

## 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 the following page on the details definition of IndONIA published by Bank Indonesia: <https://www.bi.go.id/en/moneter/jibor/indonia/Contents/Default.aspx>.

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: 1Week, 2Weeks, 1Month, 2Months, 3Months, 4Months, 5Months and 6Months.

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 **[Tba]**  
Address  
  
Attn. **Xxxxxxxx**  
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 : INDONESIA**  
**As PER REUTERS PAGE \_\_\_\_ (ACT/360.FIXED)**

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

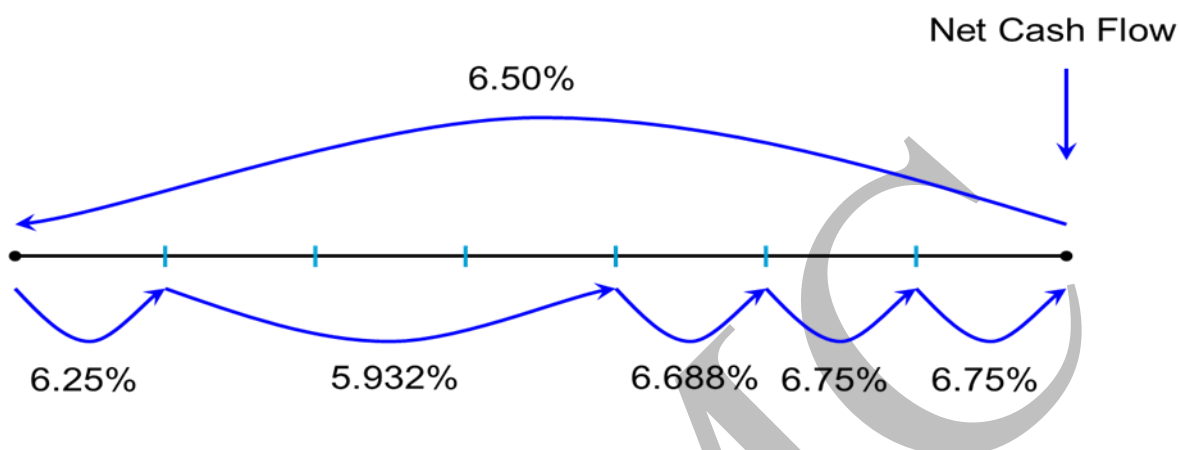
**DOCUMENTATION : AS PER ISDA TERMS**  
**PAYER CONTACT : Tbd**  
**RECEIVER CONTACT : Tbd**

**BROKERAGE :**  
**YOUR REFERENCE : Tbd**  
**OUR REFERENCE : Tbd**  
**XX**

**We trust that this confirmation is in accordance with your understanding of the transaction. If there is any problem, please contact us immediately.**

## Appendix 2

### Example Case of IDR 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.

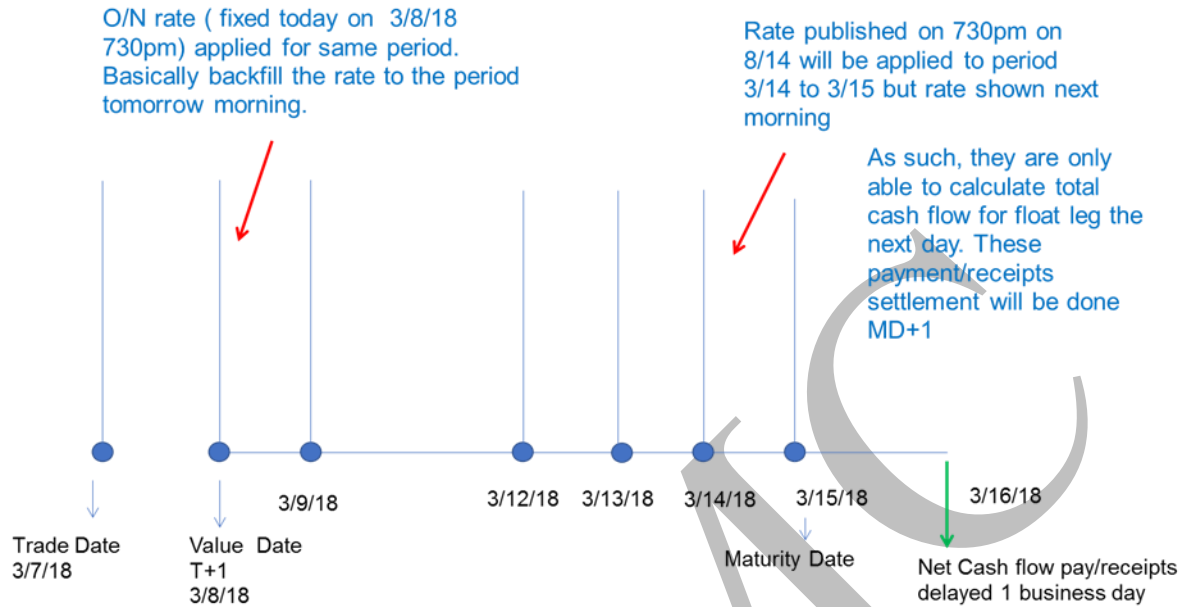
In the above example Party A on March 7 enter into IDR OIS where Party A become the fixed rate payer at 6.5% and Party B become the floating rate payer at IndONIA, for value date March 8 to March 15.

### Calculation Example :

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

Base	ACT /	360	Date	Day	Day	Rate	CF
Notional amount = 1 Bio IDR			8-Mar	Thu	1	6.25000%	1.000173611
A pays Fixed at 6.50% to B			9-Mar	Fri	3	5.93200%	1.000494333
A receives floating from B			12-Mar	Mon	1	6.68800%	1.000185778
CF = Compound Factor			13-Mar	Tue	1	6.75000%	1.0001875
CFR = Compound Floating Rates			14-Mar	Wed	1	6.75000%	1.0001875
<b>Multiplication of all CF (MCF)</b>							<b>1.001229288</b>
<b>CFR = [MCF-1]*360/7</b>							<b>6.32205%</b>
<b>A pays Fixed Rate to B (= 1 Bio * 6.50% * 7 / 360)</b>							<b>1,263,889</b>
<b>A receives Floating from B (= 1 Bio * 6.32205% * 7 / 360)</b>							<b>1,229,288</b>
<b>A pays a net payment to B</b>							<b>34,601</b>

### Fixing and Settlement Mechanism



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.