

THE ROYAL BANK OF CANADA

time Bank of Canada, which had its headquarters at St. John, New Brunswick. This institution had suffered severe losses and after an investigation of its affairs, conducted by Mr. Pease, the Board of the Merchants Bank decided not to recommend amalgamation to its shareholders. Four years later the Maritime Bank suspended payment, and only 10 $\frac{1}{2}$ % cents on the dollar was received by its depositors.

The Merchants Bank of Halifax was not destined to pass through these trying times unscathed and in 1885 it suffered one of those heavy losses which occasionally all banks have to face. Two of Nova Scotia's greatest industries, largely indebted to the bank, passed into the hands of receivers. The profits of the year were wiped out and the Rest drawn upon for \$80,000. The trouble was taken at the roots and within three years the loss had been more than made good and the Reserve Fund restored to its former strength. Moreover, it was now realized that if enterprises of national importance were to be financed, the bank must become national in its scope—with capital and reserves so large that its position could not be shaken by local losses.

It was therefore resolved in 1887 to extend operations to the City of Montreal and to appoint Edson L. Pease manager of the new branch. To build up a business in a centre which was the headquarters of so many powerful banking organizations was no light undertaking, but progress was steady. Soon the first premises became inadequate; more desirable quarters were secured, and with the opening of agencies in the city—east and west—the Merchants Bank of Halifax became firmly established in the metropolis of the Dominion.

This had been accomplished during a period when the development of Canada was retarded by world events. The failure of