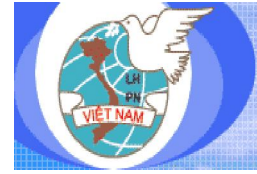




TYM Fund
Vietnam Women's Union



TYM FUND
DEVELOPMENT PLAN
2010 - 2014

Hanoi, January 2010

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1. Environment

Vietnam has made impressive development progress and has good potential to become a middle income, industrialized country by 2020. Economic growth has averaged 8% p.a. through 2007. During the global crisis of 2008-2009, growth rates still averaged 5-6%. Thanks to the timely reaction and support of the Government, major shocks to the banking system were avoided, the record inflation of 2008 (23%) was halted, and social stability was maintained. However, risks persist regarding monetary policy, adequate governance structures, and the widening income gap. Vietnam has made rapid progress in poverty reduction. The poverty rate was reduced from 34% in 1996 to 22% in 2005 and to 12.8% at the end of 2008. However, the poverty criteria of the Vietnamese government is not as strict as international standards. The World Bank considers those making less than \$60 per month to be in poverty. The Vietnamese government considers only those having less than a monthly income per capita of VND 200,000 (USD 11) in rural areas and VND 260,000 (USD 14) in urban areas to be in poverty. The Ministry of Labour has proposed doubling the current poverty standards, which would result in re-categorizing 20% of the population to be in poverty. It should be mentioned that many people have escaped from "official poverty" but are still in danger of falling back or being seriously harmed by external shocks.

Microfinance has contributed to poverty reduction in the past and is expected to develop even stronger in the future. At the policy level, the provision of subsidized loans via the Vietnam Bank for Social Policy is still predominant. The focus of the Government and of many small projects is clearly on credit. Other financial services such as savings, insurance or payments are still unavailable to large groups of people. But understanding for the importance and principles of good microfinance is slowly growing. The Government issued Decree 28 on Microfinance in 2005 and subsequently amended it with Decree 165 in 2007. Stipulations on microfinance have been included in the new draft Banking Law which is due to be approved by the National Assembly in 2010. In 2009, a National Council on Microfinance was established. Decree 28 and 165 contain many important principles and regulations aimed at promoting best practices, especially good governance, transparency and protection of depositors' interests. Also included was a minimum capital requirement set at VND 5 billion (USD 275,000), that a Vietnamese mass organization or NGO shall hold the majority, and that up to 49% can be owned by foreign shareholders. Microcredit projects, which collect only small amounts of compulsory savings, do not need to register. In late 2008, 3 organizations (TYM, CEP and M7), applied to the State Bank of Vietnam (SBV, central bank) to register as official microfinance institutions. However, by December 2009, not one Licence had been issued yet for various reasons, mainly a restructuring within SBV. Some implementation guidelines (e.g. on the financial and tax status of MFI's, which should be issued by the MoF) were still missing.

Microfinance Institutions represent only a small but growing fraction of microfinance in Vietnam. There are approximately 50 small to medium microfinance projects sponsored by local mass organizations (such as CEP HoChiMinh City, owned by the Confederation of Labour, and TYM Fund, owned by the Vietnam Women's Union), and local or foreign NGOs totalling 400,000 clients and an outstanding portfolio of about USD 70 million. Most attempt to follow international best practice models (Grameen, village banking, etc.) adapted to the needs of Vietnam and aimed at sustainability.

By far the biggest provider, however, is the state-owned Vietnam Bank for Social Policy with over 6 million borrowers and a loan portfolio of more than USD 3 billion. The non-profit Bank, which is operating under a special Government Decree, provides loans at subsidised interest rates via its own network as well as via socio-political organizations such as the Women's Union or the Farmers' Union. Losses from negative interest rates are covered by the state budget. In 2008 losses amounted to VND 1,250 billion (USD 70 million). The second largest provider of microfinance is the 1,000 plus network of People's Credit Funds (cooperative funds) with 1.2 million members, savings of more than USD 700 million, and loans of more than USD 800 million. To access loans, people have to become members. The average loan amount is about USD 500. A Central Credit Fund provides funding and technical support to the local PCFs.

At the moment there is no comprehensive strategy for microfinance, which would define a vision and goal for the entire sector as well as support coordination and sharing of experiences from the various practitioners. Since 2002, a Microfinance Working Group was formed by practitioners and stakeholders. The Group is aiming at formalising its status and becoming an official representative of the sector.

2. TYM Background

2.1. Mission and History

It is the **Vision** of the TYM Fund to be

A leading provider of financial services to low income women and their families. Rooted in the Vietnam Women's Union and combining social responsibility with professional staff excellence, TYM wants to be a model of best practice for microfinance institutions in Vietnam.

The TYM Fund has the **Mission** to

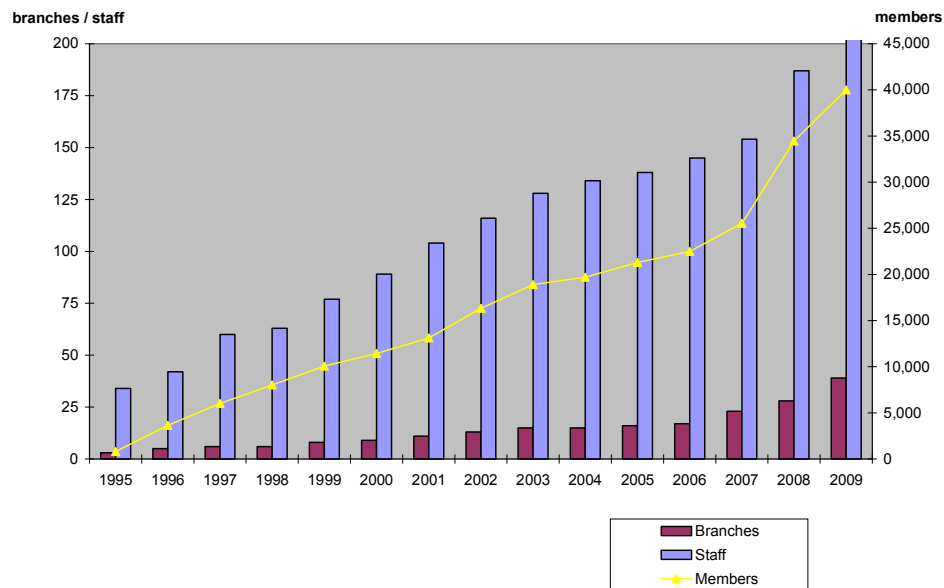
Improve the quality of life and status of poor and low income women and their families by providing credit, savings and insurance services, thus creating favourable opportunities for them to participate in social-economic activities and to enhance their role in society.

TYM literally means “I love you” and is the international name of the “Quy Tinh Thuong” (Affection Fund). The TYM Fund was founded in 1992 by the Vietnam Women’s Union in order to help implement the poverty alleviation programme of the Government. It originally followed the Grameen banking model adapted to the specific context of Vietnam. During its 17 years of operation, TYM Fund has assisted more than 50,000 poor women in overcoming poverty, participating in community activities, and achieving a better social status. Today, TYM has more than 40,000 women members in 10 Northern Vietnamese provinces.

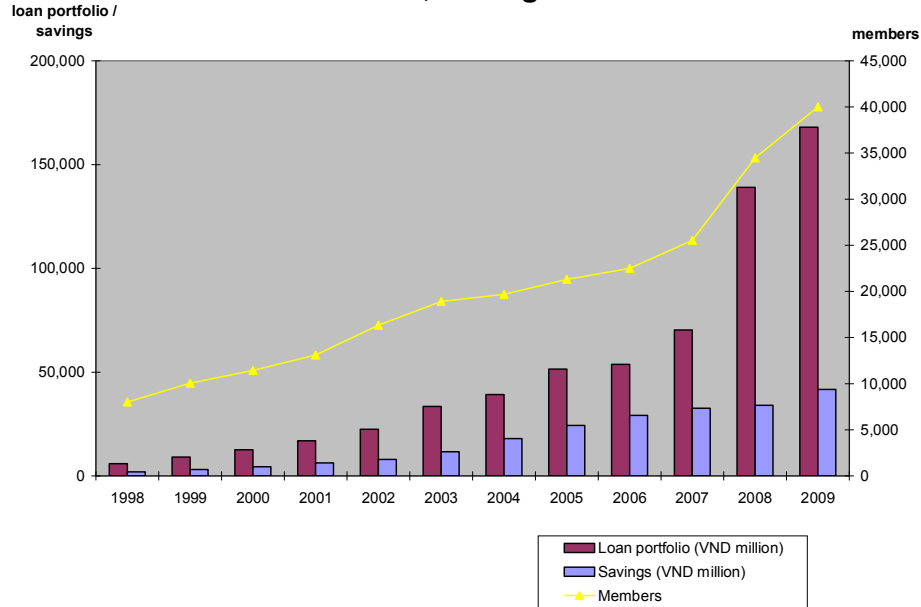
Starting with its second branch in 1995, TYM has developed a separate organization structure and hired professional staff for its operations. In 1998, the Fund was transformed from a “project” into a regular Department of the Vietnam Women’s Union. As of January 2006, TYM Fund became a separate legal entity (“Public Enterprise”), governed by a Board of Directors. In November 2008, although several implementation guidelines for the Government Decree on Microfinance (Decree 28/165) had yet to be issued, TYM submitted its Application to the State Bank of Vietnam for becoming a licensed Microfinance Institution.

Along the process of development, TYM has received financial and technical support from a number of international organizations such as Asia Community Trust (ACT), Center for Agriculture and Rural Development (CARD), CRS, OXFAM America, the German Savings Banks Foundation for International Cooperation, Cordaid, Paz y Dessarollo (Spain), Ford Foundation, and others.

TYM Branches, Staff and Members



TYM Members, Savings and loans



2.2. Clients and services

Women having an income around the poverty line as defined by the Vietnamese Government (see "Environment") and who meet certain other criteria (age, assets, active in income generating activities, etc) can become members of TYM. TYM conducts market research before opening new branches and assesses each household before admitting them as members. About 30-40 women form a Center, which meets initially on a weekly and later on a monthly basis. During Center meetings, TYM staff conduct training sessions on the policies and procedures of TYM, on the role of the Centers, and provide basic business and financial skills. The Center is also a meeting place where business development experience amongst members can be discussed, where the staff of TYM and external experts provide training on family, gender, health and other issues, and where social activities are carried out. Every Center has a Center leader, a cashier, and a secretary who all assist TYM in collecting weekly loan repayments, savings, and insurance contributions. These "Center officials" are elected by center members on a rotating basis and provide a good opportunity for the women to develop organizational skills and self-confidence for the benefit of their communities.

2.2.1. Loans

Loans are disbursed according to cycles, based on the repayment capability and credit history of members. Amounts start with VND 1,000,000 up to a maximum of VND 25 million (USD 1,350). Loan terms range from 10 – 100 weeks. Interest rates are generally 1% per month. Payment of principal and interest is collected weekly. The General Loan (50 weeks) is mainly used for income generating activities. The Long-Term Loan (100 weeks) can be used to

invest in projects, construction or household assets. The Multi-Purpose Loan can be used for consumption or emergencies.

Loan Products of TYM

<i>Products</i>	<i>Amount (VND)</i>	<i>Interest rate</i>	<i>Conditions</i>	<i>Term</i>
1. General loan 1 st cycle 2 nd cycle 3 rd cycle 4 th cycle	1 - 7 m 1 - 9 m 1 - 12 m 1 - 25 m	1% / month flat, weekly payment of capital and interest	available 2 weeks after becoming a member	50 weeks
2. Long term loan 2 nd cycle 3 rd cycle	3 – 4 m 3 – 6 m	1% / month flat, weekly payment of capital and interest	available after 1 st cycle of GL	100 weeks
3. Multi-purpose loan	0.5 – 2 million	0.3% / week, interest paid upfront, capital weekly	After 3 months of membership	10,15,20, 25, 30 weeks

As of the end 2009, the 40,433 members of TYM had outstanding loans of VND 180 billion (10 million Dollars).

2.2.2. Savings

In order to build their own assets and develop a savings habit, all TYM members make weekly compulsory savings payments of VND 3,000 (USD 0.17) which earn an interest of 0.3% per month and can be withdrawn after the balance has reached VND 1.5 million. The savings balance shall never be lower than 10% of the loans disbursed to a member. TYM also encourages its members to save on a voluntary basis, starting with amounts as little as VND 5,000 (USD 0.28) per week. TYM has developed new voluntary savings products (term deposits for 3, 6 and 12 months) and will offer them to members as well as the general population in areas where it operates (pending obtaining Licence as official MFI from SBV). As of end 2009, the savings balance of TYM members amounted to VND 44.4 billion (USD 2.5 million).

2.2.3. Family Insurance

In 1996 TYM established a Mutual Assistance Fund (MAF), to which each member contributed VND 200 (USD 0.011) per week. The Fund covers extraordinary expenses in cases of serious illness of a member or death of a family member. The Fund was highly valued as a sign of solidarity amongst the members and staff of TYM. However, the benefits and advantages decreased as management of the fund became cumbersome and costly. In 2007, TYM upgraded the Fund into a Mutual Insurance Fund offering comprehensive coverage for loan redemption, death, hospitalization and other benefits for clients and their family members. After a thorough needs assessment, actuary analysis, field testing, and adjustments to procedures and systems, in August 2008 TYM's new Family Insurance Programme was

launched. TYM staff still handle all collections, claims and settlements. Financial and operational management has been separated from TYM's regular operations with three dedicated staff handling the Mutual Insurance Fund.

Product	Benefit	Contribution
Death benefit	3,000,000 (\$167) for members 1,000,000 (\$56) for spouse and children	VND 1,000 (USD 0.56) per week
Hospitalization	1,000,000 (\$56) for members	
Credit life protection	Write off outstanding balance and reimburse previous loan payments in case of death	0.4% of loan amount
Capital Fund	Capital contributions will build up legal capital. They are returned to leaving members, without interest during the first 2 years, with interest thereafter.	VND 1,000 (USD 0.56) per week for 2 years

After 15 months of operations, the new MAF has insured more than 127,000 individuals, had little trouble paying out more than 1,900 claims, and is considered by members to be one of the most attractive features of TYM. The new MAF is financially sustainable and on its way to accumulating the capital required (VND 10 billion or USD 550,000) to register with the Ministry of Finance as Vietnam's first professional mutual microinsurance.

2.3. Organization

Currently TYM Fund has a total professional staff count of 212. The average age is 29.5 years; the average working time with TYM is 5 years. Branch level staff have finished vocational education or higher and Area Managers and Head Office staff are all university graduates. The attrition rate is low with only 2% of staff leaving or being suspended in 2009.

TYM is governed by a Board of Directors, chaired by Mrs Nguyen Thi Kim Thuy, Vice President of the Vietnam Women's Union. The other 2 members are Mrs Ho Thi Quy, Director of the TYM Fund, and Mrs Nguyen Thi Thu Hien, Director of the VWU Finance Department.

The TYM Head Office in Hanoi consists of 21 regular staff (responsible for Operations, Training, Accounting, Administration) and 3 internal auditors. Daily management is executed by the Management Board comprised of Mrs Ho Thi Quy, Director and three Deputies. Each of the three Deputy Directors is responsible for certain professional areas.

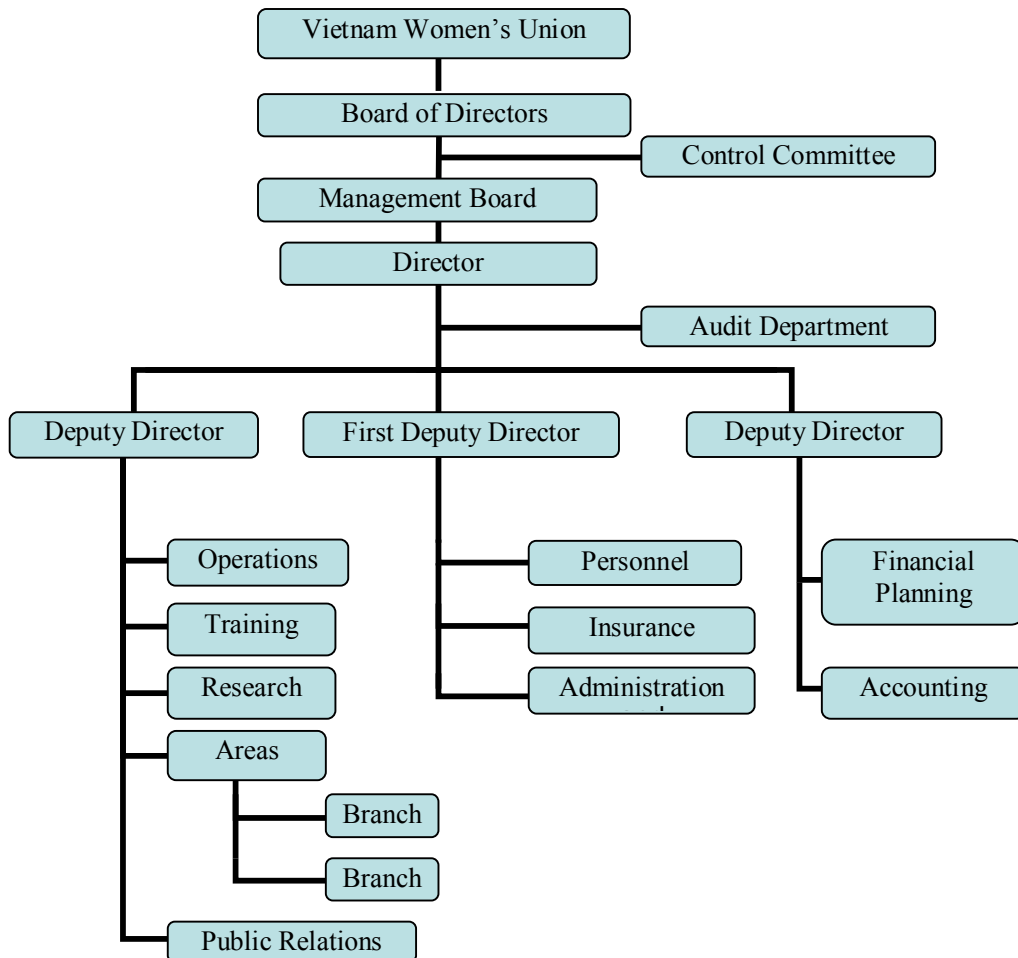
TYM has 10 Area Managers who each oversee 3-5 branches and act as liaison between Head Office and the Branches. They are also in charge of assessing and approving larger loans (Head Office plays no role in loan decisions). The Area Managers frequently rotate between their branches.

Each area has 1-2 accountants who also act as software operators. They provide services to the attached branches by printing all operational documents such as

loan contracts, payment plans, and collection sheets. They are also responsible for encoding transactions in TYM's operational system TMS (TYM Management System). TMS was customized in 2008-2009 and automatically produces accounting and operational reports for each branch as well as consolidated reports for all of TYM.

TYM currently has 41 Branches in 10 provinces (Hanoi, Hung Yen, Vinh Phuc, Hai Duong, Nam Dinh, Thanh Hoa, Nghe An, Thai Nguyen, Bac Ninh, Phu Tho). Each Branch serves up to 2,000 clients. A typical Branch Office has a Branch Manager and 3 – 5 Technical Officers (TOs or account officers). Currently there are 123 Technical Officers, each of whom serve approximately 400 members. TOs spend 60 – 80 % of their time in the field visiting members, collecting savings and repayments, or holding Centre meetings. Before becoming a TO, new staff undergo a 6 – 8 month apprenticeship, including a 2-week theoretical training course.

TYM Organization Chart

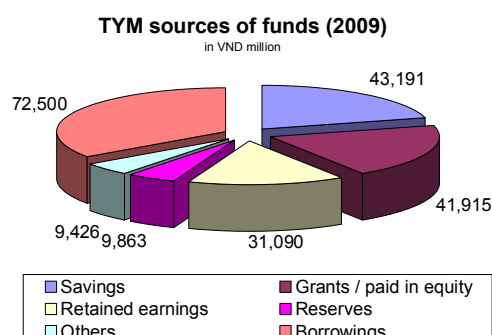
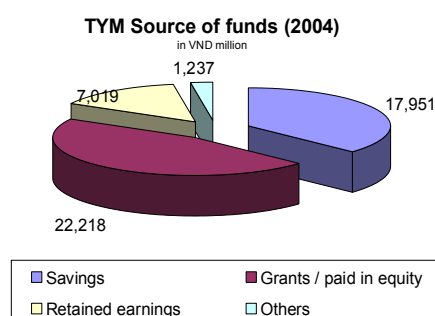


2.4. Financial situation

TYM Fund was one of the few Vietnam microfinance organizations who early on emphasized sustainability and professional organization. TYM spends considerable time and effort explaining to members and at times stakeholders and partners on why it charges market based interest rates as opposed to many other institutions. Additionally, TYM has always maintained controlled costs and despite increasing staff salaries they are still well below that of other organizations. As a result, TYM has consistently achieved a positive result over the last 10 years and is in a healthy financial condition.

Indicator	Unit	2009 (un-audited)	2008 (audited)	2007 (audited)	2006 (audited)	2005 (audited)
Exchange rate	VND/\$	17,941	16,977	16,114	16,101	15,872
Gross Loan Portfolio	VND m	180,030	140,185	70,037	53,462	51,418
Portfolio at risk	%	0.03	0.02	0.12	0.18	0.07
Total Assets	VND m	220,833	176,525	88,533	72,330	61,798
Total Savings	VND m	44,359	33,983	32,590	29,176	24,309
Borrowings	VND m	79,341	76,745	5,499	0	0
Total Equity	VND m	83,163	56,010	44,859	39,645	35,606
Net result	VND m	8,944	6,640	3,635	3,853	1,215
Op. self-sufficiency	%	128	137	123	169	127

All profits have been reinvested into TYM's operations, leading to a steady increase of equity and reserves. Equity has also increased thanks to a capital infusion of VND 14 billion by the Vietnam Women's Union in 2009. Savings by members have always been an important source of funds and continue to increase although TYM is restricted in mobilizing deposits until it receives its Licence. Historically, grants (mainly from Oxfam America during 1995-2003) have been the major source of funding. Today, however, grants have decreased from 46% of TYM's funding structure to only 20%. TYM still receives some unrestricted grants that mainly come from the German Savings Banks. To make progress and achieve balanced, independent financing, in 2006 TYM began borrowing from international organizations, mainly social minded investors (Cordaid, Novib, Microcredit Enterprises, Oikocredit, Kiva, Rabobank Foundation) at semi-commercial conditions. TYM pays interest at local market rates but all loans were denominated in VND as lenders agreed to take on the currency risk. At the same time, TYM has managed to secure assistance for capacity building and training from several organizations.



2.5. Social performance

Rooted in the Vietnam Women's Union, the TYM Fund always has maintained its focus on the poor upholds its social mandate. The weekly or monthly meetings are used to transfer knowledge and to conduct social activities. With the assistance of TYM and the Women's Union in 2007, the Centers built community houses and organized visits and collections for disadvantaged families. More than 100 women have attended illiteracy eradication classes organized by TYM. The annual election of Center officials provides the opportunity for many women to develop interpersonal skills and even management capabilities. Many go on to assume responsibilities within the Women's Union or their communities.

In 2006 – 2007 alone, TYM organized over 70 courses for more than 2,000 members on micro and small enterprises (MSME) management. In 2006 - 2008, more than 4,000 TYM members and members of their communities attended training courses on sanitation and health. In 2008, 59 TYM staff were trained in adult training skills and then delivered basic and advanced courses to more than 6,000 women using an adapted financial education programme of ILO "Get Ahead - Women in Business". TYM intends to deliver this programme to all members interested and capable of following the course. TYM staff were trained and started to organize courses for members on "Risk management and microinsurance" as well as on the importance of savings.

On the occasion of its 15th Anniversary in 2007, TYM Fund carried out an Impact Assessment study. The results showed that within 6 years after joining TYM 50% of members had overcome poverty; after 9 years 72% had escaped from poverty on a sustainable basis. Sources of income diversified significantly from reliance on agriculture. After 6 years in TYM, 66% of members saw improved housing conditions and were able to buy valuable household assets such as TVs, gas stoves, refrigerators, or motorbikes. The school attendance rate of members' children increased by 8% to 94%; and 87% had access to official health services.

In 2009, TYM managers attended several workshops and training courses on Social Performance Management. Beginning in 2010, TYM intends to regularly measure its social progress by using the Progress out of Poverty Index (PPI), which was first introduced to Vietnam in 2008.

3. SWOT Analysis

3.1. Strengths

The main strengths of TYM are the following:

- TYM has always adhered to its vision and mission. As a result, TYM enjoys an excellent image with its members. Loyalty with TYM is high and the dropout rate remains reasonable at 7-10%;
- TYM has a strong team of well educated, highly committed, hard-working professional staff, who have strong knowledge and deep compassion for their clients;
- TYM enjoys the support and cooperation of the Vietnam Women's Union at all levels and has good relations with local authorities;
- The credit portfolio is stable and growing steadily with high repayment rates and a PAR constantly below 0.5%;
- TYM offers its members adequate products and services. Products are improved and revised constantly based on thorough analysis of clients' needs;
- The weekly / monthly Centre meetings as well as the daily field visits by staff provide TYM with flexible product delivery channels, for which clients may be ready to pay a premium. At the same time they serve as an efficient monitoring tool;
- TYM has set up an efficient internal control and audit system which allows systematic monitoring and mitigation of risks;
- TYM has changed its accounting system to conform with the standards set by State Bank of Vietnam for financial institutions;
- TYM is recognised as a best practice microfinance institution by a range of local and international partners and over the last few years has obtained funding from a number of sources. It is the first institution in Vietnam to borrow substantial amounts on a semi-commercial basis;

3.2. Weaknesses

The weaknesses of TYM include:

- The level of knowledge and skills of TYM staff is lower than required for the upcoming challenges, especially at Head Office level and in the area of financial planning and controlling;
- The customized Management Information System TMS, installed in 2008, has contributed greatly to higher efficiency in operations and monitoring, but does not accommodate all requirements of the future. The addition of many new branches and new product features is possible, but depends on the availability and pricing of the service provider.

- TYM has no reliable source of domestic financing, as local banks do not know microfinance yet and donor-funded institutions (e.g. the Microlending Fund of the World Bank) are waiting for TYM to be licensed.

3.3. Opportunities

From the current viewpoint, TYM has a number of good development opportunities:

- Members are loyal to TYM and continue to demand a diversified range of financial services;
- The potential market for TYM is large. Despite rapid economic progress and an increasing number of providers, Vietnam still has a large population with low income and little access to sustainable financial services. The (semi-) urban microfinance market remains mostly untapped;
- The legal environment for microfinance operations is improving. Decree 28/165 will create favourable conditions for the development of organizations like TYM who have professional organizational structures and meet certain financial and reporting standards. For TYM, enactment of the decrees means TYM will be allowed to accept savings deposits from non-members;
- TYM's transformation into a regulated institution has secured support and funding from existing and new international partners;
- TYM has embarked on manifold training programmes for its staff and managers;
- TYM Board and staff are committed to growth. Since 2007, TYM has doubled the number of branches, members, and loan portfolio size. Such figures show that continued growth is possible, that staff are ready to take on new challenges, and that TYM's model is beneficial to all parties involved.

3.4. Threats

- Staff qualification cannot be improved as quickly as required. It may be increasingly difficult to hire and retain good staff without significant improvements in remunerations/benefits. TYM also lacks capacity and funds to provide more training to its staff and clients;
- The rising demands of clients, parallel expansion into urban and mountainous, difficult regions, the complexities of the Vietnamese financial markets, and lenders' various conditions and requirements demand a strong improvement in risk management, namely credit monitoring and financial management.

- Competition is increasing, namely from the subsidized programs of the Bank for Social Policy. This makes it difficult for TYM to expand its outreach and puts increased pressure on interest rates. Existing clients may take simultaneous loans or even borrow from TYM to repay loans from other programmes. The unlevelled playing field is one of the main reasons TYM clients drop out of the program.
- Funding remains difficult for various reasons. Given Vietnam's economic growth, grants and concessional financing will become scarce. Local banks either cannot lend to MFIs because of the legal situation or do not lend due to lack of understanding microfinance. Foreign loans are strictly regulated. There are no affordable instruments to protect MFI's and foreign lenders from the currency risk. In view of the distorted environment, MFIs in general and TYM in particular cannot afford to pay the full commercial costs of loans.
- The legal environment for microfinance is still incomplete and unstable. The MOF has yet to declare the financial status of MFI's. The State Bank of Vietnam has no experience in supervising microfinance. When microfinance is included in the Banking Law, this may lead to changes in the rules as defined by Decree 28/165.

4. Development plan 2010 – 2014 - Targets and Actions

Based on the above results and the SWOT analysis, TYM has decided on the following **targets and actions** for its development during the next 5 years:

4.1. Good Governance

As a leading licensed MFI, TYM will improve its governance and compliance with all regulations of SBV and the Government

- 4.1.1. The Board of Directors, Control Committee, and Management will be selected and perform their duties in line with SBV and TYM's requirements. TYM will ensure that the interests of members and staff are adequately represented. It will consider inviting members to participate in the governance of TYM via the Board or an Advisory Committee. TYM members will eventually become co-owners of TYM's Mutual Assistance Fund. TYM will consider expanding the number of Board members and invite external experts and partners to serve on an Advisory Board.
- 4.1.2. TYM will ensure compliance by all staff with the approved policies and procedures by further strengthening its audit and monitoring capacity.

- 4.1.3. TYM displays transparency towards its members by announcing its interest rates and all costs and fees. TYM remains committed to transparency to its partners and the public by regularly publishing its operational and financial reports, submitting its data to the MIX, having its financial statements audited by independent auditors, conducting financial and social ratings, and requesting regular impact assessments.

4.2. Adequate Services for the Target Group

TYM strives to offer its target group accessible and adequate loan, savings, credit, insurance and other financial services. Products and services will be revised based on regular client satisfaction and needs assessments.

- 4.2.1. Loans are primarily a means of increasing the incomes of members, therefore the general loan with its 1 year term and the investment loan with a 2 year term will remain the core products of TYM. TYM will consider shorter loan terms for merchants in (semi-) urban areas and longer terms for housing needs. TYM has conducted research on monthly repayment schemes and will selectively offer this product instead of the current weekly repayment scheme to certain members. Loan amounts will be based on members' repayment capability. Interest rates will be based on members' capacity, market conditions and SBV regulations. In 2007 TYM began testing individual lending methods (adapted ASA model) and has applied this methodology to all new branches since mid-2008. In late 2008, TYM began transforming its old branches from group liability to the new ASA model. The conversion process is expected to be complete by mid 2010.
- 4.2.2. TYM will continue to demand compulsory savings from its members in order to develop a savings habit and simultaneously raise funds for loan disbursements. Increasing importance will be given to voluntary savings. In 2009, in preparation of its Licence from SBV, TYM has conducted research and developed a set of term deposit products. These deposits will initially be offered to members only. After systems and market response have been tested, these new products may be offered to the public, primarily to those living in the communities where TYM is active.

The projections of the business plan assume that each Technical Officer will recruit one "saver only" per month with an initial deposit of VND 0.5 million (USD 28). Overall savings growth is estimated at 25-35%.

- 4.2.3. Since its transformation into a professional microinsurance institution in August 2008, TYM's Mutual Assistance Fund has been a great success story. In 2010 TYM will conduct an assessment of the Project, including an update of the actuarial calculations. Depending on the results, the MAF may increase current benefits or introduce additional benefits. TYM has initiated discussions with insurance companies on

technical cooperation and product development. The MAF will also explore possibilities of extending insurance coverage to other microfinance projects or members of the Vietnam Women's Union. If current development can be maintained, by 2012 the MAF could have accumulated the capital required (VND 10 billion or USD 550,000) to start discussions with its members and the Ministry of Finance to officially register as a member-owned Mutual Assistance Insurance Company.

4.3. Loyalty to Social Mission

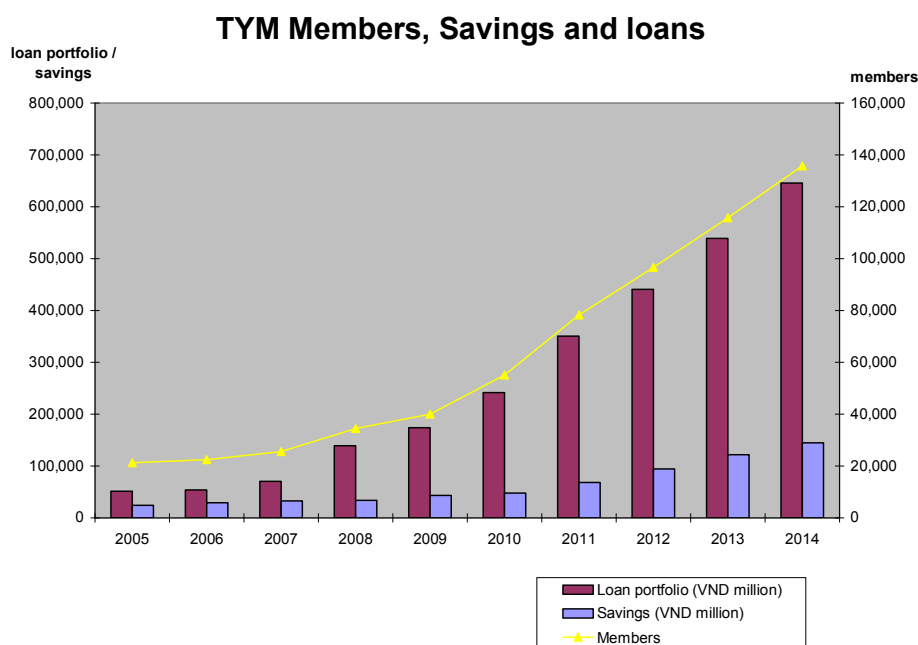
TYM will maintain and expand its social commitment to empowering women so that they can become socially and economically independent.

- 4.3.1. As in the past, new TYM members receive training on basic financial terms, the use of loans and savings, the importance of insurance, and the role of the Centers and community involvement. The regular Center meetings are used by TYM staff and the VWU to update members on policies and current issues.
- 4.3.2. Based on enthusiastic feedback by members, TYM will continue to expand its formalized training activities. Using the pool of TYM staff recently trained in adult teaching methodologies, TYM wants to offer the adapted course "Get ahead - Women in Business" to all interested and eligible members. Other courses such as "SIYB - Start and Improve Your Business" may be added.
- 4.3.3. TYM will expand its services to selected remote and mountainous areas that have a predominantly indigenous population. TYM will offer training in financial and business skills as well as health and sanitation in cooperation with the local VWU, thus enabling members to consciously use TYM's financial services and improve their living conditions on a sustainable basis.
- 4.3.4. TYM will continue its traditional support for communities where it is active, including building community houses, humanitarian support in cases of emergencies and extreme poverty, scholarships for gifted children of members, organization of cultural events and competitions on the occasion of the Women's Day, foundation of the VWU, etc.
- 4.3.5. On the occasion of its 20th anniversary in 2012, TYM will conduct a full socio-economic impact assessment (just as it did in 2002 and 2007). TYM will start to use the Progress out of Poverty tool (PPI) index to regularly measure its impact.

4.4. Outreach to 100,000 members

TYM views accelerated growth as a means to achieving several goals - increase outreach to underserved women and their families, maintain and improve financial sustainability, and demonstrate the viability and model of TYM to the Vietnamese microfinance market

- 4.4.1. TYM will open at least 10 branches every year to reach 90 branches serving 135,000 clients by 2014, including 116,000 borrowers. The number of people insured by the MAF will exceed 400,000. As in the past, TYM will open branches in areas adjacent to existing operations based on the availability of staff and financial resources and the support of the Women's Union. TYM realizes that provincial and district towns are a large untapped market where many low income women without access to commercial banks are trying to improve their life with trade and production. At the same time, TYM will open branches in remote areas where Government programs do not already provide sufficient support.
- 4.4.2. The loan portfolio is projected to grow by 20-30% each year reaching VND 645 billion (USD 35 million) by 2014. This is based on an assumption of the average loan amounts increasing by 5% each year due to the economic growth and a growing share of (semi-) urban clients.
- 4.4.3. TYM expects the savings balance to reach VND 155 billion (USD 8.4 million) by 2014, comprised of compulsory and voluntary savings by members and voluntary savings and deposits of the public.



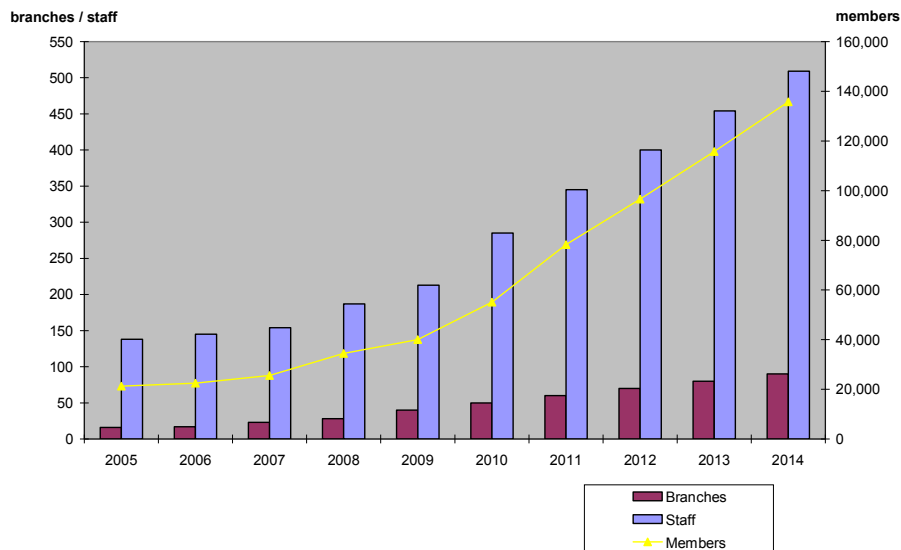
4.5. Staff empowerment

The most decisive contributing factor for achieving the above growth targets are TYM's staff. TYM is committed to professional staff development and serving as a role model for good microfinance. By 2014, TYM expects to have over 500 staff including 324 Technical Officers. A typical branch will consist of 1 branch manager and 3-5 TO's. An Area Manager and 2 accountants serving as software

operators will support on average 5 branches (currently 4). Head Office functions will be strengthened, especially in the fields of financial management and internal audit.

- 4.5.1. TYM will ensure that all staff are hired on a fair, transparent basis and have the chance to develop their professional skills and capabilities. Priority in hiring TO's will be given to socially committed young people from the areas of TYM's operations. Priority for management positions will be given to TYM staff who have proven their skills and commitment.
- 4.5.2. Theoretical knowledge and practical skills will play an increasing role in ensuring TYM's efficient operations. TYM will continue to enhance its in-house training capacities, developing curricula and training staff. During the next 5 years, a demand survey will be conducted to determine the viability of building TYM's own Training Center. The center would serve the needs of TYM and offer training to other microfinance projects, mainly that of the VWU. TYM will continue to take advantage of external training opportunities to expose its staff to new successful models and ideas. Senior staff shall attend postgraduate studies such as master courses in microfinance offered by CARD's Development Institute.
- 4.5.3. TYM will continue to improve and increase its compensation package for staff in order to maintain a low turnover rate. Compensation will continue to be based on performance evaluation.

TYM Branches, Staff and Members



4.6. Efficient operations

TYM strives to secure all necessary financial and material resources to achieve its development targets.

- 4.6.1. The TYM Management System (TMS) will be further developed to accommodate the growing number of branches, clients, and increasing variety of products and services. TYM will look for additional providers to reduce its dependence on the current software programmer. At the same time it will develop in-house programming capabilities within its own IT team.
- 4.6.2. TYM will make increasing efforts to raise the funds needed for growth. Based on current projections, TYM will need to raise up to VND 110 billion (USD 6 million) each year. To satisfy this requirement, TYM intends to acquire new and develop existing partnerships with social investors. It will try to access wholesale funds such as the Microlending Fund of the Rural Finance Facility, funded by the World Bank. Upon successful registration with the Vietnamese government, TYM will intensify discussions with local banks about credit lines.
- 4.6.3. TYM will create all necessary working conditions for its staff, including offices, support for transportation, supplies etc. In order to demonstrate its long-term commitment, create a stronger corporate image, and acquire assets as collateral for obtaining bank loans, TYM will continue discussions with the Women's Union and local authorities to acquire and develop land to serve as TYM Area Offices (usually housing 1-3 branches).

4.7. National and international partnership

TYM will continue to be a responsible and active member of the Vietnamese and international microfinance community.

- 4.7.1. TYM will continue to assume a leading role in the Vietnam Microfinance Working Group (MFWG) or Association, aiming to promote best practices of microfinance towards the Government and other microfinance projects.
- 4.7.2. TYM will continue to share its experience by facilitating study tours and participating in conferences and workshops. TYM's website, www.tymfund.org.vn, shall provide a forum for information sharing and discussion.
- 4.7.3. TYM wants to develop local and international partnerships for assistance and capacity building for its members, staff, and the community at large.

5. Financial Projections

Below is the summary of the financial projections. Details can be found in the Annex.

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014
Branches	No.	28	41	51	61	71	81	91
Total staff	No.	195	212	293	350	405	459	514
Clients	No.	34,467	40,433	55,123	78,390	96,722	115,917	135,760
Loan Portfolio	VND mn	140,185	180,030	247,410	358,942	451,112	551,602	661,013
Savings	VND mn	30,187	44,359	52,308	73,281	97,299	125,694	159,637
Equity	VND mn	56,010	83,162	99,504	118,583	142,415	171,426	205,919
Net earnings	VND mn	6,641	8,944	11,532	13,935	17,499	21,383	25,495
Portfolio at risk	%	0.03	0.1	< 1.0	< 1.25	< 1.5	< 1.75	< 2.0
Op. self-sufficiency	%	137	128	129	125	124	123	123