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Adelaide Bank Limited
Level 5
169 Pirie Street
Adelaide SA 5000

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Title: Open Briefing. Adelaide Bank. CEO on Profit Guidance

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Adelaide Bank Limited reported a 21 percent profit rise to \$41.2 million in the full year ending June 2002. In April 2003, you committed to June 2003 targets of at least 10 percent earnings per share growth, return on equity of 15 percent plus and a cost-to-income ratio of around 58 percent. Are you likely to achieve these targets in the year ending June 2003?

CEO Barry Fitzpatrick

Yes. I stand by all earlier guidance. We are now into the final month and everything suggests we'll hit our targets. We'll also achieve 15 percent loan growth. Although current conditions are buoyant we do expect some slowing of the market into the next financial year.

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Can you sustain strong performance in the event of a slowdown?

CEO Barry Fitzpatrick

I've been Chief Executive for 18 years and we're confident the strategies in place will continue to enhance shareholder value. We will keep our feet on the ground, remain conservative, we won't over promise and we'll aim to maintain the market's trust in our judgement.

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What is a realistic longer-term target for Adelaide Bank's Australian market share given your loan growth has been tracking well above the system average?

CEO Barry Fitzpatrick

Our ability to sustain steady rises in market share is very high. A few years ago we had no national market share and we now have 2.5 percent. In the medium term we expect to increase at a sensible rate and 5 percent market share is a realistic target.

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What growth rates have you experienced in other areas such as retail deposits and cash management trusts?

CEO Barry Fitzpatrick

We've grown retail deposits at about 20 percent this year and we'd expect to sustain good growth in years ahead. Our strategy of working with alliance partners is clearly working.

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Have Adelaide Bank net interest margins remained above 2 percent in the most recent six months, as previously forecast, and do you continue to expect a relatively stable interest rate environment?

CFO John Patton

Margins for the full year to June 2003 will be consistent with the first half, when we reported 2.12 percent. From our point of view, the current interest rate environment is favourable and we'd expect interest rates to be steady through this calendar year.

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High asset quality has been a feature of recent performance. What has been your bad debt experience recently?

CFO John Patton

Asset quality continues to be excellent, with net non-accrual loans still at a mere 0.03 percent of total loans. But we'll continue to build our general provisions as we did last year and in the first half this year.

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Will Leveraged Equities meet your return on equity target of 15 percent and does the lending book continue to exceed \$1 billion?

CFO John Patton

Leveraged Equities continues to meet all its performance hurdles and the portfolio has held up well and should exceed \$1.2 billion at the end of June.

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In April, you said shareholders should expect a further increase in the final dividend given continued earnings strength. The interim dividend rose 2 cents to 16 cents. Is a final dividend increase likely?

CEO Barry Fitzpatrick

The Board's long-term stated policy is to payout 70 percent of profit via dividends and on that basis a final dividend increase is most likely.

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Thank you Barry and John.

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