

ISSUE

Issuer: The Government of the Faroe Islands
Nominal value: DKK 900 Million
Expected date of issue: 19.06.2023

Descriptive information

Key figures of the Faroese economy

Outstanding Bonds	Annual Coupon	Maturity	Issued amount (DKKm)	Outstanding amount End of 2022 (DKKm)	Outstanding amount End of 2023 (DKKm)
FO-LB 230627	0,625%	27-Jun-23	550	550	0
FO-LB 240602	1,250%	2-Jun-24	1.100	1.100	1.100
FO-LB 250602	0,125%	2-Jun-25	1.645	1.645	1.645
FO-LB 2606xx	3,625%	19-Jun-26	900	0	900
NOK Blt *)	1,810%	3-May-32	448	448	448
Total Outstanding Bonds				3.743	4.093

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

Economic growth (DKKm)	2017	2018	2019	2020	2021	est. 2022
Nominal GDP	19.677	20.135	21.847	21.253	22.947	25.435
Nominal growth (%)		2,3	8,5	-2,7	8,0	10,8
GDP in constant prices(2010)	17.228	17.699	18.576	18.087	19.106	
		2,7	5,0	-2,6	5,6	

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)	2017	2018	2019	2020	2021	2022
Trade Balance	1.516	277	1.346	249	778	570
Trade Balance, Ships and airplanes excl.	1.825	400	1.714	393	849	1.562

Note: Exports fob and Import cif.

Current Account (DKKm)	2017	2018	2019	2020	2021
Current Account	2.913	1.206	2.208	1.389	1.412
In % of GDP	14,8	6,0	10,1	6,5	6,2

Central Government financial assets and liabilities (DKKm)

(DKKm)	2017	2018	2019	2020	2021	2022
ASSETS						
Securities and deposits ¹⁾	3.479	3.666	3.478	4.729	3.849	3.874
Others in circulation	587	647	625	716	753	697
Financial assets	2.164	2.089	2.126	2.284	2.392	2.488
Total assets	6.230	6.402	6.229	7.729	6.994	7.059
LIABILITIES						
Long-term debt (Denmark)	500	0	0	0	0	
Bond loans	4.644	4.608	3.817	5.419	4.039	3.541
Other debt	988	1.027	1.049	1.061	1.279	1.279
Total debt²⁾	6.132	5.635	4.866	6.480	5.318	4.820
Net assets	98	767	1.363	1.249	1.676	2.239

Net debt³⁾	-2.653	-1.969	-1.388	-1.751	-1.469	-946
Net debt in % of GDP	13	10	6	8	6	4

Source: Føroya Gjaldstova

1) Including liquidity for appropriations transferred from previous years.

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

3) Securities and deposits minus bond debt

Central Government Accounts (DKKm)	Realized 2019	Realized 2020	Realized 2021	Realized 2022	Budget 2023¹⁾
Taxes, direct	2.971	2.981	3.058	3.376	3.574
Taxes, indirect	2.608	2.753	2.939	2.998	3.006
Transfers from Denmark	698	693	700	705	684
Sales of goods and services	778	865	950	979	827
Revenue from fees	642	510	675	806	805
Other	46	36	41	48	43
Operating revenues, ex. interest	7.743	7.838	8.363	8.912	8.939
Personel cost	-2.518	-2.603	-2.791	-2.917	-3.148
Transfers to individuals	-1.880	-2.107	-2.143	-2.244	-2.148
Other transfers	-516	-694	-585	-644	-585
Purchase of goods and services	-1.533	-1.728	-1.904	-1.959	-1.808
Other expenses	-515	-577	-587	-521	-735
Operating expenses, ex. interest	-6.962	-7.709	-8.010	-8.285	-8.424
Primary Operating Balance	812	129	353	627	515
Interest income and dividends	274	122	408	-129	167
Interest expenses	-55	-44	9	279	-47
Operating Balance	1.031	207	770	777	635
Sale of fixed assets	14	11	23	-	58
Sales of shares				-	95
Repayments of loans, domestic	16	214	18	14	15
Capital revenues from Denmark					
Total capital revenues	30	225	41	14	168
Construction of fixed capital ²⁾	-437	-503	-438	-471	-472
Acquisition of fixed capital	-18	-15	-14	-20	-65
Injection of cap. into publ. Ltd.'s	-35	-165	-50	-54	-50
Net lending, domestic	-8	-7	-6	-6	-8
Total capital expenses	-498	-690	-508	-551	-595
Budget surplus/deficit	563	-258	303	240	208
Debt repayment	-800	-1.345	-1.600	-1.300	-550
Gross financing surplus/deficit	-237	-1.603	-1.297	-1.060	-342
New borrowing	-	2.945	-	1.100	900
Net financing surplus/deficit	-237	1.342	-1.297	40	558

1) Government Budget Act as approved by the parliament in March 2023.

2) At the beginning of the fiscal year 2023, appropriations transferred from previous years are estimated to DKK 303 m.

Population and labour force	2017	2018	2019	2020	2021	2022
Population by end of year	50.459	51.266	52.090	52.868	53.577	54.255
Labour force (15-74)	29.885	31.028	31.607	31.793	31.968	32.855
Unemployment rate in % (Oc	2,1	1,2	0,9	1,3	0,8	0,7

Consumer Price Index	2017	2018	2019	2020	2021	2022
CPI in % (average infl. rate)	1,1	1,2	1,3	0,3	2,7	7,7

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 4th 2008 Moody's Investors Service assigned The Faroese Government a first time rating of Aa2 and stable outlook.
April 18th 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.

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