



VIETNAM WOMEN'S UNION  
TINH THUONG ONE-MEMBER LIMITED LIABILITY MICROFINANCE INSTITUTION

**TYM**



# ANNUAL REPORT 2010



- *Devoted*
- *Creative*
- *Effective*

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# Message from chairperson of board of Directors

The year 2010 has seen a dream come true for the poor women of Vietnam. TYM Fund of the Vietnam Women's Union became the first licensed microfinance institution of Vietnam. The loans, savings, insurance and manifold social services offered by TYM are now recognized as a part of the official banking system of the country.

The Licence opens up an array of new opportunities: Firstly, TYM will be able to increase its outreach to many more poor and low income women, because it now can raise funds not only from international organizations, but also from the domestic financial market and from multinational donors such as the World Bank and ADB. Already in 2010 the number of TYM members has increased by a record 155% or 15,000 women to now 50,000, showing that there is a big demand for TYM's services. Secondly, TYM will be able to offer new services, namely attractive savings products, not only to its borrowers, but also to the communities at large.

Thirdly, the regulation and supervision by the State Bank of Vietnam will help to maintain and develop the capacity of TYM as an organization, enhancing good governance, improving the professional level of all staff, assuring transparency, visibility and international recognition.

Along with the opportunities come a number of challenges. Being the first official MFI of Vietnam means many things are still new, both for TYM and SBV as the supervisor. TYM had to undergo a painful restructuring of its branch network. Reporting becomes more detailed and time consuming. Some of the financial rules and guidelines for MFIs have still not been issued, meaning uncertainties.

I am confident that TYM will master its challenges. The deep commitment, enthusiasm and ever growing professional level of now almost 300 staff has brought about the great success of 2010 and will ensure even bigger progress in the future. Guided by a clear social mission, under the leadership of an excellent management team, with assistance by national and international partners, TYM staff are on the best way to become real 'bankers for the poor'.

Being not just the owner, but the shareholder of a financial institution, is something new for the Vietnam Women's Union too. It demands a shift in thinking from being a purely social organization to bearing financial responsibility before SBV, but mainly before the thousands of women who trust in TYM. The VWU has done everything to support TYM in the past, and we will continue to closely follow and assist TYM in its new status. To improve the professionalism of the Board, we will continue to expand our own knowledge, but also attract external expertise by setting up an Advisory Board with local and international partners. Above all, the VWU will assure that TYM will always stay loyal with its social mission of serving the poor and contributing to the advancement of women in society.

TYM is and will remain a role model for microfinance for the Vietnam Women's Union as well as all of Vietnam.



**Madam Nguyen Thi Kim Thuy**  
Standing Vice President of Vietnam Women's Union  
Chairperson of TYM's Board of Director

**CHAIRPERSON OF BOD**



**Nguyen Thi Kim Thuy**

## ORGANIZATION PROFILE

|  |  |
|--|--|
| Full name in Vietnamese:               | <b>TỔ CHỨC TÀI CHÍNH QUY MÔ NHỎ TNHH MỘT THÀNH VIÊN TÌNH THƯƠNG</b>      |
| International transaction name:        | <b>TINH THUONG ONE-MEMBER LIMITED LIABILITY MICROFINANCE INSTITUTION</b> |
| Abbreviation name:                     | <b>TYM</b>   |
| Slogan:                                | <b>Devoted - Creative - Effective</b>                                    |
| Owner:                                 | <b>Vietnam Women's Union</b>   |
| Chairperson of the Board of Directors: | <b>Nguyen Thi Kim Thuy</b>   |
| General-Director:                      | <b>Ho Thi Quy</b>  |
| Head Office:                           | <b>Building B, 20 Thuy Khue, Tay Ho, Hanoi</b>                           |
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| Website:                               | <b><a href="http://www.tymfund.org.vn">www.tymfund.org.vn</a></b>        |

### 2010 Rating highlights from the report by Planet Rating:

- + Outlook: Stable
- + GIRAFE Rating: "B++" Investment Grade
- + Social Performance Rating: 4- (in the scale from "1-" to "5+")
- + Financial inclusion: 3+
- + Client protection: 3+
- + Human Resources Policy: 4-
- + Social change: \*\*\*



# TYM FUND - DEVELOPMENT PERIODS

*“During its 18 years of establishment and development, TYM has always been trying its best for the development of the communities where it operates. With the achieved results, TYM has been granted noble prizes by the Party, the State and VWU, together with the trust of international friends and especially the support and the loyalty of all its members”.*



In the execution of the official dispatch no. 563 by the Prime Minister dated 20th February 1992, the project of Mutual Affectionate Fund under VWU (international transaction name: Tau Yeu May; abbreviation name: TYM), which applied the banking methodology of Grameen (Bangladesh), officially came into operation in August 1992 in disadvantaged areas.

On 12th January 1998, the Presidium of VWU decided to separate TYM from Department of Family and Living Affairs and made it an independent unit under the Presidium.

In October 1999, TYM Fund was granted the State's credit for its outstanding achievements in hunger eradication and poverty alleviation.

In October 2002, TYM Fund was granted Third class Labor Order in the anniversary of 10-year establishment of TYM.

In July 2007, TYM Fund was granted Second class Labor Order in the anniversary of 15-year establishment of TYM.

In December 2007, TYM had the honor of receiving the Women's Award granted by Vietnam Women's Union.

In August 2008, Mutual Assistance Fund (MAF) was separated from TYM Fund to become an independent project directly under VWU. The establishment of MAF transformation project has proved the recognition and a strategic development of VWU for MAF - a product that illustrates the preeminence of TYM in comparison with other microfinance models nationwide.

For the 3 successive years of 2007-2009, TYM Fund was granted "Model microfinance institution" by Citi Foundation - the award to honor microentrepreneurs with efforts to escape poverty thanks to loans from microfinance programs, excellent credit officers and outstanding microfinance institutions. Especially, in 2010, TYM Fund won the prize of "comprehensively outstanding microfinance institution".

In September 2008, pursuant to Decree No. 28/2005/ND-CP dated March 9th 2005 by the Government on the organization and operation of microfinance institutions in Vietnam and pursuant to Decree No. 165/2007/ND-CP dated November 15th 2007 by the Government on amending, adding and abolishing some articles of Decree No. 28/2005/ND-CP, the Standing Committee of VWU's Presidium agreed that TYM could elaborate its application profile to transfer TYM Fund into a microfinance institution.

In August 2010, TYM Fund had the honor of being the first institution granted the establishment and operation license in microfinance industry by the State Bank of Vietnam. From now on, TYM Fund had its registered name of Tinh Thuong one-member limited liability microfinance institution (TYM) and officially became part of the country's finance sector.



# SOME PICTURES OF THE LICENSE GRANTING CEREMONY AND THE OPENING CEREMONY OF TINH THUONG ONE-MEMBER LIMITED LIABILITY MICROFINANCE INSTITUTION



# PERFORMANCE RESULTS OF 2010

## 1. NETWORK AND HUMAN RESOURCES DEVELOPMENT

### 1.1. Network development

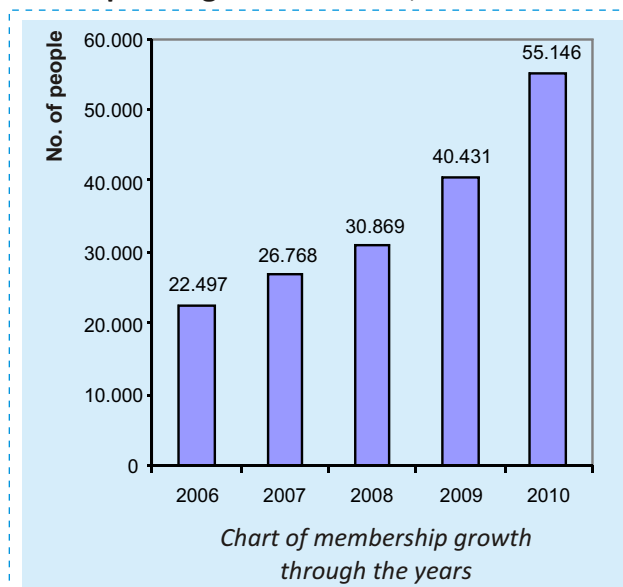
**In terms of the network:** The year of 2010 witnessed dramatic changes in the organizational structure of TYM. In August 2010, after being licensed to become Tinh Thuong one-member limited liability microfinance institution (TYM), TYM conducted a research to reallocate the branch network to be in line with Circular No.



08/2009/TT-NHNN, and at the same time to enhance its working efficiency. Thanks to its determination and the consultancy of domestic and foreign experts, the organizational restructure was basically completed in the end of 2010. From its previous 44 branches, after the restructure, TYM has only 18 new branches, which are licensed and 21 transaction offices under the branches. These transaction offices are planned to register to the provincial State Banks.

**Client management norms for Technical Officer (TO):** TYM has applied adjustments in this indicator to make it suitable to the reality and the organizational restructure. Basing on the evaluation of working time, working efficiency and staff capability, TYM decided to increase the client management norm for TO from minimum 400 members/TO into 450 members/TO since January 2011.

**Operating areas:** In 2010, TYM did not expand its operation areas into any new province, but



focused to develop further in the current 10 provinces. TYM expanded into 3 new districts (in comparison with that in 2009), so the total number of districts reached 28, with 225 communes/wards, increasing 36 communes more than in 2009.

**Membership expansion:** The membership expansion also gained achievement. In 2010, TYM set a record in membership expansion during its 18 years of operation, which made 2010 one important landmark of TYM. The number of TYM members exceeded 50,000 and reached the number of 55,146 in 1679 centers. On average, there were 32.8 members per one center.

## PERFORMANCE RESULTS OF 2010

### 1.2. Human resources development

In 2010, together with outreach expansion and branch network restructuring, TYM allocated its human resources and conducted recruitment to ensure that the Head Office and all branches had enough staff. As of the end of 2010, the total number of staff in TYM was 264, which meant 55 more than that in 2009. Among those, 234 staff have been working in branches and transaction offices and 30 in the Head Office. TYM has a young and potential staff cadre at the average age of 29.2, who are all committed to the development of poor women.

During the recruitment process, TYM always prioritizes principles of openness, and transparency with a view to selecting capable and ethical officers who can meet the job requirements. Requirements for TO's were step by step increased and TYM applied some advantages for formal university graduates. Tools used for staff recruitment were accomplished with tests on accounting skills, social comprehension and communication skills. Furthermore, in 2010, TYM added IQ tests into its recruitment process to evaluate logical abilities of applicants. Moreover, TYM also cooperated with



*Staff recruitment test in Nam Dinh province*

local VWU to validate applicants' profile information. Among those recruited were also external officers, who were competent enough for managing positions or working at the HO. With the above-mentioned policies, in 2010, TYM recruited 55 new staff, all of whom were selected after one month of probation. They were enough qualified with personal competence and ethics to meet the job requirements in TYM.

TYM made adjustments to staff training and achieved important targets during the year. With 13 expertise trainings on microfinance, TYM successfully conducted 24 courses in total for 595 turns of TYM's staff and officers from external organizations. Besides the standard training for new officers, in 2010, TYM also accomplished training designs for managing positions including:



*Participants in a course for BM's*

"Training for new Branch Managers (BM)", "Personnel Management", "Management skills and leadership", "Organizational Culture". This was the first time Area Managers (AM) and BM candidates received standard trainings on their skills and expertise before being appointed. In 2010, TYM conducted an advanced course on training-of-trainer (TOT) practice for over 25 staffs about such contents as "Loan appraisal" and "Communication skills". In total, TYM successfully conducted 9 courses for 229 turns of staffs on the above-mentioned 2 contents. This confirmed the pathway towards professional training activities was gaining





## PERFORMANCE RESULTS OF 2010



*Practice session in TOT for communication skills course*

true efficiency.

TYM not only provided domestic courses for its staff, but also helped them to have chances to participate in training courses in foreign countries. During the year of 2010, there were nearly 20 turns of staffs attending short-term and medium-term courses in such countries as the Philippines, Germany, Italy, Cambodia, or the US on Micro-insurance, Health education with Microfinance or Master on Micro-finance, etc. Moreover, TYM also attracted the participation of staffs from other MFIs like World Vision, Thanh Hoa Fund for poor



*Break in Communication skills class*

women, and others. This was a good first step, which provided motivation for TYM to improve and pay effort on the establishment of its Training Center for Micro-finance in the future.

The staff selection and appointment were carried out strictly by the management board of TYM with careful guidance. This was to ensure that the openness, transparency, as well as the right selection procedure were conducted so that the most suitable person would be selected. The staff selection and appointment were almost complete with the procedure from confidence votes to the training pathway with necessary skills and knowledge for AM and BM candidates before they were appointed. Regarding key positions like Head or Deputy-Head of departments, TYM changed the appointment scheme. In this way, TYM can either appoint field staffs or directly select external capable candidates. In 2010, TYM (re)appointed 11 field managers, and consolidated managing positions in branches. The top management board of TYM also had further 2 people appointed to be Deputy Directors. This contributed to the enhancement of general leadership capacity of TYM.

Together with recruitment and training, TYM always tried to ensure the salary and bonus scheme that followed general regulations and recognized the contribution of each person and team for the achievement of the institution. In the last few years, TYM has ensured that the salary increase would be higher year after year. Furthermore, it also paid attention to facilitate the environment for better working conditions for TYM staff. Some of TYM's efforts are included providing labour safety devices or organizing health check-ups for all staff; giving support for disadvantaged officers; providing managing officers with financial assistance for capacity building; as well as conducting training for staff development.

## PERFORMANCE RESULTS OF 2010

With suitable personnel policy, in 2010, TYM was highly evaluated by Planet Rating on human resource management. Resignation rate decreased from 8.5% in 2006 to 1.9% in 2010, proving the stable trend of the staff of TYM. This was a very important factor in TYM's success. In 2011 plan, TYM will focus on the training for managing staffs, especially those in the field. This is to ensure the smooth operation of the institution during post-licensing transfer in the most effective manner.

### 2. RESEARCH ON PRODUCT AND SERVICE DEVELOPMENT

In 2010, TYM continued to foster research activities and could attain the following achievements:

**Transform the operation of all branches into ASA lending method (individual loans):** With the results achieved in the piloted phase of the ASA lending method transference, the year 2010 saw 31 branches transforming its operations into this pathway. So far, 100% of TYM's branches are working with this method.

**Pilot-test and accomplish monthly-repayment product:** Thanks to the support from ADA (Luxembourg), TYM piloted the monthly-repayment loan product in 2 branches of Hung Yen area from January to June 2010. During the 6 piloted months, there were 166/359 eligible members for monthly-repayment loans, among which 71 members were previously inactive and applied for loans again. Monthly-repayment loans also attracted 27 new members for TYM. The evaluation result showed that 70% of the members interviewed expecting this product to be delivered to them when they were legible or when they completed their current loan cycle. Basing on those results, TYM planned that in 2011, it would implement the product of monthly-repayment loans in 100% of its branches.



*Research conducted with PRA*

**Research and implement family savings package (term-deposit):** Bringing into full play the achievements in the piloted phase of family savings package in 2004, TYM continued to upgrade and design the family savings package to roll out in 2010. The product was designed with some criteria, namely: simple procedure, benefits for members and high outreach. Furthermore, the package was also designed and implemented step by step, with the first action being the product introduction to existing members since the end of September 2010. Primary evaluations showed that TYM gained support from members with the implementation of term deposit and members also appeared to be



## PERFORMANCE RESULTS OF 2010



*Conducting researches with the tool of Focused group discussion*

satisfied with the lottery program which accompanied this product. As of November 2010, there have been 108 members using this savings package with the total deposit amount of VND 1,957.6 millions. It is planned that after this testing phase applied to existing members, TYM will adjust and accomplish the product and start its second phase to provide the public with this product.

**Research on integration of Health Education with credit activities:** Within the year, TYM continued receiving technical assistance from CARD (the Philippines) for research on healthcare demands of clients in Branch no.4 and no.11 in Kim Dong, Hung Yen. The research revealed good opportunities to develop new products, like health insurance voluntary savings or communication on integration of healthcare and credit activities. It is planned that this product will be rolled out for 100% of the clients in 2011.

**In 2011, it is anticipated that the research activities of TYM will focus on the following contents:**

- (1) Diversify services to expand the outreach to factory workers, ethnic minorities, traders, and vulnerable people.
- (2) Research to implement savings package for members and the public.
- (3) Research to adjust current policies to suit the market conditions.



## PERFORMANCE RESULTS OF 2010

### 3. MUTUAL ASSISTANCE FUND - PROTECT MEMBERS AND THEIR FAMILIES AGAINST MISFORTUNE

To continue the success of the year 2009, in 2010, the Mutual Assistance Fund (MAF) fostered its activities, enhanced its product quality, improved the operational procedures and accomplished its organization structure. MAF also paid efforts to provide new products to meet more demands of our members and their families, thus, it can support low-income

women and their families through challenges in life and accompany them to escape poverty and develop on a sustainable basis.

As of November 2010, MAF provided services for 172,871 people, 54,837 of which were members of TYM, 35.6 % more than that at the end of 2009. The number of people receiving benefits from MAF was 2,203, or 4% of total members, with the increase of 600 people in comparison with that at the end of 2009. The total payment of MAF for its members and their families were 2.4 billion, meaning a rise of 120% compared with 2009.

#### **The story of Mrs. Nguyen Thi Ngot.**

*Mrs. Ngot lives in Coc Lam hamlet, Binh Dinh commune, Yen Lac district. She has two children, both of whom are at school-age and her husband suffering from illnesses. She was joining MAF for 2 years. In January 2010, Mrs. Ngot got a loan of 6.000.000 dong and handed in loan insurance of 48.000 dong. A fortnight later, she fell ill and got confinement. The diagnosis showed that she was at the last phase of lung cancer. One week later, she passed away at the age of 50. Staffs of branch 15 helped her family to complete the profile for MAF pay-out. Her family received 2.250.000 dong for burial subsidy, 60.000 dong of the weekly repayment that she had handed in and got written-off 5.940.000 dong. While receiving money, her husband emotionally confided: "Normally when I get loans, I must repay. But thanks to MAF, in the case of misfortune, we don't have to repay and also get back the weekly repayment and some burial subsidy."*

The above-mentioned data illustrates why MAF could get access to more and more new members, and the number of people receiving benefits from MAF was increasing. Thus, MAF could support for clients and their families in the case of misfortunes to maintain their business or production. Gradually, they could recover from challenges, which appeared to be impossible to overcome.

Results of supervision and monitoring as well as regular evaluations on member's satisfaction showed that many of them expressed their secure feelings when they could participate in MAF.



MAF - payment of life insurance for member

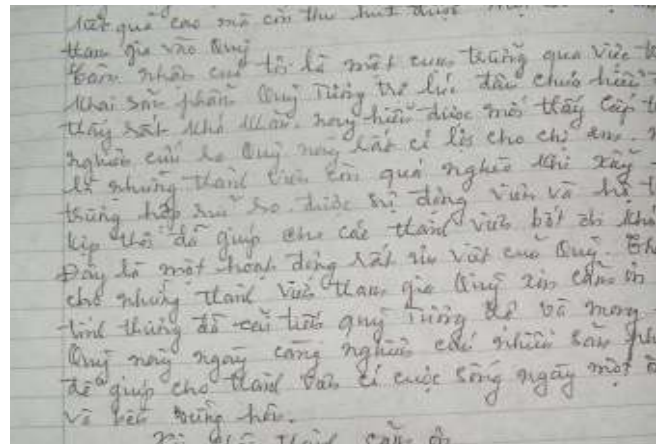




## PERFORMANCE RESULTS OF 2010

Mrs. Nguyen Thi Vinh, member of branch 13 in Hung Nguyen district, Nghe An, wrote for MAF: *“Sincere thanks to TYM for upgrading MAF. I hope that TYM will conduct researches to provide more products for its members so that we can head for a better and more sustainable life”*.

Fast and simple procedures as well as convenience are also the target that MAF has set. Operational procedures, expense and collection vouchers are continued to be improved and simplified for more suitability, thus, it would be convenient for members to claim and shorten their time for pay-outs. MAF officers came to members' homes and listened to the requests from them, to find out their difficulties when they tried to complete documents required to get repayment from MAF. The staff also worked directly with hospitals, or district/commune authorities to consider any necessary adjustments for the pay-out scheme. As a result, all adjustments were highly appreciated by members.



It has to be admitted that TYM's members had not known about effective methods to eliminate such misfortunes arising in life as sickness, confinement, fire, poor harvest or death of family members, etc. This led to many challenges for members to sustain a stable life, and they even might fall back to poverty. Thanks to clear awareness of this, in 2010, MAF focused on conducting training for members and their families about risk management and micro-insurance. As of November 2010, MAF provided 1,607 members with focused class-based trainings, together with communication through pictures, games or fliers in center meetings and their homes. Members gradually could select best methods to overcome challenges, thanks to these useful training activities, when they faced up with misfortunes in life.

During 2010, MAF continued to receive consideration and technical assistance from international organizations such as International Labor Organization (ILO); Citi Foundation and RIMANSI. Especially, MAF had the honor to be one of 13 organizations (among 56 organizations submitting proposals) to be selected for the baseline survey of capacity building program in the framework of Innovative micro-insurance facility sponsored by Bill and Melinda Gates Foundation.

With high efforts and persistence, MAF has finished all the targets set for 2010. As of December 2010, the total asset of MAF reached 11 billion; with the ownership capital of 5.5 billion, rising 27 % in comparison with that at the end of 2009. Based on such results, it is proved that year after year MAF achieved better and better results, working effectively with potential for sustainable development. The vision of MAF is to become the leading mutual benefits association of Vietnamese low-income women and their families.

# PERFORMANCE RESULTS OF 2010

## 4. CREDIT AND SAVINGS ACTIVITIES

In 2010, there were over 67,000 turns of members getting access to TYM's loans. The total amount of loan disbursement was nearly 500 billion, being equal to 122% of the loan disbursement plan, increasing 170.6% in comparison with that in 2009. Among those, there were more than 48,000 turns of members getting general loans for business and manufacturing projects with the general loans disbursed of over 420 billion, occupying 84.2% of the total loan disbursement. 13,600 turns of members using long-term loans for such purposes as house upgrading, or building up comfortable rooms. The amount of long-term loans disbursed was over 71 billion, taking up 14.2% of the total loan disbursement. Last but not least, nearly 4,500 turns of members getting multi-purpose loans with the amount disbursed of over 8 billion, equal to 1.6% of the total loan disbursement.

Chart of TYM's loan types

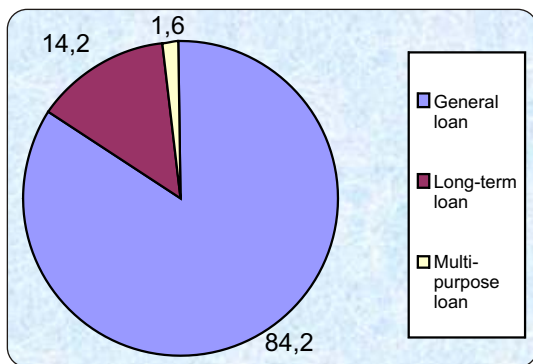
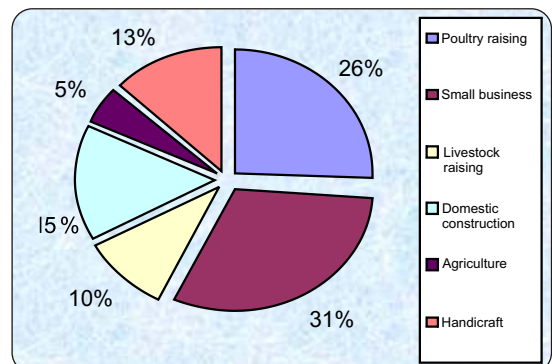


Chart of TYM's loan use



Member using loans for small business, agriculture work



## PERFORMANCE RESULTS OF 2010

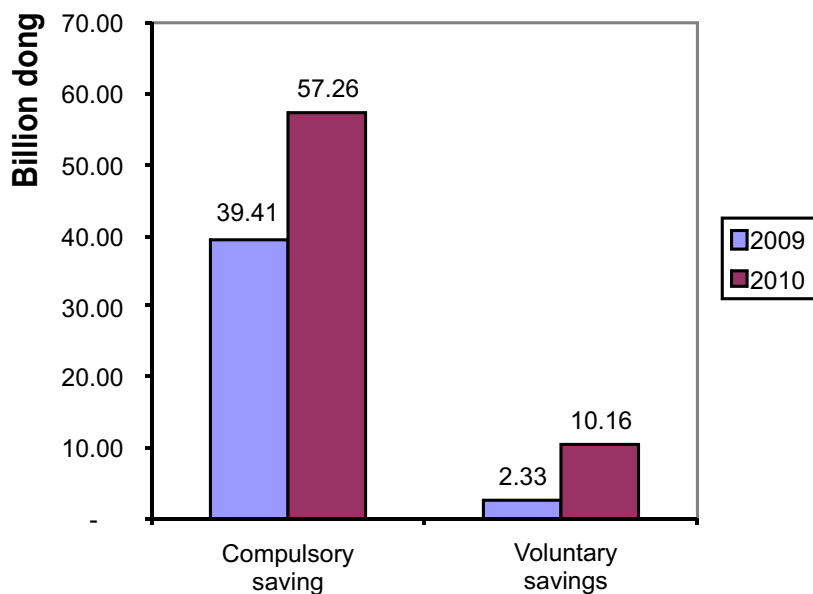


*Member using loans for husbandry, sideline*

Credit activities in 2010 continued to prove that the mechanism of small loans with frequent repayment installments was suitable for the poor. Up to December 2010, TYM's Portfolio-at-risk (PAR) was 0.03%.

To meet members' demands, TYM increased its weekly compulsory savings from 3,000 dong to 5,000 dong. Furthermore, TYM started to implement its term-deposit product with the terms of 3 months, 6 months and 12 months. Until the end of 2010, total savings of TYM members exceeded 65 billion, leading to the average savings portfolio of 1.2 million dong per member.

**Growth of TYM savings portfolio**





## PERFORMANCE RESULTS OF 2010

### 5. MEMBER TRAININGS



*In January 2010, TYM organized focused class-based training for over 2,700 center chiefs on the contents of center management skills and know-how to collect, count and check money during center meetings.*



*1,607 members received in-class training and 100% of the members were trained during center meetings on Risk management and micro-insurance*



*TYM disseminated Health education materials for over 4,600 members in Hung Yen area*



*TYM cooperated with local Vietnam Women's Union to organize classes on Gender and Business for members*





## PERFORMANCE RESULTS OF 2010

### 6. COMMUNICATION AND COMMUNITY DEVELOPMENT ACTIVITIES



*TYM staff subscribed 20 million VND to support for 20 members' households in Nghi Loc, Hung Nguyen, Nghe An to diminish bad effects of floods.*



*In 2010, TYM rewarded 2 "affectionate houses" for 2 members in Do Luong and Dien Chau district, Nghe An province with the total value of VND 42 million*



*TYM supported nearly 300 disadvantaged households with total grant of 150 million dong*



*Members participated in regular monthly center meetings to share and exchange experiences*

## PERFORMANCE RESULTS OF 2010



*TYM organized study tours for over 90 turns of members to visit good projects in Nghe An and Thanh Hoa with projects of producing noodles; raising vegetables, pigs, or ducks.*



*Members participated in celebrations and sports contests in the occasion of International Women's Day and the birthday of Vietnam Women's Union.*

*Members in branch #20 Vu Ban, Nam Dinh lit candles to commit to building up a strong center*



*Rewards for excellent center chiefs*



*Gifts for members' children with excellent study results*





## PERFORMANCE RESULTS OF 2010

### 7. ACTIVITIES OF EXTERNAL RELATIONS

*“With dedicated staff, who always try their best for the development of the institution; with international friends, who are always ready to support TYM during its hard time; together with competent and enthusiastic managers, TYM has achieved lots of successes during the year of 2010.”*



*ADB specialists visited TYM's members*

In 2010, TYM Fund hosted 47 delegations, with over 179 visitors. These figures proved the confidence of both domestic and foreign organizations for TYM.

Besides the long-time cooperative relations with such international organizations as CARD MRI (the Philippines); Savings Bank Foundation for International Cooperation (SBFIC) or CORDAID and OIKOCREDIT (the Netherlands), TYM also embarked on developing the relations with other organizations such as Chemonics International to provide support for vulnerable people.

Within the year of 2010, TYM welcomed ADB consultancy delegation for 9 times in the framework of formalizing microfinance sector in Vietnam project. Consultants of the project have supported TYM effectively in its license

application process and in formalizing its operations. Furthermore, there were many other delegations coming to TYM to learn about our work and conduct other integrated activities. It should be mentioned the visit of businessmen and clients of German Savings Bank from Pforzheim/Calw city (Germany) After the visit, being deeply impressed by TYM's members living conditions and their effort to escape poverty, the delegation subscribed EUR 2,000 to support for TYM's members (equivalent to 40 million dong). This budget was used to subsidize for very disadvantaged members, members' children with good study results or members (members' families) facing up with sudden misfortunes. Additionally, the delegation also published an article in

Pforzheimer Zeitung Newspaper (in Germany) reporting the achievements of TYM in the fight against poverty in Vietnam.

With even more honor, in 2010, TYM had the chance to welcome Madame Michelle Bachelet - Chilean former Prime Minister, UN Under-General secretary, President of UNIFEM, the organization that enforces the gender equality and women empowerment of the UN. Through the visit and attending TYM's center meeting, Madame Bachelet expressed her bliss to see that poor women now can actively participate in economic activities. Moreover, she also highly appreciated TYM's role of supporting members to develop their family economic activities and enhance their roles in the family and society.

TYM also hosted many other foreign guests, coming to visit and exchange experiences

## PERFORMANCE RESULTS OF 2010

in different operational fields. For example, we welcomed experts from Freedom from Hunger implementing Credit with Education (CwE) activities; or a delegation of Women Involved in Nation-Building (WIN) of the Philippines and representatives of Laotian Microfinance Institutions.

On the other hand, TYM also sent staffs abroad to attend courses and conferences for capacity building. Some of the courses were organized by German Savings Bank; by Boulder Microfinance Institute (Italy) or in CMDI - CARD Microfinance Development institute (the Philippines). Furthermore, some conferences to which TYM sent



*Mrs. Michell Bachelet visited TYM's members*

representatives can be mentioned such as the Annual SEEP Network Workshop in the US; Workshop on Integration of Health Education with Financial activities in the Philippines; and many other conferences on micro-insurance in the region. Thanks to the participation in such conferences, TYM staff had

chances to meet foreign experts to learn and exchange experiences with them and at the same time to propagate its image and set up new relations. With dedicated staff, who always try their best for the development of the institution; with international friends, who are always ready to support TYM during its hard time; together with competent and enthusiastic management, TYM achieved lots of successes during the year of 2010. It is expected that in the next year of 2011, TYM will maximize its potentials, continue to maintain and build up the belief of both domestic and foreign partners to implement for our social mission.

### 8. RATING - A LANDMARK OF TYM'S GROWTH

***In May 2010, upon request from TYM, Planet Rating came to TYM for the second rating mission. After almost 1 month conducting the rating, including office work, field exposure and reporting, the team came up with the final results showing obviously more positive signals than those of the previous mission.***

The year 2008 witnessed the first time TYM conducted its Rating mission in order to assess the organization's activities based on the common criteria of international microfinance institutions. Planet Rating, one of the reputable organizations in the field of accessing and rating, evaluated TYM's activities using the tool

of GIRAFE, which focused on Governance, Information, Risk management, Activities (including products and services), Funding and Efficiency. In 2008, with the activities being conducted, TYM was rated in "B" category with the outlook of "Positive". This result showed that TYM's activities met the requirements set in the Microfinance sector and TYM had the outlook to better develop in the later years. Encouraged by this result, each staff of TYM tried their best to bring better products and services to the members, and at the same time, build up further capacity and sustainability for the organization.

In 2010, 2 years after the first rating mission, TYM invited Planet Rating for the second time in a larger scale, with GIRAFE Rating and Social Performance Rating.





## PERFORMANCE RESULTS OF 2010



*Presentation of the Primary report of Rating 2010*

Regarding GIRAFE Rating, TYM advanced 2 levels on the Rating scale, from “B” to “B++” and achieved the outlook of “Stable”. This result confirmed that in comparison with 2008, risks for TYM were eliminated thanks to the mutual effort to improve institutional and financial activities. In more details, the improvements were found in enhancing management, bettering internal audits, upgrading MIS, and diversifying products and services. Furthermore, there were 2 aspects which get their rating advanced, i.e. Information (from “c” to “b”) and Efficiency (from “b” to “a”). In the part of Risk Management, despite the fact the grand mark remained, each sub-part had remarkable improvements. For example, “Internal control” increased from 3.5/5 to 4/5; “Internal Audit” from 2.5/5 to 3.5/5. To get better assessment in this part, Planet Rating recommended that TYM should focus on the risk management of legal issues, reputation, liquidity and other financial risks by the establishment of a risk management division. After the evaluation of what TYM had proved, Planet Rating believed that in the next few years, TYM would have the outlook of “Stable”.

Concerning the Social Performance Rating, in spite of the first time conducting, TYM achieved notable marks. In the scale from “1-” to “5+”, TYM was rated at “4-” with the comment “convincing”.

This grade illustrated that TYM has “clear commitment to social mission; suitable management of social performance and risks on social responsibilities” and TYM has abilities to achieve positive social performance.

In all the aspects included in the evaluation, namely Social Performance Management, Financial Inclusion, Client Protection and Ethical finance, Human Resources Policy and Social Change, TYM was graded from “3+” upwards with the highest marks of “4-” for “Social Performance Management” and “Human Resources”. Regarding Client protection and Ethical finance, although the mark was “3+”, TYM got satisfactory comments: “TYM is making efforts to prevent client's over-indebtedness by taking into account existing debts in the repayment capacity calculation, offering compulsory loan insurance products and conducting informal cross checks through interviews within the community[...] TYM has taken good steps to foster ethical staff behavior and appropriate loan collection, as well as to create vehicles for clients to voice their complaints.”

Those results proved that each rating mission recognized the efforts as well as achievement of TYM during its institutional professionalization, and the conduct of its social mission, i.e. “To improve the quality of life and status of poor and low-income women by providing credit and savings to Fund members, creating favorable conditions for their participation in economic activities and enhancing their role in society”. It is expected that in the next few years, together with the implementation of the recommendations from Planet Rating in a consistent manner, TYM could advance further in the rating scale to achieve more confidence and loyalty of members and become the destination of many domestic and international partners and friends.

## PERFORMANCE RESULTS OF 2010

### 9. CITI MICRO-ENTREPRENEURSHIP AWARD

The Citi microentrepreneurship award was held the fourth time in 2010 in Vietnam. This is the award co-organized by Vietnam Microfinance Working Group, Citi Foundation and the State Bank of Vietnam to honor poor and low-income people who tried with effort to escape poverty thanks to loans from microfinance programs/ projects. At the same time, this is also to recognize the supportive roles and contribution of loan officers and microfinance institutions for the poor.

Participating in “Citi microentrepreneurship award” this year, TYM had 2 staffs awarded as excellent loan officers and 21 members recognized as outstanding microentrepreneurs. Especially, after 3 years being granted the title “model microfinance institution”, in 2010, TYM became the only institution being honored as “comprehensively outstanding microfinance institution”.

#### *21 List of outstanding microentrepreneurs*

|    |                     |   |
|----|---------------------|---|
| 1  | Vu Thi Bi           | Member of branch 23, Khoai Chau, Hung Yen.  |
| 2  | Nguyen Thi Chien    | Member of branch 12, Ninh Giang, Hai Duong  |
| 3  | Le Thi Ha           | Member of branch 2, Soc Son, Hanoi          |
| 4  | Nguyen Thuy Hang    | Member of branch 11, Kim Dong, Hung Yen     |
| 5  | Vu Thi Hoa          | Member of branch 8, Y Yen, Nam Dinh         |
| 6  | Nguyen Thi Lan      | Member of branch 13, Hung Nguyen, Nghe An   |
| 7  | Le Thi Len          | Member of branch 5, Y Yen, Nam Dinh         |
| 8  | Duong Thi Lien      | Member of branch 5, Y Yen, Nam Dinh         |
| 9  | Cao Thi Lien        | Member of branch 18, Do Luong, Nghe An      |
| 10 | Duong Thi Ly        | Member of branch 5, Y Yen, Nam Dinh         |
| 11 | Trinh Thi Ly        | Member of branch 13, Hung Nguyen, Nghe An   |
| 12 | Hoang Thi Mai       | Member of branch 3, Phuc Yen, Vinh Phuc     |
| 13 | Tran Thi Phu        | Member of branch 19, Do Luong, Nghe An      |
| 14 | Hoang Thi Sau       | Member of branch 2, Soc Son, Hanoi          |
| 15 | Nguyen Thi Sy       | Member of branch 16, Nghi Loc, Nghe An      |
| 16 | Nguyen Thi Thanh    | Member of branch 18, Do Luong, Nghe An      |
| 17 | Hoang Thi Thanh     | Member of branch 15, Yen Lac, Vinh Phuc     |
| 18 | Ta Thi Thu          | Member of branch 19, Do Luong, Nghe An      |
| 19 | Nguyen Thi Hoai Thu | Member of branch 10, Nghi Loc, Nghe An      |
| 20 | Tran Thi Vi         | Member of branch 11, Kim Dong, Hung Yen     |
| 21 | Dang Thi Vy         | Member of branch 17, Quang Xuong, Thanh Hoa |

#### *2 Excellent loan officers*

|   |                  |   |
|---|------------------|---|
| 1 | Nguyen Thi Chung | Technical officer branch 5, Y Yen, Nam Dinh |
| 2 | Nguyen Manh Hung | Technical officer branch 5, Y Yen, Nam Dinh |



## 2011 PLAN

To honour its role as the first microfinance institution granted the license, TYM will continue with all of its activities in the year 2011 to head for its social mission, focusing on some activities:

- ➔ Accomplish its organizational structure and operate in line with regulations for microfinance institutions
- ➔ Research to diversify products, expand the target groups, improve the term-deposit product
- ➔ Expand the operational areas, pilot TYM's operation in mountainous areas with ethnic minorities.
- ➔ Upgrade and improve the MIS to meet the requirements of operations.
- ➔ Maintain and expand partnership with domestic and international individuals and organizations.
- ➔ Conduct trainings on basic and advanced contents for TYM staffs to build up a more effective, more creative and more professional workforce.
- ➔ Conduct training about health education, gender and business for members.

### 2011 TRAINING PLAN

| Serial | Contents  | Anticipated time |
|--------|---|------------------|
| 1      | Business plan compilation   | February         |
| 2      | Risk management skills  | February         |
| 3      | TMS software  | February, March  |
| 4      | Internal control  | March, October   |
| 5      | Financial management basic-current accounting system; tax; liquidity management | April            |
| 6      | TOT on organizational culture   | April            |
| 7      | Organizational culture  | May              |
| 8      | New trainee course  | May              |
| 9      | Report writing skills   | May, June        |
| 10     | Overview about Law on credit and Civil law                                      | June             |
| 11     | Planning skills for managers  | July             |
| 12     | TOT on planning skills  | August           |
| 13     | Methods of planning   | September        |



## OPERATIONAL DATA

| Serial | Items                                    | 31/12/2008<br>(VND 1.000) | 31/12/2009<br>(VND 1.000) | 31/12/2010<br>(VND 1.000) |
|--------|--|---------------------------|---------------------------|---------------------------|
| 1      | Number of communes                       | 136                       | 175                       | 225                       |
| 2      | Number of districts                      | 18                        | 25                        | 28                        |
| 3      | Number of centers                        | 1033                      | 1259                      | 1679                      |
| 4      | Number of clients                        | 34.467                    | 40.431                    | 55.146                    |
| 5      | Number of TO's                           | 106                       | 140                       | 160                       |
| 6      | Total number of staff                    | 195                       | 233                       | 264                       |
| 7      | Members/ center                          | 33                        | 32                        | 32.8                      |
| 8      | Members / TO                             | 325                       | 288                       | 344.7                     |
| 9      | Loan outstanding (in VND '000)           | 140,184,921               | 181,110,172               | 281,826,024               |
| 10     | Repayment rate                           | 99.9%                     | 99.9%                     | 99.9%                     |
| 11     | PAR                                      | 0.01%                     | 0.03%                     | 0.03%                     |
| 12     | Compulsory savings balance (in VND '000) | 32,483,735                | 41,573,711                | 57,256,531                |
| 13     | Voluntary savings balance (in VND '000)  | 1,446,972                 | 2,656,440                 | 10,155,774                |



# INCOME STATEMENT

Year 2010

Unit: VND

| Items                                   | Notes     | This year             | Last year             |
|---|-----------|-----------------------|-----------------------|
| <b>Interest income</b>                  |           | <b>57,724,027,027</b> | <b>39,896,005,715</b> |
| Interest from loans                     | 12        | 56,410,220,000        | 37,975,861,763        |
| Interests from deposits                 |           | 520,311,162           | 1,312,962,639         |
| Other operating income                  |           | 793,495,865           | 607,181,313           |
| <b>Total income from operations</b>     |           | <b>57,724,027,027</b> | <b>39,896,005,715</b> |
| <b>Interest expenses</b>                | <b>13</b> | <b>11,162,195,309</b> | <b>6,252,083,468</b>  |
| Other operating expenses                |           | 4,332,824,750         | 3,172,158,464         |
| Salaries and related expenses           |           | 18,068,174,127        | 11,290,797,480        |
| Administrative and mission expenses     |           | 4,230,535,467         | 2,492,373,935         |
| Expenses on assets                      |           | 1,900,175,341         | 867,542,600           |
| Expenses on provision                   |           | 752,722,381           | 295,800,219           |
| Other expenses                          |           | 1,500,000             |                       |
| <b>Total expenses from operations</b>   |           | <b>40,448,127,375</b> | <b>24,370,756,166</b> |
| <b>Net profit for the year</b>          |           | <b>17,275,899,652</b> | <b>15,525,249,549</b> |
| <b>Including:</b>                       |           |                       |                       |
| Income before tax (ten months of 2010)  |           | 15,833,517,349        | 15,525,249,549        |
| Income before tax (November + December) |           | 1,442,382,303         |                       |
| Corporate Income Tax                    |           | 360,595,447           |                       |
| <b>Net income for the year</b>          |           | <b>16,915,304,205</b> | <b>15,525,249,549</b> |



Ha Noi, 07th April 2011

Prepared by

Ta Thi Tuyet Nhung

Accountant Manager

Le Thi Lan Huong

Deputy General Director



Đương Thị Ngọc Linh

**TINH THUONG ONE-MEMBER LIMITED LIABILITY MICROFINANCE INSTITUTION (TYM)**

Address: No. 20 Thuy Khue - Tay Ho -Ha Noi

**FINANCIAL STATEMENT**

for the fiscal year ended 31st December 2010

**BALANCE SHEET**

As at 31st December 2010

Unit: VND

| ASSETS                                       | Notes | Closing                | Opening                |
|--|-------|------------------------|------------------------|
| Cash and cash equivalents                    | 3     | 24,878,939,847         | 37,903,258,158         |
| Loan receivables                             | 4     | 281,183,736,022        | 180,226,947,403        |
| Other current assets                         | 5     | 3,617,364,212          | 598,478,002            |
| Tangible fixed assets                        | 6.1   | 2,723,645,456          | 876,617,890            |
| Intangible fixed assets                      | 6.2   | 1,231,666,400          | 338,844,446            |
| <b>TOTAL ASSETS</b>                          |       | <b>313,635,351,937</b> | <b>219,944,145,899</b> |
| <b>RESOURCE</b>                              |       |                        |                        |
| <b>LIABILITIES</b>                           |       | <b>215,656,726,297</b> | <b>136,784,833,055</b> |
| <b>Current liabilities</b>                   |       | <b>90,640,716,535</b>  | <b>57,289,558,048</b>  |
| Compulsory and voluntary savings liabilities | 7     | 70,524,453,420         | 44,430,838,517         |
| Mutual funds                                 | 8     | 543,282,000            | 403,705,500            |
| Donations for specific funding               | 9     | 10,611,548,510         | 8,438,137,500          |
| Tax payables and statutory obligations       |       | 360,595,447            |                        |
| Other short-term payables                    | 10    | 8,600,837,158          | 4,016,876,531          |
| <b>Long-term loans</b>                       |       | <b>125,016,009,762</b> | <b>79,495,275,007</b>  |
| Long-term loans                              | 11    | 125,016,009,762        | 79,495,275,007         |
| <b>EQUITY</b>                                |       | <b>97,978,625,640</b>  | <b>83,159,312,844</b>  |
| <b>Sources and funds</b>                     |       | <b>97,978,625,640</b>  | <b>83,159,312,844</b>  |
| Donation funds                               |       |                        | 27,915,485,757         |
| Capital granted by the central VWU           |       |                        | 14,000,000,000         |
| Charter capital                              |       | 78,931,303,479         |                        |
| Retained profit                              |       |                        | 30,510,487,802         |
| Reserve funds                                |       | 12,034,420,858         | 6,505,329,920          |
| Resource in fixed asset                      |       |                        | 1,033,517,360          |
| Other funds                                  |       | 3,473,492,162          |                        |
| Bonus and welfare fund                       |       | 2,216,832,696          | 1,427,061,165          |
| Fund stable income                           |       | 2,580,145,655          | 1,767,430,840          |
| Foreign exchange differences                 |       | (1,257,569,211)        |                        |
| <b>TOTAL RESOURCE</b>                        |       | <b>313,635,351,937</b> | <b>219,944,145,899</b> |

Prepared by



Ta Thi Tuyet Nhung

Accountant Manager



Le Thi Lan Huong

Hà Nội, 07th April 2011

Deputy General Director



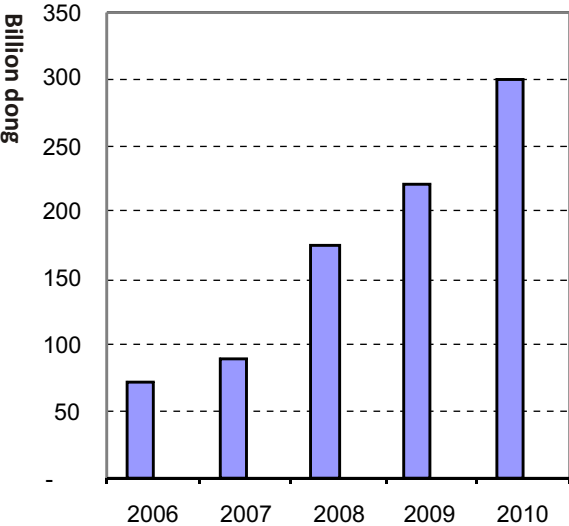
Dương Thị Ngọc Linh



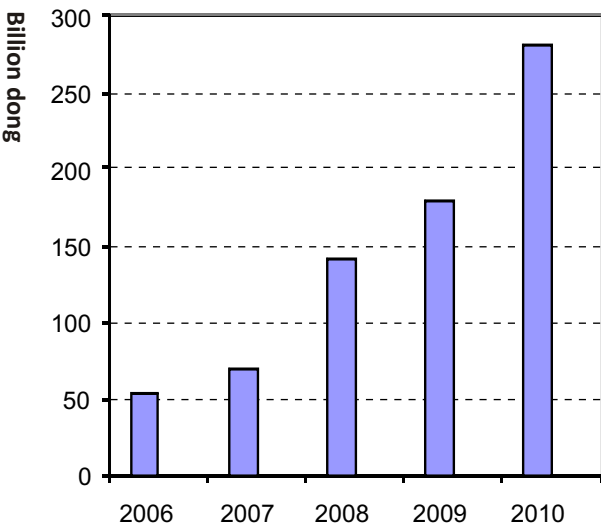
# TYM GROWTH - CHARTS REGARDING SOME INDICATORS

## PERIOD: 2006 - 2010

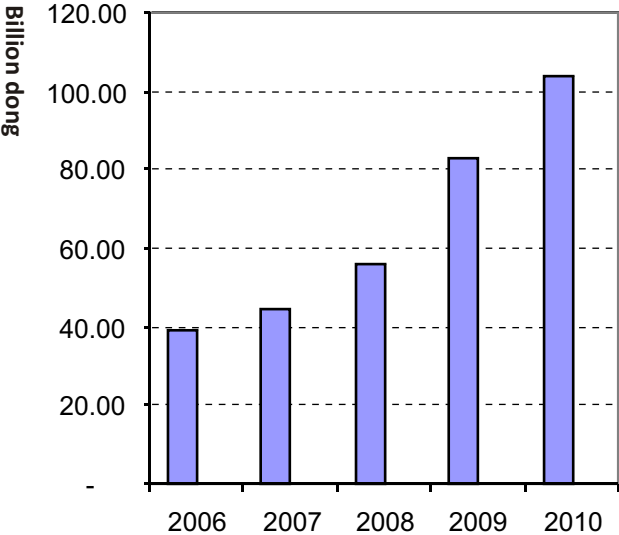
**TYM's total assets in the period of 2006 - 2010**



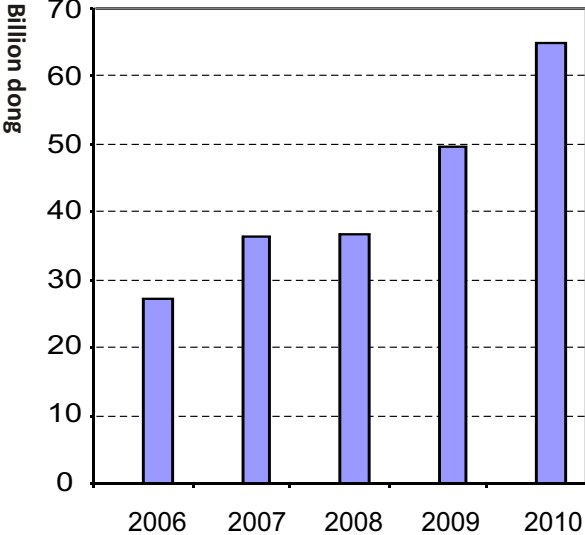
**Loan portfolio in the period of 2006 - 2010**



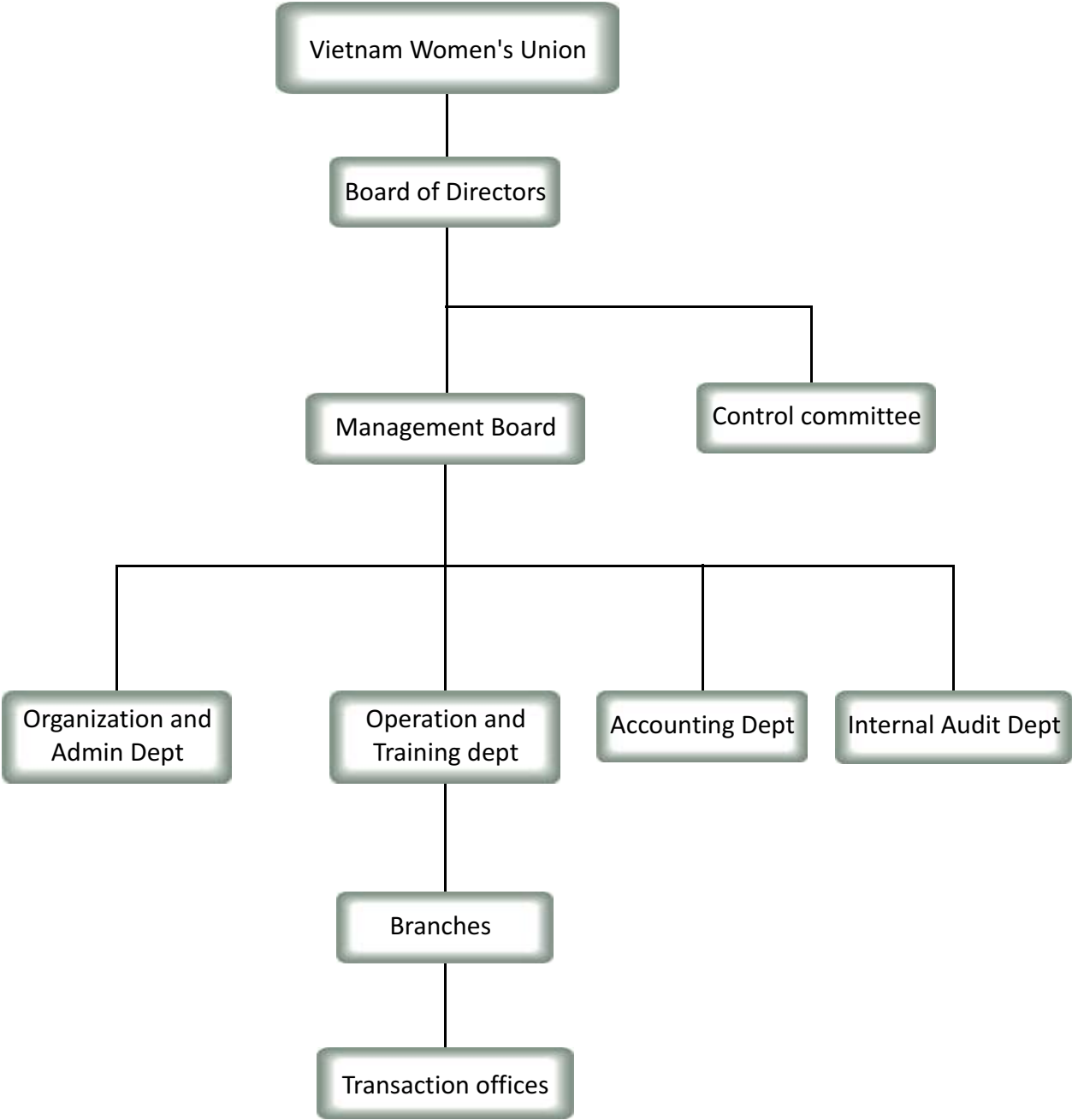
**Owner's capital of TYM in the period of 2006 - 2010**



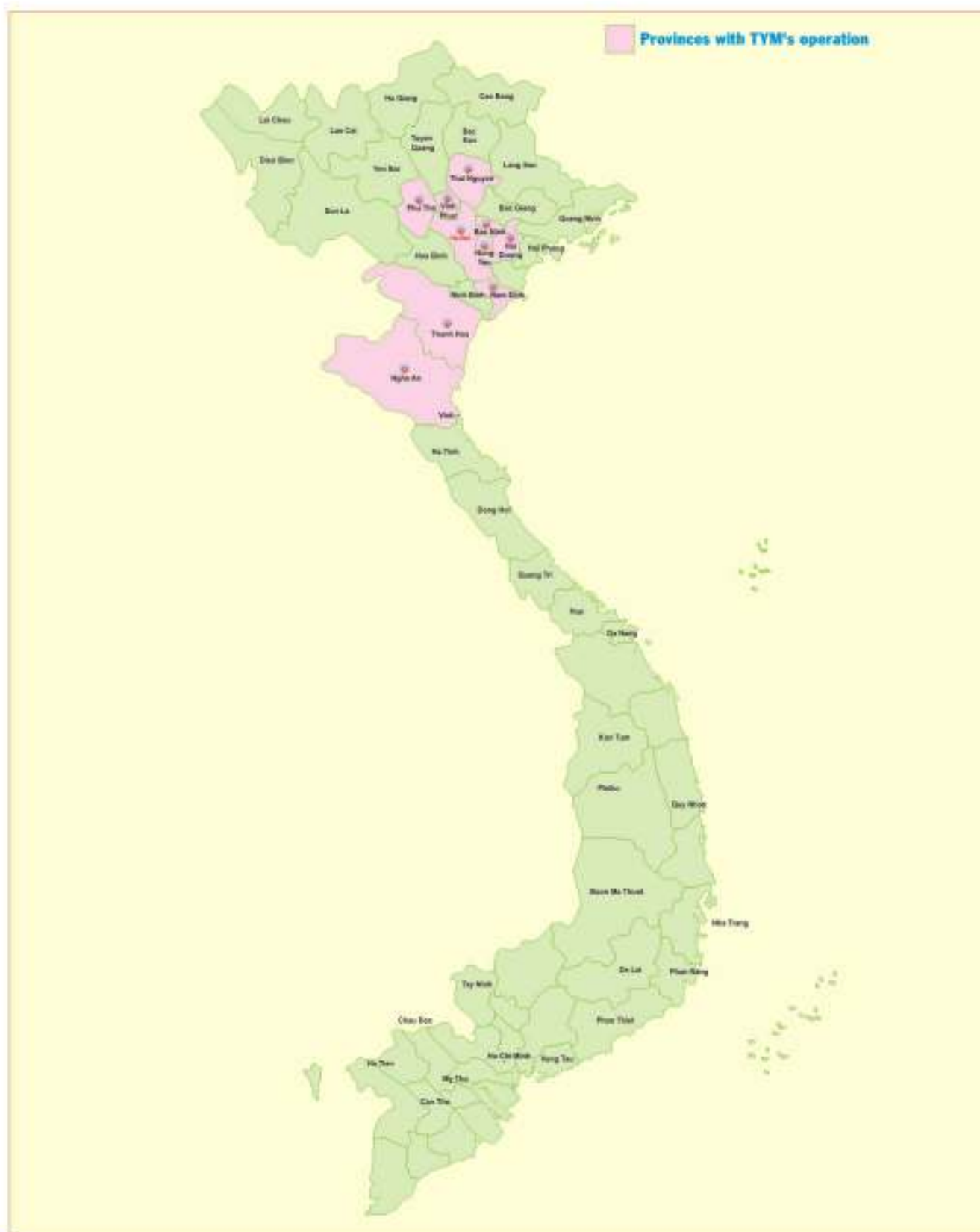
**Savings portfolio of members in the period of 2006 - 2010**



# ORGANIZATIONAL STRUCTURE



## TYM NETWORK







**TINH THUONG ONE-MEMBER LIMITED LIABILITY MICROFINANCE INSTITUTION**

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