



VIETNAM WOMEN'S UNION
TYM



Annual report 2013

STRIVING FOR THE BEST MICROFINANCE INDUSTRY

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Mrs. Nguyen Thi Toan, TYM's client in Thanh Son, Phu Tho, is harvesting tea leaves

MESSAGE FROM CHAIRPERSON OF BOARD OF DIRECTORS

In 2013, as the third year since TYM became the first microfinance institution licensed in Vietnam and as the first year of the 5-year plan of 2013 – 2017, under the close supervision of Central Women Union, TYM has made tireless efforts in all aspects and reached numerous significant achievements.

Social goals of aiming at poor and disadvantaged women and supporting community are realized through the introduction of policy loans offered at preferential rates, the financial inclusion of HIV-affected people and through a series of community support activities like: building 7 Affectionate Houses for disadvantaged clients living in temporary degraded houses, delivering free health checks to 4,700 clients, awarding 19 scholarships to clients' children, etc. In particular, in support of New Countryside Support programme, TYM has advocated to all clients environmental protection and energy-saving solutions, assisted 24 local organizations to build and to acquire facilities for the social security benefits of local people.

TYM has also made a lot of advancements in order to improve the service quality and to mainstream its activities like adjusting loan and saving products, diversifying its training content, etc.

As the iconic MFI of VWU, TYM has been directed by the Central Women Union and the Board of Directors to become the model for more than 3,000 microfinance programmes managed by VWU. Over the past year, with a view to promote TYM's business as well as activities at local branches of VWU, Presidium of Central Women Union has outlined the responsibilities and direct involvement of all local branches of VWU in directing TYM's operations. The close link between TYM and local units of VWU will be a strong foundation for the durable and sustainable development of TYM and for other microfinance programmes of VWU to grow and enhance their operation quality. As another year has drawn to the end, TYM's excellent achievements have been recognized by the award "Best Microfinance Institution of the Year" from the annual CMA programme. All these achievements will be an excellent springboard for TYM to realize the plan of 2014 and to contribute to the 5-year plan of 2013-2017. Nonetheless, TYM still needs to invest more efforts and determination for the year of 2014. Some issues which need more attention are to mainstream operation procedures, to further community activities thus contributing to TYM's social missions under the guidance of VWU.

VWU and the Board of Directors believe that with the dedication and commitment of nearly 400 staff, the efforts of TYM's Management Board, the successes TYM has acquired over the last few years, TYM would further cement its position within the national financial system and become the representative microfinance model of VWU and more importantly, to significantly contribute to the development of microfinance industry in Vietnam.



Mrs. Nguyen Thi Kim Thuy
Vice-President of Vietnam Central
Women Union, Chairperson
of TYM's Board of Directors

CHAIRPERSON OF THE BOARD OF DIRECTORS

A stylized, handwritten signature in white ink on a blue background.

NGUYEN THI KIM THUY



VISION - MISSION

Vision

TYM's vision is to become a leading microfinance institution of Vietnam, providing best financial services to low-income individuals and their families, with a particular focus on poor and vulnerable women.

Mission

Improve the living quality of low-income women and their families, especially poor women by providing financial and non - financial services, creating favorable conditions for their involvement in business activities and enhancing their roles in the society.



TARGET GROUP

Borrowing members:

Individuals aged from 18 to 65 (at the date of membership), satisfying the following requirements, are eligible:

- + Poor households (in accordance with Government's regulations).
- + Low-income individuals and their families: income per capita per month is under the threshold defined by the Government
- + Microenterprises

Other target groups:

Individuals and organizations wishing to use other services of TYM, excluding loan and family assistance products.



MAINTAINING RELATIONSHIPS WITH LONG-TERM PARTNERS AND EXPANDING INTERNATIONAL RELATIONS

During 2013, TYM continued to maintain and expand partnerships with international friends. In terms of attracting capital, TYM actively contacted and negotiated with partners in order to acquire more capital. Besides maintaining relations with organizations like Cordaid, Triodos, Oikocredit, Rabobank Foundation Triple Jump, LIP, Whole Planet Foundation, TYM started lending from some new partners like BNP Paribas, Planis ResponsAbility, Blue Orchard, of which BNP Paribas is the first domestic lender of TYM.

In terms of technical assistance, TYM implemented some ongoing projects while initiating some new projects supported by new donors like Clean Energy Programme (supported by CFIF), Risk Management Capacity Building (supported by SCBF) and Development of New Microenterprises Loans (supported by IFC). All these projects have demonstrated TYM's commitment in satisfying regulators' requirements as a microfinance institution and more importantly, to raise staff capacity and to diversify TYM's target groups in order to realize our social mission.

Apart from the above mentioned activities, in 2013, TYM has welcomed many guest delegates to visit TYM and sent our staff to join international meetings and conferences to share experience, to acquire knowledge with the aim of raising Vietnam's microfinance industry closer to international standards.

Among guest delegates to TYM, it is worth mentioning the senior delegation from Algeria, a nation of socioeconomic conditions similar to Vietnam and also in the process of building their microfinance industry. At the end of their visit, the delegates remarked that the experience of TYM would be really helpful for Algeria in building and managing their microfinance business.



Senior delegates from Algeria visiting clients of TYM at Thanh Son (Phu Tho province) and Hung Nguyen (Nghe An province), June 2013

For outgoing delegates, TYM has organized some important exposure visits like for the senior staff of Central Vietnam Women Union to visit SBFIC in Germany, for the local staff of VWU to visit the CARD MBA in Philippines.



TYM's staff was also sent to participate in some important programs like the Indochina Regional Microfinance Conference held by SBFIC, Microfinance Conference at Luxembourg, Partnership against Poverty Summit at Philippines, etc. Thus, TYM was able to share more experience about microfinance with international friends, to raise awareness and to receive more support from regulating authorities for TYM's development as well as for the microfinance and microinsurance business in Vietnam.

All achievements in terms of international relations during 2013 mark TYM's efforts in maintaining and expanding our partnerships and sharing information, thus bringing outreaching long-term benefits for microfinance industry of Vietnam.

HIGHLIGHTS

1. **"Best Microfinance Institution of the Year"**. This is the 7th consecutive year TYM is recognized as the best microfinance institution of the year. This award was held by the Citi Fund, Banking Academy and Vietnam Microfinance Working Group and delivered to organizations and individuals who have made significant contributions to the development of microfinance industry in Vietnam. This award is a recognition of TYM's efforts in providing, updating and creating new activities and services in support of clients and communities, its efforts to advocate after public authorities, organizations and individuals for a better understanding about TYM in particular and about microfinance industry in general.
2. **96,127** women clients deposit savings and take loans from TYM, of which 92,726 avail loans from TYM for business purposes. The majority of TYM's clients are poor and nearly poor women, of disadvantaged circumstances, living in remote regions, policy households, or affected by HIV/AIDS.
3. **22,302** individuals and households benefited from community development programs delivered by TYM. During the year of 2013, TYM has executed a diverse and creative array of such activities as supporting the construction of "Affectionate Houses", scholarships "TYM - Supporting your dreams", scholarships awarding Tet present packages "A warm Tet Holiday with TYM", "Health care for clients", "Connecting products & members", etc. Of which, more than 4,700 clients of TYM at more than 20 healthcare centers of 10 provinces where TYM is present received free health cares, consultations and medicine distributions at the total value of more than 1 billion VND.
4. **"Policy loans" and closer collaboration between local units of VWU and TYM.**

TYM has defined clearly target groups to be poor



Mrs. Trương My Hoa, Former Vice President of Vietnam and Mr. Dang Thanh Binh, Deputy Governor of State Bank of Vietnam awarded the certificate of Best Microfinance Institution to Mrs. Duong Thi Ngoc Linh, TYM's General Director in December 2013.



Women in Do Luong, Nghe An province receive gifts after the storm No. 8 in September 2013



Free health checks for members in Do Luong, Nghe An province

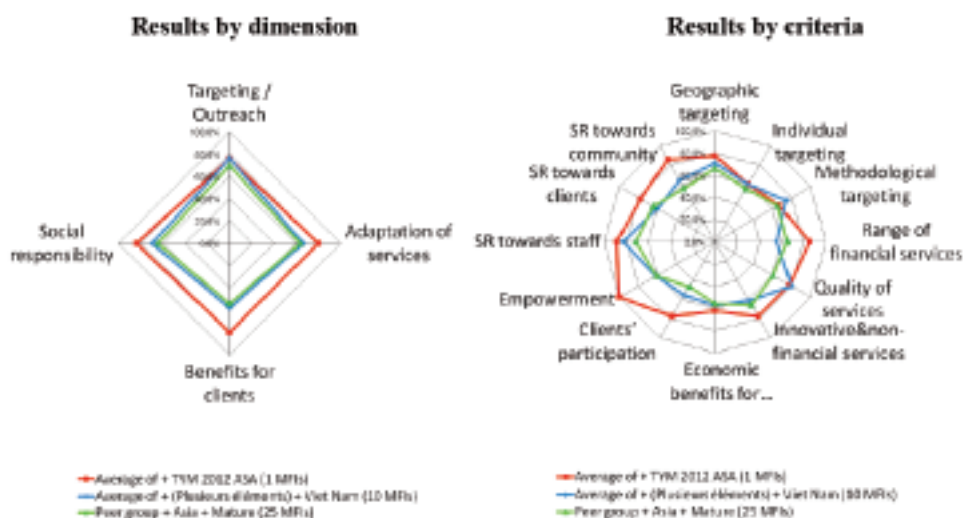
households, households of low income, microenterprises; and thus has tailored our products so as to meet the needs of each target group. To serve the poor households, TYM offers policy loans which are simple, convenient and of preferential rates for women falling under the poor category as defined by the Government. As part of the VWU, the close relation between TYM and VWU along with its local units over the past years has been an important factor for TYM to realize its social mission of supporting women all over Vietnam to develop their business while developing in an effective and durable manner. To further enhance TYM's model, in 2013, the Presidium of VWU has outlined the responsibilities in orienting and especially the direct involvement of VWU's local units in TYM's activities. This will help facilitate TYM's activities at local level, increase the number of members of VWU's local units and to build capacity for staff of these local units, thus contributing to two pillar items in consolidating VWU's organizations as mentioned in the Resolution of Women Congress over the Term 2012 – 2017.



5. "80 points " is the score TYM gained in terms of social performance (out of a 100 scale).

In 2013, Planet Finance Technical Association Service (PFTaS) has conducted a social performance evaluation of TYM. Based on collected information, PFTaS made a general comment on TYM's social performance as follows: [...] "Generally, the institution is clear with its mandate of serving the poor especially the women. It has not veered away from their mission and has been consistent since its formation 21 years ago....The wide range of products and services and the big operational network that ensures outreach even to the remotest areas of the country contributes to its effectiveness as a financial services provider to the poor".

Figure 2: Graphs showing scores of various Dimensions and Criteria



OPERATION RESULTS OF 2013

Creative activities to help women to empower economically and to build capacity

The year of 2013 marks an important step forward of TYM in developing products. TYM has offered many new products which better suit clients' needs.

1. Credit activities - springboard for women's business development

Right since the beginning of the year, TYM has studied and introduced a new product the loan policy which is offered for the first time by TYM. The target group of this product are women who are qualified as being poor according to the standards of the Government. The interest is at a very preferential rate and the tenure is 50 weeks. The client could take loan of from 1 to 10 million VND per cycle in line with her capital demand and repayment capacity. After nearly 1 year, TYM has disbursed policy loans of more than 39.3 billion VND to 4,815 poor households. This proved that the new loan product has satisfied TYM's clients. During 2013, TYM also continued to disburse loans to groups of clients living with or affected by HIV/AIDS, helping them to grow their business, generate income and rehabilitate. As of the end of the year, the amount of outstanding loans of this client group is nearly 240 million VND. Even though it accounts for just a small percentage of TYM's outstanding loans, that is still a significant effort of TYM to provide support to clients and community as well as a proof of TYM's commitment to our social causes.

Besides, TYM continues to offer traditional loan products which have served well our clients: business loans, construction loans, consumption loans. TYM disburses loans directly to clients, without requirement of collaterals; loans are of diverse size, repaid in weekly installments; procedures are simple and credit discipline is strict. By the end of 2013, TYM has disbursed nearly 1,087 billion VND; outstanding loans are 601.8 billion VND. The repayment rate is 99.96%.



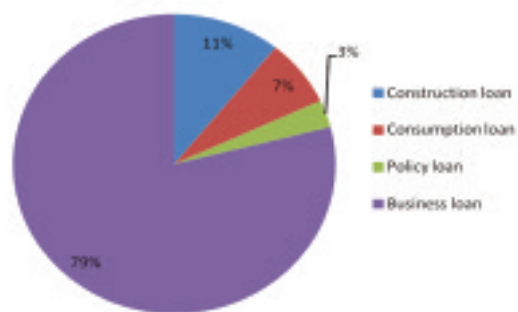
Clients in Soc Son, Hanoi make weekly repayments



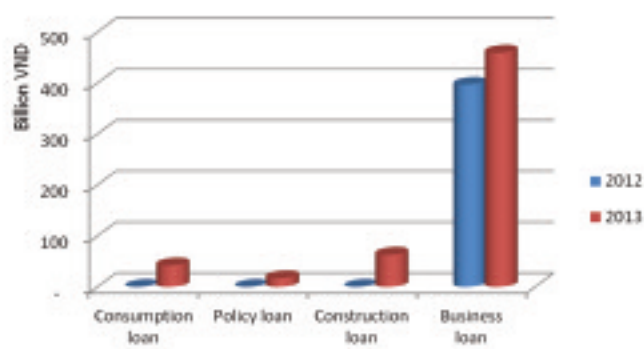
Mrs. Nguyen Thi Ha, Thanh Hoa province, takes loans from TYM to develop her business of mattress making



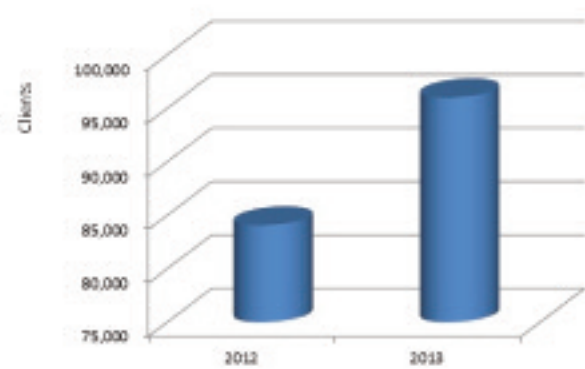
Loan product composition in 2013



Outstanding loan growth rate (2013-2012)



Client growth rate (2013 - 2012)



2. Saving products – more adjustments to better serve low-income clients

In microfinance industry, saving is always a very important and indispensable activity. After being licensed, TYM started to offer some new saving products and schemes. We also conducted a lot of studies and evaluation of products in terms of client satisfaction and legal observance in order to adjust and improve the product design. With the aim of being 'simple, safe, swift and convenient', in 2013, TYM continues to offer the products of non-term voluntary savings, termed savings, compulsory savings and monthly savings with deposit value starting from 5,000 VND per deposit. The advantage of TYM in attracting savings is our willingness to collect deposit of very small size, our flexible, convenient and trusty collection and disbursement mechanism. TYM has also adjusted our regulation on compulsory saving amount for each province, on depositors, on flexible interest rate in congruence with market conditions, and we have run several saving campaigns at local level. With these improvements, savings balance until the end of 2013 is more than 288 billion VND, i.e. an increase of 30% over one year. The ratio of savings over outstanding loans is more than 47%. Savings collection performance of TYM is a proof that poor people are able to save given suitable products and policies.



TYM's clients deposit savings at centers



Center chief makes record entries and assists TYM technical officer in collecting weekly payments

Savings growth rate (2013-2012)



3. Mutual Assistance - some changes

Since 1996, the Mutual Assistance product of TYM has been a source of support for clients to overcome risks in life like sickness, accidents, etc. Until now, the products have always been highly regarded by our clients and local authorities for its humanitarian value. Our current Mutual Assistance product focuses on helping clients and their families in case of death or hospitalization of clients and their family members. With the claim of maximum 1 million VND in case of hospitalization and maximum 3 million VND in case of death, TYM has contributed to helping thousands of clients' and their households to overcome hard times. During 2013, 3,010 clients along with their spouse and children have benefited from Mutual Assistance with the total amount of claims of 3.3 billion VND.



TYM's staff award mutual assistance grant to the household of Mrs. Nguyen Thi Phuc (Vinh Phuc province)

4. Community development



Mrs. Nguyen Thi Thanh Hoa, member of the Central Committee of the Communist Party of Vietnam, President of VWU, visiting TYM's display booth at Women Innovation Day Trade Fair, October 2013

Community development has always been one crucial development orientation of TYM, manifested in TYM's social mission. The year of 2013 could be titled as the year of community development activities as TYM not only continued the activities initiated since the previous years but also came up with new ideas. Particularly, TYM provides direct support to our clients while delivering meaningful programs for the whole local communities where TYM is present.

Capacity building

TYM has since long delivered training to clients. This activity has always been highly appreciated and supported by the local units of VWU, local authorities and TYM's clients. During 2013, we have held 297 training sessions for 14,296 people on an array of topics like periodical training on "Gender and Business"; "Water, hygiene and environment" in partnership with VWU's branches of Phu Tho province and Nam Dinh province; "Health care" as designed by the Central Women Union. Especially in March 2013, with the fund from Climate Finance Innovation Facility, TYM has collaborated with the Population, Environment and Development Center to implement the project "Clean Energy" to equip our clients with knowledge about environmental protection and pollution thus encouraging our clients to use equipment of environment-friendly energy. In 2013, the project has successfully delivered 11 training sessions to TYM's staff, 95 sessions for clients

and all TYM's clients received training at weekly repayment meetings.

Business Development Services

Besides offering loans and saving products, providing capacity building to help clients to develop their business, TYM has initiated the Business Development Services (BDS) since 2012. The beginning of these activities was marked by the event "Product introduction" held on the occasion of TYM's 20th anniversary in Hanoi. At this event, all products received positive feedback on quality and price from visitors. In order to promote and introduce these products to a broader customer base in Hanoi, BDS unit has worked with 2 shops in Hanoi to have these products on long-term display and sale. In 2013, TYM prolonged these activities as selling products at those 2 shops, capacity building for clients, etc. Besides, TYM helped establish 2 business groups of 30 clients who grow tea in Thanh Son, Phu Tho province, raise their capacity via training on "Techniques of managing and processing tea". In particular, in September 2013, TYM again introduced the tea and other products manufactured by TYM's clients at the Women Innovation Day trade fair.

"We aim to best serve local communities and clients through practical assistance programmes like "A Warm Tet Holiday with TYM", "Affectionate Houses", "TYM Supporting Your Dreams", "New Countryside", "Healthcare for clients"

TYM always invests a lot of efforts into activities which provide most support to women of disadvantageous conditions to achieve social uplift and to build a stronger, more stable household economy.

The 2013 is the 6th consecutive year TYM participated in "Affectionate Houses" program. During this year, TYM has helped constructing 7 "Affectionate Houses" for 7 clients who are of difficult circumstances with the total grant donated by TYM's staff valued at 210 million VND. This is also the 3rd year TYM has the program "A Warm Tet Holiday with TYM" which gives out 200 gift packages, each of 500,000 VND, to show support and compassion for poor and disadvantaged households on the occasion of traditional New Year Holiday.



TYM's clients attending training sessions on environmental protection, September 2013



TYM's clients trained about health care



Mrs. Nguyen Thi Kim Thuy, Vice - president of VWU, President of TYM's Board of Directors, and Mrs. Ho Thi Quy, Head of Women's Economic Development Department, member of TYM's Board of Director awarding "Affectionate Houses" grants to household of Mrs. Nong Thi Nguyet at Hai Duong, October 2013

Also during the New Year, TYM has sent our staff to visit and give gifts to 20 Heroic Vietnamese Mothers living in 10 provinces where TYM is operating. We also conducted free health checks and consultations for more than 4,700 clients at the total cost of more than 1 billion VND.

During the year of 2013, TYM has supported 48 clients who suffered from the fire destroying the Commercial Center of Hai Duong province with the total grant amount of 48 million VND. Right after the storm No. 8, TYM along with other philanthropists awarded 330 gift packages to policy households and poor clients at 3 districts of Nghe An province with the total amount of 45 million VND. TYM also gave 19 scholarships "TYM - Supporting your dreams" and gifts to children of poor clients who are on the verge of quitting schools due to difficult personal circumstances so that they could continue their schooling.

Thanks to their good use of capital borrowed from TYM, two of our clients are honored to receive the Citi





Mrs. Dang Thi Toan (Thanh Hoa) and Mrs. Le Thi Ha (Vinh Phuc) (first and third from left on) receiving the 2013 Citi Microentrepreneur Award, December 2013

Microentrepreneurship Award 2013. Also during 2013, in support of the efforts to build new countryside in provinces where TYM is based, TYM has donated 250 million VND to 24 communes to help local authorities to construct and upgrade public infrastructure, thus contributing to local social security.

When 200,000 clients of TYM's sister organization in the Philippines, CARD, were affected by typhoon Haiyan, TYM staff donated over 4,000 US Dollars in emergency assistance.



CARD's representative receives the donation from General Director of TYM. From left to right: Mr. Neil Polinag, CARD's resident expert at TYM, Mr. Aris Alip, Founder and Managing Director of CARD, Mrs. Duong Thi Ngoc Linh, TYM's General Director and Mr. Joerg Teumer, SBFIC's resident expert at TYM.

5. Enhancing creativity among TYM's staff

During 2013, TYM has focused on enhancing the creativity in our business through training activities. Apart from improving our recruitment procedures, mainstreaming our documents and training materials, diversifying and renewing our training content, TYM has given many opportunities to staff to participate in social activities, training activities along with a friendly, dynamic and professional working environment. Some courses held throughout the year are: Market research, Task assigning and staff motivating skills, Risk management, Overview of banking regulations, Skill of meeting chairing, etc. TYM also conducted exposure trips for staff to visit other organizations as Women Development Support Fund of Dong Trieu (Quang Ninh), Poor Women Development Fund of Ha Tinh, CARD (Philippines), and other domestic and international conferences, etc. As of the end of December 2013, TYM has held 35 training sessions for 902 staff.

Some images of TYM's staff in 2013:



Mrs. Pham Thi Thuy Linh, Deputy Director, with the delegate of local staff of VWU on an exposure trip to CARD (Philippines), August 2013



TYM's staff studying to raise awareness and skills to better understand clients



TYM's staff trained in fire prevention and fire fighting



TYM's staff selling lotteries to collect donations for disadvantaged households on the occasion of Traditional New Year Holiday 2013



TYM's staff giving present packages to children of disadvantaged families



TYM's staff visiting clients



TYM's staff on history-themed exposure tours



ORIENTATIONS FOR 2014

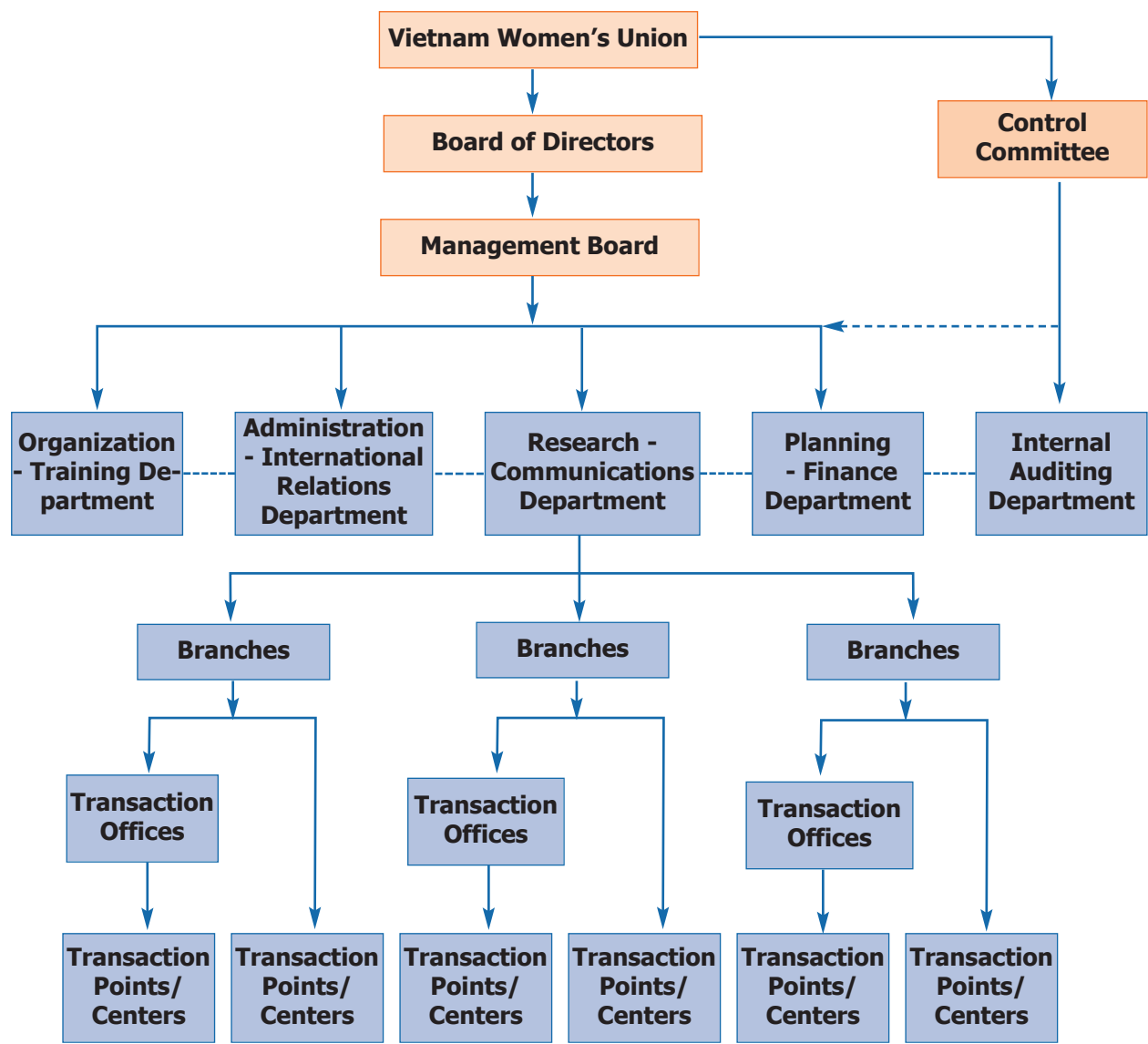
1. To continue to provide sustainable microfinance services to poor women, women of low income and their households, to continue to serve women of ethnic minorities, women affected by HIV/AIDS, disadvantaged women, etc. To improve loan services, to upgrade more convenient saving services, to pilot and to offer new loan products to microenterprises.
2. To implement diverse support activities to clients and communities: free health checks and gift giving to at least 5,000 clients, awarding 15 Affection House grants and 30 scholarships to children of poor clients, granting healthcare and education facilities to disadvantaged communities, holding at least 100 training sessions for clients on social and business topics, environment and hygiene, supporting business development (supply-demand liaising, brand building, etc.) for members at Phu Tho, Thai Nguyen and Nghe An province.
3. To evaluate client satisfaction, thus promoting social performance and improving TYM's products and services in the next few years.
4. To enhance capacity and image of the organization through staff training; to mainstream procedures, to upgrade software system, to increase internal control, legal and risk management, to conform to image standards of TYM on all publications, to construct at least 4 new branch offices and to equip branches with more facilities.
5. To maintain and further develop partnerships with domestic and international organizations, to provide technical assistance and to hold exposure trips for MFIs from Laos and Myanmar, to cooperate with Women's Academy to train and share experience on microfinance for domestic and foreign individuals and Women's organizations.

OPERATION FIGURES

Operation figures	2013	2012
Number of districts	46	38
Number of communes	390	333
Number of centers	2,713	2,463
Number of branches & transaction offices	53	52
Total number of staff	377	362
Number of technical officers	246	237
Number of clients	96,127	84,090
Loan clients	92,726	79,484
Number of clients per technical officer	377	355
Number of clients per center	35	32
Outstanding loans (1,000 VND)	601,832,523	483,698,101
PAR	0.04%	0.03%
Saving balance (1,000 VND)	288,550,196	223,283,076
OSS	126%	121%



ORGANIZATION CHART





OPERATION MAP



STRIVING FOR THE BEST MICROFINANCE INDUSTRY

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