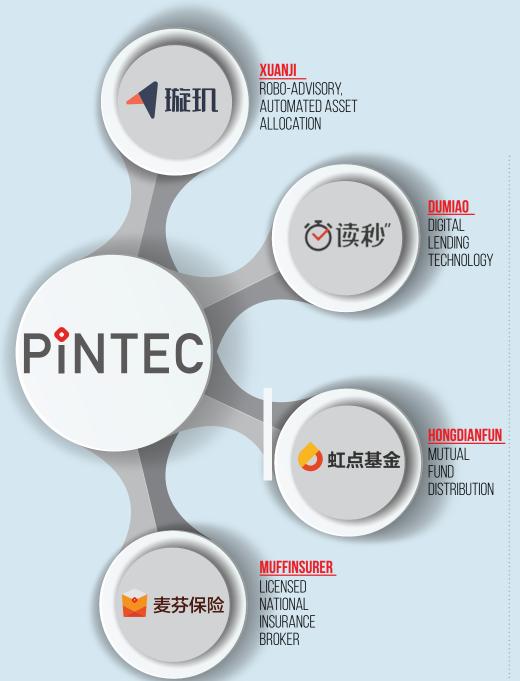
## POWER TO THE PEOPLE

### PINTEC SERVES A BOOMING CONSUMER CLASS



estifying to the rise of China's consumer class is a daily stream of Chinese travelers hurrying through airport terminals from Paris to Palau with a suitcase in one hand and smartphone in the other.

What's inside each suitcase is, of course, personal business. But an app inside a growing number of traveler smartphones is Pintec's business.

Pintec is a consumer-savvy, fintech services provider that builds bridges connecting enterprises, financial institutions, small businesses and the upwardly mobile urbanites at the forefront of China's transition to a consumption-based economy.

The Beijing-based company's stated commitment to "leveraging technology to advance financial services" while "leveling the playing field" underscores a business model with a future as big as the digital economy itself.

Pintec's key app offers access to millions of Chinese consumers who now rely on mobile internet for various transactions by facilitating short-term loans and personal financing.

Pintec also pursues a "Powered by Pintec" strategy by which seamless, integrated financial systems are available through a variety of online platforms.

Fintech app users are generally young adults raised in the internet age who expect convenient, seamless transactions. They order clothing through e-commerce websites, bank online, and tap smartphone screens to reserve airline seats.

Many banks, meanwhile, remain grounded in brick-and-mortar traditions that limit their ability to interact with the smartphone generation.

Pintec serves both groups via its ability to access and electronically process consumer background data – the "big data" that in the United States, for example, is managed by credit agencies but in China is fragmented and hard to collect. Pintec's data-fueled "tech engine" gives banks the power to weigh loan applicant risks before issuing or rejecting credit.

Pintec is not a lender and assumes no consumer-credit risk. However, bank loans arranged through its app Dumiao Qianbao and Pintec's digital loan system for e-commerce companies help consumers buy plane tickets to Paris, Palau resort packages, and a lot more.

The "Powered by Pintec" tech engine also drives credit inquiries supporting smartphone sales at China Telecom stores and student tuition payments for Hujiang Education, an online learning platform. Pintec also works with e-commerce provider Tencent Weidian, and backs the internet-based Xinwang Bank by finding customers and managing risk.

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In addition to credit support, Pintec provides a robo-advisory fintech service called Xuanji that helps institutions and third-party platforms offer automated investment products to consumers by using an asset allocation algorithm to execute trades. The service, licensed

by the China Securities Regulatory Commission, uses an asset allocation algorithm to execute trades.

Pintec has grown rapidly since 2012, when four friends with IT and financial sector skills co-founded the company. One founder, CEO William Wei, said successful rounds of funding in 2014 and 2015 secured about \$130 million.

By serving everyday consumers with low-cost, manpower-light, easy-to-use digital systems, Pintec occupies a unique position in China's fintech sector.

"Most of the middle class is overlooked" by fintech providers in China, Wei said, and "a small part of the population (the wealthy) is overserved."

Participating in Pintec's wholeservice approach are Chinese online travel agencies Ctrip and Qunar.com., which supply some consumer data -- obtained with each consumer's permission -- that helps Pintec rate credit applicants for its banking partners. Pintec collects allowable user data from other sources, too,



while building loan models and managing risk through its end-to-end digital lending system. Pintec's bank partners can thus issue credit with confidence, while travel agents benefit by selling tickets to the banks' borrowers.

Yang Miao, vice president of Qunar, said Dumiao cooperates with Qunar to satisfy growing demand for travel and installment loans among young adults, the agency's largest client group.

No wonder Pintec is the now an important player in China's Online Travel Agency (OTA) installment market, with as

much as a 40% market share. To date, Pintec has helped more than 5 million consumers obtain more than 8.4 billion yuan in new loans. The company plans to add OTA partnerships with travel agencies Tongcheng and eLong, too.

The digital and financial know-how that sparked the collaboration among Pintec's co-founders has been a springboard for several ventures. For example, the company recently launched B2B partnerships with Minsheng Securities, Harbin Bank and others.

Jin Kuihua, Minsheng's vice president, calls cooperation with Xuanji "a symbol"

of his firm's push for "products and services on a strategic level."

Now, while adding services and growing to satisfy China's rising consumer class, Pintec is reaching out to potential partners who recognize the value of a fintech sector leader with a big data edge.

CEO Wei says access to consumer information and big data skills are powering Pintec to lead the fintech sector and achieve its goals.

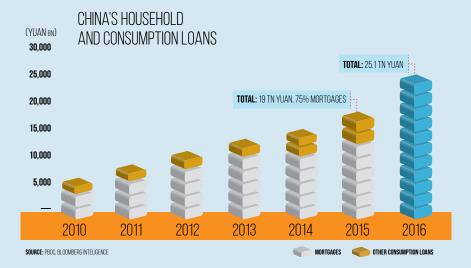
"As long as we can collect data, and the data is rich enough," Wei said, "we can do what we want to do."

### FAST GROWTH FOR NIMBLE, FORMIDABLE FINTECH

he internet's incursion into territories long dominated by banks is accelerating in China as financial technology firms leverage computing skills to serve a growing consumer market.

China is the world's undisputed leader in the "fintech" space, where technologically adept companies with big data access harness the internet to link lenders and other financial institutions to consumers, small businesses and retail investors.

In a recent report, analysts led by Katherine Lei at J.P. Morgan in Hong Kong heralded fintech as a "lucrative" business opportunity in China, where 2016 consumer online borrowing doubled from the previous year to about



75 billion yuan. This year, it's expected to double again to 158 billion yuan.

"We expect fintech to become a 460 billion yuan revenue market in China by 2020," Lei wrote.

A broad look at fintech's role in Chinese online banking by Bloomberg analyst Francis Chan cited "continued growth in online purchases" as fuel for internet-based consumer lending. Of the 25.1 trillion yuan in household borrowing nationwide last year, he said, credit card and consumer loans accounted for about one-fourth.

Nimble, cost-efficient fintech

companies also facilitate investments including wealth management products.

Fintech companies earn fee income without incurring the risks shouldered by banks. And while they should avoid competing against banks, Lei wrote, fintech firms make excellent bank partners.

Fintech is all about "enhancing user experience and client acquisition, reducing operating costs by leveraging technology, and managing credit risks by utilizing big data analysis," Lei wrote. And it's on the front lines of the internet's financial industry incursion.

# PINTEC IN NUMBERS

## 40%

#### MARKET SHARE

IN CHINA'S ONLINE TRAVEL INSTALLMENT (OTA) MARKET

#### LOANS

CONSUMERS HAVE OBTAINED MORE THAN

### **PARTNERS WITH**

YUAN IN NEW LOANS TO DATE

WITH PINTEC'S HELP

ENTERPRISES
FINANCIAL INSTITUTIONS
SMALL BUSINESSES



conversation with bankers about improving customer satisfaction was a watershed moment for William Wei shortly before he and three friends founded the fintech services provider Pintec in 2012.

The conversation hit a dead-end when Wei suggested executives field phone calls at a customer service desk to "hear customer complaints," he said.

"For those big banks, that was impossible."

Ever since, tech entrepreneur Wei has directed his energy toward satisfying consumers and providing services beyond the reach of traditional bank models. The success of Pintec's Dumiao, China's largest third-party provider of digital consumer lending solutions, as well as its robo-advisor Xuanji prove he's on the right track.

A graduate of the Beijing Institute of Technology and China Europe International Business School, Wei cut his teeth at Huawei, Nokia and Philips before founding the telecom services provider Innovation Technology Corp. (ITC) in 2006.

ITC served firms such as China Mobile and Nokia before being acquired by VanceInfo. Wei served as VanceInfo's vice president for mobile technology, then left to pursue start-ups as an angel investor.

Wei fondly remembers chatting with business school classmates who later agreed to collaborate. And Pintec was born.

"I was eager to find some new opportunities," Wei said. "I strongly believed that technology sales could not survive. They had to be involved in some other industry. Something had to change."

Pintec's first product was a creditrelated, data management system that replaced paper records.

"With paper, you can never track the data (or) customer behavior," he said.

Banks have always been target customers, Wei said, although early on Pintec chiefly served guarantee and loan companies.

Today, banks are assessing credit risks and issuing consumer loans through Dumiao, or working with Pintec on B2B platforms. Meanwhile, Pintec is pursuing more bank and commercial clients.

But rather than try new businesses, Wei said, Pintec will focus on internet technologies serving the financial sector.

"Every day you need to focus, to concentrate," he said. "I hope I can help the company stay calm, concentrate and achieve our goals."