



## **Market Announcement**

### **Adelaide Bank Limited**

**September 12, 2006**

Following the July announcement of the appointment of Mr Jamie McPhee to drive Adelaide Bank Limited's new strategic initiatives in the national financial services market, the Board of Adelaide Bank today announced the financial terms of current Group Managing Director and Chief Executive Officer, Mr Barry Fitzpatrick's, AM, retirement from the Bank after a period of 21 years as its CEO.

In making the announcement, Adelaide Bank Chairman, Dr Adele Lloyd, said: "As announced in July, the Board has determined that as a result of the successful grooming of Mr McPhee as Mr Fitzpatrick's successor, December 15, 2006 will be the date on which Mr Fitzpatrick retires.

"The Board supports Mr Fitzpatrick's retirement on December 15. While earlier than the anticipated date of June 2008, which was canvassed when the current 3 year Strategic Plan was adopted in June 2005, the Board believes that December 2006 is the optimum time for a change in leadership.

In deliberating about Mr Fitzpatrick's retirement payment the Board have had regard to Mr Fitzpatrick's unique and outstanding long service and contribution to the Bank's performance and growth. This has included:

- Increasing the Bank's assets from \$715 million at the time he first headed the organisation to in excess of \$26 billion today.
- Increasing the market capitalisation of the company since listing in 1992 from \$80 million to in excess of \$1.4 billion today.
- Outperforming every other leading financial institution in Australia in terms of total shareholder return over several years.
- Mr Fitzpatrick's successful leadership of an organisation that:
  - Converted from a regional mutual to a publicly listed bank.
  - Expanded the Bank's operations from a South Australian-based Bank to a national organisation in which in excess of 85 per cent of business is now done outside its home State.
  - Developed a business model based upon partnerships with other entities.

- Lead the way with innovation in residential mortgage products and the use of securitisation.
- Diversified into margin lending.
- Mr Fitzpatrick's development of an outstanding leadership team including providing for his own succession leading to the appointment of Mr McPhee.

"In recognition of his past service, the Bank's performance and his current salary and performance incentive agreement with the Bank, Mr Fitzpatrick will receive a retirement payment of \$8.3 million."

In determining the retirement payment, reference was made to Mr Fitzpatrick's remuneration entitlements to the end of the Bank's current strategic plan (June 2008), including fixed remuneration, short and long term incentives and related superannuation entitlements.

Upon his retirement in December, Mr Fitzpatrick will also receive payment relating to his statutory entitlements to accrued annual and long service leave and superannuation retirement benefits.

The Board sought independent advice in relation to this settlement having regard to Mr Fitzpatrick's outstanding service and the Bank's relative performance compared to other leading financial institutions, particularly over the past decade.

In relation to the profit impact on the 2007 financial results, the following will be disclosed separately as a material item.

	\$m
Amount determined by reference to fixed remuneration and Short and Long Term Incentive plans	4.4
Amount determined by reference to superannuation benefits, past performance and other factors	<u>2.2</u>
	<u>6.6</u>

The material item amount has been calculated based on the amount that will be paid at December 2006 less any amount that would normally have been paid or accrued for in the normal course of physical tenure up until December 2006.

In relation to earnings guidance for the 2007 financial year, the Bank remains committed to achieving in excess of 10 per cent growth in cash earnings per share, once the material item amount of \$6.6 million is excluded.

**Further comment can be obtained from Chief Financial Officer Mr Frank Lupoi on (08) 8300 6696.**

**Issued on behalf of Adelaide Bank by Greg Reid Marketing Communications Pty. Ltd. Telephone (08) 8300 6449 or 0418 806 694.**