

JSC Microbank Crystal

Rating report

Summary and Outlook

JSC Microbank Crystal's issuer rating of B+ reflects the following assessments:

Business model assessment: Focused (Low). Crystal operates as a licensed microbank in Georgia since February 2025, after being established as an independent microfinance organisation in 2007. Its business model is focused on microcredit, mainly microbusinesses, agricultural and SME loans. The size of the bank is limited compared with large commercial banks at national level, but relative to its microcredit niche segment the bank is the largest player with total assets of GEL 641m (app. EUR 210m) as of YE 2025. Geographic diversification is well executed across the country, with operations in almost all regions and a balanced distribution of exposures in rural vs urban areas. While Crystal was able to expand its product diversification to include customer deposits after obtaining its microbank licence, its business diversification remains narrow.

Operating environment assessment: Constraining (High). Crystal's operating environment is focused exclusively on its home country, Georgia.

Long-term sustainability assessment (ESG factor): Neutral. Crystal plays a relevant role as the largest microbank in the country, with a clear focus on social impact providing access to microcredit, supporting entrepreneurial and agricultural sectors facilitating financial access. Digital capabilities are a relevant factor supporting growth and should drive efficiency gains in the medium-term. Governance risks are limited as we consider the oversight of the two largest international and institutional shareholders to add a relevant layer of institutionalisation. This improves risk management oversight and supports the implementation of good practices.

Earnings and risk exposures assessment: Supportive. Crystal has demonstrated a supportive and resilient profitability track record in the last five years. Return on RWAs has slightly declined to 2.2% in 2025 (4.3% in 2024), mainly driven by the increase in one-off costs following the transition to a microbank.

Asset quality is adequate, considering that around 70% of the loan portfolio is unsecured, reflecting the microfinance nature of the business. The loan portfolio is granular and does not evidence relevant concentrations. Non-performing loans represent 3.7% of total loans as of March 2026, which we consider adequate notwithstanding the structurally higher risk profile.

Financial viability assessment: Adequate. With a CET 1 ratio at 15.4% as of June 2026 and a buffer to requirement of 440bps, Scope expects Crystal to maintain an adequate capital position as the balance sheet grows, moving closer to the management buffer of 200bps above CET 1 requirement. Crystal's funding structure includes around 14 counterparties, that represent the main source of funding, with customers deposits expected to increase and gain relevance as a source of funding in the medium-term. The funding profile is well distributed across counterparties and currencies allowing also for cost optimisation.

Liquidity is strong, as it responds to the need of ample available resources to support the loan portfolio growth, with an LCR¹ at 558% as of June 2026. The expectation of an increasing base of customer deposits should allow for further diversification and funding costs reduction, moving away from the concentration from financial institutions.

The Stable Outlook reflects Scope's view that the risks to the current rating are balanced.

Issuer

B+

Outlook

Stable

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Related research

[Scope affirms JSC Microbank Crystal's issuer rating of 'B+' with Stable Outlook, July 2026](#)

Table of content

1. Business model
2. Long-term sustainability (ESG-D)
3. Earnings capacity and risk exposures
4. Financial viability management
- Appendix 1. Selected financial information – JSC Microbank Crystal
- Appendix 2. Selected financial information – JSC Microbank Crystal

¹ LCR calculated according to National Bank of Georgia methodology. LCR at 501% according to Basel methodology.

The upside scenario(s) for the rating and Outlook:

- An improvement of the operating environment assessment for Georgian banks and microbanks, could drive a review of the initial mapping for the issuer rating.
- A material improvement in efficiency and digital capabilities, materialised with an evident strengthening of the business model, while maintaining strong governance and risk management practices, could lead to a positive review of the long-term sustainability assessment.
- A sustained strengthening of capital metrics supported by a more conservative capital management and well diversified funding structure, could lead to a positive review of the financial viability management assessment.

The downside scenario(s) for the rating and Outlook:

- Pressure on profitability due to a lower ability to generate sustained revenue, higher funding costs and/or higher impairments, could lead to a negative review of the earnings capacity and risk exposures assessment.
- A significant deterioration in the operating environment for Georgian banks and microbanks, could lead to a negative review of the operating environment assessment.

Table 1: Rating drivers

Rating drivers		Assessment					
STEP 1	Operating environment	Very constraining	Constraining		Moderately supportive	Supportive	Very supportive
	Low/High	Low			High		
	Business model	Narrow	Focused		Consistent	Resilient	Very resilient
	Low/High	Low			High		
	Initial mapping	b					
	Long-term sustainability	Negative		Neutral		Positive	
	Adjusted anchor	b					
STEP 2	Earnings capacity & risk exposures	Very constraining	Constraining		Neutral	Supportive	Very supportive
	Financial viability management	At risk	Stretched	Limited	Adequate	Comfortable	Ample
	Additional factors	Significant downside factor	Material downside factor		Neutral	Material upside factor	Significant upside factor
	Standalone rating	b+					
STEP 3	External support	Not applicable					
Issuer rating		B+					

Table 2: Credit ratings

		Credit rating	Outlook
Issuer	JSC Microbank Crystal		
	Issuer rating	B+	Stable
	Short-term debt rating	S-4	

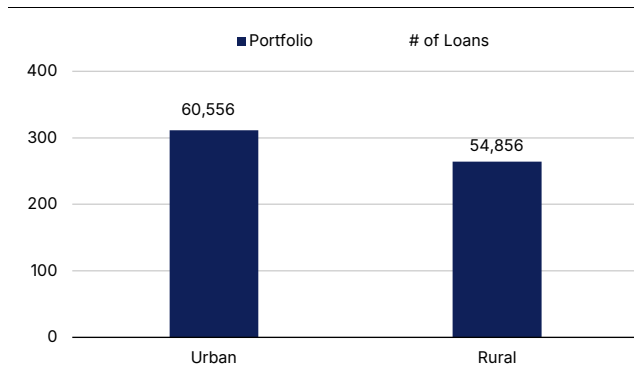
1. Business model

Crystal operates as a licensed microbank in Georgia since February 2025, after been established as an independent microfinance organisation operating since 2007. Its business model focuses on microcredit for micro businesses, agriculture and SMEs, which represent around 60% of the loan portfolio as of June 2026. Its business diversification is still limited given the fact that under the microfinance organisation license, it was not permitted to capture customers deposits.

'Focused - low' business model assessment

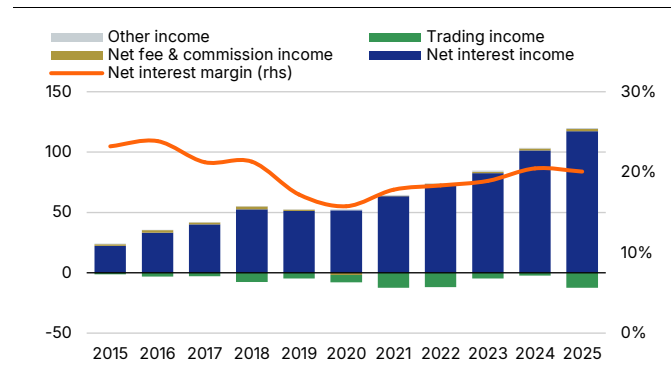
While the bank is relatively small compared to large commercial banks at the national level, it is the largest player in the microcredit niche segment with total assets of GEL 641m (approximately EUR 210m) as of the end of 2025. While the bank operates exclusively in its home country of Georgia, it has executed geographic diversification well across the country. This is supported by the nature of its microcredit strategy, with operations in almost all regions and a distribution of exposures in rural vs. urban areas of 46% and 54% of the loan portfolio, respectively, as of May 2026.

Figure 1: Loan portfolio distribution (GEL m)



Note: Data as of May 2026. Source: Company data, Scope Ratings

Figure 2: Revenues split by type (GEL m)

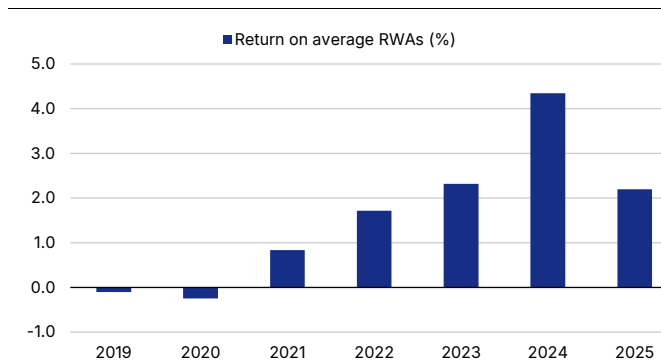


Source: SNL, Scope Ratings

Following the change from a microfinance organisation to a microbank, Crystal has put in place an ambitious plan for strategic growth to maintain its leadership in the Georgian microfinance sector. The plan targets a relevant broadening of the customers' base, as well as the development of additional lending and savings products. The offering of savings products (i.e. customers deposits) is a key strength to support growth, as the diversification of funding sources should allow for a more efficient management of funding costs, and consequently a more competitive pricing strategy, to allow the bank to maintain its leading position in the microfinance sector.

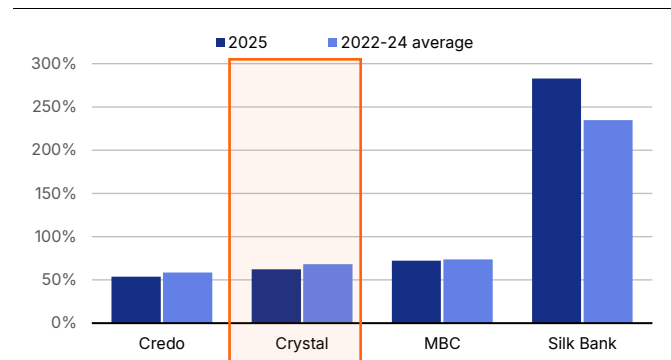
Scope views the transition to a microbank as a strength. However, expanding its offerings to the full set of lending and savings' products will take time, and the successful execution of the strategy in a highly competitive sector is yet to be proven. While the strengthening of the product offering could provide a competitive advantage versus other microfinance institutions, we expect Crystal's business model to remain relatively unchanged in the medium-term.

Figure 3: Profitability, historic (GEL m)



Source: SNL, Scope Ratings

Figure 4: Cost-to-income ratio, peer comparison



Source: SNL, Scope Ratings

2. Long-term sustainability (ESG-D)

Crystal's long-term sustainability assessment is mostly driven by the relevance of its social role to promote microfinance and support financial inclusion in Georgia. However, due to the early stage of the transition to microbank, we do not consider this a strength to support a differentiation on Crystal's business model at this stage.

'Neutral' long-term sustainability assessment

Crystal plays a relevant role as the largest microbank in the country, with a clear strategic focus on social impact providing access to microcredit, supporting entrepreneurial and agricultural sectors as well as facilitating financial access, to improve financial literacy and financial awareness. Initiatives related to social impact and financial inclusion are key part of the bank's strategy, supporting the relevance of the franchise compared to other players in the micro banking sector in Georgia. The main social initiatives, that also support core market segments are women's empowerment and Youth Education & Sustainable Development.

Social

Digital capabilities are a relevant factor channelling the business expansion, with focus on optimisation of distribution channels. The bank plans to launch mobile and internet banking capabilities in 2027, with the objective of enhancing customer accessibility, particularly in rural areas, while optimising its distribution network. These initiatives should improve scalability and support greater operating efficiency over time. Although implementation is progressing ahead of the original timeline, tangible benefits in terms of efficiency gains and business performance have yet to be proven.

Digitalisation

Governance risks are limited as we consider the oversight of the two largest international and institutional shareholders (with a combined 59% shareholding) to add a relevant layer of institutionalisation. We acknowledge management's commitment to strengthening its risk management framework following the new legal status as a microbank, with the revision of all core risk policies, including credit, market, operational, liquidity, counterparty, capital adequacy and compliance. Recent enhancements to the supervisory board, including the appointment of an independent chair and two additional independent members, further reinforce the governance framework. In our view, this improves risk oversight and supports the implementation and execution of good practices, without raising elements of key-person risk, which is a common characteristic of small entities in less mature markets.

Governance

In terms of environmental risk, Crystal is focused on building a green loan portfolio of up to GEL 30m via energy-efficiency loans and energy-transition financing, raising awareness and improving customer access to green financing solutions. In addition, the bank targets the implementation of carbon and climate awareness initiatives.

Environment

Figure 5: Long-term sustainability overview table²

	Industry level			Issuer level						
	Materiality			Exposure			Management			
	Low	Medium	High	Low	Neutral	High	Weak	Needs attention	Adequate	Strong
E Factor		◊			◊				◊	
S Factor	◊					◊			◊	
G Factor			◊			◊			◊	
D Factor			◊		◊				◊	

Source: Scope Ratings

² The overview table illustrates how each factor informs our overall assessment. Materiality refers to our assessment of the credit relevance of each factor for the banking industry. Exposure refers to what extent the bank is exposed to risks or benefits from opportunities compared to peers, given its business model and countries of operation. Management refers to how we view the bank's navigation through transitions.

3. Earnings capacity and risk exposures

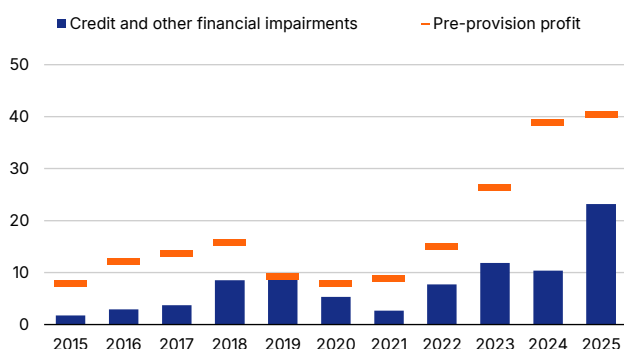
Crystal has maintained a supportive profitability track record in the last five years. Following the regulatory changes in 2018 that defined a cap to the interest rates charges in microfinance, the bank changed its strategy and successfully implemented more conservative underwriting standards and cost management practices to support recurrent and stable earnings.

'Supportive' earnings capacity and risks exposures' assessment

After 12 months operating as a licensed microbank completed in June 2026, profitability has decreased in 2025 compared to 2024, due to the relevant component of operational expenses, increase in cost of risk and one-off costs related to hedging foreign currency (USD) funding. Return on RWAs has decreased to 2.2% in 2025 (4.3% in 2024). Nevertheless, core earnings generation remained resilient, with net interest revenues over RWAs broadly stable at 19.1% in 2025 (19.5% in 2024). We expect revenue generation to strengthen over the medium term, supported by continued loan growth following the execution of the bank's strategic plan, while one-off costs related to the transition to a microbank are expected to gradually decrease.

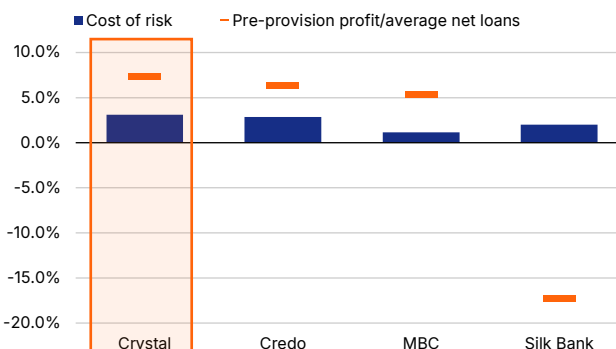
The bank has reviewed its targets after the first year of operation, with the aim of slowing portfolio growth to ensure alignment with underwriting standards and risk appetite. We expect steady growth of the revenue base in the medium term, leading to improvements in profitability and efficiency.

Figure 6: Pre-provision income and provisions (GEL m)



Source: Company data, Scope Ratings

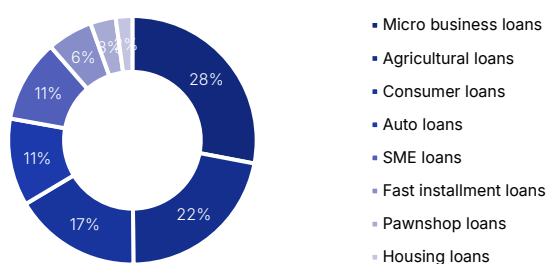
Figure 7: Peer comparison



Note: Three-year averages based on 2023-2025. Source: SNL, Scope Ratings

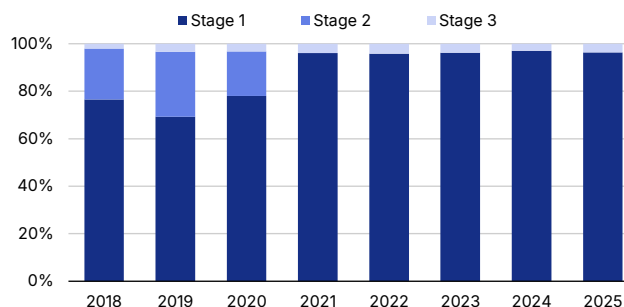
Crystal's asset quality is adequate, considering that around 70% of the loan portfolio is unsecured, reflecting the microfinance nature of the business. The loan portfolio is granular and does not evidence relevant concentrations. The Stage 3 ratio increased to 3.4% as of YE 2025 (2.8% as of YE 2024), following regulatory changes related to the treatment of loans under instalments, which we consider adequate notwithstanding the structurally higher risk profile of microfinance. While the change to microbank will allow for faster growth of the loan book, we expect asset quality to remain stable and aligned to the management target and risk appetite.

Figure 8: Loan portfolio by type



Note: Gross loans as of YE 2025. Source: Company data, Scope Ratings

Figure 9: Asset quality, historical



Source: Company data, Scope Ratings

4. Financial viability management

Crystal's financial viability management is adequate. After obtaining the microbank licence, the successful execution of the strategy and the already increasing base of customer deposits should allow for better diversification of funding sources, moving away from the historic concentration almost exclusively on financial institutions.

'Adequate' financial viability management assessment

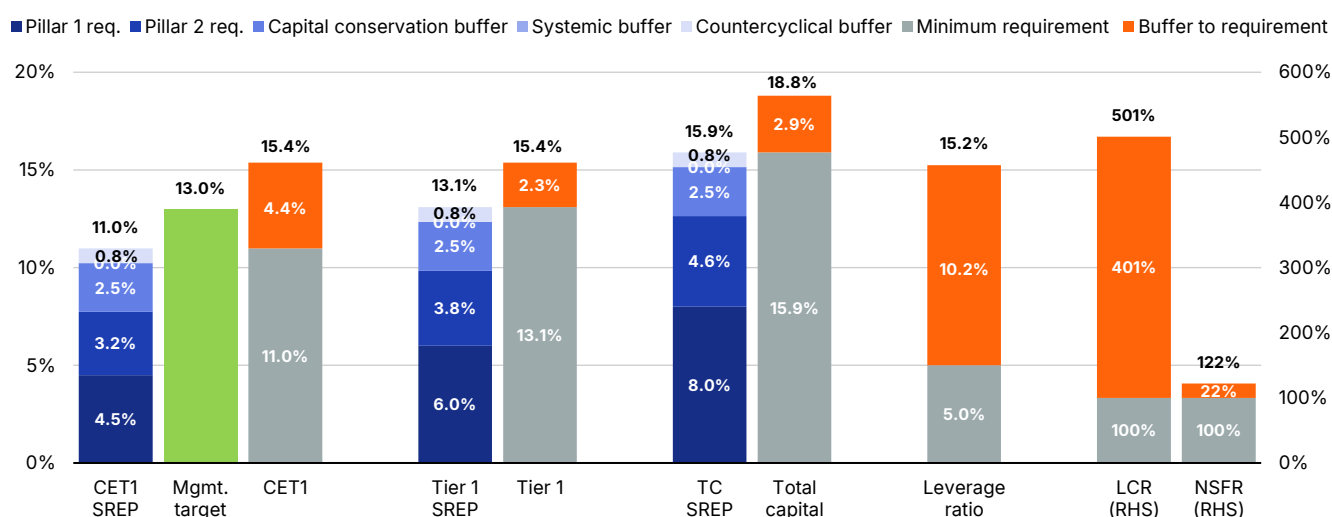
As of June 2026, Crystal shows a CET 1 ratio at 15.4% and a buffer to requirement of 440bps. While management's unchanged medium-term target is only a buffer of 200bps above CET 1 we understand that management will maintain some headroom above 200bps up to 2027. The strategic plan does not consider a dividend distribution in 2026 allowing to support further growth.

Regulatory requirements under the microbank license framework are aligned with Basel III standards. However, they include also (i) an additional requirement under Pillar 2 referred as 'credit risk adjustment buffer' that results from the transition from local GAAP to IFRS on the calculation on expected credit losses, and (ii) a net buffer based on a general risk assessment program evaluation ('GRAPE') that includes also risk related to the business model and profitability, macroenvironment, group structure and governance.

Crystal's funding sources include more than 14 counterparties, both international and national financial institutions, that represent the main source of funding (82% of the liability structure as of June 2026). The funding profile is well distributed across counterparties, maturities and currencies, with the bank gradually reducing its reliance on foreign-currency funding. Deposits (customer funds) as a new source of funding already represent 18% of the total and are expected to further grow.

An increased deposit base should support a more balanced funding structure and contribute to lower funding costs over the medium term. Liquidity remains strong, as it responds to the need for ample available resources to support portfolio growth, with an LCR at 501% according to Basel III methodology, as of June 2026.

Figure 10: Overview of distance to requirements as of Q2 2026



Note: Reported LCR under National Bank of Georgia methodology is 558%, while for comparative purposes the chart shows LCR reported under Basel methodology. Source: Company data, Scope Ratings.

Appendix 1. Selected financial information – JSC Microbank Crystal

	2021	2022	2023	2024	2025
Balance sheet summary (GEL m)					
Assets					
Cash and interbank assets	19	28	8	25	58
Total securities	0	0	1	5	0
of which, derivatives	0	0	1	5	0
Net loans to customers	354	398	438	515	566
Other assets	23	27	28	32	46
Total assets	396	453	476	576	670
Liabilities					
Interbank liabilities	0	0	0	0	0
Senior debt	308	351	370	440	470
Derivatives	0	8	0	0	13
Deposits from customers	0	0	0	0	33
Subordinated debt	16	14	17	23	41
Other liabilities	12	14	15	17	7
Total liabilities	336	386	401	480	564
Ordinary equity	50	57	64	86	96
Equity hybrids	10	10	10	10	10
Minority interests	0	0	0	0	0
Total liabilities and equity	396	453	476	576	670
<i>Core tier 1/ common equity tier 1 capital</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>99</i>
Income statement summary (GEL m)					
Net interest income	63	73	83	101	117
Net fee & commission income	0	1	1	1	2
Net trading income	-12	-12	-5	-2	-12
Other income	1	0	1	1	1
Operating income	52	62	80	101	107
Operating expenses	43	47	53	62	67
Pre-provision income	9	15	26	39	40
Credit and other financial impairments	3	8	12	10	23
Other impairments	0	0	0	1	0
Non-recurring income	0	0	0	0	0
Non-recurring expense	0	0	0	0	0
Pre-tax profit	6	7	14	28	17
Income from discontinued operations	0	0	0	0	0
Income tax expense	3	0	4	5	4
Other after-tax items	0	0	0	0	0
Net profit attributable to minority interests	0	0	0	0	0
Net profit attributable to parent	3	7	11	23	13

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

Appendix 2. Selected financial information – JSC Microbank Crystal

	2021	2022	2023	2024	2025
Funding and liquidity					
Net loans/ deposits (%)	NA	NA	NA	NA	1710%
Liquidity coverage ratio (%)	NA	NA	NA	NA	1,697%
Net stable funding ratio (%)	NA	NA	NA	NA	113%
Asset mix, quality and growth					
Net loans/ assets (%)	89.3%	87.8%	92.2%	89.3%	84.5%
Problem loans/ gross customer loans (%)	3.2%	3.5%	3.5%	2.8%	3.4%
Loan loss reserves/ problem loans (%)	119.2%	96.0%	119.6%	108.7%	107.1%
Net loan growth (%)	11.2%	12.4%	10.3%	17.4%	9.9%
Problem loans/ tangible equity & reserves (%)	16.9%	19.1%	17.8%	13.7%	16.7%
Asset growth (%)	8.2%	14.3%	5.0%	21.2%	16.3%
Earnings and profitability					
Net interest margin (%)	17.8%	18.4%	18.9%	20.5%	20.1%
Net interest income/ average RWAs (%)	16.6%	17.2%	17.8%	19.5%	19.1%
Net interest income/ operating income (%)	122.1%	117.5%	103.5%	100.3%	109.1%
Net fees & commissions/ operating income (%)	0.9%	0.9%	1.2%	1.3%	1.7%
Cost/ income ratio (%)	82.9%	75.8%	66.9%	61.6%	62.4%
Operating expenses/ average RWAs (%)	11.3%	11.1%	11.5%	11.9%	10.9%
Pre-impairment operating profit/ average RWAs (%)	2.3%	3.5%	5.7%	7.5%	6.6%
Impairment on financial assets / pre-impairment income (%)	30.3%	51.1%	44.8%	26.7%	57.3%
Loan loss provision/ average gross loans (%)	0.8%	2.0%	2.7%	2.1%	4.1%
Pre-tax profit/ average RWAs (%)	1.6%	1.7%	3.1%	5.3%	2.8%
Return on average assets (%)	0.8%	1.7%	2.3%	4.3%	2.2%
Return on average RWAs (%)	0.8%	1.7%	2.3%	4.3%	2.2%
Return on average equity (%)	5.4%	11.5%	15.2%	26.6%	13.3%
Capital and risk protection					
Common equity tier 1 ratio (% , fully loaded)	NA	NA	NA	NA	NA
Common equity tier 1 ratio (% , transitional)	NA	NA	NA	NA	15.0%
Tier 1 capital ratio (% , transitional)	NA	NA	NA	NA	15.0%
Total capital ratio (% , transitional)	20.5%	17.9%	19.4%	20.1%	19.1%
Leverage ratio (%)	NA	NA	NA	NA	14.8%
Asset risk intensity (RWAs/ total assets, %)	100.9%	99.6%	99.8%	98.6%	98.3%
Market indicators					
Price/ book (x)	NA	NA	NA	NA	NA
Price/ tangible book (x)	NA	NA	NA	NA	NA
Dividend payout ratio (%)	NA	NA	NA	NA	NA

Source: SNL, Scope Ratings

Note: Figures above may differ from reported figures.

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