

Commonwealth Bank of Australia (CBA)

Commonwealth Bank of Australia hits a 22-day high on average volume

Commonwealth Bank of Australia, Australia's largest Bank by market cap, traded at its 22-day high of \$A73.06. The stock price has increased 27.0c (0.4%) from its last trading session of September 20 to close at \$A72.89. Compared with the All Ordinaries Index which rose 28.1 points (0.5%) in the day, the relative price change was -0.2%. The volume of 3.2 million shares was close to average trading.

Introduction with Trends

We are currently neutral on this stock, both in the short-term based on technical indicators, as well as in the long-term based on fundamental metrics

What makes us most bullish on the stock is the following:

- In the last three months the number of rises outnumbered falls 34:32 or 1.1:1.
- Return on Equity of 17.3% versus sector average of 13.9% and market average of 5.1%.
- Return on Assets of 1% versus sector average of 0.9% and market average of 0.9%.

What makes us most Bearish on the stock is the following:

- Its Moving Average Convergence Divergence indicators are falling, with its 12-day lower than its 26-day.
- Price/Earnings of 13.5 versus sector average of 12.2 and market average of 35.0. We estimate the shares are trading at a current year P/E of 12.6 and a forward year P/E of 11.6.
- The stock is overbought according to the Williams % R indicator of -4.3.
- The Price to Book of 2.9 higher than average of 2.1 for the Bank sector and 2.3 for the Total Australian Market. We estimate the shares are trading at a current year Price to Book of 2.7 and a forward year Price to Book of 2.4.

Figure 1: Stock Summary

Day's Range	\$A72.28-\$A73.06
52-Week Range	\$A66.29-\$A81.12
Sector	Bank
Market Cap	\$A125 billion
Shares Outstanding	1,715,142,177
EPS Growth	4
Relative Strength (6 mo)	32
ISIN	AU000000CBA7
PermID	1-4295856152

Rank out of 449 stocks in the All Ordinaries Index

Description	Value	Rank
MCap (US\$)	94.4B	1
Total Assets (US\$)	704.3B	2
Revenue (US\$)	33.5B	4
Net Profit (US\$)	7B	1
Return on Equity %	15.3	123
Net Profit Margin %	20.8	91
Price to Book	2.9	245
Price Earnings	13.5	106
Yield %	5.8	78
PV\$1000 (1Year) US\$*	1,162	264
YTD %	-9.8	332

* 1 year ago AUD 1 = USD 0.72; Sep 21, 2016: AUD 1 = USD 0.75

Fig 2: Financial Summary

Year ended (Jun)	2016	2015	2014
Sales (USD B)	33.5	34.2	33.4
Pre-tax profit (USD B)	9.7	9.5	9.1
Net profit (USD B)	7	6.8	6.5
EPS (AUD)	5.3	5.4	5.1918

Analysis

Bullish Signals

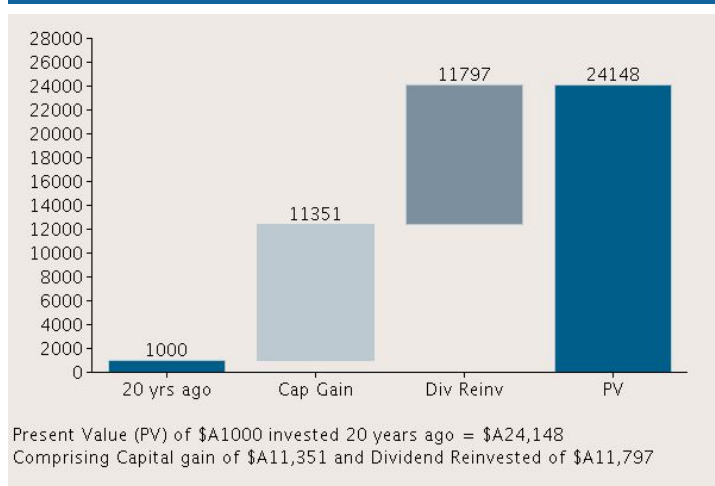
- The price is at a premium of 1.3% to the 1-month volume weighted average price (VWP) of \$A71.94. Given that this premium has been under 1.3% one hundred fifty-one times and over 1.3% one hundred times in the last year, the downside:upside probability is estimated at 151:100 or 1.5:1.

Fig 3: Volume Weighted Price



- The price increased 0.9% in the last week. This was on volume of 1.0 times average for week.
- The present value of AUD1,000 (PV1000) invested twenty years ago in Commonwealth Bank of Australia is \$A24,148, including a capital gain of \$A11,351 and dividend reinvested of \$A11,797.

Fig 4: Present Value of AUD1000 invested 20 years ago

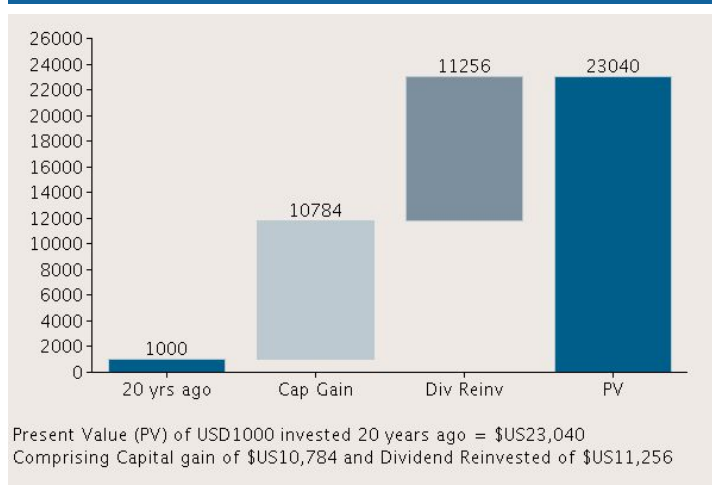


- 20 years Multiplier in AUD = 24.148x
- Compound Annual Growth Rate (CAGR) in AUD = 17.3%

Present Value of USD1,000 invested 20 years ago:

- The present value of USD1,000 (PV1000) invested twenty years ago in Commonwealth Bank of Australia is \$US23,040, including a capital gain of \$US10,784 and dividend reinvested of \$US11,256.
- 20 years ago AUD 1 equalled USD 0.7911

Fig 5: Present Value of USD1000 invested 20 years ago



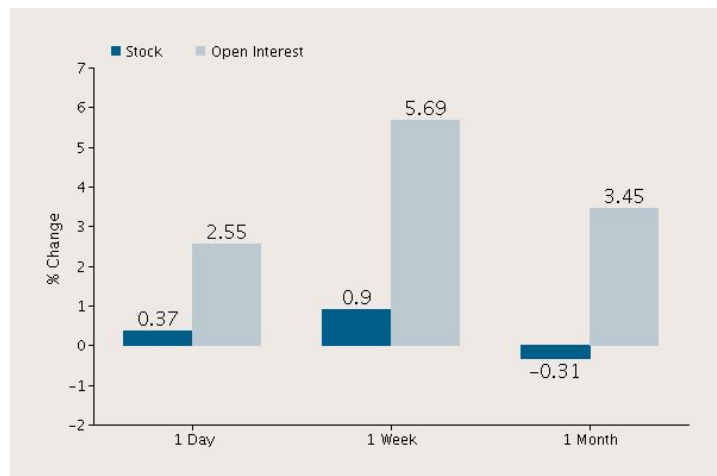
- 20 years Multiplier in USD = 23.04x
- Compound Annual Growth Rate (CAGR) in USD = 17.0%
- The current short volume is 0.9 times its own historical average of 0.1%.
- Open interest hit an 18-day high.

Fig 6: Changes in Open Interest and Price:

Duration	Open Interest change %	Price change %	Interpretation
1 day	2.6	0.4	Strong Market
1 week	5.7	0.9	Strong Trend

Analysis (continued)

Fig 7: Open Interest Trend



Top three traded call options [volume of contracts in brackets; 1 contract is 100 shares]

Exercise 77; Expires 27 Oct, 2016: 0.23 up 53.3% [1050]

Exercise 70; Expires 30 Mar, 2017: 5.26 up 1.7% [378]

Exercise 72.71; Expires 29 Sep, 2016: 0.7 up 22.8% [330]

Undervaluation:

- The earnings yield of 7.4% is 3.5 times the 10-year bond yield of 2.14%.
- The company is cash rich with Cash to Market Capitalisation at 26.5%.
- The Q Ratio, defined by James Tobin as MCap divided by Total Assets, is 0.1. Compared with the rest of the market the stock is undervalued and ranks in the top 3% of stocks by value of Q Ratio.
- The average annual compound return on the share price in the last 5 years was 22.5%, exceeding the average annual compound return on the All Ordinaries Index of 5.5%.

Other Bullish Signals:

- Return on Equity of 17.3% versus sector average of 13.9% and market average of 5.1%.
- Return on Assets of 1% versus sector average of 0.9% and market average of 0.9%.
- Net profit margin has averaged 19.8% in the last 3 years. This is considered superior and suggests a high margin of safety.
- As per the Du Pont analysis, Return on Equity of 17.3% is better than sector average of 13.9%. This is computed as net profit margin of 20.0% times asset turnover [sales/assets] of 0.05 times leverage factor [total assets/shareholders' equity] of 16.7.

Also, the following criteria set by Benjamin Graham:

- "An earnings-to-price yield of at least twice the triple-A bond"; the stock's earning yield of 7.4% is 3.5 times the triple-A bond yield of 2.1%.
- "A dividend yield of at least two-thirds the triple-A bond yield"; the stock's dividend yield is 2.7 times the triple-A bond yield of 2.1%.

Fig 8: Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Today's Turnover	\$A233.5 million	In Top 1%
MCap	\$US94.4 billion	In Top 1%
Annual Revenue	\$A45.3 billion	In Top 1%
Volatility %	1.1	In Top Quartile
Cash to MCap %	26.5	In Top Quartile
Price/MAP50	0.99	In Top Quartile

PRICE PERFORMANCE RANK IN INDICES AND SECTOR:

The stock is in 10 indices and 1 sector.

The following index and sectors rose, setting the trend for the stock's rise of 0.4%:

In today's trading:

The Bank sector [13 stocks traded] was up 63.0 points or 0.9% to 7,157.

The Total Australian Market [1353 stocks and 31 units traded] was up 26.9 points or 0.6% to 4,933.

The All Ordinaries Index [402 stocks and 22 units traded] was up 28.1 points or 0.5% to 5,425.

Fig 9: Price Percentile Rank and comparison:

Percentile Rank	1-day	1-month	6-months
CBA	71	56	32
Bank	69	66	44
All Ordinaries Index	64	46	45

- Market Capitalization has increased by \$A55 billion from \$A70.1 billion to \$A125 billion in the last 5 years. This increase comprises cumulative retained earnings of \$A21.9 billion and Created Market Value of \$A33 billion. The Created Market Value multiple, defined by the change in MCap for every \$US1 of retained earnings is exemplary at \$A2.50.

Analysis (continued)

Note

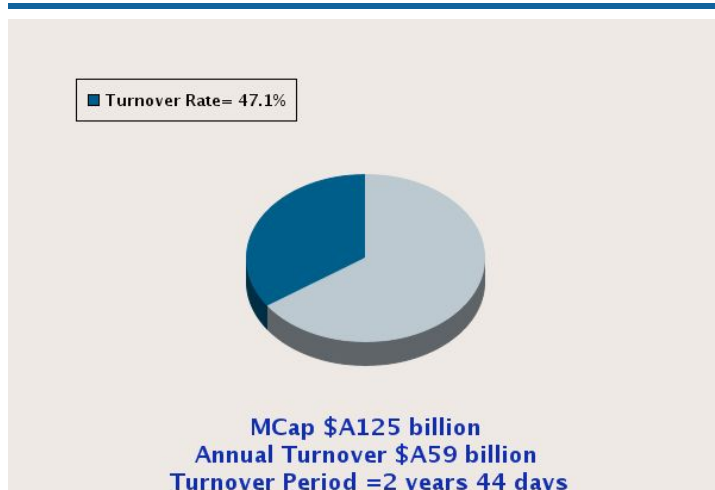
Volatility

The stock traded between an intraday low of \$A72.28 and one-month high of \$A73.06. The price range has expanded in the last two days (from 53.0c two days ago to 77.50c today) which, accompanied by a price rise, is a bullish signal. The average daily volatility of 1.7% places the stock in the 4th quartile in the market meaning it is least volatile.

Volume and turnover period

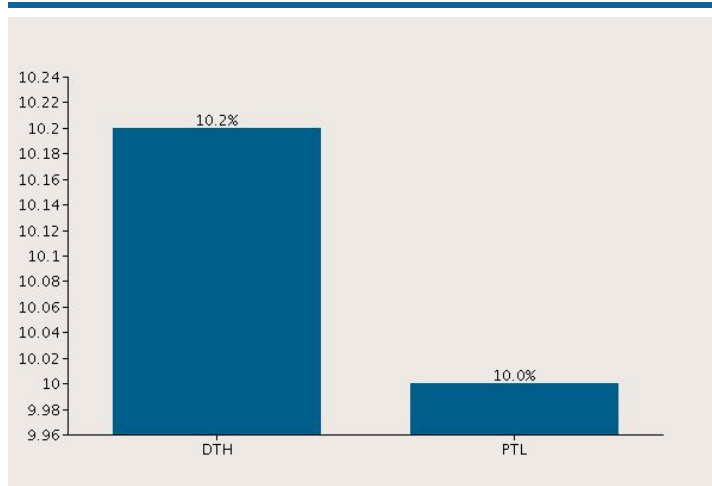
There were 3,203,209 shares worth \$A233.5 million traded. The volume was 1.0 times average trading of 3.2 million shares. The turnover rate in the 12 months to date was 47.1% (or a turnover period of 2 years 44 days). This average length of ownership of the stock at 1.3 times the average holding period of 1 year 7 months for stocks in the All Ordinaries Index suggests a larger number of core investors, making a long-term investment safer.

Fig 10: Turnover Rate & Turnover Period



- It is at a discount of 10.2% to the 12-month high of \$A81.12 on 31 Dec, 2015. It is also at a premium of 10.0% to the 12-month low of \$A66.29 on 29 Sep, 2015.

Fig 11: Discount to High & Premium to Low



Alpha, Beta & Standard Deviation (SD)

The alpha of this stock is -4.0 indicate the stock produced a return 4.0% lower than its beta would predict.

The Beta of this stock is 1.2. A Beta greater than 1 suggests this is a high risk, high return stock with volatility greater than that of the market.

SD is a statistical measure of deviation from the mean. The SD of 1.4% gives it a percentile rank of 8 meaning that 8% of stocks in the Australian market are less volatile than this stock.

Bearish Signals:

- In the last 20 trading sessions there has been a net decline of 2.11%; the stock has retreated thirteen times and the biggest one day decline was 1.7% on September 09.
- The price decreased 0.3% in the last month. This was on volume of 1.0 times average for month.
- In the Australian market of 1,353 stocks and 31 units traded today, the stock has a 6-month relative strength of 32 which means it has underperformed 68.0% of the market.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 71.93 minus the 26-day EMA of 72.27 is negative suggesting a bearish signal.
- The Price/MAP of 0.99 for CBA is lower than the Price/MAP for the All Ordinaries Index of 1.0.
- The price to 200-day MAP ratio is 0.99. In the past 200 days this ratio has been under 0.99 81 times suggesting downside. The 200-day MAP has decreased to \$A73.28. A decrease is another bearish indicator.
- The stock is overbought according to the Williams % R indicator of -4.3.

Analysis (continued)

Overvaluation:

- Price/Earnings of 13.5 versus sector average of 12.2 and market average of 35.0. We estimate the shares are trading at a current year P/E of 12.6 and a forward year P/E of 11.6.
- The Price to Book of 2.9 higher than average of 2.1 for the Bank sector and 2.3 for the Total Australian Market. We estimate the shares are trading at a current year Price to Book of 2.7 and a forward year Price to Book of 2.4.

Other Bearish Signals:

The stock has a score of merely 3 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:

Positive net income; positive operating cashflow;
improvement in gross margin [from 58.2% to 59.6%].

Fig 12: Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
%Prem To Vol Wtd Price	1.3	In Bottom Quartile
Price Earning Growth Ratio	3.4	In Bottom 8%
Return on Assets [ROA] %	1	In Bottom 7%

Fig 13: Price/Moving Average Price [P/MAP]



Fig 14: YTD Comparison Stock Sector Index

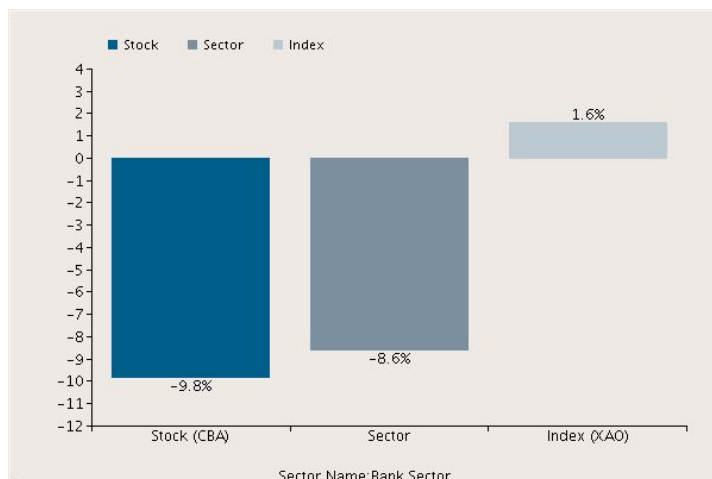


Fig 15: Moving Annual Return

	Close (\$)	Dividends (\$)	Capital Gain %	% Yield	Annual Return %
Last	72.89	4.2	4.5	6	10.5
1 Year ago	69.74	4.2	-	6	6.1
2 Years ago	69.71	4.01	11.2	6.4	17.6
3 Years ago	62.67	5.61	40.9	12.6	53.5
4 Years ago	44.47	1.37	29	4	33.0

Fig 16: American Depositary Receipts

Symbol	CMWAY
Price	USD 54.75
ISIN	US2027126000
CUSIP	202712600
Ratio	1 ADR equals 1 ordinary share
Type	Sponsored
Avg. Daily Volume	12,415

Analysis (continued)

Fig 17: MCap - A Historical Perspective

	Price	MCap (AUD B)	MCap (US\$ B)
Last	\$A72.89	125	94.4
1 Year ago	\$A69.74	125.1	90
2 Years ago	\$A69.71	126.3	113.4
3 Years ago	\$A62.67	118.7	111.9
4 Years ago	\$A44.47	87.8	91.4
5 Years ago	\$A34.46	69.5	71.4

Fig 18: Month-on-Month Comparison (Trailing Month - ended 21st)

	21 Sep	22 Aug	22 Jul	22 Jun	20 May	22 Apr
Price (AUD)	72.89	73.12	77.14	75.07	78.12	75.04
% Price Change	-0.3	-1.9	2.8	-3.7	4.8	-2.4
Avg Daily Volume	3,182,968	3,230,317	3,485,424	3,414,982	3,336,855	3,283,592
VWP (AUD)	73.99	75.36	75.29	75.11	74.65	74.51
Price Range (AUD)	69.22 - 74.79	72.77 - 76.78	71.01 - 77.58	71.64 - 79.18	71.3 - 79.2	69.79 - 77.49
Relative Price Change %	3.2	-2.6	-1.4	-2.5	2.2	-3.7
Volatility %	8	5.5	9.2	10.5	11.1	11

Rankings

Long-Term Fundamental Ranking: 3 out of 5

Commonwealth Bank of Australia is ranked number 1 out of 14 listed banks [that traded today] in Australia with a market capitalization of \$A125 billion.

Within its sector it has a relatively high P/E of 13.5, moderate P/E/G of 3.4 .

It has a strong relative ROE of 17.3% and ROA of 1%. The company paid a dividend of \$A4.20 in the last twelve months. The dividend yield is high at 5.8%. Finally, its earnings growth in the past 12 months has been a comparatively moderate 4%.



Stocks are scored on a set of parameters reflecting fundamental analytical tools involving valuation, size and financial performance. They are ranked according to the average values of those parameters. The highest ranking is 5 and the lowest ranking is 1.

Short-Term Technical Ranking: 3 out of 5

Significantly its price of \$A72.89 is at a discount of 1% to its 200-day moving average price of \$A73.28. Its 52-week range has been \$A81.12 to \$A66.29; it is trading at a discount of 10.2 % to its 52-week high and a premium of 10.0 % to its 52-week low. \$A1,000 invested exactly one year ago is now worth \$A1,107 of which \$A48 is a capital gain and \$A59 is dividend reinvested.

Recommended stop loss: \$A67.42



Stocks are scored on a set of technical parameters reflecting price performance and trading volumes. They are ranked according to the average values of those parameters. The highest ranking is 5 and the lowest ranking is 1.

Fig 19: Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
14-Sep-2016	Goldman Sachs Group	Upgrades	Neutral	Buy	-	-

Fig 20: Ranking

Commonwealth Bank of Australia is placed 707/1215 in BSS News Bites' ranking of Australian performers in the past year, a percentile ranking of 42%.

It is the 47th largest by profit in the FT Global 500.

It is the 236th largest by revenue in the Forbes Global 2000.

It is a new entrant in PwC's list of Top 100 Global companies; ranked 63rd by MCap as at March 31, 2014.

It was ranked 44 in SNL's list of Top 100 Banks by Total Assets in 2014; a deterioration over a year from rank 42 in 2013.

It was ranked 66 by Newsweek and Corporate Knights Capital in the World's 500 Greenest Companies 2014. It had outstanding scores of 93.7% in Energy productivity and 75% in Carbon productivity.

Rankings (continued)

Fig 22: BuySellSignals Fundamentals Valuation Table: Bank sector

	Bank sector	CBA	Rank	Rank 1	Rank 2	Rank 3	Lowest Rank
P/Earnings	12.2x	13.5x	10	6.7x GMA	9.1x HOM	10.6x ANZ	13.9x MOC
P/Earnings Growth	1.6x	3.4x	8	0.8x NAB	0.9x GMA	1.2x MYS	3.4x CBA
Price/Net Tangible Assets	2.1x	2.9x	11	0.6x GMA	1.3x ABA	1.4x BEN	3.7x AFG
Discount to 52-Wk High (%)	10.3	10.2	8	21.5 BOQ	15.8 HOM	12.3 MOC	0.8 ANZ
Premium to 52-Wk Low (%)	11.4	9.96	3	5.4 MYS	7.4 ABA	9.96 CBA	48.5 AFG
Market Cap \$A	30.2 B	125 B	1	125 B CBA	100.2 B WBC	79.7 B ANZ	50.9 M HOM
Revenue \$A	12.7 B	44.4 B	1	44.4 B CBA	44.2 B NAB	35.2 B ANZ	6.7 M GMV
ROA (%)	0.9	0.99	5	5.4 GMA	5.3 MOC	1.9 HOM	0.5 ABA
ROE (%)	13.9	15.3	3	28.2 AFG	18.5 MOC	15.3 CBA	
Yield (%)	7.2	5.8	11	9.6 GMA	7.9 MOC	7.2 NAB	4.2 HOM
EPS Growth YOY (%)	7.6		8	13.95 NAB	10 AFG	9.2 BOQ	
Free Cash Flow	1.1 billion		10	21.2 B ANZ	521.9 M BEN	216.1 M GMA	

Fig 23: BuySellSignals Technical Valuation Table: Bank sector

	PV \$A1,000 (1 Yr)	Rel Strength (6m)	PEMAP50	1-Day Price (%)	5-Day Price (%)	30-Day Price (%)	3-Month Price (%)	1-Year Price (%)	30-Day Avg Volatility	Momentum
Total Australian Market Avg	1,075.0	52.03	-	0.6	1.9	-3.2	2.4	7.5	1.9	-
CBA	1,107.1	31.9	1x	0.4	0.9	-0.3	0.004	4.8	1.2	↑
Rank	680	910	363	513	440	587	775	711	1151	192
Rank 1	13,382.4 RAP	99.9 GSC	2.2x FBR		57.1 ASN	260 EER	666.7 GMC	1238.2 RAP	50 MKB	↑ ASN
Rank 2	12,564.1 PSC	99.9 CGM	2.1x ACB	50 EPA	50 EXR	196.97 ACB	600 CBQ	1156.4 PSC	47.5 EER	↑ EUR
Rank 3	12,222.2 GXY	99.8 GMC	1.6x CBQ	50 EXR	44.1 ACB	175 KRL	550 CGM	1122.2 GXY	46.7 KRL	↑ AVZ

Financial Results (Annual)

30 June, 2016

To view Annual report, [click here](#)

Annual Report: Commonwealth Bank of Australia Revenue down 2.1%

Commonwealth Bank of Australia (ASX:CBA) reported total revenue for the year-ended 30 June 2016 of \$A44.4b, down 2.1% from \$A45.3b in the previous year.

Financial statements as reported

(In \$A Million, except per share data and shares outstanding)

Fig 24: Income Statement

Description	\$A Million	\$A Million	
Jun 30	2016	2015	Change %
Interest income	33,817	34,145	Down 1.0
Interest expense	-16,882	-18,322	Improved 7.9
Net interest income	16,935	15,823	Up 7.0
Other banking income	4,576	4,828	Down 5.2
Net banking operating income	21,511	20,651	Up 4.2
Funds management income	2,315	2,396	Down 3.4
Investment revenue	283	618	Down 54.2
Claims, policyholder liability and commission expense	-537	-1,011	Improved 46.9
Net funds management operating income	2,061	2,003	Up 2.9
Premiums from insurance contracts	2,921	2,797	Up 4.4
Investment revenue	467	543	Down 14.0
	10,562	11,182	Down 5.5
Claims, policyholder liability and commission expense from insurance contracts	-2,382	-2,326	Deterioration 2.4
Net insurance operating income	1,006	1,014	Down 0.8
Total net operating income before impairment and operating expenses	24,578	23,668	Up 3.8
Loan impairment expense	-1,256	-988	Deterioration 27.1
Operating expenses	-10,468	-10,068	Deterioration 4.0
Net profit before income tax	12,854	12,612	Up 1.9
Corporate tax expense	3,506	3,429	Up 2.2
Policyholder tax expense	101	99	Up 2.0
	3,607	3,528	Up 2.2
Net profit after income tax	9,247	9,084	Up 1.8
Non-controlling interests	-20	-21	Improved 4.8
Net profit attributable to Equity holders of the Bank	9,227	9,063	Up 1.8
Earnings per share:			
Basic	\$A5.43	\$A5.54	Down 2.0
Diluted	\$A5.30	\$A5.40	Down 1.9
Weighted average number of ordinary shares	1,692,000,000	1,627,000,000	Up 4.0
Weighted average number of ordinary shares	1,771,000,000	1,711,000,000	Up 3.5

Financial Results (Annual)
(continued)

30 June, 2016

Fig 25: Balance Sheet

Description	\$A Million	\$A Million	
Jun 30	2016	2015	Change %
Cash and liquid assets	23,372	33,116	Down 29.4
Receivables due from other financial institutions	11,591	13,063	Down 11.3
Assets at fair value through Income Statement:			
Trading	34,067	26,424	Up 28.9
Insurance	13,547	14,088	Down 3.8
Other	1,480	1,278	Up 15.8
Derivative assets	46,567	46,154	Up 0.9
Available-for-sale investments	80,898	74,684	Up 8.3
Loans, bills discounted and other receivables	695,398	639,262	Up 8.8
Bank acceptances of customers	1,431	1,944	Down 26.4
Property, plant and equipment	3,940	2,833	Up 39.1
Investment in associates and joint ventures	2,776	2,637	Up 5.3
Intangible assets	10,384	9,970	Up 4.2
Deferred tax assets	345	455	Down 24.2
Other assets	7,282	7,538	Down 3.4
Total assets	933,078	873,446	Up 6.8
Liabilities			
Deposits and other public borrowings	588,045	543,231	Up 8.2
Payables due to other financial institutions	28,771	36,416	Down 21.0
Liabilities at fair value through Income Statement	10,292	8,493	Up 21.2
Derivative liabilities	39,921	35,213	Up 13.4
Bank acceptances	1,431	1,944	Down 26.4
Current tax liabilities	1,022	661	Up 54.6
Deferred tax liabilities	340	351	Down 3.1
Other provisions	1,656	1,726	Down 4.1
Insurance policy liabilities	12,636	12,911	Down 2.1
Debt issues	161,284	154,429	Up 4.4
Managed funds units on issue	1,606	1,149	Up 39.8
Bills payable and other liabilities	9,774	11,105	Down 12.0
	856,778	807,629	Up 6.1
Loan capital	15,544	12,824	Up 21.2
Total liabilities	872,322	820,453	Up 6.3
Net assets	60,756	52,993	Up 14.6
Shareholders' Equity			
Share capital:			
Ordinary share capital	33,845	27,619	Up 22.5
Other equity instruments		939	

Financial Results (Annual) (continued)

30 June, 2016

Reserves	2,734	2,345	Up 16.6
Retained profits	23,627	21,528	Up 9.8
Shareholders' Equity attributable to Equity holders of the Bank	60,206	52,431	Up 14.8
Non-controlling interests	550	562	Down 2.1
Total Shareholders' Equity	60,756	52,993	Up 14.6

Fig 26: Cash Flow

Description	\$A Million	\$A Million	
Jun 30	2016	2015	Change %
Cash flows from operating activities			
Interest received	34,047	34,112	Down 0.2
Interest paid	-16,285	-17,442	Improved 6.6
Other operating income received	5,688	5,439	Up 4.6
Expenses paid	-9,981	-8,740	Deterioration 14.2
Income taxes paid	-3,071	-3,444	Improved 10.8
Net (outflows)/inflows from assets at fair value through Income Statement (excluding life insurance)	-2,642	1,457	Deterioration
Net inflows/(outflows) from liabilities at fair value through Income Statement:			
Insurance:			
Investment income	-362	118	Deterioration
Premiums received	3,114	2,910	Up 7.0
Policy payments and commission expense	-3,301	-3,307	Improved 0.2
Other liabilities at fair value through Income Statement	1,872	738	Up 153.7
Cash flows from operating activities before changes in operating assets and liabilities	9,079	11,841	Down 23.3
Changes in operating assets and liabilities arising from cash flow movements			
Movement in available-for-sale investments:			
Purchases	-50,233	-60,967	Improved 17.6
Proceeds	46,150	53,569	Down 13.8
Net increase in loans, bills discounted and other receivables	-52,825	-41,768	Deterioration 26.5
Net decrease/(increase) in receivables due from other financial institutions and regulatory authorities (2)	803	-3,799	Recovery
Net decrease/(increase) in securities purchased under agreements to resell	4,574	-6,174	Recovery
Insurance business:			
Purchase of insurance assets at fair value through Income Statement	-2,020	-2,741	Improved 26.3
Proceeds from sale/maturity of insurance assets at fair value through Income Statement	4,276	4,789	Down 10.7
Net (increase)/decrease in other assets	-108	39	Deterioration
Net increase in deposits and other public borrowings	37,783	41,229	Down 8.4
Net (decrease)/increase in payables due to other financial institutions	-6,323	8,598	Deterioration

Financial Results (Annual) (continued)

30 June, 2016

Net increase in securities sold under agreements to repurchase	4,148	3,015	Up 37.6
Net increase/(decrease) in other liabilities	135	-448	Recovery
Changes in operating assets and liabilities arising from cash flow movements	-13,640	-4,658	Deterioration 192.8
Net cash (used in)/provided by operating activities	-4,561	7,183	Deterioration
Cash flows from investing activities			
Payments for acquisition of controlled entities	-857	-29	Deterioration 2,855.2
Net proceeds from disposal of entities and businesses (net of cash disposals)	110	72	Up 52.8
Dividends received	78	71	Up 9.9
Proceeds from sale of property, plant and equipment	405	69	Up 487.0
Purchases of property, plant and equipment	-1,259	-578	Deterioration 117.8
Payments for acquisitions of investments in associates/joint ventures		-270	
Net purchase of intangible assets	-509	-550	Improved 7.5
Net cash used in investing activities	-2,032	-1,215	Deterioration 67.2
Cash flows from financing activities			
Dividends paid (excluding Dividend Reinvestment Plan)	-5,827	-6,200	Improved 6.0
Net cash provided by/(used in) financing activities	1,620	-7,875	Recovery
Capital adequacy ratio(Bank) or Total capital ratio	14.3	12.7	Up 12.6
Tier 1 ratio (Bank)/CORE CAPITAL ratio	12.3	11.2	Up 9.8
Tier 2 ratio (Bank)	2	1.5	Up 33.3
Margins %			
Jun 30	2016	2015	
Gross Profit Margin	38.2	34.9	
Net Income Margin	20.8	20	

Fig 27: Average Income Tax paid

	2016	2015	2014	2013	2012	5-yr avg	10-yr avg
As % of profit before tax	28.1	28	26.8	27.2		27.5	27.8
As % of sales	8.1	7.8	7.3	7.6		7.7	6.8

In the past 5 years, Income Tax as % of profit before tax increased from 27.2% to 28.1%.

Financial Results (Annual)
 (continued)

30 June, 2016

Fig 28: Dividend History

Date Paid	Value (AUD)	Type
17 Aug 2016	2.22	Final
16 Feb 2016	1.98	Interim
Tr 12 Months	4.2	
18 Aug 2015	2.22	Final
17 Feb 2015	1.98	Interim
Previous Yr	4.2	
19 Aug 2014	2.18	Final
17 Feb 2014	1.83	Interim
Year Prior	4.01	

Company Overview and Regulatory Announcements

Fig 29: Activities

Commonwealth Bank of Australia provides banking, life insurance and related services for individuals, small businesses and medium sized commercial enterprises. The Bank provides corporate and general banking, international financing, institutional banking and stock broking and funds management such as superannuation product.

Business Sector	Banking & Investment Services
Industry Group	Banking Services
Industry	Banks
Economic Sector	Financials

Further details can be found at www.commbank.com.au.

Issued Capital

Based on 1,715,142,177 issued equity shares the market capitalisation is \$A125 billion. It is Australia's 2nd largest Bank by assets.

The top twenty shareholders hold 44.8% of the issued capital leaving a float of 55.2%.

Fig 30: List of Top 10 Shareholders

Name of Shareholder	No. of Shares	% Held	Value AUD
Hsbc Custody Nominees (Australia) Limited	272,226,935	15.79	19.8 B
J P Morgan Nominees Australia Limited	169,313,297	9.82	12.3 B
National Nominees Limited	128,068,946	7.43	9.3 B
Citicorp Nominees Pty Limited	86,694,979	5.03	6.3 B
Bnp Paribas Noms Pty LTD	37,046,469	2.15	2.7 B
Bond Street Custodians Limited	23,794,728	1.38	1.7 B
Rbc Dexia Investor Services Australia Nominees Pty Limited	14,402,418	0.84	1 B
Australian Foundation Investment Company Limited	8,528,933	0.49	621.7 M
Ubs Wealth Management Australia Nominees Pty LTD	5,383,422	0.31	392.4 M
Navigator Australia LTD	3,681,048	0.21	268.3 M
Total	749,141,175	43.44	

Company Overview and Regulatory Announcements

Meetings

August 26: Commonwealth Bank of Australia announces AGM

Commonwealth Bank of Australia has announced its Annual General Meeting will take place on Wednesday, November 09.

[For more details click here.](#)

Changes in Board and Management

June 30: Commonwealth Bank of Australia Company Secretary resigns

Commonwealth Bank of Australia David Cohen, Company Secretary has resigned. The effective date is June 30, 2016.

[For more details click here.](#)

June 21: Commonwealth Bank appoints Group General Counsel

Tuesday, 21 June 2016 : The Chief Executive Officer of the Commonwealth Bank, Ian Narev, today announced the appointment of Anna Lenahan as the new Group General Counsel and Group Executive Group Corporate Affairs, filling the vacancy left following David Cohen's previously announced appointment as Group Chief Risk Officer. Mr. Narev said, "We are delighted to welcome Anna to CBA's Executive Committee.

[For more details click here.](#)

June 14: Commonwealth Bank of Australia appoints Independent Non-Executive Director

Commonwealth Bank of Australia has appointed Mary Padbury as Independent Non-Executive Director. The effective date is Tuesday, June 14.

[For more details click here.](#)

Dividends

August 12: Commonwealth Bank of Australia announces dividend

Commonwealth Bank of Australia today announced a final dividend of \$A2.22 per share, franked to 100%. The ex dividend date is Wednesday, August 17, 2016 and the record date is Thursday, August 18, 2016 and it is payable on Thursday, September 29.

Performance

August 05: CBA 2016 Full Year Profit Announcement Template

SYDNEY, 5 AUGUST 2016: The Commonwealth Bank of Australia ("the Group") is scheduled to announce its annual results on 10 August 2016. A results briefing will be hosted by the Chief Executive Officer, Ian Narev, and Chief Financial Officer, David Craig, at 10.30am (Australian Eastern Standard time) on 10 August 2016.

[For more details click here.](#)

Press Releases

August 26: Commonwealth Bank of Australia: 2016 Annual General Meeting and 2017 Financial Calendar

Source: <http://www.asx.com.au/asxpdf/20160826/pdf/439nsc8w4y4bm9.pdf> >Australian Securities Exchange

[For more details click here.](#)

August 19: Commonwealth Bank of Australia: Moodys Outlook Announcement

Sydney, 19 August 2016 : Commonwealth Bank's long-term senior unsecured rating has been affirmed at Aa2 by Moody's, but moved from stable outlook to negative outlook. Commonwealth Bank's short-term ratings have not changed. Moody's outlook change affects the four Australian major banks and Members Equity Bank, and encompasses their view on the likely rating direction over the next 12-18 months.

[For more details click here.](#)

August 10: Commonwealth Bank of Australia: ASB 2016 Media Release

ASB today reported statutory net profit after taxation (NPAT) of \$913 million for the financial year ended 30 June 2016. This represents a 6% increase on the prior financial year. Cash NPAT was \$908 million, an increase of 5% on the prior financial year. Cash NPAT is the preferred measure of financial performance as it presents ASB's underlying operating results and excludes items that introduce volatility and/or one-off distortions, and are not considered representative of ASB's on-going financial performance

[For more details click here.](#)

May 24: CBA Instalment Warrants - Reset and Early Maturity

Commonwealth Bank of Australia (CBA) Equity Products Group advises that Instalment Warrants in the IYE, IYF, IYG, and IYH Series are due to be reset on 21 June 2016 (the 'Reset Date').

Reset Date

The Instalment Warrants listed in Table A below will be reset on 21 June 2016. On this Reset Date, Holders will drawdown an amount equal to the new Interest Amount under the Loan (which increases the Loan Amount by the new Interest Amount) and apply that amount to pay to Commonwealth Bank the new Interest Amount for the Interest Period to the next Reset Date.

[For more details click here.](#)

Board and Management & creation of shareholder value



Ian Narev
CEO & Managing Director

Ian Narev is the Managing Director and Chief Executive Officer of the Commonwealth Bank of Australia. Commonwealth Bank is Australia's largest financial institution, with a market capitalisation in excess of \$100 billion. It has retail banking and wealth management operations in Australia, New Zealand, Indonesia, China and Vietnam, and an international institutional banking presence, focused in Australia and New Zealand, and more internationally in the areas of natural resources, infrastructure, transport and financial institutions. Commonwealth Bank has over \$700 billion in assets, and also, through its asset management arm Colonial First State Global Asset Management, over \$150 billion in assets under management. It employs over 50,000 people, has over 800,000 retail shareholders, and actively supports all communities in which it operates.

Ian joined Commonwealth Bank in May 2007 as Group Head of Strategy. In January 2009, he became the Group Executive for Business and Private Banking, with responsibility for small and medium enterprise banking, agri banking, private banking and the CommSec securities business. He assumed his current role in December 2011. His priorities as Chief Executive have focused on Commonwealth Bank's strategic capabilities of people development, customer focus, technology, productivity and financial strength. Prior to joining Commonwealth Bank, Ian was a partner of McKinsey & Company, the global consulting firm. He worked in McKinsey's New York, Sydney and Auckland offices from 1998 to 2007. From 2005 until his departure in 2007, Ian was head of McKinsey's New Zealand office. Prior to joining McKinsey, Ian was a lawyer specialising in mergers and acquisitions.

Ian holds a Masters of Law degree with first class honours from Cambridge University (International Corporate Law), and a Masters of Law degree from New York University (International Relations), where he was a Hauser Scholar. He also holds undergraduate degrees in English and Law from the University of Auckland, where he was Editor-in-Chief of the Law Review.

Ian lives in Sydney with his wife and three children.

Creation of shareholder value in Commonwealth Bank of Australia:

Since appointment as CEO: The present value of AUD1,000 invested on the appointment date of December 01, 2011 at close price of \$A38.11 is \$A2,498, including a capital gain of \$A913 and dividend reinvested of \$A585.



David J Turner
Chairman

Director of the Bank since August 2006. David Turner was appointed Chairman of the Bank in February 2010.

He is Chairman of the Board Performance and Renewal Committee, and a member of the Risk Committee and the Remuneration Committee.

Mr Turner has extensive experience in finance, international business and governance.

He was Chairman of Cobham plc from May 2008 until May 2010. He has held a number of Directorships including Whitbread plc and the Iron Trades Insurance Group and has been a member of the Quotations Committee of the London Stock Exchange.

He was CEO of Brambles Limited from October 2003 until his retirement in June 2007, and formerly CFO from 2001 until 2003. He was also Finance Director of GKN plc and Finance Director of Booker plc, and spent six years with Mobil Oil.

Other Directorships: Ashurst Australia, O'Connell Street Associates Pty Ltd and Great Barrier Reef Foundation. Qualifications: Fellow of the Institute of Company Directors, Fellow of the Institute of Chartered Accountants in England and Wales.

Mr Turner is a resident of New South Wales. Age 70.

Creation of shareholder value in Commonwealth Bank of Australia:

Month of appointment: February 2010

In the last 5 years the average annualized return to shareholders was 22.5%. The present value of AUD1,000 (PV1000) invested 5 years ago is now \$A2,759, a gain of \$A1,095 and dividend reinvested of \$A664.



David Craig
CFO

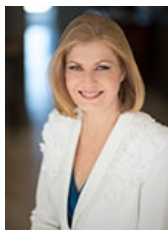
David Craig is responsible for the financial management frameworks of the Commonwealth Bank incorporating the areas of finance, audit, group treasury, security, procurement and investor relations.

Creation of shareholder value in Commonwealth Bank of Australia:

Year of appointment: 2010

In the last 5 years the average annualized return to shareholders was 22.5%. The present value of AUD1,000 (PV1000) invested 5 years ago is now \$A2,759, a gain of \$A1,095 and dividend reinvested of \$A664.

Board and Management & creation of shareholder value (continued)



Launa Inman
Director

Launa Inman is a member of the Audit Committee and the Remuneration Committee.

She was Managing Director and Chief Executive Officer of Billabong International Limited from 14 May 2012 until 2 August 2013. Prior to this, she was Managing Director of Target Australia Pty Limited (2005 to 2011), and Managing Director of Officeworks (2004 to 2005).

She has significant international and Australian experience in retailing, wholesale, property and logistics, as well as extensive marketing experience in traditional, digital and social media channels.

Other Directorships: Managing Director of Billabong International Limited (ceased August 2013), member of the Board of Virgin Australia Melbourne Fashion Festival and The Alannah and Madeline Foundation.

Qualifications: MCom, University of South Africa (UNISA), BCom (Hons) (UNISA), BCom (Economics and Accounting) (UNISA), and Australian Institute of Company Directors (Member). Ms Inman is a resident of Victoria.

Creation of shareholder value in Commonwealth Bank of Australia:

Month of appointment: March 2011

In the last 5 years the average annualized return to shareholders was 22.5%. The present value of AUD1,000 (PV1000) invested 5 years ago is now \$A2,759, a gain of \$A1,095 and dividend reinvested of \$A664.



John Anderson
Director

Sir John Anderson is a member of the Risk Committee, the Board Performance and Renewal Committee and the Audit Committee.

He has held many senior positions in the New Zealand finance industry, including Chief Executive Officer and Director of ANZ National Bank Limited from 2003 until 2005 and the National Bank of New Zealand Limited from 1989 until 2003.

In 1994, he was awarded Knight Commander of the Civil Division of the Order of the British Empire, and in 2005 received the inaugural Blake Medal for "Outstanding Leadership Contributions to New Zealand". In 2012, he was awarded an Honorary Doctorate of Commerce by Victoria University, Wellington.

Other Directorships: PGG Wrightson Limited (Chairman; ceased October 2013), NPT Limited (Chairman), Steel & Tube Holdings Ltd (Chairman from October 2012), and Turners & Growers Limited (Deputy Chairman from December 2012). Qualifications: Fellow of the New Zealand Institute of Chartered Accountants, Fellow of the Institute of Financial Professionals New Zealand, Fellow of the Institute of Directors, and Life Member of the Australian Institute of Banking and Finance.

Sir John is a resident of Wellington, New Zealand. Age 69.

Creation of shareholder value in Commonwealth Bank of Australia:

Month of appointment: March 2007

In the last 5 years the average annualized return to shareholders was 22.5%. The present value of AUD1,000 (PV1000) invested 5 years ago is now \$A2,759, a gain of \$A1,095 and dividend reinvested of \$A664.

Board and Management & creation of shareholder value (continued)



Wendy Stops
Director

Director of the Bank since March 2015. Wendy Stops is a member of the Remuneration Committee. Ms Stops was Senior Managing Director, Technology - Asia Pacific for Accenture Limited from 2012 until her retirement in June 2014. In this role she had responsibility for over 11,000 professional personnel spanning all industry groups and technology disciplines across 13 countries in Asia Pacific. Other most recent senior leadership positions held prior to this time included Global Managing Director, Technology Quality & Risk Management (2009-2012), Global Managing Director, Outsourcing Quality & Risk Management (2008-2009) and Director of Operations, Asia Pacific (2006-2008). She also served on Accenture's Global Leadership Council from 2008 until her retirement. Ms Stops career at Accenture spanned some 32 years. Other Directorships: Nil. Qualifications: Bachelor of Applied Science (Information Technology). Ms Stops is a resident of Melbourne. Age 54.



Andrew M Mohl
Director

Director of the Bank since July 2008. Andrew Mohl is a member of the Risk Committee and the Remuneration Committee. He has over 35 years' financial services experience. He was Managing Director and Chief Executive Officer of AMP Limited from October 2002 until December 2007. His previous roles at AMP included Managing Director, AMP Financial Services and Managing Director and Chief Investment Officer, AMP Asset Management. He was a former Group Chief Economist, Chief Manager, Retail Banking and Managing Director, ANZ Funds Management at ANZ Banking Group. Mr Mohl commenced his career at the Reserve Bank of Australia where his roles included Senior Economist and Deputy Head of Research. Other Directorships: Federal Government Export Finance and Insurance Corporation (Efic) (Chairman). Qualifications: BEc (Hons), Monash. Mr Mohl is a resident of New South Wales. Age 59. **Creation of shareholder value in Commonwealth Bank of Australia:** Month of appointment: July 2008 In the last 5 years the average annualized return to shareholders was 22.5%. The present value of AUD1,000 (PV1000) invested 5 years ago is now \$A2,759, a gain of \$A1,095 and dividend reinvested of \$A664.



Shirish Apte
Independent Non-Executive Director

He was Co-Chairman of Citi Asia Pacific Banking from January 2012 until January 2014. Previously he was Chief Executive Officer of Citi Asia Pacific (2009 to 2011), with responsibility for South Asia, including Australia, New Zealand, India and ASEAN countries. He has more than 32 years' experience with Citi, including as CEO of Central & Eastern Europe, Middle East & Africa (CEEMEA) and, before that, as Country Manager and Deputy President of Citibank Handlowy, Poland. Other Directorships: Crompton Greaves Ltd, Citibank Japan, and member of the Supervisory Board of Citibank Handlowy, Poland. Qualifications: Chartered Accountant, Institute of Chartered Accountants in England and Wales; Bachelor of Commerce (Calcutta), MBA (London Business School). Mr Apte is a resident of Singapore. Age 62. **Creation of shareholder value in Commonwealth Bank of Australia:** Since appointment as Independent Non-Executive Director: The present value of AUD1,000 invested on the appointment date of June 10, 2014 at close price of \$A71.66 is \$A1,154, including a capital gain of \$A17 and dividend reinvested of \$A136.



Sir David Higgins
Independent Non-Executive Director

Sir David was the Chairman of High Speed Two (HS2) Ltd, the company responsible for developing and promoting the UK's new high speed rail network. Prior to that, he was Chief Executive of Network Rail Infrastructure Ltd which is involved in the maintenance and development of railway infrastructure throughout the UK. From 2006 until 2011, he was Chief Executive of the Olympic Delivery Authority where he oversaw the creation of the London 2012 Olympic Games venues, the Olympic Village and transport projects. For the three years prior to 2005, he was Chief Executive of English Partnerships, the UK Government's national housing and regeneration agency. In 1985, he joined Lend Lease, and was Managing Director and Chief Executive Officer of Lend Lease from 1995 until 2002. Qualifications: Bachelor of Engineering (Civil), USyd, Diploma, Securities Institute of Australia. Sir David is a resident of London, United Kingdom. Age 60.

Board and Management & creation of shareholder value (continued)



Catherine Livingstone
Independent Non-Executive
Director

Ms Livingstone is a highly respected company director with extensive business and finance experience across a broad range of industries and organisations. She is the outgoing Chairman of Telstra Corporation, President of the Business Council of Australia and a Director of WorleyParsons and the George Institute for Global Health.

Ms Livingstone has had many senior leadership roles. Between 2001 and 2006 she was the Chairman of the CSIRO. She has served on the Boards of Macquarie Group, Goodman Fielder and Rural Press and has contributed to the work of the Innovation and Productivity Council for the New South Wales Government, as well as participated in many other government reviews.

Ms Livingstone is a Chartered Accountant and holds a Bachelor of Arts (Accounting) (Honours) and several Honorary Doctorates. In 2008 she was honoured as an Officer of the Order of Australia.

Creation of shareholder value in Commonwealth Bank of Australia:

Since appointment as Independent Non-Executive Director: The present value of AUD1,000 invested on the appointment date of March 01, 2016 at close price of \$A69.32 is \$A1,109, including a capital gain of \$A51 and dividend reinvested of \$A58.



Mary Padbury
Independent Non-Executive
Director

Ms Padbury is a pre-eminent intellectual property lawyer with an Australian and international legal career spanning over 30 years. She is a partner and the Vice Chairman of Ashurst, having been the Chairman of Ashurst Australia for eight years prior to the firm's full merger with Ashurst LLP into an integrated global firm in 2013.

Earlier in her career, Ms Padbury spent a number of years in the United Kingdom with boutique firm, Bristows, and as resident partner of Ashurst Australia. She has undertaken intellectual property work for Australian and multinational corporations in a range of technology areas and has extensive international, legal and governance experience. Other Directorships: Director of The Macfarlane Burnet Institute for Medical Research and Public Health Limited and Australasian Gastro-Intestinal Trials Group. Member of Chief Executive Women, Melbourne University Law School Foundation, Professional Standards Board for Patent and Trade Marks Attorneys and Victorian Legal Admissions Committee.

Qualifications: Bachelor of Laws (Honours) and Bachelor of Arts, University of Melbourne.

Ms Padbury is a resident of Victoria. Age 57.

Creation of shareholder value in Commonwealth Bank of Australia:

Since appointment as Independent Non-Executive Director: The present value of AUD1,000 invested on the appointment date of June 14, 2016 at close price of \$A71.37 is \$A1,050, including a capital gain of \$A21 and dividend reinvested of \$A29.

Taryn Morton
Company Secretary

Creation of shareholder value in Commonwealth Bank of Australia:

Since appointment as Company Secretary: The present value of AUD1,000 invested on the appointment date of October 26, 2015 at close price of \$A73.23 is \$A1,050, including a capital loss of \$A5 and dividend reinvested of \$A55.

Glossary

Relative Strength (n-th Period) (Fig 21):

Price close today/Price close 'n' periods ago, then ranked by percentile within the entire market.

Capital Gain/Loss from n Years Ago to n-1 Years Ago:

Capital Gain or Loss over 1 Year/Price 1 Year Ago (%)

Earnings Yield:

Earnings Per Share/Share Price (%)

Price/Earnings (Fig 22):

Share Price/Earnings Per Share (times)

Cash/MCap:

Cash plus Liquids/Market Capitalisation (times)

Moving Average Price (n periods) (Fig 8, 13, 23):

Sum of Prices for each Period/Number of Periods

Dividend Yield:

Dividend Per Share/Share Price (%)

Annual Return (Fig 15):

Dividends Paid In a 12-Month Period/Price at the Beginning of the Period + Capital Gain or Loss over 1 Year/Price 1 Year Ago (%)

Banks Tier 2 Ratio :

Tier 2 Capital (Tier 1 - Subordinated Debt + Unrealised Gains/Loan Losses)/Total Tangible Assets

Relative Price Change (Fig 18):

Today's Relative price change with respect to Benchmark Index

Volatility (Fig 8, 18, 23):

Highest Price minus Lowest Price/Lowest Price (%)

Turnover Rate (Fig 10):

Australian Dollar value of annual trading volume as a percentage of market capitalisation

Turnover Period (Fig 10):

Time Period required for trading all Outstanding Shares

Return on Assets (Fig 12):

Net Profit/Total Assets (%)

Price/NTA:

Closing Share Price/Net Tangible Assets Per Share (times)

Volume Index (VI):

Number of shares traded in the period/Average number of shares traded for the period

Price Close/Moving Avg Price (Fig 8):

Latest Price/Moving Average Price

Income during the n years (3/2/1) (Fig 28):

Dividends received during the Period

Banks Tier 1 Ratio :

Tier 1 Capital (Ending Equity - Intangibles etc)/Total Tangible Assets

Return on Equity (Shareholders' Funds):

Net Profit/Net Assets (%)

Volume Weighted Price (VWP) (Fig 18):

The Volume Weighted Price (VWP) is the summation of turnover divided by total volume in the same period.

PV\$A1000 (Fig 4, 5):

Present value of \$A1000 invested 1 year/'n' years ago

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