

**JSC MFO Crystal (/gws/en/esp/issr/96501011)****Fitch Rates Crystal's GEL10m Senior Unsecured Notes Final 'B'**

Fitch Ratings-London-17 January 2018: Fitch Ratings has assigned JSC MFO Crystal's (Crystal) GEL10 million issue of senior unsecured notes a final long-term rating of 'B'. The bonds mature in December 2019, and the coupon is paid quarterly at a rate of 450 basis points over the National Bank of Georgia's monetary policy rate.

Crystal has Foreign and Local Currency Long-Term Issuer Default Ratings of 'B' with Stable Outlooks, and Short-Term Local and Foreign Currency Issuer Default Ratings of 'B'.

**KEY RATING DRIVERS**

The issue's rating corresponds to Crystal's 'B' Long-Term Local-Currency IDR, which reflects the business focus on microfinance (MFO) lending in a high-risk operating environment in Georgia, Crystal's rapid recent growth, and market and refinancing risks resulting from the predominance of foreign-currency wholesale funding.

The ratings also factor in Crystal's sound performance to date, reflected in the company's solid asset quality, profitability and capitalisation metrics. At the same time, the ratings are constrained by the mono-line business model, as Crystal is focused on micro lending in Georgia.

**RATING SENSITIVITIES**

Changes to Crystal's Long-Term Local-Currency IDR would impact the issue's rating. An extended record of sound performance, asset quality and capitalisation, coupled with a notable further strengthening of Crystal's franchise, could result in upside for the ratings.

At the same time, the ratings could be downgraded in case of significant deterioration of asset quality and profitability, leading to capital erosion and greater pressure on liquidity.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**Applicable Criteria**

Exposure Draft: Non-Bank Financial Institutions Rating Criteria (pub. 12 Dec 2017)  
(<https://www.fitchratings.com/site/re/905334>)

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