EPCGF

STICHTING EUROPEAN PALESTINIAN CREDIT GUARANTEE FOUNDATION

# QUARTERLY NEWS LETTER

Issue No. 66

Dated: July 2025

INFO@EPCGF.ORG

## LETTER FROM EPCGF

**Dear Partners,**

**I am reaching out to you with this newsletter during yet another challenging time for Palestine. We all recognize that the current situation is profoundly impacting the Palestinian economy in an unprecedented manner. Nonetheless, we keep faith for change and better times in the near future and aim to work together to alleviate this impact and make a significant positive difference.**

**Key Highlights:**

**With a strong financial position, EPCGF continues to operate, serve, and meaningfully contribute towards its financial partners and the economy at large. EPCGF has not only launched new programs but remains committed to introducing additional initiatives in the upcoming period. We take satisfaction in our role supporting our partners, having entertained and honored significant claim payments for defaulted loans in both the West Bank and Gaza**

**Loan Guarantees:**

**EPCGF approved new loan guarantees resulting in the disbursement of USD 17,487,645 in the first half of 2025 covering 174 loans. This marks an increase compared to the same corresponding period, which saw 127 SME loans for a value of USD 15,519,986, representing a 12.6% increase. This indicates a slight uptick in the appetite and lending orientation of financial institutions and thus loans guaranteed by EPCGF.**

**Non-Performing Loans (NPLs):**

**NPLs demonstrated significant improvement with the NPL ratio decreasing to 19.81% in 1H 2025 from 27.90% in 1H 2024. This reduction can be attributed to a combination of factors: the payment of claims by EPCGF over the past period which lowered NPLs significantly and enhanced handling/ management of these loans by many partner financial institutions which we hope will continue going forward.**

**Guaranteed Outstanding Portfolio:**

**The overall guaranteed outstanding portfolio decreased by 20% in 1H 2025 to stand at USD 53,197,258 from USD 66,725,914 in 1H 2024 attributed to the payment of claims during the corresponding period, which reduced the guaranteed portfolio, and the broader impact of the prevailing situation on the cumulative growth of the guaranteed portfolio.**

**News Updates:**

### * New €10 Million Program to Support the Palestinian Economy:

**On 12 February 2025, the European Palestinian Credit Guarantee Foundation (EPCGF), in partnership with the German Ministry for Economic Cooperation and Development (BMZ) through KfW Development Bank and the Palestinian Ministry of Planning and International Cooperation (MoPIC), officially launched a new program designed to stimulate growth and provide vital support to key and underserved sectors. On top of EPCGF's existing successful programs, the new initiative in the form of a €10 million program is projected to leverage the initial funding to generate approximately EUR 50 million in financing for Micro, Small, and Medium Enterprises (MSMEs) through our esteemed partner financial institutions. This vital support is expected to benefit an estimated 1,358 businesses and sustain/ create approximately 10,450 jobs over the next four years, addressing critical needs in job creation/ sustainability, green finance, and support for women-driven and youth-led businesses particularly in impacted sectors and regions.**

**We look forward to working with you over the course of the coming period to build on present successes and address the many aspects this program covers from loan guarantees to technical assistance. Furthermore, this initiative is likely to open up new opportunities and offer targeted loans greatly benefiting existing as well as potential clients. Lastly, we also look forward to initiating many other successful programs as such in the future.**

*** First SME Diploma Program Concludes Successfully**

We are pleased to announce the successful conclusion of the first cohort for the SME Diploma Program. This has been a truly remarkable and successful experience for everyone involved. Despite various challenges, we proudly managed to conduct 8 group trainings, engaging a total of 173 participants. The overwhelmingly positive feedback received throughout the program underscores its significant impact and value for all participants and their employers. We are now eager to review the deliverables and assess the overall impact, which will provide comprehensive insights to well prepare for the next cohort, building on this strong foundation. As always, we shall seek your valuable input, feedback and recommendations to ensure the program continues to align with your institutions' and our shared objectives.

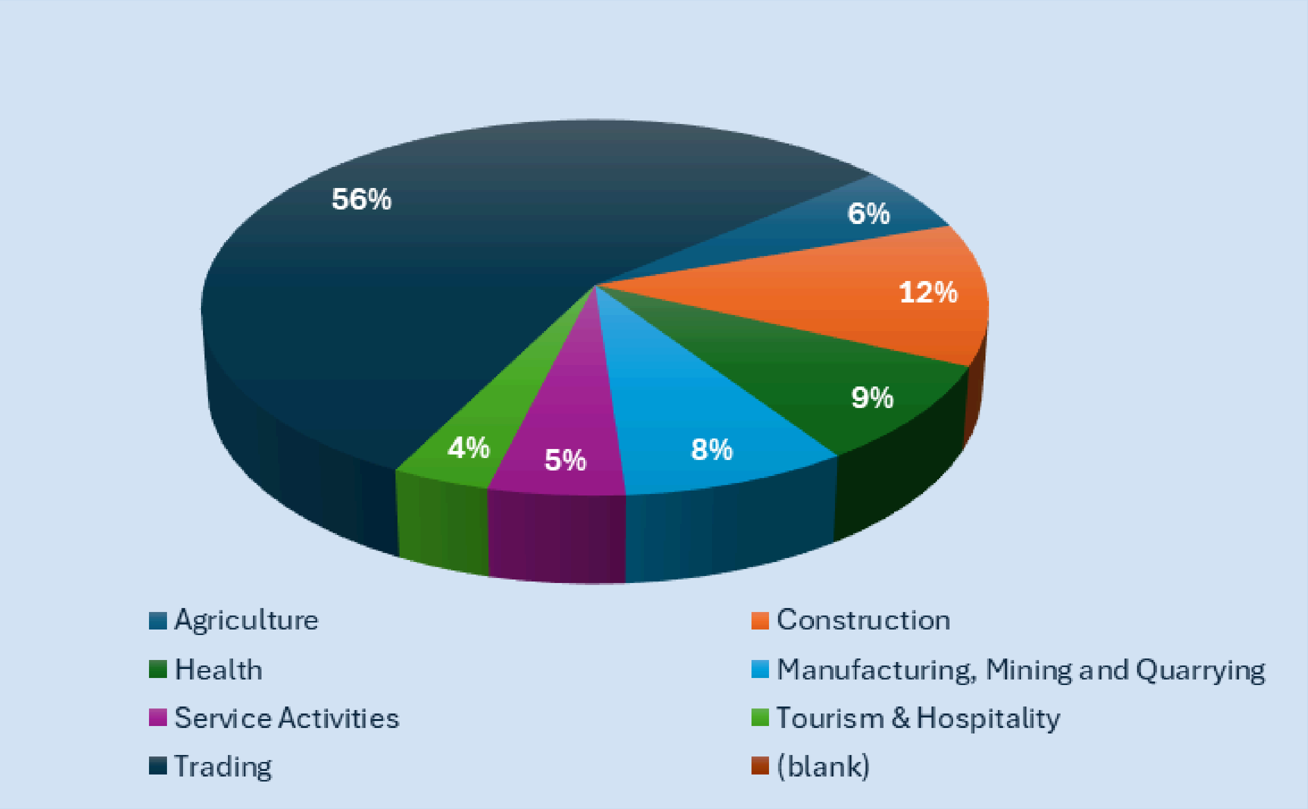
Finally, we thank you for being our valued partners all throughout the past period and look forward to working together to make an even greater impact in the coming future. We also pray for a swift end to the ongoing war and the immediate initiation of the recovery process so we can further unite our efforts for the Country's much-needed healing, recovery and growth.

Sincerely,

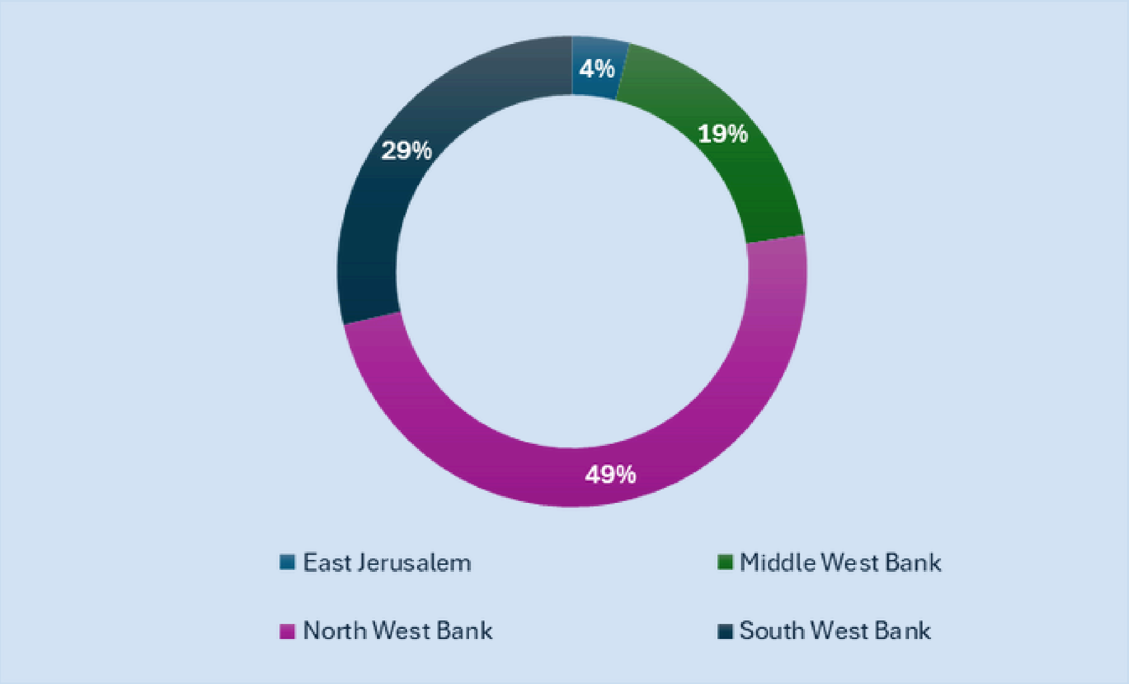
Hussein Habbab
Managing Director

# FIGURES QUARTER 1 - 2025

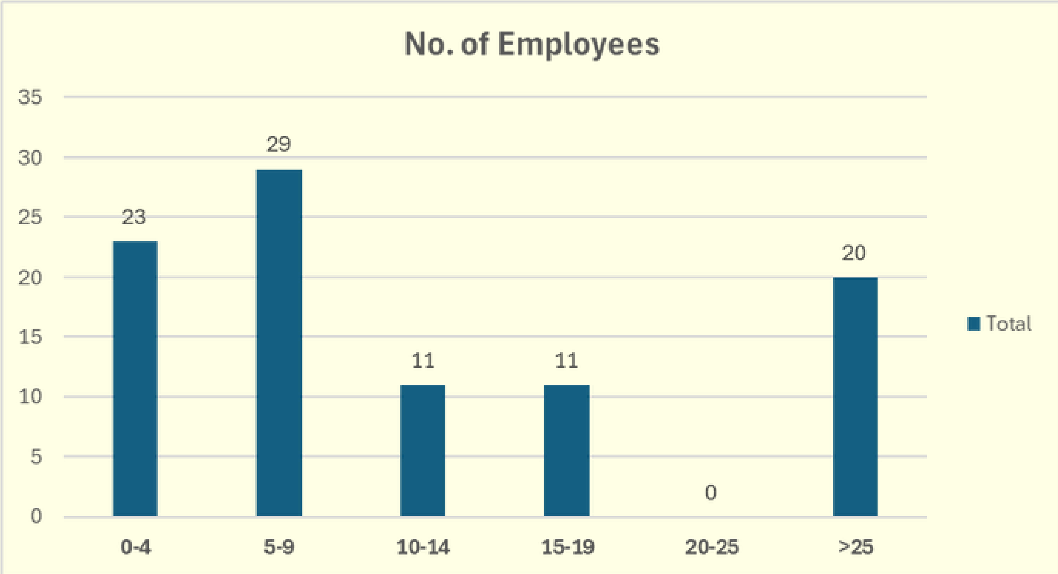
## SECTORAL DISTRIBUTION




## GEOGRAPHICAL DISTRIBUTION



## SME PROFILE

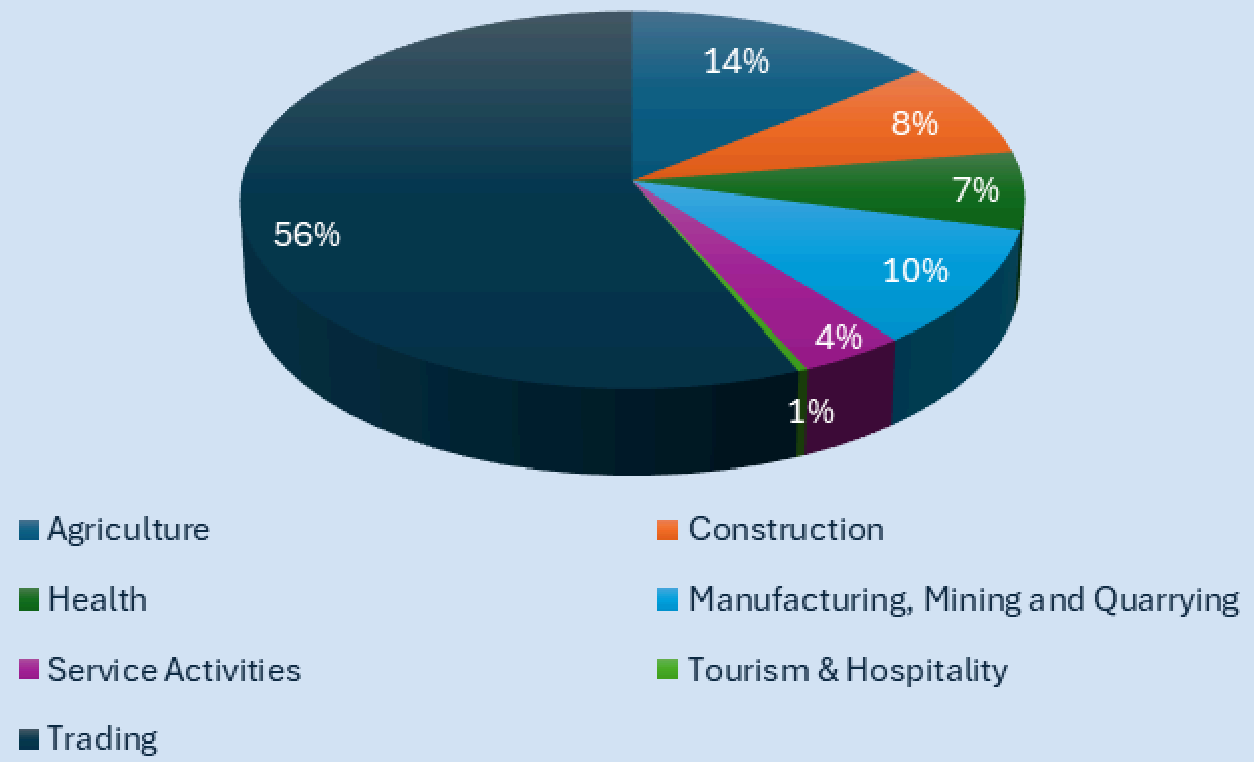



## MARKET PENETRATION

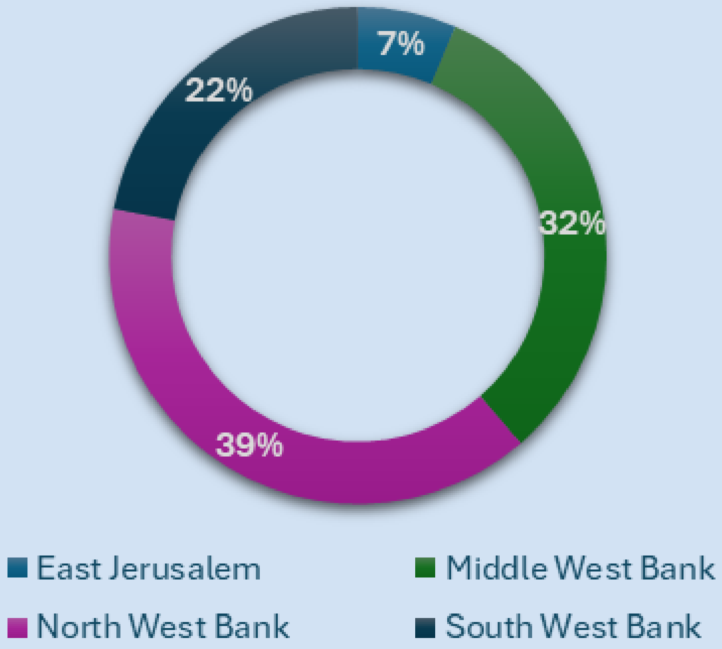
| Client Type | Number |
|---|---|
| Unbanked | 3 |
| New Credit Relation | 20 |
| Existing Credit Relation | 55 |
| Grand Total | 78 |

# FIGURES QUARTER 2 - 2025

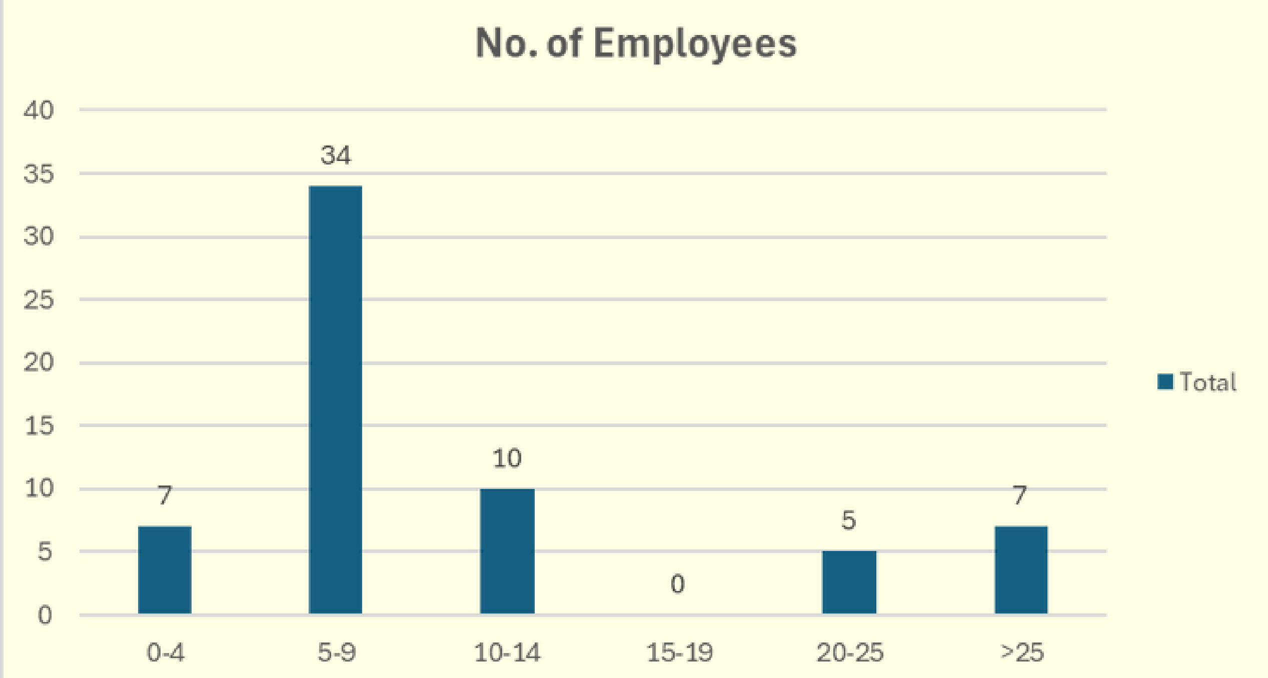
## SECTORAL DISTRIBUTION




## GEOGRAPHICAL DISTRIBUTION



## SME PROFILE

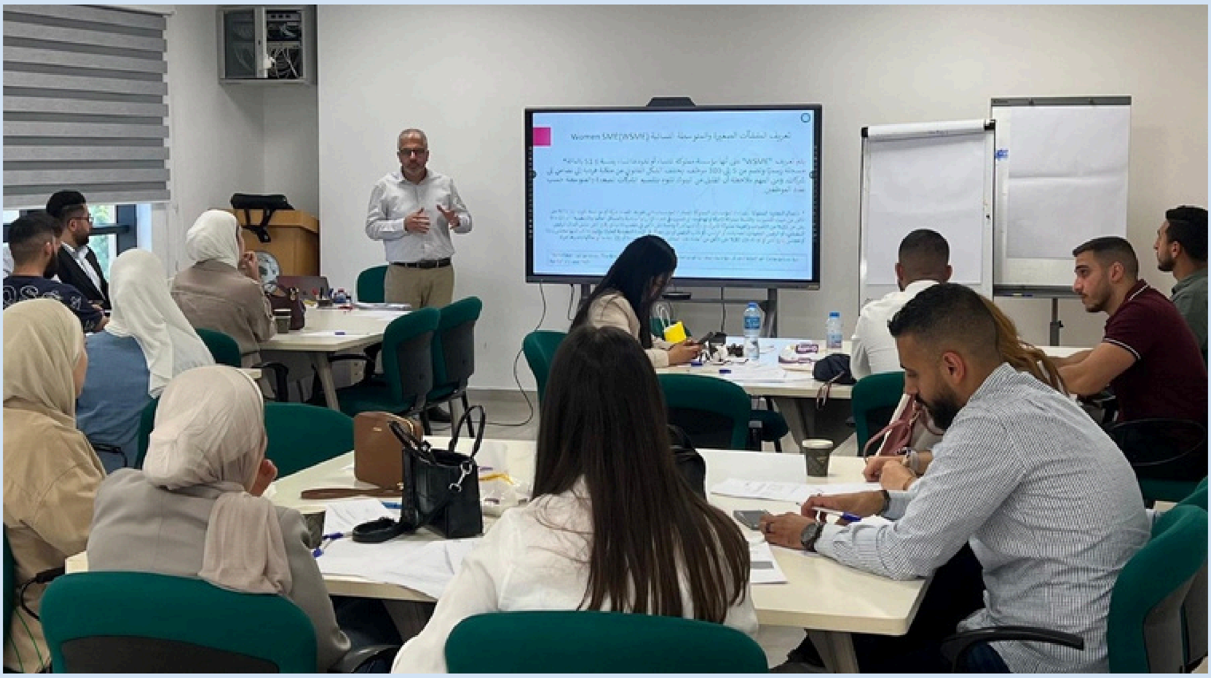



## MARKET PENETRATION

| Client Type | Number |
|---|---|
| Unbanked | 2 |
| New Credit Relation | 22 |
| Existing Credit Relation | 69 |
| Rescheduling Client | 2 |
| Grand Total | 95 |

BELOW ARE PICTURES FROM OUR MOST RECENT SESSIONS/ COHORT, WHICH CONCLUDED IN JULY 2025 IN RAMALLAH AND NABLUS

## SMEs Diploma - Ramallah



# SMEs Diploma - Ramallah

# SMEs Diploma - Nablus

# SMEs Diploma - Nablus