



October 6, 2004

### Adelaide Bank Gets Second Credit Upgrade

Adelaide Bank Limited today obtained its second credit rating upgrade in three days.

Standard & Poor's Ratings Services announced it had raised its counterparty credit ratings on Adelaide Bank to 'BBB+' from 'BBB' and affirmed the short-term rating at 'A-2'. The outlook is revised to stable from positive.

The Standard & Poor's upgrade follows Monday's announcement by Moody's rating agency which upgraded Adelaide Bank's long-term deposit rating from Baa2 to Baa1 and its long-term senior unsecured debt rating from Baa3 to Baa2.

The Standard & Poor's rating upgrade on Adelaide Bank was underpinned by a moderation in previously constraining rating factors, including the bank's geographic concentration and its small absolute size of capital.

"In recent years, the Bank has achieved strong growth, and improved geographic diversity, in its home loan portfolio without compromising asset quality," said Standard & Poor's credit analyst Craig Bennett, Financial Services Ratings.

Standard & Poor's added: "Also supporting the higher rating is the stability of the Bank's underlying net interest margin, strong cost control, and a strengthened capital base.

"The Bank's risk management framework is well developed and consistent with its business risks, and its sound 'BBB' category rating.

"Moderating factors include its reliance on a distribution platform that is somewhat concentrated in its use of brokers in interstate markets, and a relatively constricted, or specialized, product offering."

Commenting today Adelaide Bank Chief General Manager Operations, Mr Jamie McPhee, said: "This second upgrade in three days is very welcome.

"It recognises the Bank's strong performance over the past few years – a period in which the Bank has achieved record profits and returns to shareholders.

"Importantly, it also recognises the high quality risk management procedures that Adelaide Bank has in place.

"Combined the two upgrades provide Adelaide Bank with a strong platform to obtain additional funding at cost-effective rates to continue its growth."

**Further Adelaide Bank comment from Mr McPhee on (08) 8300 6401.**

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