



TFSA CASE STUDY

Industrial and Commercial Bank of China

To better serve the fast growing Canada-China trade and investment market, the Industrial and Commercial Bank of China Limited established its Canadian head office in Toronto's financial district.

“ICBC Canada is the first full-license bank acquired by ICBC in a developed country,” said ICBC Canada President William Zhu. “In many ways, Canada and China have complementary economies. There are more than 10,000 Canadian companies doing business in China. We want to serve as a financial bridge connecting the two markets.”

BRIDGING TWO MARKETS

The Industrial and Commercial Bank of China Limited (ICBC) is China's largest commercial bank and, with a market capitalization of US\$ 238 billion and more than 300 million customers, the largest bank in the world.

In June 2009, ICBC began negotiations to acquire the Bank of East Asia (Canada), which had branches in Toronto and Vancouver serving approximately 10,000 retail and corporate customers. The deal was approved in January 2010.

TARGETING CORPORATE AND RETAIL MARKETS

ICBC Canada is initially targeting the growing Canada-China corporate market. Two-way trade and investment between Canada and China has expanded significantly in recent years. By the end of 2011, merchandise trade had increased to almost \$65 billion from \$42 billion in 2006, and two-way investment topped \$15 billion. China is now Canada's second-largest single-nation trading partner and Canada's third-largest merchandise export market. The relationship is expected to strengthen further with the recent signing of a bilateral investment agreement in September 2012.

ICBC Canada also sees growth potential in retail banking. There are 1.4 million Chinese-Canadians and a growing number of Chinese tourists and visa students are visiting or studying in Canada.



中国工商银行 (加拿大)

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CANADA)

“Toronto is a great city for doing business,” said Zhu. “The government is friendly to investors and the business community is very open. Toronto is a transportation hub with direct flights to China and major centres in the U.S., which makes it convenient for business. Toronto is also very multicultural so no one feels like a stranger, and there are organizations like the TFSA and the Chamber of Commerce that can help companies get started. I love it.”

GETTING THE FUNDAMENTALS RIGHT

ICBC Canada is taking a step-by-step approach to growth. “At these early stages we are focused on building a solid foundation,” said Zhu. “ICBC globally has a world-class IT platform, client base, management and capital base. To build on that strength, ICBC Canada paid a lot of attention to the fundamentals, to refining our strategy and developing unique products for our target markets. Our eventual goal is to become a local bank. In addition to China-based clients that are focused in a few specific industries such as mining, renewable energy and real estate, we want to diversify our client base and provide quality services to local Canadian companies of all size in all industries. With support from parent bank, we can be very competitive in meeting their needs.”

ICBC Canada plans to open more branches in Toronto and, soon, its first branch in Calgary.

“Things are progressing well,” said Zhu, crediting the company’s success to having taken the time needed to understand the Canadian business culture. It is an approach he recommends to all Chinese companies that are starting to do business in Canada.

“Many of our clients invest in mining projects, for example, and it is very different here,” he said. “There are unions, so you need to manage your staff differently, and there is a respect for the environment and First Nations people that is very different. I think that if you want to do business successfully here, you need to study the country.”

It’s an investment of time but it’s also a sign of commitment to the market. For ICBC Canada, that commitment is also demonstrated through their education program.

Every year, the ICBC parent corporation sends 250 of their best and brightest staff overseas on one-year programs to learn the latest in global banking. Ninety of them attend the University of Toronto or the University of British Columbia to learn about Canadian regulatory systems and the business culture.