

\$5,000,000

# Mortgage Bank of the Kingdom of Denmark

(Kongeriget Danmarks Hypotekbank)

The national mortgage bank of Denmark, owned and controlled by the Danish Government

## Forty-five Year 6% Sinking Fund External Gold Bonds Series VI, of 1925

Dated March 1, 1925

Due March 1, 1970

Interest payable September 1 and March 1. Coupon bonds in denominations of \$500 and \$1,000. Redeemable as a whole or in part at 100 and accrued interest at any time. Beginning in 1930 also redeemable for the sinking fund at 100 and accrued interest.

Principal and interest payable in New York in gold at the office of Brown Brothers & Co., Fiscal Agents for the Loan, without deduction for any Danish taxes present or future. Sinking fund beginning in 1930 is to retire 1¼% of maximum total of this issue of bonds semi-annually by redemption of bonds at 100 and accrued interest.

### Sinking fund to retire all bonds of this issue by maturity.

We summarize as follows the accompanying letter to us signed by P. O. A. Andersen, Esq., the Director of the Public Debt of the Kingdom of Denmark and Director of the Mortgage Bank of the Kingdom of Denmark, and by J. Jensen-Sønderup, Esq., and Alfred Christensen, Esq., who are also Directors of the Mortgage Bank of the Kingdom of Denmark:

**ORGANIZATION**—The Mortgage Bank of the Kingdom of Denmark was organized by the Danish Government in 1906 to regulate the real estate mortgage business in Denmark. The entire Kr. 20,000,000 (\$3,558,000) capital stock of the Bank is owned by the Danish Government. The directors of the Bank are appointed by the Crown and the operations of the Bank are closely supervised by the Danish Government and Danish Parliament.

**OPERATIONS**—The Mortgage Bank acts as a central agency for financing certain types of real estate mortgage loans guaranteed by the Danish Government. It also performs a similar function for issues of bonds of Danish real estate mortgage institutions and municipalities. The Bank purchases obligations of these types which conform to the strict requirements of the Danish Mortgage Bank Law and in turn issues its own bonds against these obligations.

**SECURITY**—These bonds are the direct obligation of the Mortgage Bank of the Kingdom of Denmark and constitute a direct charge on all the assets of the Bank including Kr. 20,000,000 (\$3,558,000) Danish Government bonds representing the Government's investment in the capital stock of the Bank. The present issue of bonds, together with the other outstanding bonds of the Bank, will be secured by deposit of at least an equal principal amount of the following types of securities acquired by the Bank in the course of its operations:

1. Bonds guaranteed as to principal, interest and sinking fund by the Kingdom of Denmark, which bonds are issued by and are also the obligations of either
  - (a) Small farmers, being secured by mortgages on farm property, or
  - (b) Municipalities, or private individuals under guarantee of the municipalities, and being secured by mortgages on improved real estate.
2. Bonds issued by Danish credit institutions, which bonds consist of
  - (a) Bonds of local Danish Credit Unions issued against first mortgages on real estate outstanding in an amount not exceeding 60% of the conservatively appraised value of the mortgaged property, and in which bonds trust funds may be legally invested, and
  - (b) Bonds of the municipalities of Denmark, which bonds are the joint obligations of the borrowing municipalities. No such loans have been made to date.
3. Bonds of the Danish Tithe Bank issued against first mortgages on real estate, which are outstanding at only a very small percentage of the value of the mortgaged property and secured even before all taxes.

**ASSETS**—As of March 31st 1924 the Mortgage Bank of the Kingdom of Denmark had the following resources:

		Approximate % of Total
1. Bonds issued or guaranteed by the Kingdom of Denmark, principal amount.....	Kr. 74,724,948 (\$13,293,568)	67%
2. Bonds of Credit Unions and Tithe Bank, principal amount .....	Kr. 36,369,100 (\$ 6,470,063)	32%
3. Net current assets.....	Kr. 1,198,891 (\$ 213,283)	1%
Total.....	Kr.112,292,939 (\$19,976,914)	100%

Against the Kr. 112,292,939 (\$19,976,914) resources stated above the Bank had outstanding as of March 31st 1924 bonds in the net principal amount of Kr. 84,286,840. This latter amount includes Kr. 27,749,520 bonds which are payable also in sterling at par of exchange. (See note)

**CREDIT**—The exceptionally high credit standing of the Mortgage Bank of the Kingdom of Denmark is indicated by the fact that its bonds sell on the Copenhagen Stock Exchange on practically the same yield basis as the bonds of the Kingdom of Denmark. The bonds of the Mortgage Bank are eligible for the investment of trust funds in Denmark.

**RESTRICTIONS**—The total principal amount of bonds issued by the Bank shall not be in excess of eight times the capital of the Bank.

**RECORD**—The Mortgage Bank of the Kingdom of Denmark has completely fulfilled the purpose for which it was founded and at the present time it is indispensable to the Danish people. The Bank has shown a consistent earning power and has built up a substantial surplus from earnings.

**PURPOSE OF ISSUE**—The proceeds of this issue will be used in part to acquire from the Danish Ministry of Finance bonds and mortgages guaranteed by the Danish Government, the balance of such proceeds being held to finance future operations of the Bank.

NOTE. If Kr. 27,749,520 bonds payable also in sterling are converted into dollars on the basis of \$4.78¼ per pound sterling, the rate of exchange on February 11th 1925, and if the remaining Kr. 56,537,320 are converted into dollars at \$.1779 per krone, the rate of exchange on February 11th 1925, the net bonded debt of Kr. 84,286,840 is equivalent to \$17,365,922.

Dollar equivalents of kroner appearing in parentheses in the above summary do not appear in the original letter but are added for convenience. For such purpose kroner have been converted at the rate of exchange on February 11, 1925, viz.: \$.1779 to the krone.

We offer the above bonds when, as and if issued and received by us and subject to the approval of our counsel, Messrs. Sullivan & Cromwell of New York, and of counsel in Denmark. It is expected that delivery of interim receipts will be made about March 2nd 1925.

The information contained in this prospectus, having been received by cable, is subject to transmission errors.

**Price 99 and interest to yield over 6.05%**

# KONGERIGET DANMARKS HYPOTEKBANK

## Copenhagen

Messrs. Brown Brothers & Co.,  
White, Weld & Co.,  
Blair & Co., Inc.,  
New York.

February 13th 1925

Dear Sirs:

In regard to your purchase of \$5,000,000 Forty-five Year 6% Sinking Fund External Gold Bonds Series VI, of 1925 of the Mortgage Bank of the Kingdom of Denmark (Kongeriget Danmarks Hypotekbank), we give you the following information:

### ORGANIZATION

The Mortgage Bank of the Kingdom of Denmark was organized by the Danish Government in 1906 to regulate the real estate mortgage business in Denmark. The entire Kr. 20,000,000 (\$3,558,000) capital stock of the Bank is owned by the Danish Government. The directors of the Bank are appointed by the Crown and the operations of the Bank are closely supervised by the Danish Government and Danish Parliament.

### OPERATIONS

The Mortgage Bank acts as a central agency for financing certain types of real estate mortgage loans guaranteed by the Danish Government. It also performs a similar function for issues of bonds of Danish real estate mortgage institutions and municipalities. The Bank purchases obligations of these types which conform to the strict requirements of the Danish Mortgage Bank Law and in turn issues its own bonds against these obligations. In detail, the classes of bonds which the Bank may purchase consist of:

1. Bonds guaranteed by the Danish Government which are issued by small farmers for loans furnished to them by the Danish Government to facilitate the purchase of small farms by Danish citizens.
2. Bonds guaranteed by the Danish Government which are issued by various municipalities or private individuals under guarantee of the municipalities for building loans.
3. Bonds issued by Danish Credit Unions. These Credit Unions are local mortgage institutions which lend money against first mortgages on real estate. The Danish Credit Unions have had a long record of successful operation, many of them having been established fifty years or more ago. One of these Credit Unions, of whose bonds the Mortgage Bank of the Kingdom of Denmark has a substantial holding, was founded in 1797.
4. Bonds issued by the municipalities of Denmark for which bonds the municipalities are liable jointly as to principal and interest. No such loans have been made to date.
5. Bonds issued by the Danish Tithe Bank. This bank was established according to law of May 15th 1903 to capitalize and gradually commute annual tithes assessed on real estate to support the Danish Church. These tithe bonds have the priority even before all taxes to the State.

### SECURITY

These bonds are the direct obligation of the Mortgage Bank of the Kingdom of Denmark and constitute a direct charge on all the assets of the Bank including Kr. 20,000,000 (\$3,558,000) Danish Government bonds representing the Government's investment in the capital stock of the Bank. The present issue of bonds will be, together with the other outstanding bonds of the Bank, secured by deposit of at least an equal principal amount of the following types of securities acquired by the Bank in the course of its operations:

1. Bonds guaranteed as to principal, interest and sinking fund by the Kingdom of Denmark, which bonds are issued by and are also the obligations of either
  - (a) Small farmers, being secured by mortgages on farm property, or
  - (b) Municipalities, or private individuals under guarantee of the municipalities, and being secured by mortgages on improved real estate.
2. Bonds issued by Danish credit institutions, which bonds consist of
  - (a) Bonds of local Danish Credit Unions issued against first mortgages on real estate outstanding in an amount not exceeding 60% of the conservatively appraised value of the mortgaged property, and in which bonds trust funds may be legally invested, and
  - (b) Bonds of the municipalities of Denmark, which bonds are the joint obligations of the borrowing municipalities.
3. Bonds of the Danish Tithe Bank issued against first mortgages on real estate, which are outstanding at only a very small percentage of the value of the mortgaged property and secured even before all taxes.

As of March 31st 1924, the close of the last fiscal year, the principal amount of the Bank's holdings of the three above classes of bonds was as follows:

			<u>Approximate % of Total</u>
1. Bonds guaranteed by the Kingdom of Denmark	Kr. 54,724,948	(\$ 9,735,568)	60%
2. Bonds of the Credit Unions.....	Kr. 34,954,200	(\$ 6,218,352)	38%
3. Tithe Bank bonds.....	Kr. 1,414,900	(\$ 251,711)	2%
Total.....	Kr. 91,094,048	(\$16,205,631)	100%

## ASSETS

As of March 31st 1924 the Mortgage Bank of the Kingdom of Denmark had the following resources:

			<u>Approximate % of Total Resources</u>
1. Bonds issued or guaranteed by the Kingdom of Denmark, principal amount.....	Kr. 74,724,948	(\$13,293,568)	67%
2. Bonds of Credit Unions and Tithe Bank, principal amount .....	Kr. 36,369,100	(\$ 6,470,063)	32%
3. Net current assets.....	Kr. 1,198,891	(\$ 213,283)	1%
Total.....	Kr. 112,292,939	(\$19,976,914)	100%

Against the Kr. 112,292,939 (\$19,976,914) resources stated above the Bank had outstanding as of March 31st 1924 bonds in the net principal amount of Kr. 84,286,840. This latter amount includes Kr. 27,749,520 bonds which are payable in sterling at par of exchange. (See note)

## CREDIT

The exceptionally high credit standing of the Mortgage Bank of the Kingdom of Denmark is indicated by the fact that its bonds sell on the Copenhagen Stock Exchange on practically the same yield basis as the bonds of the Kingdom of Denmark. The bonds of the Mortgage Bank are eligible for the investment of trust funds in Denmark.

## RESTRICTIONS

The total principal amount of bonds issued by the Bank shall not be in excess of eight times the capital of the Bank.

## RECORD

The Mortgage Bank of the Kingdom of Denmark has completely fulfilled the purpose for which it was founded and at the present time it is indispensable to the Danish people. The Bank has shown a consistent earning power and has built up a substantial surplus from earnings.

## PURPOSE OF ISSUE

The proceeds of this issue will be used in part to acquire from the Danish Ministry of Finance bonds and mortgages guaranteed by the Danish Government, the balance of such proceeds being held to finance future operations of the Bank.

## PROVISIONS OF ISSUE

These bonds will be dated March 1st 1925 and will mature on March 1st 1970. They will bear interest at the rate of 6% per annum from March 1st 1925 payable semi-annually on March 1st and September 1st in each year. The bonds will be in coupon form in denominations of \$500 and \$1,000 and may be registered as to principal. Bonds may be redeemed as a whole or in part at 100 and accrued interest at any time on thirty days' published notice. Beginning in 1930 also redeemable for the sinking fund at 100 and accrued interest. Principal and interest will be payable in New York in gold coin of the United States of America at the office of Brown Brothers & Co., Fiscal Agents for the Loan, without deduction for any Danish taxes present or future. Sinking fund beginning in 1930 is to retire one and one-quarter per cent of maximum total of this issue of bonds semi-annually by redemption of bonds at 100 and accrued interest. All bonds of this issue will be retired by the sinking fund by maturity.

## AUTHORIZATION

The issue of this series of bonds has been officially approved by the Minister of Finance of the Kingdom of Denmark and the bonds will bear a certification of registry with the Ministry of Finance.

Very truly yours,

P. O. A. ANDERSEN,\*

J. JENSEN-SØNDERUP,

ALFRED CHRISTENSEN,

Directors.

\*Director of the Public Debt of the Kingdom of Denmark.

NOTE. If Kr. 27,749,520 bonds payable also in sterling are converted into dollars on the basis of \$4.78¼ per pound sterling, the rate of exchange on February 11th 1925, and if the remaining Kr. 56,537,320 are converted into dollars at \$.1779 per krone, the rate of exchange on February 11th 1925, the net bonded debt of Kr. 84,286,840 is equivalent to \$17,365,922.

Dollar equivalents of kroner appearing in parentheses in the foregoing letter do not appear in the original letter but are added for convenience. For such purpose kroner have been converted at the rate of exchange on February 11, 1925, viz.: \$.1779 to the krone.

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