

Uganda Finance Trust	UGANDA
<i>Company Limited by Shares</i>	<i>Report as of December 2004</i>

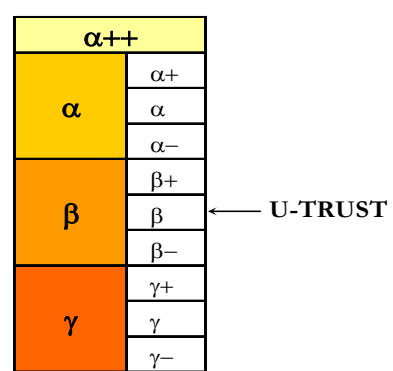
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PERFORMANCE RATING*	β
RATING OUTLOOK	Positive

Date of visit	April 2005
Date of previous rating	April 2004
Previous rating	β


Synopsis

Uganda Finance Trust Ltd (which took over the activities of Uganda Women's Finance Trust), a member of the Women's World Banking (WWB) network converted to a company limited by shares in 2004. U-TRUST has grown its portfolio to almost \$7 million making it one of the leading microfinance institutions in Uganda. The MFI makes solidarity and individual loans and offers savings facilities through a network of 21 branches. During 2004, the institution underwent an expensive transformation process to be recognized as a formal financial intermediary by the Central Bank. Despite the high costs, U-TRUST remained profitable for a second successive year.

Highlights

- POSITIVE**
- Profitability increased in 2004.
 - Good individual lending methodology.
 - Strong top management.
 - Sufficient liquidity to manage future growth.
- NEGATIVE**
- Deterioration in operating efficiency.
 - Supervision of large branch network needs improvement.
 - The group lending methodology needs to be refined and policies and procedure need to be followed more consistently.
 - U-TRUST is reaching the limit of its borrowing capacity.

Main Performance Indicators		
	Dec '03	Dec '04
Gross Portfolio ('000's)	\$4,403.0	\$6,818.8
Number of active borrowers	24,103	20,600
ROE	10.2%	11.0%
Portfolio Yield	57.7%	69.7%
Portfolio at Risk	6.1%	4.4%
Operating Expense Ratio	47.8%	53.1%
Average Loan Size	\$183	\$331
Borrowers per staff	144	107

Note: In 2004, ROE has been adjusted for low provisions.

* **The rating is contingent on the institution becoming regulated by the Bank of Uganda during the course of 2005.**

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