CONFORMED COPY

April 25, 2011

Secretary
Ministry of Finance
Government of Nepal
Kathmandu, Nepal

Dear Sir:

NEPAL: Financial Sector Technical Assistance Project (Grant No. TF050593)

Amendments to the Grant Agreement

We refer to the Grant Agreement for the Financial Sector Technical Assistance Project (the “Project”) between the Government of Nepal (the “Recipient”) and the International Development Association (the “Association”), acting as administrator of grant funds provided by the Government of the United Kingdom and Northern Ireland through its Department for International Development, dated April 30, 2003, as amended (the “Grant Agreement”).

As you have already been notified by the Government of the United Kingdom and Northern Ireland through its Department for International Development, due to changes in the priorities, the Government decided to close assistance earlier than planned. Accordingly, the Grant Agreement is hereby amended as follows:

1. The amount United Kingdom Pounds Sterling six million, eight hundred and sixty thousand (£6,860,000) in the Grant Agreement is replaced by United Kingdom Pounds Sterling four million, eight hundred and ninety six thousand only (£4,896,000).

2. The Association has established 31 March 2011, as the Closing Date referred to in paragraph 4.2. (b) of the Annex to the Grant Agreement. Further disbursement from the Grant will be made for withdrawal applications received at the Association’s Chennai Office by close of business on May 31, 2011, in respect of eligible expenditures incurred before the Closing Date of March 31, 2011 (i.e. payment made or payment due for goods delivered, works completed and services rendered prior to the Closing Date). Proceeds of the Grant in the Special Account unutilized after the deadline date of May 31, 2011 will have to be refunded and cancelled.

3. The table in Schedule 1 of the Annex to the Grant Agreement is replaced by the table in the attachment to this letter.

Except as specifically amended by this letter, all other provisions of the Grant Agreement shall remain in full force and effect.

Please confirm your agreement with the foregoing by signing and dating the enclosed copy of this letter and returning it to us. This amendment will be effective as of the date of your confirmation.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Christine E. Kimes

Christine E. Kimes
Acting Country Director for Nepal
South Asia Region

Headquarters: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.
AGREED AND CONFIRMED:

NEPAL

By /s/ L. S. Shanker

L. S. Shanker

Name: Joint Secretary
Title: Joint Secretary
Date: 20th May 2011
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR)</th>
<th>Amount of the Pooled Funds Allocated (Expressed in Pounds Sterling)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>1,617,000</td>
<td>525,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>5,475,000</td>
<td>2,925,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training, workshops and study tours</td>
<td>0</td>
<td>1,440,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Incremental Operating Costs</td>
<td>30,000</td>
<td>6,000</td>
<td>60%</td>
</tr>
<tr>
<td>(5) Refunding of Project Preparation Advance</td>
<td>655,000</td>
<td>Not Applicable</td>
<td>Amount due pursuant to Section 2.02 (b) of this Agreement</td>
</tr>
</tbody>
</table>

(6) Unallocated                              8,000                                           0

Subtotal                                     7,785,000                                       4,896,000

Canceled as of May 31, 2008                   4,000,000                                        Not Applicable

Proposed Cancelation                          615,000                                         1,964,000

Original Amount                              SDR 12,400,000                                   £6,860,000