

2019 ANNUAL REPORT



WeBank

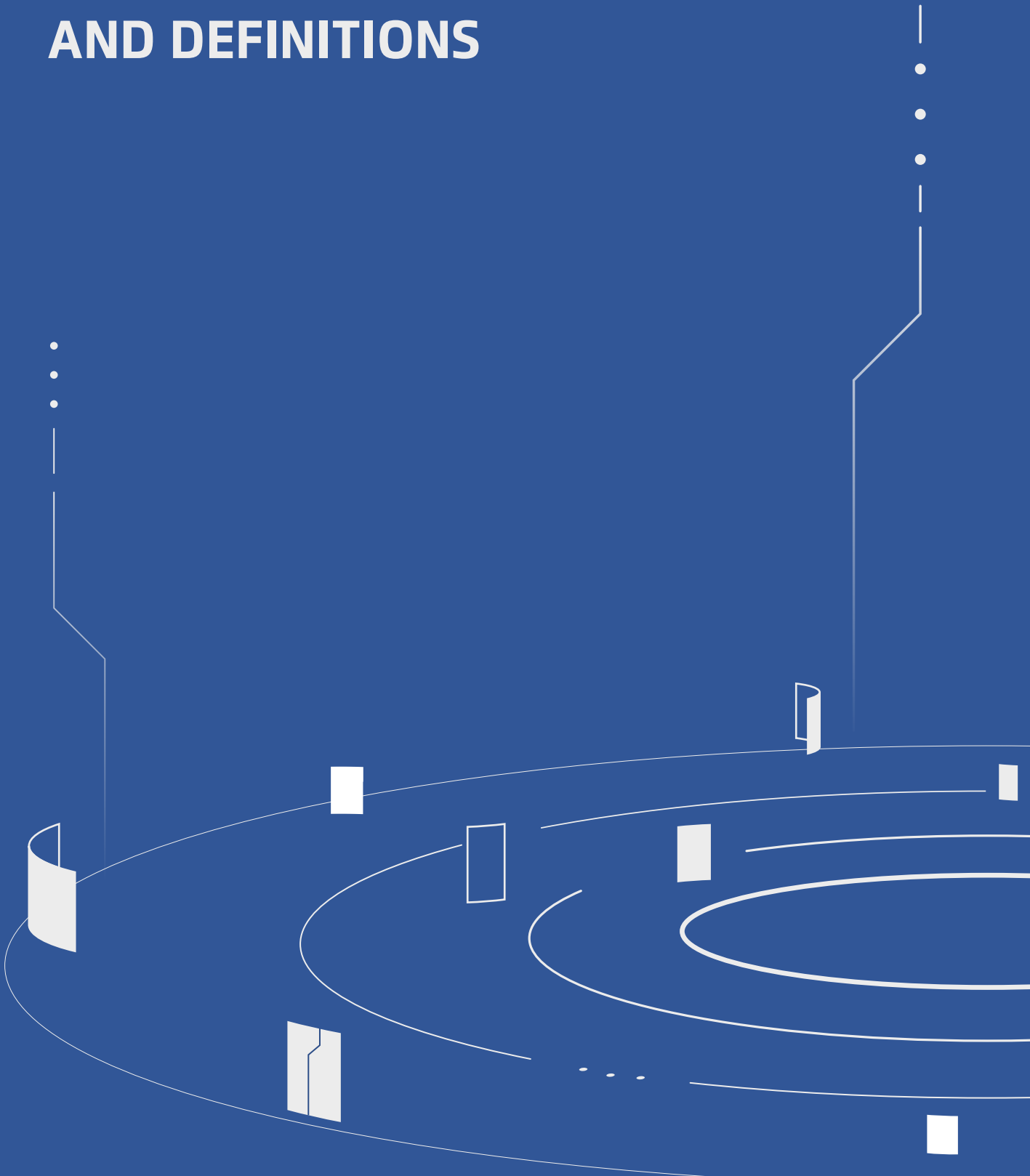
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IMPORTANT NOTES AND DEFINITIONS



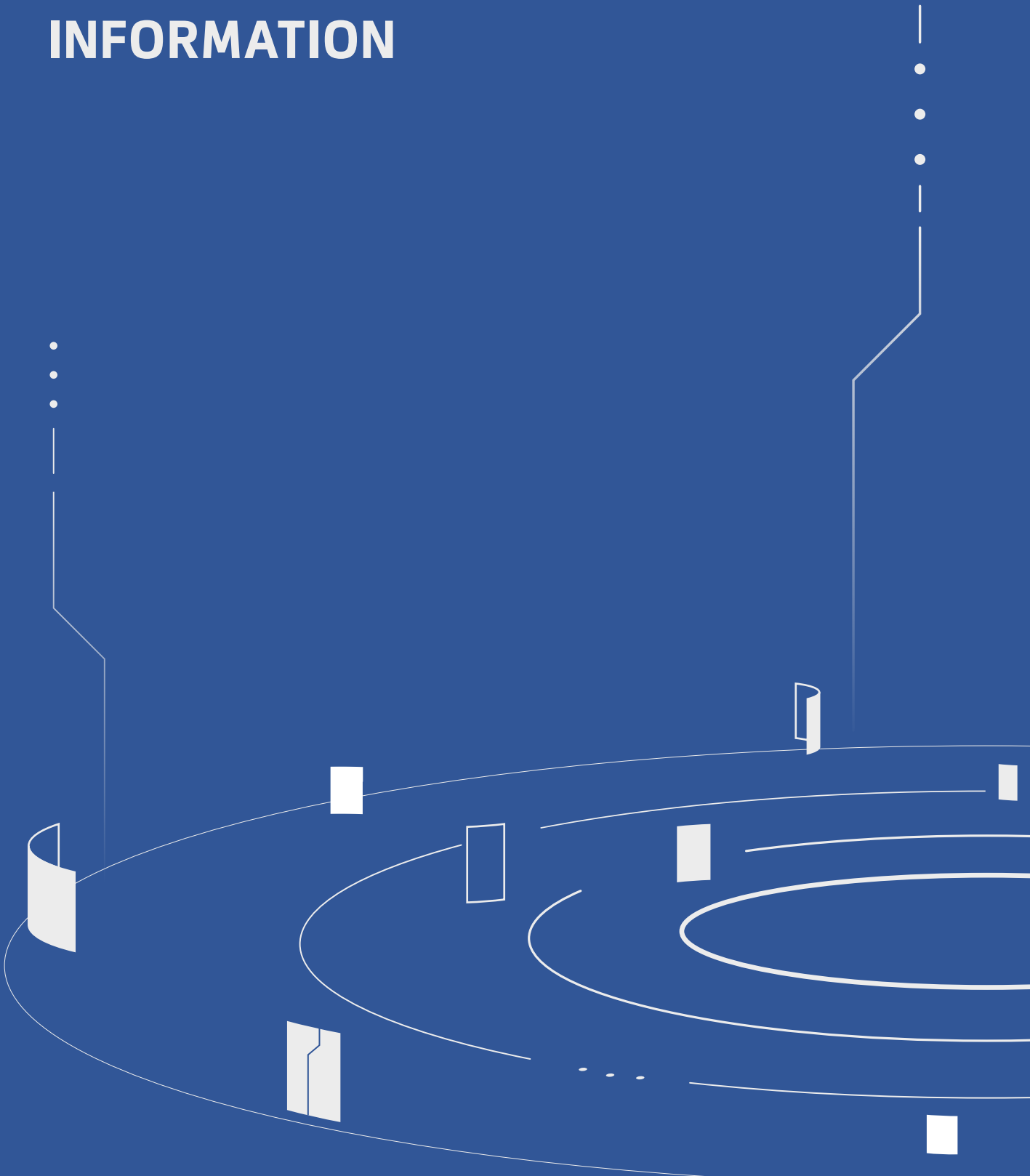
1. The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Bank hereby confirm that the contents of the Annual Report are true, accurate and complete, there are no false representations, misleading statements or material omissions of information therein, and they will individually and collectively accept legal responsibility for such contents.
2. The Bank held the 20th meeting of the second session of the Board of Directors in Shenzhen on 19 March 2020, at which the text of the 2019 annual report was reviewed. There were 11 directors eligible for attending this meeting of the Board of Directors, of whom 11 directors attended this meeting.
3. PricewaterhouseCoopers Zhong Tian LLP audited the 2019 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, Jie Yu, the Head of accounting department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in 2019 annual report.
5. The profit distribution pre-plan or pre-plan of converting reserve into share capital for the Reporting Period reviewed by the Board of Directors: There is no profit appropriation to shareholders other than appropriation to statutory surplus reserve and general risk reserve.
6. Risk disclaimer of forward-looking statements: Forward-looking statements such as development strategies and future plans involved in this report do not constitute a substantial commitment of the Bank. Investors and people concerned should maintain sufficient risk awareness and understand the differences between plans, forecasts and commitments.
7. In this report, the following expressions have the following meanings unless the context otherwise requires:

WeBank or the Bank	—	WeBank Co., Ltd.
Reporting Period	—	From January 1, 2019 to December 31, 2019
CBIRC	—	China Banking and Insurance Regulatory Commission
CBIRC Shenzhen Office	—	The Shenzhen Office of China Banking and Insurance Regulatory Commission
PWC	—	PricewaterhouseCoopers Zhong Tian LLP

8. The English version is a translation of the original in Chinese and is provided for reference only. In case of discrepancy, the Chinese version will prevail.

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CORPORATE INFORMATION



I. Profile

Legal Representative:	David Ku
Chinese Name:	深圳前海微众银行股份有限公司
Abbreviation Name in Chinese:	微众银行
English Name:	WeBank Co., Ltd.
Abbreviation 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:	16 December 2014

II. Scope of business

Taking deposits from the public, mainly individuals and small and micro enterprises; short-term, mid-term and long-term mainly lending to individuals and small and micro enterprises; domestic and overseas settlements; bill acceptance and discount; 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; 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

David Ku
Chairman and CEO



December 16th, 2019 marks the 5-year anniversary since the establishment of WeBank.

Over these past five years, we have experienced a macro environment (economic, financial, policy) that has been both dynamic and complex. Over this same period, we have also witnessed the speed and impact of technological reform and innovation. Nevertheless, we continue to adhere to our strategic positioning, foster a culture of innovation, and implement prudent management.

Adhering to our strategic positioning and achieving stable development

We continue to commit to serving small and micro enterprises and retail mass customers. Given that their financial services needs are highly frequent, short in duration, small in ticket size, and at times, urgent in nature, we continue to collaborate closely with our ecosystem partners to expand the breadth and depth of our offerings including high quality products and best-in-class service experience. As of the end of 2019, we have served over 200 million retail customers and 900 thousand small and micro enterprises with both Loans under Management (LuM) and Assets under

Management (AuM) exceeding RMB 440 billion. Our three main business segments (Mass Banking, API Banking, and Direct Banking) continue to achieve stable growth in terms of size and profitability. In addition, we saw our small and micro enterprises loan balance double in size, further enhancing the mix of our overall portfolio of businesses. Furthermore, global rating agencies Moody's and Standard & Poor's gave us A3 ratings and BBB+ ratings, respectively, with a stable outlook, and only trailing the ratings of the six major state-owned commercial banks in China.

Corporate social responsibility is of utmost importance to WeBank. First, the average interest rate of our newly disbursed loans further decreased by 184 basis points in 2019 following a decrease of nearly 100 basis points in 2018. Second, we continue to exhibit our leadership in syndicate lending and contributed over RMB 900 million in tax revenues to 39 poverty-stricken counties and hence, have demonstrated a business model that is not only commercial sustainable, but also effective to alleviate poverty. Third, we continue to ensure that our banking products and services are accessible to those that have hearing, visual, or speech impairment via sign language in video calls and other dedicated applications. Lastly, we continue to support the fight against COVID-19, the global pandemic. Aside from donating RMB 10 million to Hubei Charity Federation, we've also enacted targeted measures to alleviate the impact the pandemic has had on our customers including delaying loan repayments, reducing interest payments, extending credit facilities to select small and micro enterprises (many of which have never obtained a loan from a bank before), expediting service levels, among others to facilitate the resumption of these businesses struck by the pandemic.

Open source technology and ecosystem development

Technological research and development continue to power our business model. In 2019, the number of our technology staff accounted for nearly 60% of all staff and R&D expenses accounted for nearly 10% of our total revenues. The Bank has published 632 patent applications in 2019, ranking at the forefront of the global banking industry. We firmly believe that banks are like technology companies and we continue to see the role of technology in banking evolve rapidly. In fact, technological capabilities itself will be transformed into core products and services delivered to customers. Thus, we plan to contribute our technological capabilities to the open source community both locally and globally. As a result, our role will shift from being a beneficiary of open source technology to an active contributor. Furthermore, we continue to proactively provide core technology infrastructure to many industries and their respective governing authorities, creating a vibrant technology enabled ecosystem and thereby setting a new standard in technology itself.

FATE (Federated AI Technology Enabler), the world's first underlying technology platform for federated learning (a data privacy protected AI algorithm), was independently developed by WeBank. It is now fully open-sourced and donated to the globally-renowned Linux Foundation. The FATE open-source community includes hundreds of reputable institutions, corporations, and universities globally. In addition, FISCO BCOS, an open-source platform leveraging blockchain technology and developed by the Bank, has now over 10,000 community members. This platform has successfully implemented countless applications, making it the largest and most active locally developed open-source ecosystem on consortium blockchain. Furthermore, FISCO BCOS has also become the first locally developed consortium blockchain platform for the national blockchain service network (BSN).

Strengthening management and improving talent related mechanisms

Our staff is our most valuable asset and we are grateful for their relentless pursuit to drive financial inclusion via technology innovation. Their right mindset and capabilities, coupled with an important sense of responsibility, continue to carry us forward. However, our staff is relatively young, and need to further strengthen their knowledge and experience in risk management, compliance, and other key control functions within the Bank. To address this, we have advanced “WeStrict” for two consecutive years in row to continue to promote responsible behavior in all our staff. We have also implemented inspections and audits to ensure the strict adherence to rules, procedures, and policies.

As a privately-run company with a technology-led business model, we require a balanced mechanism to both incentivize our staff and manage corresponding risks in order to sustainably drive long term quality growth and development. Notably, “The Guidance on Promoting High-quality Development of Banking and Insurance Industries” issued by the China Banking and Insurance Regulatory Commission in early 2020 proposed to “pilot employee stock ownership in accordance with laws and regulations”. We are deeply inspired by this and with the support of our shareholders, directors, and supervisors, we will proactively apply for and push forward an employee stock ownership program within WeBank.

After being in operations for 5 years, we have only reached “WeBank 1.0”, a distant quarter of where we want to be. As a result, we have already started our journey towards “WeBank 2.0”, a more intelligent and open platform that will be even more deeply embedded in our daily lives. Over the course of this journey, we will strive to maintain our entrepreneurial spirit and our culture of innovation to respectfully serve hundreds of millions of customers. In addition, we will continue to remind ourselves to leverage best-in-class technology

to better meet the financial services needs of small and micro enterprises and mass retail customers. Furthermore, we will remain sharply focused on our strategic objectives, but at the same time, acknowledge our areas for improvement.

Over the past 5 years, it has truly been an honor to be “the first privately-owned bank in China”, and it will continue to be so for the next 5 years.

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**PRESIDENT'S
STATEMENT**

Nanqing Li
President



2019 marks the 5 year anniversary since the establishment of WeBank. Over the past five years, with the support and guidance from both government and regulatory authorities and our Board, the Bank continued to relentlessly promote and practice financial inclusion, which further deepened the financial services industry's supply-side reform. By 2019, the Bank had already entered a new stage of operational performance.

Driving financial inclusion, serving the real economy, and promoting stable and balanced business development

While maintaining stable growth of its core Mass Banking businesses including Weilidai, WeAccount, among others, the Bank also realized significant growth in its Weiyedai business, an important pillar within Direct Banking. Meanwhile, API Banking's business portfolio continues to be further diversified with the growth and development of Weichedai, Weizudai, and others. As of 2019, the Bank's total assets reached RMB 291.2 billion, a year-on-year increase of 32%, and total loan balances reached RMB 163.0 billion, a year-on-year increase of

36%. Meanwhile, deposits grew to RMB 236.3 billion, up 53% from last year. The growth of loans and deposits remain balanced. In addition, as of the end of 2019, the Bank's number of customers exceeded 200 million, representing an increase of 68% from the year before. Customers span across 600 cities in 31 provinces, municipalities, and autonomous regions where those either with a junior college degree or below or are non-white collar workers from the services industry account for over 70% of all customers. Importantly, over 70% of our loan customers incur borrowing costs of less than RMB 100 on average. Also, nearly 20% of our customers never obtained credit from a bank before. On small and micro enterprises, the Bank has extended credit to 230,000 private enterprises where loan balances grew 2.5 times from the year prior and the number of enterprises served surged 3.4 times. For these customers, 61% never obtained credit from a bank before. Collectively, these enterprises employ over 2 million employees.

Managing risks, strengthening internal controls, and enhancing operational quality

In 2019, facing a complex and difficult market environment, WeBank continued to apply fintech to further strengthen its big data driven risk management infrastructure. Leveraging big data analytics, the Bank continued to develop and upgrade its risk management strategy, rules, score cards, internal rating systems, among others. To date, WeBank has deployed over 400 risk models with over 100,000 risk parameters in total. We've applied AI in our models, and other applications including phone recordings' quality inspection, borrower screening, among others to further strengthen our credit and fraud risk management. On internal controls, we continued to enforce "WeStrict" across the Bank to promote proper bank staff and outsourced contractors behavior standards. We've launched various measures including nearly 40 training sessions, inspections and audits into processes, policies, staff roles and responsibilities, among others, to effectively lower compliance

and operations risks. Throughout 2019, given the slow-down in the macro economic environment, the Bank implemented many prudent policies on risk. In fact, we were first in the industry to adopt a more conservative definition on non-performing loan ratio, i.e., reducing overdue period from 90 days to 60 days. Our NPL ratio, provision to loan ratio, provision coverage ratio, liquidity coverage ratio and capital adequacy ratio were 1.24%, 5.52%, 444.31%, 585.20% and 12.90%, respectively. Furthermore, major risk indicators not only satisfied regulatory requirements, but were also better than industry average, and thus, paving a solid foundation for sustainable development.

Focusing on technology, reducing rates, and promoting both economic and social benefits

We continued to leverage technology in our business and continued to pursue technological advances in R&D and applications in the fields of AI, Blockchain, Cloud, Big Data and other core technologies. WeBank's proprietary AI technology in federated learning and its open-sourced blockchain platform FISCO BCOS developed by the Bank continue to represent the Bank's local and global leadership in technology infrastructure build and standard setting. In addition, we continue to collaborate with leading local technology companies to develop proprietary micro chips that have already been deployed at scale. Our proprietary distributed technology architecture has successfully served over 200 million customers and services an average of 360 million transactions per day and over 600 million transactions per day at its peak. WeBank is now a tier 1 domestic bank in terms of scale while maintaining below industry levels in terms of operational and maintenance cost per bank account. With our leaner cost structure, we can in return offer more benefits for our customers. In fact, the average interest rate of newly disbursed loans decreased 184 basis points compared to the year before where the average profit per account generated was less than RMB 20. In 2019, the Bank recorded over RMB 14.8 billion in operating income and RMB 3.95 billion in net profit,

with tax revenues contributions of RMB 2 billion, thereby achieving both economic and social benefits. Our strong operating results have also been highly recognized by international rating agencies. In fact, Moody's and Standard & Poor's gave us A3 ratings and BBB+ ratings, respectively, with a stable outlook, and only trailing the ratings of the six major state-owned commercial banks in China.

Improving management, reinforcing the foundation, and strengthening operational infrastructure

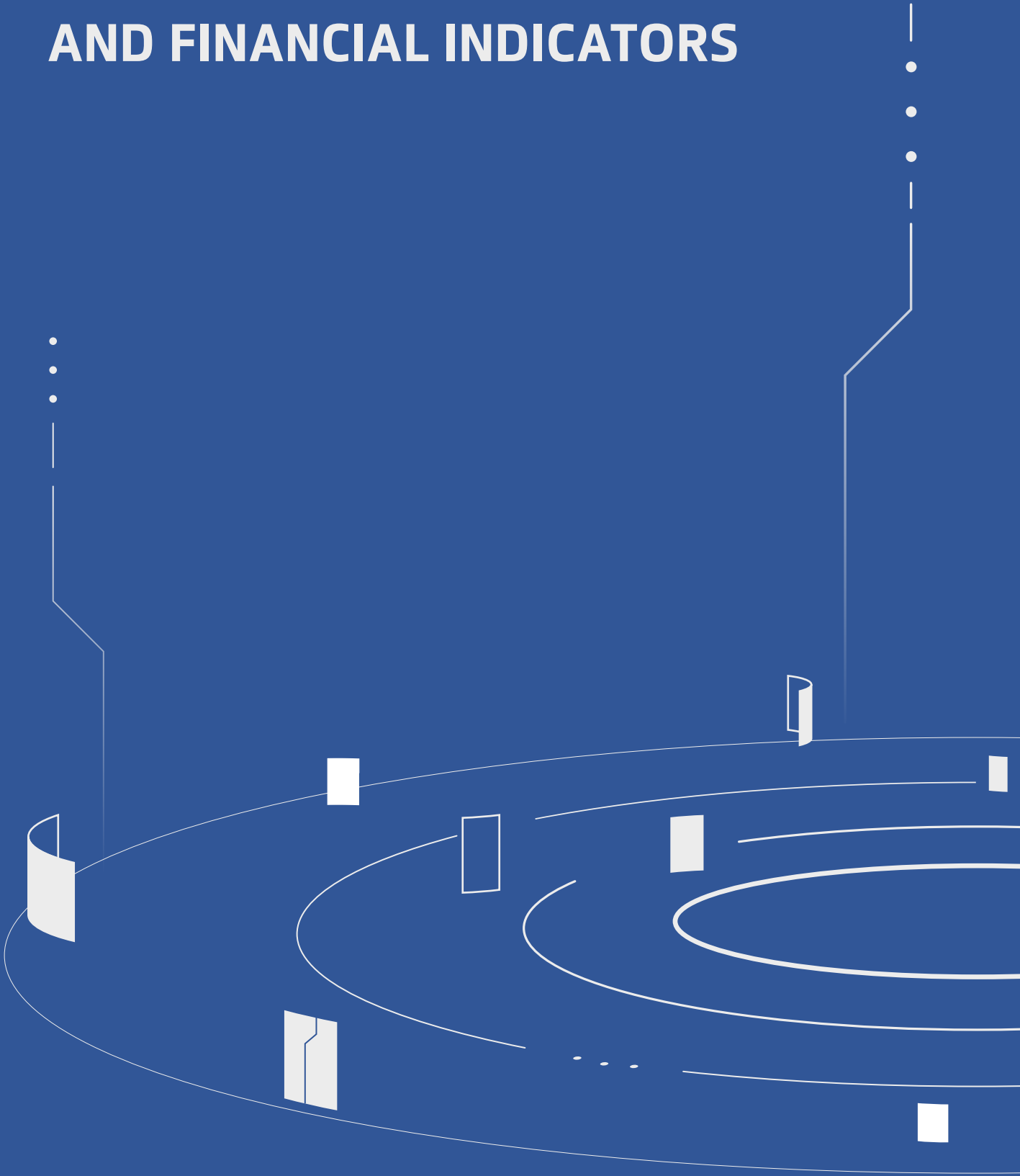
In 2019, with rapid growth in business size and staff numbers, the Bank adopted effective measures to improve internal controls and strengthen operational infrastructure. We adhere strictly to the principles on prioritizing internal controls including various policies and processes. In fact, the Bank issued a total of 139 policies and updated 48 policies over the course of 2019. Relevant policies covered key risks and thus reinforced a solid foundation for operating and managing the Bank. Also, on talent management, the Bank recruited over 600 multi-level staff and built technology teams with international working experiences, foreign language capabilities, and from diverse cultural backgrounds. Many have implementation experience from MNCs and work experience from the US, Singapore, and Hong Kong. In addition, WeBank established China's first fintech institute with Shenzhen University and launched joint research centers and labs with Hong Kong University of Science and Technology, Singapore's Nanyang Technological University, and other world renowned universities to further deepen collaboration among industry participants, academic institutions, and research centers. Furthermore, in terms of IT infrastructure, the Bank has established 5 active-active data centers in Shenzhen and launched the operation of Jing'an server room at Shanghai Disaster Recovery Center. WeBank's technology infrastructure includes over 11,000 servers and sustained a comprehensive availability ratio of 99.9985%. The Bank also carried out multiple

cross-regional disaster recovery rehearsals in real operating environments last year where the recovery time of its systems was only 33 minutes, further demonstrating the effectiveness of our Bank's IT recovery capabilities.

There is a famous Chinese saying that goes "The river banks seem vast at full tide and a stretched sail will glide in the gentle breeze." This year will be the year to complete the build of a moderately prosperous society. The COVID-19 which occurred at the onset of this year will have a clear negative impact on China's economic and social development. Importantly, the Bank continued its efforts on corporate social responsibility and introduced various measures including the donation of RMB 10 million, the staff of the Bank actively and voluntarily made donations for epidemic-stricken areas, reducing rates, postponing payments dates, expediting service channels, among others to combat the pandemic. Nevertheless, we will strive to achieve our business objectives and targets for the year. In addition, WeBank will continue its efforts on financial services industry's supply-side reform and leverage technology and talent as core components to drive business growth and financial inclusion and all the while adhere closely to compliance and risk standards. We will also continue our relentless pursuit to ensure accessibility and quality of financial services and to contribute to the development of the real economy and the building of a moderately prosperous society.



KEY ACCOUNTING DATA AND FINANCIAL INDICATORS



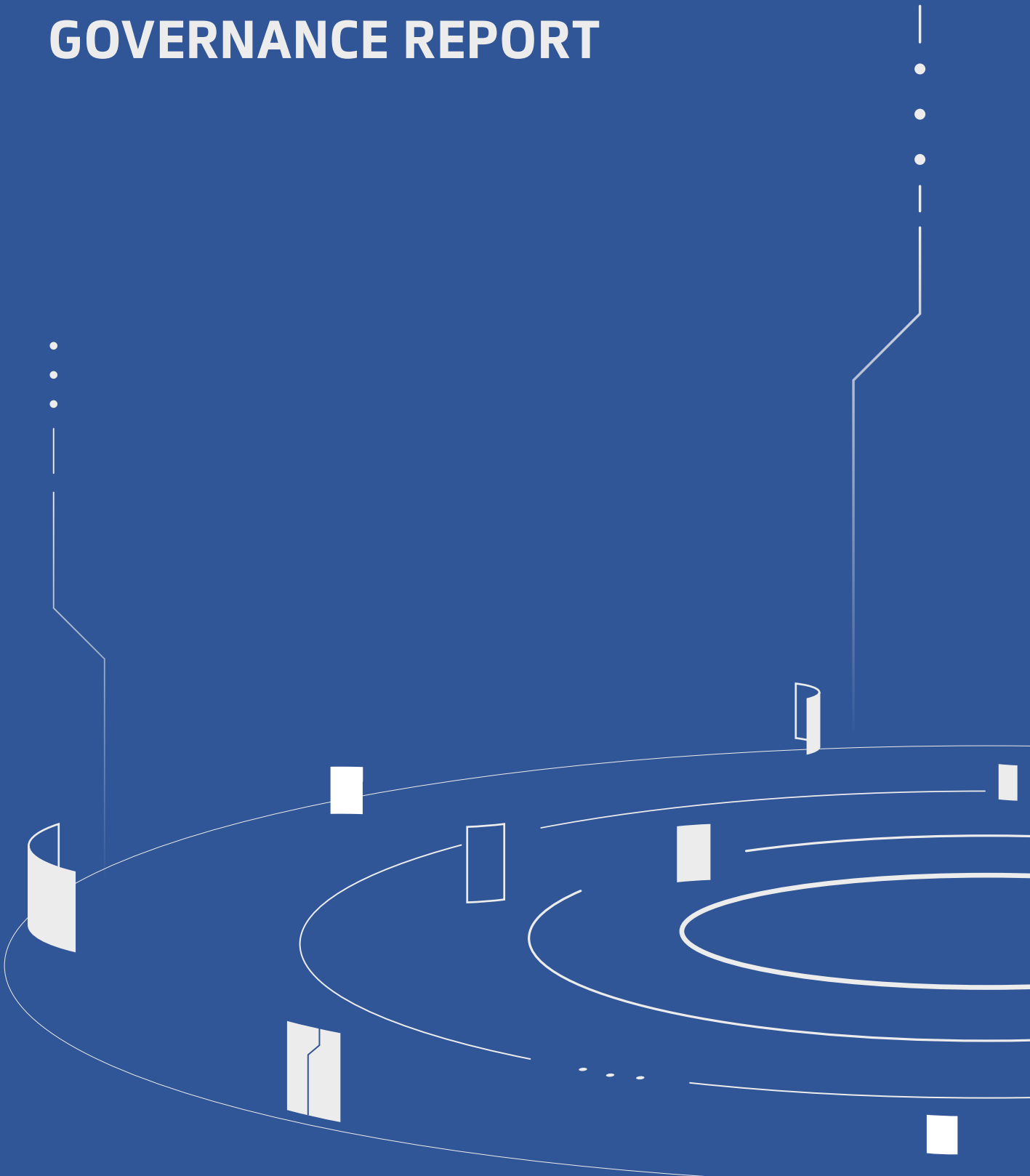
Item	2019	2018	2017 ^①
Annual Operating Results (in RMB' 000)			
Operating income	14,870,331	10,029,739	6,748,083
Operating profits before impairment losses	9,671,673	5,352,559	3,979,758
Impairment losses on credit	(5,519,570)	(2,594,480)	(2,242,175)
Profit before tax	4,133,224	2,768,110	1,741,412
Net profits	3,949,752	2,474,133	1,448,157
Net cash flows from operating activities	36,354,559	46,260,688	(3,679,567)
Volume Indicators (in RMB' 000)			
Total assets	291,235,594	220,036,611	81,703,675
Total principals of loans and advances to customers	162,965,558	119,816,922	47,705,962
Total liabilities	275,116,466	208,096,136	73,371,820
Deposits from customers	236,288,114	154,478,309	5,336,000
Deposits from and placements with banks and other financial institutions and financial assets sold under repurchase agreements	16,280,524	20,677,074	46,701,949
Shareholders' equity	16,119,128	11,940,475	8,331,855
Share capital and capital reserves	7,599,982	7,177,798	7,043,986
Profitability Indicators			
Return on total assets	1.55%	1.64%	2.17%
Return on net assets	28.15%	24.41%	19.26%
Asset Quality Indicators			
Non-performing loans ratio	1.24%	0.51%	0.64%
Provision coverage ratio	444.31%	848.01%	912.74%
Provision to loan ratio	5.52%	4.30%	5.84%
Liquidity Indicators			
Liquidity coverage ratio ^②	585.20%	268.71%	—
Net stable funding ratio ^②	225.56%	215.69%	—
Capital Adequacy Indicators			
Capital adequacy ratio	12.90%	12.82%	16.74%

Note①: The Bank adopted new accounting standards for financial instruments since 1 January 2018. According to the transitional provisions of the new standards, the Bank didn't restate the comparative figures for the corresponding period.

Note②: As the total assets of the Bank was less than RMB200.0 billion at the end of the year 2017, the liquidity coverage ratio and net stable funding ratio are not applicable to the Bank for the year 2017. Such regulatory indicators only apply to those banks with total assets of more than RMB200.0 billion.

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CORPORATE GOVERNANCE REPORT



I. Basic Information on Corporate Governance

During the Reporting Period, the Bank continued to strengthen corporate governance and policy structure development in accordance with laws, regulations and regulatory requirements, including the Company Law, the Commercial Banking Law, the Guidelines on Corporate Governance of Commercial Banks and the requirements of Articles of Association of the Bank. By doing so, the Bank ensured that the 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, and performed effective supervision, in order to effectively protect the rights and interests of all shareholders, employees, customers and other stakeholders, and thus provided the foundation for the healthy and scientific development of the Bank.

During the Reporting Period, all shareholders of the Bank diligently fulfilled their responsibilities and obligations and exercised their rights through the Shareholders' General Meeting. 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 implements and executes the proposals 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 all shareholders, maintains close communication with the Board of Directors and the senior management, fully conducts special investigations and performance evaluations, makes supervisory recommendations, and effectively 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. Shareholders' General Meetings Held during the Reporting Period

The Shareholders' General Meeting consists of all shareholders and is the highest authority of the Bank, and exercises its powers in accordance with laws and regulations. During the Reporting Period, the Bank held 7 general meetings in total, including the 2018 Annual General Meeting and 6 extraordinary general meetings, and reviewed 16 proposals and listened to 5 reports. The procedures of each meeting, 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. JunHe Law Offices, Shenzhen Office witnessed previous general meetings on the spot and issued legal opinions.

III. Performance Review of the Board of Directors during the Reporting Period

The Board of Directors is accountable to the Shareholders' General Meeting and bears ultimate responsibility for the business operation and management. It executes the resolutions of the Shareholders' General Meeting, formulates major guidelines, policies and development plans of the Bank, determines the business plan of the Bank, and formulates the annual financial budget, final accounts and profit distribution plan of the Bank.

As of the end of the Reporting Period, 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. The number and composition of the Board members met the requirements of laws and regulations. All directors have performed their duties diligently and fully, effectively executed a scientific decision-making function, and safeguarded the interests of the Bank and its shareholders.

There are five special committees under the Board of Directors of the Bank, namely the Strategy Committee, the Audit Committee, the Committee on Risk Management and Consumer Rights Protection, the Related Party Transactions Control Committee, and the Nomination and Remuneration Committee. During the Reporting Period, the Bank convened 11 Board meetings and 27 meetings of the special committees under the Board, including 7 meetings of the Strategy Committee, 5 meetings of the Audit Committee, 4 meetings of the Committee on Risk Management and Consumer Rights Protection, 8 meetings of the Related Party Transactions Control Committee and 3 meetings of the Nomination and Remuneration Committee. They totally reviewed 145 proposals and listened to 6 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. The Board and committees provided opinions or suggestions on significant development strategies, regular financial statements, risk preference, risk policies, compliance and internal control policies, related party transaction controls, remuneration and appraisal and other matters of the Bank. The Board and committees played critical roles in decision-making and laid a solid foundation for the healthy and sustainable development of the Bank.

IV. Performance Review of Independent Directors during the Reporting Period

As of the end of the Reporting Period, the Board of Directors of the Company had 4 independent directors. The number and composition of independent directors met regulatory requirements. The Audit Committee, the Related Party Transactions Control Committee, and the Nomination and Remuneration Committee under the Board are chaired by independent directors.

During the Reporting Period, the independent directors worked for the Bank for no less than 25 working days. 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 8 independent opinions on 22 topics reviewed by the Board of Directors, including profit distribution, the appointment of the accountant firm, significant related party transactions and the issuance of bonds. All opinions and suggestions proposed by independent directors during the meetings and the adjournment of meetings were adopted or replied by the Bank. Independent directors made no objection to matters proposed in Board proposals and non-Board proposals of the Bank during the year.

V. Performance Review of the Board of Supervisors during the Reporting Period

The Board of Supervisors is a supervisory authority of the Bank and is accountable to shareholders' general meetings. During the routine supervision, the Board of Supervisors oversees the Bank's strategy management, business operation decisions, financial activities, risk controls, and internal auditing and controls through understanding regulatory policies, participating Shareholders' General Meeting, the Board of Directors and the Board of Supervisors and management meetings, and conducting in-depth inspections and interviews and collects regular information. The Board of Supervisors pays attention to the supervision on the performance of duties by the Board of Directors and senior management, as well as the legitimacy and compliance of business operations to guarantee the sound operation of the corporate governance mechanism of the Bank.

1. Meetings of the Board of Supervisors and its special committees

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), 1 shareholder supervisor and 1 external supervisor. The number and composition of the Board of Supervisors met the requirements of laws and regulations. All supervisors are responsible, demonstrated dedication and diligence, performed supervisory functions according to laws and regulations and played active roles in guaranteeing the sound development of the Bank.

A Supervisory Committee and a Nomination Committee are established under the Board of Supervisors. During the Reporting Period, the Bank convened 8 meetings of the Board of Supervisors and 6 meetings of the special committees of the Board of Supervisors, including 4 meetings of the Supervisory Committee and 2 meetings of the Nomination Committee. They totally reviewed 55 proposals and listened to 16 reports. Members of the Board of Supervisors participated in all shareholders' general meetings and attended all meetings of the Board of Directors.

The Board of Supervisors and its special committees performed duties strictly in compliance with the Articles of Association of the Bank and the rules of procedure of the Board of Supervisors and its special committees. The Board of Supervisors and its special committees issued decisions on special proposals on the annual work report of the Board of Supervisors and the performance appraisal report on directors, supervisors and senior management. They also fulfilled their supervisory functions in reviewing and agreeing on proposals on periodic reports, the report on final financial accounts, the profit distribution plan, the appointment of the accountant firm and its remuneration, the report on overall risk management, the report on assessment of internal control, the information technology development strategy, the data strategy and the execution of strategies.

2. Supervision of the Board of Supervisors on the following matters

During the Reporting Period, the Bank convened 7 shareholders' general meetings and 11 board of directors meetings in total. The Board of Supervisors participated in and attended all of the above meetings according to relevant provisions of the Company Law and the Articles of Association of the Bank. To safeguard the interests of all shareholders and staff, it supervised the performance of duties by the Board and senior management of the Bank with details as follows:

(1) Operation and management according to laws

During the Reporting Period, with strict management, the Bank operated in compliance with laws, and reported objective and genuine operating results. The decision-making procedures were legitimate and effective. None of the directors or senior management of the Bank were found to breach laws, regulations or the Articles of Association of the Bank when performing their duties and none of their acts were found to be detrimental to the interests of the Bank and the shareholders.

(2) Annual financial report

PWC has issued an audit report with unqualified opinions in accordance with China Standards on Auditing ("CSAs") on the 2019 annual financial report of the Bank—The 2019 annual financial report presents fairly, in all material aspects, the financial position of WeBank as at 31 December 2019, and its financial performance and cash flows of the year in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

(3) Annual report

The preparation and approval process relating to the 2019 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.

(5) Related party transactions

During the Reporting Period, the Bank was able to recognize and approve related party transactions based on relevant provisions on the management of related party transactions and no activities were conducted not on an arm's length basis or detrimental to the interests of the Bank and the shareholders.

(7) Execution of proposals passed at shareholders' general meetings

During the Reporting Period, members of the Board of Supervisors attended general meetings of the Bank and had no objection to all reports and proposals submitted for consideration at shareholders' general meetings, and concluded that the Board of Directors had duly implemented relevant resolutions of general meetings.

(4) Acquisition and disposal of assets

During the Reporting Period, no activities were found to be detrimental to the interests of the shareholders or resulting in asset losses of the Bank in the acquisition and disposal of assets by the Bank.

(6) Internal control

During the Reporting Period, the Bank continued to strengthen and improve internal control based on its actual conditions and the internal control policies were reasonably and effectively executed in operating activities. The Board of Supervisors made no objection to the Report on Assessment of Internal Control in 2019.

(8) Other

Besides the aforesaid matters, the Board of Supervisors had no objection to other supervisory matters during the Reporting Period, and the results of the performance evaluation of current directors, supervisors and members of senior management for 2019 were "competent".

VI. Performance Review of External Supervisor during the Reporting Period

The Board of Supervisors of the Bank consists of 1 external supervisor. The number and composition of external supervisor meets regulatory requirements. The Nomination Committee and the Supervisory Committee under the Board of Supervisors are chaired by external supervisor.

During the Reporting Period, external supervisor of the Bank earnestly performed duties in compliance with regulatory required hours. He diligently participated in all meetings of the Board of Supervisors and the special committees and shareholders' general meetings, attended meetings of the Board of Directors and relevant special committees, carefully reviewed proposals and provided opinions or suggestions on the Bank's strategy and execution, the annual report, profit distribution, the appointment of the accountant firm, the assessment of internal control, capital management, the calculation and management of R&D expenses as well as the internal control systems. He participated in special inspection and research programs of the Board of Supervisors, actively learnt about the operation and management of the Bank and proposed targeted improvement measures. During the adjournment of the Board of Directors and the Board of Supervisors, he carefully read relevant documents and reports of the Bank and maintained effective communications with the Board of Directors and the management to actively perform supervisory duties.

VII. Internal Control Implementation and Assessment

Prioritizing internal control and operating with compliance have always been WeBank's value propositions. In 2019, the Bank continued its devotion to build an effective internal control system which conforms to applicable laws and regulations and matches the Bank's business goals.

Regarding the internal control environment, the Bank attached great importance to the improvement of the internal control system. It strengthened the leadership development across the Bank, successfully launched the "WeStrict" to enhance risk management and compliance awareness as well as employee behavior management through strict disciplinary actions, negative case sharing, WeChat subscriptions, internal control knowledge contest and other innovative publicity means. Meanwhile, it integrated internal control implementation into annual performance appraisal, highlighting values among the staff that compliance is the prerequisite for business development.

In terms of process controls, firstly, the Bank strengthened internal policy and procedures by conducting regular reviews to promote policy refinement. Secondly, it initiated establishment and application of RCM (Risk Control Matrix), to facilitate effective implementation. Thirdly, it consistently developed risk and management tools, with artificial intelligence (AI), robotic process automation (RPA), optical character recognition (OCR) and other advanced technologies, it improved digitalization and transparency of internal control, advanced process automation and enhanced the efficiency and effectiveness of internal control practice.

In terms of supervision and monitoring, the Bank carried out internal review and audit in accordance with latest regulatory requirements. The Bank conducted dedicated reviews or continuous monitoring into 20 business domains, including loans to small and micro enterprises, data governance, operational risks, business continuity management, related party transactions, consumer rights protection, anti-money laundering, technology research and development expense as well as data centers. Through such reviews, it effectively identified risks, improved control measures and facilitated the continuous improvement of operating and management activities. Meanwhile, for the issues identified in internal or external audits, the Bank emphasized over remediation responsibilities and enhanced effective remediation to ensure effective implementation of internal control.

In terms of information and communication, the Bank regularly communicated with and reported to regulatory authorities. In accordance with the requirements on corporate governance and authorization, it ensured the efficient fulfillment of duties by the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and Senior Management according to laws and regulations. It strengthened the coordination and cooperation of the "three lines of defense" and improved the internal communication mechanism. Strictly following relevant requirements on consumer rights protection, it enhanced education for financial consumers and arranged extensive and continuous financial education and publicity to help improve consumers' awareness and self-protecting abilities on financial products and service.

During the Reporting Period, The Bank undertook bank-wide internal assessment for internal control performance across all business units. It assessed the internal control measures at entity level, business operation, functional management and information system in terms of the appropriateness of control design and effectiveness of control implementation, with further efforts to digitalize control assessment, building foundation for continuous internal control monitoring. As reviewed by the Board of Directors of the Bank, no significant deficiencies were identified in terms of completeness, reasonableness and effectiveness of the Bank's internal control system.

VIII. Connected Transactions

1. Connected transactions

Pursuant to the Administrative Measures for the Connected Transactions Between Commercial Banks and Internal Personnel and Shareholders and the Interim Measures for the Equity Management of Commercial Banks issued by the China Banking and Insurance Regulatory Commission (CBIRC) and the Administrative Measures for Connected Transactions of WeBank Co., Ltd. and its implementation rules, the Bank follows the following principles when engaging in connected transactions:

- (1) abiding by relevant laws and regulations, unified national accounting systems and relevant banking and insurance regulatory rules;
- (2) in compliance with the principles of good faith and fairness;
- (3) adhering to commercial principles, and on terms not more favorable than the similar transactions conducted with non-connected parties.

Based on the principles of the CBIRC on strengthening regulation on shareholders of private banks, the shareholders of the Bank have promised to standardize connected transactions with the Bank through signing written documents and other means. Unless otherwise required by laws, regulations and regulatory authorities, the shareholders of the Bank and their respective affiliated companies shall not obtain connected credit from the Bank.

2. Connected transactions with major shareholders and its controlling shareholders, actual controllers, connected parties, persons acting in concert and ultimate beneficiaries

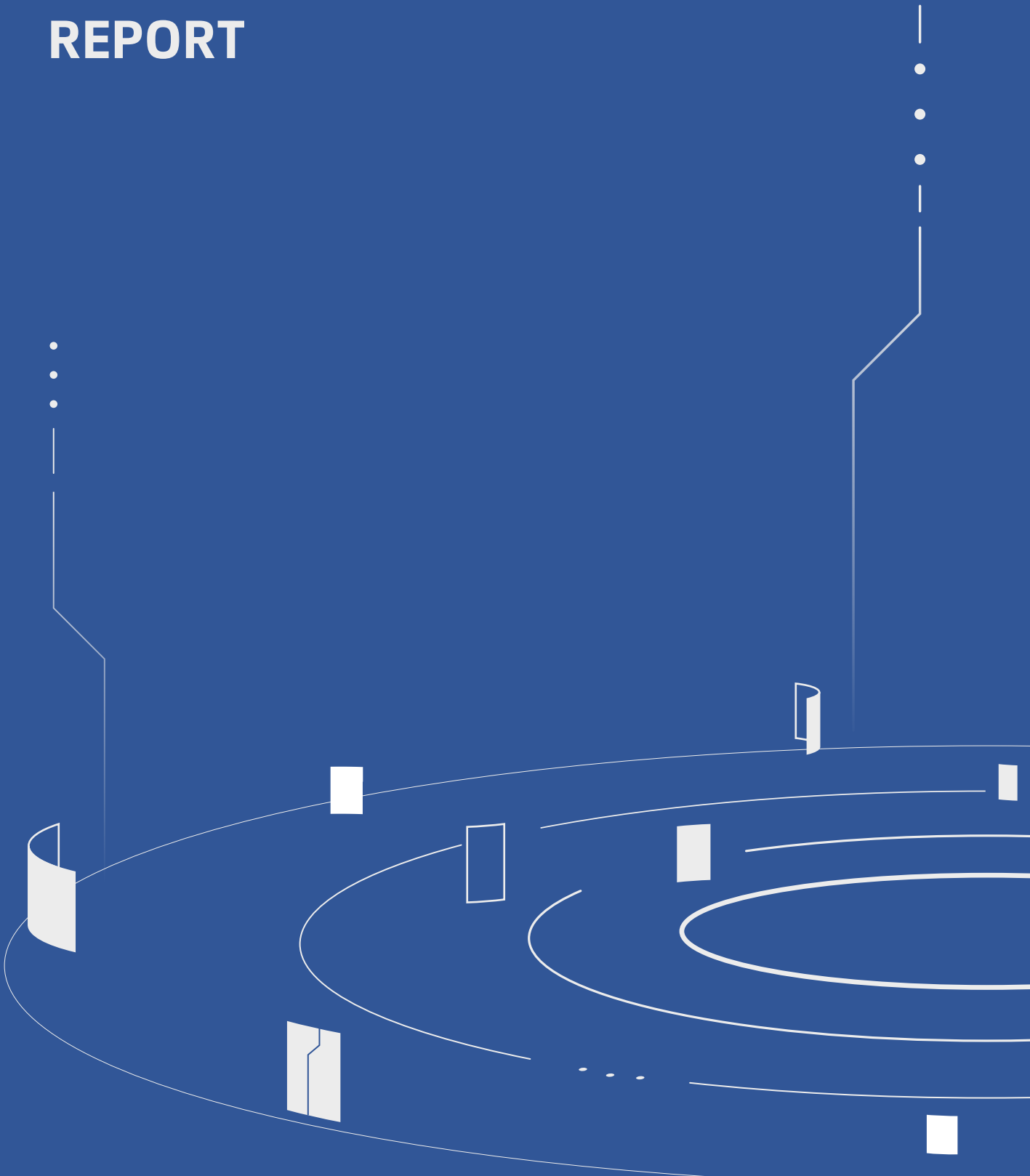
During the Reporting Period, connected transactions between the Bank and its major shareholders and controlling shareholders, actual controllers, connected parties, persons acting in concert and ultimate beneficiaries mainly include channel service, cloud service, clearing and settlement service and advertising and marketing service. Meanwhile, during the Reporting Period, there were no connected transactions on credit between the Bank and its major shareholders and controlling shareholders, actual controllers, connected parties, persons acting in concert and ultimate beneficiaries.

3. Significant connected transactions

During the Reporting Period, significant connected transactions between the Bank and its connected parties include channel service provided by Shenzhen Tencent Computer System Co., Ltd. for individual credit products, channel service provided by Shenzhen Tencent Computer System Co., Ltd. and Tenpay Technology Co., Ltd. for individual bank accounts, cloud service, provided by Tencent Cloud Computing (Beijing) Co., Ltd. and Shenzhen Tencent Computer System Co., Ltd. as well as stock repurchase from three shareholders.



SOCIAL RESPONSIBILITY REPORT



2019 marked the fifth anniversary of WeBank. During the five years since its establishment, the Bank has followed through its development roadmap of its vision and mission, corporate strategies, and business models, and has accomplished outstanding operational results via consistent innovations in the aspects of promoting inclusive finance, serving the real economy, preventing financial risks, and developing cutting-edge technologies. In particular, starting from 2019, the Bank has strictly adopted guidelines and strategic arrangements from the Chinese Central Government, has set business targets that are highly resonant to the fundamental purposes of the Communist Party of China, and has regarded the development of inclusive finance and serving the real economy as our primary social responsibilities. The Bank has also proactively participated in public welfare and poverty relief activities and has made tremendous contributions to practicing financial inclusiveness, serving small and micro enterprises, safeguarding the financial needs of special groups, alleviating poverty, and promoting consumer rights protection, staff development as well as charity throughout the year. We are very pleased that our dedications are widely acknowledged by all sectors of society.

I. Sticking to original aspirations and missions and firmly practicing inclusive finance

In May 2015, the Bank launched Weilidai, a purely online credit micro-loan product that serves middle-and-low-income groups in urban areas as well as individuals in underdeveloped and remote areas through “immediately available need-based loans” empowered by immediate borrowing and repayment. As of the end of 2019, Weilidai had advanced over 460 million loan drawdowns with a total value of over RMB 3.7 trillion to more than 28 million customers in nearly 600 cities across 31 provinces, municipalities and autonomous regions in the PRC. About 77% of these customers are non-white-collar workers from service industry, and about 80% of the same customer group does not have college level education. The average loan size was approximately RMB 8,000, and over 70% of the settled loans had an interest payment below RMB 100. Moreover, while providing convenient financial services to customers, Weilidai has leveraged its technological strengths to achieve cost reduction to fulfill its social responsibilities. Since its initial product launch, Weilidai has successfully granted credit to over 10 million customers without credit records in the PBOC, and this effectively contributed to constructing the social credit system in China. Weilidai has received wide recognition from our customers and the general public for effectively highlighting the nature and characteristics of inclusive finance and greatly expanding the coverage of and enhancing customer satisfaction on financial services. Weilidai has pioneered in shaping a commercially sustainable model of inclusive finance and has offered new methodologies and successful cases in advancing the supply-side reform in the financial industry and solving problems of the currently unbalanced and insufficient financial services.

II. Serving the real economy and innovatively advancing small and micro finance

In November 2017, the Bank was approved to conduct a pilot trial of Weiyedai in Shenzhen. In leveraging on the Bank's FinTech capabilities and the successful experience of Weilidai, Weiyedai is a purely online credit loan product that provides immediate liquidity to small and micro enterprises by enabling immediate borrowing and repayment. As of the end of 2019, Weiyedai was promoted to 900,000 small and micro private enterprises and had advanced loans to over 230,000 enterprises, providing more than 2 million employment positions. In practice, Weiyedai represents a new financial service solution to the universal problem of “low approval rate and high cost” of small and micro enterprise loans. While achieving rapid growth in Weiyedai, the Bank is also expanding its business to supply-chain finance and cash management businesses by tackling the pain points of small and micro enterprises based on its FinTech strengths. The Bank has built business partnerships with industry leaders across business sectors and has established an ecosystem covering upstream and downstream suppliers and distributors.

III. Meticulously serving special customers and achieving full coverage of inclusive finance

In 2019, following the principle of “prioritize people's needs” and leveraging on FinTech capabilities, the Bank consistently improved the service channels and methods for special customers, and strived to achieve a full coverage of inclusive finance, enabling people with capacity for civil conduct to access the financial services of WeBank. Firstly, the Bank officially released WeBank App 4.0, which supports barrier-free information services. The system is embedded with gesture interactions of touching, sliding, double clicking and other operations and the voice prompts of a screen reading function that enables visually impaired customers to hear the instructions and activate the functions through double click to complete services without barriers, including account opening, transfer, purchase of wealth management products and so on. It significantly improves their life convenience and enables them to equally enjoy mobile financial services with dignity. Secondly, Weilidai has set up a service team of professional sign language specialists for customers with hearing and language impairment since 2016. They verify customers' identification and confirm their borrowing intention through distant video in sign language, enabling people with hearing and language impairment to equally enjoy secure and convenient services on inclusive finance. As of the end of 2019, Weilidai's customer service with sign language has served 8,168 customers with hearing impairment, many of whom have sent silk banners and letters of thanks to the Bank to express their high recognition and acknowledgement to the considerate, meticulous and warm-hearted financial services of the Bank. In recognition of the Bank's achievements in serving special customers, Southern Publishing and Media awarded the “Responsibility Case Award 2019” to the Bank. In addition, during the prevention and control of novel coronavirus pneumonia epidemic (COVID-19), the Bank set up a leading group headed by Chairman of the Bank to focus on the epidemic prevention and control with a high sense of responsibility and mission. While doing well our epidemic prevention and control for staff and on the working areas, we provide support and assistance to the society and customers by fully leveraging on our operational and technical advantages of online businesses. On January 28, 2020, the Bank made a donation of RMB 10 million to Hubei Charity Federation to fully support the fight against the epidemic in Hubei. Since February, we introduced various measures in reduction in interest rate and fee, coverage expansion, quality improvement to effectively solve problems.

IV. Actively developing sustainable financial models for poverty alleviation and assisting in fight against poverty

2019 is a crucial year for China to win the battle of poverty alleviation. To actively respond to the target for winning the battle of poverty alleviation in all aspects in 2020 set by the state, the Bank, while promoting the stable growth of Weilidai, has vigorously developed commercially sustainable financial models for poverty alleviation. It continuously advances more loans to poverty-stricken areas through Weilidai's syndicate loans mode and contributes tax revenue to broader poverty-stricken areas. New tax revenue has been used in the improvement of roads, drinking water and other infrastructure by local government, which smoothens trade channels for local cash crops and effectively boosts independent operation and income increase of local people. As of the end of 2019, the poverty alleviation model covered 39 poverty-stricken counties, including Youyang, Wushan, Wan'an and Xiushu, 29 of which are national-level poverty-stricken counties. Loans advanced to the poverty-stricken counties amounted to over RMB 69 billion, representing an increase of approximately 31.6% as compared with last year. The Bank has cumulatively contributed value-added taxes of over RMB 900 million to poverty-stricken areas, and contributed RMB 532 million in 2019, representing an increase of 68.6% as compared with last year, and has provided local government with continuous sources of capitals for poverty alleviation and local economic development. In addition, the Bank has actively responded to regulatory requirements and vigorously advanced precision poverty alleviation by FinTech means. It has advanced loans to over 800 thousand registered poverty-stricken customers.

V. Improving the system of consumer rights protection and enhancing public financial literacy

In 2019, the Bank continued to improve the system of consumer rights protection in various aspects such as policy construction, publicity and education and customer complaint management, boosting efficiency and achieving outstanding results. Firstly, the Bank consistently improved the system of consumer rights protection. It introduced the special policies of Measures on the of Key Customers Rights, formulated the Emergency Plan on Accidents in Consumer Rights Protection, and published the Notice on Implementation and Improvement of Evaluation on Consumer Rights in Products Development and Access and focused on internal review to enhance the awareness on consumer rights protection from the origin. Secondly, the Bank increased resources input to key activities on consumer rights protection such as "March 15 Consumer Rights Day", "Financial Literacy to Thousands of Families", and "Financial Knowledge Popularization Month". To display its "online + offline" advantages, it pushed over 20 articles on the theme of consumer rights protection through its WeChat official account, Weibo, official website and other channels and organized knowledge contests on WeBank App throughout the year. Meanwhile, the Bank conducted offline activities such as financial literacy to campus at Shenzhen University and Shenzhen Technology University, significantly increasing the influence of consumer rights protection work. Thirdly, the Bank continuously enhanced the speed of response to customers and the efficiency in complaint settlement. It adopted the time of handling complaints, the accuracy of handling complaints and other indicators into routine evaluation and conducted competitions with working quality as scoring criteria. Meanwhile, with the assistance of intelligent customer service robots, customer service staff greatly boosted the handling capacity and improved the service quality. As a bank with responsibility and commitment, the Bank highly values customer experience and feedback and actively revisits customers to learn about customers' demands. In 2019, the Bank received a total of 24,720 improvement suggestions or complaints from customers, most of which are about Weilidai and Weichedai and mainly in Shenzhen, Beijing and Guangzhou. The Bank solved difficulties and problems for customers

through quick response and active communications. The customer satisfaction on major businesses was over 99.46%, which is higher than the average in the industry. We are grateful to our customers for their support and care to the Bank. Following the trend of increasing businesses and number of customers in the future, the Bank will always stick to the service concept of “prioritizing customer experience”. Moving forward, the Bank is willing to receive more and better suggestions from customers to further optimize its performance and take steps to improve its own products, services and operation comprehensively.

VI. Continuously strengthening talent management and developing comprehensive talent development system

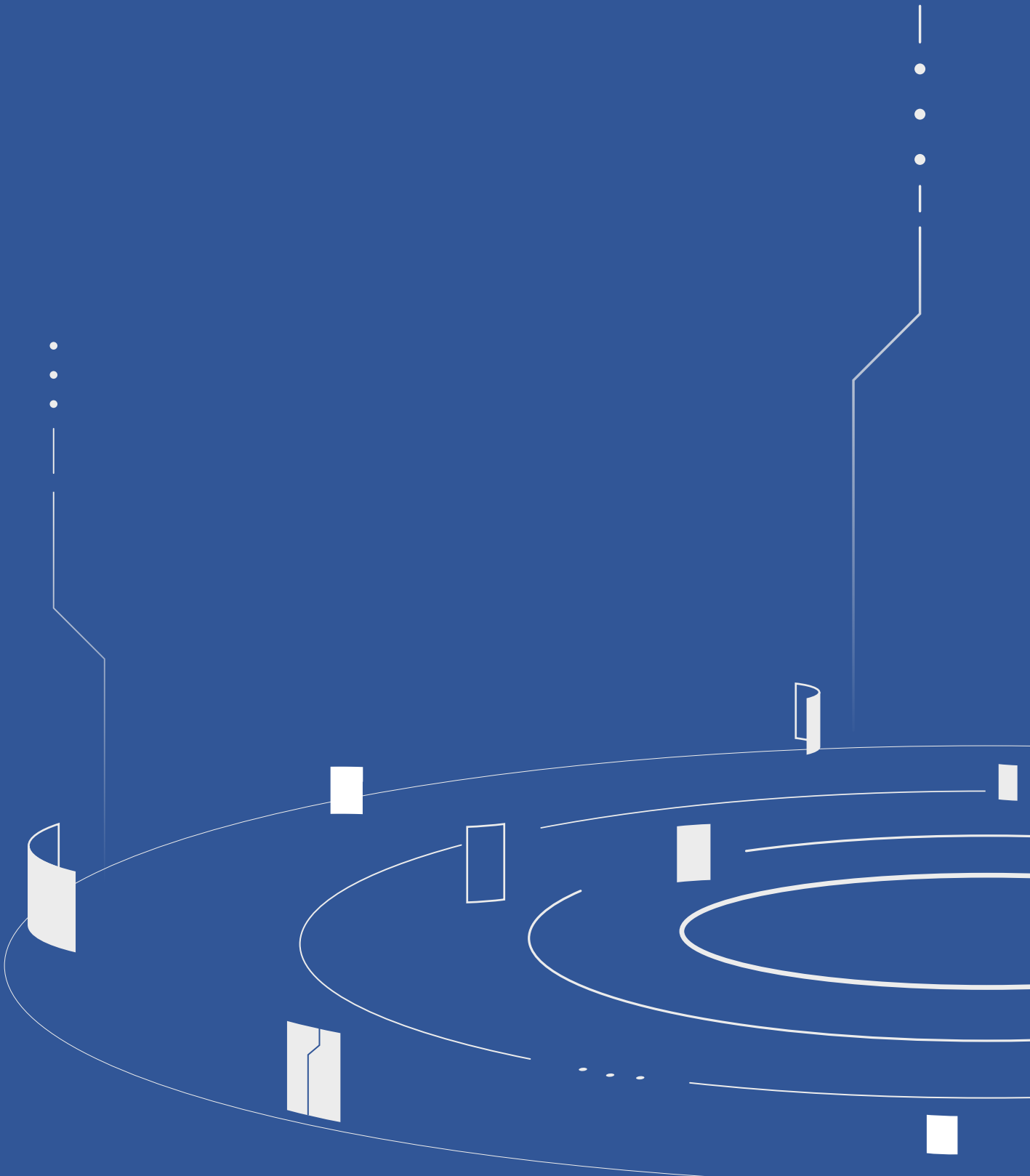
In 2019, the Bank introduced various measures to consistently improve the talent structure and has made significant accomplishments through providing our staff the opportunities and platforms to fully display their abilities in order to ensure their physical and mental health and reliable remuneration and welfare. Firstly, it established a professional technology team with international working experience and adaptability to multi languages and cultures. Members of the team have worked in the U.S., Singapore and Hong Kong and have rich experience in the implementation of multi-national large technology projects, which powerfully consolidated the talent base for international cooperation. Secondly, it promoted the establishment of the education system at universities. The Bank launched the first financial technology institute in China with Shenzhen University, and launched joint laboratories or research centers with Hong Kong University of Science and Technology, Nanyang Technological University and other world-renowned universities respectively, to deepen the collaboration among industries, universities and research institutes and provide talents and drivers to FinTech development steadily. Thirdly, it developed a compound curricular system for all staff through improving the fostering of newly-recruited staff from society scope. The Bank initiated the “Elite π” cultivation program for level-IV staff. The talent fostering system was further enriched and optimized through Lingyun and Xiangyun training series, and emphasizing on the leadership training program. Fourthly, it developed a welfare system with “inclusiveness, encouragement, care and growth” as core concept and established a flexible and convenient online welfare platform. It introduced high-quality medical resources and cared about the physical and mental health of staff to facilitate health management.

VII. Vigorously participating in public welfare activities and carrying forward spirit of volunteers

In 2019, the Bank profoundly comprehended and followed the important instructions of General Secretary Xi Jinping on voluntary services, namely “carrying forward the voluntary spirit of dedication, friendship, mutual assistance and progress, continuing writing Lei Feng stories in the new era with practical actions” . It innovatively carried out various public welfare activities and achieved new results. Firstly, in integrating the themes of the worldly “Earth Day” and the May 4th “Youth Day” , the Bank organized the “Environment Cleaning Action and Finance Publicity and Promotion” activity at Hailuojiao in Huizhou, with 100 staff as participated volunteers. Volunteers fulfilled their promises and worked together to clean garbage. Secondly, the Bank initiated the book donation program themed on “To Schools in Fall and Caring about Students” in September when the new semester began. The books were immediately donated to country schools in need in impoverished mountainous areas through Shenzhen Youth Development Foundation. Besides over 200 books donated, all staff also actively donated schoolbags, notebooks, stationery and other school supplies to students in poverty-stricken areas precisely. Thirdly, the theme of “Assistance to Students and Building Dreams with ‘We Love’ ” , the Bank organized volunteers to visit mountainous areas and conducted the student assistance activity. The volunteers visited Daji Middle School in Daji Village, Lutian Township, Poyang County, Shangrao City, Jiangxi Province and donated 235 sets of desks and chairs, 12 computers, books, stationery and clothes to improve teaching conditions. They also gave classes on art, mathematics, finance popularization, artificial intelligence popularization, English salon and fun sports to broaden students’ horizon and develop their interest in learning. In addition, volunteers also visited students’ home, offering encouragement and care to them. Fourthly, the Bank continued promoting the “Bits of Kindness from Heart” program. Participants donated some of earnings from “Current Account +” product in WeBank App to the foundation of Free Lunch for Children to provide lunch to students in poverty-stricken areas free of charge. As of the end of 2019, a total of approximately 230,000 free lunches have been donated to students in poverty-stricken areas. Fifthly, while conducting researches on artificial intelligence, blockchain and other cutting-edge technologies, the Bank innovatively proposed the improvement of social governance model through blockchain with reference to the framework of “MERITS” . The Bank plans to make contribution to social governance with FinTech means in the future, carrying forward benevolence with blockchain technology and encouraging the public and enterprises to actively participate in environmental protection, health, public welfare, charity and other public activities.



FINANCIAL REPORT



Auditor's Report

PwC ZT Shen Zi (2020) No. 20995
(Page 1 of 3)

To the Board of Directors of WeBank Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of WeBank Co., Ltd., (hereinafter “WeBank”), which comprise: the balance sheet as at 31 December 2019, the income statement for the year then ended, the cash flow statement for the year then ended, the statement of changes in owners' equity for the year then ended and notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WeBank as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises (“CASs”).

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing (“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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of WeBank in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

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

Management of WeBank is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these 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 intend to liquidate WeBank or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 judgment 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, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

PwC ZT Shen Zi (2020) No. 20995
(Page 3 of 3)

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

- 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 these 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.

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.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
19 March 2020

Signing CPA Lily Gan
Signing CPA Zenobia Tu

WeBank CO., LTD.

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

(In RMB thousands, unless otherwise stated)

	Note	31 December 2019	31 December 2018
ASSETS			
Cash and balances with central bank	1	60,188,754	38,505,517
Deposits from banks and other financial institutions	2	1,728,854	1,013,384
Placements with banks and other financial institutions	3	499,792	-
Financial assets held under resale agreements	4	11,729,816	-
Loans and advances to customers	5	158,642,877	116,496,755
Financial investments:			
Financial assets held for trading	6	1,138,521	1,275,506
Debt investments	7	19,766,576	8,590,797
Other debt investments	8	26,543,982	47,863,807
Property and equipment	9	1,421,065	40,982
Construction in progress		173,179	61,818
Intangible assets	10	1,673,268	1,715,369
Deferred income tax assets	11	762,284	173,968
Other assets	12	6,966,626	4,298,708
TOTAL ASSETS		<u>291,235,594</u>	<u>220,036,611</u>
Liabilities			
Borrowings from central bank		-	200,168
Deposits from banks and other financial institutions	14	16,280,524	20,677,074
Financial liabilities held for trading	6	110,714	144,556
Deposits from customers	15	237,162,705	154,785,814
Salaries and welfare payable	16	1,629,440	940,293
Taxes payable	17	645,339	609,376
Bonds issued	18	8,770,044	23,868,050
Other liabilities	19	10,517,700	6,870,805
Total liabilities		<u>275,116,466</u>	<u>208,096,136</u>

WeBank CO., LTD.

BALANCE SHEET (CONTINUED)**AS AT 31 DECEMBER 2019**

(In RMB thousands, unless otherwise stated)

	Note		
		31 December 2019	31 December 2018
Shareholders' equity	III		
Share capital	20	4,200,000	4,200,000
Capital reserve	21	3,399,982	2,977,798
Less Treasury stock	22	(1,134,284)	-
Other comprehensive income	35	1,915,108	974,107
Surplus reserve	23	964,838	569,863
General risk reserve	24	2,876,357	2,040,762
Retained profits		<u>3,897,127</u>	<u>1,177,945</u>
Total shareholders' equity		<u>16,119,128</u>	<u>11,940,475</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>291,235,594</u>	<u>220,036,611</u>

The accompanying notes form an integral part of these financial statements.

The financial statements are signed by:

_____ Legal representative	_____ President	_____ Head of accounting department
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WeBank CO., LTD.

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

(In RMB thousands, unless otherwise stated)

	Note III	2019	2018
I. Operating income			
Interest income	25	16,307,810	8,798,824
Interest expenses	25	<u>(6,844,031)</u>	<u>(3,278,813)</u>
Net interest income		<u>9,463,779</u>	<u>5,520,011</u>
Fee and commission income	26	11,248,912	7,749,854
Fee and commission expenses	26	<u>(5,956,780)</u>	<u>(3,325,661)</u>
Net fee and commission income		<u>5,292,132</u>	<u>4,424,193</u>
Investment income	27	27,249	43,853
Including: Gains/(Losses) on derecognition of financial assets measured at amortised cost		-	4,839
Gains or losses on changes in fair value	28	21,402	34,364
Other income	29	65,769	7,318
Total operating income		<u>14,870,331</u>	<u>10,029,739</u>
II. Operating costs			
Taxes and surcharges	30	(104,431)	(100,007)
Business and administrative expenses	31	(3,722,509)	(3,594,164)
R&D expenses	31	(1,371,718)	(983,009)
Impairment losses on credit	32	<u>(5,519,570)</u>	<u>(2,594,480)</u>
Total operating costs		<u>(10,718,228)</u>	<u>(7,271,660)</u>
III. Operating profit		<u>4,152,103</u>	<u>2,758,079</u>
Add: Non-operating income		1,797	12,772
Less: Non-operating expenses		<u>(20,676)</u>	<u>(2,741)</u>
IV. Profit before tax		<u>4,133,224</u>	<u>2,768,110</u>
Less: Income tax expenses	33	<u>(183,472)</u>	<u>(293,977)</u>
V. Net profit		<u>3,949,752</u>	<u>2,474,133</u>
Including:			
Net profit from continued operations		3,949,752	2,474,133
Net profit from discontinued operations		-	-
VI. Other comprehensive income, net of tax	35		
To be reclassified into profit or loss in subsequent periods			
Net profit of debt instruments measured at fair value through other comprehensive income		<u>941,001</u>	<u>587,186</u>
VII. Total comprehensive income		<u>4,890,753</u>	<u>3,061,319</u>

The accompanying notes form an integral part of these financial statements.

WeBank CO., LTD.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

(In RMB thousands, unless otherwise stated)

	Note III	2019	2018
I. Cash flows from operating activities			
Net increase in deposits from customers		81,809,805	149,142,309
Cash receipts from interest income		14,678,424	10,009,634
Cash receipts from fee and commission income		11,421,946	7,864,177
Net decrease in financial assets held for trading		33,914	72,272
Net increase in borrowings from central bank		-	200,168
Cash receipts relating to other operating activities		627,664	3,324,684
Sub-total of cash inflows		<u>108,571,753</u>	<u>170,613,244</u>
Net increase in loans and advances to customers		(44,251,857)	(72,589,686)
Cash payments for interest expenses		(6,066,055)	(1,593,947)
Cash payments for fee and commission expenses		(5,495,952)	(3,694,967)
Net increase in cash and balances with central bank		(4,425,968)	(15,490,722)
Net decrease in deposits from banks and other financial institutions		(4,009,646)	(24,927,387)
Cash paid to and on behalf of employees		(1,912,831)	(1,334,301)
Cash payments for taxes and surcharges		(1,689,557)	(724,347)
Net decrease in borrowings from central bank		(200,000)	-
Net decrease in financial liabilities held for trading		(33,842)	(72,346)
Net decrease in financial assets sold under repurchase agreements		-	(1,489,000)
Cash payments relating to other operating activities		(4,131,486)	(2,435,853)
Sub-total of cash outflows		<u>(72,217,194)</u>	<u>(124,352,556)</u>
Net cash flows from operating activities	37(1)	<u>36,354,559</u>	<u>46,260,688</u>
II. Cash flows from investing activities			
Proceeds from investments upon disposal/maturity		89,501,751	27,760,993
Proceeds from investment income		1,522,821	122,676
Proceeds from disposal of property and equipment		168	-
Sub-total of cash inflows		<u>91,024,740</u>	<u>27,883,669</u>
Payments for the purchase of financial investments		(99,062,496)	(57,398,793)
Payments to acquire property and equipment, and other long-term assets		(1,633,104)	(143,546)
Sub-total of cash outflows		<u>(100,695,600)</u>	<u>(57,542,339)</u>
Net cash flows used in investing activities		<u>(9,670,860)</u>	<u>(29,658,670)</u>

WeBank CO., LTD.

**CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

(In RMB thousands, unless otherwise stated)

	Note III	2019	2018
III. Cash flows from financing activities			
Proceeds from issuance of certificates of deposits		1,141,040	23,015,858
Cash receipts from investors	21	<u>272,863</u>	<u>-</u>
Sub-total of cash inflows		<u>1,413,903</u>	<u>23,015,858</u>
Repayments of issued debt securities		(16,420,000)	(16,640,000)
Interest paid for issued debt securities		(343,800)	(552,716)
Payments for other financing activities	22	<u>(1,134,284)</u>	<u>-</u>
Sub-total of cash outflows		<u>(17,898,084)</u>	<u>(17,192,716)</u>
Net cash flows (used in)/from financing activities		<u>(16,484,181)</u>	<u>5,823,142</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		<u>-</u>	<u>-</u>
V. Net increase in cash and cash equivalents			
	37(3)	10,199,518	22,425,160
Add: Cash and cash equivalents at beginning of the year		<u>43,214,205</u>	<u>20,789,045</u>
VI. Cash and cash equivalents at end of the year	37(2)	<u>53,413,723</u>	<u>43,214,205</u>

The accompanying notes form an integral part of these financial statements.

HONORS AND AWARDS

9 Jan 2019

Hurun New Finance Report in 2019

Hurun Report



28 May 2019

Best Financial Innovation Award

The Chinese Banker, The Research Center for Wealth Management of the Institute of Finance and Banking, China Center for Internet Economy Research



12 Jul 2019

The Gamma Award for Best Privately Owned Bank of 2019

Securities Times



25 Jul 2019

Best Digital Bank in Asia Pacific

THE ASIAN BANKER



Aug 2019

“Financial Blockchain Platform FISCO BCOS” Project — First Prize for Shenzhen’s FinTech Innovation Award 2018

Shenzhen Municipal Financial Regulatory Bureau



Aug 2019

“Fully Online Smart Loan Product for Small and Micro Enterprises Based on Internet and Big Data: Weiyedai” Project — Second Prize for Shenzhen’s Financial Innovation Award 2018

Shenzhen Municipal Financial Regulatory Bureau



2 Aug 2019

“Distributed Architecture Based on Cloud Computing” — Case of Digital Inclusive Finance of China’s Inclusive Finance

People’s Daily HUBPD National Institution for Finance & Development



18 Sep 2019

“Swarm Intelligence Emergent Mechanism and Computational Method based on Internet” — Innovation 2030 “New-Generation Artificial Intelligence” Project

Ministry of Science and Technology of the People’s Republic of China

16 Aug 2019

Weilidai Customer Service with Sign Language — Responsibility Case Award 2019

Southern Publishing and Media, New Weekly



22 Oct 2019
“Multi-center Flexible Structure Based on Distributed Structure”
— Second Prize for Annual Banking Technology Development Award
THE PEOPLE’S BANK OF CHINA



15 Nov 2019
2019 Financial Innovation Top 100
CHINA ECONOMIC NET



18 Nov 2019
The BrandLaureate
Tech Icon Award 2019
The World Brands Foundation



19 Nov 2019
Outstanding FinTech Bank 2019
21st CENTURY BUSINESS HERALD



21 Nov 2019
The Enterprise with Outstanding
Contribution to Real Economy in Shenzhen
Nanfang Daily



12 Dec 2019
Annual Best Small and Medium Bank of
Inclusive Financial Services
FINANCIAL NEWS



13 Dec 2019
Outstanding Open Bank
Southern Metropolis Daily

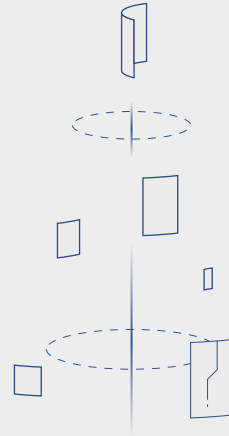


23 Dec 2019
2019 China Leading Fintech 50
KPMG China



27 Dec 2019
Annual Poverty Alleviation Award
People’s Daily Online





WeBank

