

## **Focus. Calyon seeking growth in China via local clients**

**Asia accounts for just over 10% of Calyon's revenues. Growth of 25% is expected in 2007.**

As they say, the grass is always greener on the other side of the fence. This also appears to be true for corporate and investment banks, especially when they come from a mature market. International business is driving growth at Calyon, the Crédit Agricole S.A. corporate and investment banking subsidiary, as it is at its competitors. In 2006, two thirds of the EUR 5.4 billion in revenues generated by Calyon came from foreign operations.

One of Calyon's international networks covers Asia, which accounts for just over 10% of the bank's revenues, with China the leading contributor. "Last week we got the go-ahead to work in local currency with public-sector companies, and we now have all the permits we need in China," explains Bernard Mignucci, the head of Calyon's International division. Noting that Banque de l'Indochine opened its doors in Shanghai in 1898, the executive was visibly proud when he said, "we have five branches and a representative office in the country. Only four foreign banks, including HSBC and Citibank, are doing better and we are the top French bank."

Currently, Calyon generates about EUR 150 million in revenues in China and Hong Kong, not counting its brokerage business. Crédit Lyonnais Securities Asia (CLSA), which was acquired along with its parent company, has strong brokerage positions in Asia. Calyon intends to lean more heavily on CLSA in growing its business in Asia and is forecasting revenue growth of 25% in 2007.

"The year is off to a very strong start," says Bernard Mignucci, adding that last year Calyon provided a large share of the aircraft acquisition finance in the region with a total of USD 870 million. "Year-to-date, we have already signed agreements worth USD 790 million." Moreover, Calyon has just established a leveraged finance unit in order to be prepared when this market starts to develop.

Growth will depend above all on local operations. After having accompanied western companies in the Middle Empire, Bernard Mignucci explains that "future growth will come from helping Chinese companies as they expand elsewhere in the world." Calyon believes that local clients with an international bent will eventually outweigh traditional clients. The bank also plans to recruit a new chief country officer and to assign him clear growth targets. Significantly, Calyon is thinking about basing him in Beijing, not in Shanghai.

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