



**November 3, 2006**

**ADELAIDE BANK 2006 ANNUAL GENERAL MEETING**

Enclosed is the Chairman's address to the Bank's Annual General Meeting today at 11.00am and the slides which will accompany that address.

The address will be webcast live, accessible from the Bank's website at [adelaidebankcom.au](http://adelaidebankcom.au). The webcast will subsequently be archived and accessible from that site.

**Chairman's Address – Dr Adele Lloyd**

Good morning ladies and gentlemen and a very warm welcome to the 13<sup>th</sup> Annual General Meeting of Adelaide Bank Limited and my first as your Chairman.

I would like to commence proceedings by introducing my fellow Directors.

I would also like to acknowledge the presence of former Directors of the Bank.

Also attending this meeting today are:

- Mr Colin Dunsford from the Bank's auditors – Ernst & Young
- Mr John Egan, one of the principals of Egan Associates Remunerations Consultants – advisers to the Board on remuneration matters, and
- Mr David Ey and Mr James Dickson, Partners of Piper Alderman Lawyers.

These gentlemen will be available to answer questions that may arise in connection with their fields of expertise.

**2. MEETING PROCEDURE AND VOTING CARDS**

I would like to address some "housekeeping" matters.

I am informed by the Secretary that the meeting has been convened in accordance with the Corporations Act and the Company's Constitution. The required number of Members to constitute a quorum is 25 Members who are entitled to vote and are present in person. I declare that there is a quorum.

On the way in, those indicating on the Register they are Members entitled to vote or proxy holders representing such Members would have received a voting card. This should be raised when voting occurs during the Meeting. Those persons who are visitors and not entitled to vote would have received a visitor's card and it would be appreciated if they are not raised when voting occurs.

Also, would Members who wish to address the Meeting give their name before doing so.

In a few minutes I will call on the business of the day. Before doing so, I will ask our Group Managing Director to address you about the Bank's financial performance in the past year. I will also ask our Group Managing Director elect to address you about the future opportunities available to the Bank. Finally I will ask former Chairman of the Bank Mr Dick Fidock to pay a tribute to the Group Managing Director.

So, firstly to our Group Managing Director.

### **3. GROUP MANAGING DIRECTOR ADDRESS**

**(Barry Fitzpatrick speaks)**

Thank you Barry for that presentation.

### **4. GROUP MANAGING DIRECTOR ELECT ADDRESS**

As most will be aware, Barry Fitzpatrick's successor on December 15 will be Mr Jamie McPhee, who has been groomed for the position over a number of years as part of the Bank's succession planning regime.

Jamie McPhee has been with the Bank for 18 years and in the past 18 months has been responsible for the day-to-day operations and management of Adelaide Bank under Barry Fitzpatrick.

Mr McPhee joined Adelaide Bank in 1988, having graduated as a Civil Engineer from the University of Adelaide and after having worked in England for two years.

First working in Treasury, he was appointed Chief Manager of Treasury at the time of the merger between the Co-op and the Hindmarsh Adelaide Building Society in January 1992 and in 1993 was appointed to the organisation's executive committee.

Since then he has successfully undertaken a series of key management roles within the organisation, culminating in his appointment from December 15 as Managing Director of the organisation.

I would like to now call on Mr McPhee to address you on the future of the Bank and the strategies to be undertaken as the Bank moves forward into 2007 and beyond.

## **(Jamie McPhee Speaks)**

Thank you Jamie for your presentation.

I would like to take this opportunity to express the confidence the Board has in your leadership into the future and in the excellent team of executives that will continue to direct the day-to-day running of Adelaide Bank into the years ahead.

### **5. Retirement Of Mr Fitzpatrick**

As you will be aware, Mr Fitzpatrick will retire on December 15 this year after 21 years as the head of the Co-operative Building Society of South Australia and then Adelaide Bank Limited.

Under his stewardship the Bank has reached significant milestones.

A small, South Australian building society has been transformed into a national financial institution in which well in excess of 80% of its business is carried on outside of its home State.

Growth has been outstanding. When Mr Fitzpatrick took control in 1985 the organisation had assets of just over \$700 million.

Twenty one years on, and the organisation today has total assets of \$26.4 billion.

Then it was an unlisted small company, today it is a publicly listed company ranked among the top 150 companies in the country on the Australian Stock Exchange.

When he first headed the organisation in 1985, Barry Fitzpatrick reported after tax profit of just over \$2.5 million.

In 2006, the Bank reported an after tax profit of \$94.42 million.

Mr Fitzpatrick can be proud of the Bank's financial performance under his leadership.

## **INTRODUCE DICK FIDOCK**

In a departure from the norm, I would now like to call on Mr Fidock to pay tribute to Mr Fitzpatrick.

Mr Richard Fidock was Chairman of the organisation for 21 years, and was instrumental in Barry Fitzpatrick's appointment as General Manager and later his appointment to the Board and the role of Group Managing Director.

I now invite Mr Fidock to the microphone.

### **(Dick Fidock Speaks)**

Thank you Mr Fidock for those very warm words.

### **Retirement Payment**

On behalf of the Board I would like to make some comments regarding the retirement payment to be made to Mr Fitzpatrick.

As reported to the Stock Exchange and as stated in the Bank's Annual Report, when Mr Fitzpatrick retires on December 15 he will receive a retirement payment of \$8.3 million. That payment will be made in recognition of his past service, and his entitlements, including his current salary and performance incentive arrangement with the Bank.

Twelve months ago the Board and Mr Fitzpatrick had an understanding that he would continue as CEO until the end of the Bank's 2005-08 strategic plan period. This was reflected in the 2005 Remuneration Report where it was stated that Mr Fitzpatrick's remuneration had been fixed to June 2008. That Remuneration Report was adopted by shareholders at last year's AGM.

However, as shareholders would be aware, circumstances change in the life of a company.

During this year the Board determined that an appropriate time had arrived for the succession of Mr McPhee to the role of CEO.

The Board was mindful of the importance of its role to ensure a smooth transition in the changeover of the CEO.

In light of these issues, the Board sought independent legal and remuneration advice in relation to appropriate terms for Mr Fitzpatrick's retirement.

In determining those terms, reference was made to Mr Fitzpatrick's remuneration entitlements, including fixed remuneration, short and long term incentives and related superannuation entitlements.

Reference was also made to Mr Fitzpatrick's outstanding service and the Bank's market leading performance compared with other financial institutions, particularly over the past decade. In the Board's view, Mr Fitzpatrick leaves a significant legacy as a result of his outstanding service.

The Board is certain shareholders would agree that the Bank has been well served by the ability of Mr Fitzpatrick to groom an outstanding internal successor, thereby avoiding the significant expense and disruption that would accompany the search for an external appointee and the implementation of any such appointment.

Equally, the Board is conscious that some shareholders have questioned the payment of benefits for a period during which Mr Fitzpatrick will not be required to serve the Bank. The Board has ensured it obtained sound legal and remuneration advice regarding the Bank's obligations in this regard.

All of the factors I have mentioned today were carefully considered over a number of months in negotiating the timing and the terms of Mr Fitzpatrick's retirement. The Board is satisfied that the interests of current and future shareholders have been properly considered in negotiating these terms and that an appropriate outcome has been reached.

So far as the future is concerned, I would like to confirm that the Board has reached "in principle" agreement with Mr McPhee regarding his appointment. The finalization of the terms of his appointment is well advanced, but not yet complete. When those terms are formalised they will be announced to the market and posted on the Bank's website. I can assure shareholders that the Board is taking independent advice in relation to these terms and that they will reflect contemporary governance practice.

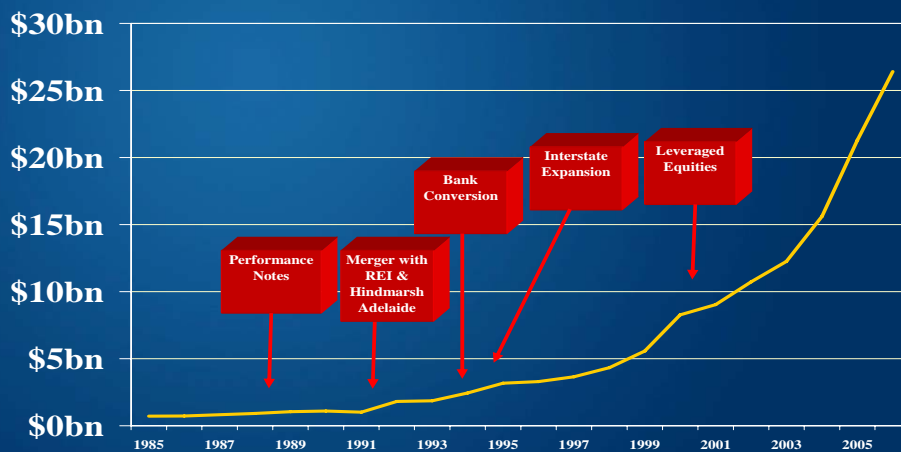
### The Business of the Meeting

I will now turn to the business of this meeting as identified in the Notice of Meeting.



Dr A Lloyd  
Chairman

## Assets Under Management



# Profit After Tax

