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Newsletter
7 | 5 Nov 2014

We welcome you to our November Newsletter. This month marks an exciting new development at Emergo Wealth. We are preparing for the launching of our Life Goals Fund, a horizontal, multi-employer provident fund for employees in the private sector. In the mould of popular such plans in the European Union and the United States, the Fund will offer a client-friendly, cost-effective option for people that either have no provident fund or participate in small provident funds that are burdensome and expensive to run. Life Goals will be managed by accomplished and experienced investment management professionals and will offer a choice of globally diversified portfolios that will cater to the different risk profiles of its members. Watch this space!

In our featured article of the month, our Director of Investment Strategy revisits the issue of the non-performing loans of the Cypriot banking sector. As a major source of concern for the Cypriot economy as a whole, non-performing loans have once again been in the limelight, not least because of the recent passing of the foreclosures legislation. The article examines the progress achieved in the management of the non-performing loans and the likely next steps.

As always, we would love to hear from you with any feedback on our articles or for any questions regarding our services.

Dr Mike Balm, Managing Director

Non-Performing Loans: Are we moving in the right direction?

Upcoming Events

4
Nov

10th Cyprus Economist Summit

30
Nov

Last day for settlement of property tax with a discount of 15%

4
Dec

2nd Cyprus Banking Forum

8
Dec

The sharp increase in non-performing loans (NPLs) at the Cypriot Banks is not a unique or a novel phenomenon. The United States financial crisis that threatened to bankrupt banking giants that were deemed "too big to fail" and the bank run on Northern Rock in the UK are but just two famous examples where the balance sheets of banks were found loaded with "toxic loans".

In Cyprus, the process of dealing with the challenge of the NPLs started upon the arrival of the Troika to Cyprus in 2012. The first important step in this process was to acknowledge the problem and understand its size and contributing factors. An arrears Management framework and a banking code of conduct were quickly put in place, while the focus of the banks in granting new loans shifted almost exclusively on repayment capacity of the borrower rather than collateral value.

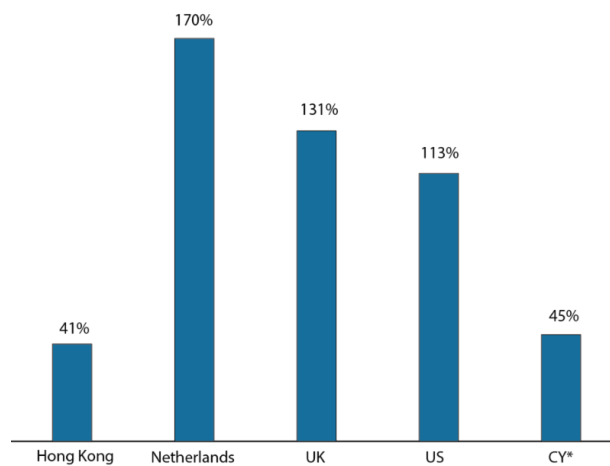
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"A person who has not made peace with his losses is likely to accept gambles that would be unacceptable to him otherwise." -Kahneman & Tversky



Chart of the Month

Pension Fund Assets as a % of GDP



* Only includes the assets of the Social Insurance Fund in 2013 (7.4bn Euro)

About Emergo Wealth

Emergo Wealth Ltd. is a fully-fledged financial services and investment advisory company, built on world-class professional expertise, integrity and transparency. We provide investment advisory, asset and portfolio management, brokerage and administrative services that enable our clients to rely on turnkey, total solutions to manage their business and grow their wealth.

We offer corporate finance advisory and management consulting services, including advice on debt restructuring and on M&A transactions. Our research desk offers a range of proprietary reports on a number of sectors of the Cyprus economy as well as ad hoc analysis reports upon request.

Emergo Wealth is registered with the Cyprus Securities & Exchange Commission under the provisions of the applicable legislation (License Number 232/14). More information on the Company and its products and services can be found at www.emergowealth.net

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