

2022
ANNUAL REPORT

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IMPORTANT NOTES AND DEFINITIONS



1. The Board of Directors, the Board of Supervisors, directors, supervisors, and senior management of the Bank hereby confirm that the contents of the Annual Report are true, accurate, and complete and there are no false representations, misleading statements, or material omissions of the information therein and they will individually and collectively accept legal responsibility for such content.
2. The Bank held the 21st meeting of the third session of the Board of Directors in Shenzhen on 23 March 2023, at which the text of the 2022 annual report was reviewed. There were 12 directors eligible for attending this meeting of the Board of Directors, of whom 10 directors attended this meeting. Directors Baoguo Zhu (on behalf of director Lin Ching-Hua who was absent on business) and Wong Yu Tsang Alex (on behalf of director Wei Cao who was absent on business) were entrusted to exercise voting right as proxies.
3. KPMG Huazhen LLP audited the 2022 financial statements of the Bank in accordance with China Standards on Auditing (CSAs) and issued an unqualified auditor's report.
4. David Ku, the legal representative of the Bank; Nanqing Li, the president of the Bank; Lipeng Wang, the Chief Financial Officer; and Jie Yu, the Head of the Accounting Department, hereby make representations in respect of the truthfulness, accuracy, and completeness of the financial statements in the 2022 annual report.
5. The proposal for the distribution of profits for the reporting period was implemented after being prepared by the Board of Directors and reviewed by the Shareholders' General Meeting, following appropriation of general risk reserve.
6. Risk disclaimer of forward-looking statements: Forward-looking statements such as development strategies and future plans mentioned in the report do not constitute a substantial commitment of the Bank. Investors and individuals should maintain sufficient risk awareness and understand the difference between plans, forecasts, and commitments.
7. In this report, the following expressions have the following meaning unless stated otherwise:

WeBank or the Bank	—	WeBank Co., Ltd.
Reporting Period	—	Reporting Period From 1 January, 2022 to 31 December, 2022
CBIRC	—	China Banking and Insurance Regulatory Commission
CBIRC Shenzhen Office	—	The Shenzhen Office of China Banking and Insurance Regulatory Commission
KPMG	—	KPMG Huazhen LLP

CORPORATE INFORMATION



I. Profile

Legal Representative:	David Ku
Chinese Name:	深圳前海微众银行股份有限公司
Abbreviated Name in Chinese:	微众银行
English Name:	WeBank Co., Ltd.
Abbreviated Name in English:	WeBank
Registered Address:	Room 201, Block A, No. 1 Qianwan 1st Road, Shenzhen/Hong Kong Modern Service Industries Cooperation Zone, Qianhai, Shenzhen, Guangdong Province (settled in Shenzhen Qianhai Business Secretarial Company Limited)
Office Address:	Block A, Building 7, Shenzhen Bay Technology and Ecology Park, No. 1819 Shahe West Road, Nanshan District, Shenzhen, Guangdong
Customer Service & Complaint Hotline:	95384
Website:	http://www.webank.com
Date of First Registration:	December 16, 2014

II. Scope of business

Accepting deposits from the public, mainly individuals and micro-, small- and medium-sized enterprises (MSMEs); short-term, mid-term, and long-term loans mainly to individuals and MSMEs; domestic and overseas settlements; bill acceptance and discounts; issuing financial bonds, cashing and selling government bonds as an agent; buying and selling government bonds and financial bonds; interbank lending and borrowing; buying and selling foreign exchange as an agent; bank card business; letter of credit services and guarantee; operation of payment and collection agency and insurance agency; safe-deposit box services; fund sales; other businesses approved by banking regulatory authority under the State Council.

CHAIRMAN'S STATEMENT

2022 is a year that has foreshadowed potential upcoming change unseen in a century. Drastic shifts in the external environment and numerous challenges led to the accelerated accumulation of risks. Facing the intense market competition with a sense of awe, we aimed to find solutions through perseverance and continuous exploration, and realized self-development through market cycle. It is a year that deserves to be remembered in the history of WeBank, being one where we responded satisfactorily to challenges with a more measured development pace and more stable performance.

We maintained steady development as always. In 2022, amid the repeated outbreaks of COVID-19 and the economic downturn, events such as missing deposits in rural banks and exceptional fluctuations in the bond market have greatly impacted market stability and customer confidence. These circumstances forced small and medium-sized banks and privately-owned financial institutions to face multiple stress tests. We have responded to the challenges by actively controlling our growth rate, adjusting the business structure, and strengthening risk control. Our efforts in this respect have achieved relatively stable operating results. As a bank with eight years of development, we are accustomed to the inevitable ups and downs and cycles of the market. However, it is also these difficulties that helped

us conduct a comprehensive test of the long-term adherence to our business model. It shows that WeBank is always capable of achieving sustainable development and bringing more confidence to customers, even in the face of a severe and complex external environment.

We adapted ourselves as the situation changed to propel self-innovation. Considering the higher expectations from our customers, shareholders, regulators, and ourselves, we actively updated corporate culture in combination with changes in the external environment in 2022. While staying true to the founding mission of “Better Banking for All”, we put forward a brand-new vision to be “The Leading Digital Bank that Continuously Innovates for Better Life”. For this, we have formed matching values and set up the banner of future development. We deeply realize that only by continuously improving our capabilities could we gain the full trust of our customers. Therefore, we devoted ourselves to our core competence of financial services and brand building. We officially launched the WeBank Wealth+ brand to better satisfy the financial needs of different groups and customers at different levels.

We rooted for the recovery and development of MSMEs. We have received unwavering support from



David Ku
Chairman and CEO

millions of MSMEs and self-employed individuals, and so in 2022, we committed ourselves to working hard to accompany with them on their path to success. Limited credit resources were granted to MSMEs. About 60% of the increase in on-balance sheet loans for the year was granted to MSMEs and self-employed individuals to meet their production and operation needs. With the continuous extension of our financial services, we have achieved five consecutive years of growth in the number of inclusive finance loans for MSME customers. We took the initiative to alleviate the burden on MSMEs, which contributed to the reduction of interest rates of inclusive finance loans for MSME customers for five consecutive years. In order to provide timely assistance to more than 20,000 MSMEs to tide through business difficulties, we also launched financial rescue measures in batches.

We took pains to help customers achieve a better life. In 2022, we invested countless resources to bring convenience of the digital age to our customers. Despite never meeting each other face-to-face, we have built lasting support with our customers over the years. Our multi-technology solutions further optimized the experience for visually impaired customers. Our video customer support function “Cloud Counter” better met the individual needs of elderly customers. We served more

than 2.4 million special customer groups throughout 2022. The legitimate credit needs of more than 1.3 million customers who had been lifted out of poverty were fully supported, helping them move on to a better life. WeBank also helped more than 1 million “new citizens” start their own businesses, get employed, and become a part of urban life through digital inclusive financial services via mobile phones.

We delved into the development direction of technologies and striving to improve financial security.

In 2022, we took the lead to propose the new paradigm of Trustworthy Federated Learning in the industry, which rendered a new solution to balance security, efficiency, and performance faced by privacy computing and federated learning. We have persistently engaged with the self-reliance and self-improvement of high-level technologies, the building of a new technological capability matrix, and the storage and improvement of metaverse-related technical capabilities based on the concept of interrelationship between digital and reality. We have accumulated rich experience in self-developed distributed architecture and the field of full localization of software and hardware. These underpinned our new progress in continuously improving the safety and controllability of core technologies.

We contributed to the construction of the national new infrastructure with self-developed technologies.

Supported by our open-source blockchain technology, the first cross-border data verification platform in the Guangdong-Hong Kong-Macao Greater Bay Area was launched in Guangdong and Macao in 2022. Our self-developed multi-party big data privacy computing platform (WeDPR-PPC) has been launched on privacy-preserving health data platform, ocean big data platform, and other scenarios to help data analysis and research while protecting privacy. Led by WeBank, the consortium chain platform FISCO BCOS strongly supported the operation of platforms such as the The Pearl River Delta credit chain. It helped the sharing and interoperability of corporate credit information and improved the efficiency of bank-enterprise financing connections.

We improved the management quality and efficiency and underlined employee protection.

Referring to industry benchmarks, we made up for shortcomings in corporate governance, internal control, compliance, and risk management in 2022. In addition, we adopted strong safeguard measures in terms of resources, talent, and mechanisms to cope with competition and seize development opportunities. In terms of talent in

particular, we steadily improved employee benefits and made our greatest efforts to provide employees and their families with the necessary support for epidemic prevention to protect their health. We continuously improved the mechanisms of talent identifying, training, selecting, and admission, in a bid to broaden their career development paths and bring more opportunities for motivated employees. After all, difficulties and adversity bring out the true value of things. We deeply appreciated the hard work of all employees.

WeBank is a young and energetic commercial bank, but with limited historical development and room for improvement. For this reason, we always remind ourselves to be humble and self-disciplined, targeting long-term capacity building. In 2023, we will maintain our momentum in scientific and technological innovation and stay true to our mission of serving MSMEs and the general public. Amid an external environment full of uncertainties, risk control and loss mitigation will also be our top priorities. To this end, we will devote ourselves to polishing products and improving capabilities while staying focused on innovation. WeBank will contribute to expanding domestic demand, promoting consumption, and smoothing the internal circulation in the post-pandemic period.

PRESIDENT'S STATEMENT

As we all know, 2022 was an extremely unusual year for everyone. The Bank faced unprecedented difficulties and challenges. With “the Top Priorities of the Country” in mind, MSMEs and the general public are always the Bank’s priorities. We adhered to the development idea of seeking progress while maintaining stability, gave full play to the characteristics and advantages of digital inclusive finance services, and did our best to help stabilize the economy and meet the financial needs of our long-tail customer base. The Bank maintained steady progress on the journey despite difficulties and hardships.

Staying true to our mission, maintaining steady progress

In 2022, the unexpected outbreak of COVID-19 and macroeconomic pressure seriously affected the Bank’s operation management and customer groups. The Bank persevered in serving MSMEs and the general public despite the harsh development background. While taking practical measures, the Bank continued to optimize its products and service systems in response to the situation. In this regard, we have become part of the life of our customers and overcome difficulties with them. Our efforts achieved fruitful results.

The Bank conscientiously implemented a package

of policies and measures from the State Council on stabilizing the economy over the past year. The amount of inclusive finance loans for MSME customers throughout the year exceeded RMB460 billion. The year-end balance and the number of borrowers has maintained an increase for five consecutive years, while the interest rate has dropped for five consecutive years. We strongly supported the rebounding and expansion of consumption. Efforts in this area included granting over 410 million loans throughout the year, covering bulk consumption scenarios such as automobiles and home appliances. We also helped customers affected by the pandemic, providing timely and effective solutions for more than 20,000 MSMEs.

The Bank adopted the concept of collaborating to create a better life, and officially launched the WeBank Wealth+ brand in the past year to meet the needs of different customers. Our corresponding system construction also made progress. We actively provided “new citizens” with digital inclusive financial services made available anytime and anywhere, evidenced by a growth of over RMB85 billion in loans that year. With the continuous development of the full-chain services of WeBank Enterprise+, we satisfied the non-credit needs of MSMEs building on the digital product matrix.



Nanqing Li
President

By the end of 2022, the number of valid individual customers exceeded 360 million, while more than 3.4 million small and micro market entities were benefitted. WeBank maintained a steady growth trend, which can be reflected by our loan balances of RMB337 billion, and the scale of assets under management exceeding RMB1.8 trillion. The non-performing loan ratio of 1.47% confirmed that our asset quality remained at an industry-leading level. Our annual tax contribution of nearly RMB5 billion achieved both economic and social benefits.

Going far with integrity

In 2022, the 20th National Congress of the Communist Party of China was successfully held, and higher requirements for financial development were put forward for the new era. Under the leadership of the Party Committee of the Bank, nearly 40 grassroots party organizations and all party members thoroughly studied and implemented the “the Spirit of the Party’s 20th National Congress”. We hoped to actively explore new ways of digital party building and create a pioneering model for party building in privately-owned banks and non-public enterprises. While focusing on the Party’s political and organizational advantages, we hoped to integrate party building work into all areas and aspects of corporate governance to ensure the development

of digital inclusive financial services. The Bank won 24 honors and commendations from provincial- and city-level party organizations throughout the year.

The Bank adhered to the policy of “prioritizing internal control and focusing on compliance” over the past year. We sustained our efforts to drive the internalization of external regulations and strengthen the promotion of compliance culture. We also improved existing self-inspection mechanisms to fill gaps and make up for shortcomings. In 2022, a total of 652 rules and regulations were re-examined by the Bank, of which 128 rules were revised or annulled. More than 110 activities themed “We Act Strictly” Initiative were carried out, covering up to 180,000 participants. The Bank organized bank-wide self-inspection activities on a quarterly basis, during which it combined previous problems with self-inspection and optimization, and consciously implemented the “Compliance +1” mechanism. These efforts helped us continuously strengthen the foundation of internal control development.

The Bank has been continuing to strengthen risk control over the past year. With data, models, and systems as key driving forces, we have continuously strengthened basic data capacity building and completed the development of 110 sets of models. We completed more than 500

version iterations on more than 100 sets of product risk strategies. We have always insisted on effective control of risk sources before lending, continuous optimization of loan portfolios, and strengthening of post-loan collection. Thanks to these efforts, the Bank's core risk indicators at the end of the year were all superior to the regulatory standard requirements, and the digital and intelligent risk control system withstood severe external challenges.

In the meantime, the Bank established an internal cross-departmental complaint inspection team, launched an online complaint management system, and created external mechanisms including multiple dispute resolution mechanisms and direct connection of cases of calls and letters. These were designed to actively advance government-business linkages and police-enterprise cooperation, thus unblocking the complaint channels. The customer complaint response was effectively enhanced, and achievements in consumer rights protection were fruitful.

Achieving innovation-driven development with continuous exploration

In 2022, the Bank confidently advocated for a high-level development path with technological independence, self-reliance, and self-improvement. To create a new technological capability matrix, the Bank deepened and made its efforts in the research and application of core technologies in the fields of artificial intelligence (AI), blockchain, cloud computing, and big data, seeing an increase in R&D by more than 20% compared with 2021. As of the end of 2022, the Bank has accumulatively applied for more than 3,500 patents. Our patent applications in frontier domains such as privacy computing ranked among the top in the global banking industry.

Over the past year, the Bank has continued to optimize its fully distributed core system architecture based on the Openhive technology. It actively adopted measures such as POD architecture transformation, increasing the number of production clusters of big data non-batch engines, and full coverage of long-term capacity management and control processes. While realizing more than 840 million peak daily transaction, the IT operation and maintenance cost per customer further dropped to RMB2.

Over the past year, we have been working hard to boost the deep integration of AI with business development. We yielded substantial results in marketing, acquiring customers, intelligent risk control, consumer rights protection and intellectual property protection, etc. In particular, we successfully established a million-level index algorithm with instance-level warning capabilities for business indicators. This means that we created a next-generation root cause analysis system (with a location accuracy rate exceeding 91%) integrating self-learning based on graph analysis algorithms.

Led by the Bank, FISCO BCOS v3.0 were iterated and optimized multiple times in 2022. The newly added trustworthy light-node, blockchain distributed gateway, and other innovative functions doubled its performance. These technological advancements strongly supported larger-scale scenarios and more personalized service needs in the post-pandemic period.

Quietly giving back to society

In 2022, the Bank still shouldered its responsibilities and hammered at integrating commercial value and social value creation.

In 2022, the Bank conscientiously integrated poverty alleviation with rural revitalization, and loaned more than RMB15 billion to more than 1.3 million people out of poverty throughout the year. The Rural Revitalization Finance Project was implemented in 47 counties across the country, including 5 national-level key counties for rural revitalization. Since the project was launched, nearly RMB300 million of tax revenue has been generated in the local areas. This helped us take the lead in building a long-term mechanism of commercially sustainable finance for rural revitalization.

Over the past year, our bank has continued to strive to improve the sense of gain and satisfaction among our special group of customers in the digital age. In 2022, the Barrier-free Experience Officer activity helped us deeply understand the needs of visually impaired customers. Then we optimized technical solutions in a targeted manner. With the Barrier-free Helper function, we provided visually impaired customers with one-to-one assistance and guidance, further enhancing their experience. In the WeBank Wealth+ Parents Version, we

launched the “Pension Value-up Plan” to better serve the elderly and help them to manage and increase their wealth. We launched the “Cloud Counter”, through which the elderly can reach out to service specialists for solutions with just one click if they have any questions. This service truly realized the remote one-stop service of dedicated persons. In addition, we further upgraded the anti-fraud protection system based on big data, AI, and other technologies, rendering easy and safe digital services to the elderly. In 2022, the Bank offered 2.4 million services for hearing or visually impaired or elderly customers involving a total amount exceeding RMB100 billion. We did our best to help special groups bridge the “digital divide”.

Plan carefully, act accordingly, then let go at the correct time to reap the rewards. Facing the opportunities and challenges of the post-pandemic period in 2023, the Bank will stay true to the mission of “Better Banking for All” and firmly root itself in digital inclusive financial business models, so as to bring more easy-to-use and desirable financial services to MSMEs, self-employed individuals, and the general public. Therefore, we will continue doing our part to contribute to modern industrial system and enhancing the internal economic strength and reliability of domestic circulations of China. We will continue to proceed with care and adopt a cautious attitude at all times, while improving and optimizing our capabilities to work with customers and partners to go through various development cycles and achieve stable progress.

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Item	2022	2021	2020
Annual Operating Results (in RMB'000)			
Operating income	35,364,050	26,989,261	19,880,616
Operating profit before impairment losses	24,302,903	17,396,305	11,611,085
Impairment losses on credit	(14,087,242)	(9,616,545)	(6,152,394)
Profit before tax	10,204,031	7,771,982	5,444,713
Net profit	8,937,051	6,883,757	4,957,070
Net cash flows (used in)/from operating activities	(43,837,063)	33,863,453	17,450,064
Volume Indicators (in RMB'000)			
Total assets	473,861,630	438,747,807	346,429,986
Total principals of loans and advances to customers	336,997,204	263,206,049	200,061,308
Total liabilities	437,447,935	411,024,282	325,401,920
Deposits from customers	355,440,511	301,773,590	261,957,145
Deposits and placements from banks and other financial institutions	42,109,597	59,861,612	37,397,259
Shareholders' equity	36,413,695	27,723,525	21,028,066
Share capital and capital reserves	6,747,498	7,881,782	7,855,494
Indicator of Profitability			
Return on total assets	1.96%	1.75%	1.55%
Return on net assets	27.87%	28.24%	26.69%
Asset Quality Indicators			
Non-performing loan ratio	1.47%	1.20%	1.20%
Provision coverage ratio	413.99%	467.46%	431.26%
Provision to loan ratio	6.11%	5.63%	5.17%
Liquidity Indicators			
Liquidity coverage ratio	346.11%	318.46%	469.35%
Net stable funding ratio	171.55%	185.30%	192.66%
Capital adequacy ratio and leverage ratio indicators			
Common Equity Tier 1 capital adequacy ratio	11.55%	11.06%	11.36%
Tier 1 capital adequacy ratio	11.55%	11.06%	11.36%
Capital adequacy ratio	12.58%	12.11%	12.41%
Leverage ratio	7.29%	5.87%	5.80%

MANAGEMENT DISCUSSION AND ANALYSIS



Economic, Financial, and Regulatory Environments

China's economy bucked the trend and responded to complex and severe external environments

Stimulated by the conflict between Russia and Ukraine in 2022, the prices of raw materials such as oil, natural gas and wheat fluctuated. The COVID-19 pandemic continued to affect the stability of global supply chains. Factors such as the demand for recovery after the COVID-19 pandemic and the supply-demand mismatch have pushed up global inflation as well. Overseas central banks such as the FED raised their interest rates aggressively, which triggered a rapid rise in bond yields and sharp fluctuations in the stock market. Not only that, fragile economies such as Sri Lanka defaulted on their debts.

It is undeniable that the slowdown of the global economy, the fluctuating COVID-19 pandemic, the pressure on the real estate market, and the relocation of supply chains have all had negative impacts. However, the State Council's package of policies and subsequent measures have stabilized the economy around finance, currency, investment and consumption. Thus, China's economy has fully demonstrated its resilience under the overall planning of China's optimization of pandemic prevention and control measures according to the time and situation, recording an increase in annual GDP by 3% year-on-year. In October 2022, in the report of the 20th National Congress of the Communist Party of China, China profoundly explained the practical characteristics and strategic deployment of the Chinese path to modernization, defining the development direction of key tasks such as high-quality development, invigorating the country through science and education, and green development. In 2023, China's economy is expected to recover steadily as the effects of policies continue to emerge.

Various monetary policies were introduced to stabilize China's economic fundamentals

In 2022, the People's Bank of China (hereinafter referred to as the "PBOC") lowered the deposit reserve ratio of financial institutions twice. Various methods such as open market operations, medium-term lending facilities,

re-lending, re-discounting, and other measures were also taken by the PBOC to maintain reasonable and sufficient market liquidity, keeping the market interest rates at a low level. While giving full play to the role of LPR (Loan Prime Rate), the PBOC guided the 1-year and 5-year LPR to decline by 0.15 and 0.35 percentage points, respectively, and employed a market-based adjustment mechanism for deposit interest rates to stabilize the cost of bank liabilities and lower the corporate financing costs. Not only were the mortgage rates for first houses in some cities relaxed in phases, but also the PBOC lowered the interest rate of personal housing accumulation fund loan for first houses to stabilize the real estate industry.

Bailout policies were introduced to ease the operating pressure of MSMEs

In 2022, China's economic growth slowed down and demand was sluggish, in which context some MSMEs obtained limited income due to a lack of customers and orders, but they had to afford wages, rents, and other expenses, resulting in tight capital chains and increased operating pressure for MSMEs.

The PBOC implemented inclusive support tools to help MSMEs cope with challenges. Meanwhile, the CBIRC guided the banking industry to offer more loans to MSMEs. As of the end of 2022, the loan balance of MSMEs in China was nearly RMB60 trillion, of which the balance of inclusive loans to MSMEs exceeded RMB23 trillion, reflecting a year-on-year increase of 24%. Moreover, the Ministry of Finance, the State Taxation Administration, and other ministries and governments at all levels successively launched a series of relief policies, such as reduction and exemption policies for "six taxes and two surcharges", which covers resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), farmland conversion tax, as well as education surcharges and local education surcharges. Other relief measures include rent reduction and exemption, delayed payment of social security, and cash subsidies. Therefore, the operating conditions of MSMEs

are expected to improve with the improvement of China's overall economic environment and the effectiveness of relief policies.

Policies were introduced to alleviate the lack of consumption growth momentum and recover consumption

In 2022, factors such as negative population growth, repeated pandemic outbreaks, slowdown in residents' income growth, and lack of consumer confidence affected the consumer market, resulting in China's annual total volume of retail sales of consumer goods being nearly the same as the previous year.

According to the Central Economic Work Conference, China should put effort into expanding domestic demand and prioritize recovery and expansion of consumption. The State Council of China took 20 measures to promote consumption. In the package of policies to stabilize the economy, the State Council focused on promoting policies such as relaxing vehicle purchase restrictions and encouraging home appliance manufacturers to follow the recycling target responsibility system, in a bid to boost bulk consumption such as vehicles and home appliances. In addition, governments at all levels successively issued large-scale consumption coupons to stimulate the consumption potential of residents. Therefore, the consumer market is expected to recover steadily as the economy stabilizes, the impact of the COVID-19 pandemic recedes, and the effectiveness of consumption-promoting policies increases.

China attached great importance to green development to steadily promote green transformation

As outlined in the report of the 20th National Congress of the Communist Party of China, China should propel green development and facilitate the harmonious coexistence of man and nature. The Central Economic Work Conference also emphasized that China should boost the green transformation of economic and social development; financial institutions should also be guided to increase support for green development. Furthermore, green and low-carbon development was listed by the State Council as one of the main tasks of the National Economic and Social Development Plan 2022, and listed by the Ministry

of Finance as one of the main revenues and expenditure policies in the draft central and local budgets for 2022.

To promote the energy-saving and carbon-reducing transformation of traditional industries, guidelines for the transformation and upgrading in key fields of high-energy-consuming industries were jointly introduced by four ministries and commissions, including the National Development and Reform Commission and the Ministry of Industry and Information Technology. For low-carbon transportation, nearly 6.89 million new energy vehicles (NEVs) were sold domestically throughout the year, which increased by 93% year-on-year. China saw exports of nearly 680,000 NEVs, which increased by 120% year-on-year. As for green finance, the PBOC employed carbon emission reduction tools and special refinancing for clean and efficient use of coal, which were designed to guide capital flow to green development fields. By the end of 2022, the balance of China's green loans reached RMB22 trillion, reflecting a 39% year-on-year increase. Since the launch of the National Carbon Emissions Trading Market, the cumulative turnover has exceeded RMB10 billion.

Regulation focused on preventing and resolving financial risks, and Internet financial supervision entered the stage of normalization

In 2022, China's financial supervision focused on preventing and resolving major risks in the financial sector. In this regard, measures were taken to systematically promote the risk disposal of high-risk small- and medium-sized banks and insurance and trust companies. Non-performing assets were disposed of more severely. High-risk shadow banking business was continuously suppressed. In a bid to advance the stable and healthy development of the real estate market, banking institutions were instructed to stabilize real estate credit, so as to "ensure property delivery, stabilize people's livelihood, and maintain social order." Efforts were also made to actively cooperate to prevent and resolve the hidden debt risks of local governments.

In the field of Internet finance, financial regulation has emphasized both development and standardization to support the healthy development of the platform economy. As the rectification work, such as disconnecting

improper connections between payment and financial products and improving corporate governance, is carried out in an orderly manner, supervision has moved towards normalization, creating a stable development environment for institutions operating in accordance with established laws and regulations.

The increasingly perfect financial technology regulation boosted the financial industry's digital transformation

In 2022, the CBIRC released the *Guiding Opinions on the Digital Transformation of the Banking and Insurance Industry*. As outlined in this document, the digital transformation of banking and insurance institutions should be guided to a new stage of standardized and orderly development by strengthening top-level design and policy regulations. The PBOC issued the *FinTech Development Plan (2022-2025)*, which is an official document that proposed the development principles of “digitally driven, wisdom for the people, green and low carbon, fairness and inclusion,” as well as eight key tasks, providing a roadmap for the new stage of financial

digital transformation. Furthermore, regulatory agencies introduced relevant policies and regulations to address the shortcomings in regulatory systems, particularly in subdivided fields such as financial standardization and ethical governance of financial technology.

Under the guidance of regulation, the breadth and depth of digital transformation in the financial industry have continued to increase. In order to achieve self-reliance and self-improvement in technology, financial institutions such as banks, securities, and insurance companies have accelerated the domestication of chips, operating systems, and other software and hardware. Many banks have stepped up the R&D and application of security technologies such as privacy computing and homomorphic encryption. They delved into the data value in joint marketing, joint risk control, and other scenarios. Their efforts effectively reduced data risks such as data leakage and privacy infringement. They also actively advanced the transformation of the information system to a distributed architecture, which not only lowered IT costs but also greatly improved the availability and agility of the architecture.

Analysis of Overall Operations

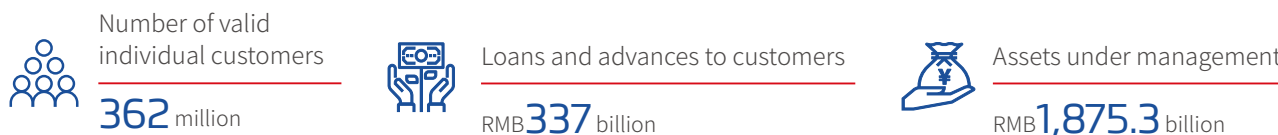
The Bank adhered to the vision of “The Leading Digital Bank that Continuously Innovates for Better Life”. Given this, the Bank made the best of Fintech to expand financial coverage in 2022, to meet the diverse financial needs of the general public, self-employed individuals, and MSMEs. The Bank maintained a steady development trend in 2022, with steady growth in business scale, operating income, and net profit. Its adherence to and maintenance of legal and compliant operations and risk bottom lines led to excellent regulatory indicators.

Expanding business in a steady manner

As of the end of 2022, the Bank had recorded 362 million individual customers, an increase of about 41 million.

There was steady growth in the scale of loans. As of the end of 2022, the loans and advances to customers were RMB337 billion, representing an increase of 28% year-on-year. By actively implementing national policies and regulatory guidelines, the Bank took the initiative in leveraging its superiority in terms of flexible strategies and business models. It has expanded the loan coverage of MSMEs and intensified support for resource allocation. As a result, the balance of inclusive finance loans for MSMEs increased by 38% year-on-year.

The assets under management experienced steady growth. By the end of 2022, the balance of assets under management was RMB1,875.3 billion, representing an increase of 24% year-on-year due to rapid growth in agency distribution.

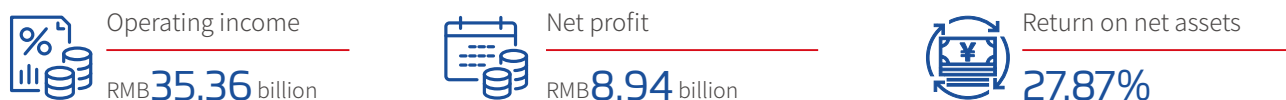


Sound profitability and financial performance

In 2022, the Bank generated an operating income of RMB35.36 billion, an increase of 31% year-on-year. The net interest income amounted to RMB24.97 billion, an increase of 39% year-on-year, with the proportion of income from loans to MSMEs continuously increasing.

The net profit came in at RMB8.94 billion, an increase of 30% year-on-year, and return on net assets was 27.87%.

With a continued commitment to inclusive finance, the Bank has fulfilled its social responsibilities and has focused on serving MSMEs as well as the general public, registering around only RMB26 in profits per customer for 2022.



Major regulatory indicators remained excellent

As of the end of 2022, the up-to-standard rate of risk preferences of the entire bank was 100% and the Bank’s major regulatory indicators were better than regulatory requirements and the Bank’s risk preference.

The non-performing loan ratio, the provision to loan ratio, and the provision coverage ratio were 1.47%, 6.11%, and 413.99%, respectively, all of which exceeded the regulatory requirements and the industry average. Asset quality was stable and the provision for loan impairment was adequate.

The liquidity coverage ratio was 346.11%, the net stable funding ratio was 171.55%, and the liquidity was in a good condition.

The capital adequacy ratio, the Common Equity Tier 1 capital adequacy ratio and the leverage ratio were 12.58%, 11.55% and 7.29%, respectively, meeting the regulatory requirements.



Analysis of Financial Statements

(I) Analysis of income statement items

1. Composition of and changes in operating income

In 2022, the Bank realized an operating income of RMB35.36 billion, an increase of 31.03% year-on-year with a net interest income and net non-interest income at 70.61% and 29.39%, respectively.

(In RMB'000)

Item	2022		2021		Year-on-year change
	Amount	Percentage	Amount	Percentage	
Net interest income	24,970,170	70.61%	17,982,052	66.63%	38.86%
Interest income	33,005,036	93.33%	25,900,979	95.97%	27.43%
Interest expense	(8,034,866)	-22.72%	(7,918,927)	-29.34%	1.46%
Net fee and commission income	9,284,169	26.25%	8,707,571	32.27%	6.62%
Fee and commission income	23,867,945	67.49%	21,749,431	80.59%	9.74%
Fee and commission expense	(14,583,776)	-41.24%	(13,041,860)	-48.32%	11.82%
Other net operating income	1,109,711	3.14%	299,638	1.10%	270.35%
Operating income	35,364,050	100.00%	26,989,261	100.00%	31.03%

(1) Net interest income

In 2022, the Bank realized a net interest income of RMB24.97 billion, an increase of 38.86% year-on-year with an interest income of RMB33.01 billion, up 27.43% year-on-year, mainly due to an increase in interest-earning assets. The interest expense was RMB8.04 billion, an increase of 1.46% year-on-year. Details in net interest income are as follows:

(In RMB'000)

Item	2022	2021	Year-on-year change
Interest income from credit business	30,934,820	22,975,690	34.64%
Interest income from investment	1,181,505	1,647,571	-28.29%
Interest income from transactions with financial institutions (Note)	888,711	1,277,718	-30.45%
Subtotal of interest income	33,005,036	25,900,979	27.43%
Interest expense on deposit business	(7,365,064)	(7,380,339)	-0.21%
Interest expense on transactions with financial institutions (Note)	(600,084)	(538,588)	11.42%
Payable interest expense on debt securities issued	(69,718)	-	-
Subtotal of interest expense	(8,034,866)	(7,918,927)	1.46%
Net interest income	24,970,170	17,982,052	38.86%

Note: The interest income from transactions with financial institutions included interest income from deposits with central bank, and the interest expense on transactions with financial institutions included interest expense on borrowings from central bank.

(2) Net fee and commission income

In 2022, the Bank realized a net fee and commission income of RMB9.28 billion, an increase of 6.62% year-on-year, mainly due to an increase in fee and commission income from the increases observed in loan platform services and agency business. Details in net fee and commission income are as follows:

(In RMB'000)

Item	2022	2021	Year-on-year change
Income from loan platform services	13,739,776	12,237,185	12.28%
Income from agency business	10,106,046	9,496,002	6.42%
Income from settlement and clearing business	22,123	16,244	36.19%
Subtotal of fee and commission income	23,867,945	21,749,431	9.74%
Expenses on agency services	(8,502,471)	(12,358,333)	-31.20%
Expenses on settlement and clearing services	(6,081,305)	(683,527)	789.69%
Subtotal of fee and commission expense	(14,583,776)	(13,041,860)	11.82%
Net fee and commission income	9,284,169	8,707,571	6.62%

2. Business and administrative expenses and R&D expenses

In 2022, the Bank's business and administrative expenses amounted to RMB7.89 billion, representing an increase of 12.95% year-on-year, and R&D expenses rose by 21.47% to RMB2.94 billion. Growth in both was mainly due to the increase of scale in staff and business and continuous investment in R&D, operations, etc.

3. Impairment losses on credit

(In RMB'000)

Item	2022	2021	Year-on-year change
Loans	14,061,608	9,568,419	46.96%
Others	25,634	48,126	-46.74%
Total	14,087,242	9,616,545	46.49%

(II) Analysis of balance sheet items

1. Asset composition and changes

As of the end of 2022, the Bank's total assets were RMB473.86 billion, RMB35.11 billion or 8% higher than that at the end of last year with loans and advances to customers increasing by RMB69.41 billion or 27.34% as compared to the end of last year. The financial investments decreased by RMB26.53 billion or 91.18% as compared to the end of last year, while cash and deposits with central bank decreased by RMB16.94 billion or 16.41%. Structurally, net loans to customers accounted for 68.23% of total assets and rose by 10.36% from the end of last year.

(In RMB'000)

Item	31 December, 2022		31 December, 2021		Change at the end of the year from the end of last year
	Amount	Percentage	Amount	Percentage	
Loans and advances to customers	323,295,124	68.23%	253,887,160	57.87%	27.34%
Financial investments (Note)	2,567,887	0.54%	29,101,169	6.63%	-91.18%
Cash and deposits with central bank	86,318,005	18.22%	103,259,354	23.53%	-16.41%
Deposits with banks and other financial institutions	17,319,939	3.66%	14,992,553	3.42%	15.52%
Financial assets held under resale agreements	28,199,272	5.95%	20,628,553	4.70%	36.70%
Others	16,161,403	3.40%	16,879,018	3.85%	-4.25%
Total assets	473,861,630	100.00%	438,747,807	100.00%	8.00%

Note: Financial investments included debt investments and other debt investments in the balance sheet.

(1) Loans and advances to customers

As of the end of 2022, the total principals of loans and advances to customers amounted to RMB337.00 billion and increased by RMB73.79 billion, representing an increase of 28.04% as compared to the end of last year. Corporate loans, accounting for 42.15%, were mainly extended to MSMEs, increasing by 4.96 percentage points over the end of last year. Structural distribution of loans per product:

(In RMB'000)

Item	31 December, 2022		31 December, 2021		Change at the end of the year from the end of last year
	Amount	Percentage	Amount	Percentage	
Corporate loans	142,056,182	42.15%	97,899,263	37.19%	45.10%
Personal loans	188,637,748	55.98%	159,335,124	60.54%	18.39%
Including: Consumer loans	175,280,860	52.02%	143,966,870	54.70%	21.75%
Business loans	13,356,888	3.96%	15,368,254	5.84%	-13.09%
Discounted bills	6,303,274	1.87%	5,971,662	2.27%	5.55%
Total principals of loans and advances to customers	336,997,204	100.00%	263,206,049	100.00%	28.04%
Add: Accrued interest and others	3,811,533		3,058,238		24.63%
Less: Provision	(17,513,613)		(12,377,127)		41.50%
Net loans and advances to customers	323,295,124		253,887,160		27.34%

Five-category classification of loans:

(In RMB'000)

Item	31 December, 2022		31 December, 2021	
	Loan balance	Percentage	Loan balance	Percentage
Normal loans:	332,026,846	98.53%	260,038,596	98.80%
Including: Pass	326,005,424	96.74%	256,337,185	97.39%
Special mention	6,021,422	1.79%	3,701,411	1.41%
Non-performing loans:	4,970,358	1.47%	3,167,453	1.20%
Including: Substandard	2,302,125	0.68%	1,316,981	0.50%
Doubtful	1,604,458	0.48%	859,523	0.33%
Loss	1,063,775	0.31%	990,949	0.37%
Total	336,997,204	100.00%	263,206,049	100.00%

Movements in impairment provision of loans:

(In RMB'000)

Item	Amount
Balance at 31 December, 2021	14,806,443
Charges for the year	14,061,608
Write-offs and transfer out for the year	(9,079,417)
Recoveries of written-off loans for the year	788,108
Balance at 31 December, 2022	20,576,742

(2) Financial investments

As at the end of 2022, the balance of financial investments was RMB2.57 billion, RMB26.53 billion or 91.18% less than that at the end of last year mainly due to a decrease in bond investments held by the Bank.

(In RMB'000)

Item	31 December, 2022		31 December, 2021		Change at the end of the year from the end of last year
	Amount	Percentage	Amount	Percentage	
Debt investments	2,567,887	100.00%	20,914,770	71.87%	-87.72%
Other debt investments	-	-	8,186,399	28.13%	-100.00%
Total	2,567,887	100.00%	29,101,169	100.00%	-91.18%

2. Liability composition and changes

(In RMB'000)

Item	31 December, 2022		31 December, 2021		Change at the end of the year from the end of last year
	Amount	Percentage	Amount	Percentage	
Deposits from customers	356,911,243	81.59%	302,874,333	73.69%	17.84%
Deposits from banks and other financial institutions	34,200,035	7.82%	52,354,783	12.74%	-34.68%
Borrowings from central bank	2,362,434	0.54%	21,215,851	5.16%	-88.86%
Placements from banks and other financial institutions	7,909,562	1.81%	7,506,829	1.83%	5.36%
Debt securities issued	5,791,157	1.32%	-	-	-
Others	30,273,504	6.92%	27,072,486	6.58%	11.82%
Total liabilities	437,447,935	100.00%	411,024,282	100.00%	6.43%

(1) Deposits from customers

As at the end of 2022, the Bank absorbed RMB356.91 billion in deposits from customers, an increase of RMB54.04 billion or 17.84% over the end of last year. In terms of the customer type, personal deposits increased by RMB56.32 billion or 19.30% mainly due to the increase in personal demand deposits. Meanwhile, corporate deposits dropped by RMB1.55 billion or 22.06% from the end of last year.

(In RMB'000)

Item	31 December, 2022	31 December, 2021	Change at the end of the year from the end of last year
Corporate deposits	5,479,427	7,030,101	-22.06%
Personal deposits	348,109,358	291,790,477	19.30%
Security deposits	1,851,726	2,953,012	-37.29%
Total principals of deposits from customers	355,440,511	301,773,590	17.78%
Add: Accrued interest	1,470,732	1,100,743	33.61%
Deposits from customers	356,911,243	302,874,333	17.84%

3. Changes in shareholders' equity

As of the end of 2022, the balance of shareholders' equity of the Bank was RMB36.41 billion, representing an increase of RMB8.69 billion from the end of last year. The share capital and the capital reserve decreased by RMB350 million and RMB784 million respectively due to the cancellation of treasury stocks. The appropriation to general risk reserve for the year was RMB1.13 billion and there was no appropriation to statutory surplus reserve while the accumulated statutory surplus reserve reached up to 50% of the registered capital. The proposal for the distribution of profits plan will be submitted for approval to the 2022 Annual Shareholders' General Meeting.

(In RMB'000)

Item	31 December, 2022	31 December, 2021
Share capital	3,850,000	4,200,000
Capital reserve	2,897,498	3,681,782
Less: treasury stock	–	(1,134,284)
Other comprehensive income	1,144,231	1,391,112
Surplus reserve	2,148,921	2,148,921
General risk reserve	5,811,394	4,686,563
Retained earnings	20,561,651	12,749,431
Total shareholders' equity	36,413,695	27,723,525

(III) Cash flow

In 2022, the Bank's net cash flows used in operating activities were RMB43.84 billion, representing an increase of 77.70 billion year-on-year mainly due to the increase in the net outflows of loans and advances to customers and of transactions with financial institutions. The net cash flows from investing activities were RMB25.50 billion, representing an increase of RMB3.98 billion year-on-year mainly due to the increase in net inflows of financial investments. The net cash flows from financing activities were RMB5.65 billion, representing an increase of RMB5.70 billion year-on-year mainly due to the increase in net inflows of issuance of debt securities.

Analysis of Main Businesses

In 2022, the Bank remained committed to the mission of “Better Banking for All.” In combination with its strategic vision of “The Leading Digital Bank that Continuously Innovates for Better Life”, the Bank was deeply involved in the two business segments of “consumer finance” and “MSME finance” to provide high-quality financial services to the general public, self-employed individuals, and MSMEs. Leveraging technology, the Bank continued to innovate and explore industry frontiers, with a view to improve customer service efficiency and enhance user experience.

(I) Business overview

Consumer finance

‘Weilidai’

‘Weilidai’ is an online-only small-credit loan product that provides a standardized revolving credit service through WeChat, Mobile QQ, and other apps. Customers can apply for up to RMB200,000 online at any time (7×24), with no paper materials, guarantees, or pledges required. ‘Weilidai’ calculates interests on a daily basis and customers can repay at any time from the next day after borrowing. Prepayment is exempted from any liquidated damages. The flexible and convenient product pattern has brought customers a positive loan experience. As of the end of 2022, ‘Weilidai’ has served over 60 million borrowers and issued a daily average of over 900,000 loans during the past year, effectively meeting the consumption credit needs of the general public.

‘Weihudai’

‘Weihudai’ is an online personal business loan product offered to MSME customers of ‘Weilidai’ who require funds for business activities. The loan amount can go up to RMB500,000 and no guarantee or pledge is required from the customers. ‘Weihudai’ calculates interests on a daily basis and allows customers to repay it anytime from the next day after borrowing. Prepayment is exempted from any liquidated damages. As of the end of 2022, ‘Weihudai’ has already served over 300,000 borrowers, with an average daily origination of more than over 14,000 loans during the past year, offering flexible financial support for the operation and production needs of self-employed individuals and owners of MSMEs.

WeAccount

WeAccount is an online-only bank account, deposit and wealth management service that the Bank provides in partnership with Tenpay. The product mainly targets the active customers of WeChat Pay, especially the customer groups in the areas of business startups, self-employed, and the general public.

‘Weichedai’

‘Weichedai’ is a digital auto loan product that the Bank provides for car buyers with online application, quick approval, and signing with face recognition. While constantly optimizing the product process experience at both ends of B and C, in 2022, ‘Weichedai’ connected with the full-process systems of multiple OEMs. With the continuous enrichment of big data reference sources, a smarter and more reliable risk control system has been developed. The Bank has successively launched key system functions such as diversified credit enhancement solutions and digital order management, putting forth efforts to expand the coverage of financial services for auto loans.

In 2022, ‘Weichedai’ business also actively implemented the green financial development strategy. The loan business for NEVs has been vigorously promoted. The Bank maintained the “Head-to-Head” cooperation with Tesla, Li Auto, Smart, AITO, and many other NEV brands. The amount of NEV loans granted during the year accounted for more than 60% of the overall auto loans.

WeBank Wealth+

In 2022, the Bank launched the WeBank Wealth+ brand themed “More Fortune and Better Life”. This product was designed to create professional, safe, and efficient one-stop digital wealth management services that prioritizes customers’ perspective, professional and cordial service experience, and advanced Fintech and applications. As of the end of 2022, WeBank Wealth+ cooperated with 57 fund companies, 19 bank financing management subsidiaries, 8 trust companies, 9 insurance companies. There are more than 1,700 products on sale, offering rich product choices for users with different financial conditions, risk tolerance and wealth management needs. In 2022, the Bank was awarded the “Outstanding Financial Enterprise and Excellent Wealth Management Bank for 2021-2022” and “Trustworthy Wealth Management Bank for 2021-2022” by *The Economic Observer*.



‘Weilidai’ Interface



‘Weichedai’ Interface



WeBank Wealth+ Interface

MSME finance

With digital communication, risk control and operating systems, the Bank always pays attention to the financial needs of MSMEs. WeBank has built a multi-dimensional product matrix integrating credit business and non-credit business and has created the exclusive financial service brand “WeBank Enterprise+” for MSMEs, providing differentiated and unique corporate financial services for MSMEs. As of the end of 2022, the Bank has granted credit line to more than 1.1 million MSMEs, providing bank account services to more than 400,000 enterprises.

‘Weiyedai’

‘Weiyedai’ is the first online-only, unsecured, revolving credit bank loan product for corporate liquidity. The Bank created ‘Weiyedai’ by comprehensively utilizing the Internet, big data, cloud computing, etc. Currently, ‘Weiyedai’ covers 30 provinces, autonomous regions, and municipalities directly under the Central Government. The entire application process of ‘Weiyedai’ can be completed with only a mobile phone, which improves the accessibility of MSME financial services. The revolving mode caters to MSMEs’ need of high turnover. As of the end of 2022, the loan balance of ‘Weiyedai’ in the wholesale and retail, manufacturing, and construction industries accounted for more than 70% of the total; whitelisted corporate enterprises accounted for more than 50% of the total, which meant that more MSMEs were given the opportunity to equally enjoy timely and secure bank credit services; 98% of the balance was pure credit loans, which demonstrates that the Bank has alleviated the financing difficulties of MSMEs with little collateral.

Industrial Finance

Connecting core enterprises, the Bank’s industrial finance has effectively expanded the scope of financial services for upstream suppliers and downstream distributors of core enterprises. Fintech and supply & sales data analysis have helped the Bank break through the reliance of traditional supply chain products on guarantees and pledges.

In 2022, the Bank optimized and upgraded the existing products of industrial finance, with an aim to gradually establish a customer-oriented management system. The Bank innovatively launched a new model of government procurement and public procurement of state-owned enterprises, opening up new prospects for cooperation, and focused on the development of key industries such as traditional and new infrastructure, healthcare, government procurement, and bulk industrial products. By the end of 2022, more than 500 core enterprises had cooperated with industrial finance, with 200,000 customers granted credit line in total.

Sci-tech Finance

WeBank's Sci-tech Finance has underlined China's technological innovation roadmap and industrial chain for its prospective layout. While centering on technological innovation and strategic emerging industries, the Bank has focused on serving national high-tech enterprises, small and medium-sized technological enterprises, and innovation enterprises with patents in force, hoping to contribute to the growth of technology-based small and medium-sized enterprises in key areas such as high-end manufacturing, intelligent hardware, new energy and materials, etc. In addition, the Bank has spared no effort to extensively cooperate with local governments and institutions, covering the resource integration from investment and financing, financial transactions, and enterprise growth and cultivation. The goal is to create a digital government-bank-enterprise service system and expand the Bank's comprehensive services for S&T innovation enterprises.

By the end of 2022, WeBank's Sci-tech Finance has been extended to 20 provinces and municipalities directly under the Central Government, and more than 200 cities, with 220,000 applicants, representing 15% of the total number of fintech enterprises in the covered regions and accounting for more than 21% of the total number of state-level high-tech enterprises in the covered regions.

WeBank Enterprise+

The Bank has created the WeBank Enterprise+ business service ecosystem by integrating Bills+ and WeBank Enterprise App to provide MSMEs with rich and convenient corporate services.

Featuring online-only, small ticket size, quick originating services, 'Weishantie' is an acceptance bill discount product of electronic bank that the Bank has launched for MSMEs, by which customers can apply for discounted bills in the online banking of other banks, and the amount will originate to the account within 10 seconds at the fastest. 'Weishantie' has helped MSMEs solve the problem of inconvenient discounting of small-amount bills and ease their cash flow pressure. In 2022, the Bank launched "Bills+" based on 'Weishantie', upgrading the bill business from a single discount to a full-process service of discount, receipt and payment of bills, and bill for collection, and innovatively launched plenty of special features such as bill splitting to refine the bill experience of enterprises. Relying on the outstanding performance of its bill business, the Bank was awarded the "Outstanding Discount Financial Institution" by Shanghai Commercial Paper Exchange Corporation Ltd. in 2022.

Staying true to the mission of "Becoming a Portable Digital Bank for Entrepreneurs," WeBank for Enterprises is a mobile and intelligent application of comprehensive financial services for MSMEs. In 2022, WeBank Enterprise App launched the App 3.0 product and was officially upgraded to the WeBank MSME finance App which integrated the Bank's whole-line corporate finance products to enhance the basic service capabilities for corporate accounts. New services such as data coffer, aggregate settlement of local and foreign currency funds, corporate payrolls, and the Enterprise Growth Service zone help protect customer data assets, offer better cash management services, and provide special services such as policy consultation and interest discount subsidies for enterprises.



'Weiyedai' Interface



WeBank Enterprise+ Interface

(II) Serving hundreds of millions of individual customers and more than one million MSMEs with closely personalized services

Catering to the financial needs of the general public, self-employed individuals, and MSMEs in an efficient manner

Covering 31 provinces, autonomous regions, and municipalities directly under the Central Government, 'Weilidai' and WeAccount offered convenient loan, account, deposits, and wealth management services for the mass. By the end of 2022, about 46% of 'Weilidai' customers were from third-tier cities and below, over 81% were non-white-collar employees, about 85% of them had a college degree or below, and about 17% of them had no credit record with the PBOC. This demonstrates that all kinds of customers enjoyed the equal and high-quality consumer credit services of 'Weilidai'. In terms of 'Weilidai', the average ticket size was about RMB7,600, and about 70% of customers' borrowing cost per transaction was less than RMB100, which meant that the small-ticket and flexible consumer credit needs of various customers were effectively met.

Self-employed individuals and owners of MSMEs constitute an important role in providing employment, increasing residents' income and contributing taxes. 'Weihudai' helped the Bank to precisely reach out to the MSME groups online, and to address the financing difficulties and high financing costs for self-employed individuals and MSMEs. By the end of 2022, about 27% of 'Weihudai' customers were "MSME customers applying for loans for the first time" without business loan records in the PBOC, and about 37% of them were "MSME customers applying for credit loans for the first time" without operating credit loan records in the PBOC. More than 70% of them came from basic livelihood industries such as wholesale and retail, manufacturing, hotel, and catering, proving that 'Weihudai' provided equal and high-quality business loan services for all kinds of business owners; the average renewal period of settled IOUs of 'Weihudai' was only 39 days, and about 78% of customers' single loan cost was less than RMB200, which demonstrated that 'Weihudai' not only met the short-term capital turnover needs of self-employed individuals and MSMEs but also effectively lowered the financing costs.

Driving barrier-free and aging-friendly transformation to make financial services more kindhearted

In 2022, the Bank leveraged technology to refine its barrier-free and aging-friendly financial services. In this regard, the hearing- and visually-impaired customers and the elderly were given more care and protection. The Bank attempted to help all groups in society obtain equal and convenient access to financial services.

In terms of 'Weilidai', sign language experts were hired to provide exclusive service channels for hearing-impaired customers through remote video services. As of the end of 2022, 'Weilidai' served more than 160,000 hearing-impaired customers in sign language.

While optimizing the barrier-free services of 'Weilidai' and WeBank Wealth+, the Bank also strengthened its financial education for visually impaired customers. In order to ensure smooth borrowing and repaying processes, customer interaction, and other operations for visually impaired customers, the Bank provided visually impaired customers with screen adaptation and optimization on 'Weilidai'. In 2022, the barrier-free service optimization project based on 'Weilidai' was awarded the "Excellent Case of Public Welfare Responsibility of the Year" in the *2021 Global Trend Cases* jointly released by Huanqiu.com and People's Daily Publishing House. Regarding the WeBank Wealth+ Barrier-Free Version, the Bank cooperated with Shenzhen Disabled Persons Federation, Shenzhen Association for the Blind, Shenzhen Barrier-free Environment Promotion Association, and other institutions to launch a joint survey plan in 2022,

to follow up the pain points of visually impaired customers and changes in financial needs, and upgrading the interface layout, interaction design, and exclusive customer service team. As a result, WeBank launched the “Cloud Counter” as a financial “blind channel” for visually impaired customers, expanding the service scope of telephone customer services, and assisting our customers in completing advanced business operations such as risk assessment and purchase of wealth management products over the phone, so that visually impaired customers could also enjoy premium counter services. By the end of 2022, more than 10,000 visually impaired customers enjoyed the service of WeBank Wealth+ Barrier-free Version. In 2022, Local Financial Regulatory Bureau of Shenzhen Municipality hosted the selection of “Shenzhen Financial Innovation Award 2021”, and WeBank App Barrier-Free Version¹ was awarded the first prize of Feature Award; the China Academy of Information and Communications Technology, a scientific research institution directly under the Ministry of Industry and Information Technology, organized an evaluation of the elderly-friendly and barrier-free levels, during which WeBank App Barrier-Free Version¹ passed the evaluation at the first attempt. Moreover, the Bank established live broadcast cooperation relationships with social platforms for the visually impaired and launched 7 live lectures on financial knowledge for the visually impaired with audiences of over 3,000.

In 2022, WeBank Wealth+ Parents Version underwent a comprehensive upgrade for the elderly, bringing an interface structure and visual performance that better align with the usage habits of the elderly. In September 2022, the “Cloud Counter” service was launched in the WeBank Wealth+ Parents Version, allowing the elderly to remotely access services through voice and video and maximizing the restoration of on-site service scenarios. By the end of 2022, WeBank Wealth+ Parents Version has served more than 510,000 elderly customers. In 2022, WeBank App Parents Version¹ was included in the “Service Innovation Cases 2021” of the China Banking and Insurance News; WeBank App’s ESG Practices in Serving Visually Impaired and Elderly Customers was rated as a “Typical Case of Mobile Financial App Innovation Practices” by the National Internet Finance Association of China.

Supporting county economy and rural revitalization and consolidating the achievements from poverty alleviation

With digital and Fintech advantages, the Bank spared no effort to extend its service coverage of products such as ‘Weilidai’ and WeAccount to reach customers in county areas, in a bid to financially support the development of the county economy. By the end of 2022, customers in county areas accounted for more than 40% of the Bank’s total customer base.

The Bank continued to promote the model of rural revitalization through ‘Weilidai’, to apply ‘Weilidai’s co-lending business accounting to county-level branches to contribute taxes to local governments and drive local economic development. ‘Weilidai’, together with its partners, has been helping eliminate poverty since 2017. By the end of 2022, the Bank contributed the value-added tax of over RMB2.3 billion to 47 counties formerly known as “national/provincial impoverished counties”. In 2020, when China achieved a “complete victory” in the fight against poverty and the Party Central Committee called on the whole society to comprehensively promote “rural revitalization”, ‘Weilidai’ maintained its existing poverty alleviation measures and continued to focus on the key counties for national rural revitalization. In 2022, ‘Weilidai’ has accumulatively contributed more than RMB50 million of value-added tax to 5 key counties for rural revitalization. Relevant tax revenues were invested by the local governments in all kinds of rural revitalization and assistance projects, which consolidated and expanded our achievements of poverty alleviation.

¹ The Bank launched the WeBank Wealth+ brand on November 30, 2022. The Barrier-Free Version and Parents Version of WeBank App were also simultaneously upgraded to WeBank Wealth+ Barrier-Free Version and WeBank Wealth+ Parents Version, respectively.

Meeting the financing needs of MSMEs with diligence and through multiple measures

In 2022, the Bank continued to prioritize credit resources towards MSMEs. In order to give priority to their credit line needs, the Bank implemented a separate credit plan of inclusive finance loans for MSMEs. The Bank formulated preferential measures for funds transfer pricing (FTP) of inclusive finance loans, resulting in a 0.05% decrease in the annual interest rate for MSMEs. The Bank issued more than RMB460 billion of inclusive finance loans for MSMEs, which accounted for over 40% of various loans at the end of the year.

Responding to the call of deferred repayment of principal and interest, the Bank dynamically adjusted its relief plans, so as to facilitate the deferred repayment services online for MSMEs. Bailout channels were open up for those affected by the COVID-19 pandemic multiple times. Tools such as text messages, Apps, WeChat official accounts, and voice robots were used to warmly remind customers. The bank had offered the deferred repayment for over 20,000 enterprises throughout the year.

By the end of 2022, nearly 100% of MSME customers using 'Weiyedai' were private enterprises. More than 70% of MSMEs achieved annual revenue of less than RMB10 million. In addition, the per capita credit of customers was about RMB990,000, and the average loan size was about RMB200,000. Over 50% of its customers had a single loan interest of less than RMB1,000. These financial measures effectively met the small-amount and flexible financing needs of MSMEs. Of the customers who have received our services for more than two years, over 95% of them were still in business. Our financial services to loan customers indirectly drove the employment of more than 10 million people.

Deeply ingrained in industrial finance to satisfy the demand for supply chain finance in infrastructure construction and procurement

Based on the industrial financial system, the Bank deepened its cooperation with leading infrastructure enterprises such as China State Construction, China Communications Construction, and China Railway Group, as well as corporate champions such as Conch Group, WZ Group, and Xiamen ITG Holding Group, by further exerting model innovation and industrial management capabilities. The Bank saw its achievements in the major infrastructure industry chain and government procurement supply chain services. By the end of 2022, the Bank provided credit extension services to over 20,000 customers in the infrastructure industry chain and offered financial credit extension services of government procurement supply chain for nearly 5,000 government suppliers.

Multifaceted support for the benign development of S&T enterprises through a comprehensive service system

The Bank provides a comprehensive service system for high-tech start-ups integrating policy subsidies, cultivating national high-level enterprises with "specialization, refinement, and novelty" characteristics, talent development, intellectual property rights and other services. In 2022, the Bank launched the High-tech Start-ups Service Zone in the WeBank Enterprise App, along with the Entrepreneur Club series of activities, serving more than 10,000 customers. In collaboration with Zhaopin, the Bank launched the 2023 Campus Recruitment Project of High-tech Start-ups themed "Huilan Seed Plan", which connected nearly 600 high-tech start-ups and over 400,000 college graduates through online mutual selection platforms. The Bank's intellectual property pledge financing business aims to utilize the value of intellectual property rights to provide financing assistance for the development of enterprises, especially high-tech start-ups.

Advocating a risk-sharing mechanism to enhance customers' sense of gain from financial services

In 2022, the Bank, together with Shenzhen Financing Guarantee Fund and Shenzhen SME Financing Guarantee Co., Ltd., created an online and batch financing guarantee business model with governments and banks providing guarantees, which was then promoted nationwide, covering Guangdong, Shaanxi, Hunan, Hubei, Jiangxi, Beijing, Tianjin, etc. Relying on the risk-sharing mechanism, the Bank tried its best to improve the sense of gain in financial services for MSMEs and high-tech start-ups, without increasing their costs. This model was later extended to personal business loans, which effectively broadened the coverage of customer groups. By the end of 2022, the Bank established cooperative relationships and reached intentions of cooperation with 18 provincial and municipal government-supported guarantee and re-guarantee enterprises across the country.

Empowering MSME entrepreneurs with multifaceted services

In 2022, the Bank launched the WeBank Entrepreneur Space at Shenzhen Bao'an International Airport, an airport VIP lounge exclusively for entrepreneurs. While meeting the needs of MSMEs' owners for business travel and rest, the Bank provided free advertising space, meeting rooms, and other services, in an attempt to build a platform for entrepreneurs to communicate and showcase their businesses.

The Bank created a multimedia matrix consisting of WeChat's official corporate finance account, Douyin official account, and online live broadcasts to serve MSME entrepreneurs through multiple channels. It has also developed a customer acquisition matrix through differentiated marketing strategies and models. By the end of 2022, the Bank's WeChat official account of corporate finance attracted over 8 million followers, and the Douyin official account had over 3 million followers, taking a leading position in the financial industry. In 2022, the Bank carried out more than 500 live broadcasts on corporate finance, attracting a total of 4 million viewers.

The Bank actively utilized its digital marketing capabilities to assist enterprises in marketing. The Bank's Enterprise+ Promotion service included various projects such as the 100% Public Welfare Actions for Enterprises and Entrepreneur Stories, which helped nearly 150 MSME customers create videos, publish airport advertisements, obtain mainstream media coverage, and more. The Bank did its best to help promote MSME customers' products and services, empowered entrepreneurship, and gained a cumulative exposure of 500 million views. In December 2022, WeBank Enterprise+ launched the first column of MSMEs on Toutiao's financial channel, where a large volume of special content for MSME business owners were introduced to the public, including views from renowned experts, industry analysis, industry news, and more. This initiative aimed to employ more information of different dimensions to help entrepreneurs produce and operate, achieving over 7 million exposures per day.

(III) Probing into the frontiers of the industry and achieving breakthroughs with continuous innovation

The Bank has been adopting the model of digital native banking since its incorporation. By tightly upholding leading-edge technology and new factors of production such as data, the Bank has successfully strengthened the core capabilities of digital inclusive finance. It achieved the goals of low cost, large scale, and high availability through self-dependent innovation. In 2022, the Bank maintained its capabilities in core technologies, evidenced by the further optimization of several technological indicators, which helped reduce costs, increase efficiency, and drive high-quality development of the digital banking business. With the continuous improvement of the Bank's self-dependent innovation capabilities and the acceleration of the localization process, the Bank has been fully independent and controllable in the key technology fields of software and hardware. It demonstrates a top secure supply chain within the industry. Several open-source ecosystems in multiple fintech segments led by the Bank were established with the support of self-developed fintech capabilities. In 2022, more partners were attracted to participate in joint development, governance, and sharing. Both industrial digitization upgrading and sustainable development were thus furthered. Benefiting from its fintech practices and the accumulation of open-source ecological achievements, the Bank also actively participated in standardization development, advanced industry-university-research coordinated development, and enhanced the cultivation of fintech talents. The Bank, together with organizations in the industry, helped to jointly promote Chinese practices as an international standard.

Facilitating cost reduction, increased efficiency, and high-quality development of digital banks by fintech

In 2022, the Bank further optimized the underlying architecture based on the “Openhive” technology to consolidate the technological foundation for business development. As early as 2015, the Bank built China’s first fully-distributed core banking system architecture using safe and controllable technologies, breaking through the “impossible triangle” of fintech, namely large capacity, low cost, and high availability. The Bank also successfully established an intra-city multi-center multi-active structure, enabling it to have high disaster tolerance capabilities, specifically through its zero intra-city recovery point objective (RPO) and close-to-zero intra-city recovery time objective (RTO). Building on the fully distributed core banking system architecture, the comprehensive availability rate of the Bank’s products was higher than 99.999% by the end of 2022, exceeding carrier-grade standards. Its single-day financial transactions peaked at 840 million, and the annual IT operation and maintenance cost of a single account was only around RMB2. These achievements effectively underpinned its digital inclusive financial business featuring fast iteration, high concurrency, and low average transaction amount. To further optimize the structure and reduce costs, the Bank also took a series of measures to greatly save IT cost maintenance, such as furthering POD structure² transformation, increasing the number of big data non-batch basic engine production clusters, and establishing a full-coverage long-term capacity control process, which significantly lessened IT costs.

At the same time, our bank continues to deeply cultivate financial technology, providing technological support for various links of digital banking business such as marketing, risk control, operation, and consumer rights protection, realizing the digitization of the entire business process. This has reduced operating and management costs while creating more efficient and convenient financial service experiences for customers.

The Bank built a closed loop of AI intelligent marketing (based on Trustworthy Federated Learning) for security compliance and privacy protection. With AI technology, the Bank fully empowered customer list confirmation, customer service marketing, and intelligent outbound calls. A typical case in this respect is the ‘Weiyedai’ marketing scenario. The intelligent error correction and completion technique of enterprise labels improved the marketing data quality of ‘Weiyedai’, and the number of benefited customers increased by up to 16%. Intelligent agent assistance helped customer services improve work efficiency and reduce compliance risks. Relying on the Automatic Speech Recognition (ASR) technology with a word accuracy rate of 95% and Text to Speech (TTS) technology that supports flexible configurations such as intonation and speed, the intelligent outbound call service effectively strengthened customer acquisition capabilities of the Bank. Various models were also used by the Bank to upgrade its intelligent marketing solutions. These models helped to strengthen the judgment of user conversion probability and optimize the quality of the customer groups involved. On the other hand, they could price traffic in real-time according to customer quality, which helped to further lower customer acquisition costs. In terms of ‘Weichedai’ marketing scenarios, for example, intelligent marketing customized marketing strategies for cooperative NEV companies and dealers through WeChat Moments accurately reached target customer groups, delivering both brand exposure and sales leads, which in turn increased customer store traffic. We finally built a closed loop integrating online customer acquisition and offline transactions. In 2022, the Bank carried out more than 720 AI marketing activities for Tesla, Li Auto, AITO, HiPhi, Leapmotor, and other NEV brands, gaining a cumulative exposure of nearly 220 million. Cooperating with NEV brands, more than 200,000 clues of vehicle purchase intentions were obtained, which contributed to the organic development of the green industry.

² A way to deploy and manage containers.

Taking the risk and control of 'Weilidai' as an example, the Bank continuously introduced multi-dimensional, legal, and compliant third-party data for R&D of new risk control models based on external big data. Considering a variety of leading-edge technology algorithms, the Bank completed two rounds of iteration and upgrading of the big data scoring model in 2022. After that, the new model's risk differentiation capability, stability, and generalization ability were further improved. In the prevention and control of telecommunication fraud by 'Weilidai', features such as population, transaction, credit, and behavior were used to build and iterate the prevention and control models, as well as a set of all-round and integrated prevention and control systems with multi-link linkage before, during, and after the case. The layered prevention and control mechanism of telecommunication fraud also diversified our telecommunication fraud disposal methods and continuously improved the overall efficiency. In 2022, the establishment of a joint police-enterprise prevention and control mechanism for telecommunication fraud was advanced by the Bank. The Bank and the police blocked 136 cases of telecommunication fraud since it was launched in August 2022, involving an amount of RMB10.39 million. The Bank was commended by the Shenzhen Office of the Inter-bureau Joint Conference Office for Combating Telecommunication Fraud and Cyber Crime and the Nanshan Office of the Leading Group for Combating Illegalities and Cyber Crime.

During the operation process, AI robots provided customers with standard-compliant, high-quality, and seamless intelligent customer services (7×24). About 97% of customer inquiries were answered by AI robots. The intelligent quality inspection of the Bank achieved 100% coverage around the clock for 'Weilidai' collection by telephone and 'Weiyedai' telemarketing, with over 90% accuracy. The 400-man-day full-scale quality inspection work was reduced to 0.5 man-day, and the number of violations of customer service personnel was dropped by 50%. The efficiency of quality inspection work was thoroughly improved, and the compliance of collection by telephone and telemarketing was greatly enhanced as well. In 2022, the "Pan-Financial Industry Voice Customer Service AI Quality Inspection Case" was rated as "Excellent Use Case of Customer Service Center 2022" by Artificial Intelligence Industry Alliance.

In terms of consumer rights protections, our user complaint helper can efficiently analyze user complaint information through the comprehensive utilization of optical character recognition (OCR), semantic comprehension, AI search, etc. It can quickly search and generate replies related to complaints and assist customer service personnel to solve problems in a timely manner. Utilizing the OCR and semantic comprehension, the AI advertising review product can identify and analyze images and texts in advertisements, helping to enhance the legality and compliance of advertising videos.

The Bank built an AI large-scale model of China's MSMEs by virtue of deep data learning on hundreds of billions of enterprise data fields. In a green and low-cost way, the segmented training model framework was used to achieve 10 billion model parameter variables. The Bank also applied for more than 20 related patents. This AI large-scale model was applied to multiple fields such as credit financing, risk assessment, account management, customer service, and consumer rights protection of corporate finance, which effectively enhanced the quality and efficiency of financial services for MSMEs.

The Bank proactively deployed some cutting-edge technology with the aim of facilitating ESG and sustainable development. Relying on "Moonshot", the self-developed satellite AI-ESG data rating platform, the Bank cooperated with Tencent Cloud in the field of satellite remote sensing technology to provide ESG SaaS services for enterprises. Their efforts have empowered the green transformation of enterprises and contributed to the sustainable development of the economy. Working with the Guangdong Artificial Intelligence and Digital Economy Laboratory (Guangzhou), the Bank has launched the Guangming-WeBank Moonshot Platform in 2022, where the Bank carried out R&D and practices in AI and satellite remote sensing technology in climate change, "peak carbon dioxide emissions and carbon neutrality", carbon finance, etc. The launch of a satellite AI-based carbon emission monitoring system for

thermal power plants and steel mills and the R&D of carbon sink monitoring platforms have carried forward China's strategy of "peak carbon dioxide emissions and carbon neutrality". In the field of metaverse technology, the Bank has comprehensively strengthened its technological capabilities in blockchain, AI, IoT, AR/VR/XR, etc. Following that, it has gradually established a comprehensive architecture system that conforms to the phygital concept, further reinforcing the foundation of the Bank as a world-leading digital bank. Efforts have been made towards the exploration and research of digital twins and digital human, user generated content (UGC)/professional generated content (PGC) support, digital identity, asset and data verification, real-time rendering of large-scale scenario, etc. Supported by the metaverse technology, while reinforcing the three-dimensional interactive experience of digital banking services, the Bank will further enhance its corporate transparency and practice ESG philosophy.

The development practices above demonstrated that the Bank has been highly recognized by the industry at home and abroad. In May 2022, in the world's first comprehensive evaluation ranking of digital banks launched by *The Asian Banker*, the Bank's indicators of cost reduction, efficiency elevation, and the final comprehensive scores ranked first. It should be noted that the Bank is one of the banks with the lowest Average Revenue Per User (ARPU) in the list, which fully demonstrated the Bank's positioning and characteristics in inclusive finance services. In August 2022, at the "2022 China's Future Finance Summit and China Awards Ceremony" hosted by *The Asian Banker*, the Bank was awarded the "World's Best Digital Bank" for the first time. Moreover, the Bank won the two awards of "Best Digital Bank in Asia-Pacific Region" and "China's Best Digital Bank" for four consecutive years. These honors demonstrated the remarkable results that the Bank technologically extended the radius of inclusive financial services, reduced costs, and improved service quality.

Expediting self-dependent and controllable key technologies of software and hardware by improving the localization

A new round of global technological revolution and industrial transformation is advancing by leaps and bounds. Technological innovation has become one of the main battlefields for international strategic competition, and countries are competing to seize the technological high ground. As stressed by General Secretary Xi Jinping at the 20th National Congress of the Communist Party of China, China should persevere in facing the world's frontiers of science and technology and expedite the realization of high-level technological self-reliance and self-improvement. Actively responding to the call of the country, the Bank has been targeting self-dependent and controllable technologies, continuously promoting the localization of software and hardware, and giving full play to the safety demonstration role of industry supply chains.

In terms of servers, the Bank deployed domestic chip series servers in distributed storage, basic core components, applications, and resource management in 2022. Domestic servers accounted for as high as 30% of the new non-big data scenario servers throughout the year. In terms of databases, the Bank continued to delve into the practical application of domestic distributed databases in financial core systems. It came up with an integrated solution for domestic databases, catering to various database storage requirements under different business scenarios and capacity & performance requirements. Cooperating with database manufacturers, the Bank focused on promoting the adaptation of domestic database products to the localized Kunpeng chip server platform, and successfully launched its pilot business.

Boosting the digital upgrading and sustainable development of the industry via fruitful open-source layout

Adhering to the open-source culture of open-source co-construction, integration, and sharing, as well as openness and win-win cooperation, the Bank devotes to become an open-source technology contributor and open-source community builder. The Bank now has a total of 33 open-source project communities in AI, blockchain, cloud computing, big data, and other fields. It has obtained more than 35,500 Stars and 13,300 Forks from developers around the world on the code hosting platform. Thanks to the open-source ecosystem, scientific and technological achievements have empowered global enterprises to enhance the level of industrial digitalization and promote the practical transformation of achievements into productivity. Owing to its achievements in the open-source community construction and open-source governance, the Bank was continued to be shortlisted among top enterprises in the *China's Open-Source Development Blue Book 2022* released by the China Open-Source Software Promotion Alliance. Moreover, the Bank was included in the *OSPO Case Collection 2022* released by the Open Source Cloud Alliance for Industry (OSCAR) as a typical enterprise representative.

In terms of artificial intelligence, the Bank maintained its improvement of the federated learning ecology centered on the FATE open-source ecology and continued to enhance its influence. FATE open-source ecology has released more than 40 versions so far. The efficiency, usability, and security of the platform have all been improved. In 2022, FATE's open-source ecology refined its organizational structure and absorbed 19 new member units including Industrial and Commercial Bank of China, China UnionPay, and VMware. In 2022, the Bank, together with authoritative institutions such as the China Academy of Information and Communications Technology, the Chinese Association for Artificial Intelligence, and the International Digital Economy Academy, held more than 10 online and on-site seminars and other activities themed on privacy computing and federated learning. These activities greatly enhanced the influence of the federated learning ecosystem. In order to further promote the collaborative development of platforms and technologies, the Privacy Computing Open-Source Collaborative Project was jointly launched by the FATE Open-Source Community, the Open Islands Open-Source Community, Baidu, Tencent Cloud, and JD Technology in September 2022. By the end of 2022, the FATE Open-Source Community covered more than 1,200 well-known companies and 500 universities and research institutions around the world, availing industries to achieve digital upgrades through AI technology.

In terms of blockchain, the Bank has open sourced the core R&D achievements of blockchain to the world since 2017. Currently, the Bank has released 12 open-source blockchain projects. More than 4,000 enterprises and institutions, and more than 90,000 individual members have been brought together to build a co-governance and sharing open-source community, and more than 60,000 talents in the blockchain industry have been cultivated. In 2022, the Bank released a new brand of WeBank Blockchain and proposed the mission of "Building trusted ESG infrastructure to promote equity and sustainable development". These efforts aimed to underpin the trust for the government, the public, and enterprises in the ESG strategy. In terms of the open-source blockchain platform FISCO BCOS, a series of iterative optimization of FISCO BCOS v3.0, led by the Bank, was completed in 2022 to improve the performance to 50,000 TPS (transactions processing per second) so that it can be compatible with application requirements of larger scale and more scenarios with wider participation. In 2022, the Bank was listed in Preferred Blockchain Program by the China Industrial Control Systems Cyber Emergency Response Team, and FISCO BCOS was awarded the "professional level" certification and bestowed the highest-level evaluation of the program. In the *Blockchain and Distributed Ledger Technologies-Use Cases* released by the ISO Technical Committee, Blockchain and Distributed Ledger Technologies (ISO/TC 307), 50% of the Chinese cases were researched and developed based on FISCO BCOS. The Bank was successfully shortlisted as one of the Blockchain 50 by Forbes in 2022 due to its prominent contribution in building an open-source consortium chain ecosystem. With respect to privacy computing, the Bank launched WeDPR, a privacy

protection solution, by integrating blockchain technologies and secure multi-party computing technologies, and continued to refine its architecture and algorithms. This solution has been applied in projects such as the national healthcare big data technology innovation & application platform, oceanography big data research platform, and other scenarios. In March 2022, IPRdaily and incoPat Innovation Index Research Center jointly released the “Global Privacy Computing Technology Patent Filings Ranking List (TOP100)”, in which WeBank ranked first in the global banking industry with 204 patents. In terms of blockchain component construction, the Bank successively completed optimization and iterations of components, such as WeBASE, a blockchain middleware platform; Weldentity, an entity identity authentication and trusted data exchange solution; account governance; and authority governance, so that they were fully compatible to FISCO BCOS v3.0, and the latest component tools library was offered to users.

The Bank actively propelled the application of the full-stack blockchain technology systems in industrial digitization. In 2022, the Bank emphasized the integrated construction of the Guangdong-Hong Kong-Macao Greater Bay Area. Moreover, “peak carbon dioxide emissions and carbon neutrality,” rural revitalization, charity, medical care, etc. were prioritized, with a view to continuously improving the breadth and depth of ecological cooperation. By the end of 2022, FISCO BCOS settled in 9 national-level infrastructures. More than 300 benchmark applications were running stably in the production environment, of which a total of 84 new applications were implemented within the year. The Bank provided blockchain open-source technical support for the first cross-border data verification platform in the Guangdong-Hong Kong-Macao Greater Bay Area in March 2022. The platform supported the realization of cross-border verification of data elements based on protecting personal privacy, greatly improving the efficiency of cross-border verification, and supporting as the new infrastructure for the integrated development of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank maintained its provision of open-source blockchain technical support for the PBOC’s Pearl River Delta Credit Chain project, serving the construction of a cross-regional credit information integrated data center hub. In addition, supported by the Qianhai Administrative Bureau of Shenzhen Municipality, the Shenzhen Tax Service of the State Taxation Administration, and other government departments, the Bank assisted Bank of China Shenzhen Branch in launching a public service platform of Blockchain-based Digital Income Verification Products for Overseas Personnel. Based on the blockchain and data analysis technology, the platform encrypted and recorded data such as taxation and talent subsidies on chain, realizing non-contact verification of the authenticity of remuneration information of foreign personnel employed in Shenzhen and facilitating foreign personnel to go through foreign exchange purchases and remittance business at bank outlets as quickly as possible, so as to effectively improve user experience and bank risk control level and avail the optimization of Shenzhen’s business environment.

For big data, the Bank’s Linkis, a big data open-source project, passed the graduation vote of the Apache Software Foundation (ASF), a top international open-source organization, and became the world’s first Apache project initiated by a bank and successfully graduated.

Taking active part in standardization construction to promote Chinese practices to be international standards

The Bank has been involved in the formulation of all kinds of international, national, industry, group, local, and corporate standards, and made efforts to boost China’s fintech capabilities to become international standards by transforming its best fintech practices into standards.

In terms of federated learning and explainable AI standards, the Bank took the lead in formulating Guide for an Architectural Framework for Explainable Artificial Intelligence (IEEE P2894), and participated in the formulation of Recommended Practice for Privacy and Security for Federated Machine Learning (IEEE P2986), Guide for Framework for Trustworthy Federated Machine Learning (IEEE P3187), etc. The Bank even participated in the formulation of Chinese standards, such as *Federal Learning Specifications*, *Specifications on Financial Application of Federal Learning*, *Compliance Guidelines on Privacy Computing Technology Application*, *Privacy Computing All-in-One Machine Specification*, and *Safety and Performance Test Standards for Privacy Computing Product*.

As for blockchain, the Bank participated in and completed the blockchain and distributed ledger technologies – Use cases (ISO/PRF TR 3242), an international standard, and a series of group standards such as General Requirements for Private Service Network Infrastructure of Blockchain, Trusted Blockchain: Capability Requirements and Evaluation Guidelines of Public Permissioned Blockchain, and Trusted Blockchain: Digital Collection Issue Platform Technical Requirements and Evaluation Methods, based on its practices and experience in participating in the formation of standards at early stages.

In terms of other fintech areas, the Bank participated in the formulation of financial industry standards such as Guidelines for Science and Technology Ethics in Financial Sector, the Basic requirements for Internet Banking Services, and the Guidelines for the Management of Open-Source Projects for Fintech Products in 2022. In addition, the Bank continued to follow up and participate in the formulation of standards on metaverse, digital human, and carbon neutrality to enhance its influence in the cutting-edge fintech field.

Besides actively participating in the formulation of standards, the Bank also summarized its thinking in the field of fintech into research reports, research projects, books, and papers, sharing its research findings with the industry to jointly improve the application proficiency level. In terms of AI, the Bank, together with well-known experts and scholars in the industry, co-authored and published books Privacy Computing and Introduction to Explainable Artificial Intelligence, which systematically summarized federated learning and other privacy computing technologies and explainable AI, being shortlisted for hot sale list of new books on several platforms. As revealed by the Global Research and Application Trend Report on Federated Learning (2022) released by Tsinghua University, the Bank ranked fourth in the world in the ranking of “Highly Cited Papers” in terms of federated learning research, second only to Google, Carnegie Mellon University, and Beijing University of Posts and Telecommunications. In the field of blockchain, the Bank participated in a series of insightful reports such as FISCO BCOS Industrial Application White Paper 2022, Digitalization Practices and Insights of Enterprises in Guangdong-Hong Kong-Macao Greater Bay Area, Circulation Compliance and Technology Application White Paper of Cross-Border Data, as well as a book titled Annual Report on Blockchain Development in CHINA (2022). In other fintech fields, the Bank also participated in the compilation of Digitalization Utility Evaluation Matrix, Finding the Way of Fintech Ethical Governance, Special Research Report on Personal Information Protection, Metaverse Research and Exploration 2022, Digital Channel Service Research Report, Research and Practice of Fintech for Bridging the Digital Divide, Annual Report of the Analysis of Listed Banks in CHINA 2022, and other insightful reports or books, for the purpose of continuously improving its level of fintech research.

As for patent applications, by the end of 2022, the Bank submitted a total of 3,542 patent applications, of which a total of 427 patents were effectively authorized.

Ushering in the collaborative development of an industry-university-research ecosystem for fintech to boost talent cultivation

Talents are the key to the national innovation-driven development and supporting the healthy and rapid development of the fintech industry. The proportion of technological personnel in the Bank has always remained above 50% since its inception.

With the continuous emergence of new technologies and fields of application, it is expected that the industry’s demand for fintech talent will continue to rise in the future. Therefore, the Bank has been actively ushering in the coordinated development of the industry-university-research ecosystem of fintech, helping China cultivate top-notch fintech talents and innovation teams. In 2022, the Bank officially launched the first WeBank Scholars Program for the two-year cooperation with outstanding young professors in colleges and universities to strengthen technical reserves and advance the industrial application of technical research. By the end of 2022, a total of 13 high-level academic papers on various topics, 10 national patents, and 3 engineering applications were published, applied for, and expanded. In the meanwhile, by cooperating with South China University of Technology, Tianjin University, Beijing Jiaotong University, and other colleges and universities, the Bank organically combined its blockchain technology contents with college blockchain courses, as a result which the cumulative attendees exceeded 600 in 2022, laying a solid foundation for talents development.

RISK MANAGEMENT



The Bank rooted itself in operating and managing risks. In the face of the complex and ever-changing economic situation and the pandemic of COVID-19, it dynamically adjusted its credit strategy, strictly controlled the quality of new customer groups, quickly resolved existing risks, and consolidated asset quality in accordance with various regulatory policies and requirements. Sufficient provision coverage and capital adequacy standards were ensured. The Bank further refined its comprehensive risk management system. While enriching the risk-management talent team, it spared no effort to advance risk governance and system construction, and build risk control infrastructure such as models, data, and systems. During the reporting period, the risk preferences and overall risks of the Bank were all up to standard and controllable.

I. Enhancing the ability of credit risk control and building a stable and value-generating business portfolio

Credit portfolio: strengthening efforts to cope with macro risks and maintaining stable quality of loans

During the reporting period, the Bank strengthened its forward-looking judgment on the risk situation, quickly responded to macroeconomic changes and the impact of COVID-19 pandemic and further improved the risk governance and communication decision-making implementation mechanism. We further adopted various measures to achieve the overall stability of the asset quality of the credit portfolio, such as optimization of credit structure, adjustment of credit strategy, improvement of the quality of customer base, expansion of disposal methods, and enhancement of infrastructure construction, etc. While fully implementing all kinds of regulations on Internet lending, the Bank always adhered to prudent risk preferences and risk classification policies, as well as overall dynamic monitoring of credit risk of each product and the Bank. Subject to new regulatory guidelines, we upgraded the implementation the expected credit loss method to accurately make provision for loan impairment. In the end, both provision coverage ratio and the loan provision ratio met regulatory requirements (no less than 130% and 1.8% in 2022).

Consumer finance: developing new risk control systems to enhance risk prevention and control capabilities

During the reporting period, the Bank took multiple measures in consumer finance and continued to iterate to solidify the risk defense lines. New risk control methods were developed and refined to strengthen regional and structural risk monitoring. We spared no efforts to rigorously control multi-platform loans, high debt levels, and high-risk customer access, thus reducing the admission risk. The Bank devoted greater effort to liquidating high-risk assets to refine its asset structure. Not only was the credit granting and pricing strategy optimized, but also this increased the activity of high-quality customers. A variety of differentiated and refined means were used to help prevent the risk of telecommunication fraud and reduce customer losses. The Bank earnestly fulfilled its social responsibilities as an enterprise.

Corporate finance: furthering the risk capacity building and coping with economic situation changes

During the reporting period, the Bank implemented the risk management policy of maintaining steady operations while controlling risks. In credit admission, it strictly performed customer admission standards, swiftly iterated the credit strategy, and focused on high quality customers. The Bank further adjusted the credit structure and followed the guidance of national policies to refine the industry structure actively supporting industries related to livelihoods and green credit. In risk monitoring, the Bank exercised highly frequent multi-dimensional and comprehensive monitoring of and rapid response to all customers, ensuring that capital flows remained compliant with regulations. With prudent research and judgment, it further strengthened the monitoring of risk situations in key areas.

Collection and disposal: optimizing asset collection pattern and collection litigation procedure to diversify corresponding means

The Bank, during the reporting period, responded to the call of government, i.e. customers who had been seriously affected by the COVID-19 pandemic were given relief policies such as interest reduction and credit protection. The Bank refined its operation management by strengthening the management of outsourced institutions and comprehensively improving collection efficiency from collection strategies, operations, and methods. The Bank stepped up its quality checks. Those cooperative agencies that have illegal collections were punished in strict accordance with relevant standards. While accelerating the construction of basic capabilities for intelligent collection, the Bank actively probed into new collection methods to facilitate the integrated construction of collection litigation. The Bank established a five-in-one disposal plan (special collection + advanced litigation + account escrow + account release + resolution) for corporate loans. With regard to retail loans, the Bank already had multi-channel judicial collection capabilities. It boosted batch litigation across the board and focused on the collection model of pre-litigation preservation and adjustment.

Infrastructure: enhancing infrastructure construction to improve sharing capabilities

During the reporting period, the Bank made every effort to build the middle-end and back-end infrastructure concerning risk and improve the general service capabilities of the system. In terms of data, in accordance with the requirements of new credit reference regulations, we steadily advanced the transformation and switching of stock data access through licensed credit reporting agencies, thus expanding our new data sources. In terms of models, we continuously developed and iterated risk models and strategies. Benefiting from the fast machine learning platforms, the Bank realized the standardization of model development, and developed model tuning, reporting, deployment, and monitoring automation functions. Ultimately, the responsiveness and flexibility of risk strategy analysis and deployment were improved. We continued to probe into cutting-edge risk control algorithm technology in terms of technological innovation. The Bank finally completed multiple rounds of big data scoring iterations, which further consolidated the construction of new risk control capabilities of the Bank.

II. Enhancing comprehensive risk management and covering all kinds of special risks

Risk management of agency sales business

The Bank maintained sound risk preferences in the agency sales business of insurance and assets under management, selecting cooperative institutions and products through prudential assessment. Following policy guidance and popular market trends, the Bank kept expanding the variety of its agency sales products covering monetary funds, bond funds, hybrid funds, stock funds, index funds, QDII funds, bank wealth management products, trust plans, property insurance, life insurance, etc., hitting new highs in the volume of agency sales and assets under management. The risk level of products consigned to the Bank for distribution were mainly medium and low risk. While closely following up with regulatory policies and market trends, the Bank re-assessed the risks of products with rising potential credit risk or liquidity risk and took risk control measures in a timely manner, so as to cope with the market fluctuation.

During the reporting period, all products were honored normally and no credit risk, liquidity risk, or reputational risk events occurred.

Liquidity risk management

Sticking to a steady operation and healthy development strategy, the Bank continually refined the liquidity risk management mechanism while putting the government's requirements for financial support for the real economy in place. Efforts were made to enhance forward-looking management, thus ensuring the effect served by the finance sector to the real economy. During the reporting period, the Bank's funding sources were stable; the maturity structure of assets and liabilities was reasonable and various liquidity indicators met regulatory requirements. The overall liquidity was stable.

At the end of the reporting period, the Bank's liquidity coverage ratio was 346.11% and the net stable funding ratio was 171.55%, both far higher than regulatory requirements. The lifetime under all liquidity stress scenarios exceeded 30 days and the overall liquidity operation was stable with related risks remaining at a controllable level.

Liquidity coverage ratio

		(In RMB'000)
Item	31 December, 2022	
Liquidity coverage ratio		346.11%
Qualified high-quality liquid assets		64,112,724
Net cash outflows		18,524,025

Net stable funding ratio

		(In RMB'000)
Item	31 December, 2022	
Net stable funding ratio		171.55%
Available stable funding		377,701,495
Required stable funding		220,164,120

Market and interest rate risks management

The Bank kept refining its market and interest rate risk management framework using risk indicators such as DV01, value-at-risk indicators, and stop-loss indicators to measure and manage the market risk of trading books. Closely following changes in the external interest rate environment and the internal interest rate exposure structure, the Bank comprehensively measured, analyzed, and monitored the interest rate risk in the banking book by means of repricing gap, duration analysis, scenario simulation, and stress testing, further improving the ability of interest rate risk management through managing interest rate risks by means of asset-liability structure adjustment, limits, etc.

During the reporting period, the market risk exposure of the Bank's trading ledgers did not exceed the risk limit and the risk was controllable. Through the management of assets and liabilities, the Bank continued to optimize the product and term structure to ensure that the net interest income and economic value were stable and the interest rate risk in the banking book was generally controllable.

Liability quality management

The Bank not only implemented the regulatory requirements for liability quality management but also continuously improved its liability quality management base. It guided the expansion of funding source, optimized liability structure, and stabilized funding costs in the process of budget planning, internal fund transfer pricing, and performance appraisal. These efforts well supported the consistency of safety, liquidity, and efficiency in its operation.

During the reporting period, the Bank's total liabilities increased steadily, and liability costs fell steadily, sources of liabilities enriched further, and the Bank's core liabilities remained stable.

Operational risk management and business continuity

The Bank continued to improve operational risk management of the whole bank by means of system improvement, system construction, risk detection, training, promotional activities, etc. By utilizing tools like operational risk event and loss data collection and key risk indicator monitoring, the Bank actively strengthened risk identification, assessment, and monitoring, effectively preventing and controlling the operational risk of the whole bank. These measures not only improved the ability to respond to the impact of internal and external events, but also ensured the stable operation of the Bank's business.

In business continuity management, the Bank maintained its efforts to enhance its continuous business operation through system construction, inspection of system documents, business impact analysis and risk evaluation, business continuity drills, etc. These helped the Bank effectively cope with operational interruption events and ensured its business continuity.

During the reporting period, the Bank organized self-inspection of operational risks and there was no significant operational risk or interruption of business continuity.

IT risk management

The core technologies of fintech such as AI, blockchain, cloud computing, and big data have been continuously used by the Bank. While improving its management capabilities of information technology risk, the Bank steadily propelled the deployment and application of localized software and hardware in the fields of servers, operating systems, and databases. In 2022, the Bank started the construction of an off-site disaster recovery center in Chengdu, which further optimized the layout of its data center.

The Bank fully implemented the requirements of security development lifecycle (SDL), realizing information security management. In 2022, it successfully passed the review certification of ISO27001 information security management system and ISO27701 privacy information management system. Regarding the operation and management of information technology, the Bank strengthened its capabilities in intelligent monitoring, automated operation and maintenance, and risk control of operation and maintenance. On the other hand, it built a new-generation root cause analysis system that is capable of self-learning based on graph analysis algorithms, with the root cause location accuracy rate of over 91%. In terms of the construction of emergency response capabilities of information technology, the efforts of the Bank were reflected in the annual remote disaster recovery switching drill. In the end, the overall efficiency of the drill and the efficiency of IT system recovery increased by 20% and 7% respectively compared with 2021.

During the reporting period, no major system failure, network intrusion, data leakage or other IT risk event occurred in the Bank; the information system remained stable, and the overall availability rate of our products maintained a high carrier grade (99.999%).

Compliance risk management

The Bank strictly implemented regulatory policies and requirements, continually improving the compliance risk management framework centering around the core objective “Compliance + 1”. The Bank developed, updated and implemented appropriate policies and procedures to guide the daily operations. We embedded compliance requirements into all businesses and operations to meet new and evolving regulatory requirements. Attaching importance to fostering a compliance culture, the Bank intensively carried out activities such as the “We Act Strictly” Initiative in a further move to enhance the compliance awareness and strengthen the consciousness of risk prevention. This helped to reinforce the management of employee behavior while establishing a solid foundation for managing employee conduct over the long term through case prevention and responsibility mechanisms.

During the reporting period, the Bank’s compliance risk was well managed; no significant administrative penalties or breach of laws and regulations occurred.

Money laundering risk management

The Bank earnestly fulfilled its statutory obligations on anti-money laundering, including customer due diligence, monitoring, and reporting, etc. It strengthened the management of anti-money laundering data submission and improved the quality of suspicious transaction reports. These measures have effectively cooperated with the fight against illegal and criminal activities. Based on the characteristics of inclusive financial customer groups and businesses, the Bank stepped up its publicity efforts and continued to extend its anti-money laundering publicity. Based on regulatory requirements and control objectives of money laundering risks, the Bank has established a risk assessment system, including regular institutional risk assessment, product money laundering risks monitoring, and constantly improved the efficiency and accuracy of customer risk ratings. In 2022, the Bank officially and systematically started the practice of machine learning technology in the field of anti-money laundering by applying machine learning technology in customer risk rating of anti-money laundering and suspicious transaction monitoring.

During the reporting period, the Bank was not punished for anti-money laundering, nor did it encounter money laundering risk events.

Reputation risk management

Focusing on developing inclusive finance, serving the real economy, innovating financial technology, fulfilling social responsibilities, and leading the way in party building are also the Bank’s work priorities. Based on these goals, the Bank actively planned publicity content to enhance positive publicity, which continuously improved its brand reputation and industry influence. The Bank actively strengthened media communication and maintained good media relations. The continuously optimized reputation risk management system further consolidated the line of defense against public opinion crises.

During the reporting period, no major cases or adverse reputation-related incidents took place.

Strategy and ESG risk management

The firm’s performance pertaining to the Strategy and ESG Committee (ESG meaning Environmental, Social, and Governance) ensured that the Bank’s strategic development positioning is in line with its development vision and business philosophy, while maintaining that its business development planning is scientific and executable. The Strategy and ESG Committee fulfilled its supervisory duties on ESG and green finance. They deliberated and approved the annual ESG reports to ensure that the Bank’s ESG environmental information disclosure is consistent with compliance requirements.

While taking into full account the regulatory requirements and industry trends pertaining to ESG and green finance, the Bank incorporated environmental and social risks, green financial risk control, and other factors into its comprehensive risk management system during the reporting period. The Bank further conducted climate risk stress testing for the first time to assess the impact of climate fluctuations on credit risks and control potential environment risks timely. Meanwhile, the Bank verified its carbon emission to promote a carbon-trading scheme for the operation-level carbon neutrality in 2022.

During the reporting period, no strategy and ESG risk events occurred in the Bank.

III. Closely following the Bank’s overall development strategy to improve capital planning and management

Capital management serving the Bank’s overall strategy

On the principle of pursuing stable, long-term business development and in light of internal management and the external operating environment, the Bank regularly carried out internal capital adequacy assessment and appropriately drew up capital planning and capital adequacy management plans. The Bank carried out the internal capital adequacy assessment process (ICAAP) on an annual basis, including major risk identification and assessment, capital adequacy assessment, capital planning, and capital stress testing. In accordance with the overall development strategy, the Bank established a capital management system in line with its current situation, improved the internal management mechanism, and standardized all aspects of capital management to meet the needs of sound business development and the requirements of regulatory policies. The Bank has formulated a three-year capital plan according to the outlook for the future macro and micro environments, the needs of business development, and the requirements of relevant policies such as the *Capital Rules for Commercial Banks (Provisional)*. The Bank continued to enhance internal capital accumulation capabilities, actively explored multi-level and multi-channel replenishment of capital, and refined its capital structure.

Capital adequacy ratio and composition

The Bank measured the capital adequacy ratio in accordance with the *Capital Rules for Commercial Banks (Provisional)*. The capital adequacy ratio and requirements of the Bank are as follows:

(In RMB'000)

Item	31 December, 2022	Item	31 December, 2022
Common Equity Tier 1 capital adequacy ratio	11.55%	Minimum regulatory capital requirements in China	
Tier 1 capital adequacy ratio	11.55%	Of which: Common Equity Tier 1 capital adequacy ratio	5%
Capital adequacy ratio	12.58%	Of which: Tier 1 capital adequacy ratio	6%
Risk-weighted assets	314,716,136	Of which: Capital adequacy ratio	8%
Of which: Credit risk-weighted assets	263,319,932	Organization-specific capital requirements	
Of which: Market risk-weighted assets	–	Of which: Conservation buffer requirement	2.5%
Of which: Operational risk-weighted assets	51,396,204	Of which: Countercyclical buffer requirement	–
		Of which: Capital surcharge requirement	–

The amount and composition of the Bank's capital are as follows:

(In RMB'000)

Item	31 December, 2022	Item	31 December, 2022
Common Equity Tier 1 capital	36,413,695	Additional Tier 1 capital	–
Of which: Paid-in capital that meets the criteria for inclusion in Common Equity Tier 1 capital	3,850,000	Regulatory deductions from Additional Tier 1 capital	–
Of which: Capital reserve that meets the criteria for inclusion in Common Equity Tier 1 capital	2,897,498	Tier 2 capital	3,250,863
Of which: Surplus reserve	2,148,921	Of which: Excess loan loss provisions that meets the criteria for inclusion in Tier 2 capital	3,250,863
Of which: General reserve	5,811,394	Regulatory deductions from Tier 2 capital	–
Of which: Retained earnings	20,561,651	Common Equity Tier 1 capital net of regulatory deductions	36,354,382
Of which: Others	1,144,231	Tier 1 capital net of regulatory deductions	36,354,382
Regulatory deductions from Common Equity Tier 1 capital	59,313		
Of which: Other intangible assets (except land use rights) minus corresponding deferred tax liabilities	59,313	Total capital net of regulatory deductions	39,605,245

Among which, as of 31 December 2022, except for the items in the above table, the other capital components and capital deductions disclosed in accordance with the *Capital Rules for Commercial Banks (Provisional)* were zero.

As of 31 December 2022, the balance of actual loan loss provisions set aside by the Bank under the Regulatory Weighting Approach was RMB20.577 billion, and the excess loan loss provisions which can be included in Tier 2 capital under the Regulatory Weighting Approach was RMB3.251 billion. In the un-deducted portion of threshold deduction items related to capital composition, other deferred tax assets that rely on the Bank's future profitability to be realized (deducting the corresponding deferred tax liabilities) were RMB3.286 billion. The un-deducted portion of non-significant minority investments in the capital of financial institutions that are outside the scope of regulatory consolidation and the un-deducted portion of significant minority investments in the capital of financial institutions that are outside the scope of regulatory consolidation were both zero.

Leverage ratio

The Bank measured the leverage ratio in accordance with the *Rules on Leverage Ratio of Commercial Banks (Revised)*. The leverage ratio of the Bank is as follows:

		(In RMB'000)
Item	31 December, 2022	
Leverage ratio		7.29%
Tier 1 capital net of regulatory deductions		36,354,382
On- and off-balance sheet asset balance after adjustment		498,378,580

INFORMATION OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, ORGANIZATIONAL STRUCTURE, AND EMPLOYEES

I. Basic Information on Directors, Supervisors, and Senior Management

(I) Composition of the Board of Directors

Name	Gender	Title	Dates of commencement and end of office
David Ku	Male	Chairman and Executive Director	December 2014 - Expiration of the term of office
Nanqing Li	Male	Executive Director	October 2015 - Expiration of the term of office
Liming Huang	Male	Executive Director	November 2016 – Expiration of the term of office
LIN CHING-HUA	Male	Non-Executive Director	December 2014 – Expiration of the term of office
Baoguo Zhu	Male	Non-Executive Director	December 2014 – Expiration of the term of office
Li Lin	Male	Non-Executive Director	December 2014 – Expiration of the term of office
WONG YU TSANG ALEX	Male	Non-Executive Director	December 2014 – Expiration of the term of office
Wei Cao	Male	Non-Executive Director	December 2020 – Expiration of the term of office
LIU TSZ BUN BENNETT	Male	Independent Director	April 2021 – Expiration of the term of office
Bing Yu	Male	Independent Director	December 2020 – Expiration of the term of office
Yan Fang	Female	Independent Director	December 2020 – Expiration of the term of office
Longxin Yi	Male	Independent Director	December 2020 – Expiration of the term of office

Note: Executive directors received remuneration from the Bank. Independent Directors received allowances from the Bank. Other directors did not receive any remuneration or allowance from the Bank, other than receiving remuneration or allowance from the individual's respective employer.

(II) Composition of special committees under the Board of Directors

1. The Strategy and ESG Committee

Chairman: David Ku
 Members: LIN CHING-HUA, Baoguo Zhu, Li Lin, WONG YU TSANG ALEX

2. The Audit Committee

Chairman: LIU TSZ BUN BENNETT
 Members: Longxin Yi, Bing Yu, WONG YU TSANG ALEX, Wei Cao

3. The Risk Management and Consumer Rights Protection Committee

Chairman: Longxin Yi
 Members: Yan Fang, Li Lin, Nanqing Li

4. The Related-Party Transactions Control Committee

Chairman: Yan Fang
 Members: LIU TSZ BUN BENNETT, Wei Cao, Liming Huang

5. The Nomination and Remuneration Committee

Chairman: Bing Yu
 Members: LIN CHING-HUA, Baoguo Zhu

(III) Composition of the Board of Supervisors

Name	Gender	Title	Dates of commencement and end of office
Jun Wan	Male	Chairman (Employee Supervisor)	February 2018 – Expiration of the term of office
Zhaoqin Zhou	Male	Shareholder Supervisor	December 2014 – Expiration of the term of office
Xiaoguang Xu	Female	External Supervisor	November 2020 – Expiration of the term of office

Note: Employee Supervisor received remuneration from the Bank. External Supervisor received allowances from the Bank. Shareholder Supervisor did not receive any remuneration or allowance from the Bank, other than receiving remuneration or allowance from the individual's respective employer.

(IV) Composition of special committees under the Board of Supervisors**1. The Supervisory Committee**

Chairman: Xiaoguang Xu

Members: Zhaoqin Zhou, Jun Wan

2. The Nomination Committee

Chairman: Xiaoguang Xu

Members: Zhaoqin Zhou, Jun Wan

(V) Composition of senior management

Name	Gender	Title	Dates of commencement and end of office
David Ku	Male	Chairman and Chief Executive Officer	From December 2014
Nanqing Li	Male	Executive Director and President	From October 2015
Liming Huang	Male	Executive Director and Senior Executive Vice President	Served as Executive Director from November 2016 and as Senior Executive Vice President from March 2016
Henry Ma	Male	Executive Vice President and Chief Information Officer	Served as CIO from December 2014 and as Executive Vice President from July 2016
Qiao Chen	Male	Executive Vice President	From July 2016
Hui Qin	Male	Chief Consumer Protection Officer	From December 2022
Lipeng Wang	Male	Vice President, Chief Financial Officer, Board Secretary	From October 2021
Zhenyu Fang	Male	Vice President	From June 2020
Li Gong	Male	Vice President	From June 2022

Note: The members of the senior management received remuneration from the Bank.

(VI) Biographies of Directors, Supervisors, and senior management

Mr. David Ku, Chairman, Executive Director and CEO.

Bachelor of Business Administration, Chinese University of Hong Kong. He participated in the establishment of the Bank in 2014 and has served as Chairman, Executive Director, and CEO of the Bank since December 2014. Prior to joining the Bank, he worked at Ping An and McKinsey.

Mr. Nanqing Li, Executive Director and President.

Master's Degree; Associate Professor; Senior Economist. He participated in the establishment of the Bank in 2014 and is currently Secretary of the Party Committee, Executive Director, and President of the Bank. He was previously Chairman of the Board of Supervisors of the Bank. Prior to joining the Bank, he worked at Ping An Bank, China Merchants Bank, etc.

Mr. Liming Huang, Executive Director and Senior Executive Vice President.

MBA, Peking University; Senior Economist. He participated in the establishment of the Bank in 2014, and is Deputy Secretary of the Party Committee, Executive Director, Senior Executive Vice President of the Bank. He once served as the Executive Vice President of the Bank. Prior to joining the Bank, he worked at Ping An.

Mr. LIN CHING-HUA, Non-Executive Director.

Bachelor's degree, National Taiwan University; MBA, Harvard Business School. He has been a Non-Executive Director of the Bank since December 2014. He joined Tencent Group in 2013 and is currently Senior Vice President of Tencent. He previously worked at McKinsey.

Mr. Baoguo Zhu, Non-Executive Director.

Bachelor of Science, Henan Normal University. He has been a Non-Executive Director of the Bank since December 2014. He is Chairman of Shenzhen Baiyeyuan Investment Co., Ltd., Joincare Pharmaceutical Group Industry Co., Ltd., and Livzon Pharmaceutical Group Inc. He previously worked at Henan Xinxiang Waterborne Resin Research Institute and Henan Feilong Chemical Products Co., Ltd.

Mr. Li Lin, Non-Executive Director.

Doctor of Finance; Accountant. He has been a Non-Executive Director of the Bank since December 2014. He is Chairman of Shenzhen Liye Group Co., Ltd. and Hualin Securities Co., Ltd., and a Director of Shenzhen Aerospace Liye Industry Development Co., Ltd. He was a deputy to the 5th Shenzhen Municipal People's Congress and a member of the 3rd and 4th Shenzhen Municipal Committees of the Chinese People's Political Consultative Conference. He previously worked at Bank of China Shenzhen Shangbu Branch, Shenzhen Zhonghua Trading Company, Agricultural Bank of China Heyuan Branch and People's Bank of China Heyuan Branch.

Mr. WONG YU TSANG ALEX, Non-Executive Director.

Bachelor of Business Administration, Chinese University of Hong Kong. He has been a Non-Executive Director of the Bank since December 2014. He is a Director of Shenzhen Chunyong Investment Co., Ltd. He previously worked at Standard Chartered Bank, McKinsey, and Goldman Sachs.

Mr. Wei Cao, Non-Executive Director.

Master of Accounting, Tsinghua University. He has been a Non-Executive Director of the Bank since December 2020. He is Legal Representative, Executive Director, and General Manager of Shenzhen Kerida Trading Co., Ltd. He previously worked at Warburg Pincus and Boston Consulting Group.

Mr. LIU TSZ BUN BENNETT, Independent Director.

Bachelor of Accounting and Finance, London School of Economics and Political Science, University of London, UK. He has been an Independent Director of the Bank since April 2021. He is an independent director of China Citic Bank and Ping An Life Insurance, a Hong Kong member of the 14th Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. He previously worked at KPMG and served as the Chairman of KPMG China.

Mr. Bing Yu, Independent Director.

EMBA, Cheung Kong Graduate School of Business. He has been an Independent Director of the Bank since December 2020. He is a Founding Partner of Beijing Shunlian Venture Capital Co., Ltd., Chairman and President of Lenovo Tech City Investment Group Co., Ltd., Chairman of Lenovo Image (Tianjin) Technology Co., Ltd., and Chairman of NU Stream Holdings Inc. He previously worked at Tengchuang Technology (Beijing) Co., Ltd., Legendsec Information Technology (Beijing) Co., Ltd., Lenovo-AsiaInfo Technologies, Inc., Lenovo Group, and Beijing Central Engineering and Research Incorporation of Iron and Steel Industry.

Ms. Yan Fang, Independent Director.

Master of Economics, Northwest University. She has been an Independent Director of the Bank since December 2020. She is a Senior Partner of JT&N Law firm, President of JT&N Law Firm Xi'an Office, and an Independent Director of Beijing Tiantan Biological Products Co., Ltd. She is a deputy to the 13th and 14th National People's Congress. She previously worked at Shaanxi International Trust & Investment Co., Ltd., Shaanxi Xinye Law firm, Beijing Yuanheng Law Firm, and the Party School of Beijing Municipal Public Security Bureau.

Mr. Longxin Yi, Independent Director.

Doctor of Accounting, Southwest University of Finance and Economics; Professor, Shenzhen University. He has been an Independent Director of the Bank since December 2020. He began to work at Shenzhen University in July 2004, serving as lecturer and then associate professor in the Department of Accounting. He is currently a professor and Deputy Chair of the Department of Accounting, School of Economics, Shenzhen University. He is an independent director of CHOU TAISENG.

Mr. Jun Wan, Chairman of the Board of Supervisors and Employee Supervisor.

Doctor of Economics, Nankai University; Senior Accountant. He participated in the establishment of the Bank in 2014, and is currently a member of the Party Committee, Chairman of the Board of Supervisors, and Employee Supervisor. He previously worked as a Secretary of the Board of Directors, CCO, and COO of the Bank. Prior to joining the Bank, he worked at the People's Bank of China Shenzhen Central Sub-branch.

Mr. Zhaoqin Zhou, Shareholder Supervisor.

MBA in Finance, Chinese University of Hong Kong; Chinese Certified Public Accountant. Joining Tencent in February 2006, he is currently Project General Manager of Tencent's finance; before this, he successively served as Project General Manager of Tencent's CFO Office, Deputy General Manager of the Finance Department, Deputy General Manager of the Financial Line, and General Manager of the Financial Line of the Company. He previously worked at Yongxin Group, Pricewaterhouse Coopers (Shenzhen), and Shenzhen Pengji Industrial Development Group.

Ms. Xiaoguang Xu, External Supervisor.

Doctor of Economics, Business School of Jilin University; Professor and Doctoral Supervisor, Shenzhen University. She has worked at Shenzhen University since 1999 and is currently Director of the Risk Research Center of Shenzhen University, Chair of the Finance Department, School of Economics, head of the Applied Economics discipline and head of the master's program of finance. She also serves as Vice President of the Chinese Association of Quantitative Economics. She previously worked at Jilin University of Finance and Economics, etc.

Mr. Henry Ma, Executive Vice President and CIO.

He received his MSc degree in Computer Science from Stanford University. In 2014, he participated in the establishment of the Bank. He has served as CIO of the Bank since December 2014 and Executive Vice President of the Bank since July 2016. Prior to joining the Bank, he worked at SF Express Group, Ping An Technology, etc.

Mr. Qiao Chen, Executive Vice President.

He received an MBA degree from Kellogg School of Management of Northwestern University. He participated in the establishment of the Bank in 2014 and is currently Executive Vice President of the Bank. He was previously CSO and Board Secretary of the Bank. Prior to joining the Bank, he was a Global Managing Partner at McKinsey & Company.

Mr. Hui Qin, Chief Consumer Protection Officer.

He is a senior economist, and received a Ph. D. from Tsinghua University PBC School of Finance. He participated in the establishment of the Bank in 2014. He is currently a member of the Party Committee and Chief Consumer Protection Officer of the Bank, and once served as CAE of the Bank. Prior to joining the Bank, he successively worked at Shenzhen Banking Regulatory Bureau, the People's Bank of China, etc.

Mr. Lipeng Wang, Vice President, Chief Financial Officer and Board Secretary.

Bachelor of Accounting, Tsinghua University; member of Chinese Institute of Certified Public Accountants, member of American Institute of Certified Public Accountants, and member of Canadian Institute of Chartered Accountants. He is currently a member of the Party Committee, Vice President, Chief Financial Officer, and Board Secretary. Before joining the Bank, he worked at KPMG.

Mr. Zhenyu Fang, Vice President.

He received an EMBA degree from Shanghai University of Finance and Economics. He participated in the establishment of the Bank in 2014. He is currently a member of the Party Committee and Vice President of the Bank. He previously served as Deputy General Manager of Retail and MSME Division; Deputy General Manager of Consumer Finance Division and Retail Credit Director, etc. Prior to joining the Bank, he successively worked at Ping An Bank, Ping An, and the Bank of China.

Mr. Li Gong, Vice President.

Bachelor of International Economics, Peking University. He is currently a member of the Party Committee and Vice President of the Bank. He once served as Assistant General Manager of MSME Division, Deputy General Manager of Risk Management Department; and General Manager of Corporate Banking Department of the Bank. Prior to joining the Bank, he worked at China Merchants Bank.

II. Change of Directors, Supervisors, and Senior Management and Reason for Change

In March 2022, the 11th meeting of the third session of the Board of Directors of the Bank resolved that Mr. Li Gong be appointed as the Vice President of the Bank. He assumed this office in June 2022 after his qualification for the office was approved by the regulatory authority.

In December 2022, the 18th meeting of the third session of the Board of Directors of the Bank resolved that Mr. Hui Qin was appointed as the Chief Consumer Protection Officer of the Bank, which appointment has been filed with the regulatory authority.

III. Annual Remuneration Management and Remuneration

(I) Remuneration management structure and decision-making procedure of the Bank

It is the responsibility of the Board of Directors to design the Bank's management system and policies on remuneration in accordance with relevant national laws and policies, and to hold ultimate responsibility for remuneration management. Under the Board of Directors of the Bank, there is a Nomination and Remuneration Committee with three members possessing relevant professional knowledge, assumed by independent directors. Under the *Articles of Association* and rules of procedure of the Bank, the Nomination and Remuneration Committee is mainly responsible for reviewing the remuneration management system and policies of the Bank, formulating the remuneration package for the directors and senior management, making relevant proposals to the Board of Directors, and supervising the implementation of such proposals. The remuneration system and plan for directors and supervisors of the Bank are deliberated and approved by the Shareholders' General Meeting of the Bank. Independent directors and external supervisors of the Bank receive allowances from the Bank. Other non-executive directors and shareholder supervisors of the Bank do not receive any remuneration from the Bank. The Bank offers remuneration to Executive Directors, Employee Supervisors, senior management, and employees of the Bank in accordance with relevant remuneration management regulations. The management of the Bank is responsible for organizing and implementing the resolutions of the Board of Directors on remuneration management. The Human Resources Department is responsible for the implementation of specific matters. Departments of Risk Management, Legal and Compliance, Finance, etc., participate in and supervise the feedback and implementation of the remuneration mechanism.

(II) Relationship among the Bank's remuneration system construction, remuneration & performance review, and risk adjustment

In support of the Bank's medium-to-long-term strategic objectives, the Bank has formulated remuneration policies in line with the Bank's operation targets, cultural and value concepts to achieve the goal of improving and refining the incentive and restrictive mechanisms, enhancing organizational performance and minimizing operational risks. To further improve the incentive and restriction system of the Bank, it actively follows regulatory guidelines and opinions to perfect various performance and remuneration management systems and regulations, including the "Policies on Remuneration Management of WeBank, Policies on Remuneration of Senior Management of WeBank, Policies of Clawback of Performance-related Pay of WeBank", which lays a solid foundation for the establishment of an incentive and restrictive mechanism in a scientific, rational, long-term, and stable way.

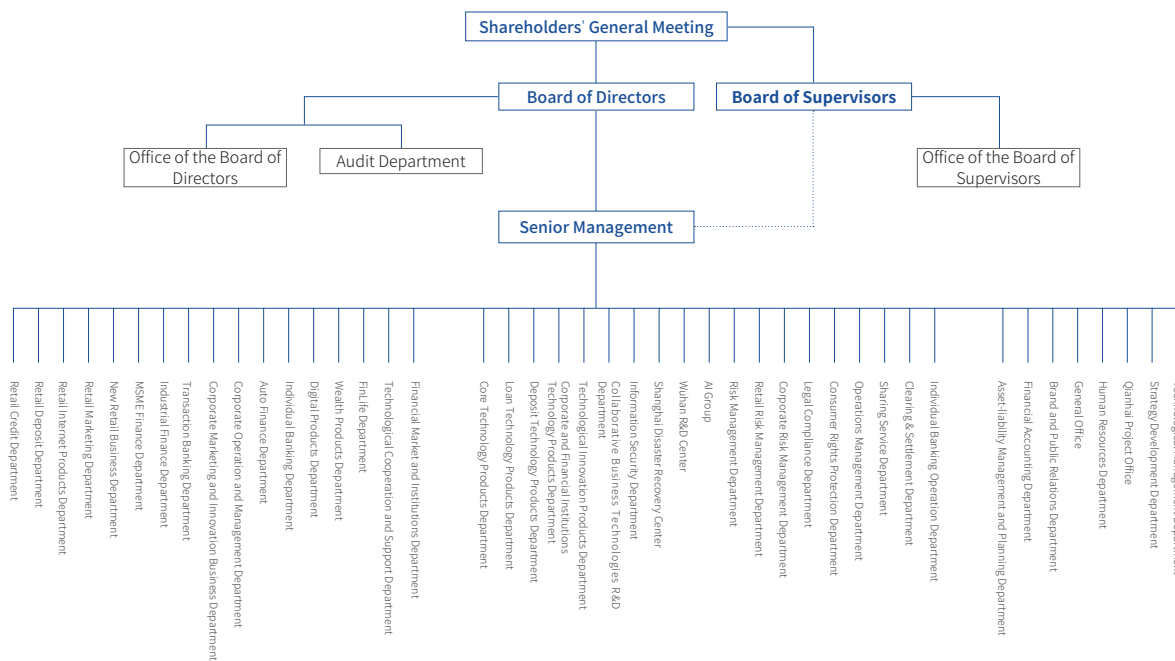
The remuneration policies follow the principle of “legal and regulatory compliance, external competition, internal fairness, performance orientation and risk control” and the remuneration payment concept of “paying by position and performance”. To better motivate employees to be proactive and creative in achieving the Bank’s strategic targets and protecting the interests of shareholders, the level of performance bonuses of the employees links to the Bank’s business performance, departmental performance, and individual performance. This performance-oriented approach encourages teamwork and spurs performance improvement.

Moreover, to better guard against risks and prevent improper and excessive incentives under the relevant provisions of the *Guidelines for the Supervision of Sound Remuneration of Commercial Banks*, *Policies on Remuneration Management of WeBank*, *Policies on Remuneration of Senior Management of WeBank*, bonus for performance is deferred to senior management and key personnel, who have a direct or important impact on the Bank’s operating risks. The period of the deferred bonus corresponds to the regulatory requirements and the period of risk exposure within relevant employees’ duties and responsibilities.

Meanwhile, according to the *Guidelines for Establishing and Improving the Mechanism of Clawback of Performance-related Pay of Bancassurance Institutions* issued by the CBIRC, and *Policies of Clawback of Performance-related Pay of WeBank* in the event of any breach of laws, regulations, or rules of disciplines by the Bank’s senior management and personnel in key positions or any abnormal risk exposure within their duties and responsibilities, the Bank will recover or claw back part or all of their performance pay for the corresponding period depending on the seriousness of the circumstances, and even terminate all outstanding payments, which also applies to those who have terminated employment with or retired from the Bank. The deferred Clawback of Performance-related Pay occurred in the Bank during the reporting period. The proposal on clawback of annual performance-related pay in 2022 has been deliberated and approved by the Performance-related Pay Clawback Committee and the Board of Directors of the Bank.

IV. Information on Organizational Structure and Employees

(I) Organizational Structure of the Bank



(II) Employees

As of the end of the reporting period, the business and business-support personnel accounted for 45% of the Bank’s workforce, R&D professionals accounted for 51%, and managerial and supporting personnel accounted for 4%. There were a total of 10 Executive Directors, Employee Supervisors, and senior management members.

Among the employees of the Bank, 35.8% hold master’s degrees or above, 61.6% hold bachelor’s degrees and 2.6% with college degrees or below.

(III) Training

During the reporting period, the talent training programs for employees were developed around corporate culture 2.0 and based on the values of “Innovation, Prudence, Collaboration, and Sharing”. Efforts were made to cope with changes and challenges in internal and external environment. The Bank delved into a training operation system with its own characteristics. Using live broadcasts, online learning, and online-merge-offline (OMO) innovative learning models, the Bank is committed to building a learning-focused organization with all-round talent training and development.

In 2022, WeBank Academy offered more than 480 training courses and launched over 150 online courses. There were more than 62,000 attendees for WeBank Academy with 99.8% of the workforce taking part at some time. At the same time, WeBank Academy restructured and updated the Welearning training system according to the business reality, talent cultivation demands, and learning habits of employees, which aims to enrich the learning scenarios and enhance the learning experiences of employees. WeBank aimed at creating an online learning platform that meets the learning needs of employees and matches the Bank’s development.

In the future, WeBank Academy will continuously provide better content in learning for the Bank’s workforce and help them enhance compliance management consciousness. It will expedite the cultivation of professional talents for the industry and facilitate the development of core business to achieve the mission of “Better Banking for All.”

CORPORATE GOVERNANCE REPORT



I. Overall Assessment of Corporate Governance

During the reporting period, the Bank continued to optimize corporate governance framework and mechanisms in accordance with laws, regulations, and regulatory requirements, including the *Company Law*, the *Commercial Banking Law*, the *Corporate Governance Standards for Banking or Insurance Institutions*, and the requirements of *Articles of Association* of the Bank. By doing so, the Bank ensured that the governing subjects, including Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and senior management operated in accordance with laws and regulations, made decisions scientifically and efficiently, performed effective supervision, and constantly improved the quality and effect of governance to effectively safeguard the rights and interests of various shareholders, thus ensuring the sound and sustainable development of the Bank.

The Bank had no controlling shareholder or actual controller. All shareholders of the Bank diligently fulfilled their responsibilities and obligations and exercised their rights through the Shareholders' General Meeting during the reporting period. The Shareholders' General Meeting effectively exercised the highest decision-making function in accordance with relevant regulations. The Board of Directors is accountable to the Shareholders' General Meeting, bears the ultimate responsibility of business operation and management, earnestly executes and implements the resolutions of the Shareholders' General Meeting, and exercises its powers and makes scientific decisions in accordance with legal procedures. The Board of Supervisors is accountable to Shareholders' General Meeting, closely communicates with the Board of Directors and the senior management, conducts special investigations, executes performance evaluations, makes supervisory recommendations, and practically performs supervisory functions. The senior management performs its duties prudently and diligently, conducts operation and management according to the decisions of the Board of Directors, and accepts supervision from the Board of Supervisors.

II. Responsibilities of the Shareholders' General Meeting and Such Meetings Held During the Reporting Period

The Shareholders' General Meeting composed of all shareholders is the highest authority of the Bank, which strictly exercises its functions and powers within the scope stipulated by laws and regulations and the *Articles of Association* of the Bank to maintain sustainable and healthy development of the Bank.

During the reporting period, the Bank held four Shareholders' General Meetings. The 2022 First and Second Extraordinary Shareholders' General Meetings were held on 25 February, 2022 and 27 April, 2022, respectively. The 2021 Shareholders' General Meeting was held on 26 May, 2022 and the third Extraordinary Shareholders' General Meeting was held on 29 August, 2022. The above-mentioned meetings, a total of 36 proposals were deliberated and adopted, including capital reduction, supplementary explanation of expense budget, work report of the Board of Directors/the Board of Supervisors, operation overview and operation arrangement, financial budget and final account, profit distribution, appointment of accounting firm, related-party transactions, and capital supplement, and 6 reports were listened, including the debriefings of independent directors, performance evaluation reports of directors, supervisors and senior management members, evaluation reports of large shareholders, and supervision work opinions.

All the above-mentioned Shareholders' General Meetings were held at the Bank with all shareholders (including shareholders' proxies) present where all ordinary resolutions were adopted by more than 1/2 of the total number of voting rights held by voting shareholders (including shareholders' proxies) present and all special resolutions were adopted by more than 2/3 of the total number of voting rights held by voting shareholders (including shareholders' proxies) present. The procedures of meetings, including convening and holding meetings, the qualifications of attendees, procedures for voting and other matters, were all in compliance with laws and regulations such as the *Company Law* and the relevant provisions of the *Articles of Association* of the Bank, and the voting results were lawful and valid. JunHe Law Offices, Shenzhen Office witnessed previous general meetings on the spot and issued legal opinions.

III. Responsibilities, Composition and Performance Review of the Board of Directors During the Reporting Period

The functions and powers of the Board of Directors shall be clearly defined by the *Articles of Association* of the Bank in accordance with laws and regulations, regulatory requirements, and the Bank's circumstances at the time. The Board of Directors exercises this authority collectively, shall be accountable to the Shareholders' General Meeting, and bear the ultimate responsibility for operations and management.

As of the end of the reporting period, the third session of the Board of the Bank consisted of 12 Directors, including 1 chairman of the Board, 3 executive directors (including the chairman), 5 non-executive Directors, and 4 independent Directors (including 1 female independent director). The number and the diversified composition of the Board members met the requirements of laws and regulations. All directors were nominated by the Nomination and Remuneration Committee under the Board of Directors. All directors have performed their duties diligently and fully, and safeguarded the interests of the Bank and shareholders.

There are five special committees under the Board of Directors of the Bank, namely the Strategy and ESG Committee, the Audit Committee, the Risk Management and Consumer Rights Protection Committee, the Related-party Transactions Control Committee, and the Nomination and Remuneration Committee. During the reporting period, the Bank convened 11 Board meetings and 34 meetings of the special committees under the Board, including 6 meetings of the Strategy and ESG Committee, 7 meetings of the Audit Committee, 7 meetings of the Risk Management and Consumer Rights Protection Committee, 8 meetings of the Related-party Transactions Control Committee, and 6 meetings of the Nomination and Remuneration Committee. They totally deliberated and adopted 231 motions and heard 21 reports.

The Board and its special committees strictly followed the *Articles of Association* of the Bank, the rules of procedure of the Board, and the rules of procedure of special committees of the Board in performing duties and carrying out resolutions of the Shareholders' General Meeting during the reporting period. The Board and committees deliberated on various matters including the work report of the Board, development strategy and strategic planning of consumer protection, talent and ESG, annual business indicators, internal capital adequacy assessment reports, annual/semi-annual comprehensive risk management report, self-evaluation reports of consumer protection, financial budget and final financial accounts and periodic financial reports, and related-party transactions. The Board and its committees played critical roles in decision-making and laid a solid foundation for the healthy and sustainable development of the Bank. In the meantime, the Board and its committees listened to a number of reports on opinions about supervisory work and the implementation by the Bank, as well as regulatory reminders on focal regulatory matters, ensuring that regulatory requirements were communicated in a timely and comprehensive manner, and strengthened supervision over the implementation of management.

IV. Performance Review of Independent Directors During the Reporting Period

As of the end of the reporting period, the Board of Directors of the Bank had 4 independent directors. The number and composition of independent directors met regulatory requirements. The Audit Committee, the Risk Management and Consumer Rights Protection Committee, the Related-Party Transactions Control Committee, and the Nomination and Remuneration Committee under the Board were chaired by independent directors.

During the reporting period, the independent directors' working hours for the Bank complied with regulatory requirements. All independent directors diligently performed their duties, participated in the meetings of the Board and its special committees, actively provided objective, impartial, and independent opinions to safeguard the overall interests of the Bank, especially the interests of medium and small shareholders. They effectively and independently fulfilled their role objectives.

During the reporting period, independent directors issued 34 independent opinions in 10 papers on the issues deliberated by the Board of Directors, including profit distribution, the appointment of the accountant firm, the appointment of senior management, capital replenishment, remuneration management and related-party transactions. All opinions and suggestions proposed by independent directors during the meetings and the adjournment of meetings were adopted or replied to by the Bank. Independent directors raised no objection to matters involved in the proposals of the Board of Directors and non-Board of Directors of the Bank during the year.

V. Responsibilities, Composition and Performance Review of the Board of Supervisors During the Reporting Period

The functions and powers of the Board of Supervisors shall be clearly defined in the *Articles of Association* of the Bank in accordance with laws and regulations, regulatory requirements, and the situation of the Bank, and be accountable to the Shareholders' General Meeting and play a supervisory role effectively.

As of the end of the reporting period, the Board of Supervisors of the Bank consisted of 3 supervisors, including 1 chairman (the employee supervisor) who was nominated by the Labor Union, 1 shareholder supervisor, and 1 external supervisor who were nominated by the Board of Supervisors. The number and composition of the Board of Supervisors met the requirements of laws and regulations. All supervisors are responsible, demonstrating loyalty, dedication, and diligence in their performance of supervisory functions.

A Supervisory Committee and a Nomination Committee are established under the Board of Supervisors. During the reporting period, the Bank convened 10 meetings of the Board of Supervisors, 4 meetings of the Supervisory Committee and 4 meetings of the Nomination Committee. They totally deliberated 93 proposals and listened to 44 reports.

In strict accordance with the Bank's *Articles of Association* and rules of procedure, the Board of Supervisors and its special committees deliberated and approved the annual work report of the Board of Supervisors, performance review of directors, supervisors, and senior management members, strategic assessment and rolling update of future medium- and long-term strategies, internal capital adequacy assessment, periodic reports, financial budget and final accounts, profit distribution, risk management, bad debt write-off plans, remuneration systems, internal control assessment, internal audit reports, and other related motions. The Board of Supervisors and its special committees also heard reports on regulatory opinions about the Bank's work and the Bank's implementation. During the reporting period, members of the Board of Supervisors attended all Shareholders' General Meetings, the Board meetings, and major operations and management meetings of the Bank, playing an active supervisory role.

The Board of Supervisors has also conducted various supervision by means of special research and surveys and written opinions or suggestions, and the annual performance review results of directors, supervisors, and senior management members were all "competent". There was no objection to the Bank's business management and operations in accordance with the law, the implementation of resolutions of the Shareholders' General Meeting, the acquisition and sale of assets, related-party transactions, and other supervised matters. In particular, the Board of Supervisors issued the following review opinions on the annual financial report and the annual report:

(I) Annual financial report

KPMG Huazhen LLP has issued an audit report with unqualified opinions in accordance with China Standards on Auditing (CSAs) on the 2022 annual financial report of the Bank – The 2022 annual financial report presented fairly, in all material aspects, the financial position of WeBank as at 31 December 2022, and its financial performance and cash flows of the year in accordance with the requirements of Accounting Standards for Business Enterprises (CASs).

(II) Annual report

The preparation and approval process relating to the 2022 annual report of the Bank complied with laws, regulations, and regulatory provisions. The contents of the report truthfully, accurately, and completely reflected the actual situation of the Bank.

VI. Performance Review of External Supervisor during the Reporting Period

The Board of Supervisors of the Bank had 1 external supervisor. The number and composition of external supervisor met regulatory requirements. The Nomination Committee and the Supervisory Committee under the Board of Supervisors were chaired by the external supervisor.

During the reporting period, the external supervisor of the Bank earnestly performed her duties, worked for the Bank for a length of time meeting regulatory requirements, diligently attended meetings of the Board of Supervisors and its special committees, attended all Shareholders' General Meetings and meetings of the Board of Directors, conscientiously and independently deliberated resolutions, and issued 11 opinions or proposals, covering a total of 25 matters. While the Board of Directors and the Board of Supervisors were not in session, their members would conscientiously study regulatory requirements and relevant documents and reports of the Bank to learn about the operations and management of the Bank. Members actively participated in the special research and survey of the Board of Supervisors and maintain effective communication with the Board of Directors and the management as part of their efforts to actively perform supervisory duties.

VII. Composition and Responsibilities of Senior Management

As of the end of the reporting period, the senior management of the Bank was composed of 9 members. The senior management performed their duties in accordance with laws and regulations, regulatory requirements, and the Bank's *Articles of Association*. They were accountable to the Board of Directors and subject to the supervision of the Board of Supervisors, and comprehensively, punctually, accurately, and completely reported the operations and management of the Bank and provided relevant information as required by the Board of Directors and the Board of Supervisors. They carried out various operation and management activities in accordance with the Bank's *Articles of Association* and authorization by the Board of Directors, and actively implemented the resolutions of the Shareholders' General Meeting and the Board of Directors. It ensured that the Bank's operations were consistent with the development strategy and business plans, risk preferences, and other policies formulated and approved by the Board of Directors. The senior management always adhered to the vision of "The Leading Digital Bank that Continuously Innovates for Better Life", earnestly fulfilled environmental and social responsibilities, and reinforced the risk prevention and control, protection of consumer rights and interests, as well as internal control and compliance management.

VIII. Internal Control Implementation and Assessment

WeBank values the priority of internal control and operation compliance. Closely following the dynamics of the external environment, we actively copes with the challenges of control defectiveness due to risks arising from new applied technologies and business models. In addition, WeBank optimizes the effectiveness of internal control system continuously to match the updated requirements of operations and managements. The established internal control system provides a solid foundation for the persistent development of the Bank.

(I) Conducting training and education according to updated laws and regulations, and deepening the risk and compliance concepts into company's culture

With the launching of WeBank corporate culture 2.0, We organized “We Act Strictly” Initiative with the deployment of “Responsibility + 1, Consumer rights protection + 1 and Compliance + 1” throughout the entire year. 114 activities like employees management, regulations training, and feedback reviewing are involved in this campaign, with more than 180 thousands attendance, which enhanced the compliance awareness of all employees profoundly. Furthermore, the Bank performs employee abnormal behavior examinations regularly and improves the employee management mechanism.

(II) Adhering to the “risk-oriented” principle, consolidating control measures, and improving the efficiency of internal control

Standards and policies are playing important roles in the internal control system. We reviews and amends the internal policies timely to match the external regulations and business environment. These updated standards reflect the “risk-oriented” principle of WeBank, which implement differentiated internal control measures to keep the balance between risk prevention and management efficiency. We strengthened the co-operation mechanism among the execution, inspection and supervision lines and improved the automatic level and transparency of management by adopted new technologies, such as AI technology, robotic process automation (RPA), and optical character recognition (OCR), which makes a great contribution to the efficiency and effectiveness of internal control system.

(III) Coordinating internal and external supervisory parties and creating the closed loop of immediate check and rectification

WeBank carried out a wide range of audits and self-inspections based on the requirements from updated regulations, regulatory requirements, and internal management requirements. During the reporting period, we performed audits and self-inspections which covered more than 20 areas of loans and credit management, risk models management, capital management, operational risk management, liquidity management, fiscal expenditure, related-party transactions, consumer rights protection, anti-money laundering compliance, data governance, and security management, etc. Multi-level and multi-dimensional inspections helped WeBank reveal risks, improved the effectiveness of control measures, and reduced the risk to an acceptable level. A rectification tracking and review mechanism has been established and then enhanced the closed-loop management as well as promoted the rectification efficiency.

(IV) Strengthening the assessment on compliance and internal audit application, integrating the results with yearly performance appraisal to solidify the value of compliance

WeBank reviewed the performance appraisal standards, refined the index related to compliance and internal audit indicators, and strictly executed the appraisal in 2022, which specified the value guidance of internal control and compliance through performance appraisal. To strengthen the initiative and effectiveness of internal control, WeBank kept emphasizing and reiterating the work attitude and requirements of accountability work. WeBank has further clarified the importance of compliance in the daily operation, those who violated regulations or disciplines would be held accountable in stringent accordance with accountability procedures.

During the reporting period, WeBank organized and conducted 2022 internal control appraisal in terms of the self-assessments of departments and independent assessment of internal audit. In 2022 internal control appraisal, We covered the following subjects of reputation risk management, expected credit loss management, anti-money laundering, etc. As deliberated by the Board of Directors of the Bank, no significant or material control deficiencies in the Bank were found. The report was reviewed by the Board of Supervisors, without any objection. KPMG Huazhen LLP audited internal control over financial report of the Bank as of 31 December 2022 and issued an unqualified audit opinion.

IX. Related-party Transactions

The management of related-party transactions has always been the top priority of the Bank. To this end, we continued to observe all kinds of laws and regulations, regulatory requirements, and internal control procedures. We identified and updated related parties, and standardized related-party transactions to prevent related-party transaction risks.

The Bank has stipulated in the *Articles of Association* that, unless otherwise required by laws, regulations or regulatory authorities, the shareholders of the Bank and their respective affiliated companies shall not obtain related-party credit from the Bank.

(I) General information of related-party transactions

For the sake of better expanding inclusive financial services and technological innovation, the Bank extensively carried out business and technical cooperation with different parties in channel service, payment and settlement service, information service, technology, and infrastructure service, in a bid to provide convenient and high-quality financial service for the general public and small and micro enterprises. During the reporting period, there were 17 related parties the Bank cooperated with, and 94 related-party transaction applications approved and implemented, all of which were approved by authorised persons and reported to the Related-party Transactions Control Committee, or by the Related-party Transactions Control Committee and the Board of Directors, under the Bank's internal regulations. The Related-party Transactions Control Committee held 8 meetings where it deliberated and approved 31 related-party transactions and proposals.

All the related-party transactions of the Bank were carried out at arm's length, and on terms not more favorable than those awarding non-related parties in similar transactions. When necessary, an independent third party, e.g. a financial consultant, was retained to issue a report for the decision-makers' reference, and the independent directors were required to issue an opinion to confirm if the transaction met corresponding regulatory requirements.

Moreover, the Bank formulated the *2022 Related-party Transactions Report* after summarizing the overall situation of the related-party transactions in 2022 which would be rendered to the 2022 Shareholders' General Meeting for voting after being deliberated by the Board of Directors.

(II) Management on Related-party Transactions

During the reporting period, the Bank formulated and perfected a series of management rules, such as the *Administrative Measures for WeBank's Related-Party Transactions*, the *Implementation Rules for the Management of WeBank's Related-party Transactions*, and the *Rules of WeBank's Board of Directors for the Management of Related-party Transactions*, wherein identification of related parties, and approval, reporting and disclosure of related-party transactions, supervision and management, etc. were all stipulated. The Bank has also set up a Related-party Transaction Management Office to identify related parties, and update and improve related-party files, and conduct internal control of related-party transactions such as control ratios and conclusion of written agreements. We further updated the related-party transaction management system to improve the informatization and intelligence level and to strengthen our big data management capabilities of related parties and related-party transaction management.

While strictly following the laws, regulations, and regulatory requirements on related-party transactions, we enhanced the related-party transaction management by perfecting our systems and mechanisms, so that our related-party transactions remain fully compliant, fair, and necessary.



ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

The Bank attracted and drove stakeholders to be engaged in the affairs of Environmental, Social, and Governance (ESG) with “Better Banking for All” as the core and “Compliance and Integrity, Technological Innovation, Green Operations, and Employee Development” as the core-driven system orientated towards. During the reporting period, the Bank grasped and responded to the concerns of stakeholders, made great efforts to integrate ESG targets into its daily operations and business development, and further promoted our sustainability performance.

Achieving carbon neutrality of operation for the first time by improving ESG capacity building. In 2022, the Bank continued our efforts to invest in ESG. In 2022, the Bank expanded the scope of research on important issues of stakeholders, during which we received 2,152 questionnaires that helped us better understand the expectations of all stakeholders in the Bank. Facing environmental challenges, the Bank initiatively set ESG targets and commitments that would be disclosed by it thereafter, to hold itself to a higher standard. The Bank officially signed the United Nations Principles for Responsible Banking (PRB) and became the first Chinese digital bank member of the United Nations Environment Programme Finance Initiative (UNEP FI). The Bank conducted a climate risk stress test for the first time and promised to assess the same every year. Otherwise, the Bank achieved carbon neutrality at the operational level for the first time by buying carbon offsets during the reporting period.

Joining hands with the public to create a better life by expanding financial popularity. We continued to iterate customer-oriented technologies, optimized product experience, and provided uninterrupted financial services for small and micro enterprises; self-employed individuals; urban blue collared workers; and other customer groups. Their production, operation, and daily consumption needs were effectively met in the end. In addition, WeBank’s customers are diversified, including “new citizens”, fresh graduates, upstream and downstream supply chains, technological innovations, etc. In this regard, we provided them with targeted loan programs and financial support in different dimensions to improve the popularity of financial services. During the reporting period, the Bank did not stop exploring the needs of special customer groups. We broke through 2.4 million services for special groups such as hearing and visually impaired customers, and elderly customers throughout the year. Through changing product design, we optimized the service experience for them.

Delving into the power of science and technology to empower the digital upgrade of the industry. In 2022, we increased our efforts in exploration and research on science and technology. Using technological capabilities, WeBank helped reduce costs and increase the efficiency of its operations and achieved a comprehensive availability rate of key products higher than 99.999%, exceeding carrier-grade standards. We were part of the compilation and release process of international, national, and industry standards, supporting the standardization construction of the financial technology industry. We have made great efforts to explore the application of cutting-edge scientific and technological innovation in the fields of digital construction of government supervision, health care, low-carbon, commerce, and other fields, striving to jointly provide scientific and technological practical experience for the development of the digital economy. We put forward the concept of “Trustworthy Federated Learning” and continued to explore the interpretability of artificial intelligence, rendering sustainable technical support for business development. Cooperating with Guangdong AI and Digital Economy Laboratory (Shenzhen), Our Moonshot Team developed a satellite AI-based carbon emission monitoring system for thermal power plants and steel mills, a forest carbon sink monitoring system, etc. Relevant achievements will be timely applied to serve the whole society. In a bid to jointly advance the industrial application of technology research, the Bank launched the first session of WeBank Scholars Program for the first time.

Innovating charitable measures to pass on the power of warmth. Internally, we paid close attention to the well-being of our employees, such as regular Meet-the-Management Day, employee communication platforms, etc., creating channels for them to express their ideas. In the face of the pandemic of COVID-19, we improved the contact mechanism for abnormalities, established an “Employee Pandemic Prevention Concern Group”, and established a “WeSmile” hotline to provide 24-hour psychological assistance. Moreover, professional medical consultation hotline services, exclusive gift packages and more helped the employees stay safe and healthy during the COVID-19 pandemic. Externally, a series of platforms such as ‘Weilidai’ contributed to rural revitalization, through which a loan scale of more than RMB5.8 billion was accumulatively counted to key counties for national rural revitalization. WeBank contributed more than RMB50 million in value-added tax during the year. Through the “Bits of Kindness from Heart” campaign, we launched a charity project on WeBank Wealth+ and provided nearly 380,000 free lunches to 1,679 schools in about 26 provinces, municipalities, and autonomous regions across the country. Relying on blockchain technologies, WeBank assisted non-profit organizations in providing volunteers with digital public welfare experience. We also helped our partners build a “transparent labor service platform” that has benefited more than 16,000 migrant workers in 17 provinces nationwide.

Valuing customer service experience and strengthening consumer rights protection. Consumer rights protection is always our top priority and has been included in corporate governance, corporate culture construction, and business development strategies, with a view to clearly shouldering the main responsibility for protecting the legitimate rights and interests of consumers. In terms of working mechanism, closed-loop management before, during, and after the case was adopted by WeBank. In 2022, WeBank further strengthened the whole process management and control, cooperation institution management and control, internal assessment management, and multi-channel financial education, and explored complaint handling and diversified dispute resolution mechanisms to properly resolve disputes. We input resources to explore the application of AI technology in consumer protection review, ex post facto supervision management, and customer management. Considering our own operating characteristics and strictly complying with regulatory requirements, WeBank has established the “multiple pillars” of our own consumer protection system. Actively responding to national calls and regulatory guidance, WeBank focused on key groups such as “the elderly and the young, the new citizens, and the disabled” in 2022. In cooperation with banking supervision, public security, education, and other departments, the Bank carried out a variety of financial education activities through online (such as official website of the Bank, WeChat official accounts, and mini programs) and on-site channels (such as integration into communities and campuses). Our anti-fraud, sign language, wealth management and other education series were recognized and well-received by all walks of life. Therefore, WeBank was titled 2022 Shenzhen Excellent Financial Education and Publicity Organizational Unit by CBIRC Shenzhen Office.

During the reporting period, WeBank received a total of 25,712 complaints, mainly involving personal consumption loans and automobile loans. These complaints are mainly originated from Chongqing, Zhengzhou and Beijing. The average number of complaints per million individual customers across all channels was 71.0, and 100 percent of the complaints received during the reporting period were resolved, with a 15-day resolution rate of 99.75%. Adhering to the consumer-centered business philosophy, we will continue to analyze the complaints and suggestions received from our customers in order to continuously improve our products and services.

For details of WeBank’s corporate social responsibility(CSR) performance, please refer to 2022 WeBank’s Sustainability Report publicly disclosed on our official website.

MATERIAL INFORMATION



I. Material litigation

During the reporting period, no litigation or arbitration matter occurred which had a significant impact on the operations of the Bank. As of 31 December 2022, the Bank was not involved in any outstanding material litigation or arbitration case as the defendant.

II. The Bank was not involved in any merger or demerger during the reporting period.

AUDIT AND FINANCIAL REPORTS



AUDITOR'S REPORT

KPMG HuaZhen Shen Zi No. 2302561

The Board of Directors of WeBank Co., Ltd.:

Opinion

We have audited the accompanying financial statements of WeBank Co., Ltd. ("WeBank") set out on pages 1 to 86, which comprise the balance sheet as at 31 December 2022, the income statement, and the cash flow statement, the statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WeBank as at 31 December 2022, and the financial performance and cash flows of WeBank for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of WeBank in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITOR'S REPORT (continued)

KPMG HuaZhen Shen Zi No. 2302561

Other Information

WeBank's management is responsible for the other information. The other information comprises all the information included in 2022 annual report of WeBank, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing WeBank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate WeBank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing WeBank's financial reporting process.

AUDITOR'S REPORT (continued)

KPMG HuaZhen Shen Zi No. 2302561

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WeBank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WeBank to cease to continue as a going concern.
- Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S REPORT (continued)

KPMG HuaZhen Shen Zi No. 2302561

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic
of China

Forrest Wu

Beijing, China

Yvonne He

23 March 2023

WeBank Co., Ltd.
Balance Sheet
At 31 December 2022

(Expressed in Renminbi Thousand Yuan)

	Note III	31 December 2022	31 December 2021
ASSETS			
Cash and balances with central bank	1	86,318,005	103,259,354
Deposits with banks and other financial institutions	2	17,319,939	14,992,553
Financial assets held under resale agreements	3	28,199,272	20,628,553
Loans and advances to customers	4	323,295,124	253,887,160
Financial investments:			
Debt investments	5	2,567,887	20,914,770
Other debt investments		-	8,186,399
Property and equipment	6	1,670,296	1,669,542
Intangible assets	7	1,563,749	1,592,510
Construction in progress	8	884,325	593,231
Right-of-use assets	9	39,099	81,193
Deferred income tax assets	10	3,286,214	2,256,115
Other assets	11	<u>8,717,720</u>	<u>10,686,427</u>
TOTAL ASSETS		<u><u>473,861,630</u></u>	<u><u>438,747,807</u></u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Balance Sheet (continued)
At 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	31 December 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Borrowings from central bank	13	2,362,434	21,215,851
Deposits from banks and other financial institutions	14	34,200,035	52,354,783
Placements from banks and other financial institutions	15	7,909,562	7,506,829
Deposits from customers	16	356,911,243	302,874,333
Salaries and welfare payable	17	6,002,090	4,770,898
Taxes payable	18	1,816,308	1,566,958
Lease liabilities	9	45,428	85,294
Debt securities issued	19	5,791,157	-
Other liabilities	20	<u>22,409,678</u>	<u>20,649,336</u>
Total liabilities		<u>437,447,935</u>	<u>411,024,282</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Balance Sheet (continued)
At 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	31 December 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY (continued)			
Shareholders' equity			
Share capital	21	3,850,000	4,200,000
Capital reserve	22	2,897,498	3,681,782
Less: Treasury stock		–	(1,134,284)
Other comprehensive income	33	1,144,231	1,391,112
Surplus reserve	23	2,148,921	2,148,921
General risk reserve	24	5,811,394	4,686,563
Retained earnings		<u>20,561,651</u>	<u>12,749,431</u>
Total shareholders' equity		<u>36,413,695</u>	<u>27,723,525</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>473,861,630</u>	<u>438,747,807</u>

The financial statements are signed by:

_____ Legal representative	_____ President	_____ Chief Financial Officer	_____ Head of the accounting department
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The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Income Statement
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
I. Operating income			
Interest income	25	33,005,036	25,900,979
Interest expense	25	<u>(8,034,866)</u>	<u>(7,918,927)</u>
Net interest income		----- 24,970,170	----- 17,982,052
Fee and commission income	26	23,867,945	21,749,431
Fee and commission expense	26	<u>(14,583,776)</u>	<u>(13,041,860)</u>
Net fee and commission income		----- 9,284,169	----- 8,707,571
Investment income	27	334,176	228,768
Including: Income from derecognition of financial assets measured at amortized cost		64,338	-
Losses on changes in fair value		-	(5,764)
Other operating income		434	-
Other income	28	<u>775,101</u>	<u>76,634</u>
Total operating income		----- 35,364,050	----- 26,989,261

WeBank Co., Ltd.
Income Statement (continued)
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
II. Operating costs			
Taxes and surcharges	29	(233,485)	(189,418)
Business and administrative expenses	30	(7,884,960)	(6,980,982)
R&D expenses	30	(2,942,702)	(2,422,556)
Impairment losses on credit	31	<u>(14,087,242)</u>	<u>(9,616,545)</u>
Total operating costs		<u><u>(25,148,389)</u></u>	<u><u>(19,209,501)</u></u>
III. Operating profit			
Non-operating income		1,038	1,129
Non-operating expenses		<u>(12,668)</u>	<u>(8,907)</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Income Statement (continued)
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
IV. Profit before tax		10,204,031	7,771,982
Income tax expense	32	<u>(1,266,980)</u>	<u>(888,225)</u>
V. Net profit		8,937,051	6,883,757
Including:			
Net profit from continued operations		8,937,051	6,883,757
Net profit from discontinued operations		-	-
VI. Other comprehensive income, net of tax	33		
To be reclassified into profit or loss in subsequent periods			
Net losses of debt instruments measured at fair value through other comprehensive income		<u>(246,881)</u>	<u>(220,352)</u>
VII. Total comprehensive income		<u>8,690,170</u>	<u>6,663,405</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Cash Flow Statement
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
I. Cash flows from operating activities			
Net increase in deposits from customers		53,666,921	39,816,445
Cash receipts from interest income		33,106,258	25,179,026
Cash receipts from fee and commission income		25,821,898	21,629,063
Net decrease in deposits with banks and other financial institutions		800,000	5,200,000
Net increase in placements from banks and other financial institutions		400,000	2,500,000
Net increase in deposits from banks and other financial institutions		-	19,962,668
Net increase in borrowings from central bank		-	15,192,576
Net decrease in balances with central bank		-	1,736,503
Net decrease in placements with banks and other financial institutions		-	15,000
Cash receipts relating to other operating activities		<u>2,716,928</u>	<u>4,289,354</u>
Sub-total of cash inflows		<u>116,512,005</u>	<u>135,520,635</u>
Net increase in loans and advances to customers		(82,932,528)	(68,394,992)
Net decrease in borrowings from central bank		(18,839,994)	-
Net decrease in deposits from banks and other financial institutions		(18,157,571)	-
Cash payments for fee and commission expense		(15,327,184)	(12,822,603)
Cash payments for interest expense		(7,819,736)	(7,826,654)
Cash paid to and on behalf of employees		(5,233,731)	(4,039,289)
Net increase in balances with central bank		(4,276,680)	-
Cash payments for taxes and surcharges		(3,688,868)	(2,275,463)
Cash payments relating to other operating activities		<u>(4,072,776)</u>	<u>(6,298,181)</u>
Sub-total of cash outflows		<u>(160,349,068)</u>	<u>(101,657,182)</u>
Net cash flows (used in)/from operating activities	35(a)(i)	<u>(43,837,063)</u>	<u>33,863,453</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Cash Flow Statement (continued)
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
II. Cash flows from investing activities			
Cash receipts from investments upon disposal/maturity		104,921,355	121,167,863
Cash receipts from investment income		1,667,051	1,888,075
Cash receipts from disposal of property and equipment		<u>514</u>	<u>445</u>
Sub-total of cash inflows		<u>106,588,920</u>	<u>123,056,383</u>
Cash payments for investments		(80,664,233)	(100,863,308)
Cash paid to acquire property and equipment, and other long-term assets		<u>(429,746)</u>	<u>(677,968)</u>
Sub-total of cash outflows		<u>(81,093,979)</u>	<u>(101,541,276)</u>
Net cash flows from investing activities		<u>25,494,941</u>	<u>21,515,107</u>
III. Cash flows from financing activities			
Proceeds from issuance of debt securities		<u>15,201,439</u>	-
Sub-total of cash inflows		<u>15,201,439</u>	-
Repayment of debt securities		(9,480,000)	-
Cash payments relating to other financing activities		<u>(71,851)</u>	<u>(53,617)</u>
Sub-total of cash outflows		<u>(9,551,851)</u>	<u>(53,617)</u>
Net cash flows from/(used in) financing activities		<u>5,649,588</u>	<u>(53,617)</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Cash Flow Statement (continued)
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

	Note III	2022	2021
IV. Effect of foreign exchange rate changes on cash and cash equivalents		----- <u> </u> -	----- <u> </u> -
V. Net (decrease)/increase in cash and cash equivalents	35(a)(ii)	(12,692,534)	55,324,943
Add: Cash and cash equivalents at beginning of the year		<u> 118,927,056</u>	<u> 63,602,113</u>
VI. Cash and cash equivalents at end of the year	35(b)	<u> 106,234,522</u>	<u> 118,927,056</u>

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2022
(Expressed in Renminbi Thousand Yuan)

Item	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance at 1 January 2022		4,200,000	3,681,782	(1,134,284)	1,391,112	2,148,921	4,686,563	12,749,431	27,723,525
Changes in equity in 2022									
I. Total comprehensive income									
Net profit		-	-	-	-	-	-	8,937,051	8,937,051
Other comprehensive income	III 33	-	-	-	(246,881)	-	-	-	(246,881)
Total of total comprehensive income		-	-	-	(246,881)	-	-	8,937,051	8,690,170
II. Shareholders' contributions of capital									
Cancellation of treasury stocks	III 21	(350,000)	(764,284)	1,134,284	-	-	-	-	-
III. Appropriation of profits									
Appropriation for general risk reserve	III 24	-	-	-	-	-	1,124,831	(1,124,831)	-
Total of appropriation of profits		-	-	-	-	-	1,124,831	(1,124,831)	-
Balance at 31 December 2022		3,850,000	2,897,498	-	1,144,231	2,148,921	5,811,394	20,561,651	36,413,695

The notes on pages 12 to 86 form part of these financial statements.

WeBank Co., Ltd.
Statement of Changes in Shareholders' Equity (continued)
For the year ended 31 December 2021
(Expressed in Renminbi Thousand Yuan)

Item	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance at 31 December 2020		4,200,000	3,655,494	(1,134,284)	1,611,464	1,460,545	3,922,175	7,312,672	21,028,066
Add: Changes in accounting policies		-	-	-	-	-	-	5,766	5,766
Balance at 1 January 2021		4,200,000	3,655,494	(1,134,284)	1,611,464	1,460,545	3,922,175	7,318,438	21,033,832
Changes in equity in 2021		-	-	-	-	-	-	-	-
I. Total comprehensive income		-	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	6,883,757	6,883,757
Other comprehensive income	III 33	-	-	-	(220,352)	-	-	-	(220,352)
Total of total comprehensive income		-	-	-	(220,352)	-	-	6,883,757	6,663,405
II. Shareholders' contributions of capital		-	-	-	-	-	-	-	-
Others		-	26,288	-	-	-	-	-	26,288
III. Appropriation of profits		-	-	-	-	-	-	-	-
Appropriation for surplus reserve		-	-	-	-	688,376	-	(688,376)	-
Appropriation for general risk reserve	III 24	-	-	-	-	-	764,388	(764,388)	-
Total of appropriation of profits		-	-	-	-	688,376	764,388	(1,452,764)	-
Balance at 31 December 2021		4,200,000	3,681,782	(1,134,284)	1,391,112	2,148,921	4,686,563	12,749,431	27,723,525

The notes on pages 12 to 86 form part of these financial statements.

DOCUMENTS AVAILABLE FOR INSPECTION



I. Financial statements signed and sealed by the legal representative, the president, the CFO, and the head of the Accounting Department.

II. The original copy of the auditor's report sealed by the accounting firm and signed and sealed by a certified public accountant.

III. The original copies of all the documents and announcements publicly disclosed by the Bank during the reporting period.

WeBank Co., Ltd.

23 March, 2023

HONORS AND AWARDS

In 2022, the Bank received more than 110 honors and awards at home and abroad and was widely recognized by the industry.

The Bank has developed solid business capabilities, and its overall strength growing steadily in the banking industry. It has been shortlisted in *The Banker's* TOP 1000 WORLD BANKS ranking for three consecutive years, ranking 331 globally and 68 in China in 2022. It has also been ranked among the China Banking Association's "Top 100 Banks in China" for four years in a row, ranking 58 in 2022, and has won the "Best Digital-only Bank" award from The Asian Banker for four years on end. WeBank has won international awards such as the Best SME Financial Loan Product for two consecutive years.

A total of 17 awards related to inclusive finance presented that the Bank continues to refine its comprehensive financial services such as personal and corporate banking, so as to serve the real economy in depth and help the general public pursue a better life.

The Bank won a total of 18 financial innovation and fintech awards, including receiving the Shenzhen Financial Innovation Award for six consecutive years. Its financial innovation capability and practices have been recognized by the government, regulators, media, industry, etc.

A total of 18 social responsibility awards reflected the Bank's initiative to shoulder social responsibility, contribute to the development of green finance, sustainable development, rural revitalization, and the improvement of financial literacy of the public and enhance its own ability and level of financial services for special customers with dedicated efforts to social welfare project.

For seven years in a row, the Bank has won the 21st Century Asian Financial Competitiveness Rankings award and the "Golden Brick Award" from Southern Metropolis Daily and other awards influential in the market.

Name of Major Awards	Sponsors	Award Date
Demonstration Site of Party Building Work of Non-public Economic Organizations in Guangdong Province	Non-public Party Committee of Guangdong Province	December 2022
Demonstration Site of Party Building Work of Non-public Economic Organizations in the City	Non-public Party Committee of Shenzhen	December 2022
TOP 1000 WORLD BANKS	The Banker	4 July, 2022
Best Digital-only Bank in the World	THE ASIAN BANKER	26 August, 2022
Best Digital-only Bank in Asia Pacific	THE ASIAN BANKER	26 August, 2022
Best Digital-only Bank in China	THE ASIAN BANKER	26 August, 2022
The Gamma Award for Neobanks	Securities Times	2 December, 2022

Name of Major Awards	Sponsors	Award Date
Inclusive Finance		
Inclusive Financial Service Provider 2021	The Beijing News, SEASHELL FINANCE	14 January, 2022
Best SME Loan/Financing Product	THE ASIAN BANKER	26 August, 2022
China Financial Ranking: Privately-owned Bank of the Year	YICAI	1 October, 2022
Best Financial Service Award for New Citizens	Shenzhen Evening News	28 October, 2022
Practising Inclusive Digital Finance and Servicing the Real Economy: Excellent Case of Digital Transformation of Small and Medium-sized Banks of the Year	China.org.cn.	30 November, 2022
Excellent Inclusive Financial Service Bank of the Year	Shenzhen Economic Daily	15 December, 2022
WeBank Enterprise+: Creating a full-link business service ecosystem: People's Ingenious Service Awards	People's Daily Online (people.com.cn)	19 December, 2022
Inclusive Financial Service Bank of the Year	21st Century Business Herald	20 December, 2022
Respect from GD TODAY: Support Enterprises Contributing to the Real Economy	Southern Daily, Southern +	21 December, 2022
"Golden Brick Award" Excellent Inclusive Financial Institutions	Southern Metropolis Daily	27 December, 2022
Outstanding Financial Enterprise and Excellent Wealth Management Bank for 2021-2022	The Economic Observer	28 December, 2022
Financial Innovation		
Best Financial Innovation Award	The Chinese Banker	26 September, 2022
WeBank App (Barrier-Free): First Prize of Shenzhen Financial Innovation Feature Award	Local Financial Regulatory Bureau of Shenzhen Municipality	25 November, 2022
The open-source data platform (WeBank Big Data Platform) boosted the release of multi-industry data productivity: the Second Prize of Shenzhen Financial Innovation Award	Local Financial Regulatory Bureau of Shenzhen Municipality	25 November, 2022

Name of Major Awards	Sponsors	Award Date
Fintech		
“Fintech” Excellent Case Prize	Shenzhen Banking Association	25 January, 2022
Shortlisted in “Blockchain 50”	Forbes	8 February, 2022
Open-Source Software Security Governance Solution – Excellent Case of Security Guardian Program	China Academy of Information and Communications Technology	June 2022
Listed in “Preferred Blockchain Program” by the National Industrial Information Security Development Research Center	China Industrial Control Systems Cyber Emergency Response Team	2 September, 2022
Pioneer of Digital Transformation of Financial Institutions	21st Century Asset Management Research Institute under the Southern Finance Omnimedia Corp.	15 November, 2022
Fintech Innovation Enterprise	TMT Post	22 December, 2022
Social Responsibility		
Creating Barrier-free Services for Hearing or Visually Impaired Customers: Cases of Online Service Innovation in the Banking Industry	China Banking and Insurance News	14 March, 2022
Launching the Parents Version App and Creating Considerate Financial Services: Elderly Friendly Case in the Banking Industry	China Banking and Insurance News	14 March, 2022
Top Ten Green Financial Innovation Award	The Chinese Banker	26 September, 2022
“Golden Key” China Sustainable Development Solution Award	China Sustainability Tribune	30 September, 2022
Excellent Case of Rural Revitalization through Corporate ESG	Xinhua Net, China Enterprise Reform and Development Society, and Environmental, Social and Governance Institute of Capital University of Economics and Business	28 November, 2022
“Golden Tripod Award” ESG Financial Pioneer Prize	National Business Daily	28 October, 2022
Most Socially Responsible SME Bank Award	Modern Bankers	11 November, 2022
Typical Case of Chinese CSR	People’s Daily	8 December, 2022
CSR Enterprise of the Year	China Newsweek	8 December, 2022
ESG Pioneer Prize	CAILIANPRESS, Chinese Academy of Environmental Planning	22 December, 2022
WeBank’s ‘Weilidai’: Social Innovation and Contribution Award	YICAI	28 December, 2022

