FINANCIAL HEALTH AND RISK MANAGEMENT OF WOORI BANK BANGLADESH

ARZUMAN ARA

SEPTEMBER 19, 2022

WORRI BANK
Bangladesh

UNITED INTERNATIONAL UNIVERSITY

Internship Report on

Financial Health and Risk Management of Woori Bank Bangladesh

Submitted By,

Arzuman Ara

ID: 111 181 022

BBA

Submitted To,

Nusrat Farzana

Assistant Professor

School of Business and Economic, UIU

Date of Submission: 19th September, 2022

September 19, 2022

Nusrat Farzana

Assistant Professor

School of business and economics (UIU)

United International University

Subject: Application for submit an Internship report on **“Financial Health and Risk Management of Woori Bank Bangladesh’’**

The report contains a comprehensive study on the overall topic which was a great pleasure for me to have the opportunity to work on that. I have endeavored my best to come out with a good one. I would be very happy to provide you with any clarification regarding the report which will increase my knowledge further.

Lastly, I would like to thank you and hope that you would be kind enough to accept my report.

With best regards,

Arzuman Ara

ID: 111 181 022

BBA, (Major: Finance)

United International University

Acknowledgment

First of all, all praises and thanks due to Almighty “ALLAH” who helped me with bunch of supportive people to accomplish our report. Successful completion of any course requires guide from a variety of people. I was lucky to get the instruction and supervision of my teacher, buddies and employees of Woori Bank helped me in development of my work.

I desire to show gratitude to my respected supervisor Nusrat Farzana Ma’am, Assistant professor of United International University, for her huge guide and instruction in every aspect of the research. Her instruction and response for my each and every question helped me a lot to complete the project.

Finally, I would like to thanks to my mother and father who inspired us to complete the report of Internship.

Summary

Woori Bank is a part of the Woori Financial Group, The bank's headquartered in Seoul, South Korea. It was establish in 1899. Woori Bank is the first South Korean bank to support non-Internet Explorer web browsers for online banking in Korea. Woori Bank has operations in Bangladesh and registered as "Woori Bank Bangladesh". I experienced Woori bank's culture, work environment only for 3 months as an intern. In this report I try to figure out the financial health and risks of "Woori bank Bangladesh". Financial ratio analysis is one of the most popular tools of measuring financial health of any organization. I also use some ratios to come out with a conclusion of Woori bank Bangladesh's financial health. In this report, I use profitability, liquidity, efficiency, financial leverage and asset turnover ratios as my measurement tools. And I also use CAMLES rating system. CAMELS is an international rating system that used to rate financial institutions based of capital adequacy, assets, managements, earnings, liquidity and sensitivity. If we interpret Woori bank's financial health based on profitability we can say the bank is in positive direction. But the bank's financial health is not constant. Not only in profitability but also in liquidity and financial leverage, the bank's performance is same. In 2020 and 2021 COVID 19 could a cause of this misbalance situation but before the pandemic the health was also inconstant. From financial ratios exploration and CAMELS rating we can say the financial health of Woori bank Bangladesh is in good position but there is huge space for improvement. The asset and liability maturity has a mismatch in Woori bank's report. The bank has rate sensitive assets with maturity up to 10 years. But rate sensitive liabilities maturity not more than 5 years. And in short run the bank using more short term liabilities than short term assets. With 5 years gap ratio calculation, it is identified that 4 years gap ratio is negative and only 1 year's result is positive. A gap ratio, which will close to zero is always better. Woori bank Bangladesh needs more refinancing. But the fluctuation of interest rate is a cause of this misbalance. For Woori bank Bangladesh, investment and financing decisions come from the head office. Woori bank has investment for long run but in short run the bank may face liquidity risk. And for refinancing interest rate risk also present for the bank. Woori bank is concern about Credit Risk. The bank has CRM department. And the team trying to have safe credit system. Although all the banks now a days depends on technology based banking but as Woori bank is a multinational bank, they are mostly dependent on technology and IT department. Day by day cybercrime is spreading like air,

so Woori bank has cyber risk. That’s why Woori bank Global is planning for more powerful IT department. And I think Woori Bank Bangladesh should be more careful more managing the common risks that the local banks facing in Bangladesh. In this short time, I may not be able to have a proper interpretation of Woori Bank Bangladesh financial health and all the risks that a bank faces, so more research can lead an impeccable outcome.

Contents

Chapter 1: Introduction

1.1 Introduction

Temporary position (internship) programs are regarded as one of the final steps before graduating since they allow students a chance to see and comprehend how the knowledge they have learned in their graduation program is put into practice in real-world situations. I joined WOORI Bank Bangladesh, one of the major MNC Banks in the keeping money sector, to complete my entry-level position programs. Bangladesh is hardly an exception when it comes to the enormous role that banks play in a country's economy. Attempt to determine the bank's financial stability as well as the risks it faces. Banks are in charge of the general public's benefits. It influences and promotes a broad range of yet integrated financial activities like asset preparation, neediness disposal, generation, and open back circulation. One of these is the recognizable third-era bank, WOORI Bank. Because financial health is the foundation from which everyone may understand the situation of the bank, I chose financial health and risk as my study tools. The bank's financial institution status, including its assets, liabilities, and financial position. Additionally, financial institutions are always exposed to certain dangers, therefore I look at the hazards the bank is exposed to and how Woori Bank manages those risks.

Origin of the Report: For BBA students, the internship program is a requirement. It is actually a three-month program. Students are eligible for this program if they have finished all the prerequisite courses. I spent three months working for the WOORI Bank Bangladesh as part of the internship program.

1.2 Objectives of the study

The report's main goal is to analyze the financial life of banking activities with a practical focus. But there is a more general goal driving this study. The following succinctly expresses the report's main goals:

- To comply with all branch banking processes and the banking terms.
- To create a link between the anticipated financial situation and the actual practices used in day-to-day banking operations.
- To be familiar with the vocabulary that United International University has taught.
- To obtain real-world experience and see how financial knowledge is used in practice.
- To use balance sheets and income statements to determine the bank's financial situation during the last five years.
- To be aware about the risk that banks faces and to know the protections terms against those risks.

1.3 Methodology of the study

This report was created using the knowledge and expertise gained throughout the internship. The annual reports are the data's sources. Gathering both primary and secondary data about the practical focus of banking activity. For my report, I have gathered both primary and secondary sources of data. So both primary and secondary data were used to create this research.

Primary data:

- Both open-ended and closed-ended inquiries
- Personal experience obtained from visiting several desk.
- Face to face communication with employees of the WOORI BANK.

Secondary data:

- Annual reports of WOORI BANK
- Data collected from internal report
- Bank records
- Journals of the Bank
- Official Website of the Bank

1.4 Scope of the study

This report aids in my comprehension of the clear, in-the-moment experience about the overall management of WOORI BANK and how the bank oversees its entire operation. It also makes it easier for me to comprehend how they interact with customers. This paper was created to provide readers with a detailed understanding of how Commercial Banks engage with and do business. I am confident that my report will be very beneficial to people seeking a banking orientation. If necessary, bank management may also use the data from my observations when making managerial decisions.

1.5 Limitation of the study

While writing this report, I was constrained in various ways. The current study did not have any restrictions. However, having the opportunity to be an intern gave me a tremendous chance to learn about the banking sector in Bangladesh, particularly WOORI BANK.

The lack of internship time is one of the main restrictions. Many of the elements could not be explored in the present due to time constraints.

This report does not cover all about WOORI BANK because three months is not long enough to learn everything about a bank. The study doesn't offer a lot of significant information and data due to the limits of different information sources.

Every scheduled commercial bank is governed by Central Bank directives. For the foreign bank, most instructions are private. I was therefore unable to offer useful information.

There were insufficient records and publications.

1.6 Literature Review

Bank and banking system: Bank is a well-known financial organization on a global scale. a financial establishment that provides loans and accepts deposits. Every nation's economy depends heavily on banks. Banks have authority over monetary policy, economic growth, and inflation. A form of network connecting two clients is the banking system. Although banks engage in a variety of financial activities, they particularly engage in relatively basic tasks like collecting deposits from depositors and disbursing loans to customers.

Bank's financial health: Understanding a bank's financial situation is crucial because banks are the most external financial institutions. A bank's financial situation is described by its financial health. A component of financial health is a bank's entire net worth and savings available for use now or in the future. Debt also affects the cash available for future usage and is a component of financial health. Examples include credit card debt, mortgages, and student loans. We can assess the financial health of any firm, including banks. There is a favorable association between financial performance and asset size, asset utilization, and operational efficiency, according to a study that aimed to examine the financial performance of seven chosen Jordanian commercial banks. *(2012) (Almazari).*

Calculating some ratios is one of the greatest ways to evaluate a bank's financial situation. Investigating the four basic aspects of financial soundness is liquidity, solvency, profitability, and operational effectiveness. When assessing a bank's performance, liquidity, solvency, and operational effectiveness are all crucial aspects to take into account. However, a bank's net profitability is still its major concern. A bank can operate on the goodwill of creditors and investors for years without turning a profit. However, a bank must eventually achieve and maintain profitability if it hopes to exist over the long term. And once the profitability ratio is positive, we'll assume the bank is in good financial standing. (*What Is the Best Measure of a Company's Financial Health?*, n.d.). A bank's efficiency ratio can be used to demonstrate a variety of factors about the bank, including how quickly clients can be paid in cash or how quickly investments can be turned into income. Since of this, efficiency ratios are significant because they frequently correlate with increased profitability..(*Efficiency Ratio Definition*, n.d.). The liquidity ratio is crucial for banks because it allows us to determine whether or not a bank can operate profitably with its liquid assets. When a bank can demonstrate that it has enough current assets to cover its expenses, at that moment we can declare the bank is financially sound. Financial leverage measure shows the bank's ability to meets its financial obligations. Leverage ratio laws for banks are intricate. The Federal Reserve has set restrictions for bank holding companies, however these restrictions are based on the bank's rating. Generally speaking, banks with rapid expansion or operational or financial challenges must maintain greater leverage levels..(*Leverage Ratio Definition*, n.d.)

CAMELS: The CAMELS Rating System was created in the US as a supervisory rating system to evaluate the general health of a bank. A supervisory rating system created in the US is called the "CAMEL" rating. To categorize a bank's entire status in 1979–1980. Utilized by all banks and credit unions in the United States, as well as by a number of financial regulatory bodies outside the country. The six variables that are taken into account for the ranking are abbreviated as CAMELS. According to the RBI, the CAMELS rating system and other oversight procedures were not sufficiently risk-focused or forward-looking. A revised supervisory grading system was determined to be necessary in light of the risks that surfaced during the global financial crisis of 2008. A high level steering committee submitted its report in June 2012 after a review of the supervisory processes in commercial banks.*(Padmalatha, 2011)*

Bank and Risks

In the meanwhile we know that banks pursuit its activity with money, deposits and loans. Bank take deposits and provide loan and the net interest of these two elements is bank's income. But bank has problem when the given loan become Non-performing loan. That means borrower does payback the principal amount and interest amount. The customer will default the risk, the maturity of asset and liabilities of the bank will not match, these probabilities is known as bank's risk. The main risks faced by banks include credit risk, operational risk and liquidity risk.

Credit risk: Credit risk is the potential for the borrower to default on the loan. According to a study on the interaction of the financial and real sectors, banks are more vulnerable to future declines in economic activity and asset prices when credit growth is based on rising credit demand, income, asset prices, currency availability, interest rate differences between countries, and regulatory framework relaxation. *2012 (Gheorghe).* Loans that exceed a certain level of fault are typically labeled non-performing and provisioned in common banking practice. Despite this, there is still a chance that precautions won't be enough. Capital buyers are required to assume this risk. Banks should build framework tools and used in portfolio credit risk modeling and provides a structured approach to address the risk that is non-performing loans. (*Papadopoulos and Xiayan (Jason) Wang, 2016*)

Interest rate risk: Interest rate risk refers to the potential for the market's interest rates to change, which could result in a reduction in the bank's net income. Repricing gap is one of the main causes of interest rate risk. the difference between obligations with interest rates that will be repriced or modified over a future period rate-sensitive liabilities and assets with interest rates that will be. Banks with a positive gap have more RSA than RSL. An increase in market interest rates may result in an increase in net interest income if the Gap is positive or assets sensitive. Additionally vulnerable to reinvestment risk. This risk indicates that the return on the money that will be reinvested will be less than the money's cost. Banks with negative gaps have more RSLs than RSAs. The gap is the difference between the assets and liabilities of a bank that will mature or be subject to recapture over a specified period of time. It refers to the risk of refinancing. This refers to the possibility that the cost of refinancing or borrowing money will become greater than the return on asset investments. The impact of prospective changes in interest rates on each bank must be carefully and often measured using risk measurement tools. The bank should take into account the anticipated volatility of rates and the time frame within which the bank could reasonably react to close the position when selecting relevant rate scenarios to measure the impact of rate changes..(*Managing Core Risks in Banking : Management (Alm)*, n.d.). There have been numerous studies conducted outside of Bangladesh examining the asset liability maturity gaps of the banking sector, but very few in Bangladesh. There have only been a few number of studies that compare and measure the asset-liability maturity disparities of international banks in Bangladesh. Liquidity risk and interest rate risk are two major hazards that banks face. Banking businesses keep an eye on the difference between RSAs and RSLs to make sure there is enough liquidity. Banks that can't predict interest rates with any degree of accuracy. Try to keep an equal number of RSAs and RSLs to protect against interest rate risks if your capacity to absorb risk is close to zero. As a result, the study was started to evaluate and analyze the maturity gaps of the banks' RSAs and RSLs and determine their riskiness to interest rate and liquidity threats by calculating the Value at Risk of the Gaps.*(Fatima & Saha, 2019)*

Technology and cyber risk: Even while all business kinds may encounter cybercrime, banks are at the forefront of the threat. For banks whose business is primarily conducted online or is entirely dependent on technology, managing cybersecurity and technology risk is a significant problem. Businesses in the finance sector often manage trillions of dollars and maintain extremely valuable and vital data online, including credit card information, deposit information for estates, wills, titles, and other sensitive data. Cyber - criminals are more likely to be able to get and profit from that data because to hybrid workspace practices that have been expedited by COVID-19. Cybersecurity risk was rated "extremely important" by more than 80% of bankers as the highest internal risk, more than double the other operational risk categories and higher than the 60% reported the previous year, according to a survey conducted by the Conference of State Bank Supervisors (CSBS) in September 2021. (*Key Threats and Cyber Risks in 2022*, n.d.) Cyber or technology risk includes any harm done to systems, networks, and IT system issues, as well as any operations halts or profit losses brought on by hacker or virus activity, as well as any harm brought on by the breaking of rules and norms. Banks must have legal protection insurance under particular circumstances. Today, it's typical to experience data corruption (due to hacking, illegal access, human error, or software error) and loss of profit. To meet security standards in the wake of cyberattacks, bankers must come up with new and creative approaches for data analysis. Cybercriminals are aware that banks have a ton of client information.. *(Yıldırım, 2018)*

Chapter 2: Company Overview

2.1 A Brief Synopsis of WOORI Bank

Woori Bank is a subsidiary of the parent company Woori Bank Financial Group. Woori Bank (Hangul: 우리은행 Uri Eunhaeng) is a bank with its main office in Seoul, South Korea The bank was founded in 1899 and was initially known as Daehan Cheon-il Bank. In 1911, its name was changed to Joseon Sangup Bank, and in the 1950s, it became Business Bank of Korea. It merged with the former Hanil Bank and Peace Bank following the 1997 Asian financial emergency to become Hanvit Bank. In 2002, Woori Bank was given its current name. The Gwangtonggwan, the oldest continuously operating bank in Korea, houses its Jongno branch. On May 5, 2001, it was added to the list of the city's protected landmarks. Gaeseong, North Korea, the Woori Bank opened a branch in the Gaeseong Modern Complex in 2004.Woori Bank became the first South Korean bank to provide UnionPay platinum cards in China in May 2009. It became the first foreign bank in territorial China to provide Shanghai Tourism Cards in Walk 2010. Woori Bank operates in Indonesia, Bangladesh, and India. Its Indonesian subsidiary, Bank Woori Indonesia, announced an agreement to merge with a nearby bank, Bank Saudara, on March 14, 2012. Woori Bank opened its first branch in India in Chennai in April 2012. Other than Web Voyager, Woori Bank is the primary South Korean bank that supports web applications for online banking in Korea. Its exterior sections, like the one situated in China, still require IE.

There are adding up to 6 branches of Woori Bank Bangladesh arranged in 3 regions inBangladesh.

Bank Name	**Branch Name**	**Address**	**Telephone**	**SWIFT Code**	**District**
WOORI Bank Bangladesh	DEPZ Customer Service Center, Bangladesh	Dhaka Export Processing Zone (Old Area) Ganakbari	028813270-3	HVBKBDDH	Dhaka

		Savar, Dhaka-1349			
WOORI Bank Bangladesh	Gulshan Branch	Suvastu Imam Square, 65 Gulshan Avenue, Dhaka-1212	028813270-3	HVBKBDDH	Dhaka
WOORI Bank Bangladesh	Mirpur Branch	Padma Bhaban Plot : 1/9, Pallabi Mirpur-12, Dhaka-1216	029021060-1	HVBKBDDH	Dhaka
WOORI Bank Bangladesh	Uttara Branch	Paradise Tower Plot : 11, Sector :3, Uttara Model Town, Dhaka-1230	028962125-6	HVBKBDDH	Dhaka
WOORI Bank Bangladesh	Agrabaad Branch	World Trade Center, Plot : 102, 103, Agrabad Commercial Area, chittagong	031728221-4	HVBKBDDH	Chittagang
WOORI Bank Bangladesh	Narayanganj Branch	Adamjee Export Processing Zone, Shiddhirganj, Narayanganj-1431	027692031-4	HVBKBDDH	Narayanganj

For every financial transaction, they conform to a set of fundamental, consistent rules or procedures. These services have been suspended:

- Deposit to a Direct Overseas Remittance Account is unavailable, as are all account transactions.
- Automated transactions (deposits, withdrawals, transfers, and inquiries) are not permitted (ATM)
- No use of Internet Banking, Smart Banking, Tele Banking, WiBee Banking, One-Touch notification, WiBee Members, etc. for account transfers and inquiries.
- Using other banks or financial institutions for deposits, withdrawals, transfers, or inquiries regarding WOORI bank accounts is prohibited.
- One-touch alert and SMS notification services will be offered.
- Credit card long-term loans won't be offered (card loan).
- You cannot utilize or transfer any Cyber Stock money connected to a WOORI Bank account or certain businesses.
- There is no insurance payment service accessible at the airport for departure guarantees.

The services that would be always available are:

It will be possible to use a credit card through an ATM operated by a different bank to use the cash card advance service.

The bank always aspires to uphold the following key values:

- A report on the customer center will be available.
- Client satisfaction: prioritizes customer satisfaction.
- Setting an example for the future: taking on obstacles to build a better future.
- Honesty and trust are the cornerstones of a sound financial system.
- Prioritizing talents: develops talents.

2.2 Vision

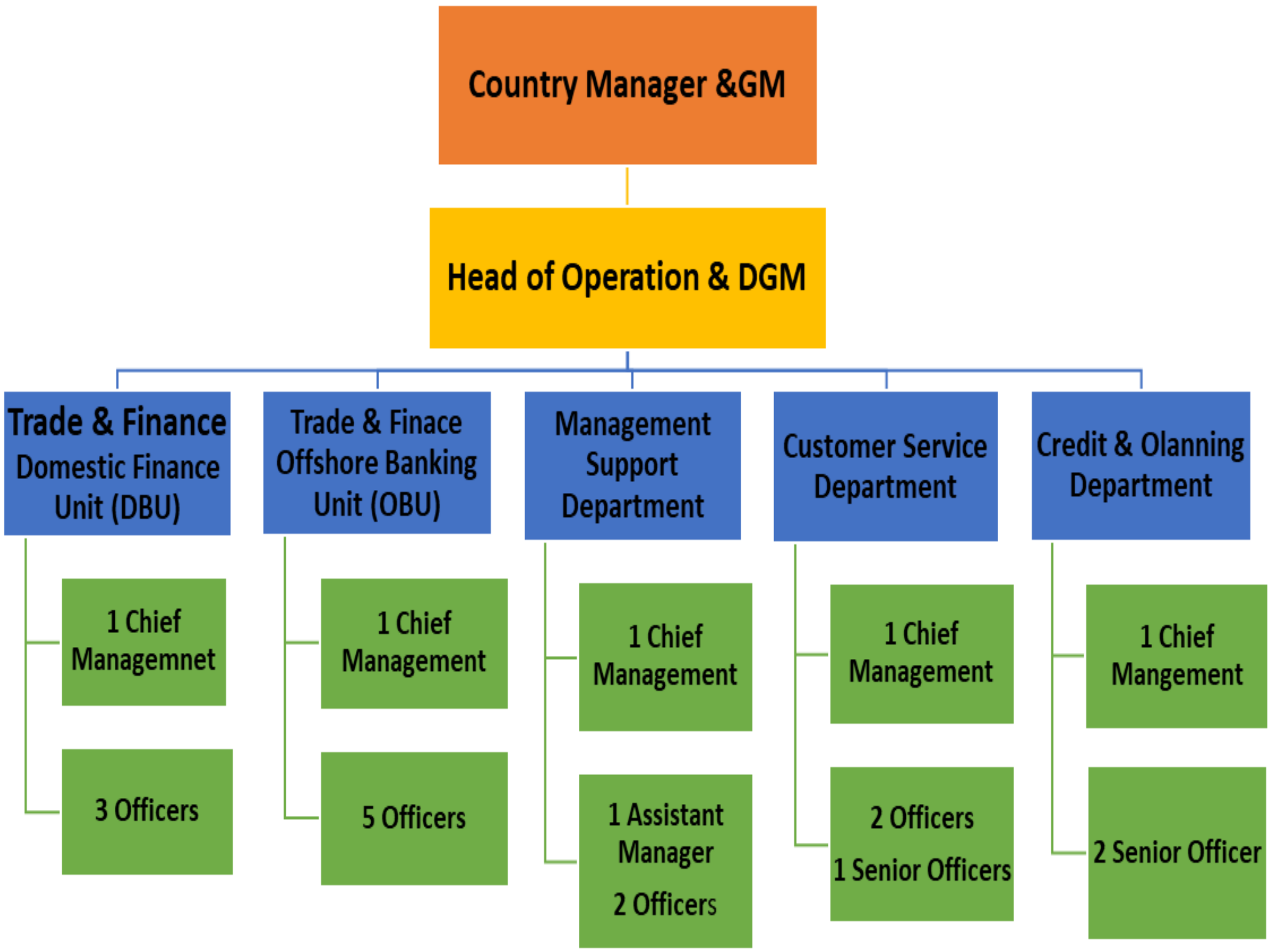
Woori's vision is to be the main monetary gathering with worldwide abilities. Woori Monetary Gathering promotes competitiveness based on 'One-Firm Approach.' Woori's administration methodology is to turn into the best Korean bank in four territories: money related administrations, resource quality and benefit, administration support and labor.

2.3 Organization Culture

The Woori Bank culture was predicated on the idea that motivated individuals will work diligently for a manager who will oversee each task. This is due to Woori Bank's belief in the Omni powerful administration philosophy, which holds supervisors directly accountable for the success or failure of an organization. The reason for this is that supervisors are easier to manage because they are more loyal to management due to their activity obligation and length of employment with the Bank. Their style of thinking differs from Bangladeshi or other Outside Banks because they are a Korean Bank. They treat their older residents with extra regard, therefore they prefer to cooperate with chiefs over junior officials. In any event, if the Chief is unable to do a vocation, they ask him who would be the greatest candidate and assign that person a profession. It is difficult to obtain approval for a new project since it will be delivered to a different work location in Bangladesh after approval and will then be forwarded to the head office in Korea for approval, a process that takes a while. Woori Bank first grew swiftly in Korea because decisions were made at the lowest possible level. When Bangladesh was threatened, the corporate base camp planned preparations and oversaw all operations, but they didn't assign local leaders to make day-to-day decisions in the field. This explains why the bank's growth over the past 15 years has been so minimally interestingly toothier outside the bank. After a thorough examination, they relocated their office in 2011 to a more advantageous location. As their locations alter, they also send out various new products for finance collection and re-send out their retail keeping money to draw in new customers. Their primary focus right now is to increase benefit by at least 40% from a year ago.

2.4 Organizational structure

The Woori Bank's hierarchical structure was built on the ethnocentric belief that the finest work methods and procedures are those used in one's own country (South Korea). Woori Bank's headquarters oversee and govern Woori Bank Dhaka. The Woori bank Dhaka branch activities is overseen by two Korean individuals, Genera Chief and Agent General Trough. Here, two tables are mentioned. The first is a general table of Woori Bank's organizational structure, and the second is the direct organizational structure of the Woori Bank Dhaka branch.



2.5 Behavior at work

Like any other institution, Woori Bank also adheres to a code of conduct for employees and a dress code. South Koreans are extremely skilled workers. The Woori Bank administration requires that their representative be knowledgeable, practical, and careful. Each new representative must go through an orientation session after joining the bank in order to become familiar with the Bank's authoritative culture, work environment, and employment obligations. In this program, brand-new employees are exposed to the different bank departments, educating them about the bank's association culture. Sometime Top management shares memorable experiences and anecdotes with both new and current employees. Every employee of Woori Bank is subject to the unusual rule that "Client begins things out." As their role differs from that of other banks just slightly, they must provide individualized client care. For this reason, they issue specific instructions to each of their employees, saying that they should always treat customers with respect and provide the greatest service, regardless of the situation.

Chapter 3: Theoretical Framework

3.1 Customer Service and Remittance Operation

The foundation of all banking activities is general banking. In addition to helping with deposits, this department also offers important services. The division is in charge of offering regular services to the clients. It accepts deposits from consumers every day and gives them by honoring their checks. However, banks operate in two ways: they accept deposits in a variety of formats from diverse places and lend the resulting money to potential investors. The first and greatest responsibility of the customer service sector is to open a new bank account by luring new customers with exceptional offers and performance. Every day at the Gulshan Branch, where I interned, they have to deal with more than 20 new accounts. Some customers walk in alone, some come from different businesses, and some customers are picked up by DST (WOORI BANK Staff) in order to gain CRM points. This division establishes new accounts, closes existing accounts, issues thank-you letters, bank drafts, pay orders, TTs, and so forth.

Consequently, retail banking is another name for client service. So, during my internship program I was assigned under this department.

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

WOORI BANK places a high priority on developing a new banking system that is client-focused via professional merit and expertise, Flexibility, resolve, and dedication. Woori Bank's top priority in terms of professionalism is customer happiness. A happy customer is therefore a valuable product to Woori bank, and they view them as the brand's representative in the marketplace.

3.2 Account Opening of WOORI BANK:

Under this department, Woori bank officer opens different types of account on the request of clients. The procedure of opening account is given bellow:

Types of Accounts

Current Deposit	Savings Deposit	Short term Deposit
Individual Account	Individual Account	Individual Account
Joint Account	Joint Account	Joint Account
Proprietorship Account	Proprietorship	Proprietorship Account
Limited Company Account	Limited Company Account	Account (Small traders)

Procedure of Account

- Account Opening (Savings Account)
- Collect an Account opening outline from the Bank.
- Fill all the requirements of the form.
- The nominee must be named on this form and sign it.
- The photograph is crucial for any account where the introducer must sign on the back of the first applicant's photo and the first applicant must sign on the back of the nominee's photo.
- Before opening an account, the account holder must sign for himself in front of a certain bank's chief officer.
- Applicant must provide recent copy of utility bills to confirm present address.

Notes:

- ➢ The applicant must have a recommendation who already has a Woori bank account.
- ➢ The applicant must produce their service identification card. The bank won't open any accounts if the source of the funds isn't disclosed.
- ➢ Applicant must have to have National ID Card.

Account Opening (Current Account)

Request from the bank an account opening outline.

- Complete all of the form's requirements.
- For any account that requires the introducer back to sign on the first applicant's photo, the photograph is crucial.
- Before opening an account, the account holder must sign for himself in front of a certain bank's chief officer.
- The applicant must submit a current copy of their utility bills to verify their current address.
- The TIN Certificate and trading license are required documents for opening a CD account.
- To open this account, the applicant must have their organization's seal.

Account Opening (Fixed Deposit):

Another is a fixed deposit, which is repayable following the conclusion of a time period that he has established in advance. The time frame starts at three months. These deposits are not repayable immediately, but they may be withdrawn with some notice; nevertheless, the bank will only pay the principal amount and not the interest. As a result, it is also known as a term deposit. The money on a fixed deposit is typically not repaid before the end of a set time.

Before opening a Fixed Deposit Account a customer has to fill up an application formwhich contains the followings:

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 SWOT Analysis of WOORI BANK

Strength:

- Top management only hires and retains employees who share their beliefs and values.
- They socialize and indoctrinate these representatives with their way of thinking and feeling.
- Top management's behavior serves as an inspiration for employees, encouraging them to connect with them and thereby disguising their convictions, traits, and air.

Weaknesses:

- The majority of the standard internet services are inaccessible throughout the vacation.
- Due to the overwhelming amount of work, certain departments desperately require extra police.
- They believe well-known organizations open accounts with less information and supporting documentation, which may be harmful in the long run.
- Variable financial results.

Opportunity:

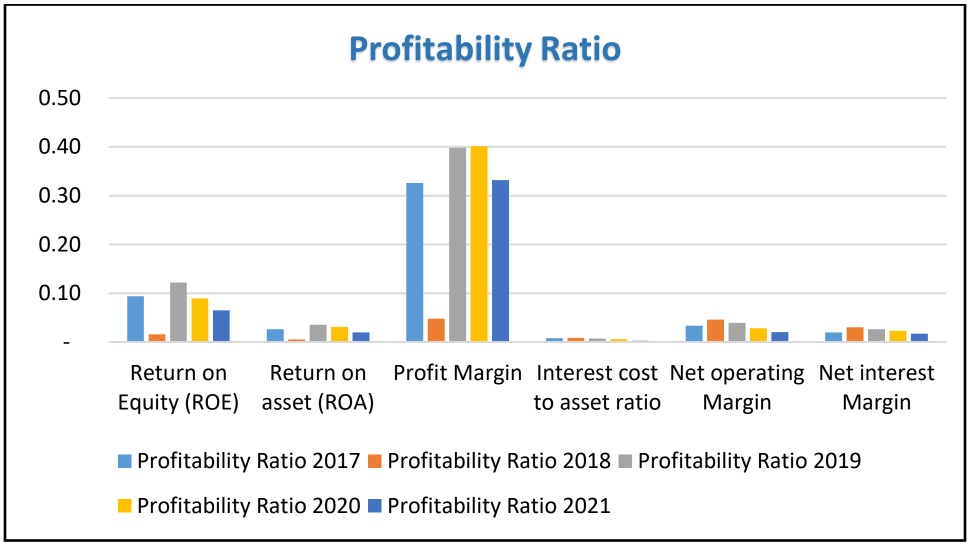
- Top supervisors may set a good example for employees by acting in a professional manner in the workplace and by handling their workload in a manner that is consistent with acceptable business practices.
- Specific plans and schemes for each department as well as several financial divisions.
- Top management separate their main businesses to beat the competition.
- Woori bank raises and maintains only those representatives whose identities will be refining their specific state.
- In this bank, the length of a representative's shift is a crucial factor in assessing the quality of their work.

Threat:

- Several international banks offer facilities and "A" class services even on weekends and holidays.
- A heavy workload hinders employees' ability to perform their jobs effectively and leads to employee unhappiness and mental collapse.
- Because decisions are made centrally, the service is slower than it is at other global banks.
- There are fewer ATMs available in Dhaka than at other international banks.

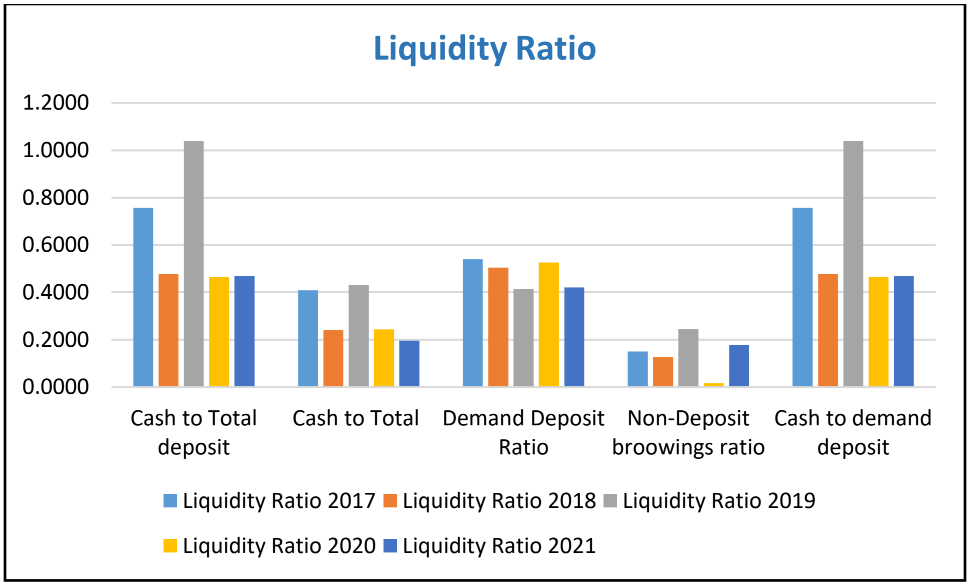
Chapter 4: Financial Health Analysis of Woori bank BD

4.1 Profitability Ratio



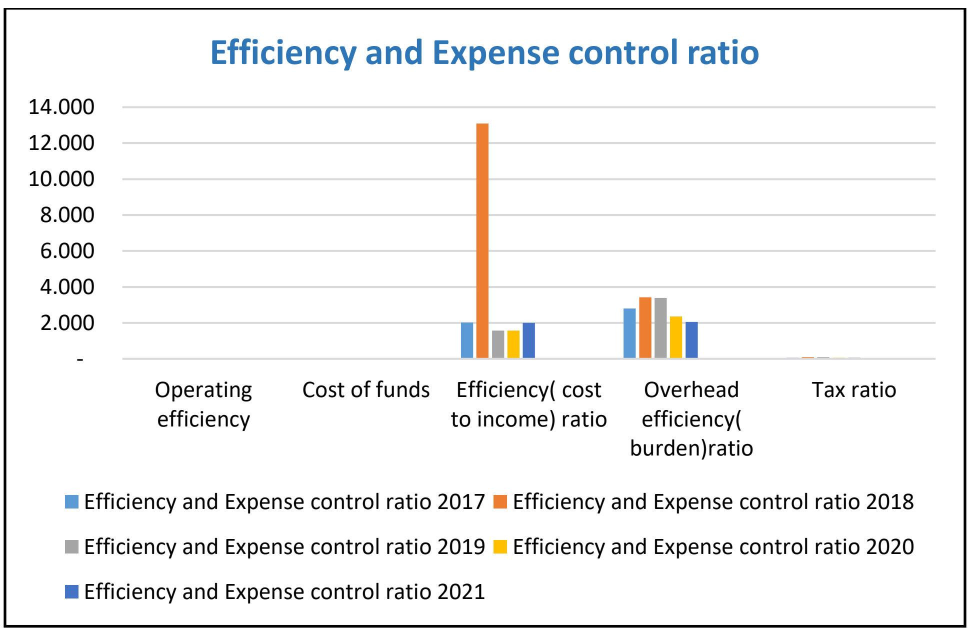
The bank's ability to generate income in relation to its spending and other costs along with the generation of income during a specific period is assessed using the profitability ratio. A tool for measuring profitability is net interest margin. An efficient bank has a positive NIM, and the graph shows that Woori Bank has maintained its efficiency over the years. And NIM claims that in 2018, the financial situation was better. A financial measure called return on assets (ROA) describes how profitable a bank is in comparison to its total assets. We can infer from Woori Bank's performance that the bank is successful at turning its investments into revenue. But the efficiency was better in 2019 (3.45%) rather than 2018 (0.49%). A positively growing ROE show a bank is generating its profit with lowest capital. As ROA of our bank, ROE also indicates that the banks financial health is in good position. But the performance was good in 2019 but after that the percentage gradually decreased in 2020 and 2021. Here a higher profit margin is always desirable since it means the company generates more profits from its sales. According to the profit margin we can say the financial health of Woori bank was not good in 2018 as the percentage was only 4.77%. The in immediate net year the better efficiency was addressed which is a good sing. But the efficiency was not growing in recent years. From analyzing the output of Woori bank’s profitability it is clear that the Bank has a good financial health. But the bank's efficiency of growing downward in recent years.

4.2 Liquidity Ratio



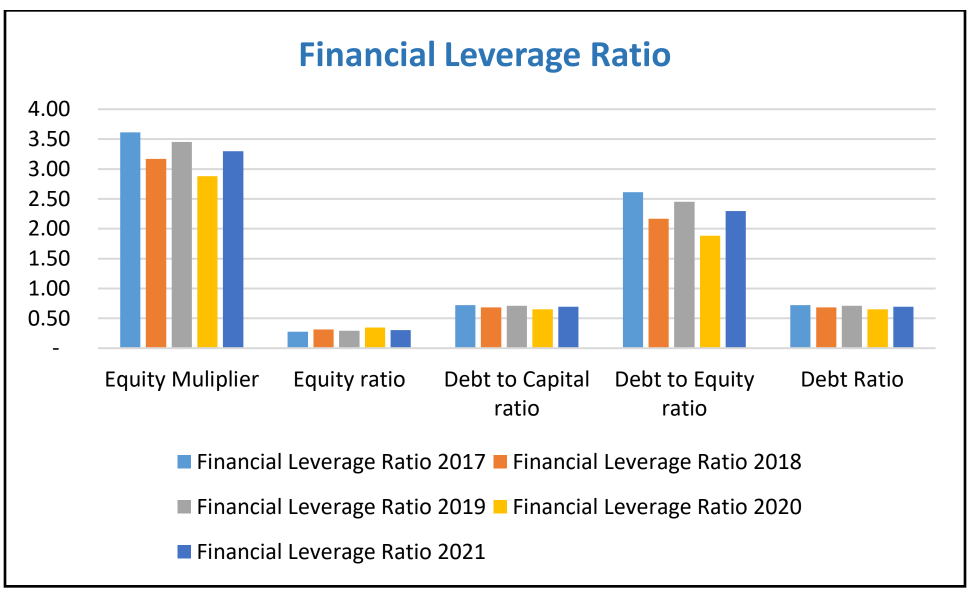
The liquidity ratio measures a person's capacity to pay off debt as it becomes due. To put it another way, we can say that this ratio reveals how rapidly a business can turn its cash-generating current assets into debt repayment funds. Liquidity and short-term solvency are frequently used in conjunction. For a bank, the cash-deposit ratio is equal to (total cash)/ (total deposits). The cash to total deposit ratio of Woori bank was 1.04 in year 2019. The bank will keep enough cash on hand to cover net withdrawals from client actions like taking money out of their deposit accounts since it needs to maintain liquidity in order to function. Financial institutions benefit more from a higher cash to total deposit ratio. A technique for measuring liquidity called cash to total asset counts the portion of the bank's assets that are made up of cash. The liquidity of the asset portfolio increases as the ratio rises. And in Woori bank the higher ratio represents by the year 2019. Demand deposit ratio indicates the higher the ratio means need more investment in liquid asset for the bank. And we can see in 2017 and 2018 Woori bank need to invest more in liquid asset. Although the financial was better in 2019 according to demand deposit ratio but again in 2020 there was lack of liquid asset. A greater non-deposit borrowings ratio indicated that the bank was more likely to face default and reputational risks. This ratio indicated that the financial situation was better in 2020. 2019 was a riskier year than past years because the percentage was higher. The ratio of cash to demand deposits shows that the bank has more liquidity the higher the ratio. Additionally, it is unlikely that the banks will fail to make their payment obligations. In 2017 and 2018 the cash to demand deposit ratio was low but in 2019 the performance was better and the percentage was more than 1. But in immediate next years the ratio again fall down. By analyzing these ratio that indicates Woori bank’s liquidity we can say that the bank’s financial health was in better position in 209 rather than previous years. And unless growing up the position of the bank gone down in 2020 and 2021.

4.3 Efficiency and Expense Control ratio



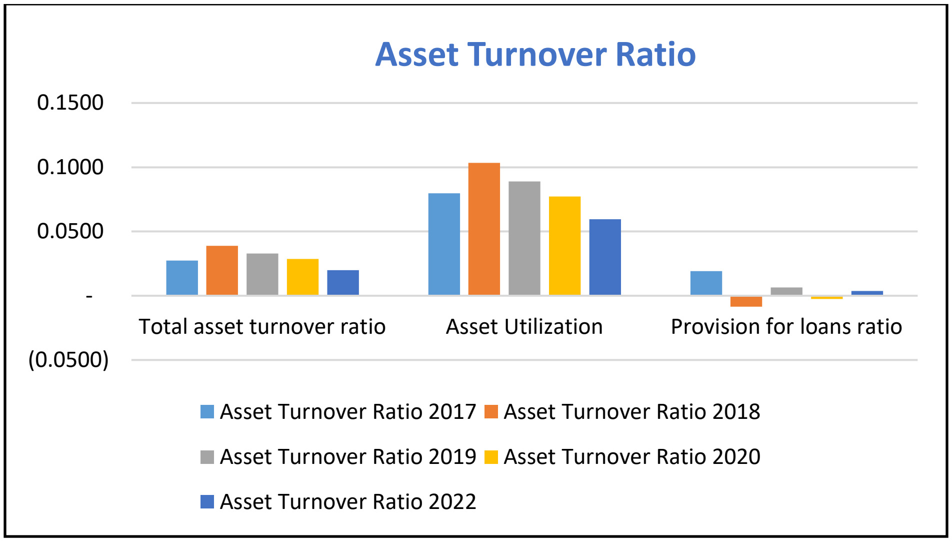
Efficiency ratios are a group of ratios that demonstrate how effectively a bank uses its resources and overhead to create revenue. It gauges a company's capacity to pay off debt with its assets. Efficiency measures have a unique significance in the banking sector. Non-interest costs divided by income is a measure of a bank's efficiency. This demonstrates how effectively the bank's managers manage their overhead costs. And it was thought that the bank would be more lucrative the higher the efficiency (cost to income) ratio. In Woori bank's history the ratio was incredibly higher in 2018 rather than other years. But we cannot say that it is an efficient performance because the ratio was not continued. The operating efficiency ratio demonstrates how effectively the bank can control operating costs in relation to revenue. The efficiency of the bank is shown by a lower ratio. In 2020 the ratio is more than 2% but in other years the ratio was less than 2 %. So unless 2020 the bank was maintain its efficiency in terms of maintain its operating expenses. If we see the efficiency from cost of fund ratio the financial health was better in 2021. As the ratio was only 0.44% in 2021. And we know the lower the cost of fund ratio the bank is more efficient. But from 20217 to 2020 the bank's performance was not bad. A low overhead efficiency ratio shows that the bank is reducing its operating costs. It is calculated as (non-interest income/non-interest expense). Additionally, we might conclude from Woori banks' ratio that the financial situation was steadily improving. In 2018 and 2019, the financial situation was better in terms of profitability and liquidity ratio. However, Woori Bank's expense management was effective in 2020 and 2021, per the efficiency ratio.

4.4 Financial leverage Ratio



A leverage ratio is one of many financial metrics that examines the amount of capital that comes from debt or evaluates a bank's capacity to satisfy its debt obligations. The amount of leverage that banks may have is governed by regulations. The percentage of a company's assets that are financed by equity rather than debt is measured by the equity multiplier, a risk indicator. A bank that uses a lot of debt to finance its assets has a high equity multiplier. A low equity multiplier indicates that the corporation uses debt less frequently. In 2017 Woori bank’s investment in total assets was3.6 times the investment by equity shareholders. And the ratio of using shareholder’s equity was inconstant throughout the years till 2021. Equity ratio shows how many asset can default before the equity is eroded. The higher the equity ratio the bank is less risky. From Woori bank’s outputs we can see that year 2017 and 2019 was risker than years 2018, 2020 and 2021. We can get a clearer sense of whether the bank's financial structure is suitable for investment from its debt-capital ratio. Woori Bank has recently demonstrated a lower debt-to-capital ratio. When a bank has a high debt to equity ratio, it means that it is using more market money to support its operations. In years 2017, 2018, 2019 and 2021 Woori bank had higher debt to equity ratio. The ratio was more than 2.15 throughout the years. But in 2020 the ratio is 1.88, lower debt to equity ratio preferred the bank is using less debt in its balance sheet. When a bank’s debt ratio is more than 1 or 100% means the bank has more than asset. But Woori bank’s debt ratio was less than 1 from 2017 to 2021. That means the banks has less debt rather than its asset. But the bank should have lesser debt ratio for better financial health.

4.5 Asset turnover Ratio



The asset turnover ratio calculates how much a company makes in sales or earnings in comparison to the value of its assets. The efficiency with which a bank uses its assets to produce revenue can be determined by looking at the asset turnover ratio. Efficiency increases when asset usage increases. Woori bank's asset utilization ratio was 8% in 2017 and in immediate year in 2018 the ratio became 10.3%. Which was good sign but from next years the ratio was decreasing and finally in 2021 it was only 6%. Investors can use this indicator to determine how efficiently a company is generating revenue from its assets. In the same way, a corporation is more effective at earning income from its assets the higher the asset turnover ratio. And the effectiveness improved in 2018. However, a lower ratio shows that the bank is not making the best use of its assets to generate income. According to how effectively it uses its assets, Woori Bank's financial health has been declining over the past few years.

4.6 COVID 19 and Woori Bank

If we want to see an overall scenario of Woori bank's financial health for the last 5 years we can divide the time period into 3 sectors.

- 1st period -- 2017-2018
- 2nd period -- 2019-2020 (during COVID 19)
- 3rd period – 2021 (After COVID 19)

In case of profitability ground Woori bank had a positive figure in 2017-2018. Although we are considering 2017-2018 as one period, but there was a significate difference between these two years. The bank was wealthy in 2017 than 2018 in the aspect of effective use of its asset. But in the frame of making profit the performance was better in 2018. In the event of liability, financial leverage and efficiency movement these two years had kind of similar outputs.

In 2019, Woori bank had an able financial health but in 2020 the soundness was not continued. It could be the effect of COVID 19 pandemic. Because we all know COVID 19 was spread in whole world in 2020. If we drop a look towards the efficiency measurement of Woori bank, the ability of efficient banking was better in the las part of 1st period and first part of 2nd period. But in the last part of 2nd period in 2020 Woori bank was not able to continue its efficiency of generating revenue and managing its assets. According to the Bangladesh Bureau of Statistics, the growth of financial intermediation has been trending lower over time, but a sharp decline is seen in 2020 compared to other years. Woori Bank and other banks provided practical assistance during the pandemic, which is why many bankers contracted COVID. Therefore, the bank also lost its workforce. The COVID-19 pandemic in 2020 dealt a fatal blow to the world economy. This in turn caused the actual economy in Korea to contract, the financial markets to become more volatile, and credit risks to rise.

In 2021, Woori bank had overcome its inefficiency. The bank had poor experiences throughout the pandemic period. But After COVID 19 situation in 2021, it go beyond the impoverished situation as we can see in the analysis. Woori Bank successfully managed risks even in the midst of challenges brought upon by COVID-19 and other internal and external situations in 2020. Woori bank specially did some plan for 2021 considering the COVID 19 situation in every sectors like-risk management, IT group, Card department, Woori financial capital, Woori investment bank, Woori asset management, savings bank, credit information and financial information system. The plan be like,

- A "high quality IT department" will regularly maintain and monitor the financial information system.
- Woori Bank Global will implement an improved and specialized investing system.
- Asset management will efficiently offer investors the finest investments for their money.
- In the case of the credit system, an innovative cost structure will be implemented.

Scilicet Woori bank Bangladesh is a branch of "Woori Bank" and its head office is in Korea. So all instructions, rules regulations and plans come from head office. And Woori bank had adopt such plan to overcome from the sluggish situation that create for COVID 19 pandemic.

4.7 Camels

CAMELS is a recognized international rating system that bank supervisory authorities use in order to rate financial institutions according to six factors represented by its acronym.

The six factors examined are as follows:

C – Capital adequacy

A – Asset quality

M – Management quality

E – Earnings

L – Liquidity

S – Sensitivity to Market Risk

Rating Analysis Rating Analysis Interpretation

- 1.0–1.4 Strong: Sound in every respect, no supervisory responses required.
- 1.6–2.4 Satisfactory: Essentially strong with a little, correctable weakness.
- 2.6–3.4 Fair (watch category): If a combination of flaws is not addressed, they will harm.
- Watch category—needs more supervision than usual.
- 3.6–4.4 Marginal (some risk of failure): Moderate weakness could threaten the bank's long-term existence if it is not appropriately addressed. Must be closely supervised.
- 4.6–5.0 Unsatisfactory (high degree of failure evident):
- High potential for failure soon. Under continual watch and a stop-and-desist order. (Padmalatha, 2011)

Capital Adequacy

The capital adequacy ratio emphasizes the situation of bank capital as a whole. It focuses on risk-weighted assets created to shield banks from potential loss shocks. The volume of risk assets, the volume of marginal and subpar assets, bank growth history, strategies, and prospects, as well as the management's strength in relation to all of the aforementioned criteria, are taken into consideration when evaluating the bank. It takes on the bulk of the financial risk, including credit risk, interest rate risk, and risk associated with off-balance sheet transactions. Woori bank’s financial reports the Capital adequacy ratio from 2017 to 2021 is,

	2021	2020	2019	2018	2017
Capital adequacy ratio	49.33%	41.63%	43.72%	30.76%	31.03%

Banks with higher capitalization are seen as safer and are more likely to meet their financial obligations. Woori Bank maintains a high capital adequacy ratio, and the ratio is increasing year by year. We can rate 1 by our capital adequacy.

Asset Quality

The resilience of a financial organization to asset value loss is determined by asset quality. All commercial banks disclose their total asset loan and credit concentrations. The following criteria are used to assess asset quality in the standard CAMELS framework: The quantity, distribution, and severity of assets that are categorized, the quantity and make-up of accrued and discounted assets, and the sufficiency of valuation reserves a track record of collecting and managing problematic loans.

	2021	2020	2019	2018	2017
Total Assets	21,702,678,086.00	22,806,615,003.00	28,517,249,971.00	26,206,548,366.00	32,328,705,856.00

The entire asset position of Woori Bank is not favorable. This asset value fall may be a significant concern. Additionally, the interest rate sensitivity of the Woori Bank's assets is smaller than that of its liabilities. The bank can affect by high interest rate risk and credit risk. According to asset quality we can rate 2 to Woori bank that means the bank's performance is sound but moderate weakness is present.

Management Soundness

The management capacity of a financial institution is evaluated in terms of capital sufficiency, asset quality, management, earnings, liquidity, and market risk sensitivity. It also depends on the ability to plan ahead and follow established rules. Professionalism, the ability to adapt to changing conditions, leadership, and managerial excellence. It is highly challenging to assess management's health using monetary key numbers because the qualities of excellent management are typically qualitative in nature. Middle and senior management at Woori Bank are to be congratulated for their strong leadership. The bank primarily paid attention to the employees' educational backgrounds. Employee performance, education, and knowledge are all linked to greater management quality. The most crucial condition for a financial institution's strength and expansion is sound administration. Since clients and business partners are essentially what banks deal with, faultless management enhances customer satisfaction. Woori Bank abides by all internal and external policies of Bangladesh Bank. A sound management system can refer to Woori Bank for lower risk and higher performance. We can rate 1 to this bank depending to management soundness.

Earnings and Profitability

The main drivers of capital expansion for financial institutions are profit and profitability. The bank's solid profitability and profits profile demonstrate its capacity to sustain both current and future operations. Increased income guarantees enough capital to cover losses and pay out enough dividends to owners. Income is valued as follows in the basic CAMELS framework: the capacity to take losses and have sufficient cash. Revenue growth, peer-to-peer comparisons; Net income's composition and quality.

	Profitability Ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Return on Equity (ROE)	9.39%	1.56%	12.21%	8.93%	6.52%
Return on asset (ROA)	2.60%	0.49%	3.54%	3.10%	1.98%
Profit Margin	32.58%	4.77%	39.82%	40.13%	33.21%

Interest cost to asset ratio	0.79%	0.85%	0.70%	0.57%	0.26%
Net operating Margin	3.37%	4.56%	3.94%	2.81%	2.03%
Net interest Margin	1.94%	3.03%	2.59%	2.28%	1.73%

Woori bank's profitability is in positive position. But we can see the profitability ratio decreased after 2019. May be this is the effect of COVID19 pandemic. But the bank's net profit in 2021 is higher than 2020. This step indicates the bank is trying to increase their earing quality. Based on the earrings and profitability we can rate 2 to Woori bank as moderate weakness is present.

Liquidity

An institution is said to be in an adequate liquidity position when it can promptly convert its assets at a fair price or increase its liabilities to raise enough money. It is effective in managing assets and liabilities. A measure of liquidity expressed as a proportion of a bank's demand and time commitment. This refers to the bank's ratio of received receivables and term loans to liquid assets. Woori Bank lacks short-term cash calls, a crucial source of liquidity. For all banks, having access to liquid funds is critical. The CAMELS grading system now includes a new element called market risk sensitivity. It improves effectiveness and efficiency.

	Liquidity Ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Cash to Total deposit	0.757	0.478	1.039	0.464	0.468
Cash to Total	0.409	0.241	0.430	0.244	0.196
Demand Deposit Ratio	0.540	0.504	0.414	0.526	0.420
Non-Deposit borrowings ratio	0.150	0.127	0.245	0.016	0.178
Cash to demand deposit	0.757	0.478	1.039	0.464	0.468

Most of the liquidity ratio indicates that Woori bank need to invest more in their liquid asset. Less liquidity may push the bank towards liquidity risk and less assess to money market. So we can rate 2 based on liquidity.

Sensitivity

Based on changes in market pricing, especially interest rates, market risk sensitivity is evaluated. Exchange rates, commodities prices, and stock prices all have a negative impact on the capital and earnings of banks. The sensitivity of a bank's earnings, economic value, or net asset value of its capital base to unfavorable effects of market interest rates is a key factor in determining sensitivity to market risk. Since Woori Bank is a foreign bank in Bangladesh, it is simple to launder money through the institution. The bank primarily concentrates on money laundering issues as a result. Additionally, the management system constantly employs internal procedures to try and reduce the risk of money laundering. Forex risk is a significant issue as well. In order to prevent currency rate risks, finance departments are constantly on guard. When using the risk management sensitivity platform, you can give Woori Bank a rating of 1. As a result of the bank's strict closure policy, different market risks are avoided.

The CAMELS approach is an important tool for assessing a bank's relative financial strength and recommending necessary actions to remedy a bank's financial weaknesses. Our study has been conducts to examine the performance of Woori bank for the year 2017-2021. From the ingredients of CAMLES rating, Woori bank’s score is (1.4). So we can say that Woori bank has a strong financial position. But improvement has no bounds. So Woori bank should try for more advancement.

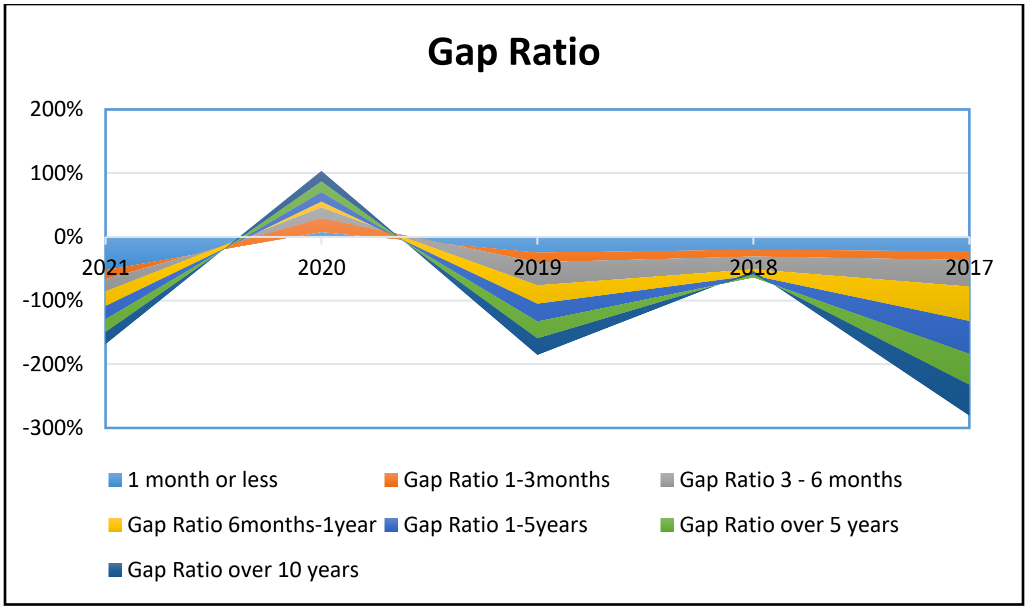
Chapter 5: Risk analysis of Woori Bank

5.1 Interest rate risk

Gap ratio: A link between interest rate sensitive asset and liabilities is called a gap ratio. In response to variations in interest rates in the banking sector, increase or decrease. When interest rate-sensitive liabilities exceed interest-rate-sensitive assets, there is a negative interest rate gap, and vice versa, there is a positive interest rate gap (greater than 1).

Gap Ratio							
	1 month or less	**1-3months**	**3 - 6 months**	**6months-1year**	**1-5years**	**over 5 years**	**over 10 years**
2021	-52%	-14%	-19%	-23%	-21%	-20%	-20%
2020	7%	22%	17%	9%	15%	16%	17%
2019	-25%	-15%	-36%	-29%	-28%	-27%	-26%
2018	-20%	-11%	-20%	-10%	-3%	5%	5%
2017	-23%	-14%	-41%	-55%	-51%	-49%	-48%

Interest rate gaps can be used to assess a bank's or financial institution's interest rate risk. The bank is subject to refinancing risk if RSA (interest rate sensitive assets) is less than RSL (interest rate sensitive liabilities). The cost of rollover or fresh funding exceeding the yield on investment assets is referred to as refinancing risk. A financial instrument whose features, qualities, or secondary market pricing are sensitive to fluctuations in interest rates is referred to as an interest rate sensitive asset. The bank is susceptible to reinvestment risk if the RSL (interest rate sensitive liabilities) is less than the RSA (interest rate sensitive assets). The danger of reinvested funds yielding a return that is less than their acquisition cost is known as reinvestment risk.



We can see in the graph that the bank had a negative interest rate sensitivity gap ratio for the years 2017, 2018, 2019, and 2021 in line with the Woori Banks financial health report. When a financial organization has a negative gap, this means that its interest-sensitive liabilities are greater than its interest-sensitive assets. Bank needs further refinancing. A negative gap is not always a bad thing because the entity's liabilities are repriced at lower interest rates if interest rates decrease. Income would rise in this situation. But if interest rates rise, obligations would be revalued at higher rates, and income would fall. Additionally, the Woori bank benefited from the negative gap month. Because of this, the bank's gap ratio between rate-sensitive assets and liabilities was positive only in the year 2020. An entity has a positive gap if its interest-sensitive assets are greater than its interest-sensitive liabilities. Only that year shows a minor increase in the bank's profit. However, the bank's gap ratio turned negative once more in 2021. One of the main causes of this predicament is the COVID 19 pandemic. In that scenario, the bank faces severe refinancing risk due to the substantial swings in interest rates. However, since Woori Bank Bangladesh is a worldwide bank, this is the only one we are analyzing. Refinancing or reinvestment all done by head office on the basis of combined results of different countries financial situations. So that the bank can discord with interest rate risk along all the braches worldwide.

5.2 Credit Risk

Credit risk is the chance that the borrower won't get the bank to pay back the loan and the interest. There is a chance that the bank won't get paid the loan's principal and interest. The bank is responsible for any defaults made by the borrower. Bank clients must be able to predict whether they would default on their loans or correctly repay them by using suitable Know Your Customer (KYC) forms, which must be in place. The KYC requirements set by Woori Bank for him are exceedingly onerous. By maintaining a manageable level of credit risk, credit risk management seeks to maximize a bank's risk-adjusted return.

Woori Bank has established a Credit Risk Management (CRM) manual to evaluate and reduce credit risk. It is regarded as a crucial instrument for preserving asset performance and quality. As a result, all of these difficulties, as well as the risks associated with worldwide developments in banking, finance, and related issues, have been taken into account while designing the bank's credit risk management responsibilities.

CRM- Credit Risk Management department perform some activities to prevent credit risk from bank such as,

- Keep track of the loan term, the score period, and the loan amount.
- Evaluate the credit proposal's underlying risk before sending it to the corporate division. Furthermore, consider the pricing of the proposed facility in light of risks, security, structure, and terms and conditions to suit company needs and safeguard the bank's interests.
- Prepare credit proposals for the appropriate authority's approval.
- Install mechanisms for keeping track of the credit portfolio's overall composition and quality.
- Continue to use an appropriate system for credit administration, evaluation, and monitoring.
- Constantly assess data sources related to credit-related actions.

As Woori bank using CRM for managing their credit risk some challenge may come. Like,

- Ineffective data management
- Absence of a group-wide risk modeling framework
- Constant rework – officers may not use new way for job rush

But Woori bank is a foreign bank in all step the bank need to follow some extra rules and regulation than local banks. It has to be more and more aware to involve challenges. For Woori bank the default risk can be higher than other local banks. So Woori bank should strictly follow KYC policy and CRM for avoiding credit risk.

5.3 Technology and Cybersecurity Risk

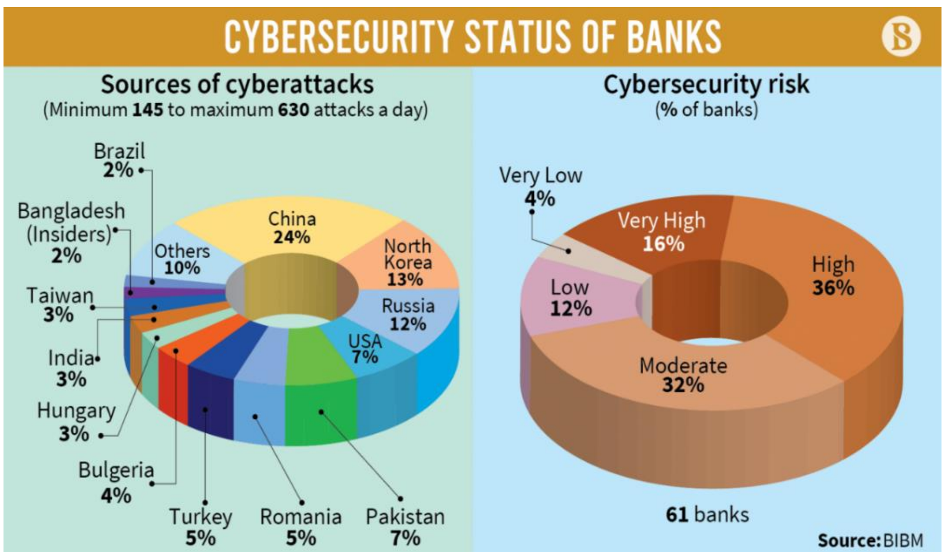
The global banking industry depends heavily on technology. Every baking activity is evolving toward system-based operations. Woori Bank offers a dedicated mobile app (Woori Won). With your own ID and password, you can log in. Customers run the risk of losing money if they can't handle passwords with acceptable security or if they forget them. Ultimately, banks started to run the risk of this potential password breach. Technology risk can be produced by poor or improper technology selection, as well as by using untested technology. Additionally, if a computer system's access security is violated, the risk increases. Banks need to use technological system applications with more care.

The banking industry is going toward cyber risk today. Cyber risk actually refers to the danger of relying more on online resources or on a system with sporadic online presence. The banking sector is interconnected, so if one segment is compromised, it may have negative repercussions on other segments. Cyber risks include things like supply chain attacks, ransomware, and social engineering that target the banking industry.

Ransomware: This type of cybercrime encrypts files and blocks users in exchange for payment. Criminals also demand cash to review the system. All of your documents may be lost if your company does not have a backup. After you give the perpetrators their demanded ransom, there is no guarantee that your systems or papers will be returned.

Social engineering: One of the biggest dangers to the banking sector is social engineering. The weakest link in the security chain is usually people. They might be duped into divulging confidential information and login credentials. Social engineering should be reported to bank workers by reliable sources.

Supply Chain Attacks: This strategy is becoming more and more popular. Malware is distributed by online criminals. The malicious code is subsequently sent to the clients of the targeted software suppliers. Due to these attacks, fraudsters are able to access the networks of suppliers' clients and corrupt distribution systems.



According to the survey, Bangladeshi banks encounter 72% of all online frauds through the SWIFT system in terms of value, 20% through banking software, and the remaining 40% through other digital channels like mobile banking, internet banking clearing, and ATM. Banks are struggling with a lack of IT-skilled personnel as they spend less on security measures and IT training.

Woori bank trying to have a more powerful IT department, and some new action will add with IT. The bank has a plan from 2021. Like,

The IT Group plans to make 2021 the year of innovation for Woori Bank to take technological leadership in the financial industry, based on the vision of ‘Change Starts with IT.’

- Innovation Strategy: To lead business innovations and pursue IT innovations to create the next rule to prepare for the contactless era, the IT Group will totally restructure Woori FIS.
- To ensure future growth engines, the IT Group will "Develop Human Resources in IT." Through enhancing the IT workforce's professional skills and the bank's development capabilities. By developing the skills of data professionals, the IT Group will raise the caliber of development projects and boost employees' marketing capabilities.
- "Reinforce Support for Business Operations" will be the goal of the IT group. By streamlining the approval process, the investment process will be expedited, and support will be given for each business group's primary digital ventures while reliable IT services are offered.
- Risk management will be strengthened, ensuring stability. By implementing stricter procedures for IT risk management and strengthening internal controls through an internal audit system, the IT Group will guarantee operational continuity.

As bank should have some action to protect the banking system from cybercrime. The customer should be aware with their ATM card, PIN code, APP password and with all the necessary documents. So that technology and cybersecurity risk could minimize.

Chapter 6: Recommendation and Conclusion

6.1 Findings and Recommendation

We can consider a bank to be in good financial health if it offers unconstrained financial services and is capable of managing its assets, liabilities, profitability, investments, and expenses appropriately. We made an effort to assess Woori Bank's financial stability and risk environment. And based on our limited expertise, we may suggest some ideas that might bring Woori Bank Bangladesh a little more prosperity.

First of all as Woori bank Bangladesh is a part of Woori bank global and major decision come from head office. Although they Follow Bangladesh bank's rule and regulations properly, I Think Woori bank Bangladesh should take some decision based on Bangladeshi banking environment.

In case of measuring Woori bank Bangladesh's financial health we can see the performance or outcome is not constant. COVID 19 is one the reason of this inconstant situation but before pandemic the environment was not steady. So Woori bank should adopt some plan to maintain steady and constant financial performance. Because unwavering performance can lead a better financial health.

If we analyze the recent financial condition of Woori bank we can see that in some place the bank suffer in 2020 like in profitability, it can be the effect of pandemic. But it overcome in 2021 with its better performance. In case of leverage management in 2021 the bank is in risky position than previous period. In 2020 the bank equity multiplier was less but in 2021 it become higher that means the bank using more leverage. It also can be cause if COVID 19 pandemic that could not be recovered by the bank. So the Woori Bank Bangladesh should use less debt financing in business.

Competition is increasing day by day is financial service system. For better performance bank must have proper Assets (loan) and as well as liabilities (deposit). And it was the scenario for last few years also. If we follow the gap ratio graph of Woori Bank Bangladesh we can see that from 5 years outcome the bank had negative ratio in 4 years. That means the bank is not performing in investment procedure properly. And unable to match the duration of asset and liabilities. Asset and liabilities are primary focus in banking industry. It is correct that interest rate fluctuation is raising but the bank should have proper plan to run with the inconstancy.

Maturity gap has a wide range of focus. Bank can use it as situation analysis and planning tools. As we had done maturity gap based on interest rate sensitive asset and liabilities, when the gap is close to zero that means risk is low. By matching assets and liabilities maturity Woori bank can eliminates interest rate risk. So, Woori bank should use interest rate forecasting method so that they can predict interest rate fluctuation. And also should analyze time period before go for any investment or take deposits so that the bank can reduce maturity gap.

Woori bank is using short period liabilities and long term asset. For Example, in vey recent period 2021, Woori bank Bangladesh had RSL for the period (1month to 5 years) and Assets maturity has life time over 10 years. So the bank will unable to meet its obligations with its assets. And the Woori bank will face Liquidity risk. So the bank should try to match its asset and liabilities maturity so that the bank can avoid liquidity risk.

Including Woori bank, any bank can face these kind of security problem as almost the whole banking sector is depends on online system. Although Woori Bank is preparing and planning for better IT systems from 2021 also some necessary steps can be followed by Woori bank such as,

- The corporation, who provide protection from cybercrime assistance or services. The bank has to establish positive relationships with those businesses.
- The bank should adopt ongoing security awareness, and training programs should be up to par.
- Banks ought to have some attack-prevention detecting tools.

After take into consideration all thing in Woori Bank Bangladesh, I would say the bank is doing perfect as a foreign bank in Bangladesh. But I think Woori bank should do some marketing because the bank is not that much popular in Bangladesh like other foreign banks. As banks provide financial services to the persons and entities and a bank can be more successful when it can provide service to more and more people. So popularity is must for a bank. Other foreign banks providing service as local commercial banks but Woori bank has lack in local corner. Popularity may offer more profitability and less risk to Woori Bank Bangladesh.

6.2 Conclusion

A global Korean bank is called Woori Bank. It is one of the four biggest domestic banks in South Korea and has a significant presence in both corporate finance and commercial banking in the country. Collecting core deposits from clients, including residents and non-residents, and investing in various economic sectors. As an overseas bank Woori Bank Bangladesh has made a significant contribution to the growth of the remittance section through its EPS clients. Woori Bank has made a significant economic contribution to our country's rapidly developing remittance industry. Its primary duty as a multinational bank is to sustain government pension services. The clearing housing role on behalf of the Foreign Bank is a significant duty carried out by the bank. The Bank is well-positioned in the market, and by matching clients' expectations and providing the best possible prices, it can increase their wealth in the long run. Despite making an effort to succeed in some areas, Woori Bank Bangladesh occasionally ran into financial issues. Excessive bad loans, a lack of loans and advances, poor deposits, a lack of cash on hand, a mismatch between asset and liability duration, etc. were a few of the issues. These issues arise as a result of the money market inflation, emerging capital markets, interest rate fluctuations, and economic downturn. The assistance of the government is crucial in this. Furthermore, it is anticipated that Woori Bank Bangladesh will put the suggestions into practice for the benefit of the bank. The improvement of a global bank like Woori bank will encourage Bangladesh's economy to develop.

Bibliography/ References

Annual reports

- Annual reports of Woori bank Bangladesh (2017-2021)

Books, Articles and Websites

https://go.wooribank.com/bd/hs/ip/HSIP420_01L.do

https://go.wooribank.com/bd/ib/main/IbMain.do

https://www.banksbd.org/banks/foreign.html#google_vignette

Efficiency Ratio Definition. (n.d.). Retrieved August 27, 2022, from https://www.investopedia.com/terms/e/efficiencyratio.asp

Fatima, K., & Saha, P. (2019). *Measuring and Comparing Asset-Liability Maturity Gap : An Empirical Evidence from Selected Commercial Banks in Bangladesh Measuring and Comparing Asset-Liability Maturity Gap : An Empirical Evidence from Selected Commercial Banks in Bangladesh*. *June 2018*.

Key Threats and Cyber Risks Facing Financial Services and Banking Firms in 2022. (n.d.). Retrieved August 28, 2022, from https://www.picussecurity.com/key-threats-and-cyber-risks-facing-financial-services-and-banking-firms-in-2022

Leverage Ratio Definition. (n.d.). Retrieved August 27, 2022, from https://www.investopedia.com/terms/l/leverageratio.asp

Managing Core Risks in Banking : Management (Alm). (n.d.).

Padmalatha, S. (2011). *Management Of Banking And Financial Services, 2/E*. https://books.google.com/books?id=piUE5zNFuTUC&pgis=1

What Is the Best Measure of a Company's Financial Health? (n.d.). Retrieved August 27, 2022, from https://www.investopedia.com/articles/investing/061916/what-best-measure-companys-financial-health.asp

Yıldırım, İ. (2018). *Cyber Risk Management in Banks*. *November*, 38–50. https://doi.org/10.4018/978-1-5225-5927-6.ch003

Almazari, A. F. (2012). Financial performance evaluation of some selected Jordanian commercial banks. *International Research Journal of Finance and Economics*, 50-63

Gheorghe, Chitan (2012), ―The credit and credit risk management during the crisis‖ Annals of the „Constantine Brancusi‖ University of Târgu Jiu, Economy Series, Issue 1/2012.

Papadopoulos, Philippos, Wang, Xiayan (Jason) (2016), Risk Capital for Non-Performing Loans‖ OPENRISK WHITE PAPER, February 26, 2016.

Appendix

Balance sheet of woori Bank

	2017	2018	2019	2020	2021
PROPERTY AND ASSETS					
Cash in hand (including foreign currency)	236,481,781	214,803,847	203,909,424	290,342,472	422,864,481
Balance with Bangladesh Bank & its agent bank (including foreign currency)	8,631,915,099	5,285,560,063	12,056,753,033	6,111,928,870	5,929,262,746
Cash	8,868,396,880	5,500,363,910	12,260,662,457	6,402,271,342	6,352,127,227
Balance with other banks and financial institutions					
In Bangladesh	400,000	243,020,000	2,100,000	753,292,299	1,605,692,299
Outside Bangladesh	189,370,428	466,464,977	860,149,103	88,045,813	33,394,497
Balance with other banks and financial institutions	189,770,428	709,484,977	862,249,103	841,338,112	1,639,086,796
Money at call on short notice	-				
Investments					
Government	1,528,400,433	3,972,392,450	2,205,749,199	3,745,478,437	4,846,643,724
Others	-	-	-	-	-
Investments	1,528,400,433	3,972,392,450	2,205,749,199	3,745,478,437	4,846,643,724
Loans and Advances					
Loan, Cash Credit, Overdrafts etc	6,017,436,769	7,080,006,570	8,449,809,901	7,307,039,334	9,403,337,662
Bills purchased and discounted	4,907,194,206	5,062,408,727	4,213,928,362	4,663,446,527	7,805,803,902
Loans and Advances	10,924,630,975	12,142,415,297	12,663,738,263	11,970,485,861	17,209,141,564
Fixed assets including premises, furniture and fixt	102,134,190	110,746,304	95,506,963	91,863,010	113,468,693
Other assets	89,345,180	371,212,075	429,347,986	3,155,111,604	2,168,237,852
Non - banking assets	-	-		-	-
Total Assets	**21,702,678,086**	**22,806,615,003**	**28,517,249,971**	**26,206,548,366**	**32,328,705,856**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial Institution	3,255,943,877	2,896,900,010	6,980,300,062	427,260,085	5,769,435,199
Deposits and other accounts					
Current accounts and other accounts	9,417,717,474	9,295,161,138	8,679,150,551	9,786,453,353	10,642,490,850
Bills payable	363,951,501	311,153,978	929,448,782	1,072,479,648	826,089,321
Savings Bank Deposits	175,217,715	172,967,442	150,060,684	204,458,792	201,169,371
Fixed Deposits	1,708,678,507	1,650,635,083	1,949,995,007	2,634,064,448	1,825,237,483
Bearer Certificates of Deposits	-	-	-	-	-
Other Deposits	50,109,384	71,434,287	91,154,405	96,845,523	89,021,126
Deposits and other accounts	11,715,674,581	11,501,351,928	11,799,809,429	13,794,301,764	13,584,008,151
Other liabilities	723,860,348	1,209,997,938	1,472,017,290	2,888,730,643	3,164,645,624
Total Liabilities	**15,695,478,806**	**15,607,249,876**	**20,252,126,781**	**17,110,292,492**	**22,518,088,975**
Capital/Shareholders' Equity					
Capital Fund	4,234,482,202	4,295,601,391	4,232,272,905	4,232,272,905	4,276,278,722
Statutory Reserve	-	-	-	-	-
Other Reserve	64,270,407	63,923,358	55,693,255	74,126,892	56,776,945
Surplus in Profit and Loss Account	1,708,446,671	2,839,840,379	3,977,157,030	4,789,856,076	5,477,561,216
Total Shareholders' Equity	**6,007,199,280**	**7,199,365,128**	**8,265,123,190**	**9,096,255,873**	**9,810,616,883**
Total Liabilities and Shareholders' Equity	**21,702,678,086**	**22,806,615,003**	**28,517,249,971**	**26,206,548,366**	**32,328,705,856**

Income Statement of Woori Bank

	2017	2018	2019	2020	2021
Interest income	592,548,470	885,786,255	939,412,797	748,073,671	644,925,931
Interest paid on deposits and borrowings etc	172,365,474	194,437,060	199,971,641	150,075,925	85,288,981
Net interest income	**420,182,996**	**691,349,195**	**739,441,156**	**597,997,746**	**559,636,949**
Investments income	69,047,924	92,360,773	149,549,218	207,683,544	62,608,294
Commission, exchange and brokerage	1,038,675,124	1,336,327,300	1,404,649,997	1,013,558,766	1,158,330,559
Other operating income	31,843,355	41,912,387	41,187,971	56,080,097	59,139,910
Total Operating Income	1,139,566,403	1,470,600,460	1,595,387,186	1,277,322,407	1,280,078,763
	1,559,749,399	**2,161,949,655**	**2,334,828,341**	**1,875,320,153**	**1,839,715,713**
Salary and allowances	179,263,849	196,513,270	238,612,630	252,879,933	281,995,831
Rent, taxes, insurances, electricity etc.	93,595,773	99,980,073	79,265,534	111,437,857	112,523,701
Legal expenses	2,363,257	2,250,358	3,454,450	1,889,250	2,866,878
Postage, stamps, telecommunication etc.	771,711	774,308	712,306	812,920	1,107,802
Stationery, printing, advertisement etc.	10,828,132	15,200,693	12,967,951	15,441,211	13,690,142
Chief Executive's salary and fees	12,565,211	13,578,632	14,929,689	14,633,525	14,513,722
Directors' fees	-		-	-	-
Auditor's fees	218,500	218,500	235,750	253,000	287,500
Charges on loan losses	-	-	-	-	-
Depreciation and repairs of bank's assets	42,810,926	39,690,204	41,037,471	37,461,420	49,924,664
Other expenses	65,634,876	61,303,145	79,776,173	105,352,639	146,009,079
Total operating expenses	**408,052,235**	**429,509,184**	**470,991,954**	**540,161,754**	**622,919,319**
Profit/(Loss) before Provision	**1,151,697,163**	**1,732,440,470**	**1,863,836,386**	**1,335,158,399**	**1,216,796,394**
Provision for loan	209,836,457	(102,947,186)	81,797,081	(29,823,364)	61,643,341
Provision for diminution in value of investme	-	-	-	-	-
Other provision	394,418	126,018	5,784,470	-	9,218,442
Total provision	210,230,875	(12,821,168)	87,581,557	(29,823,364)	70,861,783
Total Profit/(Loss) before taxes	**941,466,288**	**1,835,261,638**	**1,776,254,829**	**1,364,981,763**	**1,145,934,611**
Provision for taxiation					
Current Tax	369,004,722	710,517,649	765,573,668	554,559,585	509,584,142
Deferred tax	8,177,514	855,322	1,372,470	(2,166,975)	(3,022,576)
	377,182,236	711,372,971	766,946,139	552,282,610	506,561,566
Net Profit/ (Loss) after taxation	**564,284,052**	**112,388,668**	**1,009,308,691**	**812,699,152**	**639,373,045**
Appropriations:					
Statutory Reserve					
General Reserve					
Dividends etc.					
Retained Surplus	564,284,052	112,388,668	1,009,308,691	812,699,152	639,373,045
Earnings per Share (EPS)	-				

Calculation Formulas

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
Operating efficiency	Total operating expense/total asset
Cost of funds	Total interest expense/ total deposit and non-deposit borrowings
Efficiency(cost to income) ratio	Non-interest income/ net total income
Overhead efficiency(burden)ratio	Non-interest income/ net total expense
Tax ratio	Provision for tax/ Total equity
Equity Multiplier	Total asset/ Equity
Equity ratio	Equity/ Total asset
Debt to Capital ratio	Debt/ Liability and shareholders' equity
Debt to Equity ratio	Debt/ shareholders' equity
Debt Ratio	Debt/ Total asset
Total asset turnover ratio	Interest income/Total asset
Asset Utilization	Total Income/Total asset
Provision for loans ratio	Provision for loans/ Total loan and acceptance

Calculation Results

	Profitability Ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Return on Equity (ROE)	0.0939	0.0156	0.1221	0.0893	0.0652
Return on asset (ROA)	0.0260	0.0049	0.0354	0.0310	0.0198
Profit Margin	0.3258	0.0477	0.3982	0.4013	0.3321
Interest cost to asset ratio	0.0079	0.0085	0.0070	0.0057	0.0026
Net operating Margin	0.0337	0.0456	0.0394	0.0281	0.0203
Net interest Margin	0.0194	0.0303	0.0259	0.0228	0.0173

	Liquidity Ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Cash to Total deposit	0.7570	0.4782	1.0391	0.4641	0.4676

Cash to Total	0.4086	0.2412	0.4299	0.2443	0.1965
Demand Deposit Ratio	0.5398	0.5043	0.4138	0.5264	0.4202
Non-Deposit broowings ratio	0.1500	0.1270	0.2448	0.0163	0.1785
Cash to demand deposit	0.7570	0.4782	1.0391	0.4641	0.4676

	Efficiency and Expense control ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Operating efficiency	0.0188	0.0188	0.0165	0.0206	0.0193
Cost of funds	0.0115	0.0135	0.0106	0.0106	0.0044
Efficiency(cost to income) ratio	2.0195	13.0850	1.5807	1.5717	2.0021
Overhead efficiency(burden)ratio	2.7927	3.4239	3.3873	2.3647	2.0550
Tax ratio	0.0628	0.0988	0.0928	0.0607	0.0516

	Financial Leverage Ratio				
	2017	**2018**	**2019**	**2020**	**2021**
Equity Muliplier	3.6128	3.1679	3.4503	2.8810	3.2953
Equity ratio	0.2768	0.3157	0.2898	0.3471	0.3035
Debt to Capital ratio	0.7232	0.6843	0.7102	0.6529	0.6965
Debt to Equity ratio	2.6128	2.1679	2.4503	1.8810	2.2953
Debt Ratio	0.7232	0.6843	0.7102	0.6529	0.6965

	Asset Turnover Ratio				
	2017	**2018**	**2019**	**2020**	**2022**
Total asset turnover ratio	0.0273	0.0388	0.0329	0.0285	0.0199

Asset Utilization	0.0798	0.1033	0.0889	0.0773	0.0595
Provision for loans ratio	0.0192	(0.0085)	0.0065	(0.0025)	0.0036

Gap ratio calculation Summary

2021	1 month or less	1-3months	3 - 6 months	6months-1year	1-5years	over 5 years	over 10 years	
Current Period Gap	(12,238,689,016)	8,929,899,405	(1,221,493,002)	(871,708,337)	503,284,043	246,546,625	60,032,084	-24%
Cumulative gap	(12,238,689,016)	(3,308,789,611)	(4,530,282,613)	(5,401,990,950)	(4,898,706,907)	(4,652,160,282)	(4,592,128,198)	
Gap ratio	-52%	-14%	-19%	-23%	-21%	-20%	-20%	

2020	1 month or less	1-3months	3 - 6 months	6months-1year	1-5years	over 5 years	over 10 years	
Current Period Gap	1,516,531,224	2,946,568,178	(1,064,252,177)	(1,583,475,939)	1,272,397,266	252,774,692	44,277,018	15%
Cumulative gap	1,516,531,224	4,463,099,402	3,398,847,225	1,815,371,286	3,087,768,552	3,340,543,244	3,384,820,262	
Gap ratio	7%	22%	17%	9%	15%	16%	17%	

2019	1 month or less	1-3months	3 - 6 months	6months-1year	1-5years	over 5 years	over 10 years	
Current Period Gap	(4,298,526,361)	1,657,762,871	(3,599,933,406)	1,116,120,041	320,750,934	169,869,059	41,268,422	-26%
Cumulative gap	(4,298,526,361)	(2,640,763,490)	(6,240,696,896)	(5,124,576,855)	(4,803,825,921)	(4,633,956,862)	(4,592,688,440)	
Gap ratio	-25%	-15%	-36%	-29%	-28%	-27%	-26%	

2018	1 month or less	1-3months	3 - 6 months	6months-1year	1-5years	over 5 years	over 10 years	
Current Period Gap	(4,075,742,767)	1,895,241,842	(1,950,745,698)	1,982,822,539	1,599,302,310	1,519,746,033	47,749,478	-8%
Cumulative gap	(4,075,742,767)	(2,180,500,925)	(4,131,246,623)	(2,148,424,084)	(549,121,774)	970,624,259	1,018,373,737	
Gap ratio	-20%	-11%	-20%	-10%	-3%	5%	5%	

2017	1 month or less	1-3months	3 - 6 months	6months-1year	1-5years	over 5 years	over 10 years	
Current Period Gap	(2,925,628,965)	1,155,365,206	(3,565,414,212)	(1,734,266,524)	438,964,574	327,458,116	48,063,653	-40%
Cumulative gap	(2,925,628,965)	(1,770,263,759)	(5,335,677,971)	(7,069,944,495)	(6,630,979,921)	(6,303,521,805)	(6,255,458,152)	
Gap ratio	-23%	-14%	-41%	-55%	-51%	-49%	-48%	