



Adelaide Bank Limited
ABN 54 061 461 550

GPO Box 1048
Adelaide South Australia 5001
Australia

3rd December 2004

Dear Shareholder(s)

Re: DIVIDEND REINVESTMENT PLAN (DRP)

At the Adelaide Bank Annual General Meeting on 5th November 2004 the Bank announced the adoption of a new Dividend Reinvestment Plan (DRP). The last DRP was suspended in October 2000 and the Bank's Board has resolved to terminate that Plan. This letter serves as our formal notice to you of that termination.

As outlined in the DRP, at the Board's discretion shares can be allotted at a discount. The Board has determined that for the initial allotment, the discount will be 2.5% to the prevailing market price.

If you intend to participate in the new DRP, you will need to complete a new Plan Notice. The Plan booklet detailing the terms and conditions of the DRP is enclosed.

The new DRP is an optional and convenient way of increasing your holding in Adelaide Bank shares by reinvesting all or part of your dividend in additional shares. For those who participate at each date on which a dividend is paid, the dividend on the shares participating in the DRP will be automatically credited to you, and then reinvested in shares.

Shares allotted under the DRP rank equally in all respects with existing shares. Participation is entirely optional. You may join the new DRP, vary your participation or withdraw from it at any time. A statement will be sent to you after each dividend payment, detailing your participation in the DRP.

ACTION REQUIRED

1. No action is required if you wish to continue receiving dividends as a cash payment (either by way of direct credit or cheque).
2. If you wish to participate in full or in part in the DRP, complete the enclosed Plan Notice and return it to the Adelaide Bank share registry. To participate in the new DRP for the March 2005 dividend completed forms must be received by record date for that dividend.

For further information on the DRP please contact Marian Hopkins on (08) 8300 6682 at Adelaide Bank or Computershare Investor Services Pty Limited on 1300 556 161.

Yours sincerely

Richard J McKay
CHAIRMAN

Encl: