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RBC boosts CEO's pay 25% to \$12.6-million



JOHN GREENWOOD | 13/02/04 | Last Updated: 13/02/04 8:42 PM ET
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Peter J. Thompson/National Post

Royal Bank of Canada chief Gordon Nixon took home \$12.6-million in total direct compensation last year, the highest amount the bank has paid a chief executive.

The paycheque represents a 25% increase over the previous year.

Canada's largest lender by assets had a good 2012, posting record profit of \$7.5-billion, up 17%, with a return on equity of 19.3%.

Shareholders also did well during the 12 months ending Oct 31, with a total return of 22%. However, RBC shares have delivered volatile performance since the financial crisis, only recently surpassing the \$62 level they achieved back in early May 2010.

Mr. Nixon's compensation, disclosed in regulatory filings made public on Monday, includes a base salary of \$1.5-million and a bonus of \$11.1-million, most of which is deferred. The bonus is made up of \$2.85-million of cash, \$6.6-million of deferred share units and \$1.65-million of stock options.

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The next highest paid executive was Doug McGregor, co-head of the capital markets business. Mr. McGregor took home \$10.4-million, slightly ahead of the other co-head, Mark Standish, who was paid \$10.39-million.

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Dave McKay, the head of Canadian banking and fourth-highest-paid executive, received \$5.1-million, up 9%.

The compensation details come as banker compensation in many countries is coming under pressure from regulators and shareholders.

Europe's top investment banks are getting set to cut bonus pools by as much as one-fifth, according to the Financial Times.

The report, which quotes compensation consultants, says the reductions are a result of investment banking head count reductions and other moves aimed at lowering risk.

For their part, Canadian banks are facing headwinds from declining consumer borrowing, a key profit engine. Analysts warn they need to start leaning on expenses

such as compensation if they are to maintain the current level of earnings.

"Mr. Nixon continues to be one of the most respected CEOs among his global peers. In 2012, despite a challenging global environment, RBC delivered record earnings driven by strong volume growth across most of our Canadian banking businesses, higher fixed income trading and corporate and investment banking results, and improved claims experience in insurance. RBC gained market share, deepened client relationships and invested in building franchises in Canada and globally," the bank said in its proxy circular.

RBC is the first of the big banks to report executive compensation for last year.

Executive compensation at all the banks has been recovering after cuts made in the wake of the financial crisis. Prior to the turmoil that began in 2008, Mr. Nixon's take-home topped out in fiscal 2006 when he received total direct compensation of \$11.9-million.



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**D. Hartley** · 25 days ago

As a shareholder on many fronts this is quite unacceptable.

35 1

**Cube** → D. Hartley · 25 days ago

Did you ever raise up your concerns in the annual shareholders meeting? Did you even vote on the proxy to approve shareholder pay? If not, then you have no right to complain. Also, his pay and the reward system is publicly disclosed, which you should have known before buying the shares. Either you did not perform due diligence when buying your shares, or you are deliberately being stupid.

16 3

**D. Hartley** → Cube · 25 days ago

If you qualify for CPP you will find that you too are a shareholder.

14 1

**Cube** → D. Hartley · 25 days ago

You are not a shareholder then. Your benefit does not depend on the market value of the assets that CPP holds, and as such you don't participate in the risks and rewards that RBC undertakes, and also don't have any of the rights of a shareholder.

3 3

**Shave the Sheep** → Cube · 25 days ago

@Cube while I agree with virtually everything you've said, I would disagree with your statement that your benefit doesn't depend on the market value of the CPPs assets. Ultimately, in order for any pension plan to be properly funded, the assets have to perform. Underperforming pension assets can have a hugely material impact on the long-term viability of a pension plan which, in the end, can affect benefits.

3

**Nostromo** → Shave the Sheep · 25 days ago

So you believe this compensation is appropriate for essentially looking after an oligopolistic and protected cash cow? Being the head of a bank is not much different than being the head of a public institution, in this country anyway. That said I think Mr. Nixon has gifts that got him to his position as head, but \$12MM, hmmm.

5



Shave the Sheep → Nostromo · 25 days ago

If the market is willing to pay it, then yes, the compensation is appropriate. If it weren't, people would be selling the stock. If clients don't like it, they can always leave. That's the beauty of capitalism.

It's funny when people like you deride banks for being like public institutions, but if regulations were removed such that they were more like the rest of the corporate world, you'd be the first to cry foul. (And no, I don't think banks should be less regulated)

0 ^ | v · Reply · Share >



Nostromo → Shave the Sheep · 25 days ago

You know very well why people would not sell a bank stock because their CEO is overcompensated. It has little effect on the bottom line of shareholders for these behemoths. It's a very big cookie jar for these protected companies and the difference in salaries between the bottom of the banks and top has nothing to do with the market, but everything to do with boards that look after their own interests. Classic oligopolistic behaviour.

Kind of reminds me of the Teutonics who extorted shippers to allow their boats to pass or it was a cannonball into your boat. All your posts are great in theory in a perfectly competitive marketplace, which doesn't exist in Canadian banking.

0 ^ | v · Reply · Share >



Shave the Sheep → Nostromo · 25 days ago

You're completely right. His comp is a drop in the bucket as compared to the Bank's bottom line. It is the board's job to protect the interest of the shareholders... and if a CEO is creating value, then that's exactly what they're doing; and the CEO should be compensated accordingly. Conversely, if the CEO drops the ball, he should be replaced. One only needs to think back to John Hunkin at CIBC for an example of that having happened.

0 ^ | v · Reply · Share >



neo → Shave the Sheep · 24 days ago

CEO pay is determined by precedence and the board will determine compensation accordingly. They look at what the market is paying but as we have already discussed Canadian banks are protected and guaranteed to make money so this metric is really idiotic.

It is not like Gord Nixon is Steve Jobs. How much value can he bring to the table as a CEO of a protected cash cow like RBC?

0 ^ | v · Reply · Share >



Shave the Sheep → neo · 24 days ago

Go back and look at the history of bad bank CEOs in Canada. Seeing the effect that a bad CEO can have shows the importance of having a good one. There is a massive amount of strategy that goes in to running a successful bank. Contrary to what you seem to believe, banks don't just run themselves; they are far, far too complex for that to ever be the case.

0 ^ | v · Reply · Share >



neo → Shave the Sheep · 24 days ago

No. banks don't run themselves there is a massive hierarchy of employees in the system right from the tellers all the way up to the executives.

To place the success or failure of the bank solely on the shoulders of one man is really silly.

Afterall it is not the same as being CEO of a truly competitive industry like Steve Jobs and Apple (now that is a CEO that brought REAL value to a company).

The bar is pretty low for CEOs of Chartered Canadian banks.

0 ^ | v · Reply · Share >



Shave the Sheep → neo · 24 days ago

Nobody is placing success or failure squarely on one person. I never came close to suggesting that. The fact is, however, that as captain of a ship, you get the credit when things go right, and you take the fall when things go wrong (at

least you should... I'm the first to admit that not enough bank CEOs took the fall in 2008... but again, that's the US, not Canada). In this case, things went right, and he was compensated accordingly.

0 ^ | v · Reply · Share >



neo → Shave the Sheep · 24 days ago

As I've said getting credit in a truly competitive market place is fine.

The ship we are talking about here can almost run on autopilot.

Whether or not Gord Nixon is at the helm makes little difference. Being a technocrat at the helm is fine. Being compensated at these levels doesn't make sense and gives more credit to them where it is not due.

0 ^ | v · Reply · Share >



Shave the Sheep → neo · 24 days ago

I guess we'll have to agree to disagree.

I will say that it's refreshing to have a debate with someone who can disagree without resorting to mud slinging and name calling.

0 ^ | v · Reply · Share >



Cube → Cube · 25 days ago

i mean executive pay

4 ^ | v · Reply · Share >



Switch → D. Hartley · 25 days ago

You find it unaccepttable that they made over \$7B last year? You're a picky shareholder.

10 ^ | 1 v · Reply · Share >



Shave the Sheep → Switch · 25 days ago

Don't forget the dividend raise, too.

2 ^ | v · Reply · Share >



neo → Switch · 25 days ago

Gord Nixon was responsible for that?

0 ^ | v · Reply · Share >



MarvellousMarv → D. Hartley · 25 days ago

I usually don't quibble with what the private sector pays their management. Banks are different because they are a protected 'private' sector, getting fat thanks to the many protections afforded them by legislation. Good for them, but they are very unworthy IMO.

I think in order to collect his salary, Mr Nixon should have to personally contact the next few clients they decide to foreclose on.

9 ^ | 1 v · Reply · Share >



just a canadian → D. Hartley · 25 days ago

then sell, rather simple

2 ^ | 2 v · Reply · Share >



climaxica → D. Hartley · 25 days ago

I bought shares 6 months ago and have had a 9% increase in share price over that time, so I'm ok with this.

2 ^ | 3 v · Reply · Share >



KentsKorrections · 25 days ago

hey they can afford it after they decided to increase charges for everything they do and reduce services to their customers.

17 ^ | v · Reply · Share >



just a canadian → KentsKorrections · 25 days ago

please share with us what fees went up, I have been with them since I was 16, and to this day have never paid a fee.

0 ^ | 3 v · Reply · Share ›



T_Eye → just a canadian · 25 days ago

then you're just a liar

11 ^ | v · Reply · Share ›



just a canadian → T_Eye · 25 days ago

multi product rebate do your homework before typing and calling me a liar. Not my fault if you can't get your lazy but of the chair and find something that suits your needs. Oh and I also pay no fees with TD.

So genius what fees have gone up?

0 ^ | 1 v · Reply · Share ›



T_Eye → just a canadian · 22 days ago

then you're what, 16.5....17?

0 ^ | v · Reply · Share ›



just a canadian → T_Eye · 22 days ago

39, so what does my age have to do with your laziness and not getting every last perk available. What is your age because of the lack of your knowledge I would not your mental capacity beyond of a five year old, but then again like I said lazy more like it and who just likes to whine.

0 ^ | v · Reply · Share ›



T_Eye → just a canadian · 22 days ago

What on earth are you talking about with 'perks'.

Seeing as how I was a royal bank customer a while back (later than 5 though), I can quite literally remember when my bank fees went up. I switched to PC, and also became a TD customer later on. Big boy stuff.

Look, you want to pretend that you don't pay bank fees for either investing or day to day banking, fine.

But the only people I know who don't pay fees are students, so you're either 16 (to 25), a liar (previously stated), or a troll.

And for the record, I'm not whining about anything, though maybe you could construe my calling your BS out as such.

0 ^ | v · Reply · Share ›



just a canadian → T_Eye · 21 days ago

liar, look up multi product rebate and I have a basic gold rewards card with no fee (they have dozens to chose from), you can call them, with TD select service account which requires a minimum balance which is not a problem as it is my primary and daily account you get unlimited transactions, their top of the line travel card for free, free cheques, a safety deposit box plus a hole lot more.

So I will stick to my statement a call you a whiner but also lazy at that. When you call RY and ask them about what I posted you can and you can put your BS nonsense where you can taste it.

Oh nice try adding in the "investing" part to the equation. RY and all other banks charge no fees if you buy in house investment products (GIC's mutual funds) Now I will give you some education since you still can't seem to grasp the concept of research. Action Direct, TD Waterhouse are NOT banking services they are independent arms of said institutions. You will find that those fees are for the trade transaction and will vary from 6.95 to 29.99 and higher if you want a broker.

So continue playing with your dolls instead of making the system work for you, because if it wasn't for ignorant or/and lazy people like yourself those beautiful bank profits and dividends would not keep on increasing.

Again my question what fee went up?

Refute that!

Born January 1974 at 06:46

0 ^ | | v · Reply · Share ›



1TomDuncan1 · 25 days ago

No Human is worth that kind of money.

That is just plain rude!

12 ^ | | v · Reply · Share ›



SQQ → 1TomDuncan1 · 25 days ago

in comparison, credit unions practically offer every service that banks do. but they also pay their CEO's a lot less.

if Gordon Nixon isn't worth that kind of money, the shareholders of RY could have easily hired a CEO for less than half that price from Desjardin (a credit union) for the low low price of \$3.1M (in 2011).

of course, RY shareholders aren't stupid enuf to do that because a 1% drop in RY share price is a loss of \$900M, grossly outweighs any savings from hiring a cheaper CEO.

0 ^ | | v · Reply · Share ›



iw_shawn · 25 days ago

Those damn greedy union workers how dare they ask for \$60k a year!

11 ^ | | v · Reply · Share ›



awview → iw_shawn · 25 days ago

Teachers Unions are not asking and not 60k but 85+ k. They are getting this from taxes extracted by government from somebody earning 25k.

They are worse than bankers who get their money from other rich people.

2 ^ | | 3 v · Reply · Share ›



JWG1954 → awview · 25 days ago

Stupid comment awview. You have to pay what people are worth whether they are plumbers, lawyers or teachers. It matters not what you make and it matters not that some taxpayers only earn 25K. Teachers are worth every penny that they are paid.

2 ^ | | 1 v · Reply · Share ›



awview → JWG1954 · 25 days ago

Being rude will not make your opinion more valid. You are presenting yourself as a primitive union bully. Public service pay have more to do with the power of Union thugs muscles than value of services provided.

2 ^ | | 3 v · Reply · Share ›



JWG1954 → awview · 24 days ago

I agree that public service and in the private sector, where there is reasonable pay, it is because of unions. That is because very few of us have the leverage to negotiate a decent pay package on our own. Pretty much all of us can be replaced in the blink of an eye and knowing that the employer has a major advantage in negotiations. It would be a dismal world without unions. They are needed now more than ever as free trade and globalization have us competing with slave and/or desperate labour from other parts of the globe. "Union bully", hardly. Unions do not have to apologize for looking out for their members. Regarding teachers: since 1990 teachers received an average 2.38% pay increase per year at the YCDSB. Inflation during that time averaged 2.25% and private sector workers in Ontario averaged 2.4% pay increases. As you can see teachers are NOT overpaid compared to anyone else and in fact received lower pay increases over that time period than did the private sector.

0 ^ | | v · Reply · Share ›



iw_shawn · 25 days ago



12202002 · 25 days ago

Its incredible how many people are actually defending this incredible level of compensation. Let me break this to all those intelligent people that think its perfectly fine for RBC to do this. These people that actually get to these positions, its not because of their competence but because of their political, and butt kissing skills. So no this fella is not the next financial oracle that will illuminate this world. Secondly, if you think its perfectly fine that one man makes 12.5 million for doing nothing other than come up with moronic strategies and the one after him do the exact opposite strategies to justify his compensation, then you are part of all the problems in this world. Why would it be ok that the tellers make \$12 dollars an hour or a programmer makes 60K a year? Is he really that much more valuable?

And here is the kicker, the canadian government insures the vast majority of their loans which is in the form of mortgages, and they gave them basically unlimited funds during the downturn. So, how can the bank lose money? If the market is good they make money, if the market is bad the government pays them money. Hmmm, so what does the CEO do exactly?

Please use some common sense and look out for your fellow humans, and those poor workers who bleed so the glorious CEO buys a new Porche and cottage in muskoka.

Cheers to all the more enlightened people.

8 ^ | v · Reply · Share >



JWG1954 · 25 days ago

Ya, of course it is different for this CEO to get a 25% raise. I'm sure their average employee will get far less. This is the problem with the world we live in. Austerity isn't for everybody is it...and don't tell me Gord Nixon, or anyone else, earns this level of pay.

5 ^ | v · Reply · Share >



TOdowntowner · 25 days ago

If the bank can give Nixon a pay hike, then they can afford to cut service charges and train their staff properly.

5 ^ | v · Reply · Share >



blazer91 · 25 days ago

No matter how some of the posters here denigrate anyone for daring to protest such unabashed outrageous compensation, it is news like this that helped spark the "Occupy" movement and in areas such as CEO compensation like this, I agree with them. There is no justification for such blatant greed, it is all part of the decline of our way of life, right up there with gov't financial mismanagement. The banks all make their obscene profits by both nickel and diming the little people and the shuffling of money around the world to benefit corrupt politicians, business leaders and organized crime figures laundering their money.

I protest overpaid civil servants, protected (from reality) overpaid union workers and especially overpaid PIG CEOs like those running the banks.

5 ^ | v · Reply · Share >



Canuckistani Randy · 25 days ago

Pensioners haven't had a raise in years. More greed at the top,

15 ^ | 5 v · Reply · Share >



SQQ → Canuckistani Randy · 25 days ago

their retail staff ticked me off with their incompetence and lack of service. so i do my daily banking else where.

i don't judge their CEO's based on pay. i judged him by his performance. and i execute my judgement with my money.

7 ^ | v · Reply · Share >



M K → Canuckistani Randy · 25 days ago

Which pensioners? The ones drawing down their RRSP that's invested in the steady income of banking stock, or the ones with CPP/OAS/GIS getting cost of living increases like 1.9% each year?

2 ^ | 1 v · Reply · Share >



bollox · 25 days ago

Disgusting..I'm closing my account with them and switching to a credit union

^ | v · Reply · Share >

4 ^ | v · Reply · Share >



TheFundamentals · 25 days ago

Don't try to ask why such a huge raise. There is no logic for the CEO pay hike, even from the perspectives of RBC shareholders.

4 ^ | v · Reply · Share >



Percy79 · 25 days ago

You know it is sooo tough for shareholders to approve these crazy increases ... mind you they don't want their return on investments reduced in order to approve this ... nope, they just want the additional costs passed on to families like mind. Tough decision that.

4 ^ | v · Reply · Share >



boomer_88 · 25 days ago

Greed is legal now

3 ^ | v · Reply · Share >



PennyStockJournal · 25 days ago

Geeze Bloody Louise and yes indeed the grease is coming right outta stakeholders.

<http://pennystockjournal.blogs...>

5 ^ | 1 v · Reply · Share >



Kootenay Ice · 25 days ago

And as another famous Nixon once said....." I am not a crook"(insert raised arms, double peace signs here)

2 ^ | v · Reply · Share >

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