The sale of investment trusts by the post office

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Introduction

The sale of investment trusts began at 575 post office branches on October 3, 2005. This marks the first time ever that risk assets have been sold at the post office, the gatekeeper for ¥206 trillion in postal savings and ¥119 trillion in postal life insurance, and some observers expect this to have a major impact on both the selection of assets by individuals and on the financial industry overall. In this paper, we would like to summarize the events leading up to the start of the sales and then, in light of what has transpired during the first month of sales, consider what the future may hold.

I. Background of investment trust sales by the post office

Public finance, based on the absorption of small individual savings through the post office and the use of those savings, through the Trust Fund Bureau of the Ministry of Finance, to purchase Japanese Government Bonds (JGBs) and provide a source of funds for lending on infrastructural construction projects and other projects for the public's benefit, has played an important role in Japan. The Koizumi administration, however, has aimed at reducing the size of the structure, and also plans on privatizing the post office. The post office began selling investment trusts as a way to strengthen its revenue base as a private-sector corporation during the process of privatizing its postal savings business. We now look at the elements of the postal savings business outlined below.

(1) The postal savings business and the fiscal investment and loan program

Japan's postal savings system was introduced in 1875. Since then, postal savings have grown steadily as a mechanism for absorbing small fund quantities. Postal savings have been an important tool for Japanese citizens to save long-term, particularly during the early postwar period, when the corporate bond and JGB markets were still small.

Since 1885, it has been compulsory that nearly all of these postal savings funds be entrusted for management by the Trust Fund Bureau of the Ministry of Finance.

Although in the beginning the Trust Fund Bureau primarily used in these funds to underwrite in JGBs, over time it began funding the development of social capital and supplying funds to government agencies, including institutions that provide public financing. Additionally, the Trust Fund Bureau took on the responsibility of managing funds for the national pension fund and welfare pension insurance. In addition to the Trust Fund Bureau, a public financing channel that combined funds from postal life insurance with retained earnings of government-affiliated institutions was formed, a channel known as the Fiscal Investment and Loan Program (FILP). The FILP budget, since it is debated and passed by the Diet, is dubbed the "Second National Budget," and the long-term funds are allocated to sectors with a high degree of public interest relative to the private sector. Government-affiliated financial institutions were allocated a large portion of these funds, and it was the FILP that financed low-interest loans to the Japanese people through the Government Housing Loan Corporation of Japan (GHLCJ) as well as assistance to small and midsize businesses through the National Life Finance Corporation.

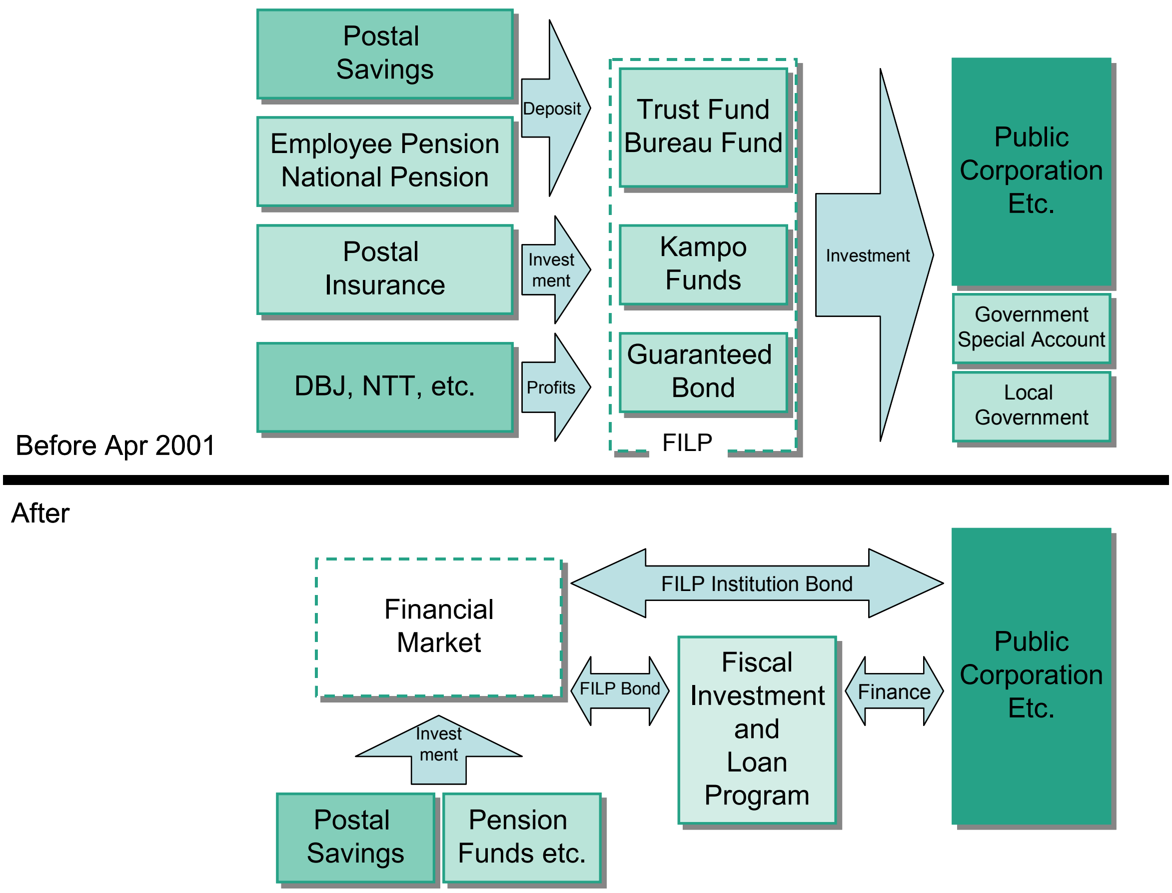
An important product within the postal savings offerings was the Teigaku (fixed-amount) savings account. Teigaku savings accounts could be characterized as both long-term and liquid, with (1) a deposit period of 10 years, (2) interest compounded semiannually, and (3) the option to withdraw the funds any time following six months after the initial deposit. The interest rate on Teigaku savings was set at the same nominal interest rate as the longest-term time deposits offered by the banks. Consequently, during periods of rising interest rates it was possible for depositors to make an early withdrawal of their Teigaku savings at the post office and then redeposit the withdrawn funds at the new higher rate of interest. During periods when interest rates were expected to decline, there was a large-scale shift of funds out of the banks and JGBs and into postal savings. This advantageous (for depositors) method of setting the interest rate on Teigaku savings was changed in June 1993, such that (1) when the yield curve was upward sloping, the rate was set at 90-95% of the yield on three-year time deposits at the banks, but (2) when the yield curve was inverted, the yield was set at between 0.5% and 1.0% lower than the 10-year JGB. Because of this change and the low interest-rate environment, Teigaku savings became less attractive from 1993 than they had been up until then.

Even still, postal savings outstanding continued to increase, reaching a peak, measured on a fiscal-year-end basis, of ¥261 trillion at end-March 2003, 18% of all financial assets held by households. Growth in the amount of postal savings outstanding has in turn fueled growth in the size of the Trust Fund Bureau, especially the FILP. As of end-March 2003, the FILP had grown to 104% of nominal GDP, or ¥529 trillion (of which the Trust Fund Bureau accounted for ¥456 trillion).

In response to the expanding FILP, in December 1999 the government announced a plan for radically reforming the FILP and revising the entire apparatus for public finance. The reforms were proposed in response to criticisms of the program, which noted that (1) FILP funds were being lent without adequate analysis of the policy cost; (2) the economic packages of the 1990s led to an expansion of easy lending to government agencies from the FILP, which had great latitude in its funding sources; and (3) with the same interest rate regardless of the length of the loan, borrowers had an incentive to prolong the period of the loan.

The proposed reforms put forth the concept of the agencies procuring funds in accordance with market principles and only in the amount needed. The FILP reforms, which were put into effect from April 2001, called for phasing out the deposit of funds with the Trust Fund Bureau by end-March 2008 and required the agencies to procure funds on their own by, for example, issuing FILP agency bonds (Figure 1).[1] These reforms forced the postal savings business to move away from managing its funds through such deposits and toward investment in the market.

Figure 1 Diagram of Fiscal Investment and Loan Program reform



Note: After Apr 2001, FILP will finance public entities only for use in businesses warranting government support.

1 For further reference see T.Tomita "Reform of Japan's Fiscal Investment and Loan Program"(Capital Research Journal, Spring 2000).

(2) Issues with postal privatization and the postal savings business

In contrast with the FILP reforms, which looked at the issue from the perspective of managing public finances, the reforms being pushed by Prime Minister Koizumi since he took office in April 2001 have focused on the procurement side, i.e., the postal business itself. In September 2002, a report was issued by the roundtable formed to discuss the post office's three businesses. The report noted that there was now less of a need for the three businesses to be operated under the direct control of the government and suggested what the new organization should look like following privatization.

In April 2003, Japan Post was created by forming a public company out of the postal business controlled by the Ministry of Internal Affairs and Communications. With the establishment of Japan Post, it was decided that the three postal businesses should become stand-alone profitable and that a management system should be put in place to accommodate privatization. It has been noted that the postal savings business' dependence on the interest-rate environment, as well as the declining trend in postal savings, are issues that must be dealt with in the process of becoming a profitable joint stock company.

As shown in Figure 2, much of the recurring profits in the postal savings business after it became a public company have consisted of interest income from the investment of funds. Most of that is interest income from FILP deposits (previously Trust Fund Bureau deposits). Nevertheless, in conjunction with the phased transition to market investments, the postal savings investment portfolio is undergoing a structural change away from deposits offering better than market rates[2] and toward investments in JGBs (Figure 3), thereby putting interest income in a declining trend. Although one conceivable approach to improving investment performance is to make riskier investments, because of the sheer size of postal savings it is inevitable that JGBs be the core investment. Furthermore, since lending to corporations is currently not stipulated as one of the services offered by the postal savings business, it is not easy to secure profits through lending. Accordingly, we expect investments in JGBs to continue and interest income to decline.

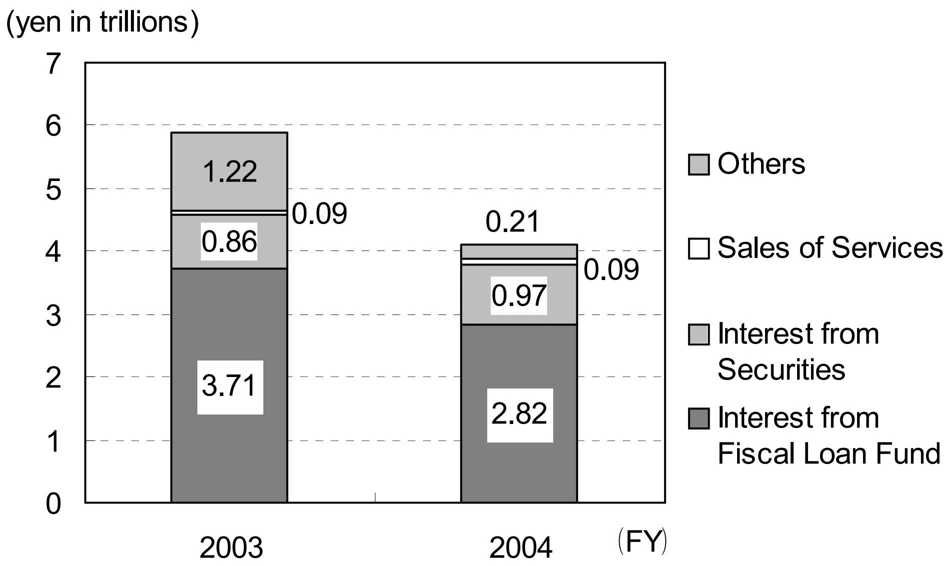
Under the low interest rate environment, the amount of postal savings outstanding has continued declining since the year 2000 (Figures 4 and 5). Looking at the outflow of funds on a quarterly basis, there was a withdrawal of approximately ¥50 trillion between Q1 2000 and Q2 2002, coinciding with the period when the large sums of money deposited into Teigaku savings (fixed-amount) accounts during the time of high interest rates around 1990 began reaching maturity, and another outflow began from Q3 2004. Most recently, the decline has been close to ¥15 trillion annually

2 Postal savings deposited into a FILP account for a seven-year term earned an interest rate approximately 0.2 percentage points higher than the yield on 10-year JGBs.

(roughly 7% of postal savings overall). Another conceivable reason for the outflow, in addition to the decline in interest rates from June 1993 mentioned above, is the increased investment in retail JGBs.

Although we will not deal with this in detail in this paper, it has been noted that the costs associated with the postal savings business will increase after privatization as a result of the need for deposit insurance and documentary stamp taxes.[3] Taken all together, these facts suggest that postal savings that have been heavily dependent on investment income in the past will suffer rising costs in the midst of a declining trend in the interest income base. These conditions have brought to the forefront the question of earnings diversification, something that can be achieved by entering businesses such as investment trust sales that generate more commission income.

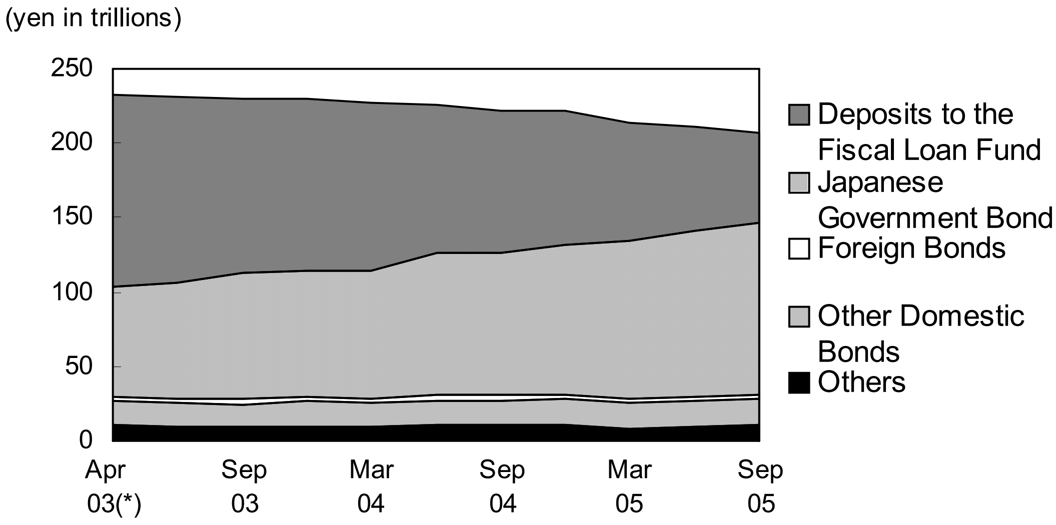
Figure 2 Current Revenues of Postal Savings Business



Note: The decline in the “Others” category in 2004 came primarily from stocks held in monetary trusts.
Source: Japan Post

3 Japan Center for Economic Research, Dai Juusankai Kin'yuu Kenkyuu houkoku, Yusei Mineika no Yukue to Ginkou Seihou Bumon no Shorai (Japan Financial Report No. 13, The direction of postal privatization and the future of the banking and life insurance industries), October 13, 2005. The costs of government protection in FY2004 are estimated at ¥184.8 billion from the exemption from deposit insurance premiums, ¥33.2 billion for the exemption from stamp tax, and ¥585.5 billion from subsidies for the interest rate paid on deposits.

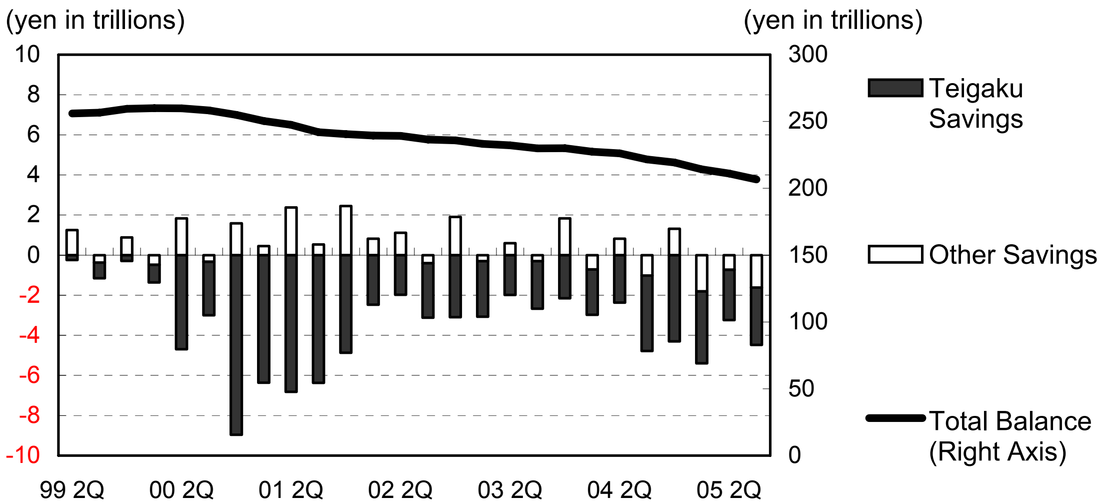
Figure 3 Investment Portfolio of Postal Savings Funds



(*) As of Apr 1st.

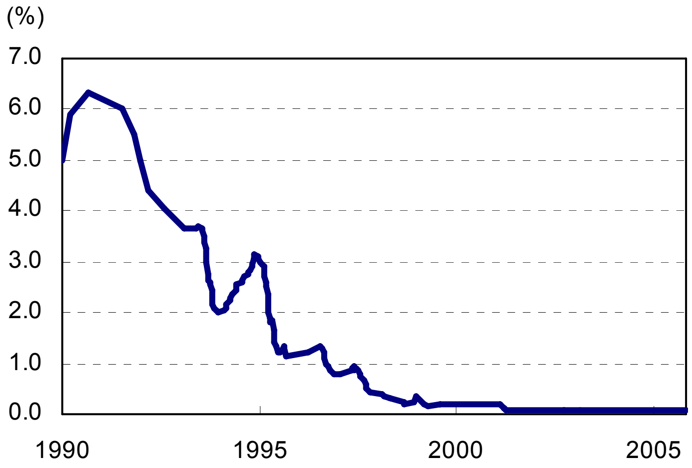
Source: Japan Post

Figure 4 Financial Inflows and Total Balance of Postal Savings



Source: Japan Post

Figure 5 Interest Rates for Teigaku Savings (for 3 years after deposit)



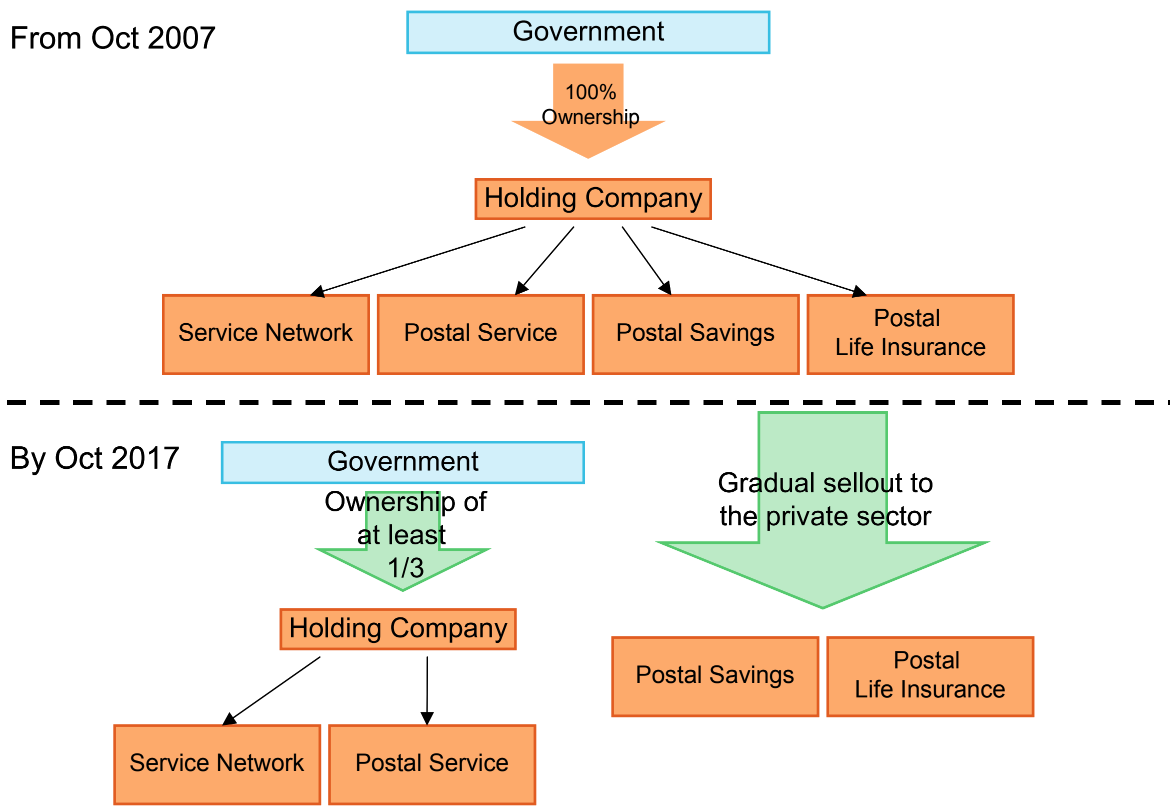
Source: Japan Post

(3) The response of Japan Post

To deal with the issues noted above, in 2003 Japan Post announced Phase 1 of its Action Plan (for implementation in 2003-04). The plan addresses the expansion of commission income and identified as particularly important the creation of an infrastructure for the retail sales of investment trusts. In its Action Plan Phase 2, for implementation in 2005-6, Japan Post identified the medium-to long-term direction of its business strategy as creating long-term transactions that coincide with the lifecycle events of its customers. Here, as well, it identified the sale of investment trusts as a central tool in achieving this. To speed up the process of creating such a sales structure within the postal savings business, restrictions on the sale of investment trusts were lifted prior to passage of privatization laws affecting the postal business overall.

Under the Postal Privatization Law passed in a special session of the diet on October 14, 2005, from October 2007 the three postal businesses (postal business, postal life insurance business, and postal savings business) currently being run by Japan Post are to transition to an organizational structure comprising four operating companies and a holding company. The plan calls for the release of shares in the postal savings business in stages, with both the postal savings business and the postal insurance business becoming 100% privately held companies by October 2017 (Figure 6).

Figure 6 Overall Structure of Postal Service Privatization



Source: Prime Minister's Cabinet Office

II. Laying the groundwork to begin sales

(1) Legal background

The sale of investment trusts by Japan Post has its origin in a Cabinet Decision made November 9, 2004. That decision set a start date for legislation providing for exceptions to the rules governing the services that can be provided by Japan Post, with the objective of making it possible for Japan Post to sell beneficial securities in securities investment trusts. The law stipulated that Japan Post must select the investment trusts that they sell through a public bidding process (Article 8-1). The law also stipulated (in Article 9) that commissions should be of the same level as taken by investment trust management companies, securities companies, and registered financial institutions (including banks) and (in Article 10) that there should be no unfair, discriminatory treatment of specific investment trusts. The law went into effect on June 2, 2005 and actual sales began on October 3.

(2) Selection of investment trusts

On June 16, 2005, Japan Post announced the selection criteria for the investment trusts to be offered to the public. The basic thinking behind the criteria emphasizes two points: that the post office's primary customer base comprises individuals with little investment experience and that this marks the first time that the seller has dealt with risk products in a substantial way. Consequently, the concept behind the product design is based on their meeting two criteria: (1) products for which the risk is easily recognizable and the investment results easily understood by customers with minimal investment experience, and (2) products that contribute to investment diversification and long-term asset formation. The investment trusts ultimately offered to the public were fundamentally one of the three passively managed types listed below.

A. A lifestyle balanced fund diversely invested in six asset types: Stocks, bonds and REITS, both domestic and overseas. This is composed of multiple investment trusts with differing asset allocations. Each asset class is passively invested, with the benchmark indices for the six assets to be designated ahead of time by Japan Post.[4]

B. An index fund linked to the Nikkei 225

C. An index plus fund that maintains linkage with the TOPIX while striving to achieve stable, slightly excess returns

Applications for a total of 31 funds in these three product classes were received from 23 asset management companies, eight funds for class A, nine funds for class B, and 14 funds for class C. The criteria for selecting these funds was that they must, in principle, have been publicly offered for at least three years (the four mother funds other than the REITs in class A) and that no improper asset management actions can have occurred within the past three years. The funds were further evaluated based on the management base of the investment fund and investment management company, the suitability of the risk management system and fund manager, and the funds' backup systems, quality of auditing, sales support, and distribution policies. Finally, on August 29 three fund managers were selected covering each of the three classes A, B, and C: Nomura Asset Management, Daiwa Asset Management, and Goldman Sachs Asset Management. Figure 7 gives an overview of the funds.

[4] Six indices as follows. Domestic equities: TOPIX; International equities: MSCI Kokusai (converted to yen, no hedge, reinvestment of dividends, gross basis); Domestic bonds: Nomura Bond Performance Index (Whole Market); International bonds: Citigroup Global Government Bond Index (excluding Japan, converted to yen, no hedge; Domestic REITs: TSE REIT Index; and International REITs: S&P Citigroup Global REIT Index (excluding Japan, converted to yen, no hedge).

Figure 7 Funds Selected by Japan Post

Fund Name	Fund Administrator	Investment Style	Benchmark Index	Front Load	Custodian Fee	Redemption Fee	Investment Profile
Nomura World Six Asset Diversified Fund (Stable Course)	Nomura Asset Management	Balanced	NOMURA-BPI, TOPIX, TSE REIT Index etc	1.575%	0.651%	0.30%	Bond 70%(Domestic60%, Foreign10%) Equity 20%(Domestic 5%, Foreign15%) REIT 10%(Domestic 5%, Foreign 5%)
Nomura World Six Asset Diversified Fund (Dividend Course)	Nomura Asset Management	Balanced	NOMURA-BPI, TOPIX, TSE REIT Index etc	1.575%	0.725%	0.30%	Bond 70%((Domestic20%, Foreign50%) Equity 20%(Domestic 5%, Foreign15%) REIT 10%(Domestic 5%, Foreign 5%)
Nomura World Six Asset Diversified Fund (Growth Cource)	Nomura Asset Management	Balanced	NOMURA-BPI, TOPIX, TSE REIT Index etc	1.575%	0.798%	0.30%	Bond 20%(Domestic10%, Foreign10%) Equity 70%(Domestic35%, Foreign35%) REIT 10%(Domestic 5%, Foreign 5%)
Daiwa Stock Index 225 Fund	Daiwa Asset Management	Domestic Equity Index	Nikkei 225 Index	2.1%	0.546%	–	Indexed to NIKKEI 225
GS Japanese Equity Index Plus	Goldman Sachs Asset Management	Domestic Equity Index + α	TOPIX	2.625%	1.05%	–	Active investment benchmarked with TOPIX.

Source: Distribution Materials of each funds.

(3) Response of post office and its staff to start of sales

The sale of investment trusts began on October 3 at 575 post office branches, which is only 2.3% of the 24,676 post office branches that existed nationwide as of end-September 2005. Most of these branches were relatively larger branches located in city centers. Out of 575, 551 were regular branches[5], and 147 were located in Greater Tokyo. Also, 25 main sales centers were chosen by amount of savings balances and the volume of retail JGBs sold. The number of post office branches handling sales is expected to increase to approximately 1,500 by end-March 2009.

Because Japan Post has positioned investment trust sales as a key component of the postal savings business in the future, they emphasized having existing postal employees handle the sale of investment trusts. When sales began in October, the roughly 4,700 employees who obtained their securities broker licenses were put in charge of sales. Out of these, 51 personnel were recruited from within and chosen as investment trust advisers from among those with experience with advisory services, including those with financial planner qualifications, and assigned to the main sales centers. Additionally, to provide local guidance and hold seminars for customers, outside individuals with sales experience, including 59 securities companies employees, were hired as investment trust instructors under temporary staffing arrangements, although these individuals are not allowed to do any sales.

(4) Development of materials for advertising and sales

In conjunction with the launch of investment trust sales, Japan Post began running TV commercials and operating two separate web sites, one for advertising and the other for investor education. The promotional and sales literature, in addition to documents explaining each product, also includes five other components: (1) a basic

5 The post office consists of 1,308 regular branches, primarily located in regional centers, 18,929 special branches, smaller branches located throughout the country, and 4,447 "simple" branches, which serve as an agency for Japan Post.

explanation of asset management; (2) a primer on investment trusts; (3) an explanation of how to fill out the paperwork; (4) a comparison of the three classes of product; and (5) an explanation of the tax treatment.[6]

A brochure distributed with the documents discusses the importance of having a retirement plan, using the estimate that, with the public pension by itself being ¥150,000 short of the funds required for living each month, individuals need to have accumulated ¥35 million in assets at retirement. The pamphlet also emphasizes the need to diversify investments, even while looking for the most advantageous management of assets within the current low interest rate environment.

III. Comparison of sales one month after launch with sales at the banks

(1) Trends in funds currently being sold

Total amount sold in the first month following launch was ¥9.55 billion. Ignoring seasonal factors and assuming sales continue at the same pace, cumulative sales by the post office by March 2006 would only be approximately half of the ¥112.9 billion target announced by Japan Post. Assuming that Japan Post's actual internal sales goal, based on targets provided by each post office branch, is ¥67 billion[7], the current sales total can be viewed as a result of Japan Post having placed a priority on strict compliance and met its control objectives.

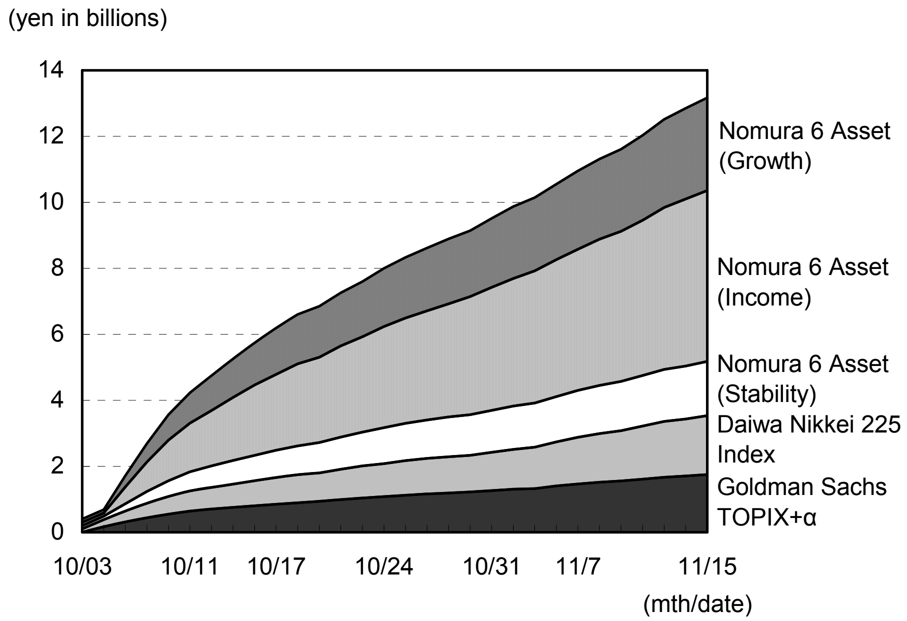
The net asset balances at each fund indicate that the global balance fund (class A) is the most popular (Figure 8). As of November 15, the combined share of the three variations of the balance fund, which pay out a bimonthly dividend, is 73%, well above the slightly over 50% initially forecast by Japan Post. Within those three, the "income-oriented fund," which allocates 50% of its assets into overseas bonds, has a 39% share.

In Japan's investment trust market, there has been a substantial increase since 2000 in the outstanding balance of funds that invest in overseas bonds and pay a frequent dividend (e.g., on a quarterly or monthly basis). Overseas bonds are already the largest asset class within the portfolio of publicly offered investment trusts (Figure 9). These products have absorbed funds from deposits offering near-zero interest rates, primarily through banking sales channels. The popularity at the post office of funds

6 The post office also offers special accounts, which automatically calculate and withhold national income taxes and local taxes generated by trading activity on behalf of investors.
7 Kin'yuu Zaisei Jijou (Financial Affairs), October 31, 2005, from pp. 30.

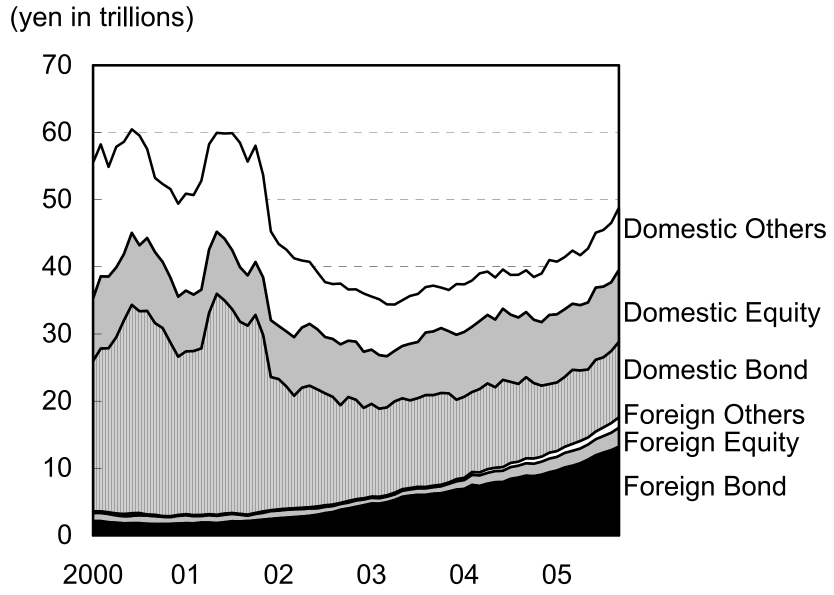
that invest in overseas bonds and pay bimonthly dividends could be viewed as consistent with the trend over the past several years.

Figure 8 Net Assets of Investment Trusts distributed at the Post Office



Source: Bloomberg

Figure 9 Portfolio of Publicly Offered Investment Trusts in Japan



(*) Others includes short term notes and depostits etc.

Source: The Investment Trust Association, Japan

(2) A quantitative comparison with the start of retail sales at the banks

During the first month of sales at post offices, per-customer sales were approximately ¥750,000, low compared to the current level of ¥2-3 million in per-customer sales of general investment trusts by the banks. That said, when the banks began selling investment trusts in December 1998, they also generated relatively low per-customer sales of ¥500,000 to ¥1 million. Looking further at the numbers back then, there were approximately 4,000 bank branches nationwide handling investment trusts, and in the first month of sales the total amount of long-term funds sold to individuals is thought to be approximately ¥70 billion.[8] Dividing this number by the number of branches gives an amount per branch of ¥17 million, roughly equal to the ¥16.6 million in sales for each post office branch. Although differences in the market environment and type of customer make it inappropriate to apply the same growth path, it is interesting that the current performance at post office branches is similar to when sales began at the banks, which now have a substantial presence in the investment trust market.

(3) Differences in the sales environment with investment trust sales by the banks

Meanwhile, there are differences with when the banks began their sale of investment trusts.

To begin with, when the banks began their sales they were expecting substantial commission income and hired many people with securities house experience as sales associates. In contrast, as a result of its positioning investment trusts as a core product in its consulting business, the post office has sought to use existing employees to handle the sales function as much as possible.

Another difference is in the type of customer; a maximum of ¥10 million can be deposited into a postal savings account, and thus the post office has a large number of small customers compared with the banks. With risk assets disproportionately held by the wealthy in Japan (Figure 10), it is likely that a greater proportion of the post office's customers will be unaccustomed to risk products relative to the banks' customers.

Both of these differences suggest that in sales by the post office, there is less experience, both on the sales side and on the customer side, in dealing with risky

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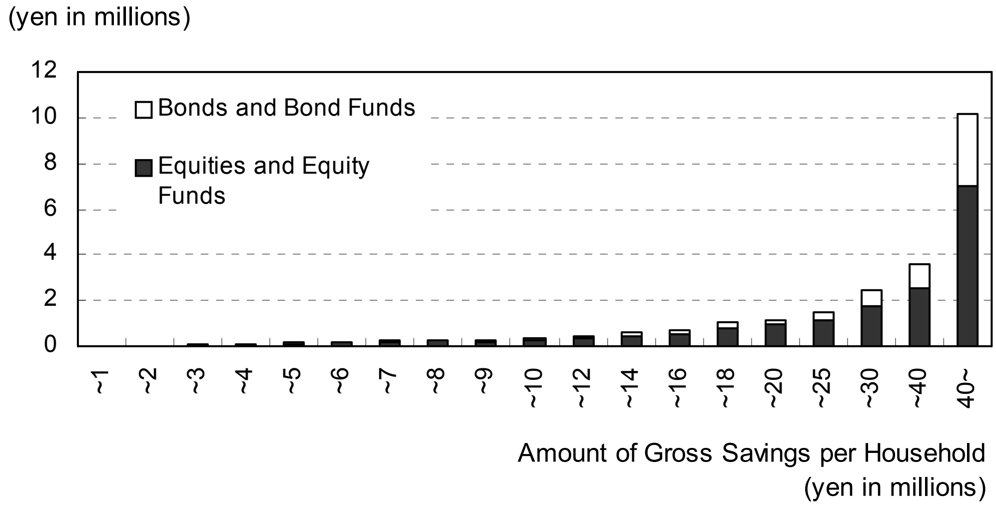
8 Total sales in the month of December 1998 were ¥199.3 billion, but we estimate that 30% of those sales were to corporations. By product, over 50% was invested in a Money Management Fund (MMF), a short-term bond fund. Considering that all of the investment trusts handled by the post office are geared toward medium-to long-term investments, it is likely that the amount of sales of similar products was approximately ¥70 billion.

products. The time spent on consultation for each sale is said to be currently averaging about two hours, and both sides appear to be still in the learning stage.

Some observers had argued that since investment trust sales by the banks have been strong in recent years, the post office should achieve similar growth with its sales launch. It is certainly possible to consider as a positive development the post office's success in achieving similar sales growth as the banks despite these disadvantages.

Figure 10 Average Amount of Risky Assets Held per Household by Gross Savings



Source: Statistics Bureau, Ministry of Internal Affairs and Communications

IV. The significance of investment trust sales by the post office

(1) The potential for reaching out to a broad investor base

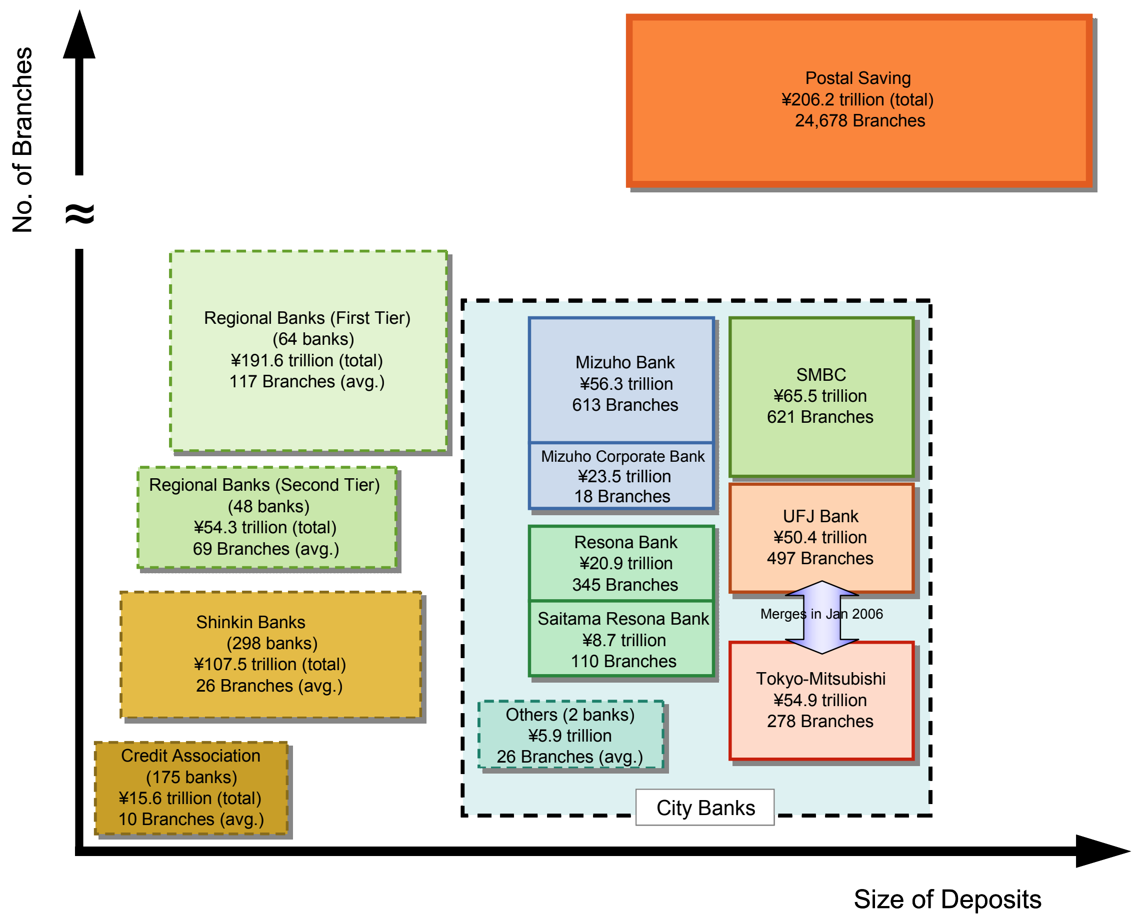
We will summarize anew the changes that can be expected with the post office's participation in the sale of investment trusts. The biggest impact from this launch of sales is the opening of a channel to those customers who own the largest balance of savings in Japan but have lacked an investment conduit.

Although the balance of postal savings is in a declining trend, at ¥206 trillion it is still well above the combined savings held by the top three banks in terms of deposits. Furthermore, the total number of post office branches nationwide, 24,676, is a greater than the 23,623 combined total for banks, Shinkin banks, and credit associations. The post office also has complete coverage throughout the country, and thus has access to customers that the Shinkin banks and credit associations, which specialize regionally, do not.

Although overly simplistic comparisons are not helpful, because of the post office's large presence there is likely to be substantial attention given to the impact of the post office launching sales of investment trusts and increasing the number of branches handling those sales.

Additionally, from the perspective of the overall investment trust market, the opening of a new sales channel to the post office's customers, which control comparatively small portfolios as noted earlier, will increase the opportunities to present their product to a market segment in need of investor education. Currently only 575 branches, primarily in city centers, are selling investment trusts, and a critical question is whether the increase in the number of branches handling sales, expected to reach 1,500 branches by March 2009, will ultimately extend to larger number of post office branches nationwide.

Figure 11 Japanese Banks: Amount of Deposits and Number of Branches



Note: All numbers are for Mar 2005, except for Postal Saving at Sep 2005.

(2) Indications from the sale of retail JGBs

There is a precedent for the sale of investment products by the post office, and that is the sale of retail JGBs that began in February 2003. Retail JGBs, issued on a quarterly basis, are 10-year bonds with a variable interest rate and guaranteed principal[9] and are sold at the majority of branches.[10]

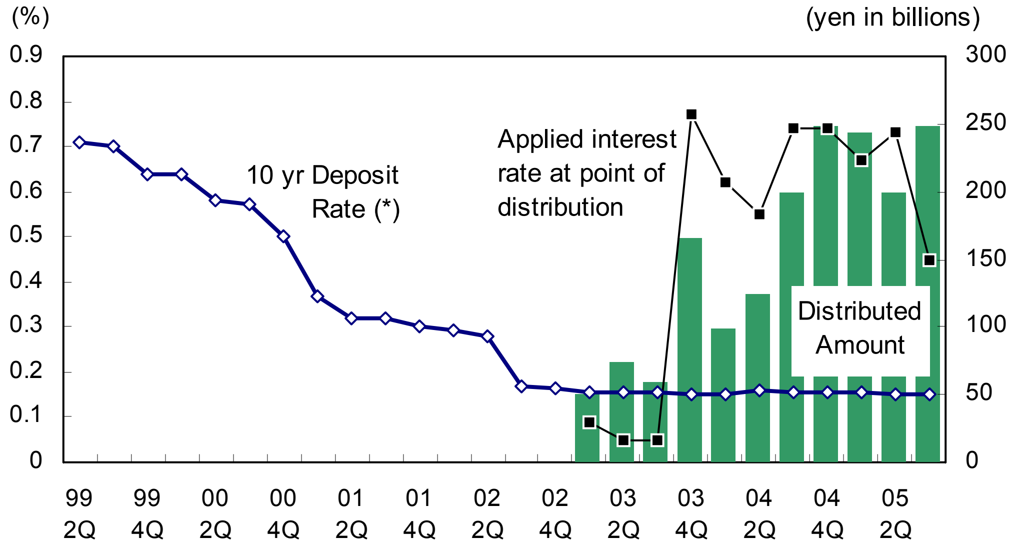
For the first three issues of retail JGBs, the initial yield was set at the below 0.1% and the initial amount of each issue was only about ¥300 billion, of which the post office sold approximately ¥50 billion (Figure 12). From the fourth issue, however, the initial yield has climbed in conjunction with the rise in a long-term interest rates, and the bonds are now perceived as an attractive investment product. Cumulative issuance as of November 2005 is up to ¥15.5 trillion, and ¥1.9 trillion of that has been sold by the post office. The bonds have become more popular recently, and the post office sold out of its ¥250 billion allotment of the #12 retail JGB (issued October 2005) in three business days.

The principal of the retail JGB is guaranteed, and this looks to be a good example of customers who are seeking a better investment than a savings account starting to invest in securities. This can probably be positioned as an entry-level product for post office customers who previously had only a savings account but are interested in transitioning into other investment vehicles.

9 The variable interest rate is set semiannually at 0.80% below the average closing yield of 10-year fixed-coupon JGBs. The minimum guaranteed interest rate is set at 0.05%. After a year has passed since issuance, it is possible to redeem the bonds prior to maturity for their face value after deducting an amount equivalent to the two immediately preceding coupon payments.

10 Retail JGBs are not sold at any simple post office branches nor at some other post office branches.

Figure 12 Distribution of retail JGBs at Post Offices



(*) For accounts under 3 million yen.

Source: Japan Post, Bank of Japan, Ministry of Finance

(3) Outlook

Japan Post's latest sales and earnings projections on investment trust distribution, shown in Figure 13, call for becoming profitable at the bottom line in FY2007 and eliminating its accumulated losses by FY2009. Even if it does meet these numbers, it is unlikely to lead to a substantial increase in commission revenue in the postal savings business. That said, the potential impact on Japan's financial system of the post office's growing presence, and development of consulting expertise, in the investment trust market cannot be dismissed lightly. It is quite significant that a channel for the sale of investment trusts has been opened up to a market segment that is generally viewed as among the least familiar with investing.

Figure 13 Estimated Results of Investment Trust Business at Post Office

(yen in billions)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Distributed Value	112.9	240.3	358.8	461.0	616.5
Outstanding	107.3	341.2	674.8	1050.7	1530.0
Gross Income	1.8	4.7	7.9	11.2	15.7

Source: Japan Post, QUICK QBR