

JSC MFO Crystal, Georgia

Crystal started in 1998 as a microfinance program of a local NGO set up by and intended for Internally Displaced Persons from Abkhazia. In 2004 the program transferred to a separate entity, Crystal Fund, registered as a non profit microfinance organization. In line with the new law on microfinance, Crystal Fund transformed into a Joint Stock Company (JSC) in 2007 and received its license as a Microfinance Organization (MFO) from the National Bank of Georgia. With its head office based in Kutaisi, Crystal currently operates from 3 branches and 9 offices in Western Georgia and from 1 branch in Tbilisi, offering mainly individual business and consumer loans to 4,779 clients with a loan portfolio of USD 4.3 M at 31st March 2010.

GIRAFE Rating

Rating

B-

Outlook

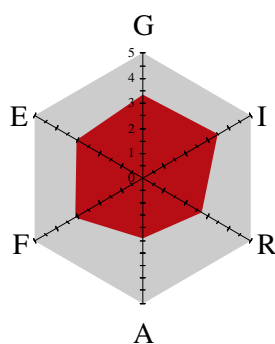
Positive

Date of the rating

May 2010

Valid until April 2011

Rating per evaluation area



Governance – Information – Risk –
Activities – Funding – Efficiency

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Rating highlights

- Despite the effects of the Russo-Georgian conflict, the political unrest early 2009 and the economic crisis, Crystal has shown a stable profitability with an ROA of over 5% in the past years and 4.1% FYE09.
- Credit risk however was affected with a PAR 30 of 2.6% by end of 2009 and a write-off ratio of 6.4%. Portfolio quality improve by end of March 2010 with PAR 30 at 1.6% and a write-off ratio at 2.0%.
- Crystal is adequately governed through a BOD that has adequate capacity although is limited in size. An area of concern is the active involvement in operations of the BOD Chairman, who is also the largest shareholder, which could result in possible conflicts of interest and affect the independence of the BOD.
- The management team consists of a good senior team that has shown good execution capacity in managing the institution in times of crisis.
- Crystal has a moderate revenue quality as a small MFI nationwide but a strong basis in Kutaisi and the rest of western Georgia offering a diversified set of loan products.
- Areas of attention for Crystal are the strengthening of the Internal Audit department and portfolio quality. The latter given the allowed high percentage of net income for loan repayments combined with a project strong portfolio growth.

Outlook

The positive outlook reflects Planet Rating's opinion that Crystal can improve its market position with healthy growth by reducing interest rates as a result of increasing efficiencies, as well as the strengthening of the IA department.

Performance indicators

USD	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Dec. 2009	Mar. 2010
Assets	1,280,789	2,453,027	5,154,130	4,682,168	5,592,366	5,351,167
Loan portfolio	1,131,667	1,732,337	4,693,381	4,135,751	4,269,662	4,397,464
Active borrowers	1,948	5,031	6,365	4,104	4,534	4,779
Average outst. loan per client	581	344	737	1,008	942	920
Staff	30	35	58	70	85	87
ROE	16.1%	3.4%	23.0%	32.7%	15.8%	8.1%
ROA (without donations)	8.7%	1.3%	5.3%	7.7%	4.1%	2.0%
Liabilities / Equity	0.92x	2.35x	4.06x	2.63x	3.06x	2.95x
Portfolio yield	51.5%	52.3%	50.0%	47.0%	56.7%	50.9%
Operating expense ratio	28.7%	27.7%	29.4%	26.7%	35.5%	36.0%
Funding expense ratio	5.8%	9.2%	10.2%	8.4%	7.3%	10.2%
LLP expense ratio	3.5%	13.5%	1.4%	1.4%	6.1%	3.3%
PAR 31-365	4.3%	4.8%	0.4%	1.8%	2.6%	1.6%
PAR > 365	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Write-off ratio	0.5%	14.4%	3.3%	0.4%	6.4%	2.0%