.$1,657.6 million in the same period in 2025. This decrease was mainly due to reduced current and capital expenditures.

Capital Expenditures

In 2021, the Central Administration's capital expenditures amounted to U.S.$1,477.9 million, an increase of 42.6% compared to U.S.$1,036.4 million in 2020. In 2021, capital expenditures represented 5.3% of nominal GDP. This increase was mainly due to an increase in direct investment, in the process of post-COVID-19 recovery.

In 2022, the Central Administration's capital expenditures amounted to U.S.$976.1 million, a decrease of 34.0% compared to U.S.$1,477.9 million in 2021. In 2022, capital expenditures represented 3.1% of nominal GDP. This decrease was mainly due to a decrease in direct investment as a result of the change in government.

In 2023, the Central Administration's capital expenditures amounted to U.S.$1,791.6 million, an increase of 83.5% compared to U.S.$976.1 million in 2022. In 2023, capital expenditures represented 5.2% of nominal GDP. This increase was mainly due to an increase in expenditures allocated to investments in various government programs, as well as in roads and other infrastructure projects.

In 2024, the Central Administration's capital expenditures amounted to U.S.$1,317.9 million, a decrease of 26.4% compared to U.S.$1,791.6 million in 2023. In 2024, capital expenditures represented 3.6% of nominal GDP. This decrease was mainly due to reduced capital transfers.

In 2025, the Central Administration's capital expenditures amounted to U.S.$1,343.1 million, an increase of 1.9% compared to U.S.$1,317.9 million in 2024. In 2025, capital expenditures represented 3.4% of nominal GDP. This increase was mainly due to higher expenditures allocated to investments.

In the three-month period ended March 31, 2026, the Central Administration's capital expenditures amounted to U.S.$246.7 million, a decrease of 5.7% compared to U.S.$261.6 million in the same period in 2025. This decrease was mainly due to reduced capital transfers.

Expenditure Control

Spending controls implemented by the Central Administration include the establishment of a credit reserve certificate in 2013, which must be issued by all Central Administration entities before approving new purchase agreements for goods or services. A credit reserve certificate must be issued through the Integrated Financial Management System ("SIAFI"), the online budget tracking system managed by the Ministry of Finance. To obtain the credit reserve certificate, the Central Administration entity that intends to approve a purchase and sale contract must demonstrate that it has sufficient funds available in its budget to fulfill the intended procurement. This requirement is designed to ensure that public officials do not exceed their approved budgets. In addition, a 10-year ban from public service is imposed on all public officials who exceed expenditures in the Annual Budget Law approved by Congress.

In 2016, the Central Administration implemented Legislative Decree No. 25-2016, the FRL, which establishes as one of its three fiscal rules that the annual nominal increase in the current expenditures of the Central Administration cannot be greater than the ten-year annual average of real GDP growth plus the average inflation projected for the next year. This rule allows for greater control over the expenditures of the Central Administration.

The Central Administration implements expenditure controls through various methods to comply with the fiscal rules of the FRL and budgetary provisions, including by reducing and reorienting non-priority expenditures, in line with the Central Government's priorities and the responsible use of resources.

Floating Debt (Deuda Flotante)

The Organic Budget Law defines floating debt as all accounts payable that remain outstanding after the close of the fiscal year. Floating debt is recorded in the Central Government's accounting system and is considered spent in the year incurred for accounting purposes. However, it is not included as part of public sector debt.

To limit the contracting of floating debt, the FRL established that the Central Administration cannot contract new floating debt that remains outstanding for more than 45 days exceeding 0.5% of nominal GDP in any given fiscal year. Since the FRL's approval in 2016, the Central Administration has complied with this limit. In 2021, 2022, 2023, 2024, and 2025, floating debt outstanding for more than 45 days was 0.2%, 0.0%, 0.1%, 0.3%, and 0.5% of nominal GDP, respectively. The average floating debt exceeding 45 days during the 2021 to 2025 period was U.S.$95.3 million. Floating debt exceeding 45 days totaled U.S.$253.1 million in 2025, an increase compared to U.S.$113.0 million in 2024. In the three-month period ended March 31, 2026, floating debt exceeding 45 days was U.S.$41.5 million, equivalent to 0.1% of GDP.

The following table sets forth information regarding the Central Administration's floating debt for the periods indicated.

Floating Debt or Payment Arrears

(in millions of U.S. dollars)

	As of December 31,					As of March 31,
Description	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Employer contributions [a/]	90.0	12.8	38.9	107.8	97.7	33.1
Goods and Services	25.7	7.2	41.4	34.5	27.1	4.2
Transfers	124.5	56.6	557.8	286.5	232.1	45.7
Private sector transfers	25.0	24.3	49.2	89.7	30.1	8.3
Deductions	43.2	62.1	55.7	60.6	53.1	58.3
Others	156.3	85.3	277.3	171.7	363.4	135.1
Sub Total	464.6	248.3	1,020.3	750.8	803.5	284.7
Previous management	65.3	81.5	84.6	272.7	209.5	550.9
Late payments over 45 days	69.2	6.5	34.9	113.0	253.1	41.5
Total, Floating Debt	529.9	329.9	1,104.9	1,023.5	1,012.9	835.6

a/ Includes: INPREMA, INJUPEMP, IPM, INPREUNAH and IHSS

Source: SEFIN.

Budget Process

The National Budget of Revenues and Expenditures of Honduras (*Presupuesto de Ingresos y Egresos de la República*) is prepared in accordance with Article 29 of the General Law of Public Administration (*Ley General de Administración Pública*) and Article 18 of the Organic Budget Law (*Ley Orgánica de Presupuesto*). The General Directorate of Budget of the *Secretaría de Finanzas* is responsible for drafting the budget. The budget is approved by the National Congress. The budget contains revenues and expenditures for each of the state-owned entities and may be modified by the National Congress. The draft budget must be presented to the National

Congress no later than the second week of September in the year prior to the budget year. If the draft budget is not approved by the National Congress by the end of the then current fiscal year, then the previous year's budget spending levels remain in place.

2025 Budget

On February 5, 2025, the National Congress, through Legislative Decree No. 4-2025, approved the General Budget of Income and Expenditures of the Republic for Fiscal Year 2025 (the "2025 Budget"), which was published in the Official Gazette No. 36,759, dated February 6, 2025.

The 2025 Budget for the Central Government totals L.430,907.8 million, which represents an increase of L.23,770.3 million, or 5.8%, compared to the approved budget for 2024.

The 2025 Budget estimated the Central Administration's revenue for 2025 (which includes financing of L.79,074.8 million) at L.266,667.6 million, an increase of 7.2% compared to the 2024 budget. On the expenditure side, it was estimated that the Central Administration was budgeted to spend L.266,667.6 million, including L.79,490.6 million for debt service, and L.11,562.3 million for transfers, which include transfers to the Presidency, the Supreme Court of Justice, the National Congress and other constitutional bodies.

The estimated fiscal deficit for the Central Administration in 2025 is 3.7% of nominal GDP, compared to 4.0% of nominal GDP in 2024. The estimated financial needs for 2025 are L.79,074.8 million or 29.7% of the Central Administration's budget. See "Fiscal Policy" for more information about the Central Administration's fiscal deficit in 2025.

2026 Budget

On April 21, 2026, the National Congress, through Legislative Decree No. 62-2026, approved the General Budget of Income and Expenditures of the Republic for Fiscal Year 2026 (the "2026 Budget"), which was published in the Official Gazette No. 37,124, dated April 23, 2026.

The 2026 Budget for the Central Government totals L.444,335.8 million, which represents an increase of L.13,428.0 million, or 3.1%, compared to the approved budget for 2025.

The 2026 Budget estimates the Central Administration's revenue for 2026 (which includes financing of L.65,719.0 million) at L.263,807.1 million, a decrease of 1.1% compared to the 2025 budget. On the expenditure side, it was estimated that the Central Administration was budgeted to spend L.263,807.1 million, including L.71,897.1 million for debt service, and L.12,516.6 million for transfers, which include transfers to the Presidency, the Supreme Court of Justice, the National Congress and other constitutional bodies.

The estimated fiscal deficit for the Central Administration in 2026 is 2.0% of nominal GDP, compared to 3.7% of nominal GDP in 2025. The estimated financial needs for 2026 are L.65,719.0 million or 24.9% of the Central Administration's budget.

PUBLIC SECTOR DEBT

General

Honduras' external debt consists mainly of loans from multilateral banks like the World Bank and the IADB and sovereign bonds issued in the international capital markets. Internal debt is generally incurred through sovereign bonds placed in the domestic market and, to a lesser extent, loans from the national banking system. The *Secretaría de Finanzas* is responsible for managing the financial resources of the Government as well as the administration and management of the public debt of the Central Administration.

All public sector debt must be approved by the National Congress. Domestic bond issuances are included in the annual budget, up to a maximum authorized amount. Any further internal or international loans or other debt, including any multi-year contracts such as public private partnerships or guarantees of any third-party debt, must be approved by the National Congress.

On March 15, 2013, the Republic issued U.S.$500 million of its 7.500% Notes due 2024. On December 11, 2013, the Republic issued U.S.$500 million of its 8.750% Notes due 2020. On January 19, 2017, the Republic issued U.S.$700 million of its 6.250% Notes due 2027. On June 24, 2020, the Republic issued U.S.$600 million of its 5.625% Notes due 2030. The proceeds of these offerings were used by the Republic for general budgetary purposes, the payment of floating debt and making a loan to ENEE in the amount of U.S.$1,300 million.

On November 27, 2024, the Republic issued U.S.$700 million of its 8.625% Notes due 2034 pursuant to its Green, Social and Sustainable Bond Framework.

The following table sets out the composition of the Central Government public sector debt, and as a percentage of Honduras' nominal GDP:

Central Government Public Sector Debt

(*in millions of U.S.$*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Internal debt	7,388.5	8,147.4	8,157.0	8,069.9	8,672.3	9,085.1
External debt	8,290.7	8,670.2	8,510.8	9,304.2	9,297.1	9,369.0
Total public sector debt	15,679.2	16,817.6	16,667.8	17,374.1	17,969.4	18,454.1
Total public debt (as % of GDP)	55.8%	53.5%	48.4%	46.9%	45.3%	44.9%
Public internal debt (as % of GDP)	26.3%	25.9%	23.7%	21.8%	21.9%	22.1%
Public external debt (as % of GDP)	29.5%	27.6%	24.7%	25.1%	23.4%	22.8%
GDP	28,106.9	31,406.1	34,435.2	37,065.3	39,669.0	41,129.6

(1) Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L26.5631=U.S.$1.00

Source: SEFIN.

As of December 31, 2025, the total public debt of the Central Government was U.S.$17,969.4 million, of which U.S.$8,672.3 million was internal debt and U.S.$9,297.1 million was external debt. As of December 31, 2025, 36.6% of the total public sector debt of the Central Government was denominated in *Lempiras*, and the remaining 63.4% was denominated in foreign currency. As of December 31, 2025, 65.9% of the Central Government's public sector debt had fixed rates of interest and 34.1% had floating rates of interest.

As of December 31, 2025, the average maturity of all public sector debt of the Central Government was 9.2 years. While the Central Government's public sector internal debt had an average maturity of 7.3 years, the Central Government's public sector external debt had an average maturity of 11.3 years.

As of March 31, 2026, the total public debt of the Central Government was U.S.$18,454.1 million, of which U.S.$9,085.1 million was internal debt and U.S.$9,369.0 million was external debt. As of March 31, 2026, 38.0% of the total public sector debt of the Central Government was denominated in *Lempiras*, and the remaining 62.0% was denominated in foreign currency. As of March 31, 2026, 67.1% of the Central Government's public sector debt had fixed rates of interest, and 32.9% had floating rates of interest.

As of March 31, 2026, the average maturity of all public sector debt of the Central Government was 9.1 years. While the Central Government's public sector internal debt had an average maturity of 7.1 years, the Central Government's public sector external debt had an average maturity of 11.1 years.

The following table shows the composition of the public sector debt of the Central Government by the type of interest rate applicable to such debt on the indicated dates:

Central Government Public Sector Debt by Type of Interest Rate

(*in percentages*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Fixed interest rate	77.1	69.0	63.0	65.0	65.9	67.1
Floating interest rate	22.9	31.0	37.0	35.0	34.1	32.9
	100.0	100.0	100.0	100.0	100.0	100.0

Source: SEFIN.

External Debt

As of December 31, 2025, the outstanding balance of the external debt of the Central Government was U.S.$9,297.1 million, which represented 23.4% of nominal GDP. As of December 31, 2025, the external debt of the Central Government consisted of U.S.$6,085.7 million (or 65.5%) held by multilateral institutions, U.S.$2,200.0 million (or 23.7%) held by bondholders and other holders of debt securities, U.S.$896.2 million (or 9.6%) held by bilateral creditors, and U.S.$115.2 million (or 1.2%) held by commercial banks, other financial institutions and suppliers.

As of March 31, 2026, the outstanding balance of the external debt of the Central Government of Honduras was U.S.$9,369.0 million, which represented 22.8% of nominal GDP. As of March 31, 2026, the external debt of the Central Government consisted of U.S.$6,181.2 million (or 66.0%) held by multilateral institutions, U.S.$2,200.0 million (or 23.5%) held by bondholders and other holders of debt securities, U.S.$878.4 million (or 9.4%) held by bilateral creditors and U.S.$109.4 million (or 1.2%) held by commercial banks, other financial institutions and suppliers.

The following table shows the composition of the Central Government's public sector external debt by type of creditor as of the dates indicated:

Central Government Public Sector External Debt by Type of Creditor

(*in millions of U.S. dollars*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Multilateral	5,458.4	5,982.7	6,017.8	6,266.5	6,085.7	6,181.2
Bilateral	793.0	845.4	871.1	907.5	896.2	878.4
Bondholders and other holders of debt securities	1,800.0	1,633.3	1,466.7	2,000.0	2,200.0	2,200.0
Commercial banks, other financial institutions and supplies	239.3	208.8	155.3	130.2	115.2	109.4
Total External Debt	8,290.7	8,670.2	8,510.8	9,304.2	9,297.1	9,369.0

Source: SEFIN.

As of December 31, 2025, the main multilateral creditors by volume of debt were the IADB, CABEI, and the World Bank. Sovereign bonds placed in the international capital markets represented 23.7% of the external debt portfolio. The largest bilateral creditors were Taiwan, Japan, Italy, Korea, and Venezuela. A total of 39.2% of the Central Government's external debt was on concessional terms more favorable to Honduras in many respects than market terms, and the remaining 60.8% were non-concessional loans.

As of March 31, 2026, the main multilateral creditors by volume of debt were the IADB, CABEI, and the World Bank. Sovereign bonds placed in the international capital markets represented 23.5% of the external debt portfolio. The largest bilateral creditors were Taiwan, Japan, Italy, Korea, and Venezuela. A total of 39.3% of the Central Government's external debt was on concessional terms more favorable to Honduras in many respects than market terms, and the remaining 60.7% were non-concessional loans.

As of December 31, 2025, the Central Government's public sector external debt was broken down by currency denomination as follows: 90.3% in U.S. dollars, 5.2% in Special Drawing Rights, 1.8% in Euros, and the remaining 2.7% in other foreign currencies.

As of March 31, 2026, the Central Government's public sector external debt was broken down by currency denomination as follows: 90.7% in U.S. dollars, 5.0% in Special Drawing Rights, 1.7% in Euros, and the remaining 2.6% in other foreign currencies.

The following table sets out by currency the percentage of the Central Government's public external debt to its total public external indebtedness:

Central Government Public External Debt by Currency

(*as a percentage of total*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
U.S.$	87.1%	88.2%	88.6%	90.1%	90.3%	90.7%
Special Drawing Rights	9.1%	7.6%	7.0%	5.5%	5.2%	5.0%
Euros	2.7%	2.2%	2.2%	1.8%	1.8%	1.7%
Other	1.2%	2.0%	2.2%	2.6%	2.7%	2.6%
Total by Currency	100.0%	100.0%	100.0%	100.0%	100%	100%

Source: SEFIN.

The following table sets forth the scheduled debt service of the Central Government's total public sector external debt as of March 31, 2026 for the dates indicated:

Central Government Public Sector External Debt Maturity Profile 2026-2035

(*in U.S.$ millions*)

	2026[(1)]	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
Principal	319.9	1,084.4	363.2	335.4	955.0	356.4	348.5	347.4	1,241.5	333.6
Interest	333.8	342.1	305.9	291.9	262.0	231.1	217.7	203.8	190.1	99.1
Total Debt Service	**653.7**	**1,426.5**	**669.1**	**627.4**	**1,217.0**	**587.5**	**566.1**	**551.2**	**1,431.6**	**432.8**

[(1)] The debt service for 2026 covers the period from April through December.

Source: SEFIN

Internal Debt

As part of its regular financing activities, the Central Administration issues bonds in local currency in the local market through monthly auctions. These bonds have maturities of three, five, seven, 10 and 15 years. In 2025, the Central Government issued bonds denominated in U.S. dollars in the local market in an aggregate amount of U.S.$60.3 million.

As of December 31, 2025, the balance of the Central Government's internal debt was U.S.$8,672.3 million (equivalent to L.228,718.2 million) or 21.9% of nominal GDP. As of December 31, 2025, the average maturity of the internal debt of the Central Government was 7.3 years. In 2025, pursuant to the authorized ceiling of L.27,599.6 million (as amended to L.35,267.0 million) in budgetary bonds, which are bonds issued to finance the budget that has been approved by the National Congress, the Central Government placed a total of L.16,544.4 million.

As of March 31, 2026, the balance of the Central Government's internal debt was U.S$9,085.1 million (equivalent to L.241,327.9 million) or 22.1% of nominal GDP. As of March 31, 2026, the average maturity of the internal debt of the Central Government was 7.1 years.

The following table sets forth the composition of the Central Government's public sector internal debt for the periods indicated:

Central Government Public Sector Internal Debt

(*in U.S.$ millions*)

	As of December 31,					As of March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Bonds	6,742.3	6,204.7	6,122.3	6,266.8	6,641.5	6,967.1
Loans	646.3	1,942.7	2,034.7	1,803.1	2,030.7	1,997.9
T-Bills	-	-	-	-	-	120.1
Total	**7,388.5**	**8,147.4**	**8,157.0**	**8,069.9**	**8,672.2**	**9,085.1**

Source: SEFIN.

Internal Debt Service

In 2025, internal debt service totaled U.S.$1,517.9 million. During the three-month period ended March 31, 2026, internal debt service totaled U.S.$166.0 million.

The following table sets forth the Central Government's internal debt service for the periods indicated:

Central Government Internal Debt Service

(*in U.S.$ millions*)

	For the year ended December 31,					For the three-month period ended March 31,
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Bonds	**1,059.1**	**820.9**	**1,078.0**	**1,293.8**	**1,264.3**	**110.0**
Principal	448.5	501.8	477.0	736.1	726.6	3.7
Interest and Fees	610.6	319.1	601.0	557.7	537.7	106.3
Refinancing and Swaps	-	-	-	-	-	-
Capitalized Interest Flow	-	-	-	-	-	-
Loans	**48.0**	**570.9**	**178.5**	**304.0**	**253.5**	**56.0**
Principal	46.0	251.6	88.6	202.1	168.8	22.3
Interest and Fees	2.0	319.3	89.9	101.9	84.7	33.7
Total	**1,107.1**	**1,391.7**	**1,256.4**	**1,597.8**	**1,517.9**	**166.0**

(1) Amounts in *Lempiras* have been converted to U.S. dollars using the following exchange rates for each of the dates indicated:

December 31, 2021: L.24.3454 = U.S.$1.00

December 30, 2022: L.24.5978 = U.S.$1.00

December 29, 2023: L.24.6513 = U.S.$1.00

December 31, 2024: L.25.3800 = U.S.$1.00

December 31, 2025: L.26.3737 = U.S.$1.00

March 31, 2026: L26.5631 = U.S.$1.00

Source: SEFIN.

Recapitalization of the Central Bank

The *Secretaría de Finanzas* is responsible for recognizing the losses incurred by the Central Bank resulting from its implementation of monetary policy.

In 2014, the National Congress, through Decree No. 38/2014, approved the Recapitalization Agreement entered into between the *Secretaría de Finanzas* and the Central Bank, regarding the recognition of the accumulated losses incurred by the Central Bank from 2003 to 2015 totaling U.S.$615.6 million, through the gradual issuance between 2014 and 2019 of securities at interest rates between 6% and 8%, with five-year maturities.

The *Secretaría de Finanzas* has been refinancing the bonds issued to recognize losses since 2019. This refinancing occurs annually and involves exchanging the existing bonds for new ones that have a maturity of five years and an interest rate based on market conditions, payable semiannually.

As of March 31, 2026, both institutions remain in the process of negotiation of a new agreement to cover possible losses of the Central Bank, through the issuance of bonds by the Central Government.

Debt Record ─ History of Debt Restructuring

Honduras has approached the Paris Club of creditors six times since 1990 to seek debt relief and a rescheduling of its external debt. The first debt rescheduling agreement was reached in September 1990 and granted debt relief with respect to U.S.$280 million of indebtedness to bilateral creditors. The amount covered by the first rescheduling agreement was fully repaid. The second debt rescheduling agreement was signed in October 1992 and granted debt relief with respect to U.S.$180 million of indebtedness to bilateral creditors. As part of this rescheduling, the Republic received an extension of repayment of Official Development Assistance ("ODA") credits of 30 years, with a 12-year grace period, and an extension of repayment of non-ODA credits of 23 years, with a six-year grace period, after cancelling 50% of such debt. The third rescheduling agreement was signed in March 1996. Approximately U.S.$112 million of debt owed to bilateral creditors was rescheduled, and the Republic received an extension of repayment of ODA credits of 40 years, with a 16-year grace period, and an extension of repayment of non-ODA credits of 23 years, with a six-year grace period, after cancelling 50% of such debt. The three rescheduling agreements followed "flow" rescheduling, which limited the rescheduling to the debt servicing (principal plus interest) falling due within a specified period (consolidation period) which usually coincides with a country's program with the IMF.

In the fourth rescheduling agreement signed in April 1999, the Republic received "stock" treatment, which takes into account the entire outstanding stock (principal plus accumulated arrears) and profiles it over an extended period of time. The total stock of bilateral debt eligible for rescheduling was estimated at U.S.$411 million, with maturities due from April 1, 1999 to March 31, 2002 (including the debt service payments in arrears as of March 31, 1999). Under the rescheduling agreement, the Republic received an extension of repayment of ODA credits of 40 years, with a 16-year grace period, and an extension of repayment of non-ODA credits of 23 years, with a six-year grace period, after cancelling 67% of such debt.

The fifth rescheduling agreement was signed in April 2004 and covered approximately U.S.$361 million of indebtedness owed to bilateral creditors, of which U.S.$147 million was forgiven and U.S.$214 million was rescheduled. Under the rescheduling agreement, the Republic received an extension of repayment of ODA credits of 40 years, with a 16-year grace period, and an extension of repayment of non-ODA credits of 23 years, with a six-year grace period, after cancelling 90% of such debt. The total stock of bilateral debt eligible under the agreement covered maturities falling due from January 1, 2004 to June 30, 2005 (including the debt service payments in arrears as of December 31, 2003). The sixth rescheduling agreement was signed in May 2005 and covered approximately U.S.$316 million of indebtedness owed to bilateral creditors, of which U.S.$206 million was forgiven and U.S.$110 million was rescheduled. The total stock of bilateral debt eligible under the agreement covered debt stock as of March 1, 2005, including the debt service payments in arrears as of February 28, 2005.

HIPC Initiative. In 1996, the World Bank and the IMF launched the HIPC Initiative to provide debt relief to the world's poorest and most heavily indebted countries. In 1999, the World Bank and the IMF lowered the original initiative's debt-burden thresholds, which enabled a broader group of countries to qualify for larger volumes of debt relief. In July 2000, Honduras qualified for debt relief under the enhanced HIPC Initiative.

The first installment of multilateral debt relief under the enhanced HIPC Initiative was made in 2000, when CABEI granted a total of U.S.$97.6 million in debt relief to Honduras. Subsequently, in 2005, the World Bank, the International Fund for Agricultural Development and the IADB agreed to grant a total of U.S.$259.5 million in debt relief to Honduras. In 2006, the IMF provided Honduras with U.S.$12.9 million in debt relief.

In June 2005, the IMF, the International Development Association ("IDA") of the World Bank, and the African Development Fund ("AfDF") developed the Multilateral Debt Relief Initiative (the "MDRI") that aims at cancelling 100% of the debt claims of such multilateral organizations for countries that have reached, or will eventually reach, the "completion point" (the stage at which a country becomes eligible for full and irrevocable debt relief under the enhanced HIPC Initiative). While the HIPC Initiative entailed coordinated action by multilateral organizations and governments to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries, the MDRI goes further by providing full debt relief to free up additional resources to help such countries reach the United Nations' Millennium Development Goals. Unlike the HIPC Initiative, the MDRI does not propose any parallel debt relief on the part of official bilateral or private creditors, or of multilateral institutions beyond the IMF, IDA, and the AfDF. In early 2007, the IADB also decided to provide similar debt relief to the five HIPCs in the Western Hemisphere.

Honduras reached its completion point under the enhanced HIPC Initiative and became eligible under the MDRI in April 2005. Multilateral institutions that have provided relief to Honduras under the MDRI are: the IDA (granting debt relief of over U.S.$1 billion) and the IADB and IMF (totaling U.S.$1.5 billion in debt relief).

DESCRIPTION OF THE NOTES

This section of this Offering Circular is intended to be an overview of the material provisions of the Notes and the Indenture. Because this section is only a summary, it does not contain all the information that may be important to you as a potential investor in the Notes. You are urged to read the Indenture for a complete description of the Republic's obligations and your rights as a holder of the Notes. Copies of the Indenture are available at the offices of the Trustee.

The Notes will be issued pursuant to a trust indenture between the Republic and The Bank of New York Mellon, as trustee (the "Trustee"), as principal paying agent (the "Principal Paying Agent"), as transfer agent ("Transfer Agent") and as registrar (the "Registrar"), dated as of January 19, 2017 (the "Indenture").

You can find the definition of capitalized terms in this section under "—Certain Definitions."

Principal, Maturity and Interest

The Notes will:

- initially be issued in an aggregate principal amount of U.S.$815,670,000;
- mature on July 29, 2036;
- except as set forth under "—Optional Redemption," not be redeemable before maturity and not be entitled to the benefit of any sinking fund; and
- bear interest from, and including, July 29, 2026 to, but excluding, July 29, 2036, at a rate of 6.400% per annum on the principal amount thereof, payable semi-annually in arrears on January 29 and July 29 of each year, commencing on January 29, 2027. Interest on the Notes will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Ranking

The Notes will constitute direct, general, unconditional, unsubordinated and unsecured Indebtedness (as defined below) of the Republic and will rank equally, without any preference among themselves, with all other unsecured and unsubordinated obligations of the Republic, present or future, constituting Public External Indebtedness (as defined below) of the Republic. The Republic has pledged its full faith and credit for the due and punctual payment of all amounts due in respect of the Notes. It is understood that this provision will not be construed so as to require the Republic to make payments under any series of the Notes ratably with payments being made under any other Public External Indebtedness.

Form, Denomination and Title

The Notes will be issued in U.S. dollars, in fully registered form, in denominations of U.S.$150,000 or any amount in excess thereof, which is an integral multiple of U.S.$1,000. The Notes, and the transfer thereof, shall be registered as provided in the Indenture. As used herein, "holder," in relation to a Note, means the person in whose name a Note is registered. A person in whose name a Note is registered will, to the fullest extent permitted by law, be treated at all times, by all persons and for all purposes as the absolute owner of such Note regardless of any notice of ownership, theft or loss or of any writing thereon.

The Notes, and transfer thereof, will be registered as provided in "—Replacement, Exchange and Transfer" below and in the Indenture.

Notes sold to qualified institutional buyers in reliance on Rule 144A of the Securities Act of 1933, as amended (the "Securities Act") will be represented by restricted permanent global Notes, each in registered form without interest coupons (the "Rule 144A Global Note") and will be deposited with the Registrar, as custodian for The Depository Trust Company ("DTC"), and registered in the name of a nominee of DTC.

Notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will be represented by unrestricted, permanent global Notes in registered form without interest coupons (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes") and will be deposited with the Registrar, as custodian for DTC, and registered in the name of a nominee of DTC. Owners of beneficial interests in the Global Notes will not be entitled to receive individual definitive Notes in registered form (the "Definitive Notes" and, together with the Global Notes, the "Notes") unless (i) DTC notifies the Republic that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Notes or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended, or if at any time it is no longer eligible to act as such, and the Republic is unable to appoint a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, (ii) the Republic, at its option, elects to terminate the book-entry system through DTC with respect to the Global Notes, or (iii) after the occurrence of an Event of Default (as defined below), holders of beneficial interests in the Global Notes representing not less than a majority of the aggregate principal amount of the Global Notes outstanding advise the Trustee, through DTC in writing, that the continuation of a book-entry system through DTC (or a successor thereof) with respect to the Global Notes is no longer in such holders' best interest, and the Trustee shall notify all holders of beneficial interests of the Global Notes through DTC of the availability of Definitive Notes.

The Notes will not be issued in bearer form. The rights in respect of each Note issued to DTC and registered in the name of its nominee will be those of the registered nominee. Accordingly, each person having a beneficial interest in such Note must rely on the procedures of the institutions having accounts with DTC to exercise any rights of such person. As long as Notes are held through DTC's book-entry settlement system, ownership of beneficial interests in such Note will (unless otherwise required by applicable law) be shown on, and transfers of such beneficial interests may be effected only through, records maintained by (i) DTC or its registered nominee or (ii) institutions having accounts with DTC (including, without limitation, Euroclear and Clearstream, Luxembourg). Beneficial interests in the Global Notes may be held in denominations of U.S.$150,000 and integral multiples of U.S.$1,000 in excess thereof.

Replacement, Exchange and Transfer

If any Note shall become mutilated or defaced or be destroyed, lost or stolen, the Trustee shall, subject to having received the prior approval of the Republic (such approval not to be unreasonably withheld), authenticate and deliver a new Note at the offices of the Registrar, on such terms as the Republic or the Registrar may require, in exchange and substitution for the mutilated or defaced Note or in lieu of and in substitution for the destroyed, lost or stolen Note. In every case of destruction, loss or theft, the applicant for a substitute Note shall furnish to the Republic, the Trustee and the Registrar such indemnity as the Republic, the Trustee or the Registrar, as the case may be, may require and evidence to their satisfaction of the destruction, loss or theft of such Note, and of the ownership thereof. In every case of mutilation or defacement of a Note, the holder shall surrender to the Registrar the Note so mutilated or defaced. In addition, prior to the issuance of any substitute Note, the Republic may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee or the Registrar) connected therewith. If any Note that has matured or is about to mature within 15 days shall become mutilated or defaced or be apparently destroyed, lost or stolen, the Republic may pay or authorize payment of the same without issuing a substitute Note.

Upon the terms and subject to the conditions set forth in the Indenture, a Note or Notes may be exchanged for a Note or Notes of equal aggregate principal amount, but in such different authorized denominations as may be requested by the holder, by the surrender of such Note or Notes to the office of the Registrar, or to the office of any transfer agent, together with a written request for the exchange.

Upon the terms and subject to the conditions set forth in the Indenture, a Note may be transferred in whole or in part (in the principal amount of U.S.$150,000 or integral multiples of U.S.$1,000 in excess thereof) by the holder or holders surrendering the Note for registration of transfer at the office of the Registrar or at the office of any Transfer Agent, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Republic and the Registrar or any such Transfer Agent, as the case may be, duly executed by the holder or holders thereof or such holder's or holders' attorney-in-fact or attorneys-in-fact duly authorized in writing.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail (if any) and except, if the Republic shall so require, the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto or, in connection with the provisions of the Indenture, the fees and expenses of the Registrar or Trustee, will be borne by the Republic.

The Registrar may decline to register the transfer or exchange of Notes for a period of 15 days preceding the due date for any payment of principal of or interest on the Notes or register the transfer of or exchange any Notes previously called for redemption.

Certain Covenants of the Republic

So long as any Note remains outstanding, the Republic has agreed to certain covenants, including:

1. So long as any Note is outstanding, the Republic will not create or allow any Lien to exist on the whole or any part of its present or future revenues, properties or assets to secure any present or future Public External Indebtedness of the Republic unless, at the same time or prior to the creation of the Lien, the Republic's obligations under the Notes are secured

equally and ratably with such Public External Indebtedness. The Republic may, however, create or allow the following permitted Liens (each a "Permitted Lien"):

- any Lien upon property to secure Public External Indebtedness of the Republic incurred for the purpose of financing the acquisition of such property by the Republic and any renewal or extension of any such Lien which is limited to the original property covered by the Lien and which secures only the renewal or extension of the original secured financing;
- any Lien existing upon property to secure Public External Indebtedness of the Republic at the time of the acquisition of such property and any renewal or extension of any such Lien which is limited to the original asset covered by the Lien and which secures only the renewal or extension of the original secured obligation;
- any Lien in existence on the date of the Indenture, including any renewal or extension of such Lien which secures only the renewal or extension of the original secured financing;
- any Lien securing Public External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project and any renewal or extension of any such Lien, provided that:
    - o the holders of such Public External Indebtedness expressly agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such Public External Indebtedness; and
    - o the property over which such Lien is granted consists solely of such assets and revenues or claims that arise from the operation, failure to meet specifications, failure to complete, exploitation, sale or loss of, or damage to, such assets; and
- Liens in addition to those permitted by other Permitted Liens above, and any renewal or extension of such Liens, provided that the aggregate amount of Public External Indebtedness secured by all such additional Liens does not exceed U.S.$25,000,000 (or its equivalent in other currencies) at any time.

2. The Republic will (i) obtain and maintain in full force and effect all approvals, authorizations, permits, consents, exemptions and licenses and will take all other actions (including, without limitation, any notice to, or filing or registration with, any agency, department, ministry authority, statutory corporation or other body or juridical entity of the Republic or regulatory or administrative body of the Republic) which may be necessary for the issuance, continued validity and enforceability of the Notes and (ii) take all necessary and appropriate governmental and administrative action (including, without limitation, making all necessary budget appropriations) in order for the Republic to be able to make all payments required under the Notes.

3. The Republic shall maintain its membership in, and eligibility to use the general resources of, the IMF, provided that: (i) no written notice requirement from holders of the Notes shall be required to remedy any breach of this covenant and (ii) the cure period for any breach of this covenant shall not exceed 60 calendar days.

4. The Republic will ensure that its obligations under the Notes will at all times constitute direct, general, unconditional, unsubordinated and unsecured Indebtedness of the Republic and will rank equally, without any preference among themselves, with all other unsecured and unsubordinated obligations of the Republic, present or future, constituting Public External Indebtedness of the Republic (it being understood that this provision will not be construed so as to require the Republic to make payments under any series of the Notes ratably with payments being made under any other Public External Indebtedness).

5. The Republic will use its best efforts to list the Notes, and thereafter to maintain the listing of the Notes, on the Official List of the Luxembourg Stock Exchange; provided that if at any time the Republic determines that it is unable to list or it can no longer reasonably comply with the requirements for listing the Notes on the Official List of the Luxembourg Stock Exchange or if the Republic, acting in good faith, considers that maintenance of such listing has become unduly onerous, the Republic may use its commercially reasonable efforts to obtain prior to the delisting of the Notes from the Official List of the Luxembourg Stock Exchange, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on such other stock exchange or exchanges or securities markets as the Republic may decide. The Republic will at all times use its commercially reasonable efforts to procure that there will be furnished to any stock exchange on which the Notes are from time to time listed or quoted such information in relation to the Republic as such stock exchange may require in accordance with its normal requirements or in accordance with any arrangements for the time being made with any such stock exchange.

Events of Default

Each of the following events is an event of default with respect to the Notes (each, an "Event of Default"):

(a) The Republic fails to pay for 20 continuous calendar days principal on any of the Notes when due;

(b) The Republic fails to pay for 30 continuous calendar days interest on any of the Notes when due;

(c) The Republic fails to perform any other obligation under the Notes for a period of 60 calendar days following written notice to the Republic with a copy to the Trustee by the holder of any Note requiring the breach to be remedied;

(d) The Republic fails to make any payment in an aggregate principal amount in excess of U.S.$25,000,000 (or its equivalent in other currencies) in respect of Public External Indebtedness when payable (whether upon maturity, acceleration or otherwise, as such time may be extended by any applicable grace period or waiver);

(e) A formal and official declaration by the Republic of a moratorium with respect to the payment of principal of or interest on Public External Indebtedness, which moratorium does not expressly exclude the Notes;

(f) The Republic fails to satisfy, discharge or contest in good faith, for a period of 120 consecutive calendar days, a final, unappealable judgment for the payment of money exceeding U.S.$25,000,000, or its equivalent in any other currency, in connection with any writ, execution, attachment or similar process that is levied against all or a substantial part of the Republic's assets; or

(g) Denial, repudiation or contestation by the Republic of its obligations under the Notes or the Indenture.

In any such event, the holders of at least 25% of the aggregate principal amount of the Notes outstanding, may by written notice given to the Republic and the Trustee, declare the principal of and any accrued interest on the Notes held by such holders to be, and such principal and any interest shall thereupon become, immediately due and payable at their principal face amount plus interest accrued thereon to the date of payment, including any Additional Amounts, unless prior to receipt of such demand by the Republic all such defaults shall have been cured. Notes held by or on behalf of the Republic shall not be considered "outstanding" for purposes of the preceding sentence. If any Event of Default described in clauses (a) through (g) above shall give rise to a declaration which shall be effective and such Event of Default is cured or waived following such declaration, then such declaration may be rescinded and annulled by the affirmative vote of the holders of at least 50% of the aggregate principal amount of the Notes outstanding in accordance with the procedures set forth in the Indenture. The Trustee shall not be deemed to have notice of any Default or Event of Default unless a responsible officer of the Trustee having direct responsibility for the administration of the Indenture and the Notes has received written notice of such default at the corporate trust office of the Trustee, and such notice references the Notes and the Indenture and details the nature of the default.

Collective Action Securities, Modifications, Amendments and Waivers

Modifications may also be approved by holders of the Notes pursuant to written action with the consent of the requisite percentage of the Notes of the relevant series. The Republic will solicit the consent of the relevant holders to the modification not less than 10 and not more than 30 days before the expiration date for the receipt of such consents as specified by the Republic.

The holders of a series of the Notes may generally approve any proposal by the Republic to modify the Indenture or the terms of the Notes of that series with the affirmative vote (if approved at a meeting of the holders) or consent (if approved by written action) of holders of more than 50% of the outstanding principal amount of the Notes of that series.

However, in order to modify a reserve matter (as defined below), holders of any series of debt securities (including the Notes) must approve, by vote or consent through one of three modification methods (as further described below), any modification, amendment, supplement or waiver proposed by the Republic that would do any of the following (such subjects referred to herein as "reserve matters"):

- change the date on which any amount is payable;
- reduce the principal amount (other than in accordance with the express terms of the debt securities of that series and the Indenture);
- reduce the interest rate;
- change the method used to calculate any amount payable (other than in accordance with the express terms of the debt securities of that series and the Indenture);
- change the currency or place of payment of any amount payable;
- modify the Republic's obligation to make any payments (including any redemption price therefor);
- change the identity of the obligor;

- change the definition of "outstanding" with respect to any series of debt securities (including the Notes) or the percentage of affirmative votes or written consents, as the case may be, required to make a "reserve matter modification;"

- change the definition of "uniformly applicable" or "reserve matter modification;"

- authorize the Trustee, on behalf of all holders of the debt securities, to exchange or substitute all the debt securities for, or convert all the debt securities into, other obligations or securities of the Republic or any other person; or

- change the legal ranking, governing law, submission to jurisdiction or waiver of immunities provisions of the terms of such debt securities.

A change to a reserve matter, including the payment terms of any series of debt securities (including the Notes), can be made without your consent, as long as the change is approved, pursuant to one of the three following modification methods, by vote or consent:

- where such proposed modification would affect a single series of debt securities, the holders of more than 75% of the aggregate principal amount of the outstanding debt securities of the series affected by the proposed modification;

- where such proposed modification would affect the outstanding debt securities of two or more series (defined in the Indenture as a "cross series modification"), the holders of more than 75% of the aggregate principal amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, if certain "uniformly applicable" requirements are met (defined in the Indenture as "cross-series modification with single aggregated voting"); or

- where such proposed modification would affect the outstanding debt securities of two or more series, whether or not the "uniformly applicable" requirements are met, the holders of more than 66 2/3% of the aggregate principal amount of the then outstanding debt securities of all of the series affected by the proposed modification, taken in the aggregate, and the holders of more than 50% of the then aggregate principal amount of the outstanding debt securities of each series affected by the modification, taken individually.

"Uniformly applicable," as used herein, means a modification by which holders of debt securities of any series affected by that modification are invited to exchange, convert or substitute their debt securities on the same terms for (x) the same new instruments or other consideration or (y) new instruments or other consideration from an identical menu of instruments or other consideration. It is understood that a modification will not be considered to be uniformly applicable if each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification (or, where a menu of instruments or other consideration is offered, each exchanging, converting or substituting holder of debt securities of any series affected by that modification is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting or substituting holder of debt securities of any series affected by that modification electing the same option under such menu of instruments).

Any modification consented to or approved by the holders of debt securities pursuant to the above provisions will be conclusive and binding on all holders of the relevant series of debt securities or all holders of all series of debt securities affected by a cross-series modification, as the case may be, whether or not they have given such consent, and on all future holders of those debt securities whether or not notation of such modification is made upon the debt securities. Any instrument given by or on behalf of any holder of a debt security in connection with any consent to or approval of any such modification will be conclusive and binding on all subsequent holders of that debt security.

The Republic may select, in its discretion, any modification method for a reserve matter modification in accordance with the Indenture and to designate which series of debt securities will be included for approval in the aggregate of modifications affecting two or more series of debt securities. Any selection of a modification method or designation of series to be included will be final for the purpose of that vote or consent solicitation.

For so long as any series of debt securities issued under the fiscal agency agreements, dated as of March 12, 2013 and December 16, 2013 between the Republic, The Bank of New York Mellon, as fiscal agent, The Bank of New York Mellon S.A./N.V., Luxembourg Branch, as registrar and paying agent in Luxembourg, and The Bank of New York Mellon, as principal paying agent and transfer agent (the "March FAA" and "December FAA," each, an "FAA") (the securities issued under the

FAAs, “FAA Debt Securities”) is outstanding, if the Republic certifies to the Trustee under the Indenture and to the fiscal agent or trustee under the relevant FAA that a cross-series modification is being sought simultaneously with a “FAA reserve matter modification,” the FAA Debt Securities affected by such FAA reserve matter modification shall be treated as “series affected by that proposed modification” as that phrase is used in the Indenture; *provided*, that if the Republic seeks a cross-series modification with single aggregated voting, in determining whether such modification will be considered uniformly applicable, the holders of any series of FAA Debt Securities affected by the FAA reserve matter modification shall be deemed “holders of debt securities of all series affected by that modification,” for the purpose of the uniformly applicable definition. It is the intention that in such circumstances, the votes of the holders of the affected FAA Debt Securities be counted for purposes of the voting thresholds specified in the Indenture for the applicable cross-series modification as though those FAA Debt Securities had been affected by that cross-series modification although the effectiveness of any modification, as it relates to the FAA Debt Securities, shall be governed exclusively by the terms and conditions of those FAA Debt Securities and by the applicable FAA; *provided, however*, that no such modification as to the debt securities will be effective unless such modification shall have also been adopted by the holders of the FAA Debt Securities pursuant to the amendment and modification provisions of such FAA Debt Securities.

“FAA reserve matter modification,” as used herein, means any modification to a reserve matter affecting the terms and conditions of one or more series of FAA Debt Securities, pursuant to the applicable FAA.

Before soliciting any consent or vote of any holder of the debt securities (including the Notes) for any change to a reserve matter, the Republic will provide the following information to the Trustee for distribution to the holders of debt securities of any series that would be affected by the proposed modification:

- a description of the Republic’s economic and financial circumstances that are in the Republic’s opinion relevant to the request for the proposed modification, a description of the Republic’s existing debts and description of its broad policy reform program and provisional macroeconomic outlook;
- if the Republic shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, (x) a description of any such arrangement or agreement and (y) where permitted under the information disclosure policies of the multilateral or other creditors, as applicable, a copy of the arrangement or agreement;
- a description of the Republic’s proposed treatment of external debt instruments that are not affected by the proposed modification and its intentions with respect to any other major creditor groups; and
- if the Republic is then seeking any reserve matter modification affecting any other series of debt securities, a description of that proposed modification.

For purposes of determining whether the required percentage of holders of the debt securities of a series has approved any amendment, modification or change to, or waiver of, the debt securities or the Indenture, or whether the required percentage of holders has delivered a notice of acceleration of the debt securities of that series, debt securities held by the Republic or any public sector instrumentality will be disregarded and deemed not to be outstanding and may not be counted in a vote or consent solicitation for or against a proposed modification, if on the record date for the proposed modification or other action or instruction under the Indenture, the debt security is held by the Republic or by a public sector instrumentality, except that (x) debt securities held by the Republic or any public sector instrumentality which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such debt securities and that the pledgee is not the Republic or a public sector instrumentality, and in case of a dispute concerning such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice and any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters or information which is in the possession of the Trustee, upon the certificate, statement or opinion of or representations by the Trustee; and (y) in determining whether the Trustee will be protected in relying upon any such action or instructions hereunder, or any notice from holders, only debt securities with respect to which a responsible officer of the Trustee has received written notice that such debt securities are so owned or controlled will be so disregarded.

As used in the preceding paragraph, “public sector instrumentality” means Banco Central de Honduras, any department, ministry or agency of the government of the Republic or of any departmental, municipal or autonomous state entity or organization or any company, enterprise, corporation, trust, financial institution or other entity controlled by the government of the Republic or any of the foregoing, and “control” means the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity.

Certain Amendments Not Requiring Holder Consent

The Republic and the Trustee may, without the vote or consent of any holder of Notes, modify the Indenture or the Notes for the purpose of:

- adding to the Republic's covenants for the benefit of the holders;
- surrendering any right or power conferred upon the Republic with respect to the Notes;
- securing the Notes;
- curing any ambiguity or curing, correcting or supplementing any defective provision in the Notes or the Indenture;
- amending the Notes or the Indenture in any manner which the Republic and the Trustee may determine and which does not materially adversely affect the interests of any holders of Notes; or
- correcting a manifest error of a formal, minor or technical nature.

Payments and Agents

Principal of, and interest on, the Notes will be payable by the Trustee to Noteholders. Payment of principal of the Notes (together with accrued interest) will only be made to the person in whose name such Note is registered (the "Noteholder") as of the close of business on the maturity date, following presentation and surrender of such Note at the office of any Paying Agent (as defined below), by U.S. dollar check drawn on, or by transfer to a U.S. dollar account maintained by the holder with, a bank located in New York City. Payment of interest on a Note will be made to the person in whose name such Note is registered at the close of business on the day (whether or not a Business Day) (the "Record Date") prior to the relevant due date for the payment of interest. Payment of such interest will be made directly to holders' DTC accounts or if notes are in physical form, upon application of the holder to the Registrar not later than the relevant Record Date, by transfer of immediately available funds to a U.S. dollar account maintained by the holder with a bank in New York City. If any day for payment of principal or interest in respect of any Note is not a Business Day, the holder shall not be entitled to payment, or to any interest or other sums, in respect of such postponed payment until the next Business Day following such day in such place.

All moneys paid by or on behalf of the Republic to the Paying Agent or any other paying agent for the payments of the principal of or interest on any Note which remain unclaimed at the end of two years after such principal or interest will have become due and payable will be repaid to the Republic (including all interest accrued, if any, with respect to any such amounts), and the holder of such Note will thereafter look only to the Republic for payment. Upon such repayment, all liability of the Paying Agent and any other paying agent with respect to the Note will cease, without, however, limiting in any way the obligation of the Republic in respect of the amount so repaid, subject to the provisions of "—Prescription."

Holders of beneficial interests in the Notes will be paid in accordance with the procedures of the relevant clearing system and its direct participants, if applicable. Neither the Republic nor the Trustee shall have any responsibility or liability for any aspect of the records of, or payments made by, the relevant clearing system or its nominee or direct participants, or any failure on the part of the relevant clearing system or its direct participants in making payments to holders of the Notes from the funds they receive.

As used herein, "Business Day" means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open, or not authorized to close, in New York City or the city of the Agent to which the Note is surrendered for payment.

The initial Agents and their initial specified offices are listed below. Any of the Agents may resign in accordance with the provisions of the Indenture, and the Republic reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents; provided that while the Notes are outstanding it will maintain (i) a Registrar and (ii) a Paying Agent and a Transfer Agent having a specified office in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require. Notice of any change in the Agents or their specified offices will promptly be given to the Noteholders as described in the Indenture.

The Republic has appointed the Trustee to initially serve as its Registrar, Paying Agent and Transfer Agent for the Notes.

Payments in respect of the Notes will be made in such coin or currency of the United States of America that is the legal tender for the payment of public and private debts at the time of payment.

Concerning the Trustee

The Indenture contains provisions relating to the obligations, rights, duties and protections of the Trustee, to the indemnification of the Trustee and the liability and responsibility, including limitations, for actions that the Trustee takes. The Trustee is entitled to enter into business transactions with the Republic or any of its affiliates without accounting for any profit resulting from such transactions.

Redemption, Purchase and Cancellation

Except as set forth under "—Optional Redemption" below, the Notes will not be redeemable prior to maturity at the option of the Republic or (except on acceleration following an Event of Default) the holders thereof. The Republic or any of its affiliates may at any time purchase the Notes at any price in the open market or otherwise. The Notes so purchased by the Republic may, at the Republic's discretion, be held, resold or surrendered to the Trustee for cancellation.

Optional Redemption

Prior to April 29, 2036 (the date that is three months prior to the Maturity Date) (the "Par Call Date"), the Republic may redeem the Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to, but excluding, the redemption date, and

(2) 100% of the principal amount of the Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to, but excluding, the redemption date.

On or after the Par Call Date, the Republic may redeem the Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest on the outstanding principal amount of the Notes to be redeemed to, but excluding, the redemption date.

"*Treasury Rate*" for purposes of the Notes means, with respect to any redemption date, the yield determined by the Republic in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Republic after 4:15 p.m. (New York City time) (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Republic shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Republic shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m. (New York City time) on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Republic shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Republic shall select from among these two or more United States Treasury securities the United

States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m. (New York City time). In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m. (New York City time) of such United States Treasury security and rounded to three decimal places.

General Provisions Relating to Redemption

The Republic's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

A notice of redemption will specify the redemption date for the Notes to be redeemed and may provide that it is subject to certain conditions that will be specified in the notice. If those conditions are not met, the redemption notice will be of no effect and we will not be obligated to redeem such bonds.

In the event that fewer than all of the Notes are to be redeemed at any time, selection of the Notes for redemption will be made in compliance with the applicable procedures of DTC.

Notice of any redemption will be mailed by first-class mail, postage prepaid, or delivered in accordance with the procedures of DTC, at least 10 but not more than 60 days before the redemption date to holders of the bonds to be redeemed at their respective registered addresses. For so long as the Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of such exchange so require, the Republic will also cause notices of redemption to be published as described under "—Notices." Notes, when called for redemption as specified herein, will become due on the date fixed for redemption. The Republic will pay the redemption price for the bonds to be redeemed together with any additional amounts and accrued and unpaid interest thereon to, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on such Notes as long as the Republic has deposited with the Trustee or a paying agent funds in satisfaction of the applicable redemption price pursuant to the Indenture.

Purchase and Cancellation

The Republic or any of its affiliates may at any time purchase the Notes at any price in the open market or otherwise. The Notes so purchased by the Republic may, at the Republic's discretion, be held, resold or surrendered to the Trustee for cancellation.

Additional Amounts

All payments by the Republic in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, fines, penalties, assessments, or other governmental charges of whatever nature (or interest on any future taxes, duties, fines, penalties, assessments, or other governmental charges of whatever nature) ("Taxes") imposed or levied by the Republic or any political subdivision or authority of the Republic having power to tax or any other jurisdiction through which payments on the Notes are made (each a "Relevant Jurisdiction"), unless the Republic is compelled by law to deduct or withhold such Taxes. In such event, the Republic will pay such additional amounts as may be necessary to ensure that the net amounts receivable by the holders of the Notes after the withholding or deduction will equal the payment which would have been receivable in respect of the Notes in the absence of such withholding or deduction ("Additional Amounts"); make such withholding; and make payment of the amount so withheld to the appropriate governmental authority (and promptly forward to each holder of a Note an official receipt (or certified copy) or other documentation evidencing such payment). No such Additional Amounts will, however, be payable in respect of:

(i) any Note held by or on behalf of a holder who is liable for Taxes with respect to the Notes by reason of such holder having some connection with the Relevant Jurisdiction otherwise than merely by the holding of such Note or by the receipt of principal or interest in respect of the Note or by the enforcement of rights with respect to the Notes;

(ii) any Note held by or on behalf of a holder who is liable for Taxes with respect to the Notes by reason of such holder's failure to comply with any reasonable certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with the Relevant Jurisdiction or any political subdivision or taxing authority of such jurisdiction (other than Honduras, where no such requirement exists) of such holder or the holder of any interest in such Note or rights in respect of the Note, if compliance is required by the Relevant Jurisdiction, or any political subdivision or taxing authority of such jurisdiction (other than Honduras, where no such requirement exists), as a precondition to exemption from such deduction or withholding; provided, however, that the limitations on the Republic's obligations to pay Additional Amounts set forth in this clause will not apply if (i) the Republic has not notified the holder in writing of such certification, identification, or other reporting requirement at least 30 days before the applicable payment date or (ii) such certification, identification, or other reporting requirement would be materially more onerous, in form, in procedure, or in substance of information disclosed by the relevant holders or beneficial owners than comparable information or other reporting requirements imposed under U.S. federal tax law, regulation and administrative practice (such as U.S. Internal Revenue Service Forms W-8BEN, W-BEN-E, W8IMY, W-8ECI or W-9 or other applicable or successor form); or

(iii) any Note held by or on behalf of a holder who is liable for Taxes with respect to the Notes by reason of the failure of such holder to present such holder's Note for payment (where such presentation is required) within 30 calendar days after the date on which such payment of the Note became due and payable or is duly provided for and notice of the date on which payment is due is given to the holder, whichever occurs later (except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting a Note for payment on the last day of such 30 day period).

Whenever the payment of the principal of, or interest on, or any amounts in respect of, a Note, are mentioned in any context, such mention will be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect of a Note, and express mention of the payment of Additional Amounts, if applicable, will not be construed as excluding Additional Amounts where such express mention is not made.

Currency Indemnity

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due under the Notes or a situation described above to the holder of a Note in one currency into another currency, the Republic and each holder will be deemed to have agreed that the exchange rate used will be that at which in accordance with normal banking procedures such holder could purchase the first currency with such other currency in the city which is the principal financial center of the country of issue of the first currency on the second business day preceding the day on which final judgment is given.

The obligation of the Republic in respect of any sum payable by it to the holder of a Note will, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of the Notes (the "Note Currency"), be discharged only to the extent that on the business day following receipt by such holder of the Note of any sum adjudged to be so due in the Judgment Currency, such holder of the Note may in accordance with normal banking procedures purchase the Note Currency with the Judgment Currency. If the amount of the Note Currency so purchased is less than the sum originally due to the holder of the Note in the Note Currency, the Republic will agree, as a separate obligation and notwithstanding any such judgment, to indemnify the holder of the Note against such loss, and if the amount of the Note Currency so purchased exceeds the sum originally due to the holder of the Note such holder will agree to remit to the Republic such excess, *provided* that such holder will have no obligation to remit any such excess as long as the Republic will have failed to pay such holder any obligations due and payable under the Note, in which case such excess may be applied to such obligations of the Republic under the Note in accordance with the terms of the Note.

Prescription

All claims against the Republic for payment of principal of or interest (including Additional Amounts, if any) on or in respect of the Notes will become void unless made within five years from the date on which such payment first became due.

Notices

The Republic will mail notices to holders of certificated securities at their registered addresses as reflected in the books and records of the Trustee. The Trustee will consider any mailed notice to have been given five business days after it has been sent. The Trustee will give notices to the holders of a global security in accordance with the procedures and practices of the depositary and such notices shall be deemed given upon actual receipt thereof by the depositary.

The Republic will also publish notices to the holders, and all notices to holders of Notes will be valid if (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require) published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in such other publication or city or cities as specified in the Indenture, including on the website of the Luxembourg Stock Exchange at http://www.bourse.lu. Any such notice shall be deemed to have been given (x) on the date of mailing, in the case of mailed notice, and (y) on the date of such publication or, if published more than once, on the first date on which publication is made, in the case of published notice.

Further Issues

From time to time, the Republic may, without the consent of holders of the Notes create and issue additional Notes with the same terms and conditions as the Notes (except the amount of the first interest payment, the issue date and the issue price), provided, however, that any additional Notes subsequently issued shall be fungible with the Notes for U.S. federal income tax purposes. Additional Notes issued in this manner will be consolidated with and will form a single series with the Notes.

Governing Law; Submission to Jurisdiction and Enforceability

The Indenture and the Notes will be governed by, and interpreted in accordance with, the laws of the State of New York except that all matters concerning authorization and execution by the Republic will be governed by the laws of the Republic.

The Republic will irrevocably submit to the non-exclusive jurisdiction of any New York state or U.S. federal court sitting in The City of New York, and any appellate court from any such courts, in any suit, action or proceeding arising out of or relating to the offering and sale of the Notes, or the Republic's failure, or alleged failure, to perform any obligations under the Notes (a "related proceeding," which term will exclude claims or causes of action arising under the U.S. federal and state securities laws) and the Republic will irrevocably agree that all claims in respect of any related proceeding may be heard and determined in any such New York state or U.S. federal court. The Republic will irrevocably waive, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any related proceeding, and any objection to any related proceeding, whether on the grounds of venue, residence or domicile. The Republic will agree that a final judgment in any related proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; provided that: (i) the judgment, which must be final in the jurisdiction where rendered, was issued by a competent court, (ii) the Republic was duly served; (iii) the Republic was given an opportunity to defend against the foreign action; (iv) the judgment must be valid in the jurisdiction where rendered and its authenticity must be established in accordance with principles of Honduran law; (v) the judgment does not violate the laws or public policy of the Republic of Honduras; and (vi) the judgment is not contrary to a prior or simultaneous judgment in a Honduran court.

The Republic will appoint the person for the time being acting as, or discharging the function of, Consul General of the Republic of Honduras in The City of New York (with an office at 255 W 36th St. #207, New York, NY, 10018) and agrees that for so long as any Note remains outstanding the person from time to time so acting, or discharging such functions, will be deemed to have been appointed as the Republic's Agent for service of process (the "Process Agent") to receive on behalf of the Republic and its property service of copies of any writs, summons and complaint and any other process which may be served in any related proceeding in any New York state or U.S. federal court sitting in The City of New York. However, the Republic has not consented to service in respect of any action, suit or proceeding brought against it under U.S. federal or any state securities laws. The Republic will agree that such service may be made by U.S. registered mail or by delivering by hand a copy of such process to the Republic in care of the Process Agent at the address specified above for the Process Agent (and the Republic will agree that such service will be effective upon the receipt of such process at the office of the Process Agent), and the Republic will authorize and direct the Process Agent to accept on its behalf such service. The Republic will agree that failure of the Process Agent to give notice to the Republic, or failure of the Republic to receive notice, of such service of process will not affect in any way the validity of such service or any judgment based thereon. The Republic will agree that it will take any and all reasonable actions that may be necessary to continue the designation of the Process Agent in full force and effect, and to cause the Process Agent to continue to act as such. In addition, the Republic will agree that none of its agreements described in this paragraph or the preceding paragraph will affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any suit, action or proceeding against any other party or its property in the courts of other jurisdictions.

To the extent that the Republic or any of its revenues, assets or properties, has or from this date forward may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its revenues, assets or properties, the Republic has, to the fullest extent permitted under the U.S. Foreign Sovereign Immunities Act of 1976, as amended, irrevocably waived such immunity in respect of any action or proceeding arising out of, or related to, the offering and sale of the Notes or the Republic's failure, or alleged failure, to perform any obligations under the Notes or the Indenture. This waiver covers the Republic's sovereign immunity and immunity from prejudgment attachment, post-judgment attachment and attachment in aid of execution; provided that, under the laws of the Republic, the revenues, assets, and property of the Republic within Honduras are exempt from attachment or other form of execution, whether before or after judgment. For the avoidance of doubt, the waiver of immunity set forth herein shall not apply to any immunity in respect of the following property or assets of the Republic: (i) property or assets of, or held in the name of, any diplomatic mission, consular post, or permanent mission of the Republic; (ii) property or assets of a military character or under the control of a military authority or defense agency of the Republic; or (iii) funds, reserves, bank accounts, or other property or assets of the central bank or central monetary authority of the Republic.

Certain Definitions

Set forth below is a summary of certain defined terms used herein and in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"External" means, with reference to any Indebtedness, any Indebtedness that is issued under an instrument subject to, or under the laws of, a jurisdiction other than the Republic.

"Indebtedness" means a person's actual or contingent, present or future, payment or repayment obligations for borrowed money, together with such person's actual or contingent liabilities under guarantee or similar arrangements to secure the payment of any other party's obligations for borrowed money.

"Lien" means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement having the practical effect of constituting a security interest, whether in effect on the date of the Indenture or at any time thereafter, including, without limitation, any equivalent claim or interest created or arising under the laws of the Republic of Honduras.

"Public External Indebtedness" means any External Indebtedness that is in the form of, or represented by, bonds, notes or other securities that are or may be quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system or over- the-counter or other securities market.

"Person" or "party" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, including the Republic, whether or not having a separate legal personality.

BOOK-ENTRY SETTLEMENT AND CLEARANCE

Global Notes

The Notes will initially be issued in the form of registered Global Notes. Upon issuance, the Global Notes will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC (which we refer to in this offering circular as the "DTC participants") or persons who hold interests through DTC participants. The Republic expects that under procedures established by DTC:

- upon deposit of the Global Notes with DTC's custodian, DTC will credit portions of the principal amount of such Global Notes to the accounts of the DTC participants designated by the Initial Purchasers; and
- ownership of beneficial interests in the Global Notes will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Notes).

Investors may hold their interests in the Global Notes directly through Euroclear or Clearstream Banking, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Each of Euroclear and Clearstream Banking will appoint a DTC participant to act as its depositary for the interests in the Global Notes that are held within DTC for the account of each of these settlement systems on behalf of its respective participants.

Euroclear and Clearstream Banking will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream Banking on the books of their respective depositaries, which in turn will hold positions in customers' securities accounts in the depositaries' names on the books of DTC.

Beneficial interests in the Global Notes may not be exchanged for Notes in certificated definitive form except in the limited circumstances described below.

The Global Notes and beneficial interests therein will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges Between the Global Notes

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. The Trustee may require the transferor to provide certain written certifications in the form provided in the Indenture.

Any beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream Banking. The Republic provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Republic nor the Initial Purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the U.S. Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchaser; banks and trust companies; clearing corporations; and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies;

these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest in the Notes).

Payments of principal and interest with respect to the Notes represented by a Global Note will be made by the Trustee to DTC's nominee as the registered holder of the Global Note. Neither the Republic nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream Banking will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and participants in Euroclear or Clearstream Banking, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream Banking. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream Banking account, an investor must send transfer instructions to Euroclear or Clearstream Banking, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream Banking, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream Banking participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream Banking.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream Banking immediately following the DTC settlement date. Cash received in Euroclear or Clearstream Banking from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream Banking cash account as of the business day for Euroclear or Clearstream Banking following the DTC settlement date.

DTC, Euroclear and Clearstream Banking have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither the Republic nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream Banking or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies the Republic at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the U.S. Securities Exchange Act of 1934 and a successor depositary is not appointed within 90 days;
- holders of beneficial interests in the Notes representing not less than a majority of the aggregate principal amount of the Notes outstanding advise the Trustee, through the depositary, in writing, that the continuation of the book-entry system through the depositary (or a successor thereof) with respect to the Notes is no longer in such holders' best interests; or
- the Republic, at its option, determines to terminate the book-entry system through the depositary.

TRANSFER RESTRICTIONS

The Notes are subject to the following restrictions on transfer. By purchasing Notes, you will be deemed to have made the following acknowledgments, representations to and agreements with the Republic and the Initial Purchasers:

(1) You acknowledge that:

- the Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
- unless so registered, the Notes may not be offered, sold or otherwise transferred except under a transaction exempt from, or not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in, as applicable, paragraph (4) or (5) below.

(2) You represent that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the Initial Purchasers are selling the Notes to you in reliance upon Rule 144A; or
- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither the Republic nor the Initial Purchasers nor any person representing the Republic or the Initial Purchasers has made any representation to you with respect to the Republic or the offering of the Notes, other than the information contained in this Offering Circular. You agree that you have had access to such information concerning the Republic and the Notes as you have deemed necessary in connection with your decision to purchase Notes, including an opportunity to ask questions of and request information from the Republic.

(4) If you are purchasing Notes in reliance upon Rule 144A, you represent that you are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from the registration requirements of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the resale restriction period (as defined below), the Notes may be offered, sold, pledged or otherwise transferred only:

(a) to the Republic or an affiliate of the Republic;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale under Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom it has given notice that the offer, sale, pledge or other transfer is being made in reliance on Rule 144A; or

(d) through offers and sales that occur outside the United States of America within the meaning of Regulation S. You also acknowledge that each Note will bear a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES LAW OF ANY STATE IN THE UNITED STATES OF AMERICA, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED BY THE FOLLOWING SENTENCES. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE EXCEPT (i) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS

DEFINED IN RULE 144A) PURCHASING FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE SELLER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A; OR (ii) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER."

(5) If you are purchasing Notes in reliance upon Regulation S, you represent that you are purchasing Notes for your account, or for one or more investors accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act. You agree, on your behalf and on behalf of any investor account for which you are purchasing Notes, that each Regulation S Global Note will bear a legend substantially to the following effect:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTION."

(6) You acknowledge that the Republic, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have been made by your purchase of Notes is no longer accurate, you will promptly notify the Republic and the Initial Purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

Because of the foregoing transfer restrictions, purchasers of Notes are advised to consult their respective legal advisors prior to making any offer, resale, pledge or other transfer of Notes.

TAXATION

Honduras Taxation

Under current Honduran law, payments of principal and interest on the debt securities, and capital gains derived from the sale or other disposition of such securities in primary or secondary markets, are currently exempt from all taxes, duties, charges, fees, levies, contributions or other similar governmental or municipal assessments in Honduras, pursuant to Article 176 of the General Budget Law and its related provisions for fiscal year 2026 (the "2026 Budgetary Dispositions"), provided that the holder of the debt securities is not a Honduran resident and is not domiciled in Honduras. Although the General Budget Law is enacted on an annual basis, Honduras expects that the foregoing tax exemption will remain applicable throughout the life of the debt securities and will not require renewal under future annual budget laws. This expectation is based on the fact that the debt securities are being issued pursuant to the authorization granted under Article 176 of 2026 Budgetary Dispositions, and that the terms and conditions governing the debt securities and the related agreements entered into under such authorization, contemplate the continued application of the tax treatment described herein for the duration of the obligations evidenced by the debt securities.

Accordingly, payments of principal and interest on the debt securities are not subject to Honduran income or withholding tax when made to non-resident holders. In addition, any gain realized by such holders upon the sale or other disposition of the debt securities will not be subject to Honduran income or withholding tax. Furthermore, transfers of the debt securities will not be subject to Honduran transfer, inheritance, gift or succession taxes applicable to the debt securities provided that the relevant holder or recipient of the debt securities is not a Honduran resident and is not domiciled in Honduras.

United States Federal Income Taxation

Generally

The following summary describes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes acquired at the issue price pursuant to this offering. This summary is based on the provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder by the U.S. Department of the Treasury (the "Treasury Regulations"), and rulings and judicial decisions interpreting the Code, each as in effect as of the date of this Offering Circular. All of these authorities may be repealed, revoked or modified at any time, possibly with retroactive effect. No assurances can be given that any changes in these authorities will not affect the accuracy of the discussions set forth in this summary. The Republic has not sought any ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in this summary, and there can be no assurance that the IRS or the courts will agree with all of such statements and conclusions.

This summary addresses only beneficial owners that hold a Note as a capital asset for U.S. federal income tax purposes (generally, property held for investment). This summary does not purport to discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of that investor's individual circumstances, such as investors whose functional currency for U.S. federal income tax purposes is not the U.S. dollar or certain types of investors subject to special tax rules (*e.g.*, financial institutions, insurance companies, dealers in securities or currencies, certain securities traders, banks, regulated investment companies, real estate investment trusts, persons subject to special tax accounting rules under Section 451(b) of the Code, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes, persons holding the Notes through partnerships or other pass-through entities, pension plans, tax-exempt organizations and investors holding Notes as a position in a "straddle," "conversion transaction" or "constructive sale" transaction). Moreover, this summary does not discuss the U.S. federal income tax considerations applicable to holders that tender their 6.250% Notes due 2027 in the concurrent Tender Offer. In addition, this summary does not discuss the U.S. federal estate and gift tax, alternative minimum tax consequences or any non-U.S., U.S. state, or U.S. local tax considerations.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the Notes, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Holders of Notes that are partnerships and partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of Notes.

The Republic expects, and the remainder of this summary assumes, that the Notes will be issued with less than a *de minimis* amount of "original issue discount" for U.S. federal income tax purposes.

This summary is for general informational purposes only. Prospective purchasers of Notes should consult their own tax advisors concerning the U.S. federal income tax consequences of the purchase, ownership and disposition of Notes in light of their particular circumstances, as well as the effect of any relevant U.S. state, U.S. local, non-U.S. or other tax laws.

Deemed Taxable Exchange

A change made to the terms of the Notes pursuant to the "collective action clauses" may give rise to a deemed taxable exchange of the Notes for U.S. federal income tax purposes upon which gain or loss is realized if the modified Note differs materially either in kind or extent from the original Note (a "Significant Modification"). Such gain or loss would generally be measured by the difference between the fair market value of the Note after the Significant Modification and the holder's tax basis in such Note before the Significant Modification. A modification of a Note that is not a Significant Modification does not create a deemed exchange for U.S. federal income tax purposes. Under applicable Treasury Regulations, the modification of a Note is a Significant Modification if, based on all of the facts and circumstances and taking into account all modifications of the Note collectively (other than modifications that are subject to special rules), the legal rights or obligations that are altered and the degree to which they are altered are "economically significant." The applicable Treasury Regulations also provide specific rules to determine whether certain modifications, such as a change in the timing of payments, are significant. See the discussion under "Description of the Notes—Collective Action Securities, Modifications, Amendments and Waivers" for more information about potential amendments of certain key terms of the Notes.

U.S. Holders

The following discussion applies to you if you are a U.S. Holder. As used herein, a "U.S. Holder" means a beneficial owner of a Note who or that is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax without regard to its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons," as defined for U.S. federal income tax purposes (a "U.S. Person"), have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and has in effect a valid election to be treated as a U.S. Person.

If you are not a U.S. Holder, this discussion does not apply to you and you should refer to "—Non-U.S. Holders" below.

Payments of Interest and Additional Amounts. Payments or accruals of stated interest on a Note generally will be taxable to a U.S. Holder as ordinary income at the time they are received or accrued, depending on the U.S. Holder's regular method of tax accounting. In addition to interest on a Note, a U.S. Holder will be required to include tax withheld, if any, from the interest payment as ordinary income, even though such U.S. Holder did not in fact receive it, and any Additional Amounts paid in respect of such tax withheld.

Interest (and any Additional Amounts) on the Notes will constitute income from sources outside the United States. Under the U.S. "foreign tax credit" rules, that interest generally will, depending on a U.S. Holder's circumstances, be classified as "passive" or another category of income, which may be relevant in computing the U.S. "foreign tax credit" allowable to a U.S. Holder under the U.S. federal income tax laws.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of a Note. A U.S. Holder generally will recognize gain or loss upon the sale, exchange, retirement, redemption or other taxable disposition of a Note in an amount equal to the difference between the amount realized upon that sale, exchange, retirement, redemption or other taxable disposition (other than amounts representing accrued and unpaid interest not previously included in income, which will be taxed as ordinary interest income) and the U.S. Holder's adjusted tax basis in the Note. The "amount realized" is generally the sum of cash plus the fair market value of any property received upon the sale, exchange, retirement, redemption or other taxable disposition of a Note. A U.S. Holder's "adjusted tax basis" in a Note generally will equal the U.S. Holder's initial investment in the Note. Such gain or loss generally will be capital gain or loss, and will be long-term gain or loss if the Note was held for more than one year at the time of its sale or disposition. Net long-term capital gains of non-corporate U.S. Holders may be taxed at lower rates than items of ordinary income. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Any capital gain or loss recognized on the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be treated as income or loss from sources within the United States for U.S. "foreign tax credit" limitation purposes.

Medicare Tax. A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% Medicare tax on the lesser of (i) the U.S. Holder's "net investment income" (or, in the case of an estate or trust, the "undistributed net investment income") for the relevant taxable year and (ii) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between U.S.$125,000 and U.S.$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income generally includes its interest income and its net gains from the disposition of a Note, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders should consult their own tax advisors regarding the applicability of the Medicare tax to the income and gain in respect of their investment in the Notes.

Information with Respect to Foreign Financial Assets. Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year, or U.S.$75,000 at any time during the taxable year may be required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on the U.S. Holder's circumstances, higher threshold amounts may apply. "Specified foreign financial assets" include any financial accounts maintained by non-U.S. financial institutions, as well as securities held for investment and issued by non-U.S. Persons (which may include Notes issued in certificated form) that are not held in accounts maintained by financial institutions. Failure to file information reports may subject U.S. Holders to penalties. In addition, the statute of limitations for assessment of tax would be suspended in whole or in part. U.S. Holders should consult their own tax advisors regarding their obligation to file information reports with respect to the Notes.

Non-U.S. Holders

The following discussion applies to you if you are a beneficial owner of a Note and are not a partnership for U.S. federal income tax purposes or a U.S. Holder as defined above (a "Non-U.S. Holder").

Payments of Interest and Additional Amounts. Subject to the discussion below of backup withholding, payments of interest and any Additional Amounts on the Notes generally will not be subject to U.S. federal income tax, including withholding tax, if paid to a Non-U.S. Holder, unless the interest is "effectively connected" with such Non-U.S. Holder's conduct of a trade or business within the United States (and in addition, if such Non-U.S. Holder is claiming benefits under an applicable income tax treaty, the interest is attributable to a permanent establishment or fixed base (in each case, within the meaning of such treaty) maintained by such Non-U.S. Holder within the United States). In that case, the Non-U.S. Holder generally will be subject to U.S. federal income tax in respect of such interest in the same manner as a U.S. Holder, as described above (unless the interest is excluded under an applicable tax treaty). A Non-U.S. Holder that is classified as a corporation for U.S. federal income tax purposes may, in certain circumstances, also be subject to an additional U.S. "branch profits tax" in respect of any such "effectively connected" interest income.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of a Note. Subject to the discussion below of backup withholding, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, exchange, retirement, redemption or other taxable disposition of a Note unless: (1) the gain is "effectively connected" with the conduct by such Non-U.S. Holder of a trade or business within the United States (and in addition, if such Non-U.S. Holder is claiming benefits under an applicable income tax treaty, the gain is attributable to a permanent establishment or fixed base (in each case, within the meaning of such treaty) maintained by such Non-U.S. Holder in the United States), or (2) such Non-U.S. Holder is a nonresident alien individual, who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Non-U.S. Holders who are described under (1) above generally will be subject to U.S. federal income tax on such gain in the same manner as a U.S. Holder and, if the Non-U.S. Holder is classified as a corporation for U.S. federal income tax purposes, such Non-U.S. Holder may also be subject to the U.S. "branch profits tax" as described above under "—Payments of Interest and Additional Amounts." Non-U.S. Holders described under (2) above generally will be subject to a 30% U.S. federal tax on the gain derived from the sale, exchange, retirement, redemption or other taxable disposition of a Note, which may be offset by certain U.S.-source capital losses (notwithstanding the fact that such Non-U.S. Holder is not considered a U.S. resident for U.S. federal income tax purposes). Any amount attributable to accrued but unpaid interest on the Notes generally will be treated in the same manner as payments of interest, as described above under "—Payments of Interest and Additional Amounts."

Backup Withholding and Information Reporting. If you are a U.S. Holder, and unless you prove that you are exempt, information reporting requirements generally will apply to payments of principal and interest and any Additional Amounts on the Notes made to you if such payments are made within the United States. Such payments will be considered made within the United States if they are transferred to an account maintained in the United States or mailed to a United States address, and the amount is paid by or through a custodian or nominee that is a "U.S. Controlled Person," as defined below. Backup withholding will apply to such payments if (i) you fail to provide an accurate taxpayer identification number, (ii) in the case of interest payments, you fail to certify that you are not subject to backup withholding, (iii) you are notified by the IRS that you have failed to report all interest and dividends required to be shown on your U.S. federal income tax returns, or (iv) you fail to demonstrate your eligibility for an exemption.

If you are a Non-U.S. Holder, you generally are exempt from these backup withholding and information reporting requirements, but you may be required to comply with certification and identification procedures in order to prove your eligibility for exemption. The payment of proceeds of a sale or redemption of the Notes effected at the U.S. office of a broker generally will be subject to the information reporting and backup withholding rules. In addition, the information reporting rules will apply to payments of proceeds of a sale or redemption effected at a non-U.S. office of a broker that is a "U.S. Controlled Person," as defined below, unless the broker has documentary evidence that the holder or beneficial owner is not a U.S. Person (and has no actual knowledge or reason to know to the contrary) or the holder or beneficial owner otherwise establishes an exemption. The backup withholding rules will apply to such payments if the broker has actual knowledge that you are a U.S. Person.

As used herein, the term "U.S. Controlled Person" means a broker that is, for U.S. federal income tax purposes:

- a U.S. Person;
- a "controlled foreign corporation" for U.S. federal income tax purposes;
- a non-U.S. Person 50% or more of whose gross income is "effectively connected" with the conduct of a U.S. trade or business for a specified three-year period; or
- a non-U.S. partnership in which U.S. Persons hold, at any time during the non-U.S. partnership's tax year, more than 50% of the income or capital interests or which is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a holder of a Note generally will be allowed as a refund or a credit against such holder's U.S. federal income tax liability as long as such holder provides the required information to the IRS in a timely manner.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. and Santander US Capital Markets LLC are acting as Initial Purchasers of the offering and as the Initial Purchasers named below. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Circular, each initial purchaser named below has severally, and not jointly, agreed to purchase, and the Republic has agreed to sell to that initial purchaser, the principal amount of the Notes set forth opposite such initial purchaser's name.

Initial Purchaser	Principal Amount of Notes
Citigroup Global Markets Inc. ……………..………..	U.S.$407,835,000
Santander US Capital Markets LLC ……………..…	U.S.$407,835,000
Total ….…………………...…………………...…	U.S.$815,670,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Circular within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their respective affiliates.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

The Notes will constitute a new class of securities with no established trading market. The Republic cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. Application will be made to list the Notes on the Luxembourg Stock Exchange and to have the Notes trade on the Euro MTF Market. However, the Republic cannot assure you that the application will be approved. The Initial Purchasers have advised the Republic that they intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, the Republic cannot assure you as to the liquidity of, or the trading market for, the Notes.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases:

- Short sales involve secondary market sales by the Initial Purchasers of a greater number of Notes than they are required to purchase in the offering.
- Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase Notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchasers for their own account, may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

Honduras has announced its concurrent tender offer to purchase for cash its 6.250% Notes due 2027 (the "Tender Offer"), subject to the terms and conditions of the Tender Offer. This Offering Circular does not constitute a solicitation of an offer to sell any securities of Honduras in the Tender Offer. Citigroup Global Markets Inc. and Santander US Capital Markets LLC are acting as dealer managers in connection with the Tender Offer.

The Initial Purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Republic from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Republic in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In addition, in the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Republic or its affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Republic routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Republic's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Citigroup Global Markets Inc. and Santander US Capital Markets LLC are acting as dealer managers under the Tender Offer on the terms and subject to the conditions set forth in the Offer to Purchase, dated July 14, 2026 and are expected to receive customary fees for their services. Additionally, Citigroup Global Markets Inc., Santander US Capital Markets LLC and/or their affiliates may hold positions in the notes that are subject to the Tender Offer and to the extent they tender such notes in the Tender Offer, they or their affiliates may receive a portion of the proceeds from this offering in payment thereof.

The Republic has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this Offering Circular, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in one business day unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes prior to the first business day before delivery of the Notes hereunder will be required, by virtue of the fact that the notes will initially settle in T+5, to specify an alternative settlement cycle at the time of such trade to prevent failed settlement.

Sales outside the United States

Notice to Prospective Investors in Brazil

The offer and sale of the Notes have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or "CVM") and therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No. 160, dated 13 July 2022, as amended ("CVM Resolution 160") or unauthorized distribution under Brazilian laws and regulations. The Notes will be authorized for trading on organized non-Brazilian securities markets and may only be offered to Brazilian professional investors (as defined by applicable CVM regulation), who may only acquire the Notes through a non- Brazilian account, with settlement outside Brazil in non-Brazilian currency. The trading of these Notes on regulated securities markets in Brazil is prohibited.

Notice to Prospective Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Financial Market Commission (*Comisión para el Mercado Financiero* (the "CMF")), the Notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule No. 336 (which are further described in Rule No. 216, dated June 12, 2008, of the CMF).

Rule No. 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: July 14, 2026. The offer of the Notes is subject to Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the CMF;

2. The Notes and this offering memorandum are not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the CMF and as such are not subject to the oversight of the CMF;

3. Since the Notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the Notes in Chile; and

4. The Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the CMF.

Notice to Prospective Investors in Colombia

The Notes have not been and will not be registered on the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) or in the Colombian Stock Exchange. Therefore, the Notes may not be publicly offered in Colombia. This material is for your sole and exclusive use as a determined entity, including any of your shareholders, administrators or employees, as applicable. You acknowledge the Colombian laws and regulations (specifically foreign exchange and tax regulations) applicable to any transaction or investment consummated pursuant hereto and represent that you are the sole liable party for full compliance with any such laws and regulations.

Notice to Prospective Investors in the United Kingdom

This Offering Circular is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes. This Offering Circular has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Public Offers and Admissions to Trading Regulations 2024 from the requirement to produce a prospectus for offers of the Notes.

Accordingly, any person making or intending to make any offer within the United Kingdom (the "UK") of the Notes, which are the subject of the placement contemplated in this Offering Circular, should only do so in circumstances in which no obligation arises for the Republic or any of the Initial Purchasers to publish a prospectus for such offer. Neither the Republic nor the Initial Purchasers have authorized, nor does the Republic or they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Circular. For purposes of this provision, the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. The Republic has not authorized and does not authorize the making of any offer of the Notes through any financial intermediary on its behalf, other than offers made by the Initial Purchasers with a view to the final placement of the Notes as contemplated in this Offering Circular. Accordingly, no purchaser of the Notes, other than the Initial Purchasers, is authorized to make any further offer of the Notes on behalf of the Republic or the Initial Purchasers.

Each Initial Purchaser has represented and agreed that: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the Financial Services And Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Republic and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Prohibition of Sales to UK retail investors

The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is neither: (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of English law by virtue of the EUWA; nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook ("DISC") for offering, selling, or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling, or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

In the UK, this Offering Circular and any other material in relation to the Notes described herein are being distributed only to, and are directed only at, persons who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as "Relevant Persons." In the UK, the Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged in only with, Relevant Persons. This Offering Circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Offering Circular or its contents.

Notice to Prospective Investors in Hong Kong

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Notes has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "FIEL") and the Initial Purchasers have agreed that they have not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Luxembourg

The Offering Circular has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier* or the "CSSF"), or a competent authority of another EU Member State for notification to the CSSF, for the purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither the Offering Circular, the indenture nor any other circular, prospectus, form of application, advertisement or other material related to such offer may be distributed, or otherwise be made available in or from, or published in, Luxembourg except in circumstances which do not constitute an offer of securities to the public requiring the publication of a prospectus in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "Luxembourg Prospectus Act"), and implementing the Prospectus Directive. Consequently, the Offering Circular and any other offering circular, prospectus, form of application, advertisement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Luxembourg Prospectus Act, (ii) to fewer than 150 prospective investors, which are not qualified investors and/or (iii) in any other circumstance contemplated by the Luxembourg Prospectus Act.

Notice to Prospective Investors in Mexico

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission *(Comisión Nacional Bancaria y de Valores* or the "CNBV"), and therefore may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except that the Notes may be offered pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in the Offering Circular is exclusively the responsibility of the Issuer and has not been reviewed or authorized by the CNBV. The acquisition of the Notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

Notice to Prospective Investors in Panama

The Notes have not been, and will not be, registered for public offering in Panama with the Panamanian Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*, previously the National Securities Commission of Panama) under Decree-Law 1 of July 8, 1999, as reformed by Law 67 of 2011 (the "Panamanian Securities Act"). Accordingly, the Notes may not be offered or sold in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The Notes do not benefit from tax incentives accorded by the Panamanian Securities Act, and are not subject to regulation or supervision by the Panamanian Superintendency of the Securities Market as long as the Notes are offered to no more than 25 persons domiciled in Panama and result in the sale to no more than 10 of such persons.

Notice to Prospective Investors in Peru

The Notes and the information contained in the Offering Circular are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Issuer of the Notes or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in the Offering Circular have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*, or "SMV") nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Notice to Prospective Investors in Singapore

The Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notice to Prospective Investors in Switzerland

The Offering Circular does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, the Offering Circular may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the Initial Purchasers from time to time.

Notice to Prospective Investors in Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

VALIDITY OF THE NOTES

The validity of the Notes will be passed upon on behalf of the Republic by the Procurador General de la República (the "Attorney General"), by García & Bódan, counsel to the Republic, and by Arnold & Porter Kaye Scholer LLP, U.S. counsel to the Republic. The validity of the Notes will be passed upon on behalf of the Initial Purchasers by BLP Honduras Abogados, S.A., Honduran counsel to the Initial Purchasers, and by Allen Overy Shearman Sterling US LLP counsel to the Initial Purchasers. As to all matters of Honduran law, Arnold & Porter Kaye Scholer LLP will rely on the opinion of the Attorney General and García & Bódan, and Allen Overy Shearman Sterling US LLP will rely upon the opinion of BLP Honduras Abogados, S.A.

GENERAL INFORMATION

1. The Global Notes will be accepted for clearance through DTC. The common codes for the Regulation S Global Note and the Rule 144A Global Note are 345625682 and 345620206, respectively, the International Securities Identification Numbers for the Regulation S Global Note and the Rule 144A Global Note are USP5178RAF57 and US438180AL58, respectively, and the Committee on Uniform Security Identification Procedures numbers for the Regulation S Global Note and the Rule 144A Global Note are P5178RAF5 and 438180AL5, respectively.

2. The Republic has obtained all necessary consents, approvals and authorizations in the Republic of Honduras in connection with the issue and performance of the Notes. The issue of the Notes is authorized under Articles 36, 174, 175 and 248 of Legislative Decree No. 62-2026 of the Republic's National Congress, published in *El Diario Oficial La Gaceta* No. 37,124 on April 23, 2026.

3. As of July 14, 2026, the Republic is involved in the following material litigation, arbitration proceedings and disputes:

- On October 30, 2018, Inversiones Continental (Panama), S.A initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Free Trade Agreement between Central America and Panama of 2002. The dispute relates to certain banking and financial services, with claimed damages of U.S.$800,000,000. The arbitral tribunal was constituted on January 14, 2021. Both parties have filed memorials, replies and rejoinders on the merits of the case, and the tribunal held a hearing on the merits between August 4 and August 7, 2025. The tribunal has yet to issue a decision or award, but one or the other is expected in late 2026.

- On February 3, 2023, an arbitration proceeding was initiated at ICSID by Honduras Prospera Inc., St. John's Bay Development Company LLC, and Prospera Arbitration Center LLC against the Republic of Honduras pursuant to the DR-CAFTA, relating to an alleged investment in one of Honduras' Employment and Economic Development Zones (*Zonas de Empleo y Desarollo Economico*, or "ZEDEs"). The claimants initially claimed damages of U.S.$10,775,000,000, but in the memorial submitted to the tribunal on October 15, 2025, lowered their damages claim to U.S.$1,630,000,000 for damage to their investments and U.S.$1 million for moral damages. On June 24, 2026, Honduras filed its memorial on the merits and jurisdiction, alleging, *inter alia*, that the claimants' damages were speculative, unforeseeable and exaggerated. An in-person visit to the Prospera ZEDE in Roatan is currently planned for October 2026 to help provide context to the case.

  - The ZEDEs were established through Legislative Decree No. 120-2013 on September 6, 2013 as special territorial public entities with administrative autonomy exceeding that of municipalities, empowering them to establish their own regulatory hierarchy, create independent judicial bodies, and enter into contracts without the Executive Branch's approval. The purpose of the ZEDEs was to stimulate national socioeconomic development through enclaves possessing regulatory, fiscal, and administrative autonomy, designed to attract domestic and foreign investment, generate mass employment, and foster technology transfer. To this end, each ZEDE could draft its own economic and governance regulations and offer tax incentives. On September 20, 2024, the Supreme Court of Justice, in response to a challenge regarding the constitutionality of the ZEDEs law – specifically the substantive content of Article 34 of Decree 120-2013 – upheld the challenge and, *sua sponte*, extended the ruling's effects to declare the entire ZEDE legal regime unconstitutional retroactively. This ruling effectively annulled every act or legal condition derived from the ZEDEs, including the legal personality of the ZEDEs, their institutions, internal authorities, statutes, judicial bodies, special tax regimes, executed contracts, and any other self-governance mechanism established under the ZEDEs regime.

- On February 13, 2023, JLL Capital, S.A.P.I. de C.V., initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Free Trade Agreement between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and México. JLL Capital is a Mexican company that controls CA Capital, a Honduran company authorized to act as a non-bank lender. The claimant alleges that Honduras blocked its operations starting in 2018 and illegally seized its subsidiary, CA Capital, with claimed damages of U.S.$460,000,000. On February 10, 2025, Honduras filed a memorial on preliminary objections and objections to jurisdiction, and on May 12, 2025, the claimant filed its counter-memorial on preliminary objections. The tribunal held a hearing on jurisdiction between November 19 and November 21, 2025, after which it posed certain questions to the parties. The tribunal has yet to rule on jurisdictional questions, but a decision on jurisdiction may come by August 2026 (which would be six months after the last submission).

- On April 12, 2023, Autopistas del Atlántico, S.A. de C.V. initiated an arbitration proceeding at ICSID against the Republic of Honduras, claiming damages now quantified at U.S.$179,370,039.11. The dispute relates to an agreement for highway construction. The arbitral tribunal was constituted on June 15, 2023. Both parties have filed memorials on the merits. The parties are preparing for a hearing on the merits, expected to take place in September 2026.

- On April 21, 2023, Norfund and KLP Norfund Investments A.S. initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Honduran Investment Law of 2011. The dispute involved a power generation project with ENEE, with claimed damages of U.S.$200,000,000. The proceeding was suspended from December 7, 2023 until July 16, 2025. Pursuant to an agreement between the parties, ENEE agreed to lower rates, renegotiate its agreement with the claimants, and pay debt owed to the claimants. In October 2025, the parties agreed to discontinue the proceeding pursuant to ICSID Arbitration Rule 55.

- On April 21, 2023, Scatec A.S.A initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Honduran Investment Law of 2011. The dispute related to a power generation project with ENEE, with claimed damages of U.S.$200,000,000. The proceeding was suspended from December 7, 2023 until July 16, 2025. Pursuant to an agreement between the parties, ENEE agreed to lower rates, renegotiate its agreement with the claimant, and pay debt owed to the claimant. In October 2025, the parties agreed to discontinue the proceeding pursuant to ICSID Arbitration Rule 55.

- On May 23, 2023, Juan Carlos Arguello and Ernesto Arguello initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the DR-CAFTA. The dispute relates to certain residential construction projects, which the claimants allege Honduras expropriated, with claimed damages of U.S.$100,000,000. The arbitral tribunal was constituted on September 18, 2024. Both parties have filed memorials on the merits of the case. The case is currently in the document production phase.

- On August 30, 2023, Inversiones y Desarrollos Energéticos, S.A. de C.V. initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Free Trade Agreement between Central America and Panama. The dispute relates to a renewable power generation project, with claimed damages of U.S.$250.1 million. The arbitral tribunal was constituted on May 20, 2024. Both parties filed memorials on the merits and on objections to jurisdiction. Between November 11 and November 14, 2025, the arbitral tribunal held a hearing on jurisdiction and on the merits. On March 20, 2026, both parties filed post-hearing briefs. The tribunal has yet to issue a decision or an award.

- On September 13, 2023, Fernando Paiz Andrade and Anabella Schloesser de León de Paiz initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the DR-CAFTA. The dispute relates to a renewable power generation project, with claimed damages of U.S.$160,000,000. The arbitral tribunal was constituted on May 13, 2024. On September 20, 2024, the claimant submitted a memorial on the merits of the case. On October 22, 2024, Honduras filed a request to address objections to jurisdiction as a preliminary question. The parties filed memorials on objections to jurisdiction. Between September 17 and September 19, 2025, the tribunal held a hearing on jurisdiction. The tribunal has yet to issue its decision on jurisdiction.

- On July 2, 2024, Eléctricas de Medellín Ingeniería y Servicios S.A.S., the parent company of Empresa Energia Honduras ("EEH"), initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Free Trade Agreement between the Republic of Colombia and the Republics of El Salvador, Guatemala and Honduras. The dispute relates to a renewable power generation project, for which EEH was given a concession, with initial claimed damages of U.S.$700,000,000, which were later raised to U.S.$2,008,295,126. The arbitral tribunal was constituted on December 5, 2024. Honduras filed a memorial on objections to jurisdiction on October 10, 2025. A hearing on jurisdiction is expected in late July 2026.

- On August 8, 2024, Victor Miguel Silhy Zacarías initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the DR-CAFTA. The dispute relates to a renewable power generation project, with claimed damages of U.S.$80,000,000. The arbitral tribunal was constituted on March 5, 2025. The claimant filed a memorial on the merits on March 23, 2026, and Honduras filed a request to address objections to jurisdiction as a preliminary question on April 22, 2026.

- On August 8, 2024, X-Elio Energy S.L. initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Bilateral Investment Treaty of Honduras and Spain of 1994. The dispute relates to a renewable power generation project, with claimed damages of U.S.$65,000,000. The arbitral tribunal was constituted on June 27, 2025. The claimant filed a memorial on the merits on February 19, 2026, and Honduras filed a request to address objections to jurisdiction as a preliminary question on March 23, 2026. On June 22, 2026, the tribunal issued a procedural order concerning the request to address the objections to jurisdiction as a preliminary question; as a result, the proceeding on the merits was suspended. Honduras is preparing its memorial on objections to jurisdiction, which it expects to file in late 2026.

- On August 16, 2024, International Container Terminal Services Inc. initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Honduran Investment Law of 2011. The dispute relates to a port concession, under which the claimant alleges a breach by Honduras, with claimed damages of U.S.$2,500,000,000. No further action has been taken by either party. The case is at the stage of tribunal constitution.

- On August 16, 2024, Operadora Portuaria Centroamericana, S.A. de C.V. initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Honduran Investment Law of 2011. The dispute relates to a port concession, with claimed damages of U.S.$2,500,000,000. No further action has been taken by either party. The case is at the stage of tribunal constitution.

- On January 7, 2025, Vertisa Corporation filed a complaint in the United States District Court for the District of Columbia against the Republic of Honduras. The dispute concerns alleged breach of contract for reimbursement to the claimant of shipping costs incurred in delivering seven mobile hospitals to Honduras during the COVID-19 pandemic, with claimed damages of approximately U.S.$2,000,000. On October 7, 2025, Honduras submitted a motion to dismiss for lack of jurisdiction and failure to state a claim. On December 19, 2025, the claimant filed a motion for leave to file an amended complaint. The judge has yet to issue a decision on either motion.

- On May 15, 2025, Overseas Real Estate LLC initiated an arbitration proceeding at ICSID against the Republic of Honduras pursuant to the Honduran Investment Law of 2011 and DR-CAFTA. The dispute relates to a real estate development project located in one of the ZEDEs, with claimed damages of U.S.$102,000,000. The arbitral tribunal was constituted on February 10, 2026. Initial filing of memorials is expected at the end of September 2026.

- On May 26, 2025, EMCO Holding Inc. and EMCO Enterprise Inc. submitted a request for arbitration against the Republic of Honduras at the Permanent Court of Arbitration in the Hague. The dispute concerns alleged breach of duties during the claimants' concession of the Palmerola Airport, with claimed damages of U.S.$300,000,000.

- On October 10, 2025, Elecnor, S.A. submitted a request for arbitration against the Republic of Honduras pursuant to the rules of the Inter-American Commission on Commercial Arbitration. The dispute concerns alleged breach of a contract for the operation of a hydroelectric plant, with claimed damages of U.S.$11,205,391.52. The case is at the stage of tribunal constitution.

- On October 16, 2025, Murray Farmer and DRC, Inc. filed a complaint in the United States District Court for the Southern District of Alabama against the Honduran Central Bank and several former Honduran government officials. The dispute concerns DRC, Inc.'s contracts with the *Fondo Hondureño de Inversión Social* ("FHIS") to rebuild post-Hurricane Mitch infrastructure under USAID-funded programs. Disputes about those contracts arose, which led to a 2009 Honduran arbitration award against FHIS in the amount of approximately U.S.$51 million plus interest. DRC previously attempted to enforce this arbitration award against Honduras in the United States District Court for the District of Columbia, but the court held in 2014 that DRC had failed to establish that FHIS was Honduras' alter ego. The award was later confirmed by the Honduran Supreme Court in 2023. Plaintiffs allege that Honduras has continued to refuse payment, including through a defamation campaign by high-ranking officials and a criminal indictment against plaintiff Murray Farmer. Plaintiffs have therefore sued the Honduran Central Bank, as well as various Honduran government officials in Alabama, alleging (1) defamation per se (Alabama law); (2) tortious interference with judgment enforcement; (3) intentional infliction of emotional distress; and (4) civil damages under the Antiterrorism Act. Plaintiffs seek compensatory damages of U.S.$106,206,460.51, plus punitive damages, and treble damages of around U.S.$319,000,000 under the Antiterrorism Act, as well as statutory damages and interest.

4. On September 22, 2017, Moody's Investors Service ("Moody's") upgraded Honduras' long-term issuer rating and senior unsecured bond rating from B2 to B1. On the same date, Moody's upgraded the foreign currency and local currency issuer ratings from B2 to B1. On August 1, 2024, Moody's affirmed Honduras' rating, maintaining a stable outlook. Most recently, on July 18, 2025, Moody's affirmed Honduras' long-term local and foreign currency issuer ratings and senior unsecured ratings at B1, maintaining a stable outlook. The affirmation reflected Honduras' relatively strong fiscal position, low and stable debt burden, and steady economic growth, despite structural constraints from low levels of economic development and relatively weak institutions and governance.

On July 18, 2017, Standard & Poor's ("S&P") raised its long-term foreign and local currency sovereign credit ratings for Honduras to BB- from B+, with a stable outlook. At the same time, S&P affirmed its B short-term foreign and local currency sovereign credit ratings. On July 21, 2022, S&P affirmed the BB- rating and revised the outlook from stable to negative. On September 29, 2023, S&P affirmed the BB- rating and revised the outlook from negative to stable. On September 20, 2024, S&P affirmed the BB- rating and revised the outlook from stable to negative. Most recently, on March 26, 2026, S&P revised Honduras' outlook from negative to stable and affirmed its BB-/B long- and short-term sovereign credit ratings. According to S&P, the outlook revision reflected reduced political uncertainty following the 2025 electoral process, a renewed commitment to fiscal consolidation, and an improved relationship between the government, the private sector, and international financial institutions.

Ratings are not a recommendation to purchase, hold or sell securities and may be changed, suspended or withdrawn at any time. The Republic's current ratings and the rating outlooks assigned to the Republic are dependent upon economic conditions and other factors affecting credit risk that are outside the control of the Republic. Any adverse change in the Republic's credit ratings could adversely affect the trading price for the Notes. Each rating should be evaluated independently of the others. Detailed explanations of the ratings may be obtained from the rating agencies.

5. 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. So long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Republic will maintain a paying agent and transfer agent in Luxembourg.

6. Copies of the following documents may be obtained on any business day (Saturdays, Sundays and public holidays excepted) at the office of the Paying Agent so long as any of the Notes are listed on the Luxembourg Stock Exchange:

(a) the Indenture incorporating the forms of Global Notes and Definitive Registered Notes;

(b) copies of the Constitution of the Republic, and the Legislative Decrees of the Republic referred to in paragraph 2 above (in Spanish); and

(c) copies of the Republic's combined public sector fiscal accounts for the last calendar year (as and when available in English).

7. Other than as disclosed herein, there has been no material adverse change in the financial condition of the Republic which is material in the context of the issue of the Notes since December 31, 2025.

ISSUER

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U.S.$815,670,000

The Republic of Honduras
6.400% Notes due 2036

Joint Book-Running Managers

Citigroup **Santander**

Offering Circular

July 22, 2026