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RBC Capital Plans Aggressive Hiring Amid Fierce Competition

- Canadian firm added 25 managing directors globally in 2021
- Bank seeks 'consistent multiyear approach' to hiring talent

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Royal Bank of Canada's investment-banking arm is looking to add to its team at a similar pace as last year, when it hired 25 managing directors globally, even amid "fierce" competition for top talent.

While the bank has spent recent years hiring leaders for businesses including technology and health care, the emphasis this year will be on broadening those teams, RBC Capital Markets Chief Executive Officer Derek Neldner said in an interview Tuesday, following the first day of the firm's Global Financial Institutions Conference. Those hiring plans come as "the competition for talent is as fierce as I've seen it, possibly ever," Neldner said.

"We believe that investing in talent is core to our strategy, and we want to take a very consistent multiyear approach," he said. RBC's hiring will continue to focus on the U.S., where it hired 22 managing directors last year, he said.

The 2021 hiring blitz helped RBC land a role co-advising on Discovery Inc.'s \$43 billion merger with AT&T Inc.'s WarnerMedia, one of the biggest deals of 2021.

A banker hired in January from Perella Weinberg Partners LP, Anne Hamilton, helped the firm land that deal, which Neldner stressed was a team effort.

"To get hired for M&A advisory you have to have very strong trusted relationships with the board and the c-suite," he said.

While RBC will remain competitive on compensation, the bank sees its hiring advantage in its collaborative culture and focus on clients, Neldner said. The bank also provides a rare mix of a strong platform and further opportunities to make a mark, he said.

"We're in a sweet spot where talented bankers feel we have a strong and credible platform, with established momentum, but also a significant growth opportunity ahead that allows them to have real impact," he said.

RBC Capital Markets' revenue rose 3.1% to C\$10.2 billion (\$7.9 billion) in the company's fiscal year ended Oct. 31. Net income for the division climbed 51% to C\$4.2 billion. Royal Bank's shares are up 20% in the past 12 months, roughly matching the gain for the S&P/TSX

Commercial Banking Index.

The firm posted record corporate- and investment-banking revenue in its fiscal first quarter, helped by a strong environment for mergers and acquisitions. While Russia's invasion of Ukraine injects uncertainty into the picture, that trend should persist as the pandemic-driven disruption of recent years prompts firms to continue re-imagining their businesses, Neldner said.

"This period of very significant change, which will have some very lasting effects, is causing companies to reassess their strategies and reassess their own businesses," he said. "That is going to continue to drive an elevated level of M&A activity and financing needs."

The firm's first-quarter results also benefited from a spike in trading as volatility roiled equity markets. While trading levels may normalize, they'll likely settle at a run rate higher than those before the coronavirus pandemic, he said.

"Increased uncertainty probably continues to drive a high level of activity in in the trading businesses," Neldner said.