

MARKET SNAPSHOT

	U.S.	EUROPE	ASIA
DJIA	13,328.81	-14.70	-0.11%
S&P 500	1,428.03	-5.16	-0.36%
NASDAQ	3,010.50	4.88	0.16%

Canadian Bank Bonuses May Jump 50% on Rebound, Vlaad Says

By Doug Alexander - November 27, 2009 00:02 EST

Nov. 27 (Bloomberg) -- Investment bankers at [RBC Capital Markets](#), TD Securities and other Canadian firms may see bonuses jump as much as 50 percent from last year after record stock sales and a surge in mergers fueled bank fees, a recruiter said.

“There’s been lots of M&A activity, lots of new issuance, the mining space is still hot and gold’s at a record,” said [Bill Vlaad](#), president of Toronto-based Vlaad & Co. “The banks, as a group, are going to come in well above last year’s numbers.”

Canada’s senior bankers may get increases of as much as 50 percent, while junior bankers may get 10 percent more in 2009, Vlaad said. Bonuses in 2008 were the lowest in about five years. Vlaad’s forecast is based on information gathered from hiring managers and other participants in Canada’s capital markets.

[Goldman Sachs Group Inc.](#), Morgan Stanley and JPMorgan Chase & Co.’s New York-based investment banks are set to pay record combined bonuses this year. The firms will hand out \$29.7 billion, according to analysts’ estimates, up 60 percent from last year and more than the previous high of \$26.8 billion in 2007.

“Investment bankers can expect bonuses to be definitely higher, but they’re coming off a lower number,” said Vlaad, whose [company](#) compiles an annual compensation survey on Canadian financial-services firms. “We’re still not going to see the numbers from 2007.”

Mergers Rebound

Investment banks may pay higher cash and equity-linked bonuses after a market rebound prompted Canadian companies to sell a record \$42.3 billion in stocks this year. Announced mergers jumped 58 percent to \$158.9 billion, according to data compiled by Bloomberg. Canada’s benchmark [S&P/TSX Composite Index](#) soared 27 percent this year.

Canada’s biggest banks begin handing out annual bonuses as early as next week. Canadian banks typically disclose incentive compensation for executives for the prior year in proxy circulars published in January and February.

Bank of Montreal, the nation’s fourth-biggest bank, reported on Nov. 24 that it set aside C\$1.38 billion (\$1.3 billion) in total incentive compensation for fiscal 2009. That’s 3.2 percent higher than a year earlier and the highest since at least 2003. The other Canadian banks

Advertisement

Advertisements



Sponsored Links

Advertisement

report fourth-quarter results over the next two weeks.

Not all the bonuses may be paid out, given changes in the way capital markets employees get paid, Vlaad said.

Canada's biggest banks this year revised pay policies for investment-banking employees, deferring more incentive compensation, revising share-ownership rules and adding "claw-back" provisions for those involved in misconduct.

Reviewing Bonuses

The Group of 20 leading industrial countries is reconsidering pay policies after an agreement in September to crack down on excesses that helped trigger bank collapses. The U.S. Federal Reserve said last month it will review practices at the 28 largest bank holding companies it regulates to ensure pay packages don't encourage risk-taking.

Royal Bank of Canada's RBC Capital unit, the country's No. 1 underwriter for stocks and bonds, may see the highest payouts due to a "banner year." Bank of Nova Scotia's Scotia Capital investment bank may have the lowest payouts, Vlaad, 38, said.

Vancouver-based brokerage [Canaccord Capital Inc.](#) said Nov. 5 that incentive compensation rose 25 percent in the quarter ended Sept. 30 from a year ago.

Foreign Banks

Non-Canadian firms with businesses in the country, such as UBS AG and Credit-Suisse Group AG, may increase salaries rather than bonuses due to public outcry over pay, Vlaad said.

"Some of the multinationals like UBS, Credit Suisse and others have increased their base salaries by up to three times to try and shelter the visual impact of bonus numbers," Vlaad said.

UBS, which cut at least 18,740 jobs globally amid the financial crisis, is hiring in Canada and aims to be "competitive", said [Paul Knight](#), chairman and chief executive officer of the firm's Canadian unit.

"The package is changing as the street is changing," Knight, 50, said in an interview. "Obviously salaries in some parts have gone up, and variable compensation will have more increments to it. There will be less cash and more shares."

In the U.S., year-end incentives, including cash bonuses and equity awards, may increase by an average 40 percent at investment and commercial banks, New York-based compensation consulting firm [Johnson Associates Inc.](#) said in a Nov. 5 report. Bonuses for the rest of the U.S. financial-services industry will fall for a second straight year, by about 20 percent.

To contact the editor responsible for this story: David Scanlan at dscanlan@bloomberg.net



Sponsored Links

[FREE Bloomberg Markets issue: The World's Richest Hedge Funds](#)

BLOOMBERG.COM [News](#) | [Opinion](#) | [Markets](#) | [Personal Finance](#) | [Tech](#) | [Sustainability](#) | [TV](#) | [Video](#) | [Radio](#) | [Archives](#)

ABOUT [About Bloomberg](#) | [Careers](#) | [Advertising](#) | [Press Room](#) | [Trademarks](#) | [Terms of Service](#) | [Privacy Policy](#)

SUPPORT AND CONTACT [Customer Support](#) | [Contact](#) | [Feedback](#) | [Help](#) | [Sitemap](#)

STAY CONNECTED  [Twitter](#)  [Facebook](#)  [Linked In](#)  [google+](#)  [StumbleUpon](#)

BLOOMBERG TERMINAL

[Professional](#)

[Anywhere](#)

RELATED BLOOMBERG SITES

- [Bloomberg Businessweek](#)
- [Bloomberg Markets Magazine](#)
- [Bloomberg Institute](#)
- [Bloomberg Open Symbology](#)
- [ブルームバーグ\(日本語\)](#)
- [Bloomberg Link](#)
- [会社概要\(日本語\)](#)
- [Bloomberg Blog](#)
- [关于彭博中国](#)
- [Bloomberg Press](#)

BLOOMBERG PREMIUM SERVICES

- [Bloomberg Briefs](#)
- [Bloomberg New Energy Finance](#)
- [Bloomberg Government](#)
- [Bloomberg Sports](#)
- [Bloomberg Law](#)
- [Bloomberg BNA](#)

MOBILE APPS

-  [Bloomberg](#)
-  [Bloomberg Radio+](#)
-  [Bloomberg TV+](#)
-  [Bloomberg Businessweek+](#)