

Advances to farmers are reducing, partly due to the higher prices for produce, especially wool, and partly to the application of the advance-control policy, which prevents our taking over farm mortgages. When prices are good, farmers normally reduce their mortgages, and when a certain stage is reached find it economical to borrow on current account from a bank rather than continue a fixed mortgage. This method is not at present available to them. We therefore cannot expect to maintain the volume of our farm-advance business, which tends to run off in the ordinary course of events and requires a steady flow of new advances to replace those which have been cleared. This adversely affects our country branches particularly, as they cater almost exclusively for the farming community.

Advances to secondary industry, on the other hand, are increasing, which is a natural result of the increase in manufacturing in New Zealand. These advances, in the main, represent the provision of raw materials of manufacture and usual running-expenses, the cost of both of which has been rising for some years.

					£
<i>Long-term Mortgage Department</i>	..	..	..	..	703,125
<i>Transfers to Long-term Mortgage Department</i>	..	..	..	..	91,701
					£794,826

This Department has increased its advances during the year by £74,221, and is now using £91,701 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.

TOTAL ASSETS

Marked variations have occurred in the composition of the assets of the Bank, and the following graph shows the movement in some of the main items, the comparison being made for a pre-war year (1939), the latter period of the war (1944), and the last three years. The graph shows the influence of the war, with its expansion of money resulting in the growth of bank deposits, and how it affected our assets. It will be understood that the same influences account for the growth of our overseas assets, as we do a general deposit and lending business in our overseas branches.

