



**"The important thing about the group's results is that they are going in the right direction"**

**SFC Chairman Louis Farrugia INTERVIEW ■ PAGE 10**



**"Nothing can stop the momentum of this environment killing machine"**

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## PM'S MAY DAY



For the occasion of Worker's Day, the Nationalist Party organised a conference on work at the Le Meridien in St Julian's with particular focus on new high paying industry sectors. Prime Minister Lawrence Gonzi is here seen closing the conference. Photo by Ray Attard

## Paying out dividends in excess of profits is unsustainable says BOV Chairman

**Gerald Fenech**

HSBC's policy of paying out dividends which are in excess of profits earned during the year is an unsustainable one and one can never compare such a policy with the practice at Bank of Valletta.

These were the stark observations made by BOV Chairman Roderick Chalmers in comments to Business Today whilst answering a number of questions on the better than expected interim results of the bank.

"We do not believe that it is appropriate to compare (as some do) BOV's dividend policy with that of HSBC Malta, who have been paying out dividends in excess of profits earned – and who are therefore essentially returning capital to shareholders. Apart from the fact that such a policy is unsustainable in the long term, BOV does not have a big brother holding company with billions of liri in capital, and we therefore have to

ensure that our own balance sheet grows in line with our business and can stand on its own two feet".

Asked on the situation regarding improved loan impairments, Chalmers said that according to the bank's opinion, the housing market is not overheating and vigilance remains rigorous.

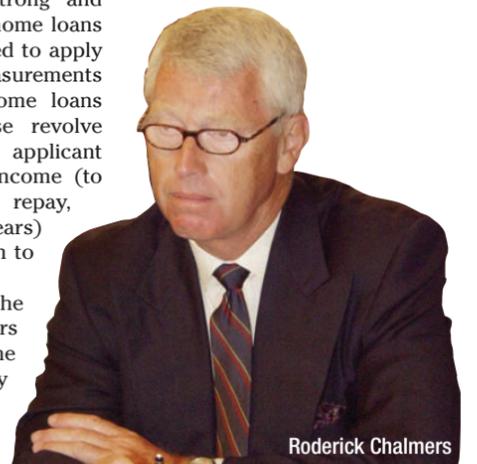
"We have seen a strong and sustained demand for home loans – and we have continued to apply normal risk related measurements and criteria in our home loans lending policy. These revolve around the age of applicant and loan multiple of income (to determine ability to repay, duration (number of years) of the loan and the loan to value ratios".

Chalmers added that the bank obviously monitors the performance of the home loan book very carefully and will continue to do so.

"To date, this

performance has been extremely satisfactory, repayments are very regular and the ratio of loans in arrears or otherwise delinquent are very low indeed. Accordingly, we remain satisfied with the quality of our Home Loans business – but we will, of course, remain vigilant".

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Roderick Chalmers

## MIA to embark on most ambitious solar project in the European Union

**Karl Stagno-Navarra**

Malta International Airport is set to embark on what is already being defined as one of the most ambitious environmental projects within the European Union and will be setting the agenda in alternate energy generation within operations of its kind.

A multi-million Euro call for tenders that closes on June 6, provides for the supply and commissioning of a solar cooling system for the whole terminal.

MIA intends to replace the existing central air-conditioning system, comprising of a number of electrically

driven chillers, by a solar thermal driven air-conditioning system based on absorption technology.

The Solar Cooling System for MIA is one of the most ambitious solar projects currently under development and is intended to provide solar cooling all year round as well as solar heating during the winter months.

With the tender registered in the EU journal, sources have revealed that since the launch of the call for tenders on April 27, MIA has already received expression of interest from numerous local and international companies.

EU funds are expected to be part-financing the project, while other heavy investments by MIA are currently underway through two other calls for tenders issued recently by Malta International Airport plc.

With an estimated value of Lm6 million, MIA is calling on interested parties to tender for the resurfacing of Runway 14/32.

With this project, MIA is set to increase its passenger plane capacity during taxi.

Another call for tenders is for the supply of airfield ground lighting equipment.

## Support for Euro changeover reaches 58%

**James Debono**

Support for Euro adoption has grown by 23% since November 2005 when support for adopting the new currency in 2008 amounted to just 35%.

This was revealed by a survey conducted by sister paper MaltaToday.

A year ago support for the Euro adoption in 2008 was set at 47% in a similar survey.

Support for the Euro change-over in 2008 has grown significantly after the MLP dropped its initial reservations on the timing of Euro adoption. The

MLP was never against the adoption of the euro but had expressed doubts on the timing set by the Nationalist government.

Only a year ago MLP leader Alfred Sant declared that January 1, 2008 is not the right time for the adoption of the Euro. Alfred Sant said that the Euro should be introduced when the country's economy registers an increase of at least 4 per cent every year.

But in his budget speech in October opposition leader Alfred Sant committed himself to abide to the timetable set by the present

government to adopt the Euro in 2008.

Labour voters are still sceptical on Euro adoption, but a significant 45% support the adoption of the euro in 2008.

On the other hand one in every five Nationalist voters are against the adoption of the Euro in 2008.

Asked to state their concerns on euro adoption, a fifth claimed that they had no worries on euro adoption. Only a fifth are concerned that the euro will result in inflation while 16% are worried that retailers will mark up their prices. ► page 13

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