

TAP ISSUE

Issuer: The Government of the Faroe Islands
Nominal value: DKK 300 Million
Expected date of issue: 20-jun-19

Descriptive information

Key figures of the Faroese economy

Bond	Annual Coupon	Maturity	Issued amount (DKKm)	Outstanding amount End of 2018 (DKKm)	Outstanding amount End of 2019 (DKKm)
NOK Blt *)	1,810%	03.may.32	448	448	448
FO-LB 190620	1,500%	20-jun-19	1.100	1.100	0
FO-LB 200611	1,000%	11-jun-20	1.045	1.045	1.345
FO-LB 210622	0,500%	22-jun-21	1.350	1.350	1.350
FO-LB 230627	0,625%	27-jun-23	550	550	550
Total Outstanding Bonds			6.373	4.493	3.693

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

Economic growth (DKKm)	2013	2014	2015	2016	2017	est. 2018
Nominal GDP	14.754	16.000	16.942	18.103	18.708	19.157
Nominal growth (%)	7,6	8,4	5,9	6,9	3,3	2,4

Trade Balance (DKKm)	2013	2014	2015	2016	2017	2018
Trade Balance	-169	348	758	1.492	1.556	290
Trade Balance, Ships and airplanes excl.	552	583	1.182	1.789	1.865	413

Note: Exports fob and Import cif.

Current Account (DKKm)	2013	2014	2015
Current Account	1.135	1.409	1.469
In % of GDP	7,7	8,8	8,7

Central Government financial assets and liabilities (DKKm)	2013	2014	2015	2016	2017	2018
(DDKm)						
Government total assets	5.527	5.143	5.292	5.540	6.230	6.277
Government total debt ¹⁾	6.107	5.740	6.113	6.051	6.132	5.472
Net assets	-580	-597	-821	-511	98	805
Securities and deposits	3.150	2.536	2.792	2.905	3.479	3.667
Gov. debt securities and dep. ²⁾	2.957	3.204	3.321	3.146	2.653	1.805
In % of GDP	20,0	20,0	19,6	17,4	14,2	9,4

1) Including DKK 500 million to Danish Government. The loan is written off in June 2018.

2) Including liquidity for appropriations transferred from previous years.

Central Government Accounts (DKKm)	Realized	Realized	Realized	Realized	Budget
	2015	2016	2017	2018	2019 ¹⁾
Taxes, direct	2.448	2.472	2.716	2.869	2.921
Taxes, indirect	2.041	2.218	2.333	2.403	2.469
Transfers from Denmark	700	695	698	695	687
Sales of goods and services	768	728	743	706	710
Revenue from fees	238	482	574	539	601
Other	36	29	39	44	61
Operating revenues, ex. interest	6.231	6.624	7.103	7.256	7.449
Personel cost	-2.073	-2.178	-2.277	-2.392	-2.559
Transfers to individuals	-1.661	-1.682	-1.721	-1.782	-1.820
Other transfers	-456	-492	-494	-489	-496
Purchase of goods and services	-1.362	-1.404	-1.445	-1.476	-1.419
Other expenses	-403	-458	-472	-480	-456
Operating expenses, ex. interest	-5.955	-6.214	-6.409	-6.619	-6.750
Primary Operating Balance	276	410	694	637	699
Interest income and dividends	101	142	221	2	93
Interest expenses	-108	-63	-80	-24	-44
Operating Balance	269	489	835	615	748
Sale of fixed assets	8	27	26	22	35
Sales of shares	0	58	-	-	-
Repayments of loans, domestic	19	91	48	21	15
Capital revenues from Denmark	0	0	-	500	-
Total capital revenues	27	176	74	543	50
Construction of fixed capital 2)	-311	-296	-296	-407	-371
Acquisition of fixed capital	-34	-14	-20	-16	-14
Injection of cap. into publ. Ltd.'s	-5	-95	-35	-35	-35
Net lending, domestic	-24	-24	-19	-8	-8
Total capital expenses	-374	-429	-370	-466	-428
Budget surplus/deficit	-78	236	539	692	370
Debt repayment	-890	-1.360	-1.010	-10	-700
Gross financing surplus/deficit	-968	-1.124	-471	682	-330
New borrowing	1.045	1.350	1.000	-	400
Net financing surplus/deficit	77	226	529	682	70

1) Government Budget Act as approved by the parliament in December 2018.

2) At the beginning of the fiscal year 2019, appropriations transferred from previous years are DKK 80 m.

Population and labour force	2013	2014	2015	2016	2017	2018
Population by end of year	48.179	48.638	49.142	49.823	50.481	51.336
Labour force (15-74)	28.557	28.707	29.950	30.219	29.908	31.512
Unemployment rate in % (Oct.)	3,8	3,1	2,2	2,5	2,1	1,2

Consumer Price Index	2013	2014	2015	2016	2017	2018
CPI in % (average Infl. rate)	-0,6	-1,0	-1,7	-0,3	1,1	1,2

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 4th 2008 Moody's Investors Service assigned The Faroese Government a first time rating of Aa2 and stable outlook.

April 18th 2011 Moody's Investors Service downgraded the long-term issuer rating of the Faroese Government to Aa3 with negative outlook.

July 31st 2015 Moody's Investors Service restated the rating Aa3, but changed the outlook to neutral.

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.