

Commonwealth Bank of Australia

CBA.AX | Financials | Diversified Banks

KEY METRICS

Price	Mkt Cap	Fwd P/E	EV/EBITDA
A\$179.67	A\$285B	Pending	Pending
52wk Range	Div Yield	Revenue	NPAT
Pending	Pending	Pending	Pending

OVERALL SENTIMENT

Overall Sentiment	+19 UPSIDE
External Environment	+4
Company Research	+16

KEY TAKEAWAYS

- CBA's digital-first strategy, dominant market position, and operational efficiency justify a sustained premium to peers.
- If premium multiples mean-revert, significant downside risk.
- External environment is neutral (score: +4). Macro and sector contributions are incorporated in the three-layer sentiment model.

Marc Duncan | DH Capital Partners

marc@dhcapital.com.au

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COMPANY OVERVIEW

Commonwealth Bank of Australia (ASX: CBA) — coverage initiated. Full analysis pending.

NARRATIVE ASSESSMENT

Commonwealth Bank of Australia (ASX: CBA) — coverage initiated. Full analysis pending.

MARKET CONTEXT

Macro Environment: NEUTRAL (external signal: +4)

Indicator	Value	Change
ASX 200	9,101.3	+3.2% 1mo
AUD/USD	0.7066	-0.8% 5d
RBA Cash Rate	4.10%	cutting gradually
VIX	19.6	

SECTOR CONTEXT

Model: FINANCIALS MAJOR BANKS | Sector signal: +15 (bank rate)

COMPETING HYPOTHESES

Dominant Narrative: T1: Digital Franchise Premium — Quality Justifies the Multiple (survival probability: 75%)

T1: Digital Franchise Premium — Quality Justifies the Multiple [DOMINANT] 75%

CBA's digital-first strategy, dominant market position, and operational efficiency justify a sustained premium to peers.

Watch: CommBank app MAU growth, cost-to-income ratio, home lending market share.

- Evidence gathering in progress.

T2: NIM Compression — Rate Cuts Squeeze the Franchise 60%

The RBA rate-cutting cycle compresses CBA's net interest margin, reducing earnings.

Watch: Quarterly NIM disclosures, RBA rate decisions, deposit mix trends.

- Evidence gathering in progress.

T3: Competitive Disruption — Neo-Banks and Non-Bank Lenders 45%

Digital-native competitors and non-bank lenders take share in specific segments.

Watch: Neo-bank/fintech mortgage share, CDR adoption, payments disintermediation.

- Evidence gathering in progress.

T4: Credit Cycle Normalisation — Housing Risk Re-emerges 35%

Credit losses normalise from cyclical lows as unemployment rises or house prices correct.

Watch: Unemployment rate, house prices, loan impairment expense, 90-day arrears.

- Evidence gathering in progress.

DIAGNOSTIC EVIDENCE

The following evidence items have the highest discriminating power between hypotheses:

Evidence matrix pending - no active evidence items recorded.

C = Consistent, I = Inconsistent, N = Neutral. Diagnosticity = ability to discriminate between hypotheses. HIGH/CRITICAL items are most informative.

KEY DISCRIMINATORS

Key discriminator analysis pending - will be populated as evidence items are assessed.

TRIPWIRES

Condition	Trigger	Action
CommBank app MAU growth, cost-to-income ratio, home lending market share.	Per hypothesis thresholds	Reassess T1 narrative
Quarterly NIM disclosures, RBA rate decisions, deposit mix trends.	Per hypothesis thresholds	Reassess T2 narrative
Neo-bank/fintech mortgage share, CDR adoption, payments disintermediation.	Per hypothesis thresholds	Reassess T3 narrative

TECHNICAL PICTURE

Technical analysis pending - signals will be incorporated when the TA agent is deployed.

ANALYTICAL GAPS

The following information would materially improve the confidence of this analysis:

- Management guidance on forward P/E and revenue trajectory - required to validate Growth/Recovery hypothesis.
- Independent market share data - needed to assess competitive dynamics and test downside scenarios.
- Balance sheet composition and net debt position - required to stress-test valuation under rate scenarios.
- Analyst consensus estimates and revision trends - to calibrate sentiment score against market positioning.
- Customer cohort data or NPS trends - to validate operational execution claims in company guidance.

UPCOMING CATALYSTS

Catalyst calendar pending. Key items to monitor:

- Next results date: Pending (monitor ASX announcements)
- Monitor hypothesis tripwires for narrative-change signals.

IMPORTANT INFORMATION

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METHODOLOGY

This analysis uses the Analysis of Competing Hypotheses (ACH) framework, originally developed by Richards Heuer at the CIA for intelligence analysis and adapted here for equity research. ACH evaluates multiple competing explanations against diagnostic evidence, ranking hypotheses by the fewest inconsistencies rather than the most confirmations. This approach is designed to reduce confirmation bias and anchoring effects common in traditional equity research.

Sentiment scores are generated by a three-layer decomposition model separating macro environment, sector/commodity factors, and company-specific research. The 40/60 rule ensures company-specific research always contributes at least 60% of the overall sentiment, maintaining focus on idiosyncratic stock drivers.

LIMITATIONS

- Hypothesis scores are model outputs, not price targets or investment recommendations.
- Evidence assessment involves subjective judgement and may contain errors.
- Past price performance is not indicative of future returns.
- This analysis does not account for individual investor circumstances, risk tolerance, or tax position.
- Data sources include ASX announcements, broker research, company filings, and market data. Errors in source data will propagate.

CONFLICTS

DH Capital Partners and/or its principals may hold positions in securities discussed in this document. Positions may change without notice.

CONTACT

Marc Duncan

DH Capital Partners

marc@dhcapital.com.au

Sydney, Australia

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