

however, lay any stress on the desirability of locking up such reserves in special securities, as, in case a bank goes into liquidation, there is no lien upon them by shareholders, as they must go into the general assets for the benefit of all the bank's creditors. Such securities are mainly kept as a reserve for other purposes, they are valuable as a quick resource when some emergency arises which calls for the prompt liquidation of assets to provide the money needed by such emergency.

As to the relation between investments in bank premises and the Reserve Fund, little need be said. An imposing building is very helpful to a bank, as Gilbert points out. Such a building is part of its capital, which, if at all judiciously laid out, is profitable by giving it prestige and in aiding its business operations. To build as a mere building enterprise, to secure rentals, is, however, like other "lock ups," not prudent. Looking, however, at the premises owned by our banks, we believe they could be fairly valued at a much higher figure than they are down for in their books.

As the risk of fire and other disturbances are increased by having other tenants in a bank building, those in such places need to take special precautions against such dangers, as whatever else a Reserve Fund may be laid up for, certainly it ought not to be exposed to such risks.

In regard then to the general question, we regard the fact that the banks of Canada have an aggregate Reserve Fund of 44.66 per cent. on their paid up Capital, as highly satisfactory evidence of their having been conducted with prudence and a sagacious appreciation of the value of a Reserve Fund, as a protection to the Capital, a protection to the shareholders, as a basis also for public confidence and as a source of income.

TBE MANUFACTURERS LIFE INSURANCE COMPANY.

The eight annual report of the above Company shows an increase of business last year which is regarded as very gratifying. Application for new business were accepted to extent of \$2,695,755, making the total amount in force \$9,021,117 or 44.069 policies.

The movements in the Company's affairs are shown in the following table:

<i>Financial Movements.</i>			
	1893.	1894.	Increase.
*Premiums.....	\$249,086	\$267,396	\$18,310
Interest.....	25,281	29,057	3,776
*Total Income.....	274,368	296,453	22,085
Payments to Policyholders.....	47,821	49,053	1,232
Expenses and Dividends.....	95,954	119,449	23,495
Total outgo.....	143,775	168,502	24,727
Excess of income over outgo.....	130,593	138,213	7,620
Total Assets.....	673,738	821,320	147,582
Policy Reserves and other liabilities.....	509,701	643,531	134,830
Surplus to Policyholders.....	164,037	177,789	13,752
Divisible Surplus	36,717	50,469	13,752

* Excluding re-assurances.

The surplus for policyholders, including \$493,680 of uncalled capital stock is given as \$671,469. The total amount of mortgages, Dominion bonds and municipal debentures held is \$656,060. The Directors have declared a 4 per cent. dividend for the last year payable on 1st July next. In his address at the annual meeting,

Mr. Gooderham, president, pointed out that the death rate had diminished in spite of enlarged business, and the policies have advanced in age. In 1889 the death claims were \$61,000, while in 1894 they were on \$44,000. The push and energy of Managing Director Ellis are becoming increasingly manifest in the development of the Manufacturer's Life. At the annual meeting on 28th ult.* the following were elected directors: Messrs. Geo. Gooderham, William Bell, S. F. McKinnon, J. G. Blackstock, E. J. Lennox, R. R. McLennan, A. F. Gault, R. L. Patterson, F. Nichols, R. Archer, D. D. Mann, J. F. Ellis, James Mills, R. Crean, A. E. Gooderham, C. D. Warren, Theo. Davie, J. A. Ouimet, S. May, H. Loundes and Ald. J. D. Rolland. Messrs. Archer, Gault, Ouimet, McLennan, Rolland and Strachan from the local board for Quebec.

THE BANK STATEMENT FOR FEBRUARY.

It is always a pleasant task to review the February bank returns. Not that they have any charm in themselves, for they are sadly wanting in attractions, but they mark the turning point in the road where the prospect is more interesting and hopeful. There is, however, nothing to complain of in the statement for last February. It compares favorably with that for same month last year. Indeed, it stands well with the February of some years when business was not so generally depressed. The decrease of circulation by \$101,842 is too trifling for comment; a heavier decline has occurred when business was far more active and prices much higher. When deposits are pouring in faster than the calls for money in such forms as require note issues to meet, the circulation, of course, runs down. When, too, the payments being made out of credit balances are made by cheques, as is becoming every day more and more customary, the volume of note currency must shrink, and we are much inclined to think that this is likely to have a permanently lowering influence upon circulation.

When we find one or two millions withdrawn from the current balances without any sign at all, or a very trifling one, of such withdrawals on circulation, we must conclude that these sums were, either not paid out in notes, or if in notes, they were instantly re-deposited. The note issues are having a shorter run in the hands of the public than they used to have, owing to the very greatly extended facilities now afforded for depositing money. In February, 1873, the note issues formed 29 per cent. of the liabilities of the banks; this last February they were only 12 1/4 per cent. of the liabilities. In view then of this displacement of notes by cheques, and the more prompt return of notes into savings banks and branches, we cannot regard the decline of the note issues as wholly attributable to a falling off in trade. Deposits on demand frequently fall off in February; in this respect the returns this year only follow a number of precedents, of which the following table gives recent examples:

	February.	January.
1890.	\$50,922,513	\$52,069,119
1891.	10,848,338	52,668,864
1893.	66,822,851	67,459,632