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Brief information

- The State Bank for Foreign Economic Affairs of Turkmenistan (SBFEA) was founded in 1992 by He UP-278 Decree of the President of Turkmenistan dated 27.01.1992.
- The main activities include the settlement on the export-import operations, utilization of foreign loans and loan investments into of Turkmenistan's economy.
- SBFEA has a License № 97 of the Central Bank of Turkmenistan dated 20.02.2003 for the execution of the credit-settlement and other means of transactions in Turkmenistan.
- SBFEA has a general license № 32 dated 20.03.2003 of the Central Bank of Turkmenistan for the execution of the foreign currency transactions
 - Member of the online trading system REUTERS DEALING since 1993
 - Full active member of the international system VISA International since 1994.
 - The issuer of the national credit card MILLIKART since 1996.
 - Full active member of the international SWIFT system since 1997.
 - Member of the Chamber of Commerce and Industry of Turkmenistan since 1997.
 - An independent auditor - Deloitte.
 - Member of the Interbank Currency Exchange of Turkmenistan.
 - Office of the Governing Islamic Development Bank from Turkmenistan since 1994.

Key performance results of 2012

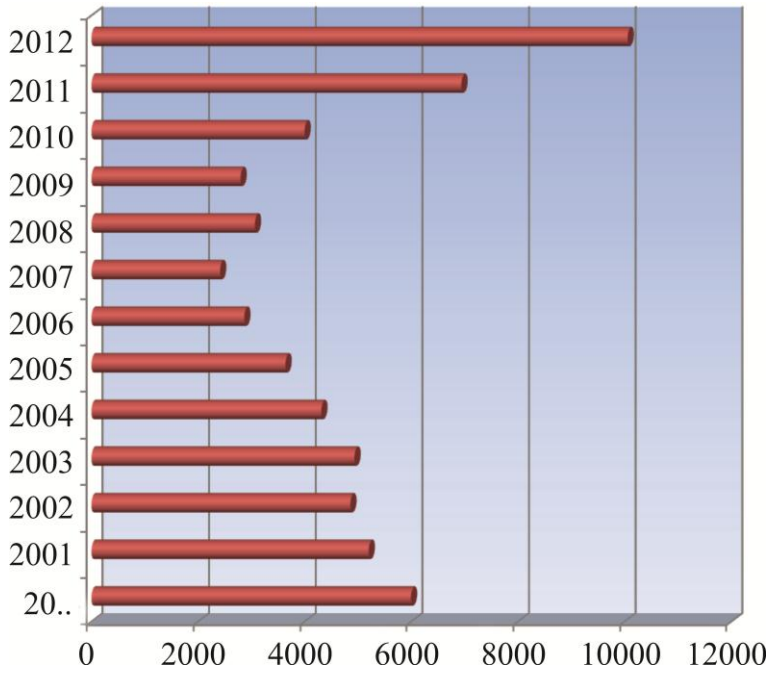
The activity of the State Bank for Foreign Economic Affairs of Turkmenistan has evolved successfully as a result of a favorable economic situation in the country. The obtained results serve as good indicators of the prosperous work of the Bank;

- According to the received results against the national standard, summed up to 61.1 million manats, thereby surpassing the 2011 level by 21.6%
- The charter capital, including reserve, increased by 13.1% and exceeded 285 million manats.
- Total equity of the bank grew by 9.9% to 339.9 million manats.
- An asset balance sheet of the Bank by the end of 2012 amounted to almost 10 billion manats, while the share of the productive assets in the total assets balance made up 87.8 %
- The number of the clients being served increased by 15.5%.

As per yearly results of 2012 the SBFEA held a leading position in the banking system of Turkmenistan in the following positions:

- The size of the charter capital and equity capital;
- The size of assets;
- The volume of investments in the economy of Turkmenistan;
- The volume of the foreign trade operations;
- The number of foreign currency transfers;
- The volume of transactions on the currency and foreign exchange markets;
- The issue and service of the plastic card in foreign as well as local currency;
- Development of the network of correspondent banks;
- The facilities borrowed from foreign banks

Assets dynamics (million manats)



Message from the Chairman of the Board

Dear customers and partners!
Ladies and Gentlemen!

Let me present 2012 Annual Report of the State Bank for Foreign Economic Affairs of Turkmenistan (Turkmen Vnesheconombank), report on the main results, achieved in 2012. This year was special for our Bank. Firstly, we celebrated its twentieth anniversary. Secondly, Bank's activities and strategies has been featured in the December issue of "Banker's". This publication was devoted to the winners of 2012 bank rating - "The Banker Awards 2012". This one of the most prestigious and important award in global financial community - "The Best Bank in Turkmenistan" was awarded to Vnesheconombank for the tenth time.

In the context of the implementation the President Gurbanguly Berdimuhamedov's tasks on the active financial and economic development of Turkmenistan, Vnesheconombank focused on modernization and intensification of its activities. Bank has earned and maintains the reputation of a reliable business bank. During its twentieth anniversary year Vnesheconombank once again has proven itself to be the leading bank in Turkmenistan.

One of the basic priorities indicated in Bank's Development Strategy is the balanced development of the core banking business and investment activities. In addition, the bank is successfully fulfilling its function as an agent of the Government of Turkmenistan on the international capital market, and participates in the implementation of major investment projects of the country.

One of the objective indicators of successful bank is its solid customer base. The core of Vnesheconombank's corporate customers is major state-owned enterprises of strategic sectors of Turkmenistan's economy, well-known foreign companies and prosperous private enterprises.

The State Bank for Foreign Economic affairs of Turkmenistan can be called an accumulator of investment resources and their efficient operator. For many years, the bank has successfully cooperated with foreign investors. Reliability of the bank is confirmed by the progressive increase in performance of its financial activity, transparency of its financial reports, audited by authoritative international auditors, the timely payment of all its obligations.

Being an active participant of the banking sector reform of Turkmenistan, the bank has successfully made the transition to international accounting standards. It performs all required standards and permanently improves its regulatory and technological base.

I would like to thank the staff of the Bank for the diligence and tenacity in solving common tasks, and also express my special appreciation to our customers and partners and to assure that the Bank will do its utmost to ensure our relationship grew stronger and developed, brought satisfaction to all participants and benefited the status of Turkmenistan.

**Sincerely,
Chairman of the Board**

R. Jepbarov

Bank's participation in public investment programs

The development strategy of the Bank is focused primarily on the work aimed at the attraction of foreign capital and placement in the priority sectors of the economy in order to achieve the goals of the National Program of President of Turkmenistan "Socio-economic development of Turkmenistan for the period 2010-2030 years." In implementation of the Program, the Bank focuses on the strategic partners of oil and gas industry, agriculture, industrial and social spheres. The main content of the Bank's investment policy is to:

- As the agent of the Government of Turkmenistan, the attraction medium-term and long-term foreign capital to invest in the highest priority projects important in both the economic and the social aspects.
- Timely and quality service the attracted foreign loans;
- Carrying out office of Governor of Islamic Development Bank from Turkmenistan.

In the past year the Bank continued the implementation of projects financed by loans provided by:

The Export-Import Bank of China:

- The supply of oil and gas equipment and tubular goods in the amount of 400.00 million yuans for the State Concern "Turkmenneft";
- The supply of telecommunication equipment in the amount of 450.00 million yuans for the Ministry of Communication;
- Delivery of 113 coaches in the amount of 328.45 million yuans for the Ministry of Railway Transport of Turkmenistan.
- The supply of oil and gas equipment and pipe products in the amount of 200.00 million yuans for the State Concern "Turkmengaz".

Japan Bank for International Cooperation:

- Engineering, providing necessary equipment and technical advice for the ammonia and urea producing plant in Mary in the amount of 45.034 billion yen for the State Concern "Turkmenhimiya."

During the year 139.68 million U.S. dollars of borrowed funds was utilized.

In order to attract investment to the main industries of the country the Bank organized and conducted the missions of JBIC, IDB, Export-Import Bank of China.

In collaboration with the State Concern "Turkmenhimiya" the Bank conducted intensive negotiations with the Japan Bank for International Cooperation for financing the construction of a plant for producing sulfuric acid monohydrate in the structure of Turkmenabat chemical plant.

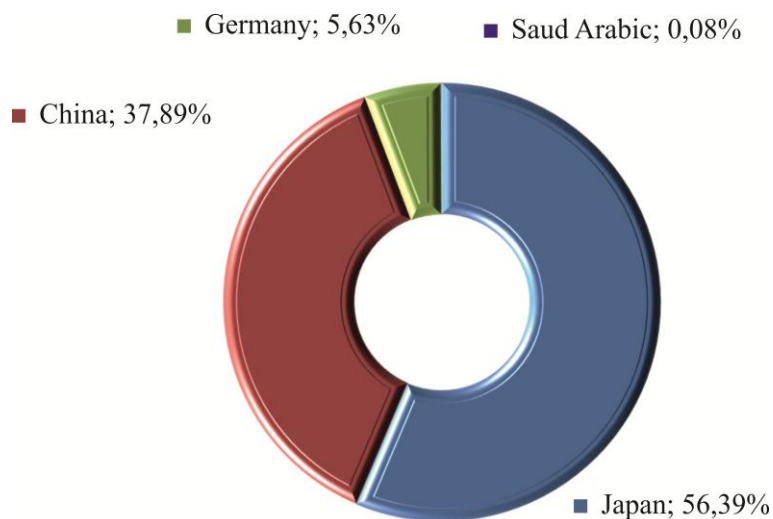
Also, in order to finance construction of a plant for the production of polyethylene and propylene from ethane cracking unit for the processing of raw gas in Kyranly (Balkan velayat) in collaboration with the State Concern "Turkmengaz" the Bank began to negotiate with the Export-Import Bank of Korea and the Japan Bank for International Cooperation.

Besides that, a lot of work has been done to implement the Framework Agreements between the Government of Turkmenistan and the Government of the People's Republic of China for providing to the Government of Turkmenistan non-repayable grants. To fulfill Intergovernmental Framework Agreement with China Development Bank the relevant Interbank Agreements on settlement procedures for the total amount of 280 million yuan were signed. The provided grants have been directed to finance the socially important projects as: the supply of two passenger locomotives and their spare parts to the Ministry of Railway Transport of Turkmenistan, construction of new buildings for Farap etrap hospital, construction of healthcare houses in Samandepo village and equipping them with the modern medical equipment, for the Ministry of Health and Medical Industry of Turkmenistan, as well as the supply of computers for the institutions of the Ministry of Education of Turkmenistan.

In addition, in 2012 an active work was carried out to use IDB's grant for «Elaboration of biotechnological methods for producing biomass from the perspective of medicinal plants of Turkmenistan» project of the Institute of Medicinal Plants of the Academy of Sciences of Turkmenistan.

In 2012, to timely service the external debt, the Bank has made payments for the amount of 77.29 million U.S. dollars to foreign creditors and repaid 1 credit. Last year the State Bank for Foreign Economic Affairs of Turkmenistan participated actively in the development and negotiation of terms and schemes of foreign loans repayment that would reduce the costs of payments, both the principal and interest.

As a result of the work the amount of foreign loans outstanding at the balance sheet amounted to 907.44 million U.S. dollars and structured by countries as follows at the end of 2012:



In 2012, at the same time with the servicing and utilizing of earlier borrowed loans the Bank has studied the possibilities of financing new projects in various sectors of the national economy, such as construction of production facilities in the petroleum and chemical industries, and electrification.

Cooperation with the Islamic Development Bank.

The Bank is actively involved in the project of construction of the railway Bereket-Etrek-Turkmenistan-Iran border, including the locomotive depot in Bereket of the Ministry of Railway Transport of Turkmenistan.

According to the 3-year program of Islamic Development Bank for Turkmenistan for the period of 2011-2013 an active work on the attraction of financing of the following projects has been done:

- Water supply municipality project for Balkan region;
- GNS project "Turkmenhovayollary" artificial construction of the runway at the airport in Dashoguz;
- GNS project "Turkmenhovayollary" artificial construction of the runway at the airport in Turkmenabat;
- A project of the State Concern "Turkmenavtoyollary" Reconstruction of the road Turkmenbashi-Garabogaz-border of Kazakhstan (the Customs office - Bekdash).

Credit business

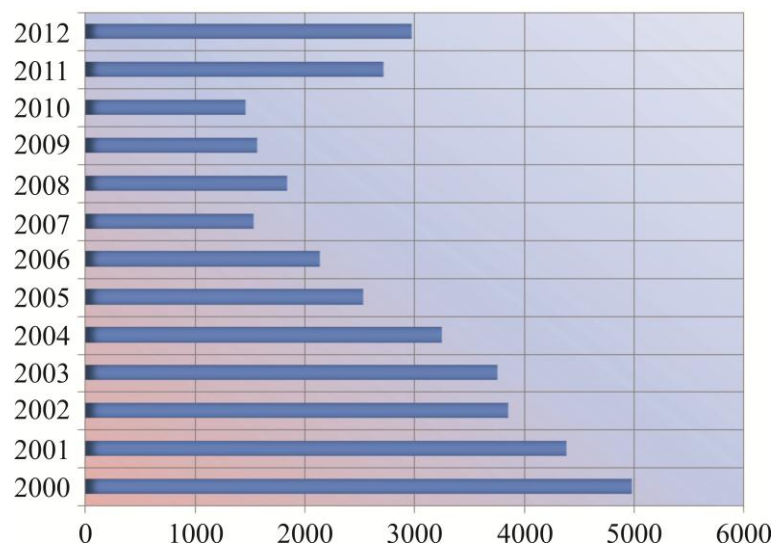
Lending has been one of the priorities of the Bank in 2012. Credit policy was based on the financial needs of a growing economy, efficiency and profitability of investment projects, and in strict accordance with the National Program of President of Turkmenistan - Socio-economic development of Turkmenistan for the period 2010-2030 years.

The important directions of Bank's credit policy in 2012 were:

- Crediting of export-import operations;
- Execution of President's decrees on the development of small and medium-sized businesses, as well as support to young families.
- Investment lending;
- Improving the quality of credit portfolio and minimizing the associated risks.

The loan portfolio's dynamics

Mln.manats



During the year the Bank continued to carry out financing of investment projects contributing to the growth of the industrial potential of the country. Attracted foreign loans were used to finance the following projects:

Supply of oil and gas equipment and component parts for the State Concern "Turkmenneft" (credit for 400 million yuan);

Supply of oil and gas equipment and component parts for the State Concern "Turkmengaz" (credit for 200 million yuan);

Engineering and supply the mineral fertilizers producing equipment for "Maryazot" plant, contract of the State Concern "Turkmenhimiya" (a loan of 45.034 billion Japanese yen);

Supply, installation and commissioning of telecommunications equipment to the Ministry of Communications (credit for 450 million Chinese yuan).

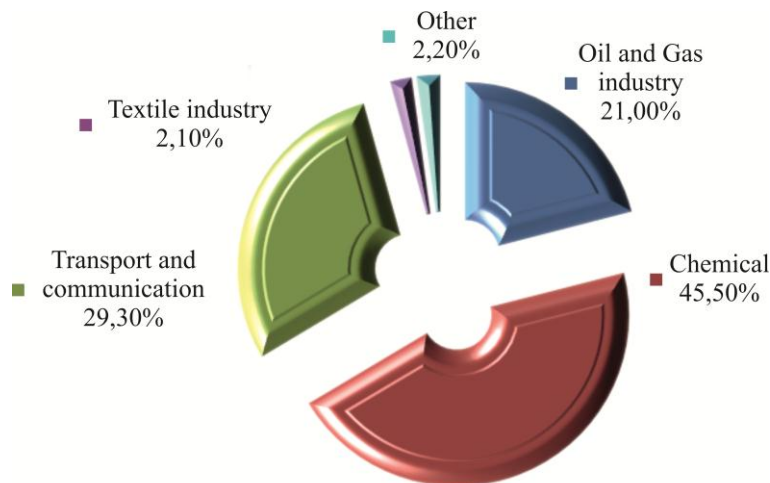
At its own expense the Bank financed in manats:

- the textile sector - loans for wages;
- the transport sector - the contracts with «Thales Air Systems SA» (France) (loan of 65 million manats), with «Harrods Aviation Limited» (credit of 17 million manats), construction of comfortable and enhanced apartment buildings (credit of 65 million manats), with «Rolls-Royce Deutschland Ltd & Co KG», and «IBERIA, Lineas Aereas de Espana Sociedad Anonima Operadora, Sociedad Unipersonal» (loan of 52 million manats), for replenishment of working assets (a credit of 10 million manats), as well as credits for wages;
- the communications sector - the contracts with «Huawei Technologies Co., Ltd» and «Nokia Siemens Networks GmbH & CO. KG.» (loan of 80 million manats);
- other sectors - contracts for the reconstruction of buildings and construction of comfortable and enhanced apartment buildings (the total amount of loans is 75 million manats).

In addition, at its own expense in foreign currency Bank financed the transport sector - purchase of a tanker for transportation of oil and petrochemical products (credit of 10.8 million U.S. dollars) and the construction and delivery of the tanker «Etrek» (loan of 10.5 million U.S. dollars).

At the end of 2012 the loan portfolio, formed from the projects for the public sector, small and medium-sized businesses, as well as the private sector amounted to 2 972.83 million manats, of which 9.9% - loans granted in national currency and 90.1% - in foreign currency, including 49.1% - in Japanese yen, 33.0% - in the Chinese yuan, 4.9% - in EUR and 3.2% - in U.S. dollars.

The Bank's loan portfolio by sources of funding is as follows: own funds - 12.1%, raised funds - 87.9%
The sectorial structure of the Bank's loan portfolio as of January 1, 2013 looks as follows:



During the year the Bank pursued its targeted efforts to improve the quality of its loan portfolio, in particular, periodic analysis of financial and economic activities of borrowers was being conducted. According to the analyses Bank provided recommendations to the customers on the improvement of the efficiency of their enterprises, as well as further studying additional possible sources of repayment.

Corporate Business

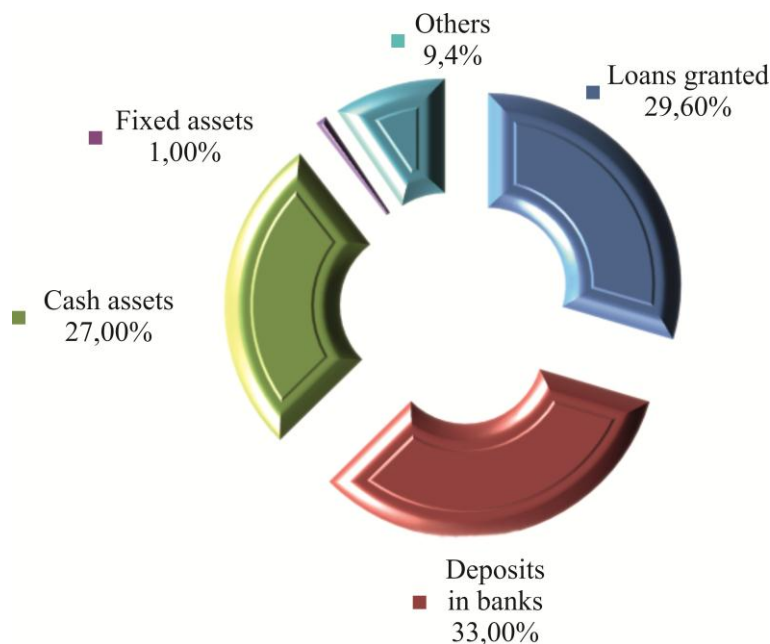
In implementing its goals and objectives the Bank relies on the mutually beneficial strategic alliances with corporate clients, which are based on partners of oil and gas industry, agro industries, energy sector, transport and communications, industrial and social infrastructure. In addition, the Bank serves businesses and firms of different ownership forms, representing large and medium sized businesses, joint ventures and foreign companies. The development of corporate business can not only increase the overall volume of business of the Bank, but also diversify the credit risk of the different segments of the economy.

The Bank's corporate business development was formed in the interests of clients and was directed to complete and high quality to meet their needs, which is achieved through:

- High level of professionalism of staff working directly with clients;
- The individual approach and flexibility in providing services;
- Offering customers a wide range of banking services;
- Offering clients a set of special banking products tailored to their needs;
- Flexible and competitive pricing policy at offering banking products;
- The application of modern information technologies;
- A careful study of legal issues;
- Extensive network of correspondent banks.

Striving to become an active partner of large companies and corporations, the Bank has provided a wide range of consulting services for the settlement of the planned export-import operations, the profitable use of free cash to other financial matters in order to optimize financial transactions, and caution them against possible failures. The latter is especially important for customers engaged in the foreign trade activities, as it requires consideration of many factors and regulatory documents.

Asset structure



Retail Business

In 2012 the Bank continued its activity in the market for private clients on a full range of modern banking products and the organization of sales. Distinctive features in this category of customer service are the flexible price and interest rate policy, full confidentiality, special offers to the long and positive co-operation history customers, and reliability of the Bank.

During the period the Bank has provided a wide range of retail banking products and services for its customers:

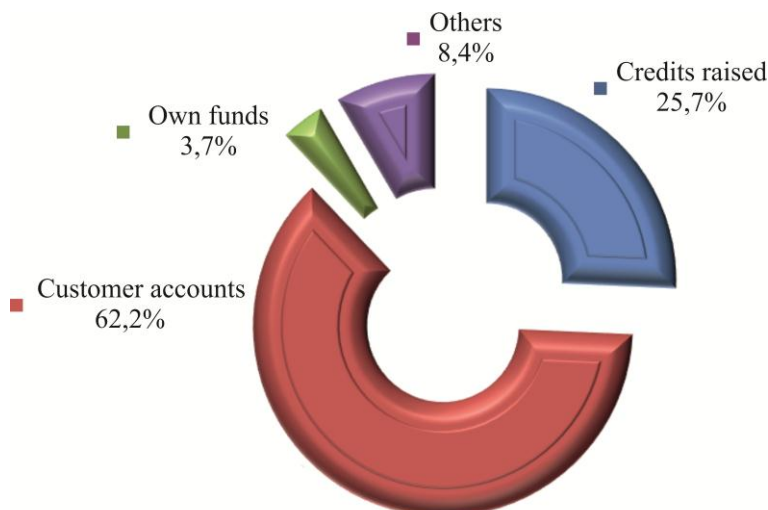
- Cash management services;
- Different types of transfers and payments;
- Foreign exchange operations;
- Operations on deposits, time deposits;
- Loans for consumer purposes;
- VISA cards issue and service;
- Bank's own MILLIKART, ALTYN and KUMUSH KART, cards issue and service;
- Collection of traveler's checks;
- Sale of precious metal coins;
- Transactions with banknotes (exchange of old notes, exchange notes);
- Safe deposit boxes for storing documents and valuables.

One of the priorities in the development of retail services is the maintenance operations with plastic cards. Being a member of the international payment system VISA, Bank of successfully leading the production and service of plastic cards VISA Business and VISA Classic, VISA Electron, own cards «MILLIKART». In addition, after the resumption of membership in the international payment system MasterCard Worldwide the Bank is working on the implementation of this system, issuing of cards and performing the service of the system.

In 2012 the Bank has provided its customers the ability to have anytime access to cash via ATMs, conduct non-cash payments using plastic cards, provide information about the card account, receiving monthly interest income on the balance of the card account.

As of 01.01.2013 the number of serviced cards amounted to 14195 an increase of 1436 compared to 2011, and the number of users of VISA card was 6146 people, and Card MILLIKART – 8049 people.

Liabilities structure



Documentary transactions and international payments

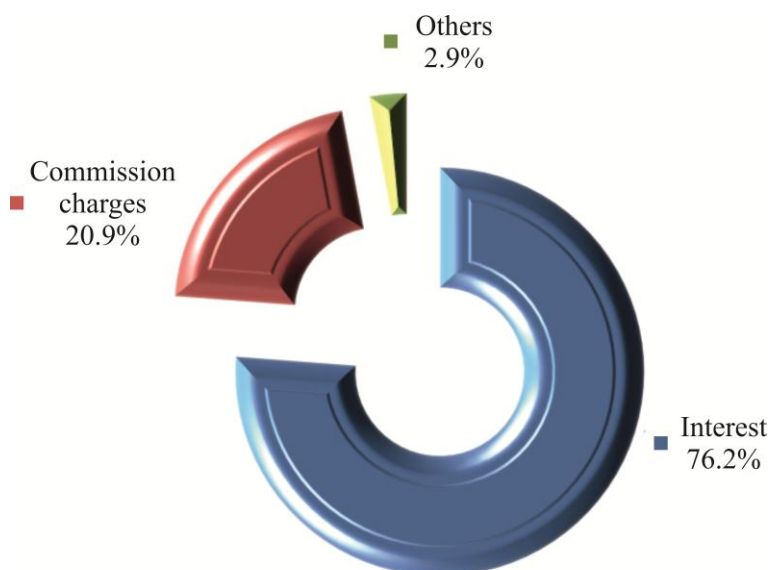
Being one of the largest universal banks, the Bank has consistently focused on the expanding the range of services and quality of services in the field of documentary operations (letters of credit, guarantees, collections). The Bank focuses on working with a wide range of clients: state-owned enterprises, foreign companies, private sector and entrepreneurs are linked with production and sales cycle.

In 2012, the volume of import letters of credit amounted to 299.1 million U.S. dollars. The main part of import letters of credit was opened in the Bank's credit lines and foreign banks.

This year, the amount of guarantee operations was 1.64 billion U.S. dollars. Most of the guarantees have been issued by foreign banks for import transactions and to advise the Bank to a preliminary terms and conditions of guarantees.

At the same, having a well-developed network of correspondent banks, the Bank offers quick, quality and low cost service of client and interbank international transfers, which enables the Bank to remain a leader among banks in the implementation of Turkmenistan's international payments. In 2012 the volume of international payments was 54.78 billion U.S. dollars.

Structure of income



Financial markets operations

During the 2012 the bank has actively performed operations on both internal and external financial markets.

As a member of the Interbank Currency Exchange of Turkmenistan since its inception, the Bank has been acting as a buyer of foreign currency on behalf of their clients for settlement of foreign trade contracts and loans obtained in foreign currency. The outcome of the 2012 volume of foreign currency purchased by the Bank in the domestic market amounted to 254.44 million U.S. dollars, 2.92 million £ pounds, 11.70 mln. Russian rubles and 13.71 million euros.

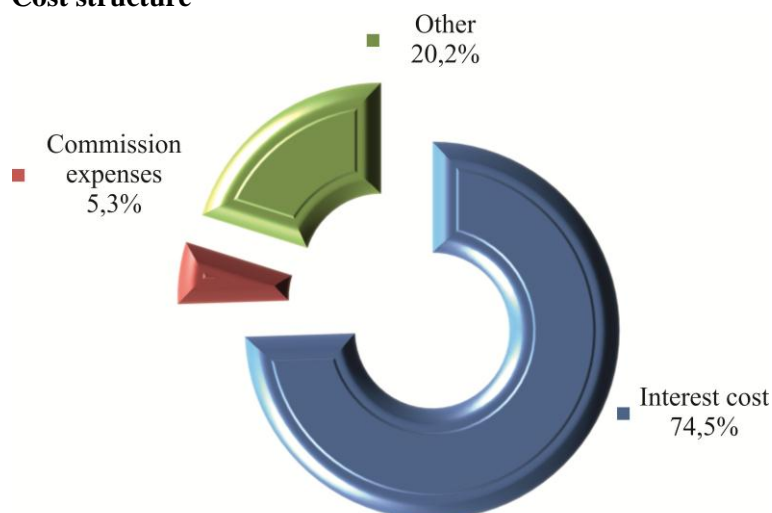
When Bank is conducting transactions on the foreign exchange market, it's guided by the information of Reuters-Dealing-3000 system, which provides an access to the latest information on the changes in market conditions. Limits set for the Bank by foreign contractors, allow it to be a full participant on the international currency market, to act on its own behalf and on behalf of its corporate clients.

In 2012 the volume of foreign exchange transactions made on behalf of clients as well as for its own account in the foreign exchange market amounted to 886.1 million (886 092 992.06) U.S. dollars, compared to 2011 an increase of almost 565.1 million U.S. \$, with net income of Forex transactions amounted to 23.6 thousand (23 618.66 U.S. dollars). Most operations were carried out with such currencies as the euro, U.S. dollar, British pound, and Japanese yen.

In 2012, the Bank has actively carried out operations to place funds in foreign currency on the international money market. The aim of these operations was to control excess liquidity in foreign currency and receive higher returns compared with the yield on balances on correspondent accounts of the Bank's "Nostro". By controlling the free exchange of assets, the Bank placed short-term deposits in major foreign banks. As of 01.01.13 the amount of deposits placed was 1 160 million U.S. dollars, revenue was 4.8 million (4 842 658.31 U.S. dollars).

In order to meet the domestic demand for foreign currency, the Bank remained the leading provider of foreign banknotes to the domestic market. Last year the Bank have bought 33.000 million U.S. dollars, 2.300 million euros, 1.800 thousand British pounds and 2.100 thousand Chinese yuans on the international currency market.

Cost structure



Cooperation with financial institutions

Organization and development of business with financial institutions related to the traditional areas of banking. In 2012, the Bank continued to develop cooperation with international financial institutions to further consolidate its position in the financial markets, the expansion of international business and provide customers with services of international level. The correspondent network of the Bank was and remains among the most developed banks of Turkmenistan.

In the past year the Bank has undertaken several activities to improve the working network of correspondents:

- Optimization of the system of correspondent accounts in leading U.S. banks, Europe and the CIS;
- Optimization of the operation of correspondent accounts and reducing transaction costs in the calculations through Nostro accounts at banks of CIS countries, Europe, North America and Asia.

Strengthening of mutually beneficial partnerships with the largest and most reliable banks to require the clean limit and the establishment of the Bank credit lines for forex and trading.

In addition, at the end of 2012 the Bank has 10 active agreements with commercial banks of Turkmenistan and the opening of the general conditions of correspondent accounts in foreign currency.

In the field of cooperation with national export-import and export insurance agencies Bank has established business, partnership relations with the Japan Bank for International Cooperation, the Export-Import Bank of China, the Czech Republic, USA, Turkey, Malaysia, with export insurance companies «Hermes» in Germany, COFACE in France and OND in Belgium, which allowed to preserve its leading position in the market of foreign borrowing, which is one of the main sources of funding of active operations, in particular the financing of projects in strategic sectors of the economy of Turkmenistan.

In the sphere of cooperation with international development banks and funds the Bank paid special attention to developing relations with the European Bank for Reconstruction and Development, Asian Development Bank. It should be noted a separate line - performance of the functions of the Office Manager of the IDB in Turkmenistan, under which is active engagement with the Islamic Development Bank and Arab Coordination Group of Funds. The year of 2012 is characterized by a marked intensification in the implementation of projects with these international financial institutions.

In addition, 2012 was marked by the Bank's participation in the following events:

- 37th Annual Meeting of the Board of Governors of the IDB;
- Third International Investment Forum of Turkmenistan.

In order to minimize risks at conducting the operations on financial markets the Bank is fastidious in choosing its counterparties.

Information Technology

During the year the Bank has been using an advanced technology based on the modern software tools and hardware in its activities.

An automated banking system (ABS), based on client-server technology and uses a database management system ORACLE and allows to automate virtually all areas of the Bank activity: the account settlement, credit, cash, international, trade and dealing operations, analysis of the bank, administrative costs and budgets, record keeping, payroll, and others. For the functioning of the system IBM servers with RISC-technology processors are installed.

The special programmes and schemes have been created and set up to provide operations and routing in ABS the payment documents of "Avaza" branch. The digital data channel was organized to connect the branch to central database, located at the main unit.

Local area network solution operates in the Bank, which provide automatic backup of key switches, network monitoring, data flow rate 1 G bit / sec., organized communication with external systems – the electronic system of interbank settlements of Turkmenistan, SWIFT, a system of plastic cards and the REUTER information system agency. Reuter's Dealing and "Extra" information services are providing sufficient conditions to the Bank to actively conduct operations on the foreign exchange market.

The installing of plastic cards payment system allowed producing and maintaining a national system of plastic cards - MILLIKART. The Bank has installed special equipment to arrange a direct connection with the authorization and settlement system.

The Bank is a full member of the international system VISA. VISA card's authorization is made by IP-protocol over a satellite communication system.

The Bank has installed several units of ATMs and terminals that extend the existing network of ATMs and terminals for the servicing the national - MILLIKART and international - VISA cards.

The Bank has organized electronic document management system Lotus Notes based on IBM software product which allows automated recording of correspondence of the bank.

The bank has its own internal telephone system, which is based on modern SIEMENS telecommunications equipment. External communications based on fiber optic cable, providing a high level of security.

In order to solve the problems of physical and electronic security the Bank established a centralized computer system, comprising: a system of restricting access of personnel in a special room, as well as the building of the Bank, a system of telemetry monitoring system of fire safety.

The Bank has implemented multi-autonomous power system, which includes the powerful UPS and diesel generator.

During the year, the maintenance and updating of the Bank's website has been carried out.

Risk management and internal control

Internal control is designed to provide such conditions and algorithms for conducting banking operations, which make it impossible or difficult to implement abuse and errors.

The Bank has organized a system of internal control, which aims to provide:

- Effectiveness and efficiency of financial and economic activity, the effectiveness of asset and liability management, bank risk management;
- The accuracy, completeness, objectivity and timeliness of preparation and submission of financial, accounting, statistical and other reporting;
- Information Security;
- Compliance with the laws of Turkmenistan and local regulations of the Bank;
- Exclude the involvement of the Bank's financial transactions with illegal, including the prevention and suppression of acts related to the legalization of illegal proceeds and terrorist financing, as well as a modern representation in accordance with the laws of Turkmenistan the information to the authorities.

In the reporting year under the current system of internal controls the Bank began to develop Risk Management Policy, which sets following basic principles:

- The general direction of the Bank to minimize banking risks, which could result in losses;
- Description of banking risk;
- Measures to exercise control over operations of a risk, as well as data management risks.

According to its policy, the Bank is managed in the process of ongoing identification, evaluation and monitoring, as well as through the establishment of risk limits and other internal controls. The risk management process is critical to the continuing profitability of the Bank, and each individual employee is responsible for the risks connected with his duties.

The risk management system monitors the credit risk, liquidity risk and market risk and operational risk.

To optimize the risk management process and the performance, the Bank has set up and operates the Credit Committee, the Committee on Asset and Liability Management, responsible for strategy development and implementation of risk management principles, concepts, and risk limits that are responsible for the significant issues of risk management and monitoring compliance with relevant decisions about the risks.

The risk management system is controlled by the internal audit on a regular basis.

HR Management

The main purpose of Human Resources management is the timely provision of qualified personee, the formation of strong team that can respond flexibly to any changes in the environment and solve the problem posed by the Bank.

In order to achieve this, the following tasks should be performed:

- Analyze the needs of the Bank's in experts and to plan their attraction to the bank or

training of its employees;

- Hold the selection and adaptation of new employees;
- Certify staff;
- Organize systematic training, and in particular, on the results of certification;
- To form the reserve for executive positions and organize it in training;
- Develop and maintain a corporate culture.

Working at the Bank it is a type of work carried out in a professional manner, and therefore the availability of higher education in the employee profile is a basic requirement. The bank held a firm policy towards recruitment, paying attention to the educational and professional level of employees. As of January 1, 2013 the number of employees of the State Bank for Foreign Economic Affairs of Turkmenistan was 259, including those with higher education – 166, incomplete higher education - 5, secondary vocational education - 44 persons, secondary education - 44 persons.

Of employees 2 persons are candidates of economic sciences, and one - candidate of technical sciences. Three bank employees enrolled in graduate school.

In order to recruit from graduates of relevant institutions the internship was organized in the Bank. Interns mainly were students of the Turkmen Institute of Economics and Management, Turkmen State University named after Makhtumkuli, Institute of International Relations at the Ministry of Foreign Affairs of Turkmenistan, the Turkmen-Turkish University, Finance and Economics College. During the year, 42 students have attended the production practices.

This year some of students who have previously done internships at the Bank were recruited, they are - 4 graduates of the Institute of International Relations, 5 graduates from the Institute of Management and Economics, 2 graduates from the Turkmen-Turkish University and 2 graduates from the Banking College.

Paying great attention to staff development, in collaboration with leading universities in the country, correspondent banks and other financial institutions, the Bank conducts seminars for its employees, training courses and internships, both inside and outside Turkmenistan. In 2012, 61 Bank's staff members have improved their skills, among them 20 heads of divisions and departments.

During the year, experienced teachers from the Central Bank of Turkmenistan and other banks of Turkmenistan conducted trainings on the International Financial Reporting Standards. Classes are held at "Gokdere" wellness center and in Turkmenbashi.

In addition, two employees were trained on the Bank's 5 and 6-month training courses conducted by the State Academy of government officials under President of Turkmenistan. In 2012, the State Academy of Public Administration under the President of Turkmenistan received 2 bank's employees. This year distant courses of the Belgian Academy at Banking College named after Hero of Turkmenistan Niyazov Atamurad were opened. Six bank's employees improve their professional skills at these courses. Six employees of the Bank have been trained abroad.

The Bank regularly hosts classes in English and economic studies conducted by leading Bank staff members with rich banking.

For branch's employees internships are being held in the offices of the Headquarter of the bank.

Significant role in implementing the concept of staff development is validation of Bank staff, which is usually held once in 3 years, workers for cash - twice a year and additionally appointed after the probation period, or transfer to another position. The purpose of the event - staffing skilled workers, increase productivity, increase material and moral interest in solving the problems of determining the effectiveness of the Bank's operations, identification of appropriate training of employees.

As part of the HR strategy of the Bank, the work on improvement and development of interbank relations, quality of working conditions, establishment of the Bank's advantage by raising the level of responsibility and professional competence of employees. Particular attention is attached to the development of the Bank's corporate culture that allows all units to focus on common goals, encourage initiative, to ensure the loyalty of employees.

During the year the Bank has consistently carried out activities to improve the system of motivations and expanding social programs for employees, contributing to increased productivity.

The encouragement of the staff included the promotion, provision of social benefits and compensation, financial assistance for a number of significant events in the lives of workers, the organization of a full-fledged recreation for workers and their families during summer vacations and spa treatments. In providing its employees own well-furnished apartments, the Bank continued to build houses and luxury Suites.

Prospects for the development of the Bank in 2013

The main objective of the Bank in the short term period is to provide all possible assistance to national economic development through active participation in implementation of the National "Socio-economic development of Turkmenistan for the period 2010-2030 years" Program of President of Turkmenistan.

To achieve this goal successfully in 2013 the Bank's management marked the following major tasks:

- The active development of its customer base;
- The formation of high-quality and high-yield credit portfolio on the basis of minimizing credit risk and diversification. The Bank will continue lending to major groups of clients - corporate clients, small and medium business and retail lending by expanding the wide range of loan products;
- Increase the quantity and improve the quality of banking products and services, the introduction of new technologies to working with clients, including online banking, improvement of banking technologies, modernization of the automated banking system;
- Borrow funds in foreign financial markets to invest them for the economic development of Turkmenistan;
- Further development of service exporters and importers through the optimization of the technology of documentary operations, which will more actively use them as a tool to re-duce the risks of foreign trade customers;
- Increase the Bank's capital in order to improve its financial sustainability and best meet the needs of clients in banking. This will be done mainly by profit capitalization as well as includes the possibilities of recourse to other sources;
- Improving risk management policy, the introduction of modern methods and approaches for risk assessment, the use of Russian and foreign models of risk analysis. Keeping the principle of collective decision-making on risk operations, the Bank will strengthen the personal responsibility of managers and office staff who perform active operations;
- Improving the effectiveness of internal controls, ensuring the adequacy of its scope of operations of the Bank.
- Improving corporate governance by the Bank, the possible restructuring of the organizational structure of the Bank in accordance with the new stages of development and the tasks set.