Definition of Overnight Index Swap (OIS)

Overnight Index Swap (OIS) is an Interest Rate Swap transaction that involving the overnight rate being exchanged for a fixed interest rate for certain period of time or vice versa. The IDR Overnight Index Swap (OIS) uses an Indonesia Rupiah Overnight Rate Index, called IndONIA, as the reference rate for its floating leg.


Please refer to Indonesia Business Day Market Convention published in IFEMC website for specific business day adopted by OIS.

Quotation and Dealing

Quotation will be provided in fixed rate term with 2 decimals. A two-way pricing is predominantly on an interbank market or based on reciprocal basis, more generally counterparties will indicate their side.

The interbank rates will be quoted for period of: 1 Week, 2 Weeks, 1 Month, 2 Months, 3 Months, 4 Months, 5 Months and 6 Months.

Other conventions of IDR OIS are:
- calculated based on ACT/360;
- IndONIA and Compound Floating Rates (CFR) based on 5 decimals;
- Interest payment amount done on netting in IDR and in 0 decimals; and
- settlement done at 1 Business Day after Maturity Date

Broker Convention

Where an OIS rates has been hit (dealt) through a broker, the broker will pass the name of the potential counterparty to the price maker as soon as possible. These deals are binding subject to credit checks.

Generally accepted market dealing parcel if no dealing amount has been stated is IDR 10 (ten) Billion.

Confirmation

All transactions must be confirmed as soon as possible or not later than two hours of the transaction being executed and for this confirmation to be matched. Please refer to Appendix 1 for the sample of Trade Confirmation.

Payment Netting Confirmation

The bank will contact the counterparty not later than EOD of the Maturity Date to confirm the amount to be remitted by either party. The bank will transmit payment netting confirmation which will detail the individual deals maturing on the day which constituted the net result.

Please refer to Appendix 2 for calculation example
Appendix 1

To

Address

Attn.

Msg sent to email

Date

WE ARE PLEASED TO CONFIRM THE FOLLOWING OVERNIGHT INTEREST RATE SWAP.

TYPE: OIS
TRADE DATE: 07/03/2018
FIXED RATE PAYER: Party A
FIXED RATE RECEIVER: Party B
NOTIONAL AMOUNT: IDR 100 bio
COMMENCEMENT DATE: 08/03/2018
MATURITY DATE: 15/03/2018 (MODIFIED FOLLOWING TO APPLY)

NUMBER OF DAYS: 7
FIXED RATE: 6.50% PAYABLE ANNUALLY (ACT/360.FIXED)
FLOATING RATE: INDONIA As PER REUTER’S PAGE _____ (ACT/360.FIXED)

FIXED PAYMENT DATES: 16/03/2018
FLOATING PAYMENT DATES: 16/03/2018
PAYMENT INSTRUCTIONS: TO BE ADVISED DIRECTLY

SETTLEMENT CURRENCY: IDR
SETTLEMENT TYPE: NET CASH
VALUATION DATE: 10.00am JAKARTA on 15/03/2018
HOLIDAY CENTRES: PAYMENT DATES: JAKARTA
FIXING DATES: JAKARTA
ROLL DATES: JAKARTA
MODIFIED FOLLOWING BUSINESS DAY CONVENTION

DOCUMENTATION: AS PER ISDA TERMS
PAYER CONTACT:
Tbd

RECEIVER CONTACT:
Tbd

BROKERAGE:

YOUR REFERENCE: Tbd
OUR REFERENCE: Tbd

We trust that this confirmation is in accordance with your understanding of the transaction. If there is any problem, please contact us immediately.
Overnight Index Swap (OIS) is an Interest Rate Swap transaction that involves the overnight rate being exchanged for a fixed interest rate for certain period of time or vice versa. The IDR Overnight Index Swap (OIS) uses an Indonesia Rupiah Overnight Rate Index, called IndONIA, as the reference rate for its floating leg.

In the above example Party A on March 7 enter into IDR OIS where Party A become the fixed rate payer at 6.5% and Party B become the floating rate payer at IndONIA, for value date March 8 to March 15.

### Calculation Example:

**Value Date 08 Mar - 15 Mar 2018 (7 days) OIS - For example only**

<table>
<thead>
<tr>
<th>Base</th>
<th>ACT / 360</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Day</td>
</tr>
<tr>
<td>Notional amount = 1 Bi 1 IDR</td>
<td>8-Mar  Thu 1</td>
</tr>
<tr>
<td>A pays Fixed at 6.50% to B</td>
<td>9-Mar  Fri 3</td>
</tr>
<tr>
<td>A receives Floating from B</td>
<td>12-Mar  Mon 1</td>
</tr>
<tr>
<td>CF = Compound Factor</td>
<td>13-Mar  Tue 1</td>
</tr>
<tr>
<td>CFR = Compound Floating Rates</td>
<td>14-Mar  Wed 1</td>
</tr>
<tr>
<td>Multiplication of all CF (MCF)</td>
<td>1.001229288</td>
</tr>
<tr>
<td>CFR = [MCF-1]*360/7</td>
<td>6.32205%</td>
</tr>
<tr>
<td>A pays Fixed Rate to B (= 1 Bi * 6.50% * 7 / 360)</td>
<td>1,263,889</td>
</tr>
<tr>
<td>A receives Floating from B (= 1 Bi * 6.32205% * 7 / 360)</td>
<td>1,229,288</td>
</tr>
<tr>
<td>A pays a net payment to B</td>
<td>34,601</td>
</tr>
</tbody>
</table>
Fixing and Settlement Mechanism

O/N rate (fixed today on 3/6/18 730pm) applied for same period. Basically backfill the rate to the period tomorrow morning.

Rate published on 7:30pm on 8/14 will be applied to period 3/14 to 3/15 but rate shown next morning. As such, they are only able to calculate total cash flow for float leg the next day. These payments/receipts settlement will be done MD+1

Net Cashflow pay/receipts delayed 1 business day

OIS Rates fixed after trading hours, this rate will backfill to the period next morning and apply to yesterday period. Settlement of net interest amount will be settle 1 business day after the Maturity Date.