

LLA-0-1/1994
24.12.2003-

**AGREEMENT ON PAYMENT AND SETTLEMENT
BETWEEN THE NATIONAL BANK OF THE KYRGYZ REPUBLIC
AND THE PEOPLE'S BANK OF CHINA**

To strengthen cooperation between the National Bank of the Kyrgyz Republic and the People's Bank of China (hereinafter referred to as "the Parties") and to establish an effective payment system to promote economic and trade development between the Kyrgyz Republic and the People's Republic of China (hereinafter referred to as "the two countries"), the Parties have reached the following agreements:

Article 1

The Parties are the coordination and regulating authorities for settlement and banking cooperation between the two countries.

Article 2

Trade on goods and services between the two countries must be conducted by economic entities in compliance with relevant laws and regulations of each country. The commercial banks of the two countries shall conduct the settlement of trade of goods and services between economic entities of the two countries in convertible currencies agreed upon by concerned parties and in accordance with international practice.

Article 3

For the trade in the border area, the Parties shall encourage economic entities to exercise settlements through commercial banks in line with the following principles:

1. Either convertible currencies or the Soms or Renminbi, whichever agreed upon by the concerned parties, can be used as the payment currency.

2、 The settlement of the balance of the barter trade shall be conducted in the way agreed upon by the concerned parties and service banks of the two countries and in compliance with relevant laws and regulations of each country.

3、 Subject to approval of the Parties, commercial banks in the border area of one country may open local currency accounts in their counterparts located in the border area of the other country. The settlement balance can be cleared by using the currency agreed upon by the commercial banks of the two countries.

Article 4

In order to facilitate the transactions and market trade between residents living in the border area of the two countries, the commercial banks of the two countries may set up currency exchange counters in accordance with existing regulations of the two countries.

Article 5

The Parties shall strengthen cooperation in areas of training bank staff; exchanging experience and information; and instructing commercial banks to smoothly conduct cross-border settlement, manage foreign exchange, and prevent and fight money laundering and counterfeiting, etc.

Article 6

This agreement can be revised only when the Parties agree in written form to do so.

Article 7

This Agreement is signed on December 18, 2003 in Beijing, China in duplicate, and each in three versions: Chinese, English and Kyrgyz, with the same legitimacy. In case of doubt, the English version shall prevail.

This agreement shall become effective upon signature by representatives of the Parties and shall be valid for three years. Unless either of the Parties propose to the other in writing through the diplomatic channels to terminate this Agreement at least ninety days prior to expiration thereof, this Agreement shall be deemed automatically extended for another three years, and shall be extended in the same way in the future.

For and on behalf of
the National Bank of the Kyrgyz Republic

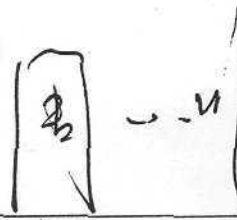
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