

# mission statement



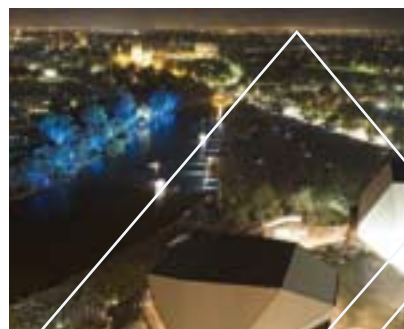
Adelaide Bank Limited is a dynamic publicly listed company providing leading edge financial solutions through its distribution network and partners nation wide.

We accept our responsibilities as a corporate citizen and embrace and execute good corporate governance.

The Adelaide Bank team are motivated professionals dedicated to providing best-in-industry products and services that meet our customers' needs.

We will reward shareholders with strong investment returns.

Adelaide Bank's multi-faceted strategy to diversify income streams returned record profits during 2005-06, with the Bank experiencing excellent growth in deposit taking, business lending and margin lending operations, more than offsetting the reduced returns from residential lending.



In line with its stated goals the Bank met its commitment to shareholders by achieving:

- Earnings per share growth in excess of 10%.
- Further reduction of its cost to income ratio towards its target of 46% by June 2008.

The Bank expects continued profit growth in 2006-07 as it continues to build its diversified business operations as part of its strategic growth plan.

### Profit

Underlying earnings increased from \$126.0 million in 2004-05 to \$157.2 million in 2005-06. This was an increase of 25%.

Profit after tax on a comparable cash basis increased by 25%, rising from \$75.29 million in 2004-05 to \$94.05 million in 2005-06.

### Retail Funding

Retail funding increased from \$9.4 billion in 2004-05 to \$10.1 billion, which represents an increase of 8%.

### Total Assets Under Management

Assets under management increased by 22%, rising from \$21.5 billion at the end of 2004-05 to \$26.4 billion at June 30, 2006.

### Total Loans Under Management

Total loans under management grew by 25% over the year, increasing from \$19.0 billion at the end of the 2004-05 financial year to \$23.8 billion at the end of 2005-06.

### Capital Adequacy

Capital Adequacy stood at 10.77% at the end of 2005-06, with Tier 1 Capital at 6.35%.

### Cost to Income Ratio

This key ratio reduced to 50.68%, compared with a ratio of 54.32% in 2004-05 and 55.08% in 2003-04.

### Key Ratios and Other Information AIFRS 2006 to Comparable 2005

	2006	2005	% Change
Profit after tax on a comparable cash basis (\$M's)	94.05	75.29	+25
Earnings per share — fully diluted pre amortisation of acquisition costs and adjusted for General Reserve (cents)	88.68	78.78	+13
Net Tangible Assets per share (\$)	5.59	4.82	+16
Return on Ordinary Equity pre amortisation of acquisition costs (%)	17.29	18.76	-8
Return on average assets (%)	0.40	0.41	-2
Operating expenses to operating income (%)	50.68	54.32	-7
Operating expenses to average total assets (%)	0.68	0.80	-15
Payout Ratio (ordinary shares) (%)	70	73	-4

Note: The above ratios are exclusive of significant item.

### Ratios including Significant Item (where different from above)

	2006	2005	% Change
Return on Ordinary Equity pre amortisation of acquisition costs (%)	17.29	18.98	-9
Operating expenses to operating income (%)	50.68	54.07	-6
Earnings per share — fully diluted pre amortisation of acquisition costs and adjusted for General Reserve (cents)	88.68	79.71	+11
Payout Ratio (ordinary shares) (%)	70	72	-3

### Shareholders' Returns

The fully franked final dividend for 2005-06 will be 32 cents – an increase of three cents over the final dividend for last year. The final dividend will be paid on October 13, 2006.

The fully franked dividend for 2005-06 will be 58 cents, compared with 53 cents for 2004-05. This is a record dividend for the Bank and represents an increase over the full year of 9%.

### Earnings Per Share

Fully diluted earnings per share (pre amortisation of acquisition costs and adjusted for General Reserve) increased by 13% to 88.68 cents, compared with 78.78 cents for 2004-05.