



Silk Road Fund
丝路基金



AND ITS SIGNIFICANCE FOR OBOR

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Introduction

- ▶ Silk Road Fund was established in Beijing on December 29, 2014.
- ▶ It's a joint venture of State Administration of foreign exchange, China Investment Corporation, Export-Import Bank of China, and China Development Bank



Objective

It's Prime Objectives are:

Investment and financial support for trade and economic cooperation and connectivity under the framework of Silk Road Economic Belt and 21st Century maritime Silk Route referred to as Belt & Road Initiative.

It is dedicated to development of infrastructure, for transportation & energy, industrial capacity cooperation and financial cooperation in countries and region involved in Belt and Road initiative to ensure medium and long term financial sustainability & reasonable returns on investment.



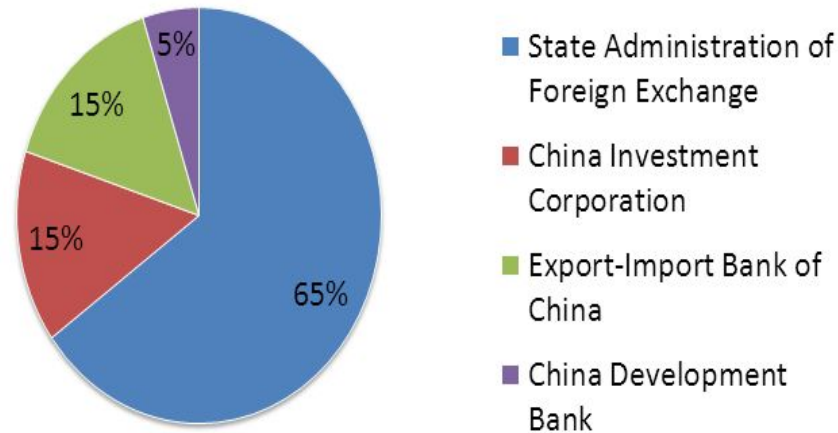
Significance

- ▶ The function of the Silk Road Fund will be different from the AIIB, but they are complementary. The fund will mainly use domestic capital, especially foreign exchange reserves, to invest in medium and long-term projects through holding companies' shares."
- ▶ Silk Road Fund is exclusively devoted for the Chinese policy of regional connectivity, infrastructure development, energy routes, rail and & road construction, whereas, AIIB's objective is not Belt & Road only.

Capital

- Total Capital: US \$40 billion

Initial Capital Investment of US \$10 billion



www.silkroadfund.com

Financial Details

It's a USD 40 billion fund.

The fund announced initial capital of \$10 billion: \$1.5 billion from China's sovereign wealth fund China Investment Corp, \$6.5 billion from the foreign exchange reserves, \$1.5 billion from the Export-Import Bank of China and another \$500 million from the China Development Bank.

The Fund targets to generate a 7% cash return per annum (gross of tax) to all investors. The total target gross return is 13%-15% per annum.

Assets detail of Partner Institutions

► China Investment Corporation

S/N	Institution	Assets
1	China Development Bank	US\$ 180 billion
2	Export-Import Bank of China	US\$ 691.417
3	China Investment Corporation	US\$ 813.76 billion
4	China's total foreign Exchange Reserves	US\$ 3.2 trillion

Growth of China's banking System

According to a latest report of Financial Times.

China's banking system has surpassed that of the Eurozone to become the world's largest by assets, a sign both of the country's increased influence in world finance and its reliance on debt to drive growth since the global financial crisis.

China's banks overtake rivals Assets (\$tn)



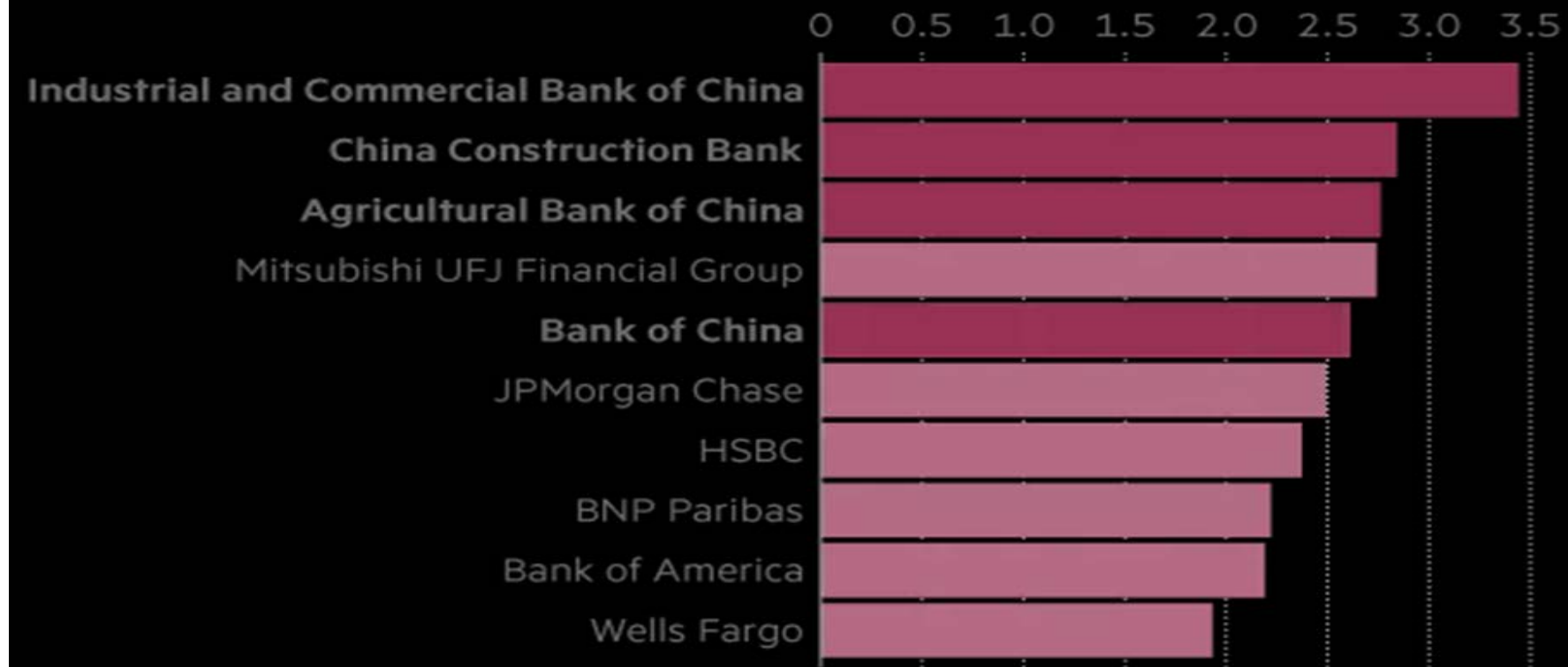
Sources: European Central Bank; Federal Reserve; China Banking Regulatory Commission; Bank of Japan; Thomson Reuters Eikon; CEIC

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Chinese Banks in World Ranking

World's three largest banks are Chinese

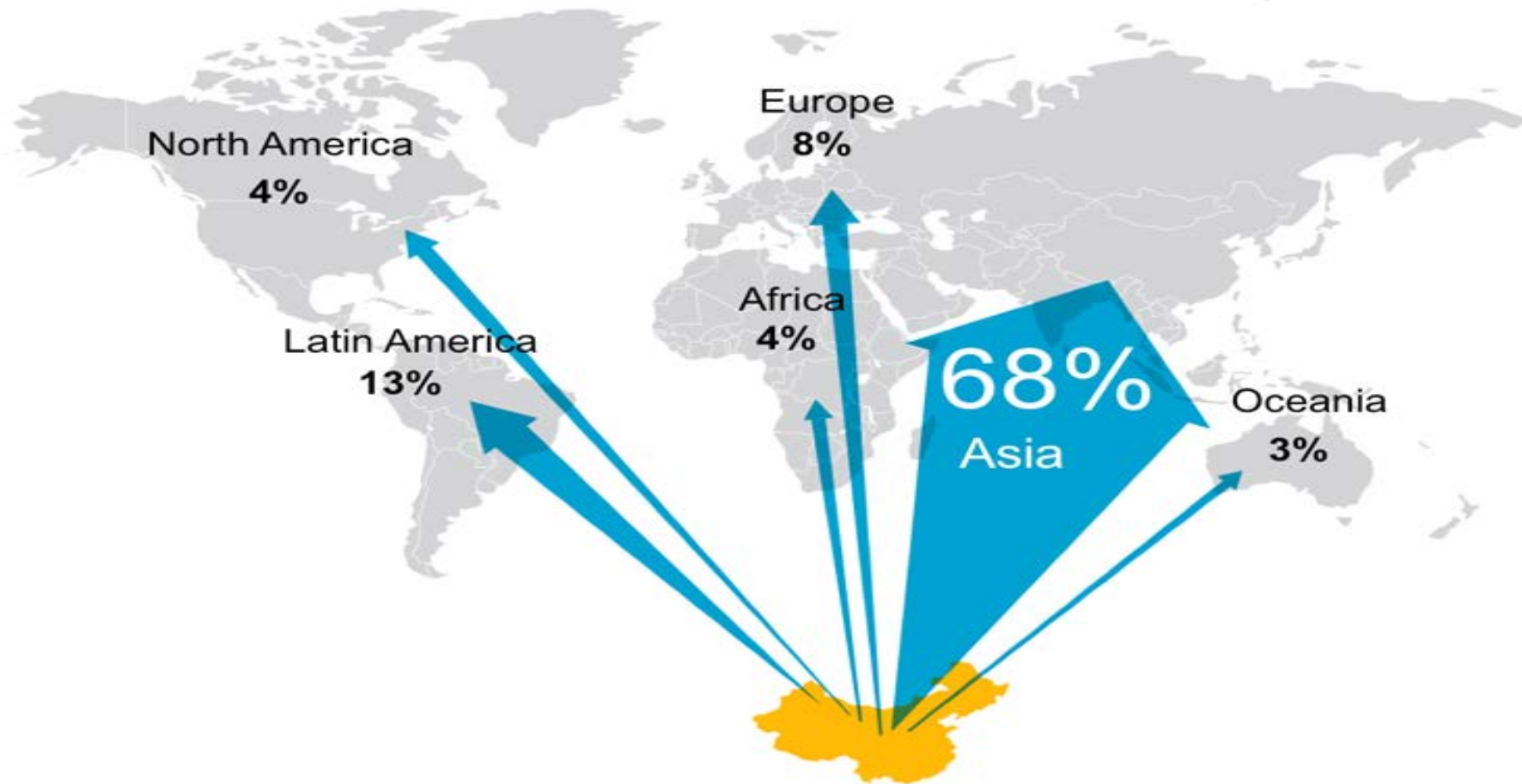
Total assets (\$tn)



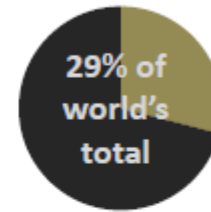
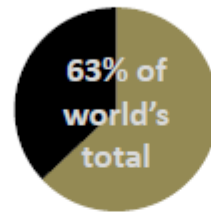
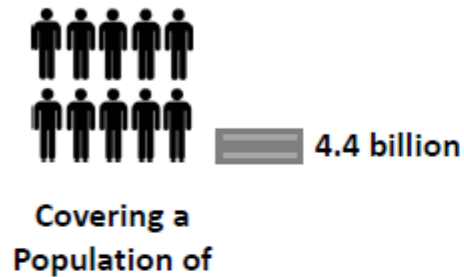
China's Overseas Investment History since 1990

	Year	Investment Abroad
1	1990	US\$ 0.9 Billion
2	1995	US\$ 3 Billion
3	2000	US\$ 2.5 Billion
4	2005	US\$ 20.27Billion
5	2010	US\$ 426.19 Billion
6	2015	US\$ 1240.4 Billion
7	2016	US\$ 1485.91 Billion

Regional Distribution of Chinese Investment



The Overall Scale and Coverage of the “OBOR” Strategy



Total countries and
regions covered



Goods and services exports



Eurasian railway network

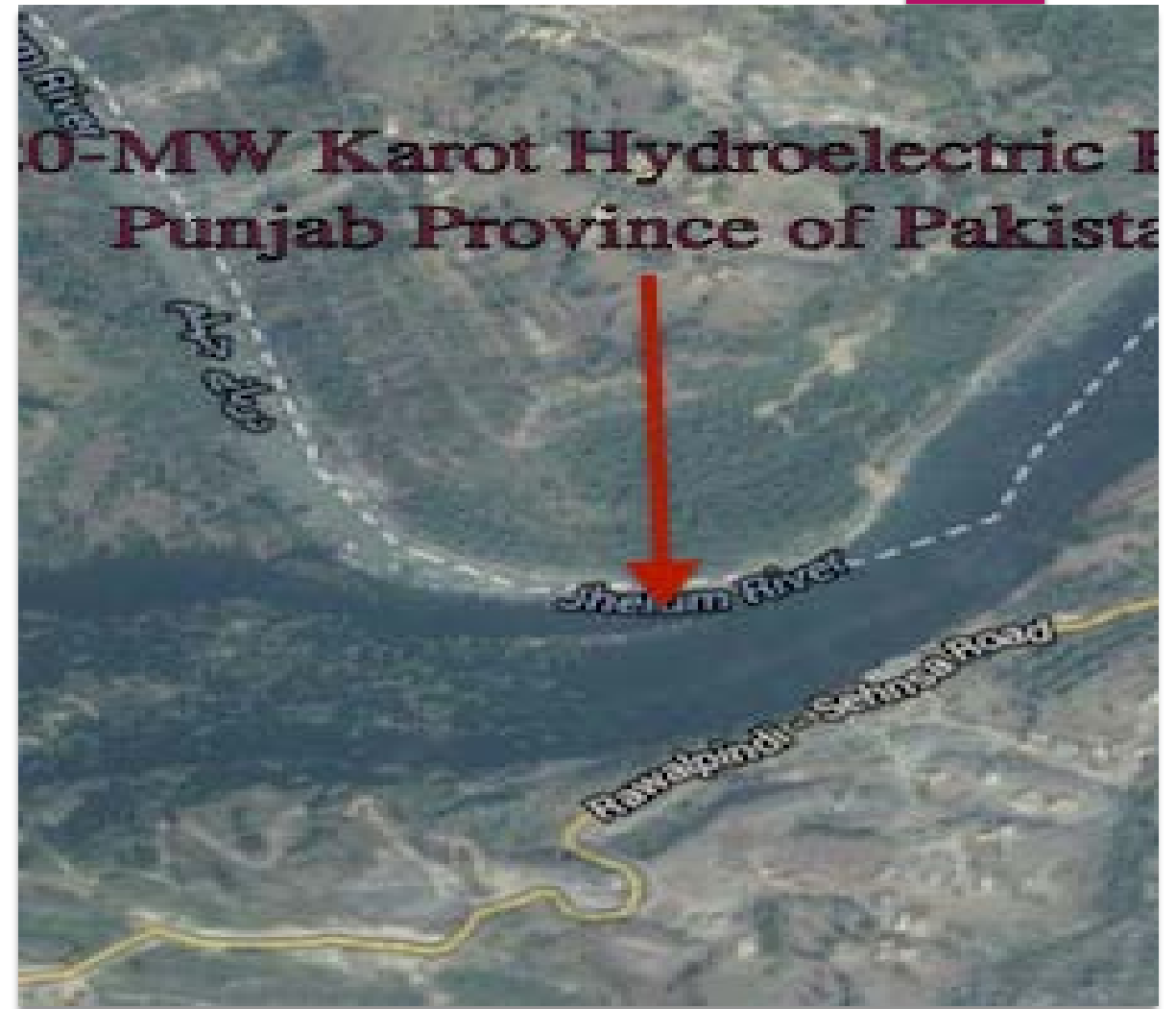
- A total of 81,000 km

Initial Project

First Overseas investment is of US\$40 billion Silk Road fund will be into a hydropower project in Pakistan.

The Silk Road fund will provide capital to build the Karot hydropower project on the Jhelum river in the north east of Pakistan, through China Three Gorges Corp and the Pakistan Private Power and Infrastructure Board, the People's Bank of China said in a statement.

Karot will have an installed capacity of 720,000 kilowatts, and an annual power generation capacity of 3.2bn kilowatt-hours. It requires a total investment of \$1.65bn, and forms the fourth stage of a five-stage development plan for the Jhelum river.





The End