

Report On
AN ANALYSIS OF FINANCIAL
RISK MANAGEMENT AT
WOORI BANK.

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School
Brac University
August, 2023

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Declaration

It is hereby declared that

1. The submitted internship report is my original work while completing a degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material that has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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Subject: Application to submit an internship report on “An Analysis of Financial Risk Management at Woori Bank”

Dear Sir,

It was a pleasure for me to work on the report because it offers a thorough analysis of the subject as a whole. I've done my absolute best to produce a quality one. I would be more than happy to answer any questions you may have about the report to better my understanding.

Last but not least, I would want to express my gratitude and request that you accept my report.

Sincerely,

Redwan Islam

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May 12, 2023

Acknowledgment

I want to start by expressing my sincere gratitude to the Almighty Allah, whose favors and the assistance of various people were important in helping me finish my report. I am sincerely appreciative of the advice and help I received from my faculty members, friends, and dedicated Woori Bank employees, who have all contributed significantly to the development of my work.

My significant appreciation goes out to Shamim Ahmed Sir, a wonderful assistant professor at BRAC University, whose unflinching support and invaluable suggestions have been important throughout the entire study process. His advice and quick responses to my queries have helped in the completion of this report.

Last but not least, I would want to give my parents the utmost credit for their eternal support and inspiration, which served as a constant source of motivation for me as I completed this internship report. Each of these people has been significant to my academic development, and I am grateful for their constant guidance and encouragement.

Executive Summary

An affiliate of the Woori Financial Group, Woori Bank is a well-known bank with its main office in Seoul, South Korea. Being established in 1899, it was the first bank in South Korea to make web browsers other than Internet Explorer available for online banking. The bank now conducts business in Bangladesh under the name "Woori Bank Bangladesh." I had the chance to spend three months as an intern fully integrating into the culture and working environment of Woori Bank. The main objective of this research is to conduct a thorough examination of Woori Bank Bangladesh's financial risk management situation.

Identifying, evaluating, monitoring, and reducing financial risks are all covered in the examination of financial risk management at Woori Bank. The goal of the study is to determine how well Woori Bank's risk management strategy works and how well it can maintain financial stability.

Background information and the significance of financial risk management in the banking industry are emphasized in the introduction of the paper. It gives a summary of the objective of the research, which is to thoroughly analyze Woori Bank's risk management practices.

The Woori Bank is described in broad terms, along with its background, profile, and the significance of financial risk management to the company. Following that, the risk identification, assessment, monitoring, and mitigation measures used by Woori Bank are examined. Woori Bank Bangladesh has beneficial trends based on an analysis of profitability, pointing in an advantageous direction. It is important to keep in mind that the bank's financial situation is inconsistent, with variations seen in profitability as well as liquidity and financial leverage. In 2020 and 2021, the COVID-19 pandemic may have contributed to this imbalance, but there were also similar variations before the world catastrophe.

The analysis of financial measures and the CAMELS rating indicates that Woori Bank Bangladesh is in a respectable financial situation. However, there is still a lot of space for development. Rate-sensitive resources have a maximum maturity of 10 years, whereas rate-sensitive liabilities have a maximum maturity of 5 years, which is a contrast that should be taken seriously. In addition, the bank's reliance on short-term liabilities over short-term assets suggests a stronger need for

refinancing. A gap ratio that is closer to zero would be preferable because it shows that assets and liabilities are more evenly distributed.

The analysis of Woori Bank's financial risk management procedures looks at the beneficial effects of risk identification, the success of risk evaluation, the endurance of risk monitoring, and the acceptability of risk mitigation strategies. Recommendations to enhance the risk management framework for banks are based on the evaluation.

The report concludes by summarizing the analysis' main conclusions and repeating the significance of effective financial risk management procedures in ensuring Woori Bank's stability and sustainability.

Analysis of financial risk management at Woori Bank provides insight into the bank's strategy for managing financial risks and advances knowledge of industry best practices. It acts as a starting point for more investigation and the development of strategies for risk management at Woori Bank and other financial institutions. While the financial risks of Woori Bank Bangladesh are briefly examined in this report, more investigation is advised to get a complete and more accurate picture of the bank's situation. This type of in-depth study can produce invaluable knowledge and a more reliable result.

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1. Introduction

Degrees for short-term employment (internships) are widely acknowledged as vital steps toward graduation because they give students invaluable chances to observe and understand the practical application of the knowledge they have learned throughout their academic degrees. A well-known international bank in the banking industry, WOORI Bank Bangladesh, offered me an internship. Banks play an important role in Bangladesh as they are in many other nations in determining the direction of the economy. Because banks are charged with protecting the wealth of the public, it is crucial to evaluate their financial reliability and the dangers they face. Additionally, they support a wide range of interconnected financial activities, including capital formation, public fund circulation, poverty alleviation, wealth management, and poverty reduction. WOORI Bank, a reputable organization in its third generation, is one of these banks. Given that understanding a bank's financial health is the foundation for understanding its whole condition, I decided to focus my research on how the bank manages its financial risk. It was necessary to look at the bank's standing as an institution, including its resources, liabilities, and financial situation. The risks facing WOORI Bank were examined, as financial institutions are naturally vulnerable to a variety of risks. I also looked at the bank's measures for minimizing such risks.

The internship program is a prerequisite for BBA students, which is where the report's origins lie. In reality, the program lasts for three months. If students have completed all required courses, they are qualified for this program. As part of the internship program, I had worked at the WOORI Bank Bangladesh for three months.

1.1 Objectives of the report:

- We can know about all the risks of a bank in Bangladesh.
- We can know all the risk management which is done by bank authorities.
- It is important to know about what are the steps bank take to minimize all the risks.
- By reading this report we can know about how a foreign bank doing their job in Bangladesh.

1.2 Methodology:

The knowledge and skills acquired throughout the internship were used to write this report. The sources of the data are the annual reports. Acquiring primary and secondary data on the practical focus of banking activity. For the purpose of writing my paper, I have compiled data from both primary and secondary sources. The current research used both primary and secondary data to produce its findings.

Primary data:

- Questions that are both closed-ended and open-ended
- Firsthand knowledge gained from stopping by various desks.
- Direct interaction with WOORI Bank staff members.

Secondary data:

- WOORI BANK annual reports
- Data were taken from an internal report
- Bank previous records
- The bank's website

1.3 Scope of Study

This report helps me better understand WOORI BANK's overall management's direct, in-the-moment experience and how the bank manages every aspect of its business. Additionally, it makes it easier for me to understand how they communicate with customers. The purpose of this essay is to provide individuals a thorough grasp of how commercial banks interact with and do operations. I am positive that my paper is going to be highly beneficial to anyone considering a banking orientation. When making decisions, bank management can also depend on the facts from my observations if necessary.

1.4 Study Limitations

I ran into several obstacles while writing this report that limited its depth. The current program of study had no particular restrictions, however, my internship providing me a great opportunity to acquire more about the Bangladeshi banking sector, specifically WOORI BANK. One of the most

important limitations was the lack of adequate internship time. Due to time constraints, many issues could not be completely investigated in this paper.

Because it is difficult to thoroughly comprehend a bank in just three months, it is important to emphasize that this study does not cover every facet of WOORI BANK. The analysis might not have offered enough important information and data because it was challenging to find a variety of information sources. Every scheduled financial institution must follow instructions from the Central Bank, however, help for foreign banks is routinely given in a private manner. I was therefore unable to provide any pertinent information in this area. The absence of records and publications further hindered the effectiveness of this study's execution.

1.5 Literature Review

Banks and the Banking System:

Banks are well-known financial institutions that provide loans and take deposits. The economy of every nation is strongly dependent on banks because they regulate monetary policy, economic expansion, and inflation. While banks conduct a variety of financial procedures, their primary responsibilities are to collect deposits from consumers and distribute loans. The banking system acts as a network connecting customers.

Credit Risk Management:

The stability of financial institutions depends on the efficient management of credit risk, which is an important challenge for banks. According to Park et al. (2020), Woori Bank uses a variety of credit risk management strategies, such as credit scoring models, credit risk assessment tools, and credit analysis of portfolios. According to research, Woori Bank's credit risk management procedures accurately assess borrowers' reliability, improving the quality of the bank's entire loan portfolio (Lee & Kang, 2018).

Financial Risk Management Frameworks:

Multiple research studies emphasize the significance of effective risk management frameworks in banks. According to Choi et al. (2019), Woori Bank has put in place thorough frameworks to recognize, evaluate, and reduce financial risks. These frameworks include methods for risk measuring, reporting, monitoring, and identification. Woori Bank integrates its procedures with

international best practices by using internationally recognized risk management standards (Kim et al., 2017).

Liquidity Risk Management:

The expected incapacity of a bank to fulfill its financial commitments is known as liquidity risk. According to Hwang et al. (2018), Woori Bank uses effective liquidity risk management techniques, such as stress testing and the usage of instruments for measuring liquidity risk. These procedures assist the bank in ensuring enough liquidity to endure unfavorable situations, retain its solvency, and maintain market stability (Park & Lee, 2021).

Market Risk Management:

Stock prices, foreign currency rates, and interest rates all fluctuate, resulting in market risk. To evaluate and control market risk exposure, Woori Bank uses comprehensive risk measurement techniques including Value-at-Risk (VaR) and stress assessments (Yoo et al., 2016). According to research, Woori Bank's market risk management procedures indicate a proactive attitude toward monitoring and minimizing potential losses resulting from unexpected market movements (Kim & Park, 2019).

2. Company review

2.1 A Brief summary of WOORI Bank

Woori Bank is a renowned financial organization with its headquarters in Seoul, South Korea. It is one of the biggest banks in the nation and is well-represented in the world of international banking. Woori Bank has a long history that dates back to 1899, and it has made a name for itself as a trustworthy provider of all types of banking services.

Woori Bank is a full-service bank that serves an extensive range of clients, including individuals, businesses, and governmental organizations. Retail banking, corporate banking, investment banking, asset management, and insurance are all included in its offerings. Woori Bank can meet the distinctive requirements of its clients across multiple sectors due to its wide range of services.

Woori Bank performs through a broad global and domestic network of subsidiaries and branches. With branches and offices in significant economies throughout the world, it has increased its footprint outside of South Korea. Woori Bank functions in Indonesia, Bangladesh, and India. This broad reach enables Woori Bank to provide financial services and expedite cross-border transactions for its customers.

The bank is constantly working to improve its capabilities for digital banking, placing a heavy emphasis on innovation and technology. Customers may simply access their accounts, complete transactions, and take advantage of several financial services remotely through Woori Bank's online and mobile banking platforms.

Woori Bank is dedicated to maintaining good risk management processes and complying with regulatory regulations in addition to its customer-focused strategy. To guarantee the financial stability and operational security of its operations, it places significant significance on prudent risk assessment, monitoring, and mitigation.

Overall, Woori Bank is recognized as a top bank in South Korea and across the globe for providing a comprehensive variety of banking services, embracing technological advancements, and adhering to strict risk management procedures to effectively meet every requirement of its clients.

Bank Name	Branch Name	Address	Telephone	Swift code	District
WOORI Bank Bangladesh	DEPZ CUSTOMER SERVICE CENTER. Bangladesh	Dhaka Export Processing Zone (old zone Ganakhari Savar, Dhaka)	028813470	HVFDBDDH	Dhaka
WOORI Bank Bangladesh	Gulshan Branch, Dhaka	Suvastu Imam Square, 65 Gulshan Avenue, Dhaka- 1212	0288146702	HVFDBDDH	Dhaka
WOORI Bank Bangladesh	Mirpur Branch	Padma Bhaban Plot : 1/9, Pallabi Mirpur- 12 Dhaka- 1216	0289723258	HVFDBDDH	Dhaka
WOORI Bank Bangladesh	Uttara Branch	Paradise Tower Plot: 11, Sector :3, Uttara Model Town, Dhaka 1230	0289454857	HVFDBDDH	Dhaka

WOORI Bank Bangladesh	Agrabad Branch	World Trade Center, Plot : 102, 103, Agrabad Commercial Area, Chittagong	0389545497	HVFDBDDH	Chattagram
WOORI Bank Bangladesh	Naraynganj Branch	Adamjee Export Processing Zone, Shiddhirganj, Narayanganj 1431	0276392904	HVFDBDDH	Narayanganj

Customers with Direct Overseas Remittance Accounts will not be allowed to conduct any account transactions, including deposits, withdrawals, transfers, and queries, according to the WOORI Bank release. For account transfers and queries, the bank forbids the use of automated transactions conducted through ATMs. Instead, utilize online banking, sophisticated Banking, Tele Banking, and so on. Customers are also not permitted to access any additional banks or financial institutions to make deposits, withdrawals, transfers, or inquiries regarding their WOORI bank accounts. Customers can use their credit cards to withdraw cash from a separate bank's ATM, and the bank will offer one-touch alert and SMS notification services.

Additionally, the bank announced that it will stop providing long-term credit card loans (card loans), the usage of transfer of Stock money attached to WOORI Bank accounts or any other businesses, and insurance payment services at airlines for any kind of departure guarantees. The bank encourages talent development and upholds its commitment to client pleasure, integrity, and trust as the basis of a successful financial system. The bank produces a customer center report to

maintain openness and to create a template for the coming years by overcoming problems in order to build a more favorable future (WOORI Bank, 2023).

2.2 Vision of WOORI Bank

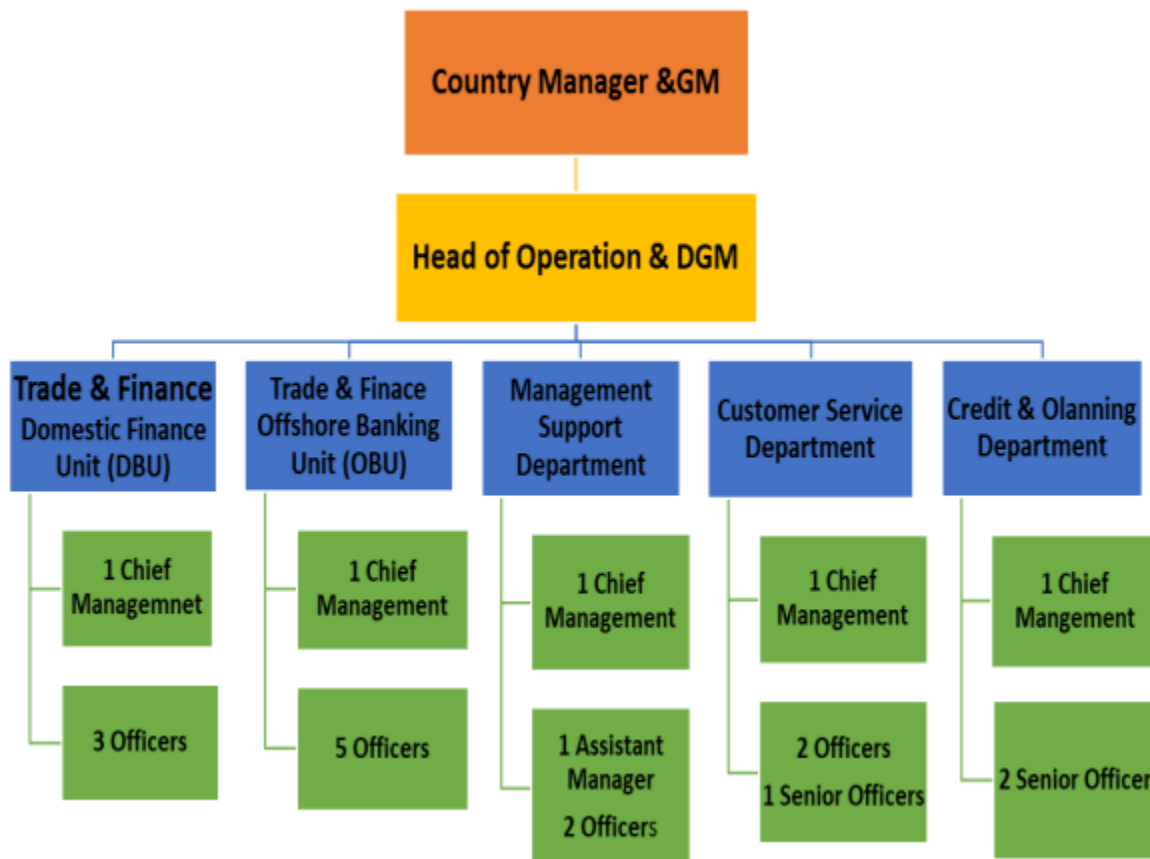
Woori Bank aspires to be the only financial organization with global capabilities. Woori Bank's monetary gathering encourages rivalry through the "One-Firm Approach". Woori's management plan is to make the company the best in four areas: financial administration, resource quality and benefit, administrative support, and manpower.

2.3 Organization Culture of WOORI Bank

The principle that motivated individuals would work hard for management, who will be in control of every project, is the basis of the Woori Bank culture. This is so because Woori Bank adheres to the Omni potent administration theory, which holds managers directly accountable for the accomplishments or failures of their organizations. Supervisors are simpler to manage because of their active commitment and length of service with the Bank because they are more committed to management. They believe differently since they are a Korean bank, from Bangladeshi or other foreign banks. They collaborate with chiefs over younger authorities since they have a unique regard for their older population. No matter what, if the department head is incapable to complete a task, they ask him to recommend the best applicant, then they hire that individual. Obtaining approval for a new project is difficult since, after being given the go-ahead, it must first pass through an extensive procedure at the Bangladeshi branch office before being submitted to the main office in Korea for final approval. Woori Bank's initial rapid growth in Korea was a result of choices being made as low as possible in the hierarchy. The corporate headquarters planned and directed all actions while Bangladesh was in danger, but it didn't choose local leaders to manage day-to-day operations in the field. The bank's weak exterior expansion during the last 15 years can be attributed to this. After a comprehensive study, they relocated their office in 2011 to a better area. As their locations change, they also guide a range of fresh things for financial collecting, as well as retail storing money to attract new clients. Right now, their top objective is to increase benefits by at least 40% over the previous year.

2.4 Organizational Structure of WOORI Bank

Based on the anthropological concept that one's own country's (South Korea) work practices and policies are the finest, the Woori Bank's hierarchical structure was developed. Woori Bank Dhaka is supervised and controlled by Woori Bank's main office. General Chief and Agent General, two Koreans, are in charge of running the Woori Bank branch in Dhaka. Two tables are discussed in this instance. The first is an organizational chart for Woori Bank in general, and the second is an organizational chart specifically for the Woori Bank branch in Dhaka.



2.5 WOORI Banks Behavior at Work

Woori Bank follows a dress code and a code of conduct for workers, just like any other organization. The workforce in South Korea is highly skilled. The Woori Bank management expects their representative to be competent, sensible, and cautious. After beginning their employment with the bank, each new representative is required to attend an orientation session to become acquainted with the Bank's commanding culture, working conditions, and employment responsibilities. In addition to teaching them about the bank's association culture, this training introduces job candidates to the various bank divisions. Top management occasionally delivers humorous tales to both new and existing personnel. Every Woori Bank member is bound by the unique rule that "Client begins things out." They must offer specialized client service because their position is slightly different from that of other banks. Because of this, they give clear instructions to every one of their employees, telling them to always respect clients and offer the best service, regardless of the circumstance. Every Woori Bank member is bound by the unique rule that "Client begins things out." They must offer specialized client service because their position is slightly different from that of other banks. Because of this, they give clear instructions to every one of their employees, telling them to always respect clients and offer the best service, regardless of the circumstance.

3. Theoretical Framework

3.1 Customer Service and Remittance Department

General banking is the basis of wholly banking events. This division provides important services in addition to assisting with deposits. The division is in charge of providing clients with ongoing services. Every day, it takes deposits from customers and pays them back by fulfilling their money orders. Nevertheless, banks function in two ways: first of all, this department receive payments in a range of arrangements from a variety of sources, and then, second, they loan the generated funds to potential investors. By tempting new clients with amazing offerings and performance, the customer service industry's first and most important duty is to help them create a new bank account. Every day, more than 15 new accounts had to be handled at the Gulshan Branch, where I interned. Some clients enter the bank by themselves, while others come from various businesses or are

picked up by DST (WOORI BANK Staff) to accumulate CRM points. This department opens and closes accounts as well as issues thank-you notes, bank drafts, pay orders, TTs, and other documents.

Consequently, client service is another name for retail banking. I was therefore given this departmental assignment throughout my internship program.

SCOPE OF CUSTOMER SERVICE AND REMITTANCE –

Customer Service	Deposit Department
Demand Draft	Payment Order
TT	Remittance
Cash	Clearing Transfer
Accounts Department	Loan and Advance
Account Opening	DBU/OBU Collection

Customer Services of WOORI BANK:

The development of a modern banking structure is customer oriented through professional quality and skill, versatility, resolve, and dedication are given the utmost importance by WOORI BANK. Customer satisfaction is Woori Bank's main focus in terms of professionalism. Thus, for Woori Bank, a satisfied customer is a valuable product, and they see them as the brand's ambassador in the marketplace.

3.2 Account Opening of WOORI BANK:

At the request of customers, the Woori Bank official opens several sorts of accounts under this division. The steps for establishing an account are listed below:

Current Deposit	Savings Deposit	Short Term Deposit
Individual Account	Individual Account	Individual Account
Joint Account	Joint Account	Joint Account
Proprietorship Account	Proprietorship Account	Proprietorship Account
Limited Company Account	Limited Company Account	Account (Small Traders)

The procedure of Account:

1. Opening an account (savings account)
2. Request from the bank an account opening outline.
3. Complete all of the form's requirements.
4. The nominee's name and signature are required on this form.
5. Any account that requires the introducer and the first applicant to sign on the back of the nominee's and the first applicant's pictures must include a photo.
6. A recent copy of utility bills must be submitted by the applicant to verify their current address.

Notes:

An existing Woori bank account user who can serve as a referral is required.

The applicant is required to present their service ID card. If the source of the funds is not disclosed, the bank won't open new accounts. The applicant needs a national ID card.

Account Opening (Current Account):

Ask the bank for an account opening statement.

1. Fill out the form in every detail.
2. A photo is required for any account where the original applicant's introducer must sign the photo.
3. The applicant is required to provide a copy of their most recent utility bill to prove their present address.
4. The paperwork needed to open a CD account is the TIN Certificate and trading license.
5. To open this account, the applicant must have their company's seal in their possession.

Opening an Account (Fixed Deposit):

A fixed deposit is another choice; it must be repaid after a predetermined period of time. The period starts after three months. These deposits are not instantly repayable but may be withdrawn with some notice, in which case the bank will only pay the principal amount and not the interest. It is additionally referred to as a term deposit as a result. Usually, a fixed deposit's funds are not reimbursed before the allotted amount of time has passed.

The following information must be filled out on an application form before creating a Fixed Deposit Account:

1. Amounting figures
2. Beneficiary's Name and Address
3. Period
4. Rate of Interest
5. Date of Issue
6. Date of Maturity
7. Instruction
8. Special Instructions
9. How the Account will be operated (Singly or Jointly)
10. Fill up KYC
11. Fill up FATCA
12. Signature
13. FDR No.

3.3 Porters 5 model

Porters five forces are

- Threat of new entrants.
- Bargaining power of suppliers.
- Bargaining power buyers.
- Threat from substitute products.
- Rivalry among the existing industry.

This framework offers the information necessary to make strategic decisions and aids strategists in understanding what makes an industry profitable.

1. Threat of new entrants:

- By developing innovative services and products. New items and service not only attract new clients but also give current clients an opportunity to pick up Woori Bank Bangladesh.
- By creating economies of scale that will allow the fixed cost per unit to be reduced.

2. Bargaining power of suppliers:

- By establishing effective supply chains with a variety of merchants.

3. Bargaining power buyers.

- By establishing a significant buyer base. In two ways, this will be advantageous. It will lessen the buyers' power of negotiation and give the business the chance to streamline its sales.
- The launch of innovative services will also prevent existing Woori Bank Bangladesh Ltd. clients from switching to its rivals.

4. Threat from substitute products:

- By being aware of the customer's primary needs rather than what they are getting.

5. Rivalry among the existing industry

- By creating a long-lasting excellence.
- A perfect rival of Woori bank will be HSBC bank.
- HSBC bank is stepping ahead from Woori bank in many aspects. Like as, service, products, service.

3.4 SWOT Analysis of WOORI BANK:

Strength:

- Only those who share their ideals and principles are hired and kept by top management.
- They socialize and educate these representatives to think and feel like them.

- The actions of top management serve as an example for staff, inspiring them to relate to them and disguising their beliefs, characteristics, and air.

Weaknesses:

- The majority of common online services are unavailable during the break.
- Some departments are in dire need of more employees due to the excessive workload.
- They think well-known companies register accounts with less information and supporting materials, which could be detrimental over time.
- Unpredictable financial outcomes.

Opportunity:

- Top managers can set an example for staff by conducting themselves professionally at work and managing their workload in a way that is compatible with ethical business standards.
- Plans and strategies in detail for each department as well as several financial divisions.
- To surpass the competition, top management isolates their core businesses.
- Only those representatives whose identities will be improving their particular state are raised and maintained by Woori Bank.
- The duration of a representative's shift in this bank is an important consideration when evaluating the standard of their work.

Threat:

- Even on weekends and public holidays, several multinational banks provide facilities and top-level services.
- Employees that are overworked struggle to do their tasks well, which makes them unhappy and at risk of going insane.
- The decision-making process is centralized; hence the service is slower than at other international banks.
- Compared to other multinational banks, Dhaka has fewer ATMs available.

4. The Financial Risks of Woori Bank

4.1 Potential Risks and Management:

Operational Risk:

Operational risk comes from inadequate or broken internal systems, procedures, or human factors. It covers the potential for fraud, mistakes, IT system interruptions, breaches of regulatory compliance, and other operational shortcomings. In its regular activities, transaction processing, technological infrastructure, and regulatory compliance, Woori Bank is vulnerable to operational risk.

Systems and internal processes: Woori Bank use several internal systems and processes to conduct its company's operations. Operational risk can result from flaws or breakdowns in these systems and processes, which could cause mistakes, holdups, or losses. For instance, flaws in the loan approval procedure may lead to inaccurate estimations of reliability, which could result in significant losses from defaults on loans. Woori Bank utilizes strong internal controls, automated systems, and continuous monitoring to ensure the effectiveness and efficiency of its procedures to reduce this risk.

Regulatory and Compliance: Failure to abide by laws, regulations, and industry standards causes compliance risk. Woori Bank operates in an environment that is much regulated, and failure to comply can lead to fines, legal action, and reputational damage. The bank maintains a strong compliance structure, performs routine risk analyses, and ensures adherence to the appropriate regulations and laws to manage compliance risk. The risk can be reduced in large part by conducting internal audits, providing compliance training, and closely monitoring regulatory developments.

Technology and cybersecurity: Woori Bank now encounter operational risks from system failures, threats from the internet, and data breaches as a result of the growing reliance on technology. Service interruptions, data loss, reputational damage, and financial losses can result

from IT failures or cyberattacks. To protect its IT infrastructure and client data, the bank uses strong cybersecurity measures like firewalls, encryption, intrusion detection systems, and employee awareness programs. To mitigate the impact of technical risks, regular testing, incident response plans, and disaster recovery procedures are also in place.

Market Risk:

The possibility of financial losses resulting from changes in market factors including interest rates, foreign exchange rates, stock prices, and commodity prices are known as market risk. Through its investment holdings, trading activity, and foreign exchange transactions, Woori Bank is exposed to market risk. The safety and profitability of the bank's finances depend on its capacity to analyze and manage market risk.

Interest Rate Risk: The financial performance of Woori Bank can be significantly impacted by changes in interest rates. The bank could experience higher borrowing expenses if interest rates rise, which might lower net interest income. In the context of rising rates, the value of fixed-rate wealth, such as bonds, may also decrease. On the other hand, declining interest rates may result in cheaper borrowing expenses and possible capital gains on fixed-rate investments. To reduce the effects of interest rate fluctuations, Woori Bank uses interest rate swaps and hedging measures as part of its interest rate risk management plan.

Foreign Exchange Risk: Woori Bank deals in foreign exchange, including trading currencies and offering its customers foreign exchange services. The bank may profit or loss as a result of changes in exchange rates. The bank may experience translation losses on its foreign currency-denominated assets when the value of a foreign currency declines relative to the local currency. On the other hand, a declining home currency may result in translation gains. To reduce potential losses, Woori Bank handles foreign exchange risk using hedging instruments including currency forwards and choices.

Equity Price Risk: Through investment funds, trading, or both, Woori Bank may hold equity interests directly or indirectly. The portfolio of investments and trading positions of the bank may be adversely affected by changes in equity prices. Gains in capital can be produced by rising equity prices, and liabilities can be caused by falling prices. To reduce the risk associated with share

prices, the bank uses risk management techniques such as growth, portfolio hedging, and assessment of risk methods.

4.2 The main risks - Credit Risk

Definition:

Credit risk is the possibility of financial loss brought on by competitors or borrowers who are unable to fulfill their obligations. Woori Bank must manage significant risks because the bank lends money and extends credit to individuals, businesses, and other financial institutions. Managing credit risk is essential for keeping the bank's finances stable, profitable, and asset quality high. By applying proper way to Knowing Your Customer (KYC) forms, which must be in place, bank clients must be able to forecast whether they would correctly repay their loans or default on them. One must adhere to Woori Bank's highly strict KYC requirements. Credit risk management aims to raise a bank's risk-adjusted return by managing credit risk at a tolerable level. To distinguish between larger and lesser credit risks, Woori Bank has created a Credit Risk Management (CRM) guideline. It is considered as a vital instrument for maintaining the operation and quality of an asset. Therefore, while creating the bank's credit risk management responsibilities, all of these challenges as well as the risks connected to global trends in banking, finance, and related concerns have been taken into account.

To reduce credit risk, the CRM department engages in several kinds of actions. These involve keeping a tight eye on loan conditions, scoring windows, and loan sums, as well as evaluating the underlying risks of credit offers before sending them to the corporate division. The unit also keeps procedures to keep an eye on the overall composition and quality of the credit portfolio and develops credit proposals for approval by the appropriate authority. There is an efficient system in place for administering, evaluating, and monitoring credit, and pertinent data sources relating to credit-related actions are regularly evaluated.

The primary CRM phase is credit assessment, which entails determining a borrower's creditworthiness. The goal is to ascertain the likelihood that a borrower would fail to make their required repayments. The following elements are often part of the assessment process:

Banks evaluate potential borrowers' financial statements to determine their financial stability. Examining cash flow statements, balance sheets, income statements, and other relevant financial information is part of this process. The study assists in determining if the borrower can produce enough cash flows to repay the loan. Investigating a borrower's credit history can reveal information about their previous repayment practices. Examining their credit histories, past loan performance, payment trends, and any instances of delinquency or default are part of this process. A good credit history suggests a decreased credit risk, while a bad credit history raises questions about the likelihood of timely repayment. If the collateral is offered to secure the loan, a thorough assessment of the value, marketability, and enforceability of the collateral is made. In the event of a default, the collateral acts as a fallback, lowering the lender's exposure to risks. Credit History: Investigating a borrower's credit history can reveal information about their previous repayment practices. Examining their credit histories, past loan performance, payment trends, and any instances of delinquency or default are part of this process. A good credit history suggests a decreased credit risk, while a bad credit history raises questions about the likelihood of timely repayment.

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Credit risk assessment:

Within the framework of financial risk management used by Woori Bank, credit risk assessment is an important phase. Making sensible lending decisions and reducing potential credit losses, requires evaluating the creditworthiness of borrowers. To evaluate credit risk, Woori Bank takes a thorough and diversified methodology that takes into account both qualitative and quantitative components. Financial statement analysis is one of Woori Bank's main methodologies. Potential borrowers must submit income statements, balance sheets, and cash flow statements, all of which

the bank carefully reviews. Woori Bank learns information about the borrower's financial stability, profitability, liquidity, and solvency by examining these statements. This analysis detects potential credit risks and aids the bank in determining the borrower's capacity to repay debt.

Woori Bank uses credit rating algorithms in addition to financial statement analysis as part of their procedure for determining credit risk. Based on multiple risk indicators, these models give each borrower a numerical score. The credit score algorithms take into account requirements including credit history, repayment behavior, steady income, and other important factors. Woori Bank optimizes the credit evaluation process and provides consistency and impartiality in evaluating credit risk by using credit score algorithms.

For Woori Bank, evaluating collateral is a crucial component of assessing credit risk. The value and caliber of the collateral provided by borrowers to secure loans are carefully assessed by the bank. In the event of default, collateral acts as a type of security that can be liquidated, lowering the possible loss for the bank. Woori Bank makes sure that the pledged collateral from clients is sufficient to meet the credit risk involved with the loan. In addition to conducting market and industry research, Woori Bank also evaluates credit risk during this procedure. The bank is aware of how important external factors might be in determining how trustworthy a borrower is. It takes into account macroeconomic circumstances, market developments, competitive environments, and regulatory variables that could affect borrowers' ability to repay loans. Woori Bank improves its credit risk assessment process and makes more informed lending decisions by taking into account these external variables.

Woori Bank ensures a thorough and effective credit risk assessment process by combining financial statement research, credit score models, collateral appraisal, and industry and market study. As a result, the bank can assess borrowers' creditworthiness accurately, recognize potential credit risks, and make well-informed lending decisions that are consistent with its risk tolerance. Woori Bank protects its financial stability and maintains a healthy loan portfolio by minimizing the possibility of credit defaults and delinquency through efficient credit risk assessment.

Through their ability to shed light on the borrowers' financial performance and profitability, profitability ratios play an important role in credit risk management. These ratios are used to evaluate borrowers' capacity to earn enough money to cover their debts and make loan payments. Borrowers like Woori Bank can successfully manage credit risk by examining profitability ratios

to assess the creditworthiness and repayment capacity of borrowers. Typical profitability ratios for managing credit risk include:

Return on Equity (ROE): It compares net income to shareholders' equity to determine the profitability of a borrower's equity investment. It displays the profit made from the owner's investment. A greater ROE shows the borrower's ability to create returns for its shareholders and signifies improved profitability, which lowers credit risk.

Return on Assets (ROA): By comparing net income to total assets, ROA assesses how profitable a borrower's assets are. It shows how successfully the borrower is turning a profit from its assets. Lower credit risk is implied by a greater ROA, which signals a more profitable and effective use of assets.

Gross Profit Margin: By comparing gross profit to total sales, gross profit margin assesses the profitability of a borrower's sales revenue. It shows the profitability following the reduction of the cost of the sold goods. A larger gross profit margin indicates less credit risk and better profitability.

Operating Profit Margin: By comparing operating profit to total sales, the operating profit margin assesses the profitability of a borrower's primary business operations. It represents the success of the borrower's main business activities before taking into account interest and taxes. Better profitability and lower credit risk are indicated by an increase in operating profit margin.

Net Interest Margin: It compares net interest income to the average interest-earning assets to determine how profitable a borrower's interest-earning assets are. It offers information on the borrower's capacity to make money off of its interest-earning operations. An increased Net Interest Margin signals greater profitability and lower credit risk.

Interest Cost to Asset Ratio: This ratio assesses the proportion between a borrower's total assets and its interest costs. About the size of the borrower's asset base, it evaluates the cost of borrowing. A greater interest cost to asset ratio implies that the borrower's assets are bearing a heavier burden of interest, which may have an adverse effect on profitability and raise credit risk.

	Profitability Ratio				
	2018	2019	2020	2021	2022
Return on Equity (ROE)	1.56%	12.21%	8.93%	6.52%	7.85%
Return on asset (ROA)	0.49%	2.54%	3.10%	1.98%	3.64%
Profit Margin	5.77%	38.82%	41.13%	34.21%	39.52%
Interest cost to asset ratio	0.95%	0.71%	0.56%	0.26%	0.46%
Net operating Margin	4.65%	3.74%	2.71%	2.049%	3.01%
Net interest Margin	3.06%	2.69%	2.38%	1.639%	2.78%

Multiple measures, including Return on Equity (ROE), Return on Asset (ROE), Profit Margin, Interest Cost, Net Profit Margin, and Net Interest Margin are included in this table. In 2018, Woori Banks' Return on Equity was 1.56%; in 2019, it increased to 12.21%. When the Covid 19 strikes in 2020, the ROE drops to 8.93%; it drops again in 2021 to 6.52%; however, when things start to get better, the ROE starts to rise to 7.85%. I will now discuss ROA. It was 0.49 percent in 2018 and rose to 2.5 percent in 2019. In 2020, it grew to 3.10 percent. It slightly decreased in 2021 to 1.98%, but it increased once more in 2022 to 3.64%. Another element of the profitability ratio is the profit margin. First of all, in 2018 it was 35.77%, and in 2019 it increased to 38.82%. Once more, it rose to 41.13% for 2020. Then, in 2021, it fell to 34.21%. Finally, it raised once more to 39.52% in 2022. I'll now discuss the interest cost to asset ratio. It was 0.95% in 2018 before dropping to 0.71% in 2019, which was followed by drops to 0.56% and 0.26% in 2020 and 2021. Finally, in 2022, it raised to 0.46%. The net operating margin for 2018 was 4.56%. Then it starts to decline, falling by 3.74% in 2019 and 2.71% in 2020, respectively. It again falls to 2.049% in the year 2021. In the end, it raised to 3.01% in 2022. Net interest margin is the final element. 2018 had a 3.06% increase. From 2019 to 2021, it then started to decline by 2.69%, 2.38%, and 1.63%. Finally, it raised to 2.78% in 2022.

4.3 The main risks – Liquidity Risk

Data will be shown here for the past 5 years' liquidity ratio of Woori Bank Bangladesh LTD.

	2018	2019	2020	2021	2022
Cash to Total Deposit	0.759	0.476	1.029	0.454	0.463
Cash to Total Demand Deposit Ratio	0.407	0.231	0.440	0.233	0.197
Non-Deposit Borrowing Ratio	0.550	0.502	0.412	0.516	0.418
Cash to Demand Deposit	0.149	0.125	0.235	0.101	0.168
	0.747	0.458	1.019	0.456	0.448

There are five components in a liquidity ratio that together allow us to measure the liquidity ratio as a whole. These include the ratios of demand deposits, cash to total deposits, total deposits to cash, non-deposit borrowing ratios, and cash demand deposits. Cash tot deposits totaled 0.759 in 2018. Then, in 2019, it falls to 0.476, but in the intervening year of 2020, it soars to 1.029. once again, it started to fall to 0.454. Finally, it rises somewhat to 0.463. Talk about the money amount now. It reached 0.407 in 2018 before dropping to 0.231 in 2019. Then it rises to 0.440 in 2020. Once more, it started to fall to 0.233 and 0.197 in 2021 and 2022. Let's now discuss the demand deposit ratio. It was 0.550 in 2018, however, in 2019 and 2020, it drops to 0.502 and 0.412, respectively. Then it rises to 0.516 in 2021. Once more, it falls to 0.418. Non-deposit borrowing ratio is another component of the liquidity ratio. It stood at 0.149 in 2018. In 2019, it falls to 0.125. Then, in 2020, it rises to 0.235. It declines once more to 0.101 in 2021. And last, in 2022, it rises to 0.168. Cash for demand deposits is the final component. 2018 saw a value of 0.747. Then, in

2019, it falls to 0.458. Once more, in 2020, it rises to 1.019. Now, it started to decline by 0.456 and 0.448 in 2021 and 2022. I may claim that the year 2022 is getting closer to a decrease in three distinct areas of liquidity ratio. So, I believe Woori banks management should work to improve their liquidity as a result.

Definition:

Liquidity risk is one of the threats that Woori Bank, like all other financial institutions, must deal with when conducting its business. The possibility that a bank would have trouble paying its short-term debts or funding needs is known as liquidity risk. When Woori Bank is unable to access enough money at a fair price to continue its continuous operations or fulfill its financial commitments, this risk occurs.

The liquidity risk that Woori Bank is exposed to is influenced by several things. First off, customer deposits are the bank's main source of funding. The bank's liquidity position may be put under stress if many depositors withdraw money suddenly, especially if the amount withdrawn exceeds the bank's cash reserves. The nature of the bank's assets is another element that influences liquidity risk. During stressful times, it may be challenging if a sizable amount of Woori Bank's assets is difficult to sell rapidly without suffering sizable losses. Long-term loans, investments in securities with little trading activity, and real estate holdings that are difficult to quickly turn into cash are examples of illiquid assets.

Liquidity risk may also be increased by Woori Bank's reliance on short-term funding sources like interchange borrowing or commercial paper for funding. These finance sources may become more limited or more expensive during periods of monetary instability or tightening lending standards. A crisis of liquidity could happen if the bank is unable to renew or turn over its short-term borrowings.

Liquidity risk assessment:

It is caused by an imbalance between a bank's assets and liabilities as well as by its capacity for rapid cash conversions. When determining liquidity risk, keep the following things in mind:

Evaluation of the bank's funding profile, including its use of capital markets, interbank borrowing, and deposits. Generally speaking, a varied and steady financial basis is preferred. Analyze the bank's assets, including its loans and investments, for quality. The bank's capacity to generate timely funding may be impacted by poor asset quality. Review the bank's policies and procedures

for controlling liquidity risk in the Liquidity Risk Management Framework. This entails monitoring and stress-testing liquidity positions, setting up backup funding strategies, and preserving sufficient liquidity reserves. Analyze the bank's compliance with all applicable regulations on the control of liquidity risk. Frequently, banks must maintain specific liquidity ratios and adhere to regulatory stress test requirements.

Market conditions should be taken into account as they could affect the bank's liquidity situation. A bank's capacity to utilize funding sources may be impacted by changes in interest rates, market liquidity, or an investor's state of mind. Plans for contingencies: Analyze the bank's preparedness for unfavorable circumstances. Examine the organization's ability to manage future liquidity shocks, access to emergency liquidity facilities, and contingency funding strategies. Reviewing the bank's financial statements, annual reports, and disclosures is crucial when assessing the liquidity risk of Woori Bank in particular because doing so will give you a thorough picture of the bank's liquidity status.

5. The management of all the risks

Credit Risk Management:

Well-Defined Credit Policies and Procedures: Woori Bank needs to set up procedures and rules for credit that are precise and well-defined. These policies serve as guidance for the bank's methods for assessing credit risk, determining loan approval standards, and setting risk tolerance limits. Woori Bank ensures consistency in credit decision-making, encourages transparency, and offers a framework for successfully managing credit risks by having clearly defined policies and procedures.

Diversification of Credit Portfolio: When a significant portion of a bank's credit portfolio is exposed to just one borrower, market, or sector, concentration risk develops. Diversifying its credit portfolio is one way Woori Bank might reduce this risk. This involves providing loans to borrowers

from various fields, regions, and industries. Diversification increases the general stability of the credit portfolio by minimizing the effects of credit losses from a particular borrower or industry.

Effective Credit Underwriting: Credit underwriting is the process of establishing the terms and conditions of the loan as well as the creditworthiness of the borrower. To evaluate borrowers' ability to repay loans, examine their financial statements, evaluate the caliber and worth of collateral (if applicable), and take other relevant factors into account, Woori Bank should use efficient credit underwriting procedures. Selecting creditworthy applicants, lowering the risk of default, and maintaining a portfolio of high-quality loans are all made possible by sound underwriting rules.

Early Warning Systems and Credit Monitoring: Credit monitoring is a continuous procedure that requires keeping tabs on the performance of the bank's credit portfolio. To detect indicators of impending default or deteriorating credit quality at an early stage, Woori Bank should create early warning systems as well as set up efficient credit monitoring systems. These systems may have important risk indicators, thresholds, and triggers that notify the bank of possible credit risks. The bank can promptly act, such as restructuring loans, starting collection attempts, or making provisions for probable losses, by continuously monitoring the credit portfolio. Additionally, credit monitoring helps in the detection of emerging patterns or systemic problems, allowing Woori Bank to modify its procedures and strategies for managing credit risk accordingly. Early warning systems are crucial equipment for proactive credit risk management since they let the bank correct credit vulnerabilities quickly and reduce possible losses.

Liquidity Risk Management:

For Woori Bank, managing credit risk is a significant obligation since it helps to ensure that the bank conducts its lending activities responsibly and with the least amount of risk of defaults and loss of funds. A thorough set of procedures and methods for determining a borrower's creditworthiness, keeping track of the portfolio's quality, and putting protective measures in place are all necessary for effective credit risk management.

To begin with, Woori Bank uses strict criteria for credit assessment. The bank carefully assesses potential borrowers' creditworthiness, ability to repay, and collateral before offering loans. By identifying and choosing borrowers with a low likelihood of default, this thorough assessment method helps minimize the underlying credit risk.

The bank also understands the value of ongoing credit monitoring. To track the performance of borrowers and spot any indicators of a decline in their creditworthiness, periodic credit evaluations are carried out. Woori Bank can prevent credit losses by being proactive and watchful in spotting potential dangers. This could include entering into restructuring or refinancing agreements with borrowers who are having financial difficulties, allowing credit concerns to be resolved before they worsen.

To determine the potential effects of negative circumstances on its liquidity situation, Woori Bank can develop models for cash flow projections and run stress tests. Estimating the time and size of cash inflows and withdrawals is a component of cash flow forecasting. The bank can spot possible liquidity shortfalls and make the necessary preparations in advance by evaluating anticipated cash flows. Stress testing entails putting the bank's cash flows and balance sheet through fictitious unfavorable situations, including economic downturns or liquidity shocks, to see how it would perform under pressure. It helps Woori Bank in evaluating its resilience and making sensible decisions to reduce risks. To maintain a balance between cash inflows and outflows, asset liability management entails controlling the bank's assets and liabilities. The time frames and cash flows of Woori Bank's assets (loans, investments), and liabilities (deposits, borrowings), can be matched using ALM approaches. Ensuring that the bank has enough cash inflows from its assets to cover its cash outflows from obligations, helps in reducing liquidity risk. Woori Bank can keep an

ongoing financing profile and lower the possibility of liquidity mismatches thanks to effective ALM policies.

Woori Bank can develop contingency funding plans to address liquidity stress situations. These plans outline specific actions and strategies to be implemented when faced with liquidity disruptions. For example, the bank may identify alternative funding sources, negotiate standby credit lines with other financial institutions, or consider asset sales or securitization options to generate immediate cash inflows. Contingency funding plans also involve establishing clear protocols and lines of authority to facilitate swift decision-making during times of stress. By having well-prepared contingency plans, Woori Bank can respond effectively to liquidity challenges and maintain its financial stability.

The effective monitoring, evaluation, and mitigation of liquidity risks will be improved by putting these methods into practice and implementing them into Woori Bank's extensive liquidity risk management framework.

6. Findings & Recommendations

By evaluating a bank's ability to provide unlimited financial services and efficiently manage its assets, liabilities, profitability, investments, and expenses, I can assess how economically sustainable it is. Analysis of Woori Bank's financial and risk environment management was part of my project.

Credit risk is a major risk to Woori Bank's financial stability, profitability, and asset quality. To sustain its overall performance, the bank must successfully manage credit risk. The bank has put in place strong Know Your Customer (KYC) guidelines and a Credit Risk Management (CRM) guideline to evaluate the creditworthiness of consumers and predict the probability of loan repayment or default. The procedure of determining credit risk includes analyzing the financial statements, credit histories, collateral value, and market and industry conditions. To effectively determine credit risk, Woori Bank uses financial statement analysis, credit rating algorithms, and market/industry research. The management of credit risk depends heavily on profitability statistics

including Return on Equity (ROE), Return on Assets (ROA), Gross Profit Margin, Operating Profit Margin, Net Interest Margin, and Interest Cost to Asset Ratio. These ratios aid in assessing the profitability, ability to repay, and creditworthiness of borrowers.

Woori Bank is vulnerable to liquidity risk because of several reasons. Withdrawals of customer deposits may put pressure on the bank's liquidity, especially if they exceed its cash reserves. Liquidity risk can also be impacted by assets that are not liquid like long-term loans and securities with little market activity. The vulnerability to liquidity shortages during times of inflation or stricter lending requirements is further increased by reliance on short-term funding sources, such as interchange borrowing or commercial paper.

Woori Bank should review its funding profile, which includes capital markets, interbank borrowing, and deposits, to accurately identify liquidity risk. Analysis of asset quality is essential since inferior assets might prevent timely funding creation.

6.1 Recommendations

I suggest some strategies that, in my limited experience, might improve Woori Bank Bangladesh's success. First off, even if Woori Bank Bangladesh follows the guidelines established by Bangladesh Bank, it should think about making choices that are relevant to the features of the banking industry in Bangladesh. Although Woori Bank GlobalX's main office often makes important choices, taking into account local knowledge can help the bank flourish in Bangladesh. When assessing the financial stability of Woori Bank Bangladesh, I notice fluctuations in performance throughout time. This unstable position has undoubtedly been made worse by the COVID-19 outbreak. But there was instability in the atmosphere long before the pandemic. Woori Bank should implement a thorough plan to ensure consistency and stability in its financial performance. Strong financial health depends on consistent performance. A detailed examination of Woori Bank's most current financial situation reveals some cause for concern. The bank experienced issues with profitability in 2020 that may have been caused by the worldwide outbreak. However, in 2021, it showed signs of improvement. In terms of managing leverage, the bank took on a riskier stance in 2021 than it did in the previous year. The competition in the financial services industry is getting more intense. Banks need to have a strong asset base (loans) and a reliable liability base (deposits) to succeed. This has also been the general tendency in recent years. The banking industry's main focus areas are assets and liabilities. While it is true that

changes in interest rates provide difficulties, the bank must create a thorough plan to deal with such volatility.

Woori Bank must make sure that its credit policies and procedures are routinely reviewed and updated to meet changing regulatory requirements and market conditions. Policies that are precise and well-defined offer direction and consistency in credit decision-making. Woori Bank should do more to diversify its credit portfolio by giving loans to borrowers from various markets, regions, and sectors to lower the risk of concentration. This can mitigate the impact of credit losses from particular borrowers or industries. Enhance credit underwriting procedures by carefully examining borrowers' financial accounts, collateral value, and other relevant factors. Woori Bank should concentrate on strengthening its credit underwriting operations. The bank will be able to choose reliable candidates and keep a portfolio of high-quality loans thanks to sound underwriting requirements.

To identify early warning signals of impending default or declining credit quality, the bank should set up efficient early warning systems and credit monitoring procedures. This will make it possible to take prompt action to mitigate credit risks, such as structuring loans, pursuing collections, or making provisions for projected losses. Establishing a culture of risk awareness and training is important for Woori Bank to ensure that all of its staff members have a thorough understanding of credit risk management procedures. The effectiveness of employees' ability to identify, monitor, and manage credit risks will be improved through regular training sessions. Woori Bank's credit risk management capabilities can be improved by utilizing technology breakthroughs like data analytics, machine learning, and artificial intelligence. Automated systems might assist with risk management by helping with portfolio monitoring, early warning signal detection, and evaluation of credit.

Woori Bank should work to raise its liquidity ratio above 1.20, which is seen as beneficial. By putting techniques to improve liquidity management into place, this can be achieved. Increasing overall liquidity and reducing dependency on short-term borrowing are two benefits of diversifying funding sources. Woori Bank should look into strategies to draw consistent deposits and minimize the possible effects of unforeseen customer withdrawals. Woori Bank can reduce the risk of liquidity by concentrating on the quality of its financial holdings. It should evaluate the marketability and liquidity of its assets to make sure that a sizable chunk can be rapidly converted

into cash when necessary. Woori Bank needs to create cash flow prediction models and stress tests to determine how well-prepared it is for worst-case scenarios.

These suggestions can help Woori Bank improve its credit risk management procedures, decrease potential credit losses, and maintain a healthy loan portfolio, protecting its financial stability and profitability. They can also help Woori Bank improve its liquidity risk management procedures, reduce its vulnerability to liquidity shocks, and maintain its financial stability in the face of potential difficulties.

6.2 Conclusion

In conclusion, the analysis of Woori Bank's financial risk has highlighted important features of credit risk and liquidity risk, as well as practical management techniques. A full-service bank, Woori Bank offers a wide range of products and services to people, companies, and government organizations. Along with its customer-focused approach, Woori Bank is committed to upholding effective risk management procedures and following legal requirements. Here, I've discussed how the workplace is run, how it's managed, Woori Bank's organizational culture and structure, work behavior, the operation of the customer service and remittance departments, the SWOT analysis of the Woori Bank, and various risk categories like operational risk, technology and cyber security risk, market risk, foreign exchange risk, credit risk, and liquidity risk. Credit risk and liquidity risk are the two primary types of risk. In this report, I went over the causes of the credit risk and liquidity risk that exist in banks. Additionally, I discussed how Woori Bank and perhaps other banks might handle these two risks when they come into force.

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8. Appendix A.

*Formulas used in this report

Return on Equity (ROE)	Net profit/equity
Return on asset (ROA)	Net profit/Total Asset
Profit Margin	Net profit/ Total income
Interest cost to asset ratio	Interest expense/ Total asset
Net operating Margin	(Total operating income- Total operating expense)/ total asset
Net interest Margin	(Total interest Income- Total interest expense)/Total asset
Cash to Total deposit	Cash and bank balance/total deposits
Cash to Total	cash and bank balance/total asset
Demand Deposit Ratio	Total Demand deposits/ Total asset
Non-Deposit borrowings ratio	Non-deposit Borrowings/Total asset
Cash-to-demand deposit	cash and bank balance/demand deposit

*Calculation Results

	Profitability Ratio				
	2018	2019	2020	2021	2022
Return on Equity (ROE)	0.0156	0.1221	0.0893	0.0652	0.0785
Return on asset (ROA)	0.0049	0.0254	0.0310	0.0198	0.0364
Profit Margin	0.0577	0.3882	0.4113	0.3421	0.3952
Interest cost to asset ratio	0.0095	0.0071	0.0056	0.0026	0.0046%

Net operating Margin	0.0465	0.0374	0.0271	0.02049	0.0301
Net interest Margin	3.06%	2.69%	2.38%	1.639%	2.78%

	Liquidity Ratio				
	2018	2019	2020	2021	2022
Cash to Total Deposit	0.759	0.476	1.029	0.454	0.463
Cash to Total Demand Deposit Ratio	0.4070	0.2310	0.4401	0.2330	0.1971
Non-Deposit Borrowing Ratio	0.5501	0.5021	0.4123	0.5160	0.4181
Cash to Demand Deposit	0.1490	0.1251	0.2350	0.1013	0.1682
	0.7470	0.4581	1.0194	0.4563	0.4480