

Internship Report
On
“Off-balance sheet items in bank industry”



INTERNSHIP REPORT
ON
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PREPARED FOR

Ms. Shakila Aziz, CFA
Assistant Professor
School of Business and Economics
United International University

PREPARED BY

Hridoy Saha
ID: 111 141 234
BBA
United International University

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Ms. Shakila Aziz

Assistant Professor

School of Business and Economics

United International University

Subject: Submission of Internship Report on “Off-balance sheet items in bank industry”

Honorable Ma'am,

I am submitting my Internship Report, which is a part of the BBA Program curriculum. It is great achievement to work under your supervision. This report is on **“Off-balance sheet items in bank industry”**. I have got the opportunity to work at Central Trade Services Unit (CTSU) of Bank Asia Limited, under succession management and employee gets their satisfaction and worked 3 months at this division, under the supervision of

Md. Nazrul Islam Khan (First Assistant Vice president), Deputy Head of CTSU at Bank Asia Limited.

This Report gave me both academic and practical exposures. First of all, I learned about the organizational culture of a prominent Banking industry of the country. Secondly, the project gave me the opportunity to develop a network with the corporate environment.

I shall be highly obliged if you are kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you kind this report useful and informative to have an apparent perspective on this issue.

Sincerely yours,

Hridoy Saha

ID: 111 141 234

BBA

United International University

ACKNOWLEDGEMENT

First of all, I wish to express my gratitude to the almighty ALLAH for giving me the strength to perform my responsibilities as an intern and complete the report within the stipulated time. I am deeply indebted to my faculty **Ms. Shakila Aziz, Assistant Professor, United International University** for her whole-hearted supervision during my organizational attachment period. It would have been very difficult to prepare this report up to this mark without her guidance. My gratitude goes to entire BBA, of United International University for arranging Internship Program that facilitates integration of theoretical knowledge with real and corporate life situation. Last but not the least; I would like to convey my gratitude to Md. Nazrul Islam Khan, Deputy Head of CTSU at Bank Asia Limited., for helping me in furnishing the report. Moreover, I would also like to express my gratitude to my **Bank Asia Limited** fellows, seniors and colleagues who gave me good advice, suggestions, inspiration and support. I must mention the wonderful working and friendly environment and group commitment of this organization that has enabled me to deal with a lot of things.

EXECUTIVE SUMMARY

Bangladesh's financial sector is dominated by the banking sector. Bank is a financial institution which borrows money from surplus unit and lends to deficit unit. The dominance of the banking sector makes the financial sector vulnerable on the one hand, but highlights the crucial importance of the sector in resource mobilization and economic growth, on the other hand. The role of the banking sector in accelerating growth is contingent upon the soundness and depth of the sector. In Bangladesh the banking sector has travelled through a journey where the sector has experienced several ups and downs. Banking sector has a vital contribution in the development of an economy in the modern world.

The internship report is designed based on my theoretical knowledge and practical working experience. It is designed to have a professional knowledge while passing through the theoretical understanding. The report contains Introduction, Activities Undertaken, Constraints, Lessons learned from the internship program and Summary.

In chapter one, I have discussed about the abstract, origin of the report, objectives, purpose of the report, methodology, limitations of the study. In chapter two, I have discussed about the definition of Off-Balance sheet item, How Off-Balance sheet financing works? What is the purpose of Off-Balance sheet items? Key features of Off-Balance sheet items, Types of Off-Balance sheet item, Activity of Off-Balance sheet items. In chapter three, I have discussed about company profile, vision, mission, slogan & objectives, organizational structure, core values of Bank Asia Limited, products and services of Bank Asia Limited. In chapter four, I have discussed analysis of Off-balance sheet items of Bank Asia Ltd, eastern Bank Ltd & HSBC. In chapter five, I have discussed which items of Off-balance sheet actually work in Bangladesh? Which off-balance sheet items actually have and work in USA & India? How to work L/C as an off-balance sheet item in Bangladesh? Then in chapter six, I have showed some worked related activities when I intern at Bank Asia Limited. After that in chapter six, I have placed conclusion and references.

The overall objective and mission of my report was to represent the Activity of Off-balance sheet item in bank industry and to have a clear conception about all the essential parts of the internship program. I hope this report, despite its limitations, will be a gateway to have a clear concept about the Activity of Off-balance sheet item in bank industry.

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Chapter-1

1.1 Abstract:

The word 'Bank' is derived from the word 'Banco' or 'Banque'. Banco or Banque means a bench. The early bankers transacted their money leading activities sitting on the benches in a market place. According to others, the word 'Bank' is originally derived from the German word 'Bank' meaning a joint stock fund. However, the term 'Bank' has been in use from the Middle Ages in connection with the business of money lending. Originally, 'Banker' or 'Bank' was defined as a person who carried on business of receiving money, collecting of drafts, honoring cheques drawn upon it. Over the years the banking business has undergone many changes and now it covers a wide range of activities. According to modern concept, banking is a business, which deals, with borrowings, lending and remittances of funds as well as much ancillary business connected thereto.

Modern banks play an important part in promoting economic development of a country. Banks provide necessary funds for executing various programs underway in the process of economic development. They collect savings of large masses of people scattered throughout the country, which in the absence of banks would have remained idle and unproductive.

Government has taken a lot of financial sector reform measurements for making financial sector as well as banking sector more transparent, formulation and implementation of these reform activities has also been participated by different international organization like World Bank, IMF etc. Economic antiquity shows that competition has started everywhere, even with the banking industry and its contribution towards the economy of Bangladesh. From practical knowledge, we will be able to know real life situations of the banking sectors of Bangladesh.

Financial systems have experienced dramatic changes over the last two decades. The sharp acceleration in the pace of innovation has significantly altered the traditional face of the international financial system. These developments have been mainly due to the interaction of a combination of factors. The revolution in information technology, and an associated increase in competition, at both the national and international levels, has led to a continuing erosion of dividing lines, as the major intermediaries have been global in their geographical coverage and universal in their financial functions, encompassing banking, securities market activities and increasingly, insurance .

The collapse of pegged exchange rates, in particular, created a strong demand from customers of banks for the hedging of exchange rate risks on a routine basis, while the transition from a situation of low and stable inflation and interest rates to one characterized by high and variable rates increased the need for firms to hedge their potential risk exposures. The increased demand for such risk management services meant that in addition to their traditional intermediary role, banks were called upon to provide such services. For example, companies that borrowed in their domestic currency, derived income in other currencies from their foreign operations and banks could help such companies to control their foreign currency risk. Similarly, technology-intensive firms for whom unpredictable short-term revenues imposed severe constraints on their research and development (R&D) budgets, approached banks that provided products designed to hedge overseas income and plan R&D over longer period. This meant that banks had to increasingly diversify out of their traditional banking operations and provide fee-based services, implying higher incomes although at greater risks. The growth of off-balance sheet activities was a natural outgrowth of banks providing such risk management services.

1.2 Origin:

Nowadays education is not just limited to books and classrooms. In today's world, education is the tool to understand the real world and apply knowledge for the betterment of the society as well as business.

1.3 Objective:

The objective of this report is to complete the partial fulfillment requirement of the BBA program by gathering practical knowledge regarding “Activity of Off-balance sheet items in bank industry”. This practical orientation gives me a chance to co-ordinate my theoretical knowledge with the practical experience.

1.4 Methodology:

We have been assigned to do the “Activity of Off-balance sheet items in bank industry”. I was done my internship at Bank Asia Ltd. The internship report is analysis ranged both the theoretical and practical financial concepts and views.

For at the above purpose we collected information from primary and secondary sources. The sources of information were the websites and annual report of the bank. By using this information I have shown Off-balance sheet items activities of Bank Asia Ltd.

We are assigned to prepare a report on the valuation of the Off-balance sheet items of a reputed multinational company our working area included both financial and theoretical concept for that purpose. So we have to collect a wide range of data from both primary and secondary source. We have collected raw data through direct convention we also gone through to their main website.

Sources of Data and Data Collection:

Certain Methods and techniques have been utilized to collect data for this research paper. Both primary and secondary sources were chosen as effective means of collecting data relevant for this report. Information for writing this report is collect from following two sources:

i) Primary source:

- a. Personal investigation with bankers.
- b. Personal experience gained by visiting different desks,
- c. Different circular sent by Head Office of Bank Asia Limited and Bangladesh Bank.

ii) Secondary source:

- a. Different 'Procedure Manual' published by Bank Asia Limited ,
- b. Study of old files and vouchers,
- c. Publications of Bangladesh Bank.

1.5 Limitations of the study:

This report may have some incompleteness due to some of the limitations. I encountered while completing it that are mentioned below:

- 1) One major limitation was constraint. The duration of the study was only twelve weeks. Which disabled many opportunities? These reports could have been prepared in a much broader and extensive manner with more time space availability.
- 2) The study was limited by the size of the sample.
- 3) Not survey on the spot to the other banks for comparison rather customer opinion is taken only.
- 4) Some essential data could not be gathered because of confidentially concern. The raw data available in the organization's data base management system was also not properly organized.

- 5) I was not able to visit the different branches of Bank Asia Limited and had to depend on the corporate office for all the information regarding other branches.
- 6) Another limitation was that the data gathered could not be verified for accuracy.

Chapter-2

2.1 What is Off-balance sheet item?

Off-Balance sheet items also known as Off-Balance sheet assets or liabilities, and Incognito Leverage. They are either a liability or an asset which are not shown on a company's balance sheet as the business is not a legal owner of the respective item. That means the assets or the liabilities are not direct assets or an obligation of the company.

By nature, they are itemized as the off balance sheet items and are kept off the balance sheet. Off-Balance sheet items are generally shown in the notes to accounts along with the financial statements. These assets and liabilities may be used by a company; however, the legal ownership may or may not belong to them. In this case, the consumption of assets and payment of liabilities may ultimately be an indirect responsibility.

The term is very common with asset management companies, brokerage firms, wealth managers, etc. In this case, the assets being managed by firms do not belong to them but to the clients, so they are not recorded on the balance sheet.

For example, an operating lease is an off balance sheet item because the lease is not changing the company's capital structure. Thus the lease payments of an asset are expenses, not liabilities.

Off-balance sheet items are an important concern for investors when assessing a company's financial health. Off-balance sheet items are often difficult to identify and track within a company's financial statements because they often only appear in the accompanying notes. Also, of concern is some off-balance sheet items have the potential to become hidden liabilities. For example, collateralized debt obligations (CDO) can become toxic assets, assets that can suddenly become almost completely illiquid, before investors are aware of the company's financial exposure.

Off-balance sheet items are not inherently intended to be deceptive or misleading. Certain businesses routinely keep substantial off-balance sheet items. For example, investment management firms are required to keep clients' investments and assets off-balance sheet. For most companies, off-balance sheet items exist in relation to financing, enabling the company

to maintain compliance with existing financial covenants. Off-balance sheet items are also used to share the risks and benefits of assets and liabilities with other companies, as in the case of joint venture (JV) projects.

2.2 Types of off-balance sheet item:

In financial statement of any financial institute like bank or non-bank, they have mainly two types of Off-balance sheet items. They are off-balance sheet assets and liabilities. Some of the most common Off-balance sheet assets and liabilities are given below.

2.2.1 Off-balance sheet assets:

Operating lease: An operating lease represents a rental agreement for an asset from a lessor under the terms that GAAP does not require to record as a capital lease. The typical assets that are rented under operating leases include real estate, aircraft, and various equipment with long useful life spans. Operating leases allow U.S. firms to keep billions of assets and liabilities from being recorded on their balance sheets. To meet the operating lease classification, companies must perform tests consisting of four criteria that determine whether rental contracts must be booked as operating or capital leases.

Leaseback agreements: A leaseback is an agreement where an asset's seller leases back the asset from the purchaser. In a leaseback arrangement, the details of the arrangement, such as the lease payments and lease duration, are made immediately after the sale of the asset. Essentially, the seller of the asset becomes the lessee and the purchaser becomes the lessor.

Doubtful accounts receivable: Accounts receivable (AR) represents a considerable liability for many companies. This asset category is reserved for funds that have not yet been received from customers, so the possibility of default is high.

Instead of listing this risk-laden asset on its own balance sheet, companies can essentially sell this asset to another company, called a factor, which then acquires the risk associated with the asset. The factor pays the company a percentage of the total value of all AR upfront and takes care of collection. Once customers have paid up, the factor pays the company the balance due minus a fee for services rendered. In this way, a business can collect what is owed while outsourcing the risk of default.'

2.2.2 Off-balance sheet liabilities:

Letter of guarantee: A letter of guarantee is a type of contract issued by a bank on behalf of a customer who has entered a contract to purchase goods from a supplier. The letter of

guarantee lets the supplier know that they will be paid, even if the customer of the bank defaults. To get a letter of guarantee, the customer will need to apply for it, similar to a loan. If the bank is comfortable with the risk, they will back the customer with the letter, for an annual fee.

Documentary Credit / Letter of Credit: A letter of credit is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. Due to the nature of international dealings, including factors such as distance, differing laws in each country, and difficulty in knowing each party personally, the use of letters of credit has become a very important aspect of international trade.

Bills for collection: A Bill for Collection is the handling of documents (financial and/or commercial) by banks in accordance with instructions received from the exporter in order to: Obtain payment or acceptance or. Deliver documents against payment and/or acceptance or. Deliver documents on other terms and conditions.

Acceptance & Endorsement: Acceptance/Endorsement Loan is a type of loan in which the bank accepts or endorses the policy supplied by the exporter so that the importer may acquire the goods without paying for them immediately. Payment is made on the policy due date. When a bank endorses the relevant policy, the exporter can receive immediate payment by having the draft discounted. With payments guaranteed by the bank, your company has greater flexibility and security in its foreign trade transactions.

Irrevocable letter of credit: An irrevocable letter of credit (ILOC) is official correspondence from a bank that guarantees payment for goods or services being purchased by the individual or entity, referred to as the applicant, which requests the letter of credit from an issuing bank. An irrevocable letter of credit cannot be canceled, nor in any way modified, except with the explicit agreement of all parties involved: the buyer, the seller and the issuing bank. For example, the issuing bank does not have the authority by itself to change any of the terms of an ILOC once it is issued.

Although an ILOC is irrevocable while it is in force, generally the time period, during which a proposed transaction is expected to be completed, an ILOC expires at a specified point in time noted in the letter of credit.

Irrevocable letters of credit are official bank correspondence transferred and authenticated through the Society for Worldwide Interbank Financial Telecommunications (SWIFT) banking system, a global setup for facilitating financial transactions between banks or other financial institutions. An ILOC is transmitted as MT700 - message type 700.

An ILOC provides greater security of payment to the beneficiary of the letter, who is commonly the seller in a transaction. ILOCs are frequently sought for large construction projects because they are not subject to claims of preference in the event of a bankruptcy.

Throughput arrangements: A throughput contract is an agreement between two parties wherein a service or commodity is secured by one of the parties for a specified period of time. A small business may use throughputs as an indirect form of financing for projects, by providing access to materials rather than actual money. Throughput contracts are also referred to as throughput agreements.

And other liabilities or which are also called commitments. Those are

- Documentary credit and short term trade related transactions
- Forward assets purchased and forward deposits placed
- Undrawn note issuance and revolving underwriting facilities
- Undrawn formal standby facilities, credit lines and other commitments.

2.3 Off-balance sheet activity:

Following the path of financial innovation, banks have engaged in a variety of off-balance sheet activities in recent years. Not only the types of off-balance sheet activities have expanded dramatically but also their volume has increased exponentially. Bank's off-balance sheet does not refer exclusively to a precisely delineated group of activities. Rather, bank's off-balance sheet activities are a somewhat amorphous collection of income-generating businesses that do not appear on a bank's balance sheet. Bank's off-balance sheet activities are also not new. Income-generating activities that do not create additions to banks' balance sheets have been a long-standing part of banking industry's products and services. The holding of assets in trust for a fee is an example of a long-standing bank's off-balance sheet activity. However, what has been new is the explosive growth in their volume and their variety.

Certain bank's off-balance sheet activities, such as financial services, generate fee income but do not create contingent assets or liabilities and do not imply a significant credit risk for banks. Financial services include a number of services offered by banks, such as: loan servicing services; loan pass-through services; trust-related services, including portfolio management, investment advisory services, securities processing, customer stock, bond and money market brokerage, and trust and estate management services; payment services, such as network arrangements, transaction processing, overdraft banking, credit and debit cards, automated teller machines (ATMs), point of sale (POS) terminals, home banking, cash management, and bank-to-bank payment services; insurance services; correspondent banking services, such as credit services, security services, trust services, international services, and payment services; and export trading services.

On the other hand, an increasing number of new bank's off-balance sheet activities create contingent assets or liabilities. The introduction of innovative products, such as interest rate swaps and currency swaps, serves to highlight an important point: the subject of bank's off-balance sheet activities is receiving considerable attention not only because of the growing involvement of banks in traditional off-balance sheet activities but also because of the rapid development of new, innovative off-balance sheet activities. In 1986, the Bank for International Settlements' Committee on Banking Regulations and Supervisory Practices prepared a paper intended to describe and catalog both traditional and new bank's off-balance sheet activities.

2.4 What is the Purpose of Off-Balance Sheet Item?

1. To maintain solvency ratio like Debt to equity ratio below a certain level and obtain funding which company would not have been able to obtain otherwise.
2. Better solvency ratios ensure maintaining a good credit rating which in turn allows the company to access cheaper finance.
3. It makes balance sheet finance appear leaner which prima facie may attract investors.

2.4.1 Key Features of Off-Balance Sheet Items:

1. It results in the reduction in existing assets or exclusion of assets going to be created from the balance sheet.
2. Assets and liabilities are both understated and it gives a leaner impression of the balance sheet finance.

3. It involves the use of creative accounting and financial instruments to achieve off the balance sheet finance.

2.5 How Off-Balance Sheet Financing Works?

An operating lease, used in off-balance sheet financing, is a good example of a common off-balance sheet item. Assume that a company has an established line of credit with a bank whose financial covenant condition stipulates that the company must maintain its debt-to-assets ratio below a specified level. Taking on additional debt to finance the purchase of new computer hardware would violate the line of credit covenant by raising the debt-to-assets ratio above the maximum specified level.

The company solves its financing problem by using a subsidiary or special purpose entity (SPE), which purchases the hardware and then leases it to the company through an operating lease while legal ownership is retained by the separate entity. The company must only record the lease expense on its financial statements. Even though it effectively controls the purchased equipment, the company does not have to recognize additional debt nor list the equipment as an asset on its balance sheet.

2.5.1 Leasing:

It is the oldest form of off-balance sheet financing. Leasing an asset, allows the company to avoid showing financing of the asset from its liabilities and lease or rent is directly shown as an expense in the Profit & Loss statement.

1. For the lessee, it is the source of off-balance sheet financing as lessor bears the financing of the asset.
2. The conventional method to acquire assets which require large capital outlay.
3. It makes easier to upgrade technology with changing times.
4. Only Operating leases qualify as off-balance sheet financing and financial leases are required to be capitalized on the balance sheet as per latest Indian Accounting Standards.

2.5.2 Special Purpose Vehicle (SPV):

Special purpose vehicles or subsidiary companies are one of the routine ways of creating off the balance sheet financing exposures. This was used by Enron which is known for one of the high profile off-balance sheet financing exposure controversies.

1. Parent company creates SPV to enter into a new set of activities but wants to isolate itself from risks and liabilities from new activity.
2. Parent company need not show the assets and liabilities of SPV on its balance sheet.
3. The SPV acts as an independent entity and acquires its own credit lines for the new business.
4. If parent company fully owns SPV, then under accounting standard for most countries, it needs to consolidate the SPV balance sheet into its own which defeats the purpose of creating off-balance sheet finance. Therefore normally companies create SPV by way of the new joint venture with some other entity.

2.5.3 Hire Purchase Agreements:

If a company cannot afford to purchase assets outright or obtain finance for same, it can enter into hire purchase agreement for certain period with financiers which will purchase the asset for the company which in turn will pay a fixed amount monthly until all the terms in the contract are fulfilled. The hirer has the option of owning the asset at the end of the hire purchase agreement.

1. Under normal accounting, the asset reflects in the balance sheet of the purchaser and hirer need not show it in its balance sheet during the period of hire purchase contract. It gets the benefit of off-balance sheet financing.

2.5.4 Factoring:

It is a type of credit service offered by Banks and other financial institutions to their existing clients. Under factoring, finance is obtained by selling account receivables to Banks. Banks offer immediate cash to the company after taking some cut from account receivables for offering the service.

1. It is also termed as accelerating of cash flows sometimes.
2. There is no direct liability on the company due to factoring, but there is a sale of some of its assets.

Chapter-3

3.1 Profile of the Bank:

Bank Asia Limited was incorporated on September 28, 1999 as a private commercial bank with the aim of contributing for the development of the economy by bringing superior quality, technology driven banking products and services. In 2001, Bank Asia set a milestone by acquiring the Bangladesh operations of the Bank of Nova Scotia of Canada, first in the banking history of Bangladesh. At the beginning of the year 2002, the bank again acquired the Bangladesh operations of Muslim Commercial Bank Limited of Pakistan. Bank Asia has associated Islamic banking, Off-shore banking, Agent Banking, EBEK & Social Safety Net program and many more specialized services with its core banking activities. To excel in this new era of technological triumph, Bank Asia has successfully introduced internet banking, cutting edge ICT, state of the art network solution, 24/7 ATM service and many other e-products. Bank Asia maintains an environment of strong corporate governance that helps to maintain its excellent brand image; reflected by consistent financial performance for its stakeholders. To attain sustainability, we focus more on strategic priorities measured by quantitative and qualitative determinants. Besides maintaining a steady growth, Bank Asia always prioritized in the structural and moral development of the society. From the very beginning the bank has started its Corporate Social Responsibility (CSR) activities for the development of our country's unprivileged segments in the areas of education, health, environment, sports, arts & cultures and the likes.

Principal activities:

The principal activities of the Bank are to provide all kinds of conventional and Islamic commercial banking services to its customers through its branches, islamic windows, SME centers, and vibrant alternative delivery channels (ATM booths, Mobile banking, internet banking) in Bangladesh.

Islamic banking unit:

The Bank obtained permission from Bangladesh Bank (country's central bank) to operate Islamic Banking Unit vide Bangladesh Bank's letter no. BRPD(P-3)745(53)/2008-4804 dated 17 December 2008. The Bank commenced operation of this Unit from 24 December 2008. The Islamic Banking Unit is governed under the rules and regulations of Bangladesh Bank.

Off-shore banking unit:

The Bank obtained off-shore banking unit permission from Bangladesh Bank vide its letter no. BRPD (P-3)744(94)/2007-1853 dated 21 June 2007. Operation of this unit commenced

from 28 January 2008 and its office is located at Zone Service Complex, Chittagong Export Processing Zone, Chittagong. Off-shore banking unit is governed under the rules and regulations of Bangladesh Bank.

Bank Asia Securities Limited:

Bank Asia Securities Limited, a majority owned (99.99%) subsidiary company of Bank Asia Limited was incorporated as a private limited company in Bangladesh on 04 August 2010 bearing certificate of incorporation no. C-86230/10 dated 04 August 2010 under the Companies Act 1994 having its registered office at Hadi Mansion (7th Floor), 2 Dilkusha Commercial Area, Dhaka 1000 which has commenced its business on the 17 April 2011. The main objective of this company is to act as a full-fledged stock broker and stock dealer to execute buy and sale order and to maintain own portfolio as well as customers' portfolio under the discretion of customers. It also performs the other activities relating to capital market as and when regulators permit.

BA Exchange Company (UK) Limited:

BA Exchange Company (UK) Limited was incorporated as a private limited company under United Kingdom Companies Act and registered with Companies House of England and Wales vide registration no. 07314397 as a fully owned subsidiary company of Bank Asia Limited, BA Exchange Company (UK) Limited launched its operation in London on 16 May 2011. BA Exchange Company

(UK) Limited attaches a fresh width to the Bank's remittance operation and expands its global presence for remittance services. Bank Asia stretched its business in United Kingdom through its fully owned (100%) subsidiary to facilitate speedy and dependable medium for remitting the hard-earned money of expatriates to home.

BA Express USA inc:

BA Express USA inc is fully owned subsidiary company of Bank Asia Limited incorporated in New York State Department of Financial Services (NYSDFS) in USA. The company obtained license to receive money for transmission within USA and abroad and to transmit same, pursuant to the provision of Article 13-B of the USA Banking Law, subject to all rules and regulations made by the Superintendent of Financial Services of New York relating to such business, effective 22 November 2013. The company has started its commercial operation from 01 June 2014.

3.2 Background of the Company:

Due to the demand of better banking facilities rather than the public bank, a few entrepreneurs took a bold step to start private commercial banks in Bangladesh. The role of Commercial Banks in our economy is more significant compared to other service oriented organizations in Bangladesh. The private banks are holding the significant portion of the banking industry.

- Bank Asia Limited is a third generation bank started its commercial banking operation from November 27, 1999. During the short span of time, the bank has successfully positioned itself as progressive and dynamic financial institution in our country. The bank has been widely acclaimed by the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looking business outlook and innovative financing solutions.
- Bank Asia Ltd. started selling its share for the public in September 2003 and traded in Dhaka Stock Exchange and Chittagong Stock Exchange.
- The stockholder's equity is also increasing trend which reflect that shareholder's eager to invest in the bank to increase revenue for the bank; which is definitely a good sign for the bank. The total assets of the bank have increased as well and especially in the year 2003, it exceeded more than 4 million than in the previous year.
- Bank Asia Limited is the first commercial Bangladeshi bank that acquired two foreign commercial banks to operate business. The amount of deposits also increases day by day that reflects customers have the faith in the bank to deposit their money in the bank.
- As a new bank in the country, their Import and Export business have doing well. For a short period of time they were able to generate foreign currency at an increasing trend for the last four years.
- Its other significant delivery channel is the shared ATM Network. Bank Asia has 98 ATM's as a member of ETN (E – cash) along with eleven other banks.



Bank Asia

3.3 Corporate Structure of Bank Asia Limited:

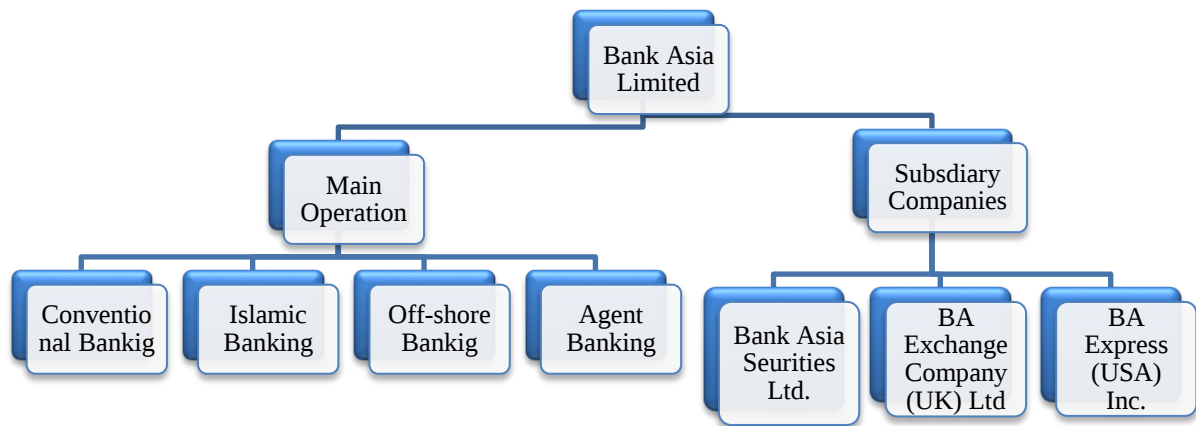


Figure 1: Bank Asia Different Operation

3.4 Core Values of Bank Asia limited:

- Place customer interest and satisfaction as first priority and provide customized banking products and services.
- Value addition to the stakeholders through attaining excellence in banking operations.
- Maintain high ethical standard and transparency in dealings.
- Be a compliant institution through adhering to all regulatory requirements.
- Contribute significantly for the betterment of the society.
- Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work-life balance.
- Committed to protect the environment and go green.

3.5 Organizational Hierarchy of Bank Asia Limited:



Figure2: Organization Hierarchy of Bank Asia Ltd.

3.6 Bank Asia's Mission:

Bank Asia has developed a mission statement which reads as follows-

- To assist in bringing high quality service to the customers and to participate in the growth and expansion of the national economy
- To set high standards of integrity and bring total satisfaction to the clients, shareholders and employees

3.7 Bank Asia's Vision:

Bank Asia's vision is to have a poverty free Bangladesh in course of a generation in the new millennium, reflecting the national dream. Our vision is to build a society where human dignity and human rights receive the highest consideration along with reduction of poverty.

3.8 Slogan of Bank Asia Limited:

For 'A Better Tomorrow' is the Slogan of Bank Asia Limited. As the Vision is to make Bangladesh a poverty free country and Mission is to serve the best to satisfy the client, Shareholders and also satisfy the employees the slogan is go through with the vision and mission.

Bank Asia Limited started its service with a vision to serve people with modern and innovative banking products and services at affordable charge. Being parallel to the cutting edge technology the Bank is offering online banking with added delivery channels like ATM, Tele-banking, SMS and Net Banking. And as part of the bank's commitment to provide all modern and value added banking service in keeping with the very best standard in a globalize world.

3.9 Code of Conduct:

- Employees must be open and loyal to the Bank and Bank's interest.
- Employees must keep confidentiality in all Bank's and other matters that could provide other third parties unauthorized access to confidential information.
- Employees must observe the Bank's security requirements concerning access to electronic resources and documents.
- All information and communication with the media, the public and financial markets shall be reliable and correct, maintain high professional and ethical standards and in accordance with established guidelines and regulations.

- Customers shall be met with insight, respect, and understanding. Employees must always try to fulfill the needs of the customer in the best possible manner, within the guidelines for corporate ethics that apply to business.
- Under no circumstances, employees shall or be a part of any activity that prohibits open and fair competition of Bank Asia in breach of relevant business laws.
- Employees shall never offer or accept illegal or inappropriate gifts or other remuneration in order to achieve business or personal advantages.
- Employee's engagement in external duties must not affect his/her working relationship with Bank Asia or come into conflict with Bank Asia's business interest.
- Should an employee become aware of an infringement of Bank Asia's rules and guidelines, he/she should blow whistle raising the issue to the line management or to People Management Division (PMD).

3.10 Goals:

Sustainable Growth

Synergies between new knowledge and human capital for sustainable economic growth

Capital Stewardship

Preservation and enlargement of multiple forms of capital; “like intellectual, natural, financial, organizational, social; all of which contribute to long term value creation.

Accelerating Financial Inclusion

Accelerate progress towards financial inclusion with technology like ATM, mobile phone, smart card based banking services and renewable energy generation projects especially in rural areas.

Differentiating Value Added Services

Strong focus on extremely cost-efficient and green services through internet banking, electronic fund transfer, automated cheques clearing, e-bank statement, SMS alert etc.

Going Green

Quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. Greater emphasis on green banking projects.

Leader in Business

Create new dimension in the syndication and structured financing. Grow with export.

Well diversified portfolio.

Chapter-4

4.1 Off-balance sheet items of Bank Asia Ltd:

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items. Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 off balance sheet items must be disclosed separately in face of balance sheet. Accordingly the Bank has recognized the following off balance sheet items:

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Bills for collection
- Foreign exchange contracts
- Forward assets purchased and forward deposits placed

According to annual report, Bank Asia Ltd was mainly works & maintains these Off-balance sheet items. Every year they work with these items. Mainly they focus on Acceptances and endorsements, Letters of guarantee, Irrevocable letters of credit, Bills for collection, Foreign exchange contracts and Forward assets purchased and forward deposits placed.

4.2 Analyze the Off-balance sheet items of Bank Asia Ltd:

According to last 5 years financial statement 2018, 2017, 2016, 2015, 2014, Bank Asia Ltd was actually works & maintain these Off-balance sheet items.

Bank Asia Ltd					
Items	Years				
	2014	2015	2016	2017	2018
Acceptances and endorsements	23,788,621,938	33,178,690,709	35,098,107,666	42,864,351,001	48,569,391,593
Letters of guarantee	21,663,339,317	29,263,667,968	35,578,341,924	40,615,034,541	41,312,967,803
Irrevocable letters of credit	19,948,666,485	23,093,149,701	29,013,641,402	37,891,236,914	30,327,687,774
Bills for collection	6,126,526,854	9,044,174,516	11,071,956,010	14,468,687,335	16,015,469,958
Foreign exchange contracts	-----	-----	-----	-----	-----
Forward assets purchased and forward deposits placed	-----	2,237,373,935	-----	317,134,285	1,233,739,359
Total	71,527,154,594	96,817,056,829	110,762,047,002	136,156,444,076	137,459,256,487
All amounts are represented by BDT					

If we discuss more about Off-balance Sheet items of Bank Asia Ltd. Than every item has different part and every item consist of others different items. Those items are discussed below:

Acceptances and endorsements are consisting of Conventional and Islamic banking & Off-shore banking unit. Letters of guarantee is consisting of Letters of guarantee (Local) & Letters of guarantee (Foreign). Other things of Letters of guarantees are: Balance for which the Bank is contingently liable in respect of guarantees issued favoring: Directors or officers, Government, Banks and other financial institutions & others. Irrevocable letters of credit also consist of Letters of credit Back to Back (Inland), Letters of credit (General) & Back to back L/C. Bills for collection consist of Local bills for collection & Foreign bills for collection. Forward assets purchased and forward deposits placed in also.

These Different types of off-balance sheet items are only worked in Bank Asia Ltd. Every year the amount of total Off-balance sheet item is increases. In 2014 total amount of off-balance sheet item was BDT 71,527,154,594. In 2015 the amount was BDT 96,817,056,829. In the same way amount was increased. In last year (2018) the amount was BDT 137,459,256,487. I conclude that Bank Asia Ltd was more concern about Off-balance sheet items. Yearly they increased their Off-balance sheet activity. This activity helps to gain more profit and helps to increases companies growth.

4.3 Analyze the Off-balance sheet items of Eastern Bank Ltd:

According to last 3 years financial statement 2017, 2016, 2015, Eastern Bank Ltd was actually works & maintain these Off-balance sheet items.

Eastern Bank Ltd					
Items	Years				
	2017	2016	2015		
Acceptances and endorsements	37,313,068,570	32,666,382,402	29,367,215,759		
Letters of guarantee	18,139,419,275	15,905,357,265	13,233,474,177		
Irrevocable letters of credit	38,108,685,882	17,720,419,522	17,203,519,865		
Bills for collection	7,055,462,385	5,836,991,295	5,667,837,421		
Foreign exchange contracts	-----	-----	-----		
Forward assets purchased and forward deposits placed	661,600,000	3,447,156,360	-----		
Documentary credits and short term trade-related transactions	-----	-----	-----		
Total	101,278,236,112	75,576,306,844	65,472,047,222		
All amounts are represented by BDT					

If we discuss more about Off-balance Sheet items of Bank Asia Ltd. Than every item has different part and every item consist of others different items. Those items are discussed below:

Acceptances and endorsements are consisting of Acceptances (Back to Back), Acceptances - (ULC-Cash), Acceptances - Offshore Banking Unit. Letters of guarantee is consisting of Directors, Government, Banks and other financial institutions, Others (customers etc.) & Letter of guarantees - Offshore Banking Unit. Irrevocable letters of credit also consist of Letters of credit (LC) - cash sight, Letters of credit (LC) - cash usance, Letters of credit (LC) - back to back, Letters of credit (LC) - cash sight-OBU & Letters of credit (LC) - cash usance-OBU. Bills for collection consist of Foreign Documentary Bills Collection, Local Documentary Bills Collection & Bills for collection - Offshore Banking Unit (OBU). Forward assets purchased and forward deposits placed in also.

As per BRPD circular letter no -01, dated 03 January 2018, general provision charges @1% on Letter of Credit issued in favour of Fast Track Power Projects has been waived. As on the reporting date the bank had outstanding L/C of Tk. 6,364.92 million issued in favour of Fast Track Projects on which general provision has not been maintained.

4.4 Analyze the Off-balance sheet items of HSBC:

According to last 3 years financial statement 2018, 2017, 2016, HSBC was actually works & maintain these Off-balance sheet items.

HSBC					
Items	Years				
	2018	2017	2016		
Acceptances and endorsements	87,675,262,477	71,300,858,731	45,222,350,663		
Letters of guarantee	56,719,420,056	30,143,609,594	23,436,992,768		
Irrevocable letters of credit	65,888,926,453	74,176,407,128	69,906,561,014		
Bills for collection	-----	-----	-----		
Foreign exchange contracts- Spot and Forward	5,094,357,828	3,357,031,546	5,441,092,856		
Forward assets purchased and forward deposits placed	-----	-----	-----		
Total	215,377,966,814	178,977,906,999	144,006,997,301		
All amounts are represented by BDT					

If we discuss more about Off-balance Sheet items of Bank Asia Ltd. Than every item has different part and every item consist of others different items. Those items are discussed below:

Acceptances and endorsements, Irrevocable letters of credit, Foreign exchange contracts- Spot and Forward.

Letters of guarantee is consisting of Money for which the Bank is contingently liable in respect of guarantees given favoring Government, Bank and other financial institutions & others.

Every year the amount of total Off-balance sheet item is increases. In 2016 total amount of off-balance sheet item was BDT 144,006,997,301. In 2017 the amount was BDT 178,977,906,999. In the same way amount was increased. In last year (2018) the amount was BDT 215,377,966,814. I conclude that HSBC was more concern about Off-balance sheet items. Yearly they increased their Off-balance sheet activity. This activity helps to gain more profit and helps to increases companies growth.

Chapter-5

5.1 In Bangladesh perspective which items of Off-balance sheet actually work?

In Bangladesh perspective, banks usually transact off-balance sheet liabilities which are also called contingent liabilities. Banks are also transacting off-balance sheet assets. But most of the transactions are held in off-balance sheet liabilities rather than the off-balance sheet assets. After analyses some banks financial statement, I found some off-balance sheet liabilities, which are commonly transact in banks and other liabilities or which are also called commitments. Those are

- Letter of guarantee.
- Irrevocable letter of credit.
- Bills for collection.
- Acceptance & endorsement.
- Documentary credit and short term trade related transactions.
- Forward assets purchased and forward deposits placed.
- Undrawn note issuance and revolving underwriting facilities.
- Undrawn formal standby facilities, credit lines and other commitments.

5.2 In USA & Indian perspective which items of off-balance sheet actually have and work?

In India perspective, banks usually transact off-balance sheet liabilities and off-balance sheet assets also. But most of the transactions are held in off-balance sheet liabilities rather than the off-balance sheet assets. After analyses some banks financial statement, I found some off-balance sheet liabilities, which are commonly transact in Indian banks. Those are

- Claims against the Bank not acknowledged as debts
- Liability for partly paid investments
- Liability on account of outstanding forward exchange contracts
- Guarantees given on behalf of constituents
- Acceptances, endorsements and other obligations
- Currency swaps
- Interest rate swaps, currency options and interest rate futures
- Other items for which the Bank is contingently liable

In USA perspective, banks usually transact off-balance sheet liabilities and off-balance sheet assets also. But most of the transactions are held in off-balance sheet liabilities rather than the off-balance sheet assets. After analyses some USA banks financial statement, I found some off-balance sheet liabilities, which are commonly transact in USA banks. Those are

- Credit card
- Securities lending indemnification agreements and guarantees
- Derivatives qualifying as guarantees
- Unsettled reverse repurchase and securities borrowing agreements
- Unsettled repurchase and securities lending agreements
- Loan sale and securitization-related indemnifications
- Mortgage repurchase liability
- Loans sold with recourse
- Other guarantees and commitments

5.3 How to work L/C as an off-balance sheet item in Bangladesh?

Letter of credit is issued by an advisory bank in favor of the payee to guarantee the payment to the receiver with collateral as security of the agreement. Thus the payee her is under contingent liability if something goes wrong in future during the process of the payment. Since the liability is still contingent, thus it is not treated as a direct liability and so does not change the capital structure in the balance sheet of the company. Therefore, letter of credit, as a contingent liability is recognized as an off balance sheet item, thus it is an off balance sheet item.

There are many commonly used types of letter of credit. Each has different features and some are more secure than others. Sometimes a letter of credit may combine two types, such as 'confirmed' and 'irrevocable'.

5.3.1 Irrevocable: An irrevocable letter of credit cannot be changed or cancelled unless everyone involved agrees. Irrevocable letters of credit provide more security than revocable ones.

5.3.2 Confirmed: A confirmed letter of credit is one to which a second bank, usually in the exporter's country adds its own undertaking that payment will be made. This is used when

the exporter does not find the security of an unconfirmed credit sufficient due to issuing bank risk or political and/or economic risk associated with the importer's country. An irrevocable and confirmed letter of credit has not only the commitment of the issuing bank but also a binding undertaking given by the confirming bank to pay when the documents are presented in accordance with the terms and conditions of the credit. So a confirmed letter of credit provides more security than an unconfirmed one.

5.3.3 Standby: A standby letter of credit is an assurance from a bank that a buyer is able to pay a seller. The seller doesn't expect to have to draw on the letter of credit to get paid.

5.3.4 Back-to-back: Back-to-back letters of credit may be used when an intermediary is involved but a transferable letter of credit is unsuitable.

In recent years, there has been significant growth in the volume of contingent liabilities related to various derivative products. At the same time, growth in standby letters of credit enhancements has moderated due to global risk based capital considerations.

As a regular part of bank operation, some banks are involved in originating financial contracts that may result in the acquisition of certain assets and liabilities at some future date, under certain conditions. Generally accepted accounting principles do not consider these contracts in themselves to be assets or liabilities and, thus, do not recognize them on the face of the balance sheet. These off-balance-sheet items are quite diverse in nature and purpose and may include such instruments as firm loan commitments, standby letters of credit, foreign exchange, financial futures, forward contracts, options, interest rate swap contracts, and other derivative products.

Branches do not have the authority to issue guarantees or sureties, except as may be incidental or usual in carrying on their banking business. Such an instance may occur when a branch has a substantial interest in the performance of the transaction involved or has a segregated deposit sufficient to cover its total potential liability.

A branch may also guarantee or endorse notes or other obligations sold by the branch for its own account. The amount of the obligations covered by such guarantee or endorsement is to be recorded as a contingent liability on the records of the branch. Furthermore, such liabilities are included in computing the aggregate indebtedness of the branch, which may be subject to limitations imposed by any applicable law or regulation.

A common example of a guarantee is a steamship letter of guarantee. Frequently, in an international sale of goods, the merchandise arrives at the importer's (buyer's) port and the

complete negotiable bills of lading are either lost or delayed in transit. In such instances, it is customary for the importer (buyer) to obtain immediate possession of the goods by providing the shipping company with a bank guarantee, often called a steamship guarantee, which relieves the shipping company of liability resulting from release of the goods without proper or complete negotiable title documents. Usually, the guarantee relies on a counter-guarantee issued to the branch by the importer. All types of guarantees issued are to be recorded as contingent liabilities by the branch. Usually, the party for whom the guarantee was issued will reimburse the branch should it be required to pay under the guarantee; however, in certain situations, some other designated party may reimburse the branch. That other party may be designated in the guarantee agreement with the branch or in the guarantee instrument itself. The branch may also be reimbursed from segregated deposits held, pledged collateral, or by a counter-guarantor. Letters of credit, as distinguished from guarantees, are discussed in a separate section of this manual.

Chapter-6

6.1 Worked Related Activities:

Bangladesh is a developing country. Every developing country is doing export and import business. We know how our garment sector is growing fast. In fact, Bangladesh is the best garments exporter in the world. Bank Asia foreign exchange department (CTSU) provides service to make it easier. They can earn lots of money from foreign those make our economy strong than before and also we can earn reputation from this business. It is quite impossible for any country to develop in industrial and commercial sector without sound banking system in modern economic era. Foreign exchange is one of the significant functions of the bank. It plays a vital role in overall economy of the country.

In today's world student is not just limited to the books. It is necessary to understand the real world and apply the knowledge for the betterment of the society as well as business. From education, the theoretical knowledge courses of the study which is only the half way of the subject matter, practical knowledge has no alternative. The perfect combination of theory and practice has per amount importance in the context of the modern business world in order to resolve dichotomy between these two areas. Therefore, United International University (UIU), for its potential business undergraduates, arranges a program to get three months' practical experience known as 'internship program'. For the internship program, I got the opportunity to work at the **Central Trade Services Unit (CTSU) of Bank Asia Limited** located at 117, Kazi Nazrul Ialam Avenue, Eskaton Garden, Dhaka-1217. CTSU is a trade services unit which performs all the foreign exchange operations on behalf of the non-AD (Authorized Dealer) branches of Bank Asia Limited who have no permission from Bangladesh Bank to directly participate in foreign exchange operations. Other AD (Authorized Dealer) branches of Bank Asia Ltd perform foreign exchange operations by themselves. I was an intern at CTSU. This unit of Bank Asia Limited is responsible for providing a wide range of foreign exchange services to its parties. I have learned about the various foreign exchange services that Bank Asia offers to its clients. After three months of organizational attachment with the bank, I decided to prepare a report to explore the foreign exchange operations of Bank Asia Ltd. This affiliation report will also be useful for the readers and undergraduate students who are willing to understand the foreign exchange services provided by the private commercial banks in the country.

In 3 months of internship I was assigned at the foreign exchange sector. Here I got a position and duties in Bank Asia Limited, Eskaton Garden (CTSU) branch. Here I did many types of work those are related with mostly export and import activities. I worked with Mr. Iqbal Parvez (First Assistant Vice president), Md. Rakibul Hassan (Junior Officer), and Md. Nazrul Islam Khan (First Assistant Vice president). But my main supervisor was Md. Nazrul Islam Khan.

During my internship program most importantly I realized how to work under the pressure of responsibilities maintaining chain of commands and working in a team. Bank Asia Limited taught me to work with rules and regulations, where I have gained the understanding on how to reach a mutual understanding between different people while working together. This practical orientation is necessary for the development and preparation of a person before entering into the corporate world. In my internship period I have done lot of things.

In today's world of business without bank's co-operation, it is almost impossible to run any business of production unit of business. Export and import need finance in various stages of their activities. Bank Asia Limited is playing a vital role in financing import and exports of the country and helping the businesses by providing funds to run.

There are lots of local and foreign banks competing in banking industry in Bangladesh and the Bank Asia Limited is keeping its promises for about fourteen years among them very successfully.

To survive in this dynamic market and lead it from the front the bank must take every initiative very wisely and so far they have successfully utilized their human resource efficiently compare to other private and public banks.

During the course of my practical orientation I have tried to learn the practical banking activities to realize my theoretical knowledge, what I have gathered and going to acquire from various courses. It is great pleasure for me to have practical exposure of Bank Asia Limited, because without practical exposure it couldn't be possible for me to compare the theory with practice. The experiences I have gathered practical experiences on foreign exchange activities of Bank Asia limited which is going to help me in the future.

Now after completing my internship program I gained practical knowledge of banking, it will definitely help me in my career and also help me a lot to understand and face the real life problems regarding banking activities.

I worked on foreign exchange department and the activities that I have conducted are as follows:

6.1.1 Checking Application of Opening a L/C from Importer:

At first, an importer will request banker to open L/C along with the following documents, I Checked below all document.

- An application
- Pro forma Invoice (PI)
- Import Registration Certificate (IRC)
- TIN certificate
- Insurance cover note with money receipt
- A bank account
- Membership of chamber of commerce
- Packing list
- Commercial invoice
- Trade license

6.1.2 Assisting Export Section:

There are two types of export. These are foreign and local. For foreign there are two separate files: Foreign document bill of purchase (FDBP) Foreign document bill of collection (FDBC) for local these are the files Local document bill of purchase (LDBP) Local document bill of collection (LDBC) I have worked in foreign document. The description of my work which is related with export sector given in the bellow:

- **Filled up Export L/C Register with Below Information**
 - Beneficiary company: Company that is maintaining account with the bank.
 - LC no: The number received when the LC is opening.
 - LC value: The amount the beneficiary keeps for the LC. That information I received from the commercial invoice.

- Foreign currency value: Foreign Currency is the amount that company fixes for the country they are sending goods. This amount I collected from the forwarding letter.

- **Filled up Export Register Book with Below Information**

- Export form writing: there are four copies called original duplicate triplicate and quadruplicate, the original is for the customs and duplicate needs for reporting to Bangladesh bank, as a part of my job I write the duplicate where I put the L/C type.
- FDBP or FDBC No and the date of the document get by bank.
- The shipment date.
- The bill of lading number and the date.

- **Writing Several Forms and Information**

- FDBP or FDBC No: This information I got from the forwarding letter
- Date: also from the forwarding letter of bill.
- Bill of Lading no: from the bill of lading copy.
- Date: also from bill of lading copy.
- Shipment date: from the forwarding letter.

- **Preparing File with Given Document**

- LC number
- LC copy
- Acceptance paper and Others document in the file.
- Then I wrote the LC date, LC number, FDBP number, FDBP date, company name, amount, rate on the file and punched the copy's and put them inside the file.
- Duplicate writing and document attachment: I sorted commercial invoice and bill of export with the duplicate copies. Moreover, for duplicate there I matched the commercial Invoice value with the duplicate value. If there was any mismatch, then I kept the stet shipments certificate along with the duplicate.

- **Issuing Export Form (EXP)**

Issuing EXP is actually keeping register of export form. For every export, the exporter needs to fill up export form. The bank keeps register of export form year to year. My job is update (EXP) register. Following points are related with EXP register.

- **Filled up (EXP) Form**

My other duty in foreign exchange department was to fill up the export form. The name of vessel, date of shipment, bill of lading number, amount etc. are written in export form. I got all that information from the documents like Bill of lading, Commercial invoice, Airway bill and Delivery invoice.

- **Checking Amount Declared on EXP Form**

What will be the foreign value of exporting goods is written in the export register. The amount is written in EXP form. I was check it and then written in EXP register.

- **Date of Shipment and Bill Number**

On which date the exporter send the goods to the importer is known as date of shipment. Bill Number is the FDBC (foreign document bill collection) number. My job is written shipment date and bill number to EXP according to cargo receipt.

- **Amount Realized in Foreign Currency**

This is the foreign value of the currency which the bank received from the importer. I was written in EXP register from banking software system.

- **Keeping Record of Export Import Register**

Export import register is used to keep the record of total export of a company, especially garments factory. The garments company also issue back to back letter of credit on the export letter of credit.

6.1.3 Assisting Import Section:

For import section I have done some activities and the activities I have conducted are as follows:

- L/C register: I have maintained LC No, descriptions of the product, marginal charges, Origin country of the goods, imported country and port name, mode of transport etc. these are the columns I wrote in the register book.
- Import from writing: for IMP form I have written
 - Date
 - Value taka
 - Description of goods

- Quantity of goods
- Invoice value
- Foreign currency amounts
- Country of origin
- Place of importation

There are two types of Letter of credit authorization form (commercial and industrial) I had to write this information on the import form.

- **Update Bill of Entry Register**

- L/C Date
- L/C No
- Beneficiary company
- Last date of shipment
- Expiry Date

- **Create L/C File**

- L/C voucher
- L/C copy
- L/C acceptance paper and other document

Then I wrote the LC issuing date, number, company name, account, margin amount, Taka value, shipment date, Expiry date, sanction authority name on the file and punched the copies and put them inside the file.

- **Serial Number of LC**

A number is given for every import item by the bank. Such as 209718018613 here 2097 is the (AD) Bank Branch code, 01 is the LC type, 18 is the current year of 2018 and 8613 is the importer LC number. I was maintaining the number consequently when I create LC file for importer.

- **LCAF writing**

- Company name & address
- Values in number and words
- The description of goods and
- HS code (Also known as Harmonized System)

- **Filled up IMP Form**

IMP form is a document of import letter of credit. For issuing letter of credit the bank should submit IMP form on behalf of importer. In IMP form the name of goods, quantity of goods. Commercial invoice value of those goods, H. S. (Harmonize System) Code of the goods, country of origin, port of shipment etc. should be written. As an intern my duty was to fill up those IMP form.

- **Scanning:**

Every day I scanned 5-20 page Commercial invoice, Bill of lading, Packing list, Original copy list I didn't know how to scan than one of the officer showed me how to scan. After finishing my scanning process than I did resize whole system.

6.1.4 Academic preparation:

In my BBA program I had completed many academic courses. My major was in Marketing. This organization is the best place for my internship. Internship at Bank Asia Limited pleasure for me lets me to compare real life work with academic courses. I have got both some relevance and absence of preparation. I found some courses in the BBA program that were useful for me to understand the work activities. I found some similarities about the lesson learned and the work related activities. Those related subjects that I want to mention here are:

- **Introduction to Behavioral Science**

In my BBA program there was some core subject. In this subject I learnt about the organizational culture, environment and other relevant things, in the organization where I complete my internship there also match the environment.

- **Business Communication**

Business communication subject is a very helpful subject for business students. In this subject there is lot of things which is relevant with my task. In this subject there is some term I learned like L/C means Letter of Credit, commercial invoice, packing list etc.

- **Finance**

At the beginning of my graduation I finished this course and this course help me out to understand Foreign exchange mechanism, exchange rates those are very helpful of internship program and related with my working activity.

- **Global Trade**

Help me to know about international business. That is directly connected with my internship place (CTSUS) Central Trade Service Unit. I learnt about the export import business. Also introduced me the term of Free on Board (FOB), Freight charge etc which was very helpful for my internship period.

6.1.5 Lesson Learned From the Organization:

In Bank Asia (CTSUS) all of my colleagues were very helpful. They always tried to teach me how banking works in real world. For this reason, I developed following skills

- **Organization Culture**

As a student I was not aware of the office culture but after joining the office I came to see the corporate culture. How the employee follows the pattern of organization like formal dress, timeliness organization rules and regulation etc.

- **Time Management**

Time management is an important part for any human being, in this internship I learned to manage time like I attended office at the same time and I met supervisor and worked on my report as well as. So managing all time was a good lesson for me.

- **Gained Experience**

I have achieved a big experience from my internship program. This experience helps me as a light for my near the future. I have a plan to work in the bank in future so this experience is going to help me in this regard.

- **Communication Skill**

As an intern, I have successfully dealt with people from various backgrounds and class. Sometime literally, I had to talk with more than fifty people in a single day. I had to communicate not just with the customer but also with my co-workers. In customer service desk, I had to receive phone call every now and then and sometime I used to write e-mail on behalf of my supervisor. Thus, my communication skill developed day by day in my internship period.

- **Work Experience**

In this internship I had knowledge about foreign exchange, I have learned how to open L/C and what are the documents needed for opening L\C. I have got an idea about foreign exchange Export and Import activities.

- **Ability of Interact**

In my internship period, I have deal with different kinds of people. I had to deal with different clients, abide by senior's rules and solve different types of problems.

- **Leadership and Skill Development**

Internship is the way of Learn new skills and adds to our knowledge base while gaining confidence in our abilities, Opportunity to practice communication and teamwork skills, gain industry knowledge first hand from an organization and professionals.

Chapter-7

7.1 Conclusion:

So, the activities of off-balance sheet (OBS) item in bank industry play a vital role in economy. Day by day commercial banks are given more importance to off-balance sheet (OBS) activity to increase the growth of bank. For this reason commercial banks are use those items very different ways and carefully. Banks responses to the changing nature of the operating environment have resulted in changes in the structure of their financial accounts and are mainly reflected in the increase of OBS activities. The inclusion of OBS items seems to impact the most on technological change rather than efficiency change. This indicates that banks that are “shifting the frontier” are more likely to have a substantial OBS portfolio and would have been penalized the most if such output had not been included in the analysis. Overall, the results suggest that despite the uneven distribution of OBS activities between the countries under study and among different banking institutions in the same country, omitting non-traditional activities in the definition of bank output understates productivity levels and may lead to biased conclusions.

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