H. E. Oleksandr Shlapak  
Minister  
Ministry of Finance of Ukraine  
12/2 Hrushevsky St.  
Kiev, 01008  
Ukraine

Public Finance Modernization Project (Loan 4882-UA)  
Amendment to the Loan Agreement and Partial Cancellation of Loan Proceeds

Your Excellency,

We refer to the Loan Agreement for the above-referenced Project between Ukraine and the International Bank of Reconstruction and Development ("Bank"), dated March 25, 2008, as amended ("Loan Agreement"). We also refer to your letter dated October 3, 2014 requesting the Bank to cancel USD 46,056,830 from the above-captioned Loan (based on subsequent clarifications discussed between our respective representatives, the cancellation is to be made upon receipt of your letter, October 3, 2014), to bring forward the Closing Date to December 31, 2014, and to close the Project because further Project implementation is not possible.

I am pleased to inform you that the Bank agrees with your request to cancel a portion of the Loan and to advance the Project Closing Date to December 31, 2014. Accordingly:

1. Pursuant to Section 7.01 of the General Conditions for Loans, the Bank hereby cancels, as of October 3, 2014, the amount of USD 46,056,830 from Category (1) Goods, services and training for Part 2(c) for USD 44,025,000 and from Category (2) Goods, services and training for all Parts of the Project, other than Part 2(c); incremental operating costs and audit for USD 2,031,830. The commitment charges on the amount cancelled cease to accrue from October 3, 2014. The revised table set forth in paragraph 2 of Section IV.A of Schedule 2 to the Loan Agreement is indicated in the Annex attached to this letter. This Schedule reflects the requested cancellation of USD 46,056,830 from the Loan Account.

   Schedule 3, the Amortization Schedule, is being revised by the Bank as a result of this cancellation, and the revised figures will be sent to you shortly.

2. Further, the Loan Agreement is amended as follows:

   (a) Part 2 ((a) and (c)) of Schedule 1 are deleted.

   (b) Section I.C of Schedule 2 (including paragraphs 1 through 3) is deleted in its entirety

   (c) Paragraph 2 of Section IV B of Schedule 2 is amended to read as follows:

   “The Closing Date is December 31, 2014”
Except as specifically amended herein, all other provisions of the Loan Agreement remain in full force and effect.

Finally, in accordance with the Bank’s current practice, further disbursements from the Loan will be made for Withdrawal Applications received at the World Bank’s office in Zagreb, Croatia by close of business on April 30, 2015 in respect of eligible expenditures made before the Closing Date (i.e. payments made or payments due for goods, works and services that have been provided prior to the Closing Date). Proceeds of the Loan remaining unwithdrawn after disbursements have been made in respect of these Withdrawal Applications will be canceled.

Please confirm your agreement with the amendments set out in paragraph 2 above, on behalf of the Borrower by signing, dating and returning to us, the enclosed copy of this letter. Upon receipt by the Bank of a countersigned letter, the amendment will become effective as of the date of the countersignature.

Sincerely,

[Signature]

Tamara Sulukhia
Acting Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia

CONFIRMED AND AGREED:

UKRAINE

By

[Signature]

Authorized Representative
Name: Oleksandr Shlapak
Date: October 31, 2014
Copied to: Mr. Vitalii Lisovenko, Deputy Minister, Ministry of Finance of Ukraine
Ms. Tetiana Sliuz, Head, State Treasury Service of Ukraine
Mr. Mykola Hordienko, Head, State Financial Inspection of Ukraine
Ms. Halyna Pakhachuk, Director, Debt and International Financial Policy Department, Ministry of Finance of Ukraine
Ms. Viktoria Kolosova, Deputy Director of Debt and International Financial Policy Department - Head of Division for Cooperation with International Organizations and Coordination of International Technical Assistance, Ministry of Finance of Ukraine
Mr. Frank Heemskerk, Executive Director, World Bank
Mr. Roman Zhukovskyi, Alternate Executive Director, World Bank
Cleared with and bcc: Margaret Png, Legal Counsel (LEGLE); Ma Dessirie Kalinski (CTRLA)

Distribution:

Messrs./Mmes. Fan, Moorty, Cedeno, Golokoz (ECCU2); Fozzard, Kagawa, Beazley, Shcherbyna, Dener, Shmeliova, La Cascia, Babich, Yates (GGODR); Bibileishvili, Vukic (CTRLA); Siryachenko, Kovalchuk (ECCUA)

WBDocs
### Schedule 2

#### Section IV. Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, services and training for Part 2(c) of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, services and training for all Parts of the Project, other than Part 2(c); incremental operating costs and audit</td>
<td>3,818,170</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>125,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>Sub-total</td>
<td>3,943,170</td>
<td></td>
</tr>
<tr>
<td>Amount of the Loan cancelled as of October 3, 2014</td>
<td>46,056,830</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>50,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>