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ADELAIDE BANK AIMS FOR RECORD INTERIM PROFIT

Adelaide Bank is aiming for a record interim profit when it announces its first half results on February 3.

This is the clear message following a Corporate File briefing provided to the Australian Stock Exchange today.

Adelaide Bank Group Managing Director and Chief Executive Officer, Mr Barry Fitzpatrick, said: "With November's results already in, we have achieved a first half performance slightly above our expectations, driven by continued strong growth in assets."

Mr Fitzpatrick detailed :

- A 9.5 per cent increase in loan approvals for the first five months of 2004-05 when compared with the same period of 2003-04. Loan approvals for the first five months were \$3.3 billion, with a record \$970 million in November.
- A six per cent increase in retail deposits over the same period when compared to July – November 2003. This represents an annualised growth of 14 per cent.
- Annualised growth of the Bank's margin lending business of 20 per cent, with the Leveraged Equities Loan portfolio growing to \$1.55 billion.

Commenting on the growth in loan approvals, Mr Fitzpatrick said: "Adelaide Bank is a small player in a very large market and we currently have a market share of two per cent.

"We are now achieving an increased penetration of the national broker market.

"In the first five months of the financial year close to 12 per cent of approvals were generated through brokers compared with only 1.6 per cent for the same period last year.

"We are currently writing about three per cent of new mortgage loan approvals and we are targeting a five per cent market share.

During the Corporate File briefing Adelaide Bank made it clear it was on track with further reductions in its cost to income ratio.

It also reiterated it expected on balance sheet margins to contract by around 10 basis points for the full 2004-05 year.

Despite this, Mr Fitzpatrick was upbeat for the full year saying: “We stand by our previously stated target of at least 10 per cent increase in underlying earnings and earnings per share.

“We will continue to maintain our credit quality in the top quartile of all Australian retail banks.

“We are very comfortable with the analysts’ forecasts range of earnings per share growth of between 11 and 16 per cent and we plan to maintain our long-stated dividend payout ratio of around 70 per cent.”

Issued on behalf of Adelaide Bank by Greg Reid Marketing Communications Pty. Ltd. Telephone 08 8300 6449.