

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

## 35 CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though the obligations may not be recognised on the statements of financial position they do contain credit risk and are therefore part of the overall risk of the Group and the Bank.

### Contingent liabilities

At 1 July  
Amounts received during the year from clients  
Disposal of subsidiary  
At 30 June

THE SUBSIDIARY		
2021	2020	2019
MUR'000	MUR'000	MUR'000
5,052	3,814	-
-	1,238	3,814
(5,052)	-	-
-	5,052	3,814

Financial guarantees  
Letters of credit  
Bills for collection

THE BANK		
2021	2020	2019
MUR'000	MUR'000	MUR'000
296,899	281,866	353,258
149,690	151,588	208,486
1,266,173	825,895	323,703
1,712,762	1,259,349	885,447
981,661	914,812	1,093,881
2,694,423	2,174,161	1,979,328

### Commitments

Undrawn commitments to lend

**Total**

Refer to note 37 for disclosure on allowance for impairment losses.

### Contingent liabilities

Financial guarantees and letters of credit (including standby letters of credit) commit the Group and the Bank to make payments on behalf of

customers in the event of a specific act, generally related to the import or export of goods.

### Undrawn commitments to lend

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiry dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

However, the potential credit loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific standards. The Group and the Bank monitor the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

### Capital Commitment

#### The Group and the Bank

Authorised by the Board of Directors for the next 12 months but contracted for:

Commitments for the acquisition of plant and equipment and intangible assets of MUR 125m

### Lease commitment

#### The Group and the Bank as lessee

#### Disclosure as per IAS 17

The Group and the Bank have entered into commercial leases on premises and vehicles. These leases have an average life that ranges between three and five years with no renewal option included in the contract. There are no restrictions placed upon the lessee by entering the leases.

Future minimum lease payments under the non-cancellable operating leases at 30 June 2019 are as follows:

Within one year  
After one year but not more than five years

THE GROUP AND THE BANK	
2019	
MUR'000	MUR'000
33,261	34,143
62,171	67,488
95,432	101,631