EPCGF

STICHTING EUROPEAN PALESTINIAN CREDIT GUARANTEE FOUNDATION

QUARTERLY NEWS LETTER

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INFO@EPCGF.ORG

A MESSAGE FROM THE FOUNDATION TO EPCGF'S PARTNERS

Dear Valued Partners,

As we conclude the first half of 2026, 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. We also remain committed to working tirelessly to alleviate economic impacts and provide a significant positive difference for the Partner Financial Institutions (PFIs) and hence the MSMEs we serve. Furthermore, and similar to our performance in the previous periods, EPCGF has maintained the steady payment of claims to our partner FIs/ banks. By fulfilling these obligations promptly, we provide stability that allows the financial sector to continue lending during uncertain times.

Strategic Resilience and Portfolio Health (1Q – 2Q 2026)

The data from the first and second 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 ~50.5%, with 59% in 1Q and 42% in 2Q) and the Agriculture sector (averaging ~8%, with 6% in 1Q and 10% in 2Q). 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 (0–4 employees accounted for 40 clients in 1Q and 32 in 2Q). 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 ~34% to 43% of total activity (34.21% in 1Qand 43.12% in 2Q), alongside significant presence in the Middle West Bank (~30% to 34%). 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 and Strategic Expansion

Building on the success of our inaugural cohort, we initiated the second cohort of the SME Diploma Program in 1Q 2026. Currently taking place across the West Bank (North, Middle, and South), the program is scheduled to conclude by the end of the year, graduating 400 participants toward our target of 600 total graduates by the end of 2028. The feedback from participants and their institution's engagement has been overwhelmingly positive and played a fundamental role in refining and enhancing the program beyond the first cohort's success.

Furthermore, EPCGF is actively engaging with new partners and donors to extend our guarantee services toward smaller loans for MSMEs – the true building blocks of the Palestinian economy. We look forward to sharing more details as this strategic initiative unfolds and takes shape in the third quarter of 2026.

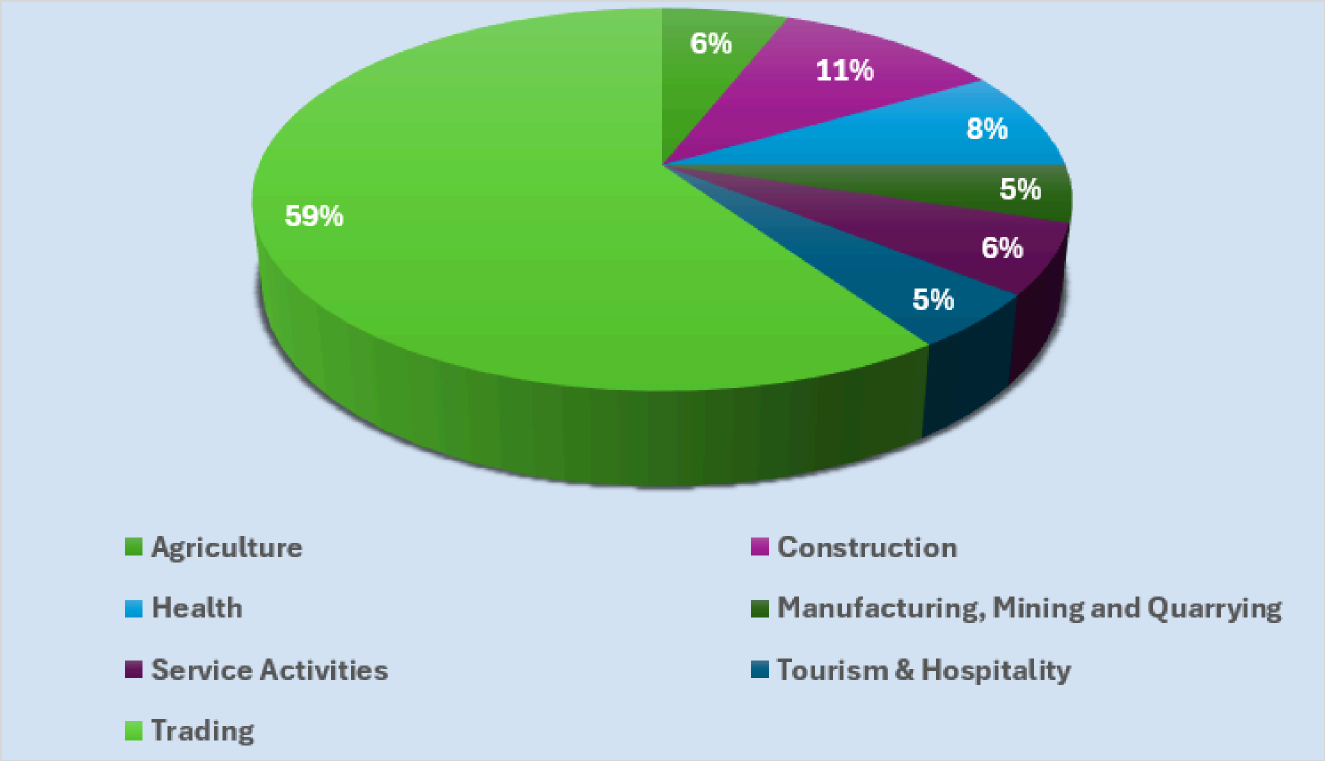
We thank you for your continued partnership and look forward to further cooperation and collaboration in the coming period for the benefit of our economy, our partners, and the communities we serve.

Yours Sincerely,

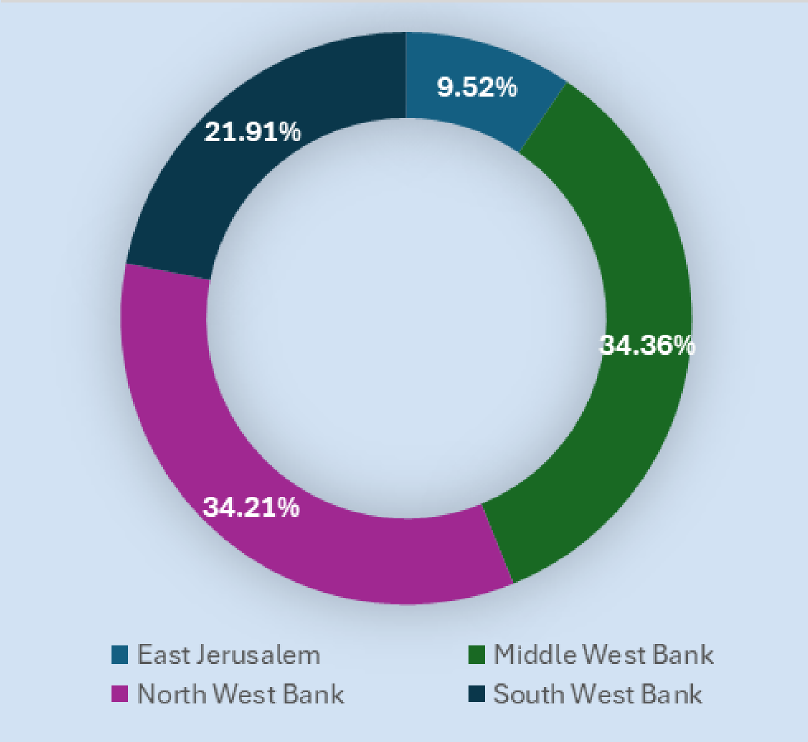
Hussein Habbab
Managing Director
EPCGF

FIGURES QUARTER 1 - 2026

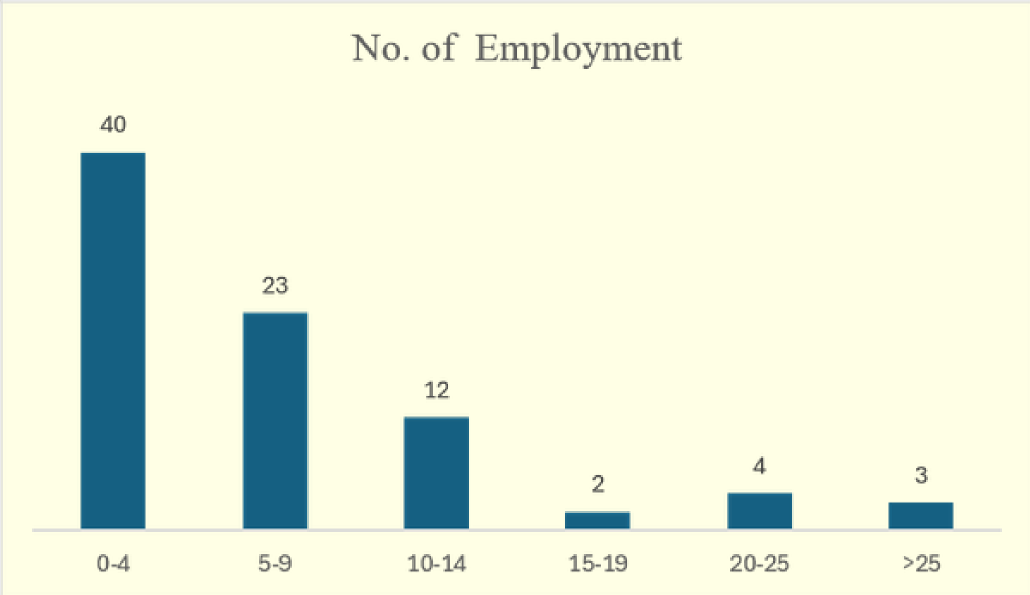
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE

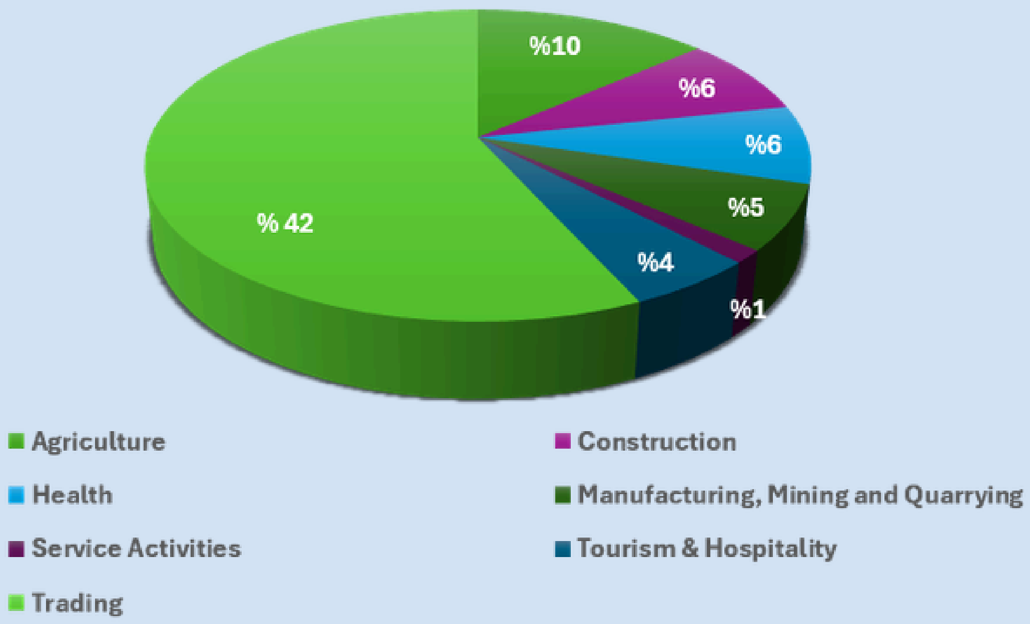


MARKET PENETRATION

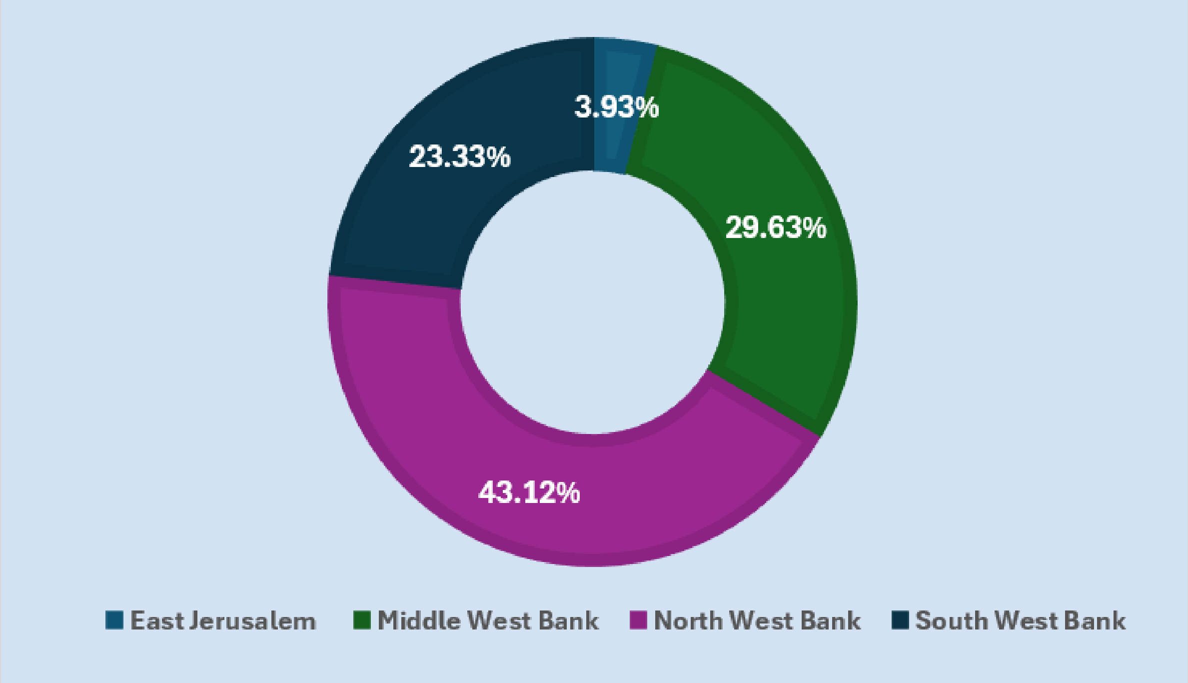
Client Type	Number
New Credit Relation	14
Existing Credit Relation	70
Grand Total	84

FIGURES QUARTER 2 - 2026

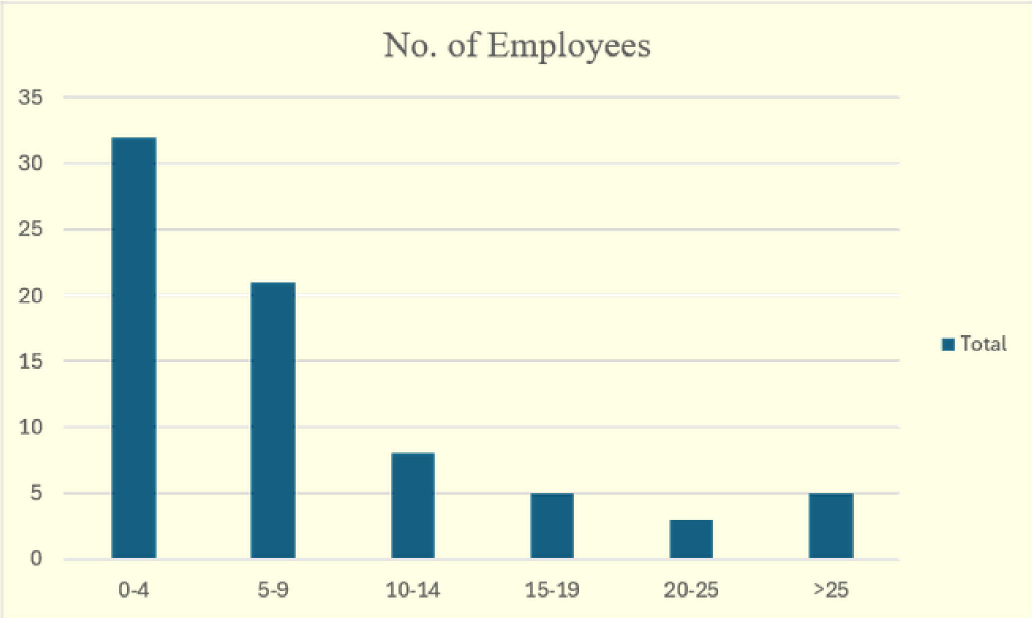
SECTORAL DISTRIBUTION



GEOGRAPHICAL DISTRIBUTION



SME PROFILE



MARKET PENETRATION

Client Type	Number
New Credit Relation	10
Existing Credit Relation	64
Grand Total	74