



## **ADELAIDE BANK ON TRACK FOR ANOTHER RECORD YEAR**

Adelaide Bank is on track for another record-breaking profit this year after continued strong residential lending, increased deposits and continued growth in its margin lending business.

This was the confident message given to more than 400 shareholders today at Adelaide Bank Limited's Annual General Meeting at the Hyatt Regency Hotel in Adelaide.

In addition, the Bank has announced it will reintroduce a dividend reinvestment plan (DRP) following demand from shareholders, while the Bank also indicated shareholders can expect an increase in dividends for the first half

Adelaide Bank Group Managing Director and Chief Executive Officer, Mr Barry Fitzpatrick gave details of the strong first quarter for 2004-05 to shareholders.

In his address, Mr Fitzpatrick said the Bank had achieved a seven per cent increase in home mortgage approvals over the first quarter, defying a slight downward trend in mortgage lending reported by a number of other Australian banks.

House mortgage approvals increased from \$1.65 billion in the first quarter of 2003-04 to \$1.77 billion.

During the quarter total loans under management increased from \$14.2 billion to \$15 billion, an increase of six per cent – or 24 per cent over a full year -- with Adelaide Bank lifting its share of the Australian mortgage portfolio for outstanding loans from 1.93 per cent to 1.97 per cent.

At the same time deposits increased from \$7.8 billion to \$8.2 billion, a 5.4 per cent increase that represents 22 per cent for a full year.

The Bank's margin lending business, Leveraged Equities Limited, also reported strong growth with its loan book increasing from \$1.44 billion at the end of 2003-04 to \$1.50 billion — an increase of four per cent.

Importantly for the Bank, we have been able to maintain our margin, which is holding at the 2.2 per cent mark," Mr Fitzpatrick said.

"However, we stand by our prediction that we will experience a contraction in margin of between 10 and 15 basis points over the year.

"Our beginning to 2004-05 shows we are on track to achieve our aims of underlying earnings and earnings per share growth in excess of 10 per cent.

“If the Adelaide Bank Board continues to uphold its long-term policy of a dividend payout ratio of around 70 per cent, this would translate in a boost to the interim dividend of three or four cents per share.

“At the same time we remain committed to maintaining the Bank’s asset quality in the top quartile of Australian Banks.

“We remain steadfast in our mid-term aim to capture five per cent of the national mortgage approval market, while targeting specific areas of growth in our business banking operations and further growing our retail deposit taking and margin lending operations.

”During the past year we have seen both major rating agencies upgrade the Bank’s credit ratings, plus we have received a “strong” (highest) rating by Standard & Poors for our residential lending servicing capability while being recognised for achieving defined performance measures and benchmarks based on world’s best practice.

“Coupled with a strong performance on the Australian Stock Exchange, it is clear our strategies are working and the Bank’s performance is being recognised and rewarded.”

The Bank’s Chairman, Mr Dick McKay, announced the reintroduction of an Adelaide Bank DRP.

In his address to shareholders, Mr McKay said: “Following many requests from Shareholders, the Board is pleased to announce the introduction of a new DRP.

“This will provide all eligible shareholders with the opportunity to reinvest their dividends in Adelaide Bank for the March 2005 and subsequent dividends.

“It is the Boards intention to initially adopt a discount of 2.5 per cent to the weighted average share price during the pricing period.

“This discount is at the upper end of those offered by other Australian Banks.

“Of the six other listed Australian Banks offering a DRP three offer no discount to participating shareholders while the others offer a 2.5 per cent discount.

The Board is conscious not all shareholders are in a position to participate in the DRP.

“Therefore it set the discount so that it fairly rewards those shareholders who are in a position to participate whilst not materially prejudicing those shareholders who cannot, or do not, participate.”

**Further comment can be obtained from Mr. Fitzpatrick at Adelaide Bank.  
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