Q&A Regarding the Takeover of Bank Century

Bank Indonesia
QUESTIONs (Q) AND ANSWERS (A)

1. **Q** : What considerations were the recovery of Bank Century by the Deposit Insurance Corporation based upon?
   
   **A** : Generally speaking, the conditions of the national banking system are currently stable. The causal problems experienced by Bank Century do not reflect conditions in the national banking system as a whole. It is true that not long ago Bank Century experienced a liquidity mismatch, which excluded the Bank from the clearing process. Furthermore, the ongoing global financial crisis exacerbated the financial condition of Bank Century. Based on the consideration that Bank Century could potentially be rescued and therefore maintain customer confidence in the banking system and national economy as a whole, the Government (through the Financial System Stability Committee or FSSC) decided to handover control of Bank Century to DIC through a Temporary Investment Facility. The operational management of Bank Century will be handed over to a new Management Team commencing on 21st November 2008 under PT Bank Mandiri Tbk.

2. **Q** : How will the management of the Bank be conducted during the transitional process by DIC?
   
   **A** : Bank Century will continue to operate as normal and all customers will continue to be able to process transactions as normal.

3. **Q** : How long does Bank Indonesia envisage the problems persisting at Bank Century?
   
   **A** : Bank Indonesia has remained vigilant over Bank Century’s liquidity problems for some time, nevertheless, such problems were always overcome by the Bank. Recently, however, the ongoing global financial crisis has intensified pressures on the Bank. By this we mean liquidity pressures have intensified along with a deteriorating customer perception of the Bank.

4. **Q** : What measures were taken by Bank Indonesia before a takeover was necessary by DIC?
   
   **A** : So far Bank Indonesia has taken the full panoply of rescue and recovery measures for the Bank, among others, including:
- Requesting that the shareholders and board of directors resolve their liquidity problems by, among others, selling liquid assets, namely securities, as well as settling other ongoing problems;
- Placing the Bank under intensive supervision status;
- Requesting that the shareholders raise capital, which was carried out in June 2007 through a rights issue;
- Requesting that the Bank engage with strategic investors to resolve all of the Bank’s problems. So far, however, such efforts have been unsuccessful;
- Placing the Bank under special surveillance status and thereby complying with the prevailing surveillance measures applicable for a bank under such status;
- Making use of the Short-Term Funding Facility.

5. **Q:** What further actions will be taken by DIC to tackle the problems at Bank Century?

   **A:** Considering that the problems affect a bank deemed as having systemic impact, the Government through the FSSC decided that DIC will use the Temporary Investment Facility as well as replace the Bank’s management. Through such measures it is hoped that the Bank will recover quickly.

6. **Q:** What further measures will be taken by the Government following the takeover by DIC?

   **A:** The Government and Bank Indonesia will continue a plethora of measures in the public’s interest as well as remain vigilant over all developments that transpire and take appropriate preventative steps.

7. **Q:** Is it possible that the problems and symptoms affecting Bank Century have the potential to occur in other banks?

   **A:** As mentioned previously, in general the condition of banks in Indonesia is stable and performance remains well maintained. However, fundamentally Bank Indonesia continues supervision an all banks in order to improve vigilance. In line with the global crisis, Bank Indonesia and the Government remains watchful of any changes that occur to anticipate the effects of the global turmoil on the national banking industry.
8. Q: What about the planned acquisition of Bank Century by Sinar Mas?
   A: As is widely known, the acquisition process requires due diligence and a relatively protracted period of time. Considering that the problems affected a bank with systemic impact and the acquisition process takes a relatively lengthy time, it was unanimously decided that Bank Century should change hands to DIC. Regarding the acquisition by PT Sinar Mas Multi Artha and other investors, this will now fall under the authority of DIC.

9. Q: Now that Bank Century has been taken over by DIC, does it mean that all the outstanding problems have been overcome?
   A: According to the Government’s decision, we will remain vigilant over further developments. The takeover of Bank Century by DIC is expected to restore the financial condition of Bank Century.