



PRESS RELEASE

PNB board decides to honour all inter-bank LoUs and FLCs

- PNB to settle 352LoUs and FLCs worth INR 6500 crores maturing on or before 31st Mar
 - Board approval to end all inter-bank disputes on fraudulent LoUs and FLCs
 - PNB's move to help ensure confidence and stability in banking system

The Board of the Punjab National Bank (PNB), in a meeting held on Wednesday, March 28, 2018 has approved payment related to Letters of Undertaking (LoUs) and Foreign Letters of Credit (FLCs) issued by the bank which mature on or before March 31, 2018. The PNB board's decision will lead to settling of LoUs worth Rs. 6500 cr with 7 banks in relation to the recent fraud that was reported by the bank. The bank will also honour all subsequent maturing LoUs and FLCs as and when they are due.

From the beginning when the fraud was detected and reported to the authorities by Punjab National Bank, the bank had communicated that it has a strong balance sheet to meet any contingent liabilities upon the bank. This measure will ensure that India's banking system at large has the least possible disruption owing to the unfortunate fraud and banking operations will continue to function smoothly.

Mr. Sunil Mehta, Non-Executive Chairman, Punjab National Bank, said, "In essence, PNB stood by its commitment to honour all bonafide LoUs. This decision of the board sends out a strong message that PNB takes its obligations seriously but does it in a manner that is compliant with the law. PNB board's decision will help restore confidence and stability in the larger banking system. We thank all stakeholders who have supported us during this difficult time."

The Bank's board also reviewed the progress made on strengthening the SWIFT operating environment in the bank. The first phase of SWIFT integration with CBS will become operational from the first working day of the new financial year for the bank, April 3 2018. The complete integration will be achieved ahead of the April 30th deadline stipulated by the Reserve Bank of India for all banks. The

successful integration will be achieved in a record time because of the upgradation of bank's Core Banking System (CBS) to Finacle 10 across the approximately 7,000 PNB branches. This was completed as of January 26th this year.

Finacle 10 is a highly sophisticated and advanced version of the CBS from Infosys that was found to be the best fit, both technologically and functionally, by the bank. One of the strong features of this version is that it integrates seamlessly with multiple other systems within the bank. The upgradation from Finacle 7 to Finacle 10 and subsequent integration with the SWIFT link ensures a robust architecture and operational control to minimize any lapses and weaknesses in the future.

The Board and the management is taking every possible step to restore morale, motivation and pride back to all its 70,000 employees. The bank is not afraid of taking tough action where required. At the same time, the bank is committed to build a strong partnership for customer service and excellence.