

## ISSUE

**Issuer:** The Government of the Faroe Islands  
**Nominal value:** DKK 1,100 Million  
**Expected date of issue:** 24.05.2024

### Descriptive information

#### Key figures of the Faroese economy

Outstanding Bonds	Annual Coupon	Maturity	Issued amount (DKKm)	Outstanding amount End of 2023 (DKKm)	Outstanding amount End of 2024 (DKKm)
FO-LB 240602	1,250%	2-Jun-24	1.100	1.100	0
FO-LB 250602	0,125%	2-Jun-25	1.645	1.645	1.645
FO-LB 2606xx	3,625%	19-Jun-26	900	900	900
FO-LB xx06xx	3,250%	24-May-29	1.100	0	1.100
NOK Blt *)	1,810%	3-May-32	448	448	448
<b>Total Outstanding Bonds</b>				<b>4.093</b>	<b>4.093</b>

\*) NOK 550 million Bond Issue (Coupon 2,70%) swapped to DKK.

Economic growth (DKKm)	2018	2019	2020	2021	2022	est. 2023
Nominal GDP	20.135	21.785	21.340	22.980	25.162	26.516
Nominal growth (%)		8,2	-2,0	7,7	9,5	5,4
GDP in constant prices(2010prices)	17.699	18.476	18.120	19.163	20.197	
		4,4	-1,9	5,8	5,4	

In february 2022 GDP numbers have been revised back to 1998.

In february 2023 Statistics Faroe Island started to publish GDP in constant prices.

Trade Balance (DKKm)	2018	2019	2020	2021	2022	2023
Trade Balance	277	1.346	249	778	279	998
Trade Balance, Ships and airplanes excl.	400	1.714	373	854	1.271	2.036

Note: Exports fob and Import cif.

Current Account (DKKm)	2018	2019	2020	2021	2022	2023
Current Account	1.206	2.208	1.389	1.412	1.275	
In % of GDP	6,0	10,1	6,5	6,1	5,1	

#### Central Government financial assets and liabilities (DKKm)

(DDKm)	2018	2019	2020	2021	2022	2023
<b>ASSETS</b>						
Securities and deposits <sup>1)</sup>	3.666	3.478	4.729	3.849	3.874	4.551
Others in circulation	647	645	716	753	725	755
Financial assets	2.089	2.126	2.284	2.392	2.421	2.537
<b>Total assets</b>	<b>6.402</b>	<b>6.249</b>	<b>7.729</b>	<b>6.994</b>	<b>7.020</b>	<b>7.843</b>
<b>LIABILITIES</b>						
Bond loans	4.608	3.817	5.419	4.039	3.541	4.025
Other debt	1.027	1.068	1.061	1.279	1.586	1.985
<b>Total debt</b>	<b>5.635</b>	<b>4.885</b>	<b>6.480</b>	<b>5.318</b>	<b>5.127</b>	<b>6.010</b>
<b>Net assets</b>	<b>767</b>	<b>1.364</b>	<b>1.249</b>	<b>1.676</b>	<b>1.893</b>	<b>1.833</b>

<b>Net debt<sup>2)</sup></b>	<b>-1.969</b>	<b>-1.407</b>	<b>-1.751</b>	<b>-1.469</b>	<b>-1.253</b>	<b>-1.459</b>
<b>Net debt in % of GDP</b>	<b>10</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>6</b>

Source: Føroya Gjaldstova

1) Including liquidity for appropriations transferred from previous years.

2) Securities and deposits minus bond debt

<b>Central Government Accounts (DKKm)</b>	<b>Realized 2020</b>	<b>Realized 2021</b>	<b>Realized 2022</b>	<b>Realized 2023<sup>1)</sup></b>	<b>Budget 2024<sup>2)</sup></b>
Taxes, direct	2.981	3.058	3.376	3.772	3.650
Taxes, indirect	2.753	2.939	2.998	2.949	3.094
Transfers from Denmark	693	700	707	693	671
Sales of goods and services	865	950	979	1.060	866
Revenue from fees	510	675	807	858	1.016
Other	36	41	57	38	58
<b>Operating revenues, ex. interest</b>	<b>7.838</b>	<b>8.363</b>	<b>8.924</b>	<b>9.370</b>	<b>9.355</b>
Personel cost	-2.630	-2.791	-2.917	-3.069	-3.388
Transfers to individuals	-2.107	-2.143	-2.244	-2.402	-2.443
Other transfers	-694	-585	-685	-738	-630
Purchase of goods and services	-1.728	-1.904	-1.959	-2.101	-1.876
Other expenses	-564	-537	-599	-779	-590
<b>Operating expenses, ex. interest</b>	<b>-7.723</b>	<b>-7.960</b>	<b>-8.404</b>	<b>-9.089</b>	<b>-8.927</b>
<b>Primary Operating Balance</b>	<b>115</b>	<b>403</b>	<b>520</b>	<b>281</b>	<b>428</b>
Interest income and dividends	122	408	-129	384	267
Interest expenses	-44	9	279	-167	-86
<b>Operating Balance</b>	<b>193</b>	<b>820</b>	<b>670</b>	<b>498</b>	<b>609</b>
Sale of fixed assets	11	23	38	11	88
Sales of shares	-	-	-	-	-
Repayments of loans, domestic	214	18	14	16	15
Capital revenues from Denmark	-	-	-	-	-
<b>Total capital revenues</b>	<b>225</b>	<b>41</b>	<b>52</b>	<b>27</b>	<b>103</b>
Construction of fixed capital <sup>3)</sup>	-503	-438	-471	-621	-637
Acquisition of fixed capital	-15	-14	-20	-57	-12
Injection of cap. into publ. Ltd.'s	-165	-50	-54	-50	-50
Net lending, domestic	-7	-6	-6	-8	-8
<b>Total capital expenses</b>	<b>-690</b>	<b>-508</b>	<b>-551</b>	<b>-736</b>	<b>-707</b>
<b>Budget surplus/deficit</b>	<b>-272</b>	<b>353</b>	<b>171</b>	<b>-211</b>	<b>5</b>
Debt repayment	-1.345	-1.600	-1.300	-550	-1.100
<b>Gross financing surplus/deficit</b>	<b>-1.617</b>	<b>-1.247</b>	<b>-1.129</b>	<b>-761</b>	<b>-1.095</b>
New borrowing	2.945	-	1.100	900	1.100
<b>Net financing surplus/deficit</b>	<b>1.328</b>	<b>-1.247</b>	<b>-29</b>	<b>139</b>	<b>5</b>

1) As of May 2nd 2024

2) Government Budget Act as approved by the parliament in December 2023.

3) At the beginning of the fiscal year 2024, appropriations transferred from previous years are estimated to DKK 200 m.

<b>Population and labour force</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Population by end of year	51.258	52.080	52.843	53.525	54.083	54.492
Labour force (15-74)	31.028	31.607	31.793	31.968	32.855	32.655
Unemployment rate in % (Oct.)	1,2	0,8	1,3	0,8	0,7	0,8

  

<b>Consumer Price Index</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
CPI in % (average infl. rate)	1,2	1,3	0,3	2,7	7,7	4,7

## Comments

### *Political status:*

The Faroe Islands are a self governing area within the Kingdom of Denmark.  
The Faroe Islands are in monetary union with Denmark.

### *Credit rating:*

March 4<sup>th</sup> 2008 Moody's Investors Service assigned The Faroese Government a first time rating of Aa2 and stable outlook.  
April 18<sup>th</sup> 2011 Moody's downgraded the long-term issuer rating of the Faroese Government to Aa3 with negative outlook  
July 31st 2015 Moody's restated the rating Aa3, but changed the outlook to neutral.  
August 16th 2019 Moody's upgraded the long-term issuer rating of the Faroese Government to Aa2 with stable outlook

### *Government reserve liquidity:*

According to Faroese parliament act, the Faroese Government always holds a reserve liquidity of 15% of GDP.  
The Government can draw on the reserve liquidity, but in case it uses this possibility, it is expected to restore the reserve liquidity within reasonable time.





