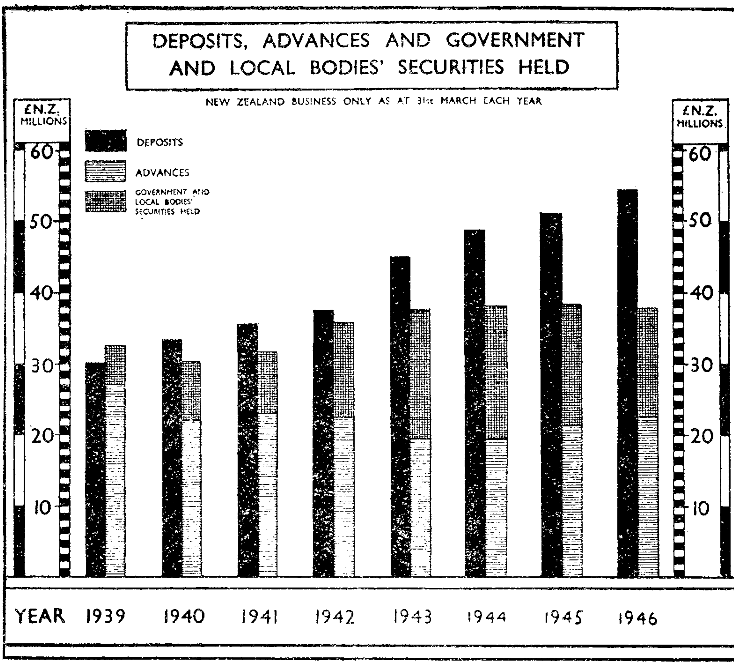

Money at Call and Short Notice, Government Securities, and Other Securities in London.—£10,490,868, an increase of £1,881,927. This item includes British Government securities in which the Bank's Reserve Fund, £3,575,000, is invested. The Bank has substantial commitments and contingent liabilities against these funds.

New Zealand Government Securities, £13,744,149. This item shows a reduction of £1,799,531, accounted for by the repayment in March last of £500,000 free-of-interest loan to the Government for the duration of the war and six months thereafter, and of £1,300,000 New Zealand Government National Development Loan which matured in July. As a matter of policy, the Government is not at present accepting loans from the trading banks.

Australian Government Securities, £1,089,953 ; Fiji Government Securities, £50,000.—There was no change under these headings during the year.

Municipal and other Local-body Securities, £1,466,695, shows a reduction of £66,227, due mainly to payment of instalments of amortization loans. As explained to the shareholders last year, it is the policy of the Government to restrict the subscribing by the banks to fresh local-body loans.

Other Advances and Securities and Debts due to the Bank (after deducting Provision for Bad and Doubtful Debts), £24,100,541 ; Bills discounted, £598,014, show a total increase of £1,203,619. The small upturn in these items, which are the main sources of the Bank's income, recorded last year has been continued—the net increase, however, being slightly less this year.

Trading conditions generally during the year have been difficult owing to the continued world-wide shortage of consumer goods. This has naturally militated against a general increase in advances to traders, and until conditions improve to such an extent that goods are in more ample supply, no great increase in advances in this direction can be looked for. There are signs, however, that the tremendous drive being made in Great Britain to increase exports will shortly produce results and have a beneficial effect on the economy of this country by increasing the amount of goods available for sale and thus providing an outlet for the large amount of idle capital. As the effects of this