

The continuation of a high level of imports, accompanied in some cases by increased prices, has necessitated a larger volume of advances to merchants and wholesalers. The imports are, in general, readily absorbed, and there does not appear to be undue overstocking.

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<i>Long-term Mortgage Department</i>	..	..	..	..	703,125
<i>Transfers to Long-term Mortgage Department</i>	..	..	..	..	167,084
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					870,209
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This Department has increased its advances during the year by £75,382, and is now using £167,084 transferred from the ordinary banking funds in terms of the relative statutory provision. The increase is mainly accounted for by loans under local-body housing schemes arranged in recent years, as mentioned in previous reports.

#### CURRENT ACCOUNTS

The number of our customers continues to increase steadily, as shown by the following figures, in which the number at 31st March each year is reduced to an index figure based on the year 1946 :—

1946	..	..	..	100		1949	..	..	..	117
1947	..	..	..	107		1950	..	..	..	123
1948	..	..	..	113						

As this rate of growth is greater than that of the population, it indicates that the community is making greater use of the banking system and a greater proportion now keep bank accounts than formerly.

The servicing of this increasing business calls for more clerical labour and more office space of course, and with the limitation of our avenues for using money it is inevitable that the Bank does not receive an adequate return for the increased business in present circumstances. Apart from this aspect, which it is hoped is temporary, the growth of the Bank's connection is a source of satisfaction.

There have been no alterations in bank interest-rates or service charges to the public.

#### DEVALUATION OF STERLING

The devaluation of sterling in September last did not affect our position to any material extent, as New Zealand followed sterling, and in terms of the indemnity given by the Reserve Bank of New Zealand to the trading banks, whereby that Bank covers any loss or takes any profit on alteration in the basic rates of exchange on free funds held overseas by the banks, the profit on our holdings of United States of America and Canadian dollars was paid to the Reserve Bank of New Zealand.

In anticipation of the devaluation the requests to us for forward exchange cover were heavy, but we were able to cover all requests where there were commitments by our customers in conformity with exchange control requirements.

#### REHABILITATION BUSINESS

The Bank continued to assist District Rehabilitation Committees in the work of rehabilitation of returned servicemen.

Arrangements which were entered into with the State Advances Corporation whereby overdraft accommodation is granted to ex-servicemen where administration by the Bank is considered advantageous continue to work satisfactorily.