STUDY ON THE DIVIDEND POLICY ANALYSIS AT FINANCIAL INVESMENT COMPANIES

Assoc.Prof. Dorel Berceanu Ph. D
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania
Prof. Nicolae Sichigea Ph. D
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania
Assist. Daniel Militaru Ph. D Student
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania

Abstract: We developed this study starting from the idea that the actions of the five financial invesment companies represent most of the times, the first option to invest for all categories of investors, from the most "sophisticated" to the ones less familiar in the capital market issues, from small investors up to the institutional investors. We also appreciate that the net profit distribution for general destination issues and for dividends represents nowadays a problem on which the participants in the financial market should meditate. We have chosen for this study financial invesment companies because we think that they are very important and also represent high hopes for the capital market which has a strong interdependence relationship with the economic development.

JEL classification: G1, G3

Key words: dividend policy, financial investment companies, net profit, shareholders, managers

1. INTRODUCTION

Analyzed in the context of other major financial policy for the firm - investment policy and financing policy-dividend policy work to achieve the major objective of the company's financial position, ie to maximize firm value. This hypothesis is easily accepted for entrepreneurial firms where managers are themselves its shareholders. The situation changes if the management companies, the decision-making and ownership are separated, it is possible that managers act to maximize their own satisfaction first and only secondarily to maximize the economic value of the firm, thus creating a conflict of interest.

2. OBJECTIVES

It is obvious that the direct objective of any economic activity is to obtain a favorable result as high as possible and to provide incentives for all participants in this activity. So, in a world where the asymmetry of information and the negociation power of economic agents are increasingly more significant, we can not undervalue the way to share the results. The fact that a company is profitable does not mean, necessarily, that it generates wealth for all. The information asymmetry manifested between shareholders with controll power and those without and the one manifested between managers and shareholders can make firms generate positive cash flows, but which are targeted to specific destinations that only certain people can benefit from[1]. Therefore, at present, it increasingly gains importance the power balance relationship between the controlling shareholders and those without it.

When shareholders delegate the power to represent the company in relation to other factors of the economic environment, or if the mandate managers act in their interest, other parties control over the activity is strongly diminished. If the results are not the expected ones, they can act in two ways: either they will punish managers by vote at the general meetings in case the ownership is not too diffuse or they will abandon the company by selling shares they possess.

In order not to reach these radical measures and to mitigate the divergence of interests between exterior shareholders and managers there must be implemented mechanisms to restrict monetary benefits or related to the manager job, mechanisms involving their own cost named agent cost[2]. In this respect, the agency theory was developed. The name itself suggests the dealing problem. The agent (the trustee) is the person who performed any work in the interest and on behalf of another person (the principal) having the authority, and also the obligation to act in the best conditions[3].

The agency theory considers *the distribution of dividends by means of resolving the conflicts between shareholders and managers.*

The role of regulatory mechanisms of agent behavior is to allow them to minimize agency costs. In addition, financial markets have mechanisms that compel managers to watch over the interests of shareholders.

Thus, through the *financial market*, poor business management is reflected in the decline in share value and it increases the risk for managers to be replaced.

Therefore, the dividend policy is another way to resolve conflicts between managers and shareholders. The distribution of dividends corresponds to the interest of the shareholders and at the same time, by the need to compensate the lack of finance sources with debt itself, it makes managers to be aware to reduce bankruptcy risk and thus to avoid losing their job by taking policies that maximize operational flow and thus to allow servicing debt incurred.

Signaling effect of dividends is due to the information asymmetry of two protagonists of the firm: managers and shareholders. The financial market is characterized by an imbalance of information, managers hiding key information from shareholders, and being actually the only ones able to know the undervalued titles, respectievely the overvalued ones on the market, in relation to the real prospects of the company[4]. Having the different level of information, the dividend decision is considered as a signal to prospective earnings of the company sent to shareholders and, more generally, to the market managers.

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[1] V.Dragotă, Dividend Policy, All Beck, Bucharest, 2003, page 7

[2] M.C.Jensen, W.H. Meckling, Theory of the firm: Managerial Behavior, Agency Costs and Ownership Structure, Journal of Financial Economics No.3, North-Holland Publishing Company, 1976, page 308;

[3] I.Stancu and collaborators, Fundamental articles in financial theoy with explanations and practical applications,A.S.E. Bucharest, 1998, page 646;

[4] I.Stancu and collaborators, Fundamental articles in financial theoy with explanations and practical applications,A.S.E. Bucharest, 1998, page 558;

All these things take place currently in the Financial Investment Corporations (FICs). Conflicts between shareholders and managers take place in most of them, the latter being often accused of not acting as it should in the interest of shareholders. Conflicts arise often between a controlling shareholders (those holding significant packages of shares) and small shareholders. Therefore, a topic to address the issue of dividend decision on FICs consider is highly topical.

Thus, we see to what extent the agreed profit sharing ratio achieved the harmonization of the interests of the participating "actors" in FICs ' activities and how much the obtained yields satisfied shareholders' interest and, not least, the extent to which the policy applies to theoretical dividend practices.

3. METHODOLOGY

Dividend decision practice is characterised by two elements: the distribution rate and the amount distributed.

To the extent that the dividend is an impairment of the net result for the year, it is appropriate to study the relationship between the net profit per share (NPS) and the dividend per share (D).

The distribution rate that characterizes some practices dividend decision is:

$$R_d = \frac{D}{NPS} \cdot 100 \qquad (1)$$

The decision to distribute a larger or a smaller net profit to shareholders - in the form of dividends - determines the amount of the capitalized net profit. Therefore, determining the allocation of the profit rate is a fundamental problem for the company because, logically, the net profit compensates shareholders for the bearing risk.

The decision to distribute dividends is considered low if the distribution rate is below 20%, and strong when it exceeds 60%.

An optimal dividend decision involves ensuring a balance between the net profit distributed as dividends and the remaining cash flow that will ensure future growth of the company, and therefore assumptions for the share price growth.

When the general meeting decides to not fully distribute the net profit, a part of the private ownership will not be able to gain an immediate income but to hope to achieve a future income. This is the basis for selecting business ownership.

Therefore, creditors are directly interested in the distribution rate, in particular its bondholders in order not to have a transfer of wealth from them to shareholders. As their remuneration is often, fixed (the interest rate being fixed), if the level of risk taken into account in determining the actual interest is lower than the real risk, their bonds will decrease, resulting the remembered transfer.

Recalling the interest of company managers to benefit from a direct source of cash flow with a cost equal to the cost of equity but which improves the financial structure of the firm, it is obvious the interest of the company to implement optimal dividend decisions that would reconcile the conflicting of interests of the key actors.

However, other practices of such decisions consider the distribution rate to be an important element emphasizing the stability and the possible progressivity of the amounts distributed. Among the factors studied by potential investors when they consider to become shareholders in a company or another, it is the past behavior of the amounts distributed as dividends. Therefore, the importance of past developments dividends requires the for the company to have some stability of amounts distributed as dividends. In fact, an uneven distribution translates into an uncertainty of shareholders regarding the size of future dividends. Firms, even when going through difficult times, have a regular distribution of dividends are seen much better on the market than those that suspend, even temporarily, the distribution of dividends at certain times. In fact, the constant distribution of dividends finally increases investors' confidence towards the company and thus increases its market value.

The stability and possibly the progressivity of the distributed amounts are translated into regular dividend decision. But, in addition, any dividend decision should be credible, based on a real profit and profit distribution decision aimed at medium and long-term interest of shareholders.

Of a particular importance to investors is the dividend yield characterizing the efficiency of the placement in a security.

$$DY=\frac{D}{P}\cdot 100 \qquad (2)$$

where:

DY = dividend yield;
D = dividend per share;
P = price per share.

This indicator is important, especially for the investors seeking a hig safe and steady income. The interpretation of this indicator should be correlated with the evolution of the earnings per share and the PER. A continued growth of this indicator while earnings grow is a positive sign. On the other hand, an increase in the rate of dividend distribution under conditions of reduction or sustained profit can lead to lower future investment potential for the company.

Also, the importance and Price to Earning Ratio - PER, whose formula is:

$$PER=\frac{P}{NPS} \qquad (3)$$

This indicator shows how much investors are willing to pay to gain a monetary unit of investment. A high value of the indicator can be expensive but it may bring market confidence in the prospects of the company. Comparisons between various companies can be made only if this indicator was calculated for the same financial period. It is also widely used by financial analysts and investors to provide valuable information with certain limits. In this respect, it is recommended to buy stocks with low PER.

Given the above elements, four main types of practices dividend decision can be outlined:

a) direct participation or constant payout ratio;
b) residual dividend or opportunity policy;
c) stable and increasing dividend policy;
d) stable dividends per share policy

A. Direct participation policy or constant payout ratio

According to the constant payout ratio, the dividends follow closely the fluctuation of the net profits. This can be mathematically transposed by the equation:

$$D_t = R_d \cdot NPS_t \qquad (4)$$

where:

D_t = dividend in year "t";
R_d = constant distribution rate;
NPS_t = net profit in the year "t";

This type of policy is characterized by a high turnover of dividends (the dividend directly follows the evolution of the net profit per share). This causes negative effect on the exchange rate in the years when profits are down compared to previous years, and thus on maximizing the market value of the company.

B. Residual dividend policy or opportunity policy

According to this policy, dividends fluctuate depending on the investment opportunities of the firm. This can be mathematically transposed by the equation:

$$D_t = f (I_t) \tag{5}$$

where:

I_t = proposed investments in "t".

In this case, the dividend depends on the profit available after financing the needs for investment projects. In this respect, it chooses the most profitable projects, proving reinvestment in higher yield compared to other market investments or investments in products and services.

The essence of this decision is that new investment projects will increase the value of the company and shareholders will be paid by capital gain. This type of policy is adequate, particularly for small companies with rapid growth.

C. Stable and Increasing Dividend Policy

This type of policy is characterized by the fact that dividends evolve regularly and meet for a slight profit growth regardless of profit fluctuations. This can be translated mathematically by the equation:

$$D_t = f (D_{t-1}) \tag{6}$$

Even though in some years the profit falls, the stability of the dividend decision and even a slight increase in shareholders' dividends makes them not to sell their shares. On a long term this decision succeedes in recording an upward trend of the dividend per share which will result in increasing business value, to the extent that the cost of equity rate will be lower due to the fact that the company offers a regularity in theis sense.

D. Stable dividends per share policy

According to this practice, the company seeks to maintain a stable amount of the dividend per share for a long time and can be mathematically transposed as follows:

$$D_t = D_{t-1} = D_{t-2} = ... \tag{7}$$

In general, this policy is suitable for companies which do not have significant fluctuations in net income per share from year to year.

4. ANALYSES

Given the theoretical considerations presented in the methodology for 2007-2011 we calculated for each of the five FICs the profit distribution rate, the yield of the dividend and the PER (see Tables 1,2,3,4,5). The number of shares taken into account when calculating these indicators is as follows:

- FIC 1 (Banat Crișana S.A.) - 548.849.268 shares;
- FIC 2 (Moldova S.A.) - 519.089.588 shares;
- FIC 3 (Transilvania S.A.) - 1.092.143.332 shares;
- FIC 4 (Muntenia S.A.) - 807.036.515 shares;
- FIC 5 (Oltenia S.A.) - 580.165.714 shares;

To better understand and interpret the calculated indicators we consider a brief overview of the current macroeconomic context in each of the five analyzed years.

As Romania joined the European Union in 2007, this year can be considered very special for the entire Romanian society, including for the local economic and financial environment. As part of a financial system found in an accelerated process of development the Bucharest Stock Exchange (BSE) has prepared the accession through a series of institutional and regulatory changes that hat had as main goal the increase of investors and issuing companies' confidence in the Romanian capital market mechanisms and contributed to the harmonization of mechanisms and rules governing the BSE activity and key European capital markets[5].

FICs are considered to be the most profitable companies on the stock exchange. Regarding the most profitable companies on BSE, according to the profit margin, the 5 FICs take the lead, with profit margins of over 40% in 2007.

The biggest profit margins were those of the 5 FICs, FIC Banat-Crisana being on the first place with a profit margin of 66.81%. So the financial sector benefited greatly from the positive evolution of the stock exchange in the first half. The Financial Investment Companies (FICs) disappointed investors in 2007 having an average yield of dividends. Their index BET-FI grew by 24.9% this year - the worst performance since its launch in 2001. Dividend return for FIC1 Banat-Crisana, FIC2 Moldova, FIC3 Transylvania and FIC5 Oltenia in 2007 were 1.97%, 1.43%, 1.72% and respectively 1.84%. The exception is FIC4 Muntenia S.A.with a yield of 2.90%. Regarding the distribution rate except FIC4 that distributed more than 65% of the net profits and therefore it has a strong distribution, the others distributed between 31.29% and 43.62%, which indicates more a concern of the issuers to ensure self-financing through reinvesting profits and thus increase corporate value.

The statistics available at the end of 2008 presented for global economy a very different picture from the real one a year before[6].

Thus, the hostility of the international financial environment was the main reason that caused the stock markets of Central and Eastern Europe (including Romania) not to continue in 2008 the positive developments in recent years. Therefore, since the beginning of the year, the traditional "effect of January" was completely ignored by investors and the developments of the quotations showed immediately that 2008 will be for the BSE a special year. After almost 30% decrease of indices in the first trading weeks of 2008 there was a period of relative calm, which gave the impression that the stock market can describe a scenario in which negative price adjustments could be considered somewhat normal trading after sustained and substantial increases indexes marked before and immediately after Romania's accession to the European Union[7].

The year 2008 was the most difficult in the history of BSE, most companies falling due to the powerful international financial crisis.

The most important market indices recorded substantial losses practically canceling the advance of the past four years. The index of the ten most liquid companies in the market, BET, and the general market index, BET-C, lost in 2008 about 70% of its value, while the financial investment companies index, BET-FI decreased by almost 84%[8].

Due to the indicators of 2008 the distribution rate did not exceed 40% in any of the FICs. Regarding the yield of the dividend, the only ones who exceeded 10 percent were FIC3 and FIC5 with 11.02% and respectively 10.25%. Note that the share price decline has led to a sharp decline in the PER, the largest of which being FIC4 with 5.63%.

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[5] Bucharest Stock Exchange, Annual Report 2007, page 7;
[6] Bucharest Stock Exchange, Annual Report 2008, page 21;
[7] Bucharest Stock Exchange, Annual Report 2008, page 27;
[8] J.Rareș , The worst year in the history of the stock market,Financial newspaper, 29 dec.2008

The year 2009 can be characterized as a difficult year for the financial markets as a whole, the development of capital markets is determined by the maximum caution recorded among investors. The signals of the decrease in GDP, the high volatility of the exchange rate developments, the inflation expectations, the recession of the developed economies are just a few factors influencing investment behavior.

However, a positive turn took place in the second half of the year when the capital markets began to recover and gradually return towards low levels reached in 2008 and the first half of 2009. This was revealed by the evolution of general indicators of BSE, and by the high values of the transactions recorded on the market of instruments with fixed income[9].

After a year marked by the fall in total profits and granted dividends, among the financial investment companies FIC Banat Crisana SA and FIC Moldova S.A had remarkable results. They reported positive net profits from 2008 - FIC1 reported an increase of 17.5% and FIC2 an increase of 7.9%. Also the total dividends given to shareholders increased at a rate somewhat higher, so for FIC1, the growth it was 66.6% and FIC2 - a rise of 33.3% over the previous year. The results of the two FICs determined the sale of the shares in Bancpost. The two FICs already started to seek investment opportunities specific to a crisis period.

However, FIC Transilvania SA recorded a profit growth of 23.2% and the total dividend remained unchanged as in 2008. Also, FIC Muntenia S.A. maintained the same value of the total dividend but due to a reduction in the net profit. FIC Oltenia repoted in 2008 a net profit of 187.33 million lei (44.18 million euros) more than two times higher than the result in 2008, in the context of the sale of shares in Ford and Bancpost, the company doubled revenues according to the preliminary data transmitted to the Stock Exchange. The result of the FIC Oltenia was due to the sale of the stakes in Automobile Craiova, for 75 million, and Bancpost, where he received 12.75 million euros[10]. However, the total dividend paid to shareholders increased by 166.66% more than in 2008. The dividends approved by the shareholders of SIF Oltenia had the highest degree of distribution (49.55%) among the FICs, representing nearly 50% of the net profit of 187.3 million from the previous year. It is noticeable the fact that the dividend of 0.16 lei per share was approved by the AGM even if the proposal of the board was of 0.08 lei per share. FIC Muntenia distributed 39.37% of the profit as dividends, while in the case of FIC Banat-Crisana only 24.46% of the profit for 2009 reached the shareholders' accounts. FIC Oltenia achieved a record profit in 2009 came with the sale of two major portfolio holdings, respectively Bancpost and Automobile Craiova (AUCS), for a total amount of 34.5 million euros, besides common sources of income, which are the dividends received from BCR and BRD.

It was obvious from the beginning of 2010 that the overcome of the international economic and financial crisis, which started since mid-2007 will not be easy to achieve and that the stock markets will continue to experience the consequences still for a long time, and why not the lessons from the events and processes that marked the world during the recent years.

The risks of the ongoing financial and economic crisis are different from country to country and the developments of the indices in 2010 reflected the differentiated perspectives that investors have. Viewed strictly from the perspective of indices

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[9] Bucharest Stock Exchange, Annual Report 2009, page 7

[10] L.Maxim, FIC Oltenia: profit over 44 million in 2009, Wall street, 2010

developments, the capital market in Romania has managed to record positive developments in 2010, but which were not accompanied by significant increases in liquidity[11].

As in every year, the dividends from the financial investment companies have been in the focus of investors who demanded in some cases even the increase of the amounts initially proposed by the administrators of the FICs. The management of FIC Transilvania (FIC3) and FIC Oltenia (FIC5) did not accomplish those requests, arguing that the proposals did not meet all the conditions required by the law. Instead, FIC Moldova is the first company to ever propose to shareholders a predictable dividend policy, recording a yield of 7.74%, an increase of 47.14% compared to 2009. Certainly, in 2010, among the Romanian FICs, FIC Muntenia had a positive view as its dividend yield was 12.58% and places it among the top positions of the ranking, being valuable for investors compared to the average banking interest rate and the inflation rate, with a value of the quadratic PER-7,28% and especially a strong distribution rate of 91.53%.

Also, the performance of FIC4 is remarkable with an almost double increase in the dividend yield over the previous year, an upward compared to 2008 and an almost impressive growth compared to the year before financial crisis impact on the stock market in Romania.

At the macroeconomic level, the year 2011 has coincided with a series of problems in the eurozone, among which the sovereign debt crisis. The delay in the economic recovery of the U.S. and Europe has influenced the situation in capital markets, the effects are visible in the decline in 2011 to 13.6% in USD of the global market capitalization, according to a report by the World Federation of Exchanges. These effects could not avoid Romania, decreases of the most important indices being recorded in the second half of the year.

We should, also, mention that the top companies of this year were the FICs, both in profits, but mainly due to the dividends distributed to shareholders. FIC Transilvania (FIC3) recorded the highest growth of over 200%, followed by FIC Moldova (FIC2), with a doubling of the total net profit. Regarding the distribution rates, FIC1 made a distribution of 87.11% of the net profit through the total dividend, twice more than in 2009 and only 0.97 higher than 2010. FIC2 distributed to shareholders approximately 59.19%% of the total net profit as total dividend, an increase by 3.66 times in 2009 and by 2.44 times in 2010. Instead, FIC3 had a remarcable distribution of the profit as dividends 90%. FIC4 distributed the total net profit as total dividend, two times more than in 2009 and the same amount as in 2010. The top of the recorded dividend yield for the year taken as the basis of the study belongs to the financial investment companies, regarded as "the stars" of the year, because in the middle of 2009, a group of MPs launched a legislative initiative for replacing the holding limit of 1% of the FICs, with another one characterised by the increase from 1% to 5%[12]. The 5% increase in ownership was approved in 2011, which led to an increase in the interest of investors for the FIC and to the accumulation of significant ownership by large investors who are interested to participate in the management of FICs[13]. This significant event was felt in the trading conducted by the FIC shares, led to their growth several times during the year, culminating with a rate of return of dividends almost three times the rate of inflation and almost twice the rate of interest on

[11] Bucharest Stock Exchange, Annual Report 2010, page 7
[12] A.Chiriseală, 10 hot events followed on the stock exchange in 2010, Financial Newspaper, 2010
[13] A.Chiriseală, 10 hot events followed on the stock exchange in 2010, Financial Newspaper, 2010

deposits made during the year. Among them stands FIC Transilvania (FIC3) and FIC Moldova (FIC2), who are, in 2011, among the biggest dividend payers after the sale of the holdings in BCR which brought much higher profits in 2011 than in 2010. Both FICs take first places in the top yielding dividend payers[14].

5. CONCLUSIONS

Stock markets are by their very nature entities whose developments are significantly affected by a variety of economic, financial, political, social, domestic or foreign factors.

It is a noticeable fact that the proportion of the net income which is distributed as dividends vary considerably from company to company. The ability of the firms to pay dividends is closely related to both profitability and liquidity at its disposal[15].

Also a solution to the problem of distributing dividends is required both by the shareholders and by the need to preserve for the firm a favorable position in the financial market.

So, the dividend distribution is primarily a liquidity problem because it sometimes involves the payment of substantial sums in a short period of time. Especially in the current conditions when large Romanian companies were partially privatized in one form or another which led to an obvious disproportion between the return, sometimes very good and the severe shortage of funds availability, creating problems even for regular payment of salaries and related obligations. The payment of dividends is subject to the creation of the necessary cash.

Secondly, the proportion of dividend distribution depends on the ability of the leaders - interested in profit capitalization for development - to persuade shareholders to reinvest profits in the utility's investment projects. In order to do this, they must provide correct and accurate information regarding the expected return through internal development projects or investments to which it refers and which are in the interest of the external development firm.

Thirdly, the design and the implementation of dividend decisions to conduct the mediation between the interests of managers with those of shareholders must regard the fiscal conditions applied to the dividend income compared to the proportion of the income tax or other facilities that are related to reinvesting company profits.

We must remember that the special interest of the dividend issue has been the subject of numerous theoretical and empirical studies without reaching a common view, and therefore we can not speak of a unitary dividend decision but rather of the methods and practices underlying the decision to distribute dividends.

Moreover, the theory in this area is the least developed and incomplete. Dividend decision is the most controversial decision because the "spinal tap" for both investment decision and the financing decision is the dividend itself.

However, theoretical efforts and practical observations regarding the dividend have revealed several issues among which the most important are:

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[14] A.Chiriseală, 20 companies listed on the stock have already announced dividends on 1,6 billions ron, Financial newspaper, 2012

[15] J.M. Samuels, F.M. Wilkes, R.E. Brayshaw, Management of Company Finance, 6th Edition, Chapman & Hall, London, 1995, page 610

- how investors appreciate the companies, according to higher or lower distribution rate;
- the signals that companies transmit to investors when being profitable, they do not distribute dividends on investment opportunities. Can future investments bring more wealth than the dividend which was to be distributed?;
- if dividends are a signal to investors regarding the anticipated future profitability of the company;
- how dividends regulate conflicts of interest among active participants in the existence of the company.

All this highlights the informational role of the dividend on the capital market. We consider that this aspect will be encountered in the romanian economy when being stipulated by the law regarding the capital market and by tax law, to the extent that the companies will have a normal business functioning operating and will establish correct and uninfluenced relations by group interests. Through the practices of dividend decision, we believe that our country can not speak yet, about the application of certain practices by companies. This is because as long as the economic situation does not prove stability, the results are in most cases circumstantial. Concrete, dividend decision practices will be able to be applied only when the economic situation is relatively stable.

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Table no.1 Key indicators that characterize dividend decisions practice for the FICs in 2007

Symbol	Total net profit	Total dividend	Dividend per share 2007	Net profit per share	Price per share 31.12.2007	Distribution rate (%)	Dividend yield (%)	PER
1	2	3	4	5	6	7 (4:5)	8 (4:6)	9 (6:5)
FIC1	122814274	38419449	0,0700	0,2237	3,5500	31,29	1,97	15,86
FIC2	65573287	25954480	0,0500	0,1263	3,4800	39,59	1,43	27,55
FIC3	110042397	40955375	0,0400	0,1007	2,3200	39,72	1,72	23,03
FIC4	86678302	56492556	0,0700	0,1074	2,4100	65,17	2,90	22,43
FIC5	106450237	45252926	0,0800	0,1834	4,3400	43,62	1,84	23,66

Source: data provided by Bucharest Stock Exchange, calculations performed by the authors.

Table no.2.Key indicators that characterize dividend decisions practice for the FICs in 2008

Symbol	Total net profit	Total dividend	Dividend per share 2008	Net profit per share	Price per share 31.12.2008	Distribution rate (%)	Dividend yield (%)	PER
1	2	3	4	5	6	7 (4:5)	8 (4:6)	9 (6:5)
FIC1	95437422	16465478	0,0300	0,1739	0,5450	17,25	5,50	3,13
FIC2	93932658	23359032	0,0450	0,1810	0,5300	24,86	8,49	2,92
FIC3	94676010	32764300	0,0300	0,0867	0,2720	34,60	11,02	3,13
FIC4	89600663	32281461	0,0400	0,1110	0,6250	36,03	6,40	5,63
FIC5	87643619	34809943	0,0600	0,1511	0,5850	39,71	10,25	3,87

Source: data provided by Bucharest Stock Exchange, calculations performed by the authors.

Table.no.3 Key indicators that characterize dividend decisions practice for the FICs in 2009

Symbol	Total net profit	Total dividend	Didvdend per share 2009	Net profit per share	Price per share 31.12.2009	Distribution rate (%)	Dividend yield (%)	PER
1	2	3	4	5	6	7 (4:5)	8 (4:6)	9 (6:5)
FIC1	112185660	27442463	0,0500	0,2044	1,1300	24,46	4,42	5,53
FIC2	101332824	31145375	0,0600	0,1952	1,1400	30,73	5,26	5,84
FIC3	116663029	32764300	0,0300	0,1068	0,6800	28,08	4,41	6,36
FIC4	82022909	32281461	0,0400	0,1016	0,7100	39,37	5,63	6,99
FIC5	187322879	92826514	0,1600	0,3229	1,2700	49,55	12,60	3,93

Source: data provided by Bucharest Stock Exchange, calculations performed by the authors.

Table.no.4 Key indicators that characterize dividend decisions practice for the FICs in 2010

Symbol	Total net profit	Total dividend	Dividend per share 2010	Net profit per share	Price per share 31.12.2010	Distribution rate (%)	Dividend yield (%)	PER
1	2	3	4	5	6	7 (4:5)	8 (4:6)	9 (6:5)
FIC1	62996316	56531475	0,1030	0,1148	1,0140	89,72	10,15	8,83
FIC2	96293949	46718063	0,0900	0,1855	1,1620	48,51	7,74	6,26
FIC3	66919410	32764300	0,0300	0,0613	0,5435	48,94	5,52	8,87
FIC4	71419776	65369958	0,0810	0,0885	0,6440	91,53	12,58	7,28
FIC5	80994938	43512429	0,0750	0,1396	1,2600	53,72	5,95	9,03

Source: data provided by Bucharest Stock Exchange, calculations performed by the authors.

Table.no.5 Key indicators that characterize dividend decisions practice for the FICs in 2011

Symbol	Total net profit	Total dividend	Dividend per share 2011	Net profit per share	Price per share 31.12.2011	Distribution rate (%)	Dividend yield (%)	PER
1	2	3	4	5	6	7 (4:5)	8 (4:6)	9 (6:5)
FIC1	63006519	54884927	0,1000	0,1148	0,9030	87,11	11,07	7,86
FIC2	192922595	114199710	0,2200	0,3717	1,0800	59,19	20,37	2,90
FIC3	207727564	186974938	0,1712	0,1902	0,5670	90,01	30,19	2,98
FIC4	65336350	65369958	0,0810	0,0810	0,5710	100,00	14,18	7,05
FIC5	83442670	75421543	0,1300	0,1438	1,0570	90,40	12,30	7,35

Source: data provided by Bucharest Stock Exchange, calculations performed by the authors.