

EPCCGF



STICHTING EUROPEAN PALESTINIAN
CREDIT GUARANTEE FOUNDATION

Quarterly Newsletter

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Letter from the Managing Director

This is a time like no other in our lives. The coronavirus pandemic continues to produce uncertainty and stress in our communities. We have all been impacted by the spread of the virus, which has been harmful for so many. Despite the challenges we are all facing every day, this is also a time that is bringing out the best in many people across the financial sector for the purpose of supporting the financial and non-financial needs of the SME sector.

In this newsletter Q3, 2020 we are pleased to present the activities of EPCGF we have jointly achieved in cooperation with our partner financial institutions. During which, EPCGF continued to develop new Programs to further support the SME sector in Palestine in partnership with the PMA. Estidama Program in response to COVID-19 was initiated by PMA to ease the SMEs access to finance, and will certainly encourage the partner banks to extend more SME loans under this Program according to the EPCGF risk sharing set criteria.

As of September, 30th EPCGF has issued 181 SME loan guarantees for a total loan amount of USD 14.2 million. This represents a decline of around 25% in terms of number and volume compared to the same reporting period of last year. However, the NPL decreased to 7.79% as of Q3, 2020 compared to 10.11% as of Q2, 2020. The NPL has been also improved by less than 4.2% compared to Q3, 2019. The banks' staff as well as EPCGF's team have increased their collection efforts during the past few months to be able to manage the defaulted loans in these difficult times. This approach will continue in the future, which in turn should improve the portfolio performance towards the end of the year, going forward.

The technical assistance (TA) Program funded by the Republic of Germany through its development bank, KfW is still going with the aim of supporting the capacity building of the partner financial institutions, their staff and entrepreneurs and strengthening the role and capacity of the financial sector. However, the TA plan of this year has been impacted like many other plans and the priorities of the market and partners have also changed. A review of the TA plan will be concluded in the near future, to be also compatible with the partners' future needs.

Last but not least, I would like to extend my sincere gratitude to our partner financial institutions, supervisory Board of Directors and EPCGF colleagues for their extraordinary efforts in maintaining EPCGF the leading SME guarantee scheme in the Palestinian marketplace. Of course, in this opportunity I would like to also extend a special thanks to PMA for their ongoing support to stimulate the SME lending in Palestine and their high confidence in EPCGF.

Managing Director

Raed Kafity

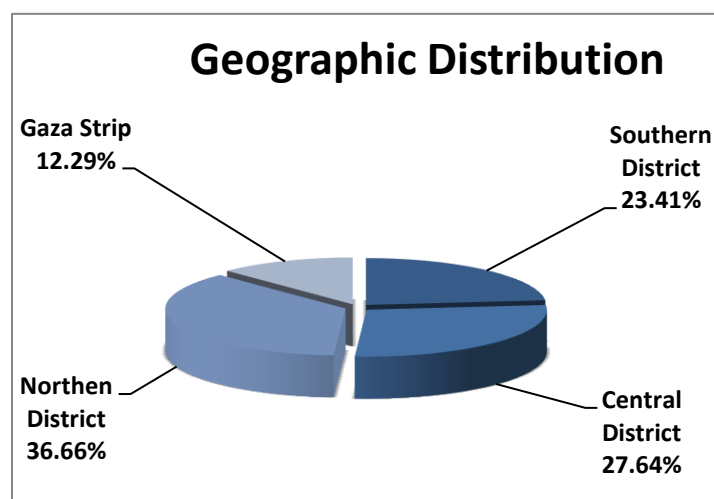
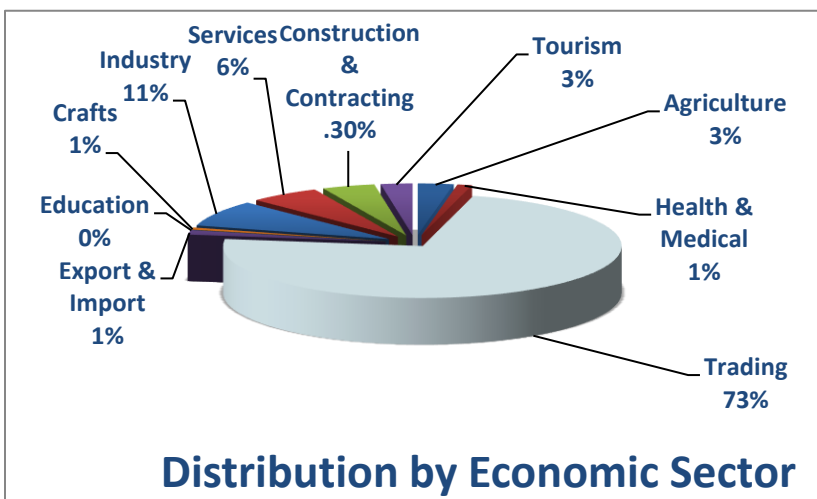
SECTOR DISTRIBUTION

Economic Sector	Amount USD
Agriculture	413,235
Health & Medical	169,940
Trading	10,397,584
Export & Import	200,000
Education	0
Crafts	96,000
Industry/Light Industry	1,164,948
Services	816,219
Construction & Contracting	608,577
Tourism	365,000
TOTAL	14,231,503

GEOGRAPHICAL DISTRIBUTION

Region	Amount USD	No. of Loans
Southern Districts	3,331,084	36
Central Districts	3,934,086	47
Northern Districts	5,216,576	75
Gaza Strip	1,749,755	23
TOTAL	14,231,503	181

South: Hebron, Bethlehem
Central: Ramallah, Bethany, Al Ram, East Jericho, East Jerusalem
North: Nablus, Jenin, Tulkarem, Qalqelia



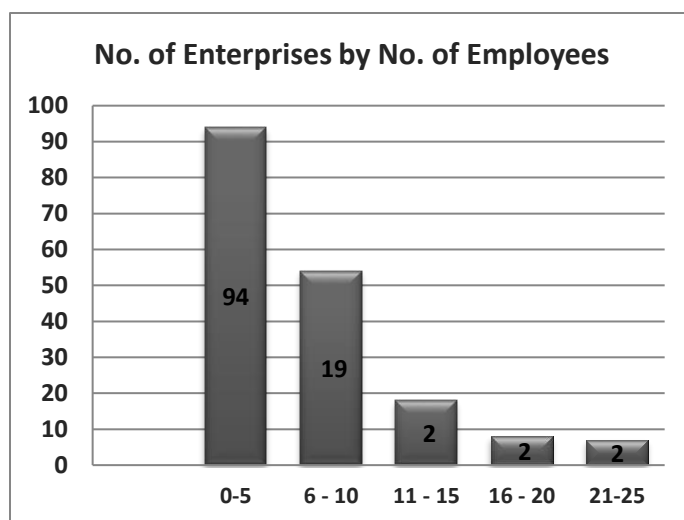
MARKET PENETRATION

Client's Type at Banks

Code	Client's Type	Number
001	New Clients	38
002	Existing Clients with No Credit	23
003	Existing Borrowers with No Credit	18
004	Existing Borrowers	83
005	Borrowers with Arrears	1
006	New Client for Bank (with Credit History)	14
007	Existing Client (Credit Relationship with EPCGF)	4
Total		181

SME PROFILE

No. of Employees	No. of Enterprises
1-5	94
6-10	54
11-15	18
16-20	8
21-25	7
TOTAL	181



Updates

On September 7th, 2020 EPCGF signed an agreement with PMA under Estidama Program. The Program was designed with a special guarantee conditions to support the impacted SMEs as a result of the COVID-19 pandemic. According to the agreement with PMA, EPCGF has also signed eight MOUs to allow our partner banks to apply for partial risk guarantee to facilitate the SMEs access to finance under this one-year Program, subject to renewal.

As of 30 September 2020, EPCGF have approved 10 loan guarantees for an amount of USD 681,450 and it is expected that the numbers will increase in the coming future.