

# Presentation to Investors

By B F Fitzpatrick, CEO

Acquisition of Goldman Sachs  
JBWere Equity Finance Pty Ltd

# Highlights

- Adelaide Bank is to acquire Goldman Sachs JBWere Equity Finance Pty Ltd, a margin lender with a \$856 million receivables portfolio for a premium of \$61 million over the net book value at acquisition. The net book value is expected to be minimal.
- Acquisition partly financed by equity and a bridging loan of up to \$900 million from ABN AMRO
  - Equity placement, to be underwritten by ABN AMRO Rothschild, to raise \$100 million to partly fund the purchase and to fund future growth in the Bank's business
  - Bridging loan to be refinanced through securitisation and the Bank's existing funding programmes
- Settlement expected early June 2005
- S& P and Moody's have been informed and no change to the Bank's existing credit ratings are expected post announcement of the acquisition
- Acquisition expected to be earnings per share positive in the first year

# The Business

- Established in 1995
- Loan portfolio \$856m
- Over 5,000 loan facilities
- 6th largest margin lender in Australia
- Low LVR
- Based in Melbourne
- 26 staff

# Due Diligence

- The Bank has conducted due diligence on the GSJBW business, including a review of:
  - the loan portfolio
  - credit policies and quality
  - legal due diligence
  - securitisation feasibility
  - credit rating impact

# Acquisition Rationale

- Strong strategic fit
  - improves market share of margin lending
  - makes Adelaide Bank the second largest margin lender in Australia
  - synergies -- savings of IT & admin costs
  - stronger presence in Melbourne
  - growth opportunities in GSJBW's client base with improved product suite

# Funding

- \$100 million placement of ordinary shares, used to partly fund the purchase and to fund future growth in the Bank's businesses
- Up to \$900 million bridging finance to be repaid upon securitisation of portfolio and from the Bank's other funding sources

# Impact of Acquisition

- Acquisition will be EPS positive in 05/06 by 1 cent per share and 2 cents per share the following year
- Strengthens Adelaide Bank's position in the margin lending market
  - Move to 2nd largest Australian margin lender
  - Market share up from 10% to 15%
  - Margin loans increase from 10% to 15% of loans under management
  - Margin lending profit contribution up from 8% to 12%
- Melbourne operations maintained
- GSJBW staff offered employment

# Impact on Capital Ratios

- Total capital adequacy will be above target level of 11% following placement
- Will be managed around the target level of 11% in the medium term

# Impact on Customers

- Well planned integration process
- White-labelled product offering
- Increased number of available securities
- Improved product range

# Performance Update

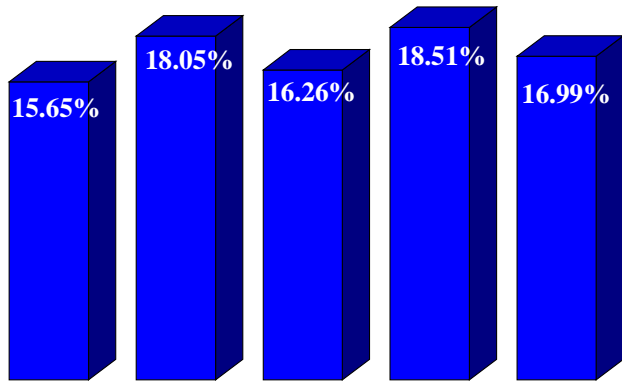
- Expect 26% growth in mortgage loans under management for the year -- significantly above market growth
- Cash earnings per share growth in the range 14% to 15%
- Cash ROE around 18%

# Adelaide Bank

- Over one hundred years old
- Strongly capitalised bank with its headquarters in South Australia with \$17.4 billion of assets under management as at 31 December 2004
- Focussed on housing, business, margin lending & retail deposits
- Australia-wide distribution through a network of business partners
- Over 80% of mortgage loan approvals outside S.A.
- Quality asset base with mortgage loss insured residential loans
- “Strong” residential loan servicer rating from Standard & Poor’s
- Low level of non-accrual loans

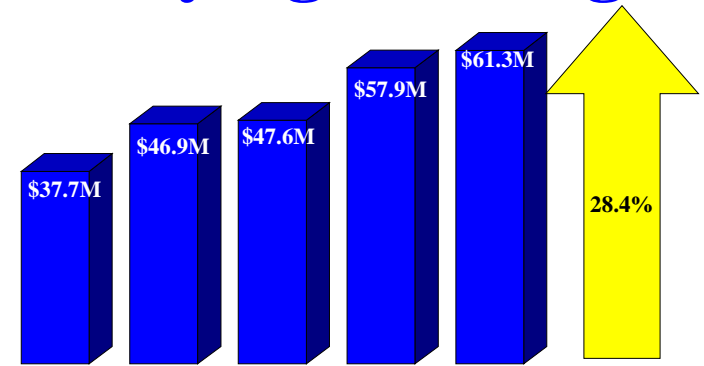
# Recent Financial Highlights

## Return on Equity



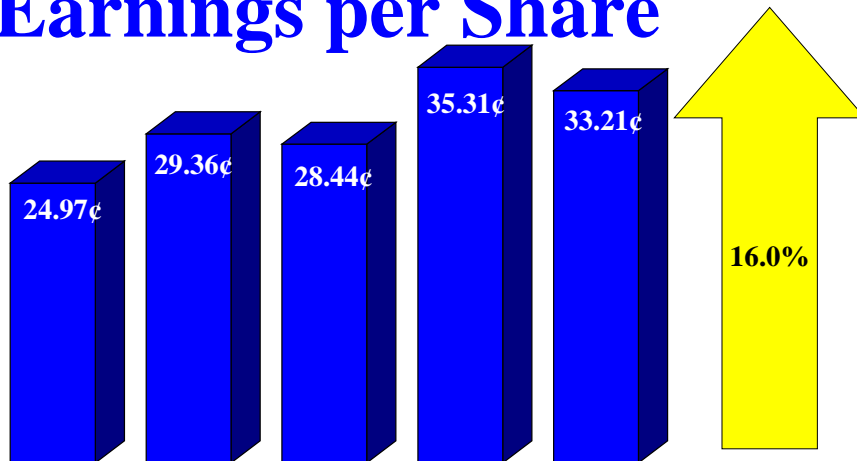
Dec-02 June-03 Dec-03 June-04 Dec-04

## Underlying Earnings



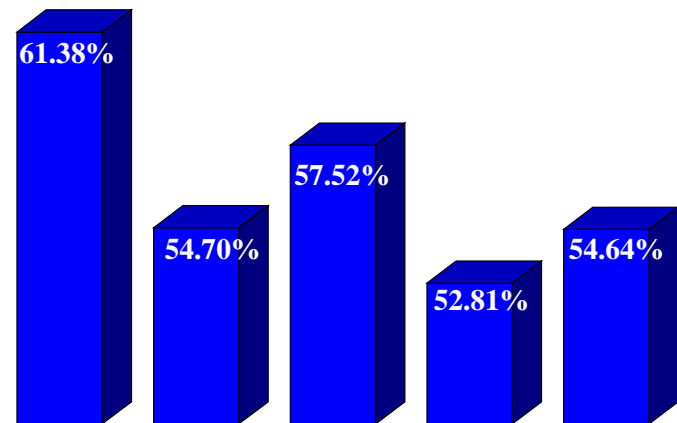
Dec-02 June-03 Dec-03 June-04 Dec-04

## Earnings per Share



Dec-02 June-03 Dec-03 June-04 Dec-04

## Cost to Income



Dec-02 June-03 Dec-03 June-04 Dec-04