

Prepared in accordance with ASX Listing Rule 4.2A.3

Appendix 4D

Half Year Report

Adelaide Bank Limited

And Controlled Entities
ABN 54 061 461 550

Reporting period for the 6 months ending 31 December 2003

Previous corresponding period for the 6 months ending 31 December 2002

Results for announcement to the market

	\$A'000			\$A'000
Revenues from ordinary activities	Up \$73,588	26%	to	354,350
Profit from ordinary activities after tax attributable to members	Up \$6,527	29%	to	29,058
Net profit for the period attributable to members	Up \$6,527	29%	to	29,058

Dividends on Ordinary Shares	Amount per security	Franked amount per security
Interim dividend	19.0¢	(at 30%) 19.0¢
Previous corresponding period	16.0¢	(at 30%) 16.0¢

Record date for determining entitlements to the interim dividend on Ordinary Shares	16 March 2004
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Statement of Financial Performance

For the Half Year-Ended 31 December 2003

	CONSOLIDATED	
	Dec 2003 \$000's	Dec 2002 \$000's
Operating income from ordinary activities		
Interest income	307,827	228,677
<i>Less</i> Interest expense	<u>202,288</u>	<u>153,719</u>
Net Interest income	105,539	74,958
<i>Add</i> Securitisation income	<u>24,082</u>	<u>31,345</u>
	129,621	106,303
<i>Less</i> Fees to intermediaries	39,706	29,536
<i>Add</i> Other revenue from ordinary activities	<u>22,441</u>	<u>20,740</u>
Net operating income from ordinary activities	112,356	97,507
<i>Less</i> Bad and doubtful debt expense	3,644	2,760
Other expenses from ordinary activities	<u>66,429</u>	<u>61,645</u>
Profit from ordinary activities before income tax expense	42,283	33,102
Income tax expense	<u>13,225</u>	<u>10,571</u>
Profit from ordinary activities after income tax expense	<u>29,058</u>	<u>22,531</u>
Costs associated with issue of ordinary shares	(817)	-
Costs associated with issue of reset preference shares	-	(2,316)
Increase in retained profits on adoption of revised accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	<u>-</u>	<u>15,825</u>
Total revenues, expenses and valuation adjustments attributable to members of Adelaide Bank Limited and recognised directly in equity	<u>(817)</u>	<u>13,509</u>
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Adelaide Bank Limited	<u>28,241</u>	<u>36,040</u>
Basic and Fully Diluted earnings per share (cents)	28.44	24.97
Fully franked ordinary dividend per share (cents)	19.00	16.00

Statement of Financial Position

As at 31 December 2003

	CONSOLIDATED	
	As at December 2003 \$000's	As at June 2003 \$000's
Assets		
Cash	33,307	44,400
Money at call	61,907	48,588
Balances due from other banks	60,348	23,809
Investment securities and other investments	1,004,790	744,187
Liquid Assets, Deposits and Investments	1,160,352	860,984
Net loans and advances	8,406,533	7,576,349
Property, plant and equipment	33,666	30,412
Intangibles	20,090	20,720
Other assets	237,549	263,702
Total Assets	9,858,190	8,752,167
Liabilities		
Deposits	8,840,433	7,823,776
Balances due to other banks	59,876	3,747
Provisions	27,396	30,357
Other liabilities	251,969	271,667
Subordinated debt	195,000	195,000
Total Liabilities	9,374,674	8,324,547
Net Assets	483,516	427,620
Equity		
Ordinary share capital	243,872	194,289
Reset preference share capital	97,678	97,678
Reserves	27,889	27,889
Retained profits	114,077	107,764
Total Equity	483,516	427,620

Statement of Cash Flows

For the Half-Year Ended 31 December 2003

	CONSOLIDATED	
	Dec 2003 \$000's	Dec 2002 \$000's
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Interest received	299,372	252,963
Interest paid	(196,055)	(171,097)
Fees to intermediaries	(42,432)	(34,439)
Loan fees and other income	46,024	33,066
Salaries	(37,582)	(35,606)
Other expenses	(22,728)	(2,594)
Income taxes paid	(17,685)	(8,448)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28,914	33,845
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of property, plant & equipment	(6,615)	(5,314)
Proceeds from sale of non-current assets	351	62
(Increase) in due from other banks	(36,539)	(7,531)
(Increase) / Decrease in investments and liquids	(260,603)	27,623
(Increase) in loan advances	(1,687,082)	(940,023)
(Increase) / Decrease in other assets	(591)	570
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,991,079)	(924,613)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase / (Decrease) in securitisation funding	864,767	(114,356)
Increase in due to other banks	56,129	6,424
Proceeds from issue of preference shares	-	97,684
Proceeds from issue of ordinary shares	49,583	-
Increase in other interest bearing liabilities	-	30,001
Increase in deposits	1,016,657	875,065
Dividend paid to shareholders	(22,745)	(15,749)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,964,391	879,069
NET INCREASE / (DECREASE) IN CASH HELD	2,226	(11,699)
OPENING CASH	92,988	86,518
CLOSING CASH	95,214	74,819

Dividends

	CONSOLIDATED	
	Dec 2003 \$000's	Dec 2002 \$000's
Ordinary shares:		
fully franked final dividend paid during the half-year	19,722	15,825
Reset preference shares:		
fully franked dividend paid during the half-year	3,023	-
Total dividends paid during the half-year	<u>22,745</u>	<u>15,825</u>

Date the interim dividend is payable on ordinary shares	31 March 2004
Record date to determine entitlements to the dividend on ordinary shares	16 March 2004

The tax rate at which dividends paid have been franked is 30%.

Contributed Equity

	Dec 2003 \$000's	Jun 2003 \$000's
Ordinary Shares:		
87,914,350 (June 2003: 87,914,350) fully paid ordinary shares at beginning of year	194,289	194,289
6,000,000 fully paid ordinary shares issued to fund growth	50,400	-
Costs associated with issue	(817)	-
93,914,350 (June 2003: 87,914,350) fully paid shares at end of year	<u>243,872</u>	<u>194,289</u>
Reset Preference Shares:		
1,000,000 shares at beginning of year	97,678	-
Issue of 1,000,000 reset preference shares at \$100 per share	-	100,000
Costs associated with issue	-	(2,322)
1,000,000 reset preference shares at end of year	<u>97,678</u>	<u>97,678</u>
Total Contributed Equity	<u>341,550</u>	<u>291,967</u>

Consolidated Statement of Financial Performance

For the half year ended 31 December 2003

	<i>Dec-03</i>		<i>Dec-02</i>		<i>Increase/ (Decrease)</i>
	<i>Group</i>		<i>Group</i>		<i>%</i>
	<i>\$000's</i>		<i>\$000's</i>		
OPERATING INCOME					
Interest Income	307,827		228,677		35
Interest Expense	202,288		153,719		32
Net Interest Income	105,539		74,958		41
Add Securitisation Income	24,082		31,345		(23)
	129,621		106,303		22
Less Fees to Intermediaries	39,706		29,536		34
Add Other Income:					
Treasury Income	777		(143)		(643)
Insurance Commissions	1,507		1,361		11
Loan Fees	8,035		8,557		(6)
Transaction and Account Keeping Fees	5,383		4,679		15
Third Party Processing Income	1,191		1,072		11
Visa Income	2,769		2,897		(4)
Other Income	2,779		2,317		20
Total Other Income	22,441		20,740		8
Total Operating Income	112,356		97,507		15
OPERATING EXPENSES					
		<i>% of Total</i>		<i>% of Total</i>	
Staff Expenses	39,163	61%	35,461	59%	10
Occupancy Expenses	3,527	5%	3,657	6%	(4)
Computer & Equipment Expenses	4,096	6%	3,764	6%	9
Depreciation & Amortisation	3,010	5%	2,725	5%	10
Communications, printing and stationery	3,975	6%	4,079	7%	(3)
Professional fees	3,901	6%	3,485	6%	12
Other Expenses	6,957	11%	6,674	11%	4
Total Operating Expenses	64,629		59,845		8
Underlying Earnings	47,727		37,662		27
Amortisation of goodwill/loan portfolio premium	1,800		1,800		-
Provision for doubtful debts	3,644		2,760		32
Profit before Tax	42,283		33,102		28
Income Tax Expense	13,225		10,571		25
Profit after Tax	29,058		22,531		29
KEY RATIOS / OTHER INFORMATION					
Operating Expenses/Average Total Assets*	0.99%		1.09%		(9)
Operating Expenses/Operating Income	57.52%		61.38%		(6)
Net Interest Margin	2.27%		2.12%		7
Return on Average Assets*	0.45%		0.41%		9
Return on Ordinary Equity	15.21%		14.47%		5
Return on Ordinary Equity - Pre LE amortisation	16.26%		15.65%		4
Earnings per Share - Fully Diluted	56.57¢		49.54¢		14
Earnings per Share - Fully Diluted - Pre LE amortisation	60.48¢		53.60¢		13
NTA per Share	\$3.89		\$3.37		16
Dividend per ordinary share	19.00¢		16.00¢		19
Ordinary Shares on issue	93,914,350		87,914,350		7
Payout Ratio (Ordinary Shares) **	69%		65%		5
FTE staff numbers	1,048		931		13

Where appropriate ratios have been annualised

* Includes securitised assets

** Based on interim dividend declared

Loans Portfolio Analysis

	Total Loans				Non-Accrual Loans	
	Dec-03 \$000's		Jun-03 \$000's		Dec-03 \$000's	Jun-03 \$000's
Residential Lending	6,914,536	82%	5,965,470	78%	680	281
Consumer Lending	300,176	4%	295,881	4%	2,505	2,661
Margin Lending	197,531	2%	267,685	4%	9	60
Business Lending	1,029,754	12%	1,080,646	14%	2,794	3,379
	<u>8,441,997</u>		<u>7,609,682</u>		<u>5,988</u>	<u>6,381</u>

Loan Provisions

	Dec-03 \$000's	Jun-03 \$000's
Specific Provisions		
Residential Lending	265	125
Consumer Lending	2,505	2,661
Margin Lending	9	62
Business Lending	<u>3,360</u>	<u>3,360</u>
	<u>6,139</u>	<u>6,208</u>
General Provisions		
	29,325	27,125
	<u>35,464</u>	<u>33,333</u>

Non-Accrual Loans

	Dec-03 \$000's	Jun-03 \$000's
Gross Non-Accrual Loans	5,988	6,381
Specific Provisions	<u>6,139</u>	<u>6,208</u>
Net Non-Accrual Loans	<u>(151)</u>	<u>173</u>

Accruing Loans past due 90 days or more

	Dec-03 \$000's	Jun-03 \$000's
Residential Lending	27,699	31,996
Business Lending	<u>59</u>	<u>-</u>
	<u>27,758</u>	<u>31,996</u>

Ratios

Specific Provisions as a % of Non-Accrual Loans	102.52%	97.29%
General Provisions as a % of Risk Weighted Assets	0.51%	0.51%
Gross Non-Accruals as a % of Total Loans	0.07%	0.08%
Net Non-Accruals as a % of Total Loans	0.00%	0.00%

Average Balance Sheet & Interest Rates

The following sets out the major categories of interest earning assets and interest bearing liabilities of the economic entity. Averages used are predominantly daily averages. Non-accrual loans are included under the interest earning asset category 'loan advances'.

	Dec 2003			Dec 2002		
	Average Balance \$000's	Interest \$000's	Average Rate %	Average Balance \$000's	Interest \$000's	Average Rate %
INTEREST EARNING ASSETS						
Investments	1,059,645	28,698	5.37%	928,867	25,879	5.53%
Loan Advances	8,181,020	279,129	6.77%	6,100,277	202,798	6.59%
Total interest earning assets	9,240,665	307,827	6.61%	7,029,144	228,677	6.45%
Property, Plant and Equipment	30,812			28,613		
Provision for Doubtful Debts	(33,464)			(29,641)		
Other Assets	369,451			360,416		
Total Assets	9,607,464	307,827	6.36%	7,388,532	228,677	6.14%
INTEREST BEARING LIABILITIES						
Retail Deposits	6,682,629	147,770	4.39%	5,444,491	119,003	4.34%
Wholesale Deposits / Other	1,898,724	48,098	5.03%	1,102,745	28,252	5.08%
Subordinated Debt	195,000	6,420	6.53%	195,000	6,464	6.58%
Total interest bearing liabilities	8,776,353	202,288	4.57%	6,742,236	153,719	4.52%
Other Liabilities	386,181			324,182		
Total Liabilities	9,162,534	202,288	4.38%	7,066,418	153,719	4.32%
Shareholders Funds	444,930			322,114		
Total Liabilities and Shareholders' Funds	9,607,464	202,288	4.18%	7,388,532	153,719	4.13%
Net interest margin		105,539	2.27%		74,958	2.12%
INTEREST MARGIN AND INTEREST SPREAD						
Interest earning assets	9,240,665	307,827	6.61%	7,029,144	228,677	6.45%
Interest bearing liabilities	8,776,353	202,288	4.57%	6,742,236	153,719	4.52%
Net interest spread			2.04%			1.93%
Net free liabilities and equity	464,312		0.23%	286,908		0.19%
Net interest margin		105,539	2.27%		74,958	2.12%

Interest Spread is the difference between the average interest rate earned on interest earning assets and the average interest rate paid on interest bearing liabilities.

Interest Margin is the net interest income as a percentage of average interest earning assets.

Capital Adequacy

Determination of Capital	Dec 03 Group \$000's	Jun 03 Group \$000's	Dec 02 Group \$000's
Tier 1 Capital			
Issued and Paid up Capital	243,872	194,289	194,289
Reserves	27,889	27,889	27,889
Retained profits	95,225	89,302	95,692
Reset Preference Shares	91,746	77,870	79,467
Less : Goodwill	(20,090)	(20,720)	(21,350)
Less : Future income tax benefit	(4,371)	(4,279)	(6,715)
Less : Investment in managed funds and securitisation subsidiaries	(350)	(350)	(350)
TOTAL TIER 1 CAPITAL	433,921	364,001	368,922
Tier 2 Capital			
Reset Preference Shares	5,932	19,808	18,217
Subordinated debt	195,000	195,000	195,000
General provision for doubtful debts (net of future income tax benefit)	20,528	18,988	17,938
TOTAL TIER 2 CAPITAL	221,460	233,796	231,155
TOTAL QUALIFYING CAPITAL	655,381	597,797	600,077
Less deductions	11,584	10,000	10,000
TOTAL CAPITAL	643,797	587,797	590,077
TOTAL RISK WEIGHTED ASSETS	5,770,596	5,282,763	4,623,776
TIER 1 CAPITAL RATIO	7.52%	6.89%	7.98%
TOTAL CAPITAL ADEQUACY RATIO	11.16%	11.12%	12.76%

Segment Reporting

The consolidated entity's operations and assets are in the banking and finance industry in Australia. Activity outside this industry is not material and has not been separately disclosed.

Half Year Ended 31 December 2003	Residential Lending \$000's	Business Lending \$000's	Margin Lending \$000's	Retail Funding \$000's	Other * \$000's	Elimination \$000's	Consolidated \$000's
Operating income							
Interest income	222,191	37,066	9,952	172,348	49,000	(182,730)	307,827
Interest expense	(166,819)	(27,903)	(6,857)	(147,770)	(35,669)	182,730	(202,288)
Net interest income	55,372	9,163	3,095	24,578	13,331	-	105,539
Securitisation income	17,964	-	9,692	-	(3,574)	-	24,082
	73,336	9,163	12,787	24,578	9,757	-	129,621
Fees to intermediaries	(33,938)	(63)	(1,736)	(3,916)	(53)	-	(39,706)
Other revenue	7,780	1,212	112	4,886	8,061	-	22,051
Unallocated revenue							390
Total operating income	47,178	10,312	11,163	25,548	17,765	-	112,356
Bad and doubtful debt expense	(165)	5	(122)	7	(1,170)	-	(1,445)
Other expenses	(21,098)	(4,334)	(7,526)	(13,618)	(10,637)	-	(57,213)
Segment result	25,915	5,983	3,515	11,937	5,958	-	53,308
Unallocated revenue less unallocated expense							(11,025)
Profit from ordinary activities before income tax expense							42,283
Segment assets	6,914,271	1,026,394	197,522	-	1,364,368		9,502,555
Unallocated assets							355,635
Total assets							9,858,190
Segment liabilities	-	-	-	7,188,050	1,847,383		9,035,433
Unallocated liabilities							339,241
Total liabilities							9,374,674
Securitised assets	2,705,829	-	1,138,212	-	-		3,844,041

* Other includes Consumer Lending, Treasury, Insurance and Third Party Processing.

Segment Reporting (continued)

Half Year Ended 31 December 2002	Residential Lending \$000's	Business Lending \$000's	Margin Lending \$000's	Retail Funding \$000's	Other * \$000's	Elimination \$000's	Consolidated \$000's
Operating income							
Interest income	155,791	35,375	3,957	140,656	49,448	(156,550)	228,677
Interest expense	(117,692)	(26,275)	(2,847)	(119,003)	(44,452)	156,550	(153,719)
Net interest income	38,099	9,100	1,110	21,653	4,996	-	74,958
Securitisation income	20,848	-	10,091	-	406	-	31,345
	58,947	9,100	11,201	21,653	5,402	-	106,303
Fees to intermediaries	(24,041)	(24)	(1,368)	(4,103)	-	-	(29,536)
Other revenue	7,609	1,143	132	4,624	6,816	-	20,324
Unallocated revenue							416
Total operating income	42,515	10,219	9,965	22,174	12,218	-	97,507
Bad and doubtful debt expense	(77)	28	-	(67)	(1,144)	-	(1,260)
Other expenses	(16,978)	(3,889)	(6,278)	(13,773)	(10,936)	-	(51,854)
Segment result	25,460	6,358	3,687	8,334	138	-	43,977
Unallocated revenue less unallocated expense							(10,875)
Profit from ordinary activities before income tax expense							33,102
Segment assets	5,220,897	995,855	202,168	-	1,216,224		7,635,144
Unallocated assets							310,084
Total assets							7,945,228
Segment liabilities	-	-	-	5,793,657	1,429,318		7,222,975
Unallocated liabilities							306,699
Total liabilities							7,529,674
Securitised assets	2,535,174	-	887,317	-	-		3,422,491

* Other includes Consumer Lending, Treasury, Insurance and Third Party Processing.

Compliance Statement

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

This report, and the accounts upon which the report is based, use the same accounting policies.

This report gives a true and fair view of the matters disclosed.

The accounts have been subject to a review by auditors.

The entity has a formally constituted audit committee.

..... Date: 29 January 2004
Barry F. Fitzpatrick
Group Managing Director and Chief Executive Officer