

Highlights 2001-2002



The 2001-2002 financial year saw Adelaide Bank achieve strong and profitable growth as it adhered to the strategic plan developed in 1999 and redefined in March 2002.

Continued development of alliances and working partnerships saw the Bank achieve record profit levels, while reducing its cost to income ratio to a record low in line with predictions made one year ago.

The strong results from 2001-2002 are expected to continue into 2002-2003 despite continued low margins and increased competition from both traditional competitors and new entrants to the finance sector.

It is the Bank's aim in 2002-2003 to continue to enhance shareholders' returns.

PROFITS

Underlying earnings were up 19% to \$69.6 million, compared with \$58.6 million for 2000-2001.

Profit after tax was \$41.2 million, a 21% increase on the after tax profit of \$34.1 million posted in 2000-2001.

Profit before tax was \$61.3 million, a 21% increase on the \$50.6 million posted in 2000-2001.

LENDING

Residential loan approvals increased by 61% for the year from \$2.36 billion in 2000-2001 to \$3.78 billion for 2001-2002.

RETAIL DEPOSITS

Retail deposits grew by 12% over the year, with deposits standing at \$5.1 billion at the end of 2001-2002 compared with \$4.6 billion the previous year.

LEVERAGED EQUITIES

Leveraged Equities returned a pre-tax profit of \$7.3 million for the 2001-2002 financial year. This compared with \$8.4 million in 2000-2001, and was adversely impacted by the tumultuous events of September 11, 2001 in the United States and the corporate collapses of 2002. Despite these events Leveraged Equities achieved a significant portfolio growth.

Servicing Australia

Latest technology and skilled staff ensure the Adelaide Bank loan centre is a leader in loan processing, leading to record levels of lending

TOTAL LOANS

Loans under management increased strongly. At the end of 2001-2002 loans under management stood at \$9.5 billion, compared with \$7.9 billion at the end of the previous financial year – an increase of 20%.

CAPITAL ADEQUACY

Risk adjusted capital adequacy ratio stood at 11.8%, with 6.7% Tier 1 capital.

CREDIT RATING

Adelaide Bank maintained its "BBB" long-term and "A2" short-term debt ratings by Standard & Poor's. Moody's continued its "Baa3" rating with a positive outlook for deposits, while senior non deposit debt was rated at "Ba1."

OPERATING COSTS

The Bank's cost to income ratio was reduced to below 60% for the first time, with this key ratio coming in at 59.84% compared with 60.60% the previous year.

EARNINGS PER SHARE

Earnings per share (pre amortisation costs) increased by 18% to 51.07 cents, compared with 43.27 cents for 2000-2001.

SHAREHOLDER RETURNS

The final dividend for 2001-2002 will be 18 cents per share, fully franked and payable on October 15, 2002. Together with the 14 cents first half dividend paid on March 28, 2002, the full year's dividend of 32 cents per share is the highest yet paid by the Bank.

“I’ve been an Adelaide Bank customer for ages and haven’t had the need to change”

FINANCIAL PERFORMANCE AT A GLANCE

	2002	2001	% Change
Underlying earnings (\$M's)	69.6	58.6	+19
Profit before tax (\$M's)	61.3	50.6	+21
Profit after tax (\$M's)	41.2	34.1	+21
Total loans under management (\$B)	9.5	7.9	+20
Earnings per share – fully diluted (c)	46.97	39.16	+20
Earnings per share pre amortisation of Leveraged Equities – fully diluted (c)	51.07	43.27	+18
Net Tangible Assets per Share (\$)	3.11	2.96	+5
Return on Equity (%)	14.33	12.49	+15
Return on Equity pre amortisation of Leveraged Equities (%)	15.58	13.81	+13
Return on Average Assets (%)	0.42	0.39	+8
Operating expenses to income (%)	59.84	60.60	-1



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