

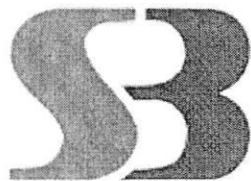


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# **DISCLOSURES ON RISK BASED CAPITAL (BASEL III)**

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As of December 31, 2020



**SOUTHEAST BANK LIMITED**

## INTRODUCTION

The Basel III framework sets out minimum capital requirement standards for banks to ensure that banks are adequately capitalized against the risks they face and are able to withstand losses during periods of stress conditions. The framework consists of three pillars:

- Pillar 1 sets out the minimum capital requirements for credit, market and operational risk;
- Pillar 2 covers the review process by banks and supervisors to assess whether banks' Pillar 1 capital is adequate to meet the risk exposures and whether there is any requirement to hold additional capital in respect of any risks not covered by Pillar 1; and
- Pillar 3 encourages market discipline and transparency through appropriate disclosures on capital adequacy and risk management processes.

The purpose of this disclosure report is to set out how Southeast Bank complies with the Pillar 3 requirements under Basel III. The report will enable market participants to assess key information relating to the Bank's regulatory capital and risk exposures more effectively in order to instill confidence about the Bank's exposure to risk and overall regulatory capital adequacy. The report provides additional information to allow market participants to have a full picture of the risk profile of the Bank, to assess key information relevant to the capital structure, risk exposures, risk assessment processes and hence the capital adequacy of the Bank.

These qualitative and quantitative disclosures of the Bank are prepared in accordance with the central bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III). The disclosures meet the minimum regulatory requirements and provide disclosure of the risks to which it is exposed, both on and off-balance sheet. The disclosure framework has the following components:

- A. Scope of Application
- B. Capital Structure
- C. Capital Adequacy
- D. Credit Risk
- E. Equities: disclosures for banking book positions
- F. Interest rate risk in the banking book (IRRBB)
- G. Market Risk
- H. Operational Risk
- I. Liquidity Ratio
- J. Leverage Ratio
- K. Remuneration

### A. SCOPE OF APPLICATION

#### Qualitative Disclosures

- a) The name of the top corporate entity to which this framework applies: **Southeast Bank Limited.**
- b) The quantitative disclosures are made on the basis of consolidated audited financial statements of the Bank and its Subsidiaries as at and for the year ended December 31, 2020 prepared under relevant International Accounting and Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time. In preparing consolidated financial statements, financial statement of the Bank and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income and expenses. However, all intra group balances, transactions, profits and losses are eliminated in full.
- c) Southeast Bank Limited has two subsidiaries, particulars of which are given below:

#### **Southeast Bank Capital Services Limited**

- Date of Incorporation: **September 23, 2010**
- Date of Commencement: **September 23, 2010**
- Authorized Capital: **BDT 6,000.00 million**
- Paid up Capital: **BDT 5,500.00 million**
- Ownership Interest in Capital :**99.82%**

