



August 26, 2004

ADELAIDE BANK ANNOUNCES OFFER OF HYBRID EQUITY

Adelaide Bank today announced details of an offer of Step Up Preference Shares (SPS) to raise \$100 million of eligible Tier 1 capital.

A Prospectus for the offer of SPS has today (Thursday, August 26) been lodged with the Australian Securities and Investment Commission (ASIC).

The SPS is the first hybrid capital raising by Adelaide Bank since the highly successful \$100 million Reset Preference Share (RPS) issue in November 2002.

A total of \$70 million of the SPS issue will be offered to participating brokers and institutions, while the remaining \$30 million of the SPS issue will be reserved for a general public offer with preferential allocations for Adelaide Bank shareholders, RPS holders and Capital Note holders.

Adelaide Bank Group Managing Director and Chief Executive Officer, Mr Barry Fitzpatrick said today: "Adelaide Bank is pleased to offer the SPS issue to the market.

"Importantly for Adelaide Bank, the SPS issue qualifies as eligible hybrid Tier 1 Capital, further boosting the Bank's Capital Adequacy levels.

"We recently flagged we would be looking at different funding mechanisms to assist with funding the growth of the organisation. The SPS is one such mechanism.

"That growth saw mortgage lending increase by more than 50 per cent during 2003-04 and Adelaide Bank is confident of achieving a rate of growth above system growth in the 2004-05 year."

Key features of the Adelaide Bank SPS are as follows:

- A floating rate, preferred, non-cumulative dividend payable quarterly in arrears subject to certain conditions.
- Adelaide Bank expects SPS to be fully franked.
- The dividend rate for each dividend period will be set at the sum of the 90-day Bank Bill Swap rate and a margin, adjusted for franking.

- The dividend rate for the first dividend period will be the higher of 5.03 per cent and the dividend rate calculated on September 29, 2004 (Allotment Date).
- SPS rank in priority to ordinary shares and equal with Adelaide Bank RPS for the payment of dividends and return of capital.
- Issue price \$100 per SPS.
- The SPS have no maturity. However, SPS can be exchanged for cash or converted to ordinary shares by Adelaide Bank on October 10, 2014 or any subsequent dividend payment date (or earlier on the occurrence of a regulatory event or tax event).
- The margin until January 10, 2014 (Step Up Date) is set at 1.75 per cent.
- If not exchanged on October 10, 2014, the margin will increase by a one-time step up of 1.00 per cent p.a.
- ASX quotation, subject to successful application.

ABN AMRO Rothchilds and Deutsche Bank are joint lead managers and underwriters of the SPS issue.

The ASX has granted Adelaide Bank a waiver to allow its directors (and their related parties) to participate in the SPS offer on the same terms as other investors without obtaining shareholder approval on condition that in aggregate no more than 0.2 per cent of the total offer size is issued to directors (and their related parties).

Full details of the Adelaide Bank SPS offer are contained in the Prospectus, a copy of which can be obtained from the Adelaide Bank website (www.adelaidebank.com.au), or by calling the Adelaide Bank Information Line on 1800 085 396.

The printed Prospectus with application forms will be available once the offer opens on September 3, 2004.

Anyone wishing to apply for the SPS will need to complete the application form what will be in, or will accompany, the Prospectus once the offer opens. The minimum investment is set at \$5,000.

Further comment can be obtained from Adelaide Bank Treasurer, Mr Anthony Baum on (08) 8300 6116.

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