

## Comments from HDFC Bank on ICAI Exposure Draft

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Dear Sir,

This has reference to the appendix IV to the Exposure Draft for the Amendments to "Guidance Note on Accounting for Derivative Contracts (IBOR Phase 2 Replacement Issues)". Following are the points where HDFC Bank seeks guidance.

1. Due to IBOR transition, there is likely to be MTM impact on the outstanding derivatives positions (including hedging instruments). We would like to obtain guidance on the accounting treatment of such MTM and Cashflow reserve.
2. The accounting treatment for gain/loss on early termination of derivative instruments (including hedging instruments) due to IBOR transition.
3. Since the exposure draft provides guidance on accounting for derivative instruments impacted by interest rate benchmark reform, request a separate guidance on accounting for contract modification of products like loans, borrowings and lendings linked to IBOR.

Please let us know if you need any further clarifications from our side on this. Thank You

Best Regards,

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