

**ADELAIDE BANK LIMITED  
BOARD OF DIRECTORS**



**Standing:** R.A. Cook, K.G. Osborn, K.D. Abrahamson, J.T. Hill  
**Seated:** Dr. A. Lloyd, R.J. McKay, B.F. Fitzpatrick, Dr. P.A. Crook





### **R.J. McKay**

FAIBF, FAICD  
Chairman

Mr McKay joined the Board of Adelaide Bank Limited in 1993 after working for more than 40 years with National Australia Bank, many of those in senior management and executive positions. He was appointed Deputy Chairman of the Bank in April 1999 and Chairman in February 2001. Mr McKay is Chairman of the South Australian Motor Accident Commission, Martindale Holdings Pty. Ltd., Masonic Homes Inc. and a Trustee of the Sir Thomas Playford Memorial Trust.

### **Dr. A. Lloyd**

PhD, M.Ed.Admin, BA (Hons), DipT  
Deputy Chairman

Dr Lloyd is a leading South Australian businesswoman who initially joined the Board of Adelaide Bank Limited in 1997. Business commitments in the United Kingdom forced her to resign from the Board in January 2000. On her return to Australia she rejoined the Board in July 2001. She was appointed Deputy Chairman in March 2003. Dr Lloyd is a Director of several family businesses involved in the Rural Industry. Until April 2004 she was a Director of the South Australian Museum Board. Dr Lloyd holds a Masters and Doctorate in Administration and Management and was a senior lecturer at the University of South Australia for many years. Dr Lloyd is Chairman of the Asset and Liability Committee.

### **B.F. Fitzpatrick**

FCPA, FCIS, FAIBF, FAIM, FAICD  
Group Managing Director and  
Chief Executive Officer

Mr Fitzpatrick began his career with Adelaide Bank Limited in 1974 and, after working in various financial positions within the company, was appointed Chief Executive Officer in 1985 and Group Managing Director in 1987 when he joined the Adelaide Bank Board. Mr Fitzpatrick is a Board Member of the Australian Bankers' Association Council. He is the longest serving CEO of a major financial institution in Australia.

### **R.A. Cook**

FREI, AAICD

Mr Cook is an International commercial real estate authority who joined the Board of Adelaide Bank Limited in 1997. Mr Cook was a founder of Colliers International and became Chief Executive Officer of Colliers Jardine, based in Hong Kong, for the Asia - Pacific region. Mr Cook is Chairman of the SA Motor Sport Board, Pacific Hotels Corporation Pty. Ltd. and Urban Construct Pty. Ltd. and a Director of the Motor Accident Commission (SA). Mr Cook is Chairman of the Remuneration and Nomination Committee.

### **Dr. P.A. Crook, AO, JP**

MAICD

Dr Crook is a leading South Australian businesswoman who joined the Board in March 2000. She is Managing Director of Adelaide-based therapeutic goods manufacturer, Dynek Pty. Ltd. (and Dynek International), a company she co-founded in 1974. The President and a Board Member of Business SA, Dr Crook is also a Board Member of the State Supply Board, Amrac Corporation, Transition Technologies Corporation Pty. Ltd., Repromed Pty. Ltd. and the UniSA Council.

### **K. D. Abrahamson**

BSc (Hons), MA, MBA, FAIBF, FAIM

Mr Abrahamson is an Australian finance sector consultant and was appointed to the Adelaide Bank Board in May 2000. A specialist in the area of corporate strategy and information technology, Mr Abrahamson has worked as a consultant to the banking industry as head of KD Abrahamson Consultants Pty. Limited since 1997. From 1988 to 1997 he held the position of General Manager of Group Services with Advance Bank having previously worked as a consultant and strategic planning specialist in a range of finance sector organisations. Mr Abrahamson is Chairman of the Audit Committee.

### **K.G. Osborn**

FAICD

Mr Kevin Osborn was appointed to the Adelaide Bank Board in 2003. He was formerly the Chief Executive of Bank One in Australia - The United States fifth largest bank. From 1998 - 2000 he was a Director of the American Chamber of Commerce in Australia and has assisted the South Australian Government on various finance Boards and advisory roles. Mr Osborn is a Foundation Fellow of the Australian Institute of Company Directors, the Finance and Treasury Association and a Trustee and Business Ambassador for South Australian Business Vision 2010. Mr Osborn is a Board member of AusBulk Limited. Mr Osborn is Chairman of the Credit and Risk Committee.

### **J.T. Hill**

BEC, PSM

Mr John Hill joined the Adelaide Bank Board in 2003. He was the former Deputy Under Treasurer for South Australia. A career public servant, Mr Hill served in the finance sector of the State Government from 1966, holding senior positions in the State Government's Treasury and Finance Department from 1980. He is Chairman of Southern Group Insurance Corporation Pty. Ltd. and a Director of the Motor Accident Commission (SA), Meals on Wheels Inc. and the Central/Northern Adelaide Health Service. He is a Member of the Independent Gambling Authority, the Nurses Board Resources Advisory Committee, the Nurses Board Audit Committee and the Audit, Compliance and Risk Committee of the University of Adelaide. Mr Hill was awarded the Public Service Medal for sustained outstanding service in the field of public sector finance in 2001.

# CORPORATE GOVERNANCE

## INTRODUCTION

This section of our Annual Report sets out the corporate governance practices of Adelaide Bank as at the date of this Report. Our website [www.adelaidebank.com.au](http://www.adelaidebank.com.au) also addresses this topic.

All practices described in this statement applied throughout the reporting period.

The Company is committed to observing the highest standards of corporate governance. The Company's Board will continue to review and improve the Company's corporate governance practices, and in doing so will monitor developments in this field. Our website will be updated from time to time as the relevant practices change.

The corporate governance practices described in this statement reflect the principles of good corporate governance and best practice recommendations published by the ASX Corporate Governance Council. Adelaide Bank complies with each of the best practice recommendations. Those recommendations are able to be viewed at [www.asx.com.au/corporategovernance](http://www.asx.com.au/corporategovernance)

## THE ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall corporate governance of the Company. Although responsibility for the operations of the Company's business is delegated by the Board to the Group Managing Director, the Board remains responsible for:

- Approving Management's recommended strategy and monitoring achievement of objectives
- Approving budgets and monitoring financial performance
- Appointing and removing the Chief Executive Officer
- Ratifying the appointment and removal of key Executives
- Approving the Executive structure of the Company and associated succession plans
- Approving CEO and Senior Executive remuneration on recommendation of the Remuneration and Nomination Committee

- Monitoring the exercise of powers delegated to management
- Approving expenditure beyond authority limits delegated to management
- Monitoring large credit exposures and the management of risk and compliance, exercised through delegated authority of the Board Credit and Risk Committee
- Monitoring the management of assets and liabilities exercised through delegated authority of the Board Asset & Liability Committee
- Monitoring systems of internal control exercised through delegated authority of the Board Audit Committee
- Appointing the Company's external and internal audit service providers.

The above division of responsibilities is documented in a statement adopted by the Board.

The governance of the Company includes a variety of Board policies, many of which are referred to in this statement. All Board policies are subject to annual review.

## THE STRUCTURE OF THE BOARD

Short biographies of the Directors of the Company are set out in the pages immediately preceding this Corporate Governance Statement. The biographies contain details of the term of office of each Director, together with details of relevant skills, experience and expertise.

## INDEPENDENCE

The Board has a procedure for all Directors to disclose to the Board any interests or relationships they may have which relate to the affairs of the Company. This includes the requirement for Directors to notify changes of their relevant interests in Company shares. In addition, the Board has adopted a practice whereby the independence of its non-executive Directors is assessed annually.

The Board considers each current non-Executive Director of the Company, after enquiry, to be an independent Director and as a consequence, the majority of the Board are independent Directors. No non-Executive Director:

- Is a substantial shareholder of the

Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company (a "substantial shareholder" is a shareholder who has an interest in 5% or more of the voting shares in the Company)

- Acts as a nominee or representative of any particular shareholder
- Has been employed in an Executive capacity by the Company
- Within the last 3 years has been a material professional adviser or material consultant to the Company
- Is a material supplier or customer of the Company
- Has a material contractual relationship with the Company (other than as a Director)
- Has served on the Board for a period that could, or could reasonably be perceived to, materially interfere with his or her ability to act in the best interests of the Company.

Materiality must be assessed on a case by case basis and include quantitative and qualitative criteria.

## THE ROLE OF THE CHAIR

The Chair is selected by the Board from the non-executive Directors. Accordingly the same person does not exercise the roles of Chief Executive Officer and Chair.

The role of the Chair includes:

- Leading the Board
- Ensuring the Board receives such information as Directors may require to discharge their duties.
- Representing the Board in public
- Conducting Board meetings
- Reviewing the performance of the Board and individual Directors.

## RETIREMENT AND RE-ELECTION OF DIRECTORS

At least one third of the Directors retire each year, by rotation, as required by the Company's Constitution and the ASX Listing Rules. The Constitution also states that any Director who has been appointed during the course of the year must retire at the next Annual General Meeting.

Eligible Directors who retire each year may offer themselves for re-election by the shareholders at the next Annual General Meeting.

Board policy requires that Directors must retire at the age of 70. There is a Board approved exception to the policy at the present time in relation to the current Chair.

#### **SELECTION AND APPOINTMENT OF NEW DIRECTORS**

The Board has established a Remuneration and Nomination Committee with one of its roles being to provide recommendations to the Board concerning the appointment of Directors. The Committee consists of three members who are independent, non-executive Directors. The Chair of the Committee is not the Chair of the Board. The Committee operates under a Charter. A copy of the Charter is located on the Company's website.

The composition of the Board and its Committees is reviewed from time to time by the Remuneration and Nomination Committee to ensure the Board has an appropriate mix of expertise and experience given the nature of the business of the Company and the markets in which it operates. When a vacancy exists or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Committee will seek and consider candidates and recommend an appropriate person to the Board for appointment. Any Director so appointed must retire at the Annual General Meeting next following his or her appointment but will then be eligible for re-election by shareholders.

The Remuneration and Nomination Committee's policy for the appointment of Directors is that the Committee will regularly review the composition of the Board and seek to recruit additional Directors to meet the needs of the Company. No new Directors were nominated for appointment during the reporting period.

Details of membership of the Remuneration and Nomination Committee and of the attendance by members at Committee meetings are set out elsewhere in this Annual Report on page 25.

#### **BOARD MEETINGS**

The Board's business is largely conducted by a program of 11 monthly meetings, together with such additional meetings as may be required from time to time. A substantial part of the Board's business is conducted by committees of the Board. Generally, the Committees and the Board meet for one day a month.

In practice, Directors generally attend the meetings of the Asset and Liability, Credit & Risk and Audit Committees, regardless whether they are members of those Committees. The minutes of each Committee meeting are circulated to all Directors and the agenda and papers for each meeting are available to all Directors. The Chair of each Committee provides a verbal report about the business of each Committee meeting to the next meeting of the Board.

Executives and other senior managers are required to attend and present at Board and Committee meetings and to answer questions from Directors. The Chair of each Committee also meets separately with relevant Executives, particularly in preparation for Committee meetings.

In addition, the minutes of Executive Committee meetings (chaired by the Group Managing Director) are circulated to all Directors.

#### **ETHICAL AND RESPONSIBLE DECISION-MAKING**

The Board has adopted a Code of Conduct for Directors and Executives. The Code reflects the Company's attitude to the behaviour expected of its senior people. A copy of the Code of Conduct is located on the Company's website.

The Board has a procedure to enable Directors to disclose any interest that may potentially conflict with the interests of the Company.

#### **SHARE OWNERSHIP AND TRADING**

Directors are required to hold a minimum parcel of 500 shares in the Company. Details of Directors' holdings are set out on page 25 of the Annual Report.

All staff are encouraged to hold shares in the Company and the Company acquires or allocates shares pursuant to incentive schemes.

The Board has a policy in relation to trading in the Company's securities by Directors and staff. The key features of the policy, aimed at ensuring appropriate practice by Directors and Staff, are:

- A Director or employee must not subscribe for or trade in Adelaide Bank securities when to do so would breach the law concerning insider trading
- Subject to that overriding requirement, Executives and Directors may subscribe or trade in the period of six weeks commencing the business day after the public release of interim or full year financial results, or after first obtaining appropriate authority. In the case of Executives that authority is

required from the Group Managing Director and in the case of Directors, after first obtaining the authority of the Board

- All trades by an Executive or Director are to be notified to the Company Secretary and, in the case of Directors, are recorded in the minutes of the next Board meeting
- The Company Secretary is required to provide Directors and Executives with up to date guidelines in relation to the law on insider trading
- The policy extends to Adelaide Bank shares, debentures, interests in managed investment schemes, options and financial products created over or in respect of such securities.

Each dealing in the Company's securities by a Director must be reported to the Company's Board and notified by the Company to the Australian Stock Exchange, whilst each dealing by an Executive must be reported to the Company Secretary.

#### **ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Board has adopted a procedure whereby Directors are entitled to take independent professional advice at the expense of the Company. In addition, the Board has full access to Company records.

#### **INTEGRITY IN FINANCIAL REPORTING**

The Company is committed to integrity and quality in its financial reporting.

The Board requires the Chief Executive Officer and the Chief Financial Officer to provide written confirmation to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. Commentary on the Company's financial performance is made in the reports of the Chairman and the Chief Executive Officer in the Annual Report, and in regular releases to the market

The Board has established an Audit Committee with one of its roles being review of the integrity of the Company's financial reporting. The Committee reviews the half yearly and annual financial statements. The Committee consists of three members who are independent, non-executive Directors. The Chair of the Committee is not the Chair of the Board. The Committee operates under a Charter. A copy of the Charter is located on the Company's website. The Charter of the Committee

specifies a number of duties for the Committee, including:

- To assess the appropriateness of the Company's accounting policies and principles and disclosures and any changes to them
- To review the implementation of steps taken to address the taxation compliance issues associated with any major transaction or arrangement considered by the Board
- To ensure that management has in place an effective internal control system over financial reporting
- To discuss with management and the external auditor the financial report
- To assess whether the financial report represents a true and fair view of the Company's financial position and performance and complies with regulatory requirements
- To review and approve the scope of the external audit plan and work program
- To ensure the external auditor is not engaged to provide services that may impair or appear to impair judgement or independence.

Details of the names and qualifications of the members of the Audit Committee and of the attendance by members at Committee meetings are set out elsewhere in this Annual Report on page 17 and 25.

#### **TIMELY AND BALANCED DISCLOSURE**

In recognition of the Company's obligations to make ongoing disclosures to the market, the Company has developed a compliance system which consists of a Board policy and a set of procedures to be followed by Directors and Executives to ensure compliance with ASX Listing Rule requirements and accountability for compliance at senior management level.

The Board policy includes a commitment to compliance with the spirit, intention, purpose and substance of the continuous disclosure obligations imposed by the Listing Rules and the Corporations Act. The Company's procedures have been adopted by the Board as part of its compliance system and all Directors and Executives are required to observe the requirements of the system. A summary of the procedures is located on the Company's website.

#### **COMMUNICATIONS WITH SHAREHOLDERS**

The Board encourages communications between the Company and the holders of its securities. The Board acknowledges the importance of security holders

receiving accurate and timely information about the Company. The Board's strategy to promote effective communication with security holders consists of the following elements:

- Regular announcements are made to the market
- All announcements made to the market and all related information (such as information provided to analysts or media during briefing) are accessible from the website after they have been released to ASX
- The full text of all notices of meeting and explanatory material are placed on the website
- Addresses made by the Chairman and the Chief Executive Officer to the Annual General Meeting are placed on the website
- The website includes the last three years of financial reports and major announcements from the last two years
- The Company is considering how to use electronic communication (such as the use of email) in a cost effective manner for the benefit of shareholders.

The Company's external auditor is requested to attend the Annual General Meeting and to be available to answer questions about the conduct of the audit and preparation and content of the auditor's report.

#### **RISK MANAGEMENT**

##### **Policies**

The Company has the following policies and practices on risk oversight and management:

- The Board has adopted policies in relation to the assessment, management and monitoring of Credit Risk, Operational Risk and Market Risk. Executives of the Company have been allocated responsibility for the management of those risks, by implementing procedures and processes to identify and manage risks in all aspects of our business. Whilst there are central policy units charged with responsibility for ensuring the Company has appropriate infrastructure for identification and assessment of risk, day to day risk management clearly rests with line managers.
- The Board has established Credit and Risk and Asset and Liability Committees, the Charters of which include monitoring and review of compliance with relevant Board policies. The Charters of these

Committees are located on the Company's website. Relevant Executives provide detailed reporting to the Executive Committee and the Board Committees.

- The Board has established an Audit Committee, the Charter of which includes the oversight of the risk management function and internal control system.
- The Board has engaged an internal audit service provider to review internal controls. The internal audit service provider is independent of the external auditor. The internal audit service provider has full access to the records of the Company's risk and control assessments, particularly for the purpose of internal audit planning.
- The internal audit service provider reports to each of the Board and Management, and has full access to Management and the right to seek information and explanations about issues identified during their reviews.
- The Chief Executive Officer, Chief Financial Officer and Chief General Manager Risk Management are required to provide written confirmation to the Board that the Company has a sound system of risk management and internal compliance and control which implements Board policy and which operates efficiently and effectively.

#### **BOARD AND MANAGEMENT PERFORMANCE**

The Company recognises that the success of the Company depends in part upon the performance of its Board and senior management team.

The Company's process for enhancing Board and Management performance includes the following elements:

- The company has a comprehensive induction program for new Directors and Executives. The program for Directors includes meetings with Executives and Senior Managers
- Through the office of the Chair, Directors are able to take independent professional advice at the Company's expense
- A performance evaluation for the Board and its members is conducted on an annual basis. An evaluation was conducted in the reporting period. The evaluation takes the form of a series of statements concerning the performance of the Board, its members, its committees and the Executives of the Company. Each Director is required to complete the evaluation and discuss the same

individually with the Chair of the Board. The results of the evaluation are subsequently reviewed and discussed at a Board meeting. The evaluation questions are reviewed annually to ensure they remain current

- The performance of key Executives is evaluated in two ways. Each key Executive is set key performance indicators and performance is formally reviewed on an annual basis. In addition, key Executives regularly attend meetings of the Board and its Committees which enables the Board to evaluate their performance
- The Company has a commitment to providing continuing information to its Directors in relation to industry issues and trends, as well as to continuing development of its Executives.

## REMUNERATION

### Non-Executive Directors

In 2003 Shareholders approved a pool of \$700,000 for non-Executive Directors' fees.

Details of remuneration paid to Directors are set out on page 27 of this Report. Fees paid to non-Executive Directors are reviewed on a regular basis, utilising the services of an independent remuneration consultant.

The fees paid to non-Executive Directors in the reporting period were within the limit approved by shareholders.

Non-executive Directors are not entitled to performance based bonuses or share options.

### EXECUTIVES

The Bank's remuneration strategy is one of ensuring that staff are aware of the need for a demonstrated clear link between the Bank's performance and remuneration. The remuneration policy outlines that remuneration will be competitive in the marketplace, using annual benchmarking data; will be based on performance; and will increase equity ownership opportunities. The Company encourages Executives to become long term holders of the Company's securities.

The remuneration system was reviewed in 2003 using 2 independent remuneration experts to ensure the appropriateness of the policy and that the methodology satisfies the remuneration policy standards required by ASX Corporate Governance Principle 9.

The Bank has adopted the Total Reward Concept for Executive Remuneration based on fixed remuneration which is arrived at through job evaluation, market

matching and benchmarking, short term incentives (STI) which are available on meeting both the individual's and the Bank's performance targets, and the long term incentives (LTI) of performance shares (bought on market) based on the achievement of set performance hurdles over the period 2002-2005 as outlined in the Directors' Report. Both the short and long term incentives are subject to Board approval and are capped at a percentage of the Total Reward formula. The Board does have the discretion to approve the amount of the STI and the LTI. The Bank has maintained Total Reward mix ratios for Group Managing Director of 50% fixed, 25% STI, 25% LTI, Chief General Managers 60% fixed, 20% STI, 20% LTI and for General Managers 70% fixed, 15% STI, 15% LTI.

On completion of the Executive performance reviews and the externally conducted annual remuneration review, the Executives' STI for the previous year and the fixed remuneration and short term incentives for the next year commencing 1st September are recommended to the Remuneration and Nomination Committee for consideration and then to the Board for approval.

As stated earlier in this corporate governance statement, the Board has established a Remuneration and Nomination Committee. The Committee consists of three independent, non-executive Directors. The Chair of the Committee is not the Chair of the Board.

### RETIREMENT BENEFITS

Non-Executive Directors who joined the Board prior to 1st April 2003 are entitled to participate in the Company's Directors' and Staff Superannuation Scheme. Such participation requires salary sacrifice by those Directors of a portion of their shareholder approved fee entitlements. The Company does not make any additional contribution to the fund.

Directors who have joined the Board since 1st April 2003 are not entitled to participate in the fund. For these Directors, the Company will provide statutory superannuation contributions, with these contributions to be salary sacrificed from shareholder approved fee entitlements.

The Company does not maintain any other retirement benefit scheme for non-Executive Directors.

### POLITICAL DONATIONS

The Board has a policy in relation to donations to political parties, which is to consider any application for such a donation on its merits. The Board reviews its policy from time to time. In the reporting period, the Company donated \$1,150.

## THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Company has a Code of Conduct which sets out the standards in accordance with which each executive, manager and employee of the Company is required to act. The requirement to comply with these ethical standards is communicated to all employees. The Code deals with standards of conduct for the Company's relationship with its shareholders, its customers, its staff and the community at large.

The Code requires the Company's business to be conducted in a manner which will enhance the value of shareholders' investments.

The Code refers to the importance of the Company's customers and their assets, the provision of competitive products, the provision of service which meets the needs of the Company's customers and compliance with the principles set out in the Code of Banking Practice.

The Code recognises the value of the company's employees and the importance of treating all staff with respect. The Code refers to equal opportunities for employees and the rights for appropriate conditions of employment, career development and job satisfaction. The Code refers to encouraging employee loyalty and commitment and to standards of behaviour from employees which will ensure:

- The business of the Company is conducted in a way to comply with relevant laws and ethical standards
- Employees behave as professionals
- Employees do not accept gifts of significant value
- Employees do not disclose (without appropriate consent) confidential information regarding customers or the Company
- Employees will not place themselves in a position of conflict of interest in their dealings on behalf of the Company.

In relation to the community at large, the Code refers to the Company's obligation to contribute to the well being of the community to demonstrate social responsibility, to be honest in business dealings, to exercise prudent financial management and to engage in activities which are not detrimental to the environment.

	Including Significant Items 2004 \$000's	Significant Items 2004 \$000's	Excluding Significant Items 2004 \$000's	2003 \$000's	2002 \$000's	2001 \$000's	2000 \$000's
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>							
Interest income	666,340	-	666,340	494,868	409,313	449,723	379,781
Interest expense	449,882	-	449,882	327,362	280,522	331,030	271,500
Net Interest income	216,458	-	216,458	167,506	128,791	118,693	108,281
Add Securitisation income	53,146	(2,469)	55,615	56,833	52,468	31,810	17,082
Less Fees to intermediaries	86,637	5,862	80,775	62,783	47,796	35,894	25,121
Add Other revenue from ordinary activities	53,224	9,573	43,651	39,552	39,728	34,051	31,163
Net operating income from ordinary activities	236,191	1,242	234,949	201,108	173,191	148,660	131,405
Less Bad and doubtful debt expense	7,906	-	7,906	6,711	4,678	4,384	826
Other expenses from ordinary activities	133,014	-	133,014	120,114	107,239	93,684	85,776
Profit from ordinary activities before income tax expense	95,271	1,242	94,029	74,283	61,274	50,592	44,803
Income tax expense	27,043	(1,854)	28,897	22,958	20,033	16,451	17,749
Profit from ordinary activities after income tax expense	68,228	3,096	65,132	51,325	41,241	34,141	27,054
<b>FINANCIAL POSITION AT 30 JUNE</b>							
Total assets	10,439,826			8,752,167	6,893,802	6,592,134	5,711,251
Net loans and advances	8,962,137			7,576,349	5,600,256	5,417,859	4,563,009
Retail deposits	7,784,968			6,430,425	5,122,884	4,595,522	3,424,215
Total equity	501,849			427,620	295,339	280,494	266,849
Total assets under management	15,614,670			12,254,798	10,729,197	9,032,977	8,274,678
<b>KEY RATIOS &amp; OTHER INFORMATION</b>							
<b>Profitability Ratios</b>							
Return on ordinary equity (%)	17.41		16.57	15.67	14.33	12.49	11.72
Return on ordinary equity - pre amortisation (1) (%)	18.41		17.57	16.86	15.58	13.81	12.32
Return on average assets (%) (2)	0.49		0.47	0.45	0.42	0.39	0.39
Net interest margin (on average interest earning assets) (%)	2.23		2.23	2.20	1.93	1.96	2.00
<b>Efficiency Ratios</b>							
Operating expenses to operating income (%) (1)	54.79		55.08	57.94	59.84	60.60	64.21
Operating expenses to average assets (%) (1) (2)	0.93		0.93	1.01	1.05	1.04	1.22
<b>Earnings per Ordinary Share</b>							
Earnings per share - fully diluted (cents)	67.09		63.75	54.34	46.97	39.16	33.95
Earnings per share - fully diluted, pre amortisation (cents) (1)	70.97		67.63	58.44	51.07	43.27	35.70
<b>Dividends on Ordinary Shares</b>							
Dividends per share (cents)	44.00		44.00	37.00	32.00	30.00	30.00
Payout ratio (%)	66		70	68	68	76	94
<b>Other</b>							
Net tangible assets per share (\$)	4.10		4.10	3.52	3.11	2.96	2.84
Capital adequacy (%)	11.42		11.42	11.12	11.44	11.13	12.91
Number of branches	25			25	25	25	28
Staff (Full time equivalent)	1,079			979	883	840	775
Share Price as at June 30 (\$)	8.29			8.00	7.29	5.75	4.78
-year high (\$)	8.90			8.75	7.68	5.95	5.80
-year low (\$)	7.24			6.65	5.50	4.66	4.36

(1) Excludes amortisation costs associated with the purchase of Leveraged Equities Limited.

(2) Includes securitised assets.