MOODY'S RATINGS

## Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Faroe Islands, Government of

19 Sep 2025

Madrid, September 19, 2025 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Faroe Islands and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 11 September 2025 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

The Faroe Islands' Aa2 long-term issuer rating, with a stable outlook, and its aa3 Baseline Credit Assessment (BCA) reflect the entity's solid financial performance and prudent, sophisticated financial management. This is evidenced by a positive operating margin of 6% of operating revenue and a moderate debt burden of 69% of operating revenue in 2024. Their high liquidity, at 49% of operating revenue in 2024, helps them remain resilient during economic shocks. Although the economy relies heavily on fishing, strong wealth levels contribute to stability. The credit profile also suggests a strong likelihood that the Government of Denmark (Aaa stable) would provide support if the entity faced acute liquidity stress.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Regional and Local Governments published in May 2024. Please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

This announcement applies only to EU rated, UK rated, EU endorsed and UK endorsed ratings. Non-EU rated, non-UK rated, non-EU endorsed and non-UK endorsed ratings may be referenced herein to the extent necessary, if they are part of the same organization list.

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