

Strategic Acquisition of Colonial First State Global Asset Management

October 31, 2018

This document contains forward-looking statements in regard to forecasts, targets and plans of our group and Colonial First State Global Asset Management (“CFSGAM”), which is a group of subsidiaries Commonwealth Bank of Australia (“CBA”). These forward-looking statements are based on information currently available for us and are stated here on the basis of the outlook at the time that this document was produced. In addition, in producing these statements certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect and may not be realized in the future. Underlying such circumstances are a large number of risks and uncertainties. Please see other financial disclosure and public filings made or will be made by our group, including the latest kessan tanshin, financial reports, Japanese securities reports, Integrated reports and annual reports, and other financial disclosure and public filings made or will be made by CBA, including the latest financial results and annual report, for additional information regarding such risks and uncertainties. We have no obligation or intent to update any forward-looking statements contained in this document.

In addition, information on companies and other entities outside our group and CFSGAM that is recorded in this document has been obtained from publicly available information and other sources.

The accuracy and appropriateness of such information has not been verified by us and cannot be guaranteed.

In this document, unless otherwise stated, the financial information regarding us was prepared in accordance with Japanese GAAP (which includes Japanese managerial accounting standards), and the financial information regarding CFSGAM was prepared in accordance with Australian GAAP. This document is being released by us outside of the United States and is not targeted at persons located in the United States.

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1. Executive Summary

- Mitsubishi UFJ Financial Group, Inc.'s ("MUFG") trust banking entity, Mitsubishi UFJ Trust and Banking Corporation ("the Trust Bank") has announced a strategic investment to acquire 100% of the shares in major subsidiaries ("CFSGAM") which represent the global asset management ("AM") business of Colonial First State Global Asset Management group ("CFSGAM group"), headquartered in Australia
- Share sale deed has been signed between the Trust Bank and Commonwealth Bank of Australia ("CBA"), the Australian parent of CFSGAM group, to acquire 100% of CFSGAM
- CFSGAM is a global AM company with Assets Under Management ("AuM") of approximately A\$210bn*1. CFSGAM comprises operations across Australia, Asia, Europe and US, offering products across equities, fixed income and alternatives. It has global specialist capabilities in Emerging Markets, Asian markets, Fixed Income, Alternatives (property and infrastructure) and systematic equities
- This is an extremely important transaction with strategic significance for MUFG to: (i) acquire a global, competitive asset management operation with specialist capabilities; (ii) capture the growth of the asset management industry in Australia, which is a relatively high-growth developed market; and (iii) become the largest asset manager in the Asia/Oceania region

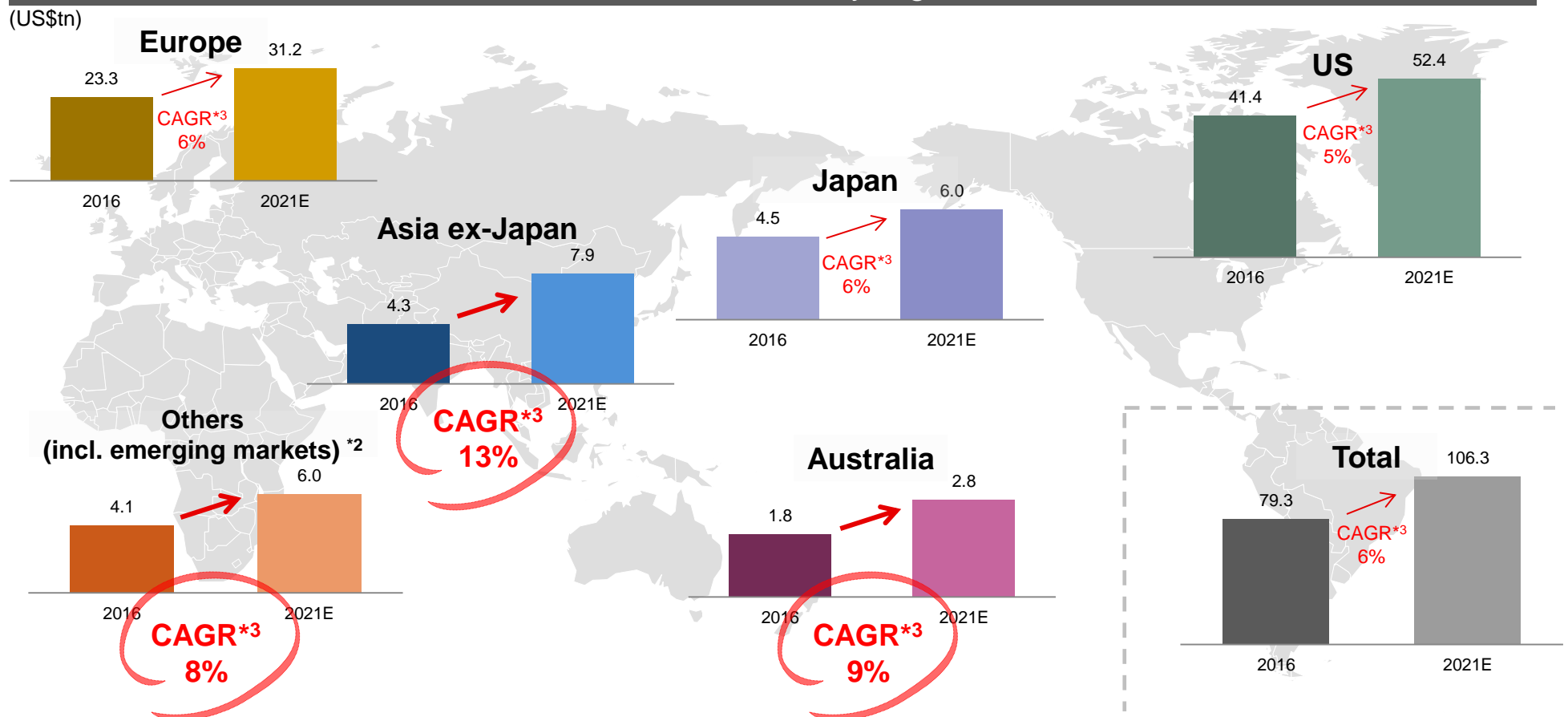
*1 End Dec 2017

2. Trends in Asset Management Industry and MUFG's Strategy

Continuing Growth in the Asset Management Industry

- The global trend of increasing AuM is expected to continue
- In Asian and emerging countries, strong future growth is supported by robust economic development
- Within developed markets, Australia's growth rate is superior driven by its Superannuation*¹ system

Forecast of AuM by region



(Source) The Cerulli Report: Global Markets 2017

*1 DC pension system with compulsory participation by employers

*2 Canada, Latin America, etc

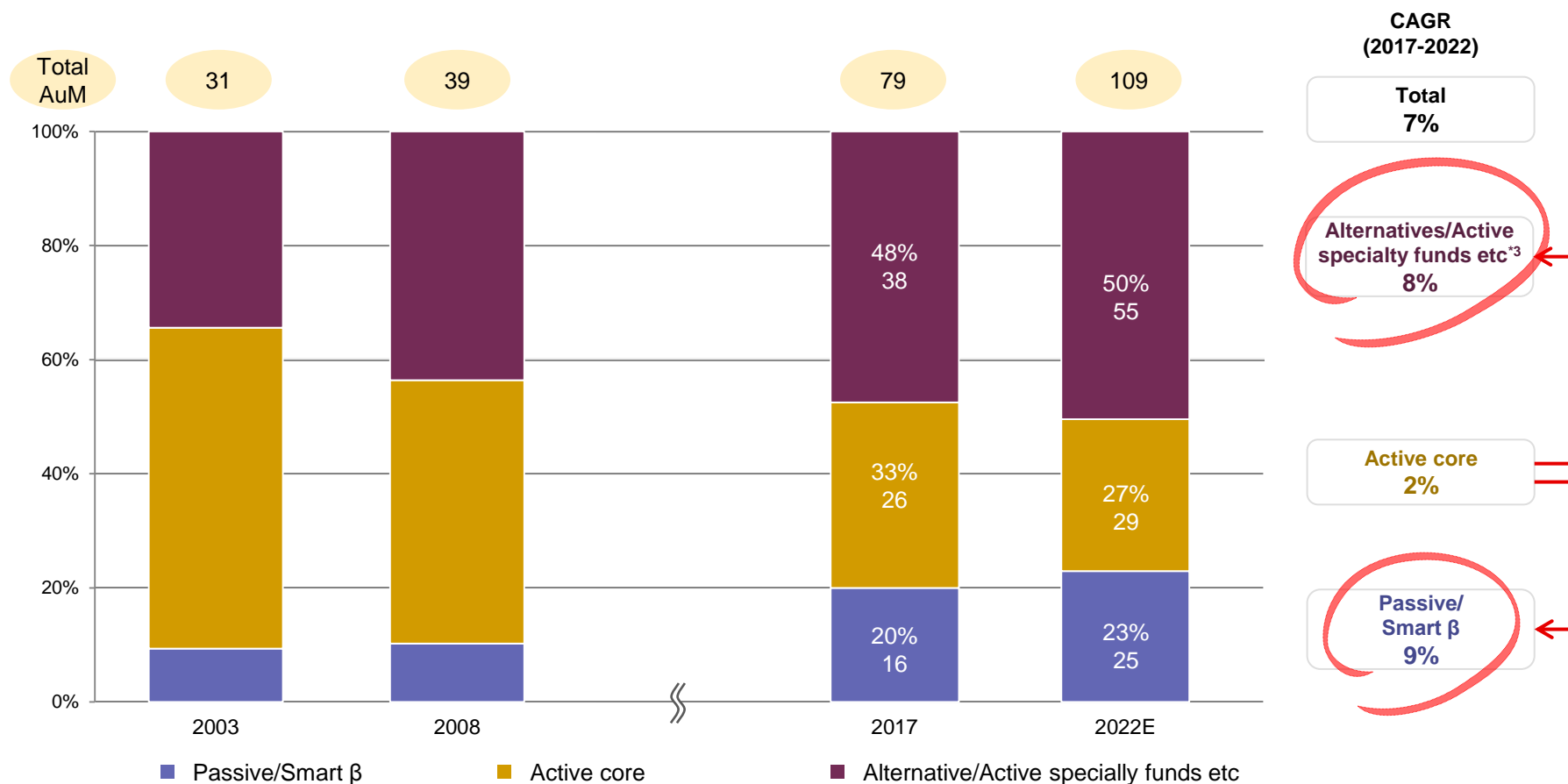
*3 Compound Annual Growth Rate

Polarized Client Needs

■ A bipolarized tendency is seen in AuM trends: while active core funds lose market share, low-fee passive products and “characteristic active products” such as alternatives*¹ and active specialty funds*² are expanding

Global AuM split by product

(US\$tn)



(Source) Boston Consulting Group: Global Asset Management 2018

*1 Alternatives: include infrastructure and real estate assets, Private Equity funds

*2 Active specialty funds: include distinctive active funds that focus on specific regions or size of assets

*3 Alternatives/Active specialty funds: include “Alternatives”, “Active specialty funds” and “Specialties” (liability-driven, target-dated, global asset allocation)

Overview of the Current MUFG AM Business

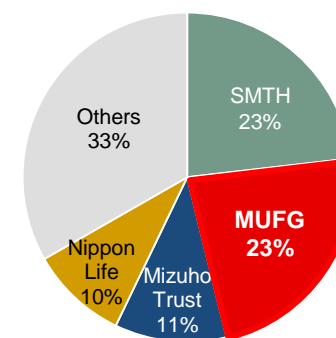
- Being one of the largest asset manager in Japan, MUFG has competitive strengths especially in the management of Japan-related assets

Overview of MUFG's AM business

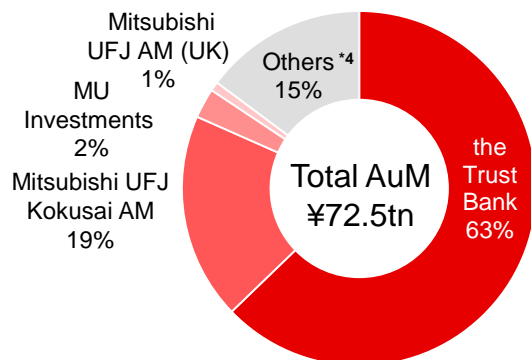
- One of the leading asset managers in Japan, with AuM of ¥72.5tn
- Long history as an integrated asset manager in Japan
 - ① Commenced managing Japanese pension fund's assets concurrently with the start of the Japanese pension scheme (in 1962)
 - ② Mitsubishi UFJ Kokusai AM has its origin to Japan's oldest mutual fund company (Established in 1959)
- Establishment of the first quant-specialized technology institute in Japan (Mitsubishi UFJ Trust Investment TEChnology Institute (MTEC), established in 1988)
- High ROE of Asset Management & Investor Services Business (FY2017A: 23%*1)

MUFG's domestic market share

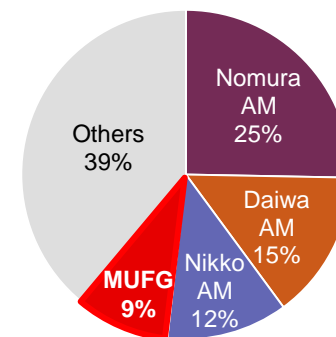
Corporate pension: ¥70,703.9bn *2, 3



MUFG's AuM by entity*2



Investment trust fund: ¥96,945.8bn*2, 5



(Source) Newsletter on P&I, The Investment Trusts Association, Japan

*1 Excludes the impacts of investment related accounting factors (amortization of goodwill, etc.)

*2 End of Mar 2018

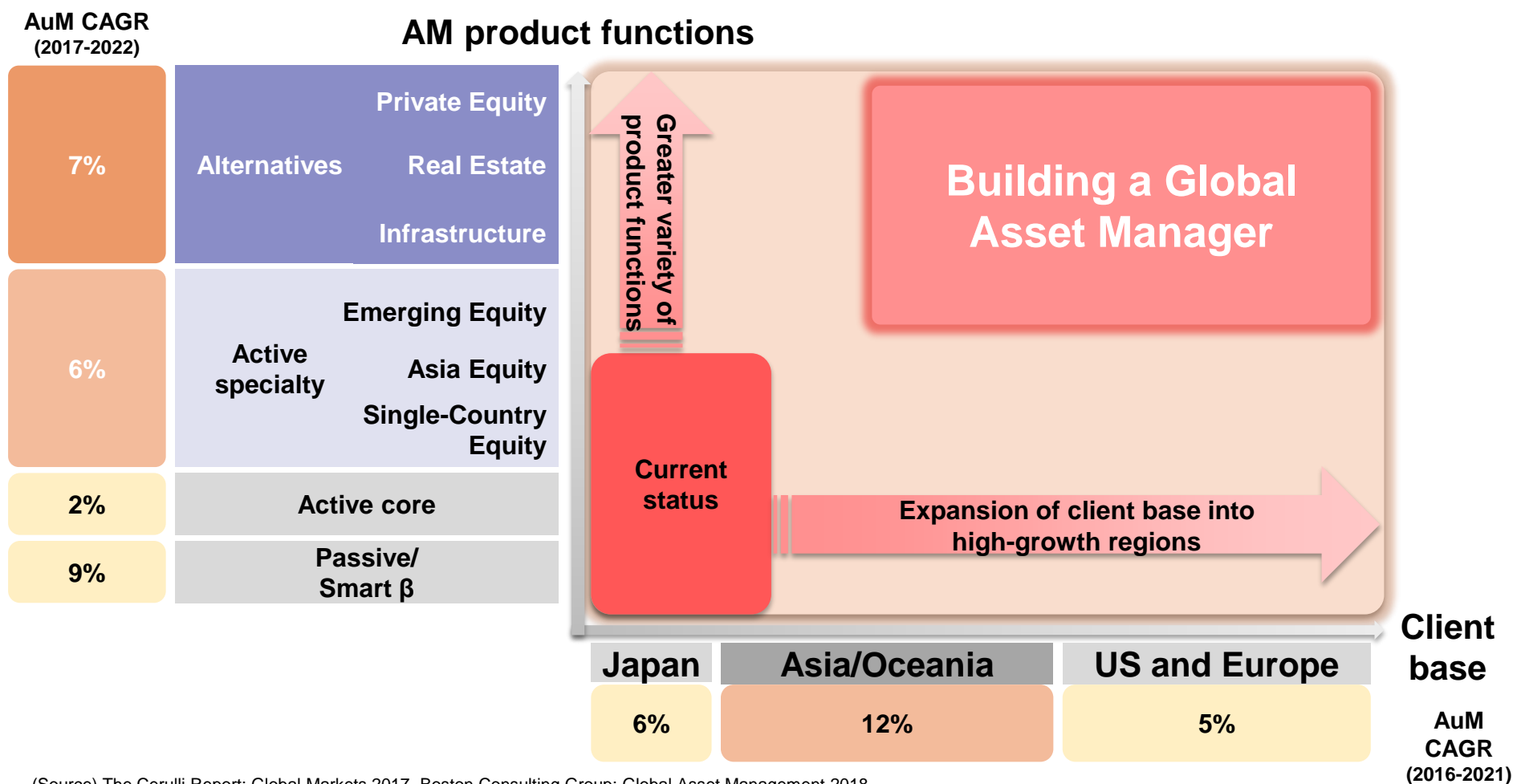
*3 Pension administration (based on book value)

*4 Includes investee and partners as well as MUFG AM subsidiaries

*5 Publicly offered investment trusts

MUFG is Building Greater AM Operations and Wider Client Base

- MUFG aims to become a truly global asset manager by:
 - ① Securing a variety of unique and competitive asset management operations, and
 - ② Expanding its client base on a global basis

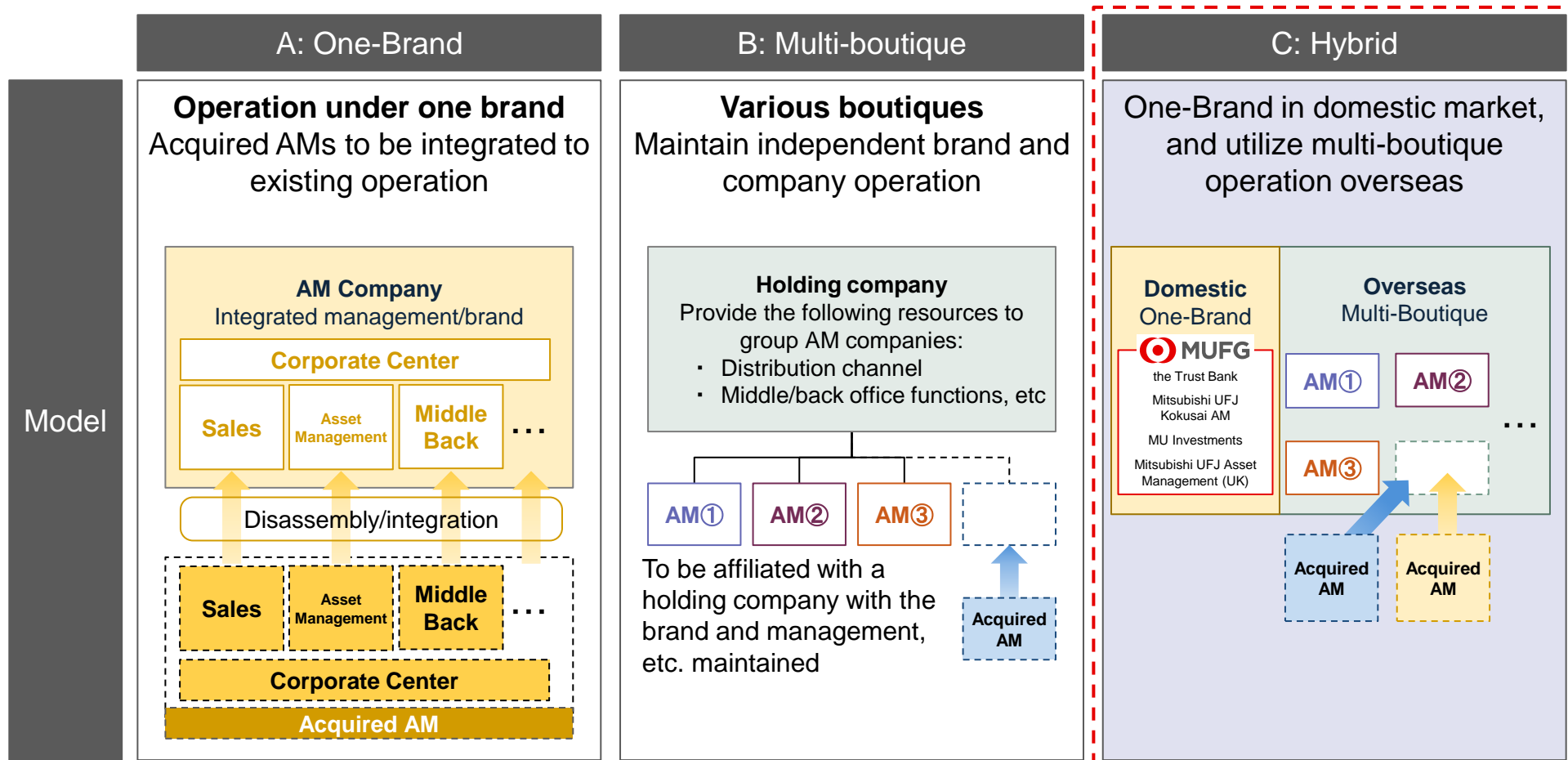


(Source) The Cerulli Report: Global Markets 2017, Boston Consulting Group: Global Asset Management 2018

MUFG is Aiming to Become a Hybrid AM Business Model

- MUFG aims to develop a hybrid-type operational model, in which domestic business is conducted under one “MUFG” brand, and a multi-boutique type strategy is adopted for acquired overseas operations

Operational models of AM companies bringing several AM entities under control



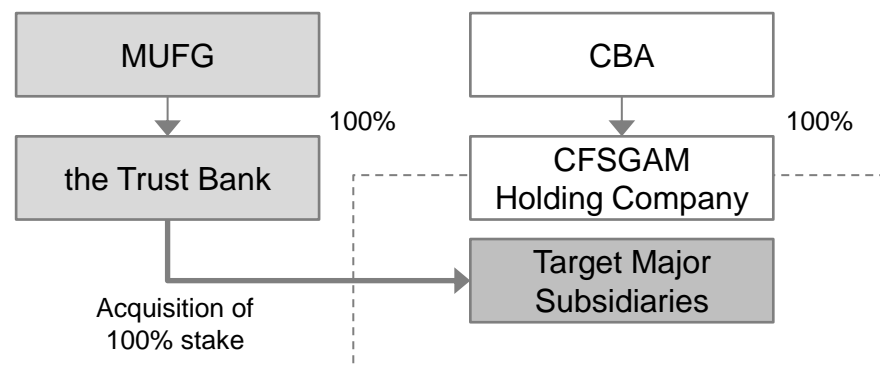
3. Transaction Overview

Transaction Overview

Transaction overview

Outline

- Through this transaction, the Trust Bank will acquire 100% of the shares in nine major subsidiaries of CFSGAM Group from CFSGAM Holding Company
- As a result of this acquisition, the target entities will become wholly-owned subsidiaries*¹ of MUFG



Acquisition value

- Total acquisition value: approx. A\$4.0bn (approx. ¥328.0bn*²)
 - Valued at 12.4x the EBITDA (actual) of CFSGAM Group for FY18/6
 - Fully financed from MUFG's own funds, without any dilutive financing

Schedule

- End of Oct 2018 Signing of share sale deed
- Mid-2019 Closing of the transaction
(subject to approvals from relevant authorities and fulfillment of terms and conditions)

*1 Including holding through an intermediate holding company

*2 A\$1= ¥82

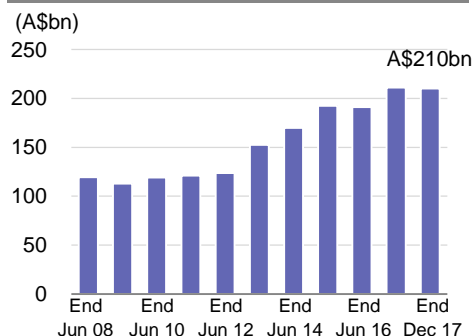
4. Overview & Vision with CFSGAM

Overview of CFSGAM

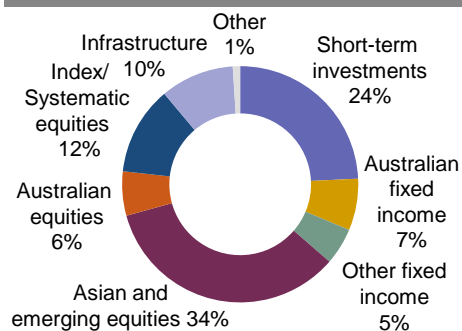
- CFSGAM is a global AM company with AuM of approximately A\$210bn. CFSGAM comprises operations across Australia, Asia, Europe and US, offering products across equities, fixed income and alternatives. It has global specialist capabilities in Emerging Markets, Asian markets, Alternatives (property and infrastructure) and systematic equities
- CFSGAM was originally part of the Colonial Limited business which merged with CBA in 2000. CFSGAM's international operations can be traced back to one of the world's oldest investment trust companies established in Edinburgh

Breakdown of AuM/client base

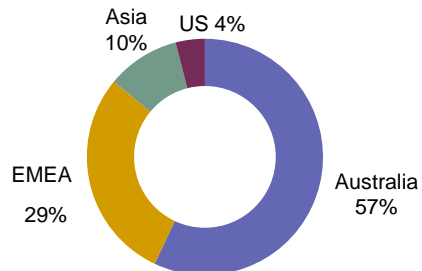
Historical AuM (2008-2017)^{*1}



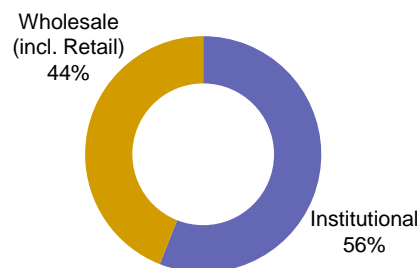
AuM by asset class^{*2}



AuM by region^{*2}



AuM by client segment^{*2}



Global institutional client mandates^{*3}

c. 200

Mandate revenue ex-Australia^{*4}

c. 75%

Financial highlights (A\$m)

	FY16/6	FY17/6	FY18/6
Revenue	882	864	988
Operating expenses	608	577	645
Operating profits	273	287	343
Operating margin	31%	33%	35%
EBITDA	282	295	322
EBITDA margin	32%	34%	33%

Regional operations

	Australia	EMEA	Asia	US
Key locations	Sydney	Edinburgh, London	Hong Kong, Singapore	New York
AuM ^{*2, 5}	A\$119bn	A\$61bn	A\$21bn	A\$9bn
Key Products	Asian and Emerging equities, short-term investments, Australian and global fixed income, Index products, property and infrastructure			

*1 End of June for each year, apart from the most recent figure (December, 2017)

*2 End of Dec 2017

*3 Number of separate account contracts

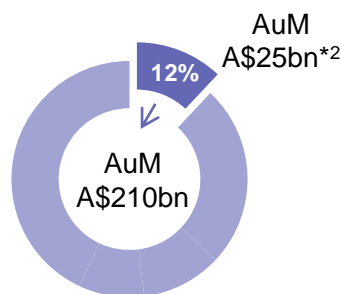
*4 Proportion of revenue from separate account contracts with clients based out of Australia

*5 Based on client domicile

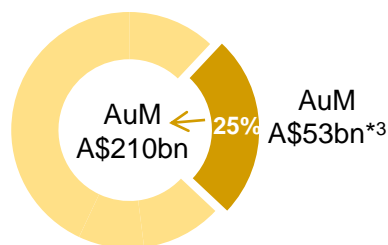
Global Specialist Capabilities

- Majority of AuM in attractive high margin and growing asset classes and markets

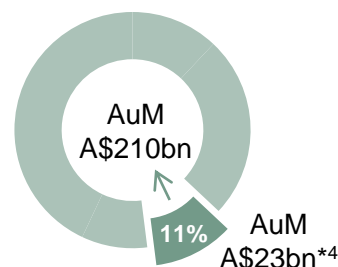
Global emerging markets*1



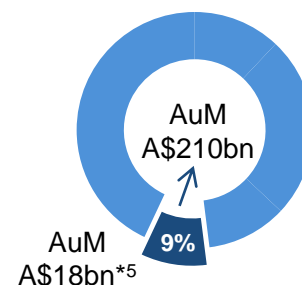
Asian markets*1



Alternatives (Infrastructure and property)*1



Systematic equities (Realindex)*1



- Large and growing GDP and investable universe
- Strong returns driven by improving macroeconomic themes
- Diversification benefits relative to developed markets

- Supportive demographic and macroeconomic fundamentals and attractive valuations driving returns
- Similar favorable drivers to Global Emerging Markets

- Global infrastructure spending expected to rise from US\$4tn in 2012 to US\$9tn in 2025
- 10% increase in AuM allocated to top 10 global alternative asset managers in 2016
- Greater focus on ESG criteria

- Shift towards low cost β strategies and the low growth, defensive market environment
- Systematic Equities is becoming part of a diversified strategy (combining active and passive funds management)

(Source) CFSGAM, Boston Consulting Group "Global Asset Management 2017, The Innovator's Advantage"

*1 AuM data as end of Dec 2017, based on region where funds are invested

*2 Emerging Market Debt, First State Stewart Asia – Global Emerging Markets, Stewart Investors – Global Emerging Markets and Worldwide

*3 Asia Fixed Income, First State Stewart Asia – Asia Pacific, China A Shares, Greater China,

Hong Kong, India and Japan. Stewart Investors – Asia Pacific

*4 Global Listed Infrastructure, Unlisted Infrastructure, Global Property Securities

*5 Systematic Equities (Realindex excluding pure index)

Strong Investing Culture and Philosophy Has Delivered Outperformance for Clients

Disciplined and responsible investment process

Commitment to Responsible Investment Principles

- Three pillar approach – stewardship, investment quality and employee engagement

Disciplined Investment Philosophy

- Focus on capital preservation and performance through market cycles

Range of Investment Styles

- Investment teams make own decisions on investment philosophy, investment process and fund capacity

Innovative Environment and Culture of Teamwork

- Strong retention of key investment professionals – 89% retention rate over three years

Client Focused Culture and Strong Financial Alignment

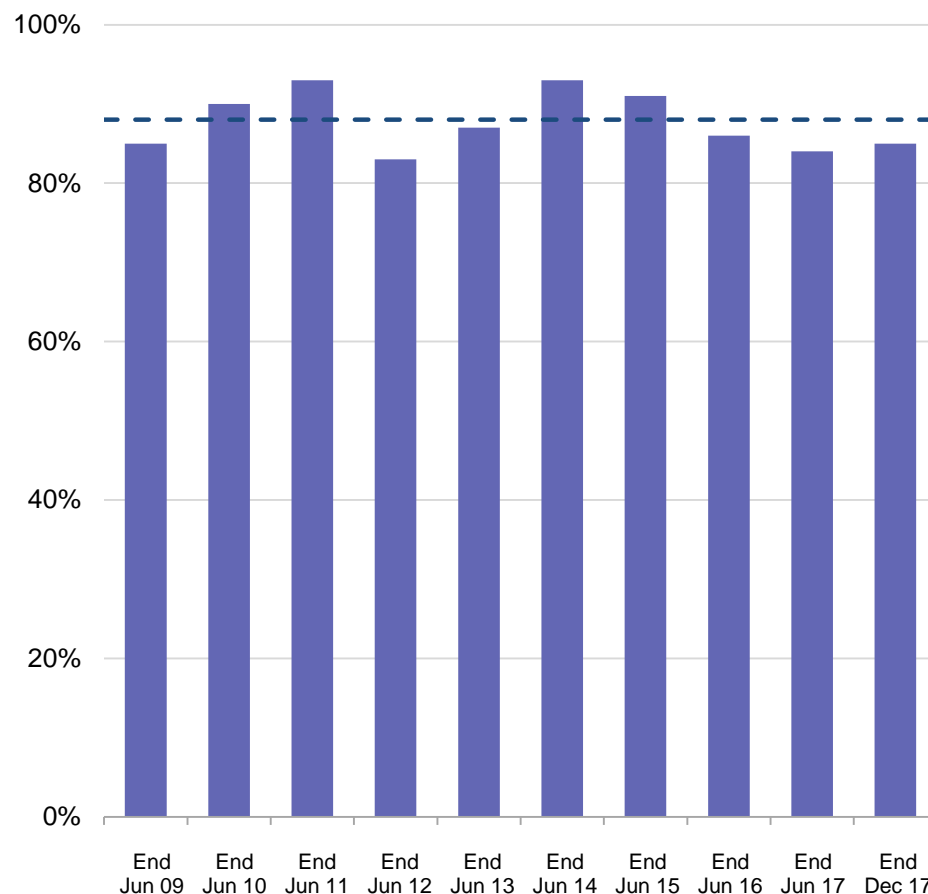
- Investment managers aligned with client outcomes – compensation linked to the success of strategies as measured by investment performance

ESG-conscious AM

- Has promoted ESG investment for more than a decade, as indicated in the signature to the United Nations Principles for Responsible Investment (PRI) and issuance of RI (Responsible Investment) Report
- Launched Asia Pacific Sustainability Fund as its first sustainable product in 2005



Long-term benchmark outperformance



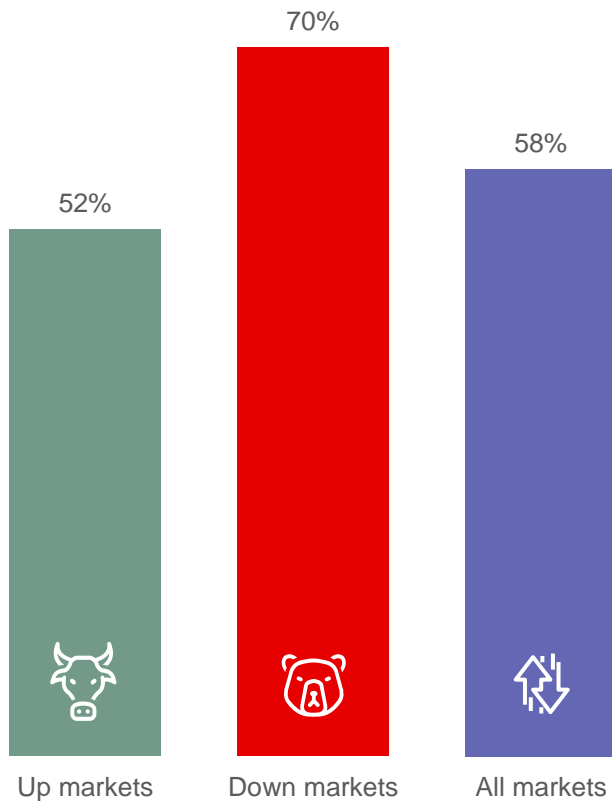
Nearly 90% of CFSGAM's AuM has outperformed indices in terms of rolling five-year performance since 2009

(Source) CFSGAM

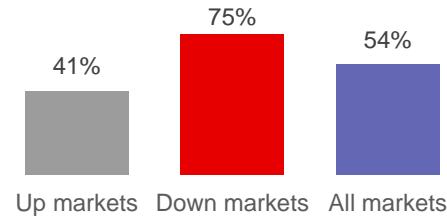
Long-term Outperformance of CFSGAM Underlying Funds Through Both Up and Down Markets

Focus on capital preservation and performance through market cycles

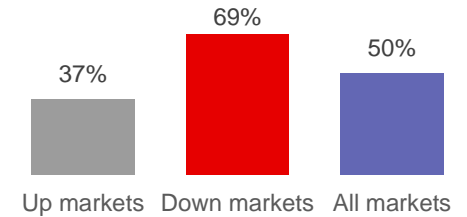
All CFSGAM strategies
Percentage of months outperforming



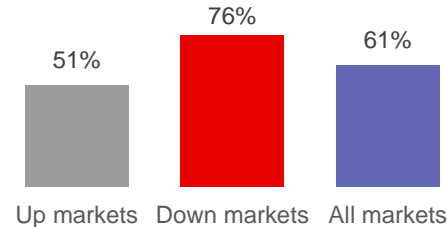
First State Stewart Asia
China Growth (A\$5.7bn)



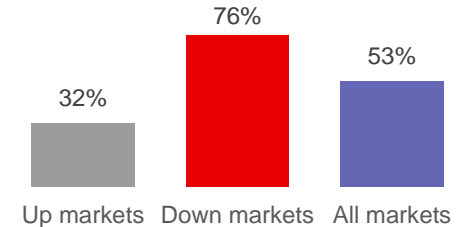
Stewart Investors
Asia Pacific Leaders (A\$14.7bn)



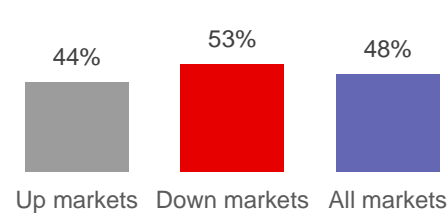
First State Stewart Asia
Asian Equity Plus (A\$4.2bn)



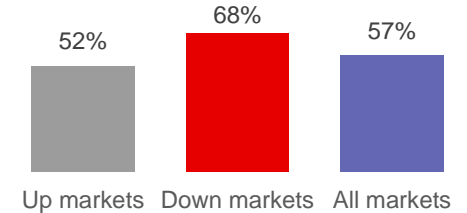
Stewart Investors
Global Emerging Markets Leaders Fund (A\$4.9bn)



Realindex
Australian Equities (A\$5.0bn)



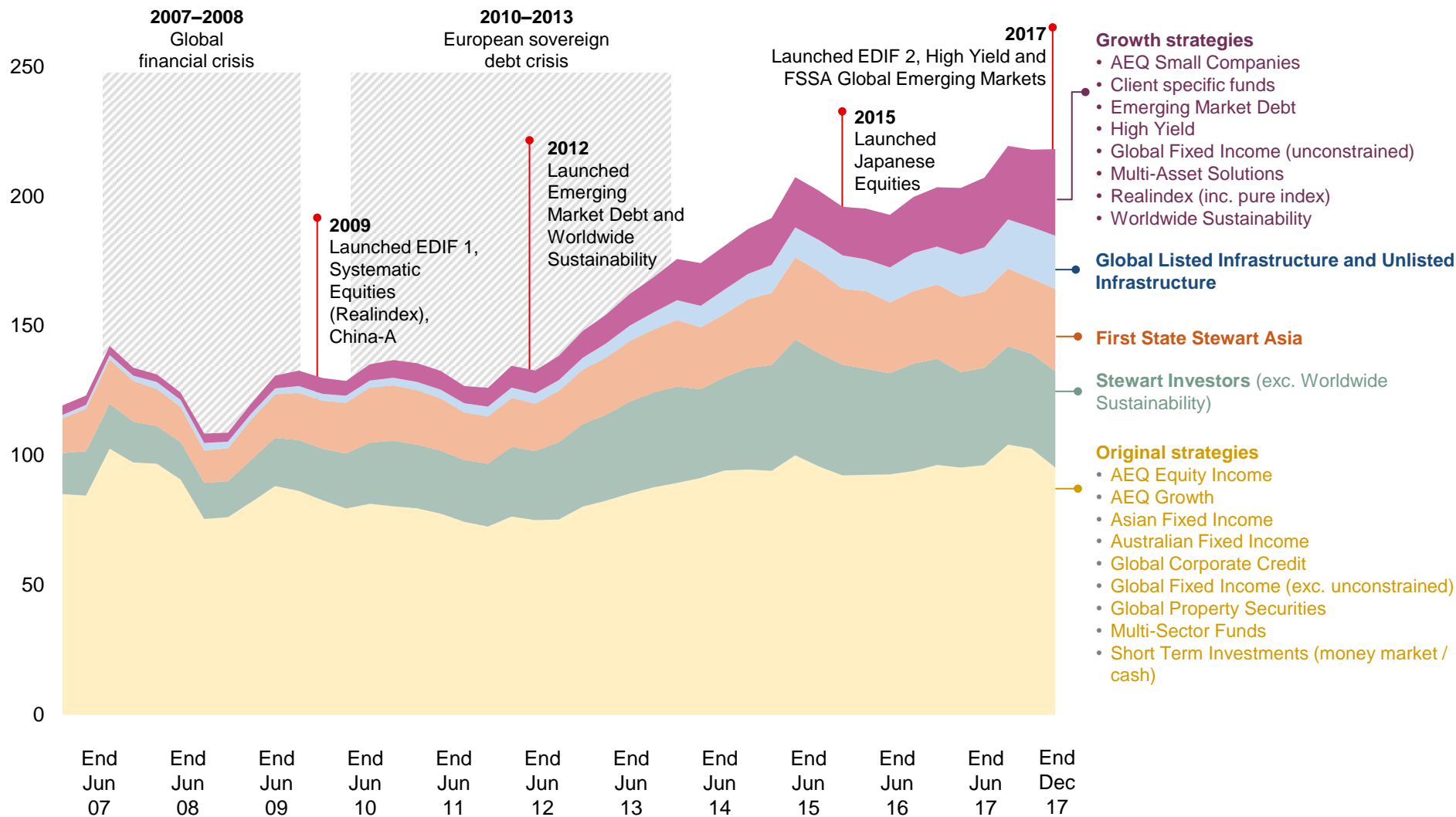
First State
Global Listed Infrastructure (A\$4.4bn)



(Source) CFSGAM. Months of outperformance from January 2008 (or inception) to December 2017

CFSGAM Growth Driven Through Innovation and Product Development

AuM end Jun 2007 to end Dec 2017 (A\$bn)



(Source) CFSGAM

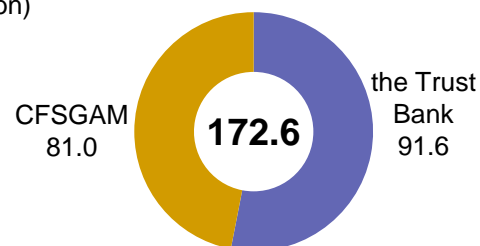
Vision with CFSGAM (1) Contribution to MUFG

- CFSGAM and the Trust Bank are complementary to each other in terms of both geography and products, and the partnership will promote client and product diversification under MUFG
- The share of AM/IS*1 business in MUFG's gross profits will increase from 5% to 7%

Post-acquisition AM contribution

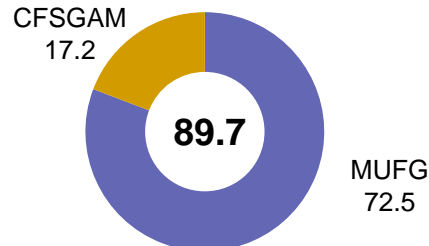
Breakdown of gross profits*2

(¥bn)



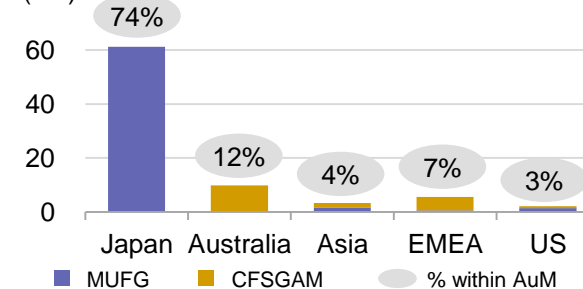
Breakdown of AuM*3

(¥tn)



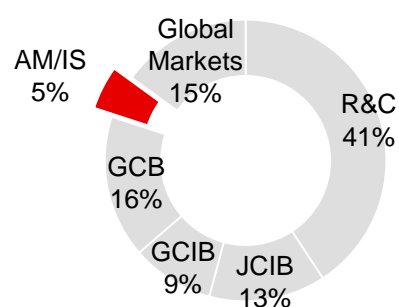
AuM by region

(¥tn)

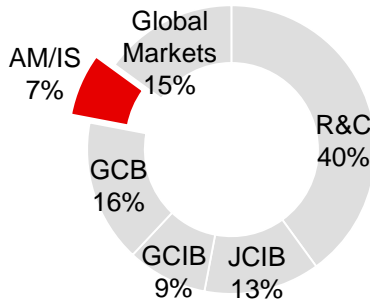


Gross profit contribution by MUFG's AM/IS businesses*4

End Mar 2018



After CFSGAM acquisition



AM contribution to major G-SIBs*5, 6

G-SIB	% within gross profit
JP Morgan	6.1%
Goldman Sachs	19.3%
Morgan Stanley	6.8%
BNP Paribas	7.4%

*1 Asset Management & Investor Services Business Group

*2 CFSGAM's figures are as end of Jun 2018 and the Trust Bank's figures are as end of Mar 2018. A\$1=¥82

*3 CFSGAM's figures are as end of Dec 2017 and MUFG's figures are as end of Mar 2018. A\$1=¥82

*4 % with gross profit in business group. R&C: Retail & Commercial Banking, JCIB: Japanese Corporate & Investment Banking, GCIB: Global Corporate & Investment Banking, GCB: Global Commercial Banking

*5 Global Systemically Important Banks

*6 (Source) Company data as of FY 2017. As for BNP Paribas sum of Asset Management and Wealth Management is used

Vision with CFSGAM (2) Foundations for Global AM Business

- Establish a robust structure and foundation to become a leading global AM player
- MUFG can provide CFSGAM with “MUFG Investor Services” for fund administration, finance, and investment in IT systems to support growth. Use of technology in collaboration with MTEC will also help CFSGAM offer more sophisticated asset management services and solutions



Advantages of MUFG

- One of the largest integrated AM companies in Japan, with competitive advantages in management of Japan-related assets
- Long history in Japan (developed with Japanese pension market and Mitsubishi UFJ Kokusai AM having its origin to one of the oldest mutual funds)



Advantages of CFSGAM

- Global asset manager with specialist capabilities
- Highly competitive products in growing markets
- Robust client base in regions such as Australia, where AuM is expected to continue to grow

Offering distinguished and competitive investment products

One-Brand Operation

Mitsubishi UFJ Trust and Banking Mitsubishi UFJ Kokusai Asset Management



MU Investments

Mitsubishi UFJ Asset Management (UK) Ltd.

Key Brands



Further development

Wide range of support from MUFG



“MUFG Investor Services”
Fund administration etc.

IT systems
investment

Finance

Capital

MTEC^{*1}

Existing Partners

Mitsubishi UFJ Baillie Gifford
Asset Management

Standard Life Aberdeen



AMPCAPITAL

*1 Mitsubishi UFJ Trust Investment TEChnology Institute, quant-specialized technology institute in Japan

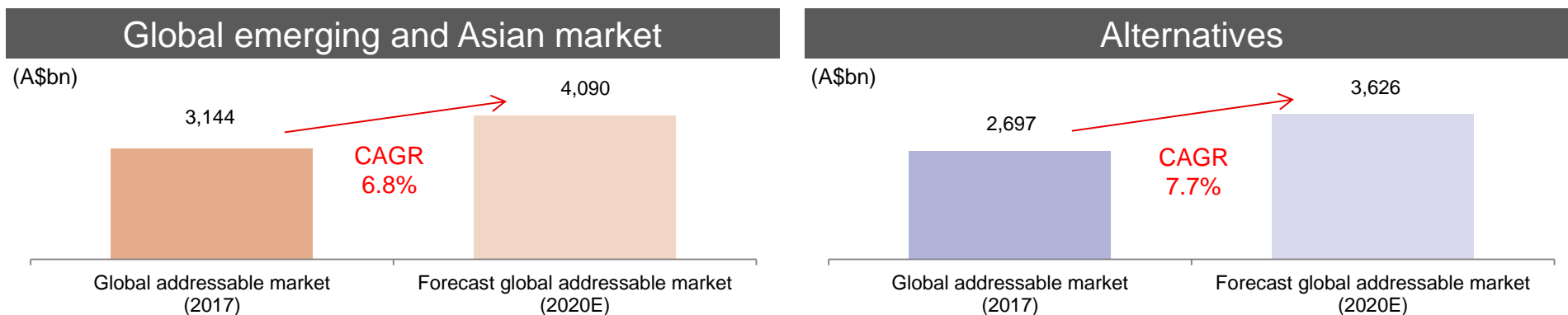
5. Strategic Rationale of CFSGAM Acquisition

Strategic Rationale of CFSGAM Acquisition



Acquire a global, competitive AM operation with specialist capabilities

- CFSGAM has highly regarded specialist capabilities in Global Emerging and Asian markets as well as Alternatives



Performance*1 of top six CFSGAM funds by AuM

CFSGAM fund	AuM(A\$bn)	Absolute performance per annum		Performance relative to benchmark*2 per annum	
		5 years	3 years	5 years	3 years
Stewart Investors Asia Pacific Leaders Fund	14.7	12%	12%	1%	(3%)
First State Stewart Asia China Growth Fund	5.7	14%	16%	4%	3%
Realindex Australian Equities	5.0	11%	10%	1%	1%
Stewart Investors Global Emerging Markets Leaders	4.9	10%	14%	2%	(1%)
Global Listed Infrastructure	4.4	16%	15%	2%	3%
First State Stewart Asia Asian Equity Plus	4.2	12%	12%	4%	3%

■ Global emerging market and Asian Market products ■ Alternatives products

(Source) CFSGAM

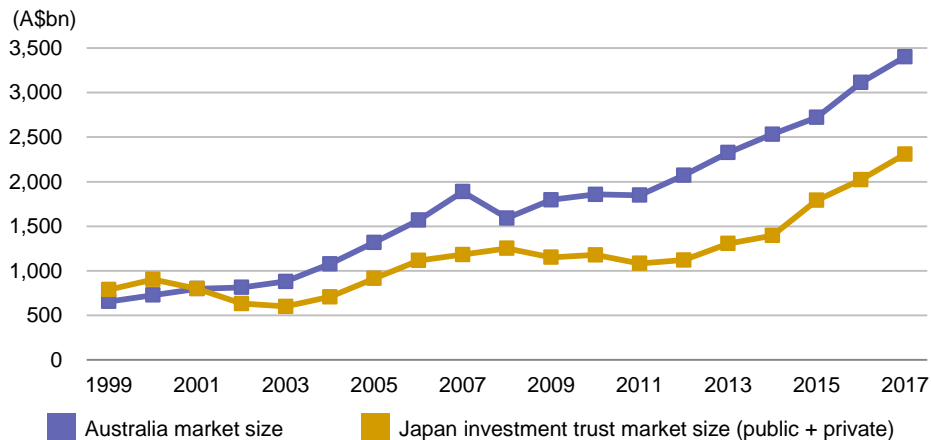
*1 Performance as end of Dec 2017 excluding short-term investments and geared funds

*2 Fund performance is before fees and taxes and relative to benchmark performance

Capture Growth of the Australian AM Market, Where There is Relatively High-Growth

- The AM market in Australia is larger than that of Japan, and has achieved robust growth. In addition, it is expected to be supported by the continuously strong macroeconomic environment
- CFSGAM has a robust foundation in its growing home market

Growth of Australian fund market in size ^{*1}



Australian fund sector overview (US\$bn) ^{*2}

#	Asset manager	AuM
1	Macquarie Group	362.5
2	CFSGAM ^{*3}	142.4
3	AMP Capital	119.5
4	BT Investment Mgmt.	60.7
5	QIC	57.5

Expectation for consistent market growth backed by Superannuation

- Superannuation, the defined contribution plan unique to Australia introduced in 1992, in which employers are obliged to pay annuity premiums, is a key driver for growth in the AM sector

Expansion in senior population

- With the expansion of elderly population, the AM market for the retired will grow fourfold by 2040

Stable economic growth

- Average real GDP growth per annum from 1992 to 2016 is 3.3%

Increase in premiums

- Superannuation guarantee, compulsory super contributions made by employers, will increase up to 12% in 2025 (currently 9.5%)

No impact of regime change

- Superannuation was established by the regime of Australian Labor Party, the current opposition party, which means this system is unlikely to be affected by future regime changes

(Source) Australian Bureau of Statistics, The P&I / Willis Towers Watson World 500: World's largest money managers, NLI Research Institute (February 2016), The Investment Trusts Association, Japan, Mitsubishi UFJ Research and Consulting

*1 As for the FX rate, figures of December 1 of every year are used (As of next business day if December 1 is holiday)

*2 End of Dec 2016

*3 End of Jun 2016 (A\$191bn). US\$1=A\$1.34

Become The Largest AM player in Asia/Oceania

- Pro-forma AuM will be the largest among Asia/Oceania AM players

Increased presence globally

- It is important to secure a certain size to maintain profitability and competitiveness, in preparation for tightened regulations, increase in sales costs and IT investments, etc.
- Upon completion of this acquisition, MUFG will become the largest AM player in the Asia/Oceania region
- MUFG will break the top 30 in the global AuM ranking
- Establish a foothold for becoming a Top15 player with AuM of ¥100tn

Asia/Oceania AuM ranking^{*1, 2}

(US\$bn)

Rank	Asset manager	Head office	AuM
	MUFG + CFSGAM	Japan	727.2
1	Sumitomo Mitsui Trust Holdings	Japan	699.5
2	Nippon Life Insurance	Japan	647.5
3	MUFG	Japan	584.8
4	Macquarie Group	Australia	362.5
5	Meiji Yasuda Life Insurance	Japan	306.7
6	Shinkin Central Bank	Japan	297.0
7	Nomura Asset Mgmt.	Japan	295.9
8	Sumitomo Life Insurance	Japan	222.0
9	Samsung Group	S. Korea	180.2
10	CFSGAM ^{*3}	Australia	142.4

(Source) The P&I / Willis Towers Watson World 500: World's largest money managers

*1 End of Dec 2016

*2 Mizuho Financial Group established Asset Management One in Oct.2016 and its AuM was ¥52tr as of Mar 2016 (US\$1=¥112.7)

*3 US\$1=A\$1.34, end of Jun 2016

Appendix

Awards of CFSGAM Products

- Recent awards in recognition of investment performance and investment philosophy



Asia Asset Management Best of the Best Awards 2018

- Best Application of ESG (2018)
- Asia Pacific Equity ex-Japan over 10 years (2018)



Benchmark Fund of the Year Awards 2017

- Grand awards—Provider of the year (offshore), Best Equity House, Best Sustainable Investment Award
- Manager of the year award—Asia Equity
- House awards best in class—Asia ex-Japan Equity, China A-Shares Equity, China Equity, India Equity



Thomson Reuters Lipper Fund Awards 2017

- Hong Kong—Bond Emerging Markets Global Hard Currency (five years), Equity Greater China (10 years), Equity Hong Kong (10 years), Equity India (10 years), Equity Emerging Markets Global (10 years)
- United Kingdom—Equity India over 10 years, Equity Greater China over 10 years



Environmental, Social and Governance

- Asia Asset Management Best of the Best Awards—Best Responsible Investor (2016), Best Application of ESG, Co-winner (2015)
- Financial News—ESG Integration Award (2014, 2015)

History of CFSGAM

30+ years of growth

