

THE ROYAL BANK OF CANADA

The year 1873 was an anxious one in Nova Scotia. The suspension in the month of April of the Bank of Acadia, followed by the closing of the doors of the Bank of Liverpool, caused the collapse of the business community in the section of the province in which they had operated. While the Merchants Bank of Halifax suffered some loss through customers involved in these failures, the President in his next annual report was able to announce the usual dividend and a further addition of \$40,000 to the Reserve. This fund was augmented by \$50,000 and \$30,000 respectively in 1874 and 1875 despite the universal trade depression which had followed the great financial panic in the United States.

During the first six years of its existence, three of which had tested the strength of older institutions, the bank had increased its paid-up capital from \$300,000 to \$900,000; its Reserve Fund from \$20,000 to \$180,000; and its Assets from \$714,948 to \$2,594,917. It had also extended its business to the neighbouring province of Prince Edward Island by the establishment of branches at Charlottetown in 1873 and at Summerside in 1874.

Hard times continued, not only in Canada but throughout the world, accentuated in Nova Scotia by a decline in wooden shipbuilding, which had long been the mainstay and chief industry of the province. Restricted circulation and the necessary contraction of loans and discounts lessened the profits of all banks; many reduced their capital and three failed. The utmost the Merchants Bank of Halifax could hope to do until the return of more prosperous conditions, was to retain the ground already gained, and to strengthen its organization.

Up to this time branches had been in charge of local men, often interested in other pursuits and not seldom politicians,