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CONTINUED STRONG PERFORMANCE TO LEAD
TO FURTHER DIVIDEND INCREASE

Adelaide Bank has continued record mortgage loan approvals into 2004, virtually ensuring a further increased dividend to shareholders at the end of the 2003-04 financial year.

This upbeat forecast was provided to the Australian Shareholders' Association today by Adelaide Bank Group Managing Director and Chief Executive Officer, Mr Barry Fitzpatrick.

At the same time he flagged full year results at the high end of market analysts' expectations.

Addressing members of the ASA in Adelaide, Mr Fitzpatrick said the record mortgage loan approvals recorded by Adelaide Bank during the first half of the financial year had continued into 2004, despite other financial institutions reporting slight downturns in approval levels.

"Following a first half in which mortgage loan approvals increased by 50 per cent, Adelaide Bank has achieved an increase in lending approvals for the first two months of 2004 of 59 per cent compared with the same two months of 2003," Mr Fitzpatrick said.

"That trend is continuing in March and we expect it to continue for the remainder of the financial year. Much of this increased business will be handled by our new loan centre, which is currently being commissioned and will employ more than 100 staff.

"Mortgage approvals are running at around \$600 million per month, with Adelaide Bank continuing to significant increase market share nationally.

"According to latest Australian Bureau of Statistics figures, Adelaide Bank's market share of mortgage loan approvals has increased from 2.1 per cent at June 30, 2003 to 3.3 per cent.

"It must be recognised that an increase of 0.1 per cent translates into an additional \$20 million in home loan approvals each month for Adelaide Bank – so this is a major increase in market share for us.

"Adelaide Bank's growth in market share coupled with the fact that approximately 80 per cent of the Adelaide Bank loan book is variable rate, suggest that any further increases in official interest rates are not expected to negatively impact on Bank profitability.

“As a result, we confidently predict Adelaide Bank is comfortably on track to achieve its stated target of 15 per cent asset growth in 2003-04.

“In turn, that will translate into double-digit growth in profit – to levels which we believe will prove to be at the high end of analysts’ expectations – resulting in double-digit growth in earnings per share for the full 2003-04 financial year.

“As a result, Adelaide Bank is confident that the final dividend for 2003-04 will move upwards in line with earnings per share growth – following the first half dividend increase of 19 per cent.”

Further comment can be obtained from Mr Fitzpatrick. Telephone (08) 8300 6818.

**Issued on behalf of Adelaide Bank by Greg Reid Marketing Communications Pty. Ltd.
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