

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

QUARTERLY NEWS LETTER

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Inside this Issue	Page
A Message from the Foundation: A Steady Partner in Challenging Times	3
EPCGF's Figures for Q3 /2025	5
Sectoral Distribution	5
Geographical Distribution	5
SME Profile	6
Market Penetration	6
EPCGF's Figures for Q4 /2025	7
Sectoral Distribution	7
Geographical Distribution	7
SME Profile	8
Market Penetration	8

A MESSAGE FROM THE FOUNDATION: A STEADY PARTNER IN CHALLENGING TIMES

Dear Valued Partners,

As we conclude the second half of 2025, the European Palestinian Credit Guarantee Foundation (EPCGF) continues to serve as a grounded and reliable partner. While the political and economic landscape remain complex and the challenges facing our community are profound, our mission remains steadfast: to serve as a permanent and reliable pillar of the Palestinian financial ecosystem. Similar to our performance in the first half of the year, EPCGF has maintained the steady payment of claims to our partner Financial Institutions (FIs)/ banks. By fulfilling these obligations promptly, we provide stability that allows the financial sector to continue lending during uncertain times. We remain committed to working tirelessly to alleviate economic impacts and provide a significant positive difference for the FIs and hence the MSMEs we serve.

Strategic Resilience and Portfolio Health (3Q – 4Q 2025)

The data from the third and fourth quarters show an emphasis on stability and high-impact sectors. Focused on the sustainability of the local economy, amongst others, our activities during this period were characterized by:

- **Comprehensive Sectoral Catering:** We remain dedicated to supporting all productive industries/ sectors, ensuring that businesses across all fields have a path to growth. During this period, support was notably concentrated in the Trading sector (averaging 55%) and the Services sector (8%). While this distribution reflects current market demand, EPCGF is designed to cater to all sectors of the Palestinian economy.
- **Empowering the Smaller Players:** EPCGF maintained a focus on micro-enterprises, particularly those with fewer than five employees. At EPCGF, we consider these micro-enterprises to be the essential building blocks of both our rural and urban areas. Their ability to stay operational is a primary driver of communal resilience and supporting them is a core priority to ensure local economies remain performing and self-sustaining.
- **Geographical Strength and Responsiveness:** While EPCGF remains open to all areas and committed to nationwide coverage, activity during this period was primarily anchored in the North-West Bank, accounting for ~ 48% to 52% of total activity. It happened that our presence in these specific areas was crucial during this time, providing a vital stabilization effect where the need for intervention was most immediate.

Capacity Building: Success of the SME Diploma Program

The third quarter of 2025 marked the successful conclusion of the first cohort of the SME Diploma Program, delivered in partnership with the Center for Continued Education (CCE) at Birzeit University and accredited by the Palestine Monetary Authority (PMA). Despite significant obstacles and movement restrictions since October 2023, in this inaugural cohort, we successfully engaged 200 registered participants, achieving a notable 86% success rate with 172 graduates from across the West Bank. While we look forward to re-engaging our colleagues in Gaza as soon as the situation permits, the initial cohort has already delivered a tangible impact for attendees and their organizations.

The program's strength was deeply rooted in the diverse contributions of participants who joined from various backgrounds and financial institutions across Palestine. Their engagement, coupled with CCE's ability to adapt training in real-time based on feedback, ensured the curriculum remained practical and of a high standard.

Building on this momentum, we are preparing to launch a second cohort (out of intended three) in March 2026 for an additional 200 participants. This upcoming phase will feature a refreshed curriculum, including new modules on Problem Loans Management and Green Financing amongst other important topics, to directly address the evolving needs of the Palestinian market.

Operational Focus and Looking Ahead

The careful management of our guaranteed portfolio, supported by the steady settlement of claims, has ensured that the Foundation remains a stable resource for our partners. A clear testament to this stability is the success of the initiative launched in February 2025 in partnership with BMZ/ KfW and MOPIC; this €10 million program is currently outperforming its initial projections, effectively leveraging funds to generate approximately € 50 million in financing over four years for MSMEs through our esteemed partner financial institutions.

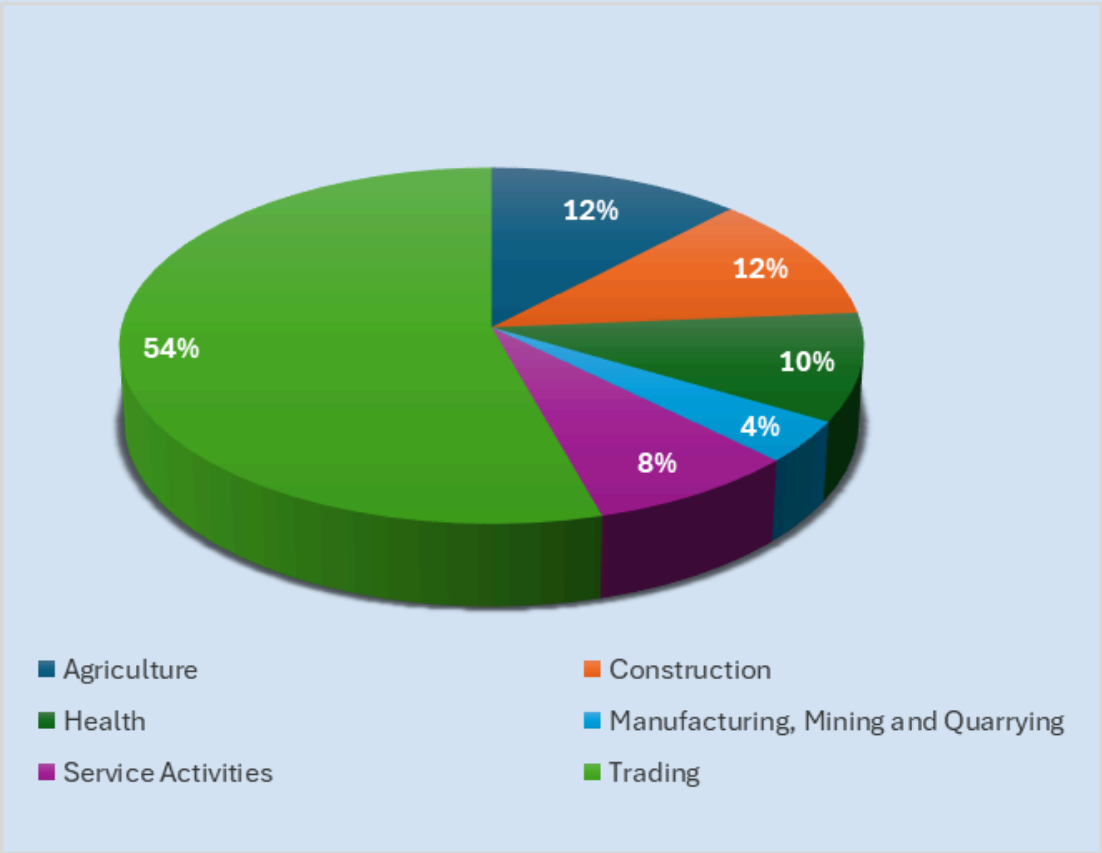
As we move into 2026, EPCGF stands ready to continue its collaboration with partner financial institutions. We look forward to several other new initiatives during the course of the year 2026, providing the necessary guarantees to protect small businesses and support the Palestinian economy through the challenges ahead.

Yours Sincerely,

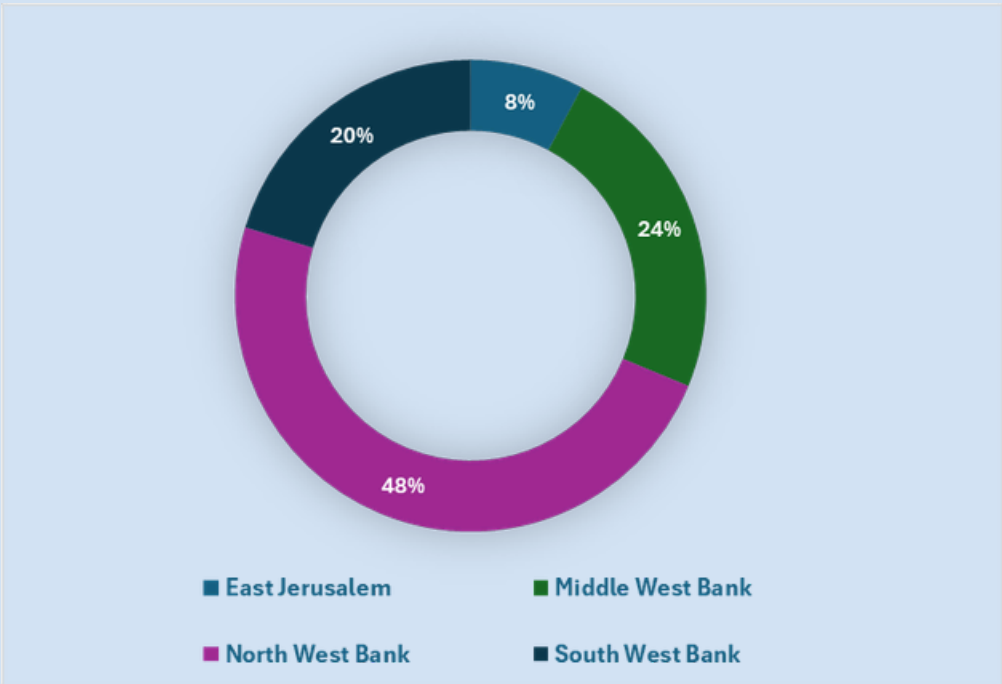
Hussein Habbab
Managing Director

FIGURES QUARTER 3 - 2025

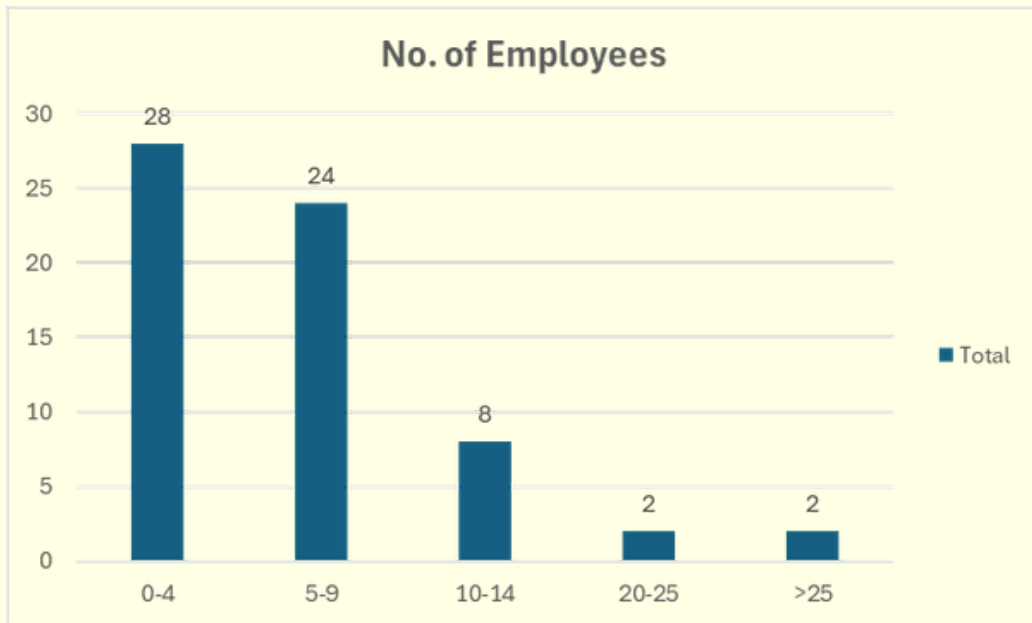
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE

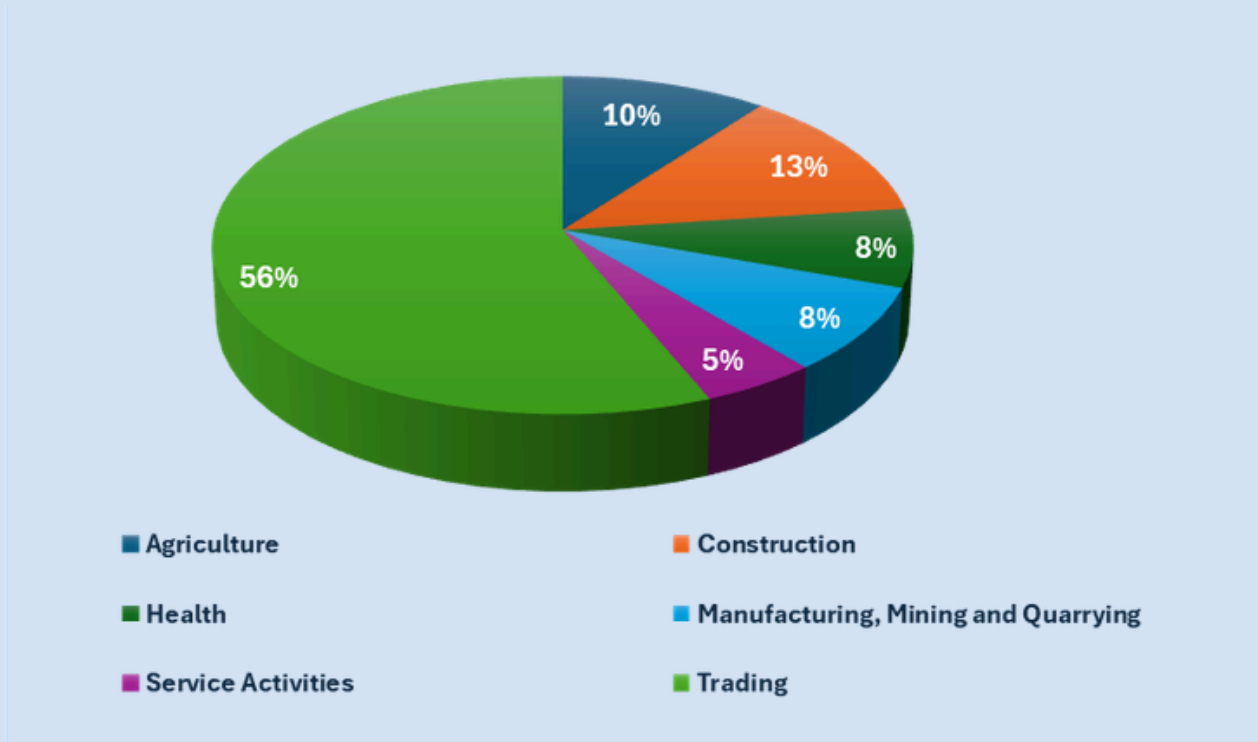


MARKET PENETRATION

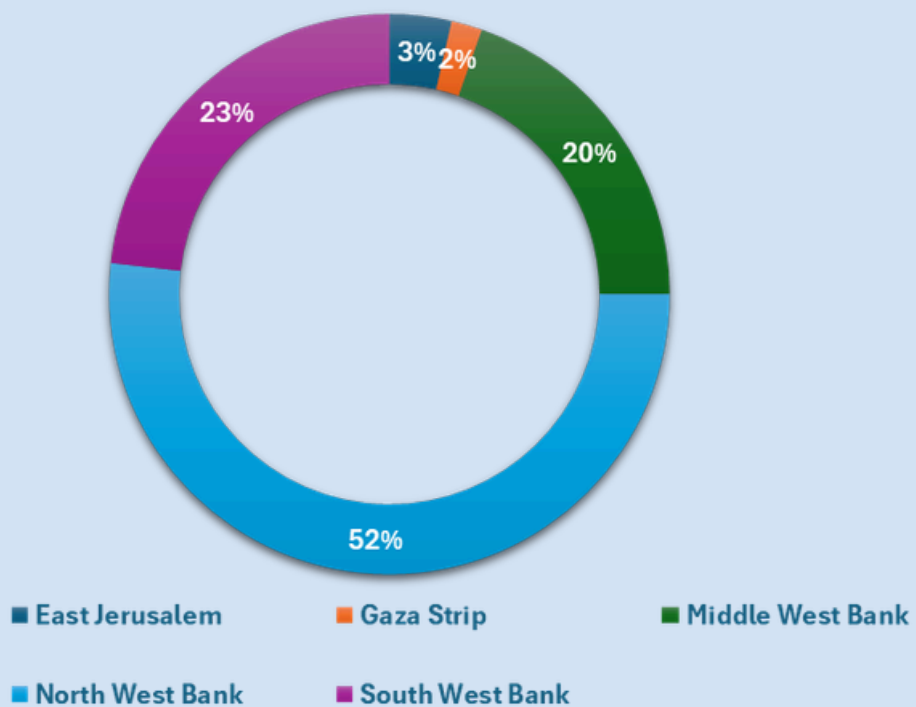
Client Type	Number
Unbanked	2
New Credit Relation	7
Existing Credit Relation	49
Grand Total	58

FIGURES QUARTER 4 - 2025

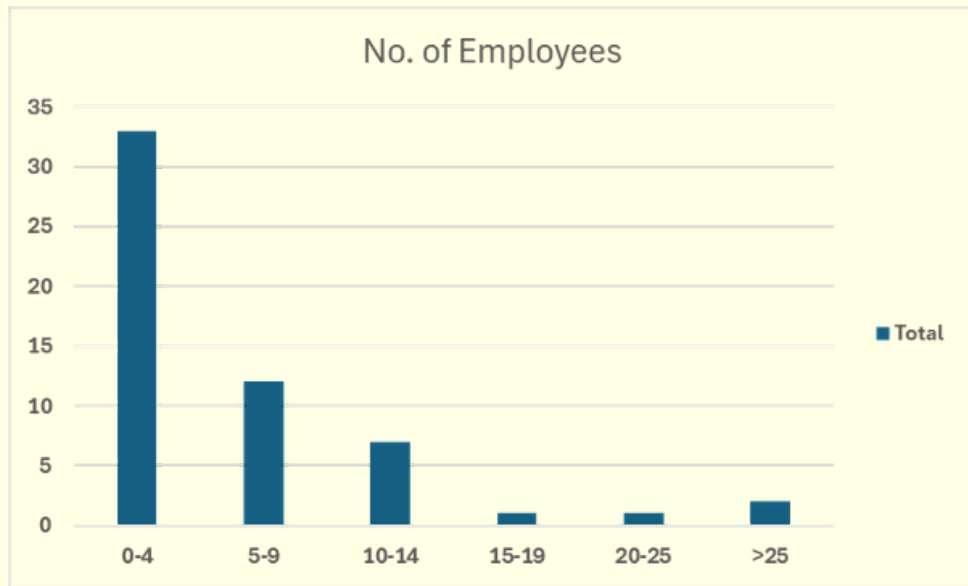
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE



MARKET PENETRATION

Client Type	Number
Unbanked	0
New Credit Relation	6
Existing Credit Relation	50
Grand Total	56