



PROJECT SUMMARY

This extract provides a summary of a microfinance project that requires a funding mix of own funds, borrowed funds, and grant funding. It contains the following:

- 1.0. Our Vision
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- 1.2. The Company & Management
- 1.3. Our Products
- 1.4. The Opportunity
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On behalf of the KMB Financial Projects

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1.0. OUR VISION

To build a community where every member can grow financially. A community that undergoes financial development by increasing its financial resources and changing its members' life.

1.1. OUR MISSION

To empower Congolese community members living in the UK by providing financial products and services that are suitable to their needs while ensuring KMB's long term sustainability.

1.2. THE COMPANY & MANAGEMENT

This project should be established as a non-profit company, registered in England and Wales under Companies Act 2006 as a company limited by guarantee. Its legal name is KMB Microfinance Limited.

The project should be administered at least by three board of directors and managed by one loan officer.

1.3. OUR PRODUCTS

Based on our analysis of customer needs, the goal for this project will be achieved through the following product mix and product design variables that respond to the needs of the target market. This includes the interests, fee structure, terms, and amount of the product, which constitute the income side of the project.

Loan Type	A	B	C
Loan Amount	£300.00	£500.00	£1,000.00
Loan Term (months)	3	3	3
Monthly Interest rate	58%	58%	58%
Total Interest Amount	£36.52	£60.86	£121.72
Admin Charge as percentage of loan amount	3.0%	3.0%	3.0%
Cost of funds & Product Cost	Year 1	Year 2	Year 3
Estimated rate of inflation ¹	3%	3%	3%
Estimated interest rate on borrowed funds ²	6%	6%	6%
Estimated loan loss rate	3%	3%	3%
Operating cost as percentage portfolio	52%	49%	32%

KMB have planned to determine their pricing objective by considering both market demand and costs with a base price that is related both to the product cost and cost of funds. The loan products will be provided in the short and medium term of our operations, and they are subject to funding and FCA authorisation.

1.4. THE OPPORTUNITY

We conducted a study to analyse financial problems facing the Congolese community in London. We found out that there is a strong demand for a short-term credit to regularly finance a variety of projects owned by Congolese who have been rejected by the mainstream banks but have relied either on rotating saving schemes association (ROSCA) called "Likelemba" or loan shark (Bank Lambert).

A target segment of 500 members within a market of 30000³ members in UK has been identified. KMB have developed both strategic and operational plans including detailed financial projections based on the analysis of that target. With a secured £5000 of equity, we seek further funding of £40,000 to meet this opportunity.

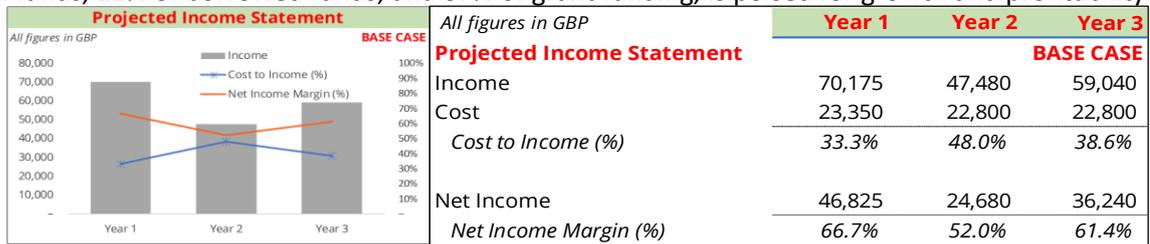
¹ Office for National Statistics recorded 3% of the UK Consumer Price Index in January 2025.

² British Business Bank's Start Up Loans, 6% of fixed interest rate per annum.

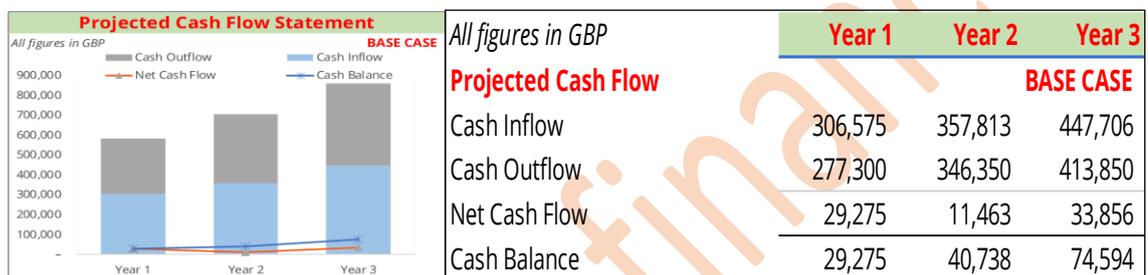
³ Home office Control of immigration (2006) estimation of the number of Congolese from 1990-2010 to 30 000 residents in UK.

1.5. FINANCIAL HIGHLIGHTS

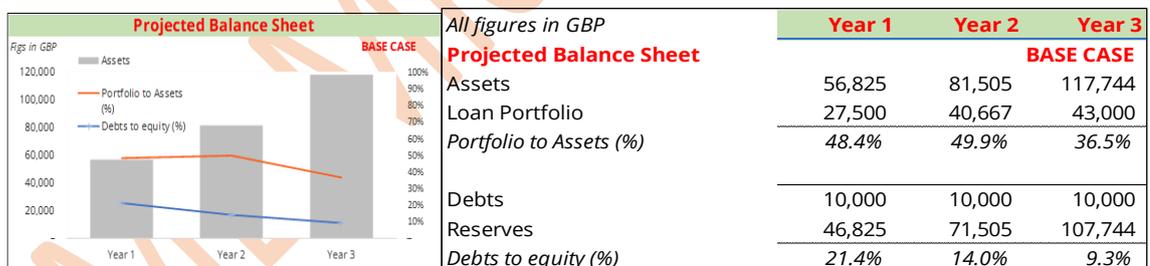
Based on our financial projections, KMB with a funding portfolio of £45,000 injected in FY1, respectively 11% of own funds, 22% of borrowed funds, and 67% of grant funding, is poised for growth and profitability.



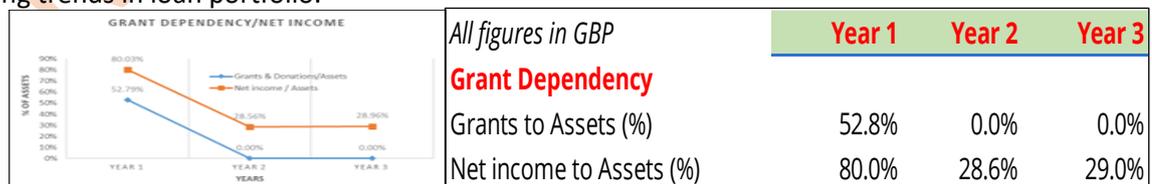
Our cost to income ratio is expected to increase from 33% in FY1 to 48% in FY2 then decrease to 39% in FY3, averaging at 40% over the 3-year period. This indicates a healthy level of profitability and efficiency in our operations. Furthermore, our net income margin is projected to average at 60% over the three-year period, demonstrating our ability to control costs and expenses effectively.



Our cash flow projections indicate a strong financial position. Starting with a bank position of £5,000 in FY1, we anticipate a significant increase to £29,275 by the end of the FY1, and further growth to £74,594 by FY3. This strong cash position will enable us to invest in our business, manage our obligations, and provide a buffer against any unforeseen financial challenges. The net cash from operating activities is also expected to increase steadily from FY2, reflecting the strength of our core business operations.



Our assets which include loan portfolio are expected to increase constantly over the three-year period with a volatile growth rate of portfolio to assets from 48% in FY1 to 49% in FY2, then to 36%. This indicates that almost half of the KMB's assets are invested in loans, which signifies a potential for income due to expected growing trends in loan portfolio.



Our debt-to-equity ratio is constantly decreasing from 21% in FY1 to 14% in FY2, then 9% in FY3, which shows reliance on reserves rather than debt funding. Also, our grant to assets ratio shows that our project will be self-sufficient from FY2 onward.

These financial projections underscore the viability of KMB, and our potential for sustained growth and profitability.