

Adelaide Bank Limited

ABN 54 061 461 550

Reset Preference Shares

Prospectus for the issue of Reset Preference Shares (RPS)
at \$100 each to raise up to \$100 million

Lead Manager and Underwriter



ABN·AMRO ROTHSCHILD



Co-Managers

ABN AMRO Morgans Limited

Deutsche Securities Australia Limited

Macquarie Equity Capital Markets Limited



Important Information

This Prospectus is dated 25 October 2002 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus will be made generally available during the exposure period and the Offer Period on Adelaide Bank's website at www.adelaidebank.com.au. Application forms will not be included in the Prospectus during the exposure period. The exposure period is generally for seven days after lodgement of the Prospectus with ASIC. However, ASIC may extend it by up to a further seven days. Printed copies of this Prospectus are available free of charge by calling the Adelaide Bank Information Line on 1800 003 940.

An Application for RPS can only be submitted on an original Application Form attached to, or accompanying, this Prospectus, which will be available from the Opening Date. A Prospectus and Application Form may be obtained either electronically from Adelaide Bank's website at www.adelaidebank.com.au (during the Offer Period) or by calling the Adelaide Bank Information Line on 1800 003 940. You must not pass on to another person an Application Form unless it is attached to a paper copy of this Prospectus or accompanies the complete and unaltered version of this Prospectus. See Section 2 for details on "How to Invest".

No cooling off rights apply to the issue of RPS.

Applicants should read this Prospectus in its entirety before deciding to participate in the Offer. If, after reading this Prospectus, you are unclear or have any questions about the Offer, you should contact your stockbroker, accountant or other professional adviser.

No action has been taken to register the RPS or otherwise permit a public offering of the RPS in any jurisdiction outside of Australia. In particular, the RPS have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold within the United States of America.

Some words used in this Prospectus have defined meanings which are set out in the Glossary of Terms in Appendix B or otherwise in clause 30 of the Terms of Issue in Appendix A. All financial amounts shown in this Prospectus are expressed in Australian dollars, unless otherwise stated. A reference to time in this Prospectus is a reference to Adelaide time.

No person is authorised to give any information or to make any representation in connection with the Offer of the RPS described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Adelaide Bank in connection with the Offer. Except as required by law, and only to the extent so required, neither Adelaide Bank nor any other person warrants the future performance of Adelaide Bank or any return on any investment made pursuant to this Prospectus. In preparing this Prospectus, Adelaide Bank has not taken into account the investment objectives, financial position or particular needs of any person.

RPS do not represent a deposit liability of Adelaide Bank. RPS are subordinated to all depositors and creditors of Adelaide Bank without any rights of set-off.

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Key dates*

Event	Adelaide Time	Date
Prospectus lodged with ASIC		Friday, 25 October 2002
Offer opens (Opening Date)	9:00am	Monday, 4 November 2002
Offer closes (Closing Date)	5:00pm	Friday, 22 November 2002
Allotment Date		Wednesday, 27 November 2002
RPS commence trading on ASX on a deferred settlement basis		Thursday, 28 November 2002
Holding statements despatched		Monday, 2 December 2002
RPS commence trading on ASX on a normal settlement basis	10:00am	Tuesday, 3 December 2002
First Dividend Payment Date		Thursday, 1 May 2003
First Reset Date		Thursday, 1 November 2007

*These dates are indicative only and are subject to change. Adelaide Bank has the right, subject to agreement with the Lead Manager and Underwriter, to extend the Closing Date for the Offer or to close the Offer early without notice. Accordingly, investors are encouraged to submit their Application Forms as soon as possible after the Offer opens. If the Closing Date for the Offer is extended, the subsequent dates may also be extended. Application will be made to ASX for admission of the RPS to quotation on ASX within 7 days after the date of this Prospectus. The dates in this table are indicative only and depend on ASX approving this application.

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ADELAIDE BANK LIMITED
ABN 54 061 461 550
169 Pirie Street Adelaide SA 5000

25 October 2002

Dear Investor,

On behalf of the Directors, I am pleased to offer you the opportunity to invest in Adelaide Bank, through an investment in Reset Preference Shares (RPS).

Adelaide Bank is issuing RPS as part of its ongoing capital management strategy. The proceeds raised from the issue of RPS will be used to increase Adelaide Bank's Tier 1 capital and to fund its continued growth. The Board believes that this issue will enable Adelaide Bank to maintain the amount of Tier 1 capital required by APRA at an appropriate risk profile, while lowering its cost of capital.

Adelaide Bank intends to issue up to 1 million RPS, each with an Issue Price of \$100. The minimum investment size is 30 RPS, or \$3,000. RPS are a non-cumulative preference share intended to be quoted on the Australian Stock Exchange.

Investment highlights of RPS issue include:

- **Preferred dividend** - RPS carry a fixed preferred dividend at a rate no less than 6.00% until 1 November 2007. It is intended that the dividends paid on RPS will be 100% franked;
- **Reset mechanism** - Certain terms of RPS can be reset (within specified limitations) on a Reset Date, including the next Reset Date and the applicable Dividend Rate. The first Reset Date will be 1 November 2007; and
- **Exchange** - RPS have no maturity date. However, Holders have the right to Exchange RPS on a Reset Date. Investors who wish to realise their investment prior to the Reset Date can sell their RPS holding on the Australian Stock Exchange at the prevailing market price.

This Prospectus contains full details of the Offer, the terms of RPS and a description of some of the key risks associated with an investment in RPS. We urge you to read this Prospectus carefully.

To subscribe for RPS, you will need to fill out the Application Form attached to, or accompanying, this Prospectus once the Offer opens. Applications can only be made on this Application Form and must be received within the Offer Period. If you have any questions regarding the Offer, please contact your stockbroker, accountant or other professional adviser, or call the Adelaide Bank Information Line on 1800 003 940.

The Offer is scheduled to open on 4 November 2002 and close on 22 November 2002. However, the Offer may close early, so I encourage you to submit your Application Form and payment early if you wish to apply.

On behalf of the Board of Adelaide Bank, I commend this investment opportunity to you.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Richard McKay".

Richard McKay
Chairman, Adelaide Bank Limited

1. Summary of the Offer

1.1 Offer structure

This Prospectus contains the details of the Offer of Reset Preference Shares (RPS).

Adelaide Bank intends to issue up to 800,000 RPS at an Issue Price of \$100 each, to raise up to \$80 million, with the ability to accept over-subscriptions for a further \$20 million (200,000 RPS).

1.2 Key terms of RPS

Set out below is a summary of the key terms of RPS. This information should be read in conjunction with other information contained in this Prospectus and, in particular, the Terms of Issue set out in full in Appendix A.

TERM	DETAILS
Issuer:	Adelaide Bank Limited.
Security:	Reset Preference Share ("RPS").
Issue Size:	\$80 million (800,000 RPS) with the right for Adelaide Bank to allot a further \$20 million (200,000 RPS).
Issue Price:	\$100 per RPS.
Dividend:	A preferential, non-cumulative Dividend, fixed until the first Reset Date (1 November 2007).
Dividend Rate:	For the period to the first Reset Date, the greater of: i 6.00%; and ii the rate calculated as $(\text{Market Rate} + \text{Margin}) \times (1 - T_i)$, where: Market Rate is the 5 year swap rate on the Business Day immediately following the Closing Date; Margin is 2.75%; and T_i is the Australian corporate tax rate applicable to the franking account of Adelaide Bank from which the Dividend will be franked, expressed as a decimal (currently 0.30). For subsequent periods, the Dividend Rate can be reset on each Reset Date.
Dividend Payment:	Dividends are payable half yearly in arrears on 1 May and 1 November of each year. The first Dividend is payable on Thursday, 1 May 2003. The Dividend is payable only if the Directors of Adelaide Bank, at their discretion, declare that a Dividend is payable and is subject to a number of other conditions. See Section 3.6.
Franking:	Adelaide Bank expects the Dividends to be fully franked. If any Dividend is not fully franked, the Dividend will be increased to compensate Holders for the unfranked amount.
Ranking:	Dividends on RPS will be paid in priority to dividends on Ordinary Shares. In a winding up of Adelaide Bank, RPS will rank for return of capital (and any dividends due but unpaid) behind all creditors of Adelaide Bank, but ahead of Adelaide Bank's Ordinary Shares. Holders do not have the right to participate in any distribution of surplus assets or profits of Adelaide Bank on a winding up. Adelaide Bank reserves the right in the future to issue additional RPS or other preference shares ranking equally with RPS.

TERM	DETAILS
Reset Date:	The first Reset Date is 1 November 2007. On each Reset Date, Adelaide Bank may reset certain terms, such as the date of the next Reset Date and the Dividend Rate applying until such date. Holders will be notified of the new terms prior to the Reset Date. See Section 3.8 for further details.
Exchange by Adelaide Bank:	Adelaide Bank may Exchange some or all RPS on a Reset Date and earlier following an occurrence of a Tax Event, Regulatory Event or Control Event. In such event, Adelaide Bank may: <ul style="list-style-type: none"> • Exchange RPS for a cash consideration equal to the Issue Price (subject to APRA approval); or • convert RPS into Ordinary Shares.
Exchange by a Holder:	A Holder may Exchange some or all RPS on a Reset Date and earlier following a Control Event by delivering an Exchange Notice to Adelaide Bank. On receipt of an Exchange Notice from a Holder, Adelaide Bank may: <ul style="list-style-type: none"> • Exchange RPS for a cash consideration equal to the Issue Price (subject to APRA approval); • convert RPS into Ordinary Shares; or • arrange for RPS to be each acquired by a third party at the Issue Price.
Conversion Amount:	The rate at which RPS will convert into Ordinary Shares will be calculated by reference to the VWAP of Ordinary Shares sold on ASX during the period of 20 Trading Days immediately before the relevant date for conversion. All conversions into Ordinary Shares, other than where a Holder requests Exchange on a Reset Date, will receive a discount of 2.5% from the price used in calculating the number of Ordinary Shares to be issued on conversion. See clause 24 of the Terms of Issue.
Participation:	RPS do not carry a right to participate in issues of securities to, or capital reconstructions affecting, holders of Ordinary Shares.
Non-cumulative Dividends:	Dividends are non-cumulative. If all of a Dividend is not paid, Adelaide Bank is not obliged to pay, and no Holder has a right to be paid, the unpaid part of that Dividend. If a Dividend is not paid on RPS then Adelaide Bank cannot pay a dividend on Ordinary Shares until Adelaide Bank takes certain actions. See Section 3.7 for further details.
Voting Rights:	Holders will not be entitled to vote at any general meeting of Adelaide Bank except in limited circumstances outlined in clause 17 of the Terms of Issue. In such circumstances, each Holder will be entitled to one vote per RPS.
Quotation:	RPS will be quoted on ASX subject to Adelaide Bank's successful application. Quotation is not guaranteed or automatic.

1.3 Risks

There are particular risks associated with investing in RPS, as well as general risks associated with investing in Adelaide Bank. See Section 7 for a summary of investment risks.

Investors should read the whole of this Prospectus carefully. If an investor is unclear in relation to any matter or is uncertain if RPS are a suitable investment, they should consult their stockbroker, accountant or other professional adviser.

2. How to Invest

2.1 Who may apply?

Only Australian residents may apply for RPS. The Offer of RPS is available to persons receiving the Prospectus (including the copy of this Prospectus available electronically) within Australia. No action will be taken to register the Prospectus or otherwise permit a public offering of RPS in any jurisdiction where the laws of that jurisdiction would require the Prospectus to be registered or other action to be taken by Adelaide Bank.

2.2 When to apply by?

Your Application must be received with your payment by no later than 5.00pm (Adelaide time) on the Closing Date, which is scheduled to be Friday, 22 November 2002. The Offer is expected to open at 9.00am (Adelaide time) on Monday, 4 November 2002.

As Adelaide Bank may extend the Closing Date or close this Offer early without notice, potential investors are encouraged to submit their Application Forms as soon as possible after the Offer opens. If the Closing Date is varied, subsequent dates may also be varied accordingly.

2.3 How to apply?

To apply for RPS, Applicants must complete an Application Form attached to, or accompanying, this Prospectus or attached to the online version of this Prospectus, which can be downloaded from the Adelaide Bank website at www.adelaidebank.com.au. Application Forms will be available from the Opening Date (scheduled to be 4 November 2002). If you return an Application Form, you acknowledge that you have received and read this Prospectus in full.

The Application Form includes instructions on how to complete the form. If you did not receive this Prospectus directly from the Lead Manager and Underwriter or a Participating Broker, your Application is part of the "General Public Offer" and you should follow the instructions below. Otherwise, if you received this Prospectus directly, then your Application is part of the "Broker Firm Offer" and the Lead Manager and Underwriter or Participating Broker should instruct you on how to apply.

2.4 What do existing Adelaide Bank shareholders and noteholders also need to do?

If you are currently an Ordinary Shareholder or a Capital Noteholder, you should ensure that you provide either your Issuer Sponsored SRN or CHESS HIN on the Application Form to ensure that you receive a priority allocation. The Offer of RPS is not available to overseas shareholders of Adelaide Bank. See Section 4.3 for details of the priority allocation policy for existing Ordinary Shareholders or Capital Noteholders who are Australian residents or have an Australian registered address.

2.5 What is the minimum Application amount?

The price for each of the RPS is \$100. Applications must be for a minimum of 30 RPS, ie \$3,000 (and after that in multiples of 10, ie \$1,000).

Adelaide Bank reserves the right to reject any Applications, or to allocate fewer RPS than you applied for, including fewer than the minimum Application of 30 RPS. See Section 4.2 for the allotment and allocation policy.

2.6 How to pay?

Your Application Form must be accompanied by a cheque or money order payable in Australian dollars and must be drawn on an Australian branch of a financial institution. Cheques should be crossed "Not Negotiable" and made payable to:

- **for the General Public Offer** - the "Adelaide Bank RPS Account"; and
- **for the Broker Firm Offer** - as instructed by the Lead Manager and Underwriter or Participating Broker from whom you received your firm allocation of RPS.

You may not pay in cash. If you send cash, your Application will not be processed and the cash will be returned, with no responsibility taken by Adelaide Bank for the return of cash.

2.7 Where to send your completed Application Form?

Send your completed Application Form with payment:

- **for the General Public Offer** - to Adelaide Bank's Share Registry at one of the following addresses:
 - By post: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
GPO Box 1903,
Adelaide, SA, 5001
 - or**
 - By hand: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
Level 5, 115 Grenfell Street,
Adelaide, SA, 5000
- **for the Broker Firm Offer** - as instructed by the Lead Manager and Underwriter or Participating Broker from whom you received your firm allocation of RPS.

Application Forms will not be accepted at any Adelaide Bank branch or its registered office.

2.8 What brokerage and stamp duty do you have to pay?

If you receive RPS in the Offer, you do not have to pay any brokerage or stamp duty on the issue of RPS. Also, under current law you will not have to pay stamp duty on later transfers of RPS while they are quoted on ASX. However, brokerage may be payable on later transfers of RPS.

2.9 Will Application amounts be refunded?

If your Application is not accepted or is accepted in part only, then the relevant part of the Application money will be refunded to you as soon as practicable after the Closing Date. You will not be paid interest on any Application money returned to you. Any interest earned on Application money prior to the issue or return will be, and will remain, the property of Adelaide Bank.

2.10 Any questions?

If you require additional copies of this Prospectus and the Application Form, you should contact the Adelaide Bank Information Line on 1800 003 940.

If you have received a firm allocation of RPS from the Lead Manager and Underwriter or a Participating Broker and you have specific questions regarding your Application or the payment procedures, you should immediately contact the Lead Manager and Underwriter or broker on the relevant number listed below:

RPS Information Lines

Adelaide Bank	1800 003 940
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Lead Manager and Underwriter

ABN AMRO Rothschild	1800 777 946
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Co-Manager

ABN AMRO Morgans Limited	1800 777 946
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If you are unclear on any matter or you are uncertain whether RPS are a suitable investment for you, you should contact your stockbroker, accountant or other professional adviser.

3. Answers to Key Questions

The purpose of this section is to answer some of the questions which potential investors may have about RPS. These answers are intended as a guide only. Further details are provided elsewhere in this Prospectus, which you should read in its entirety. The Terms of Issue of RPS are set out in Appendix A.

3.1 What are RPS?

RPS are a class of preference share in Adelaide Bank that entitle Holders to non-cumulative, fully franked Dividends, which are to be paid in preference to any dividends paid on Ordinary Shares of Adelaide Bank. RPS rank in priority to Ordinary Shares for any return of capital in the event of a winding up to the Issue Price and any Dividends due but unpaid.

RPS are perpetual but may be Exchanged in certain circumstances.

3.2 Can RPS be purchased or sold on ASX?

Adelaide Bank will apply within seven days of lodgement of this Prospectus for RPS to be quoted on ASX. Once quoted on ASX, RPS may be purchased or sold through any stockbroker, subject to demand and supply on ASX. The price may be higher or lower than the Issue Price and will depend on, amongst other things, the demand and supply for RPS. If quotation is not granted, RPS will not be issued and Application money will be refunded to applicants without interest.

3.3 When will Dividends be paid?

Subject to the conditions described below, Dividends will be payable semi-annually, on 1 May and 1 November each year, with the first Dividend being payable on 1 May 2003.

3.4 How will the Dividend Rate on the RPS be determined?

Until the first Reset Date (1 November 2007), the Dividend Rate will be the greater of 6.00% and the sum, as adjusted, of the initial Market Rate on the Business Day immediately following the Closing Date and the Initial Margin of 2.75%. The sum of the Initial Margin and the Market Rate is adjusted to reflect the expectation that the Dividend paid on RPS will be fully franked. The amount of the adjustment is determined based on the prevailing corporate tax rate and reflects the franking credits that are expected to be attached to the Dividend, assuming the Dividend paid on RPS is fully franked.

For example, using indicative Market Rates of 5.00% and 6.00% and applying this formula above, the Dividend Rate on the RPS for the period to the first Reset Date would be:

If the Market Rate was 5.00%:

Greater of 6.00% and $(5.00\% + 2.75\%) \times (1 - 30\%) = 5.43\%$,
a Dividend Rate of 6.00%

If the Market Rate was 6.00%:

Greater of 6.00% and $(6.00\% + 2.75\%) \times (1 - 30\%) = 6.13\%$,
a Dividend Rate of 6.13%

As at 23 October 2002, the Market Rate was 5.81% per annum. The Market Rate on the Business Day immediately following the Closing Date may be higher or lower than this rate.

The Margin and Market Rate may be reset each Reset Date.

To meet APRA's requirements for Tier I capital, there are certain restrictions on Adelaide Bank's ability to reset the Margin and Market Rate on a Reset Date, which may be waived in whole or in part by APRA. See clause 9 of the Terms of Issue for full details.

3.5 What happens if Adelaide Bank is unable to pay fully franked Dividends?

If Adelaide Bank is unable to pay a fully franked Dividend then the Dividend will be increased to compensate for the unfranked portion in accordance with the formula set out in the Terms of Issue. See clause 6.2 of the Terms of Issue.

3.6 Will Dividends always be paid?

RPS are not debt instruments, and Dividends are not the same as interest payments. The payment of Dividends is subject to the following conditions:

- the Directors, at their discretion, determining that the Dividend is payable;
- unless otherwise approved by APRA, the amount of the Dividend not exceeding the profits after tax of Adelaide Bank for the immediately preceding year less the aggregate amount of distributions already paid on Tier I securities during the then current financial year (ie that there are sufficient current year profits);

- Adelaide Bank complying with APRA's then prevailing prudential standards and guidelines; and
- APRA not objecting to the payment of the Dividend.

3.7 What happens if a Dividend payment is not made?

Dividends on RPS are non-cumulative, and therefore if a Dividend, or part of a Dividend, is not paid for any period, Adelaide Bank is not required to make it up in subsequent periods. RPS are not debt instruments and Dividends are not the same as interest payments. Non payment of Dividends does not entitle a Holder to request an Exchange of RPS.

If Adelaide Bank does not pay a Dividend within 20 Business Days after the relevant Dividend Payment Date, Adelaide Bank must not, without approval of a special resolution of Holders, make any payments or return of capital on any Tier I Securities subordinated to RPS until:

- two consecutive Dividends payable on RPS have been paid in full (or an equivalent amount of Dividends if the frequency of payment is other than semi-annual);
- an Optional Dividend has been paid to Holders equal to the unpaid amount (if any) of the two immediately preceding Dividends prior to the date of payment of the Optional Dividend (or equivalent Dividends if the frequency of payment is other than semi-annual); or
- all RPS have been Exchanged.

3.8 What are Reset Dates?

Reset Dates are dates on which Adelaide Bank may reset any or all of the following terms:

- the timing of the next Reset Date;
- the Dividend Rate to apply to the next Reset Date; and
- the frequency and timing of payments of Dividends.

There are restrictions on Adelaide Bank's discretion to change these terms. See clause 9.2 of the Terms of Issue.

Adelaide Bank must notify Holders of any such changes at least 50 Business Days prior to the relevant Reset Date.

3.9 What happens on each Reset Date?

Adelaide Bank may vary terms

On each Reset Date Adelaide Bank may make changes to the terms as described in Section 3.8.

What can a Holder do approaching a Reset Date?

Holders may offer some or all of their RPS for Exchange at least 35 Business Days prior to a Reset Date. Adelaide Bank may then choose to:

- redeem, buy back or cancel the RPS offered for their Issue Price subject to prior approval of APRA;
- arrange a third party to acquire the RPS from the Holder for their Issue Price; or
- convert some or all of the RPS into Ordinary Shares.

Adelaide Bank must notify Holders of the method of Exchange it intends to apply on the Reset Date at least 20 Business Days prior to a Reset Date.

What can Adelaide Bank do approaching a Reset Date?

Adelaide Bank may, but is not required to, choose to:

- convert the RPS into Ordinary Shares; or
- redeem, buy back or cancel the RPS for their Issue Price subject to prior approval by APRA.

Adelaide Bank must notify Holders if it exercises this right and the method of Exchange it intends to apply on the Reset Date at least 50 Business Days prior to the Reset Date.

3.10 Can an Exchange occur on a date other than a Reset Date?

An Exchange can also occur:

- when Adelaide Bank or the Holder nominates to Exchange some or all of the RPS on the occurrence of a Control Event; or
- when Adelaide Bank nominates to Exchange some or all of the RPS following a Tax Event or a Regulatory Event (eg if the Board determines that there is a risk the RPS will not be entitled to be treated as Tier I Capital under APRA guidelines).

Any Exchange following a Tax Event or Regulatory Event will occur on the next Dividend Payment Date and Adelaide Bank will determine whether to:

- convert the RPS into Ordinary Shares; or
- redeem, buy back or cancel the RPS for their Issue Price subject to prior approval of APRA.

In the case of Exchange following a Control Event, Adelaide Bank may again choose whether to:

- convert the RPS into Ordinary Shares; or
- redeem, buy back or cancel the RPS subject to prior approval of APRA.

As Exchange following a Control Event will not coincide with a Dividend Payment Date, the amount received following any such Exchange will include a payment for accrued but unpaid Dividends up to the relevant date of Exchange. See clause 25 of the Terms of Issue.

3.11 What happens on conversion?

On conversion, each RPS that is to be converted will convert into Ordinary Shares determined in accordance with the formula set out in clause 24 of the Terms of Issue. The number of Ordinary Shares issued will be calculated by dividing the Issue Price by the VWAP of Ordinary Shares for the period of 20 Trading Days prior to the Conversion Date, discounted by 2.5% except in the case of a Holder Exchange, where no discount applies. The number of Ordinary Shares issued on conversion is dependent on a number of factors, including the price of Ordinary Shares over the 20 Trading Day period immediately before the Exchange Date.

On any conversion, each of the RPS will convert into Ordinary Shares which will rank equally in all respects with all other Ordinary Shares then on issue.

3.12 What happens in the event of redemption?

If Adelaide Bank redeems, buys back or cancels RPS, each of the RPS will be redeemed, bought back or cancelled for their Issue Price (except where the redemption follows a Control Event, in which event Holders will also be entitled to receive accrued but unpaid Dividends up to the date of redemption). Adelaide Bank may only redeem, buy back or cancel the RPS if APRA gives its prior approval.

3.13 Will Holders be able to request repayment of their investment?

Holdings cannot require Adelaide Bank to repay any of the money paid for RPS.

3.14 In a winding-up of Adelaide Bank, what will Holders receive?

If Adelaide Bank is wound up, Holders will be entitled to a return of capital (not exceeding the Issue Price and payment of any Dividends due but unpaid), depending on the amount of funds remaining in Adelaide Bank after all creditors and other liabilities of Adelaide Bank have been paid. Holders rank ahead of Ordinary Shareholders in a winding-up for a return of capital. Holders do not have the right to participate in any distribution of surplus assets or profits of Adelaide Bank on a winding up.

If there is a shortfall of funds on a winding up, Holders may not receive a full return of capital or payment of any unpaid Dividend. In that case, Holders will receive a pro rata return with other preference shareholders ranking equally with RPS, including holders of preference shares issued after RPS.

3.15 What are the taxation implications of holding or disposing of RPS?

The taxation implications of investing in RPS will depend on a Holder's individual circumstances. Investors should obtain their own taxation advice. See Section 8 for a general outline of the taxation implications for Australian residents.

3.16 Do RPS have voting rights?

RPS do not have voting rights except in the limited circumstances set out in clause 17 of the Terms of Issue. In such circumstances, each Holder will be entitled to one vote per RPS.

3.17 What is the relevance of the 10% shareholding limit in Adelaide Bank's constitution?

The constitution of Adelaide Bank restricts a person from holding more than 10% of the "voting shares" of Adelaide Bank.

The RPS are not "voting shares" for the purposes of this restriction. However, the Ordinary Shares into which the RPS may convert are "voting shares". Holders will need to take account of this in the event of a conversion of RPS into Ordinary Shares. Directors will have a discretion as to the Exchange of RPS where they consider that the restriction will be breached as a result of conversion of RPS into Ordinary Shares.

3.18 Is brokerage or stamp duty payable?

If you are allocated RPS in the Offer, you do not have to pay any brokerage or stamp duty on the issue of RPS. Under current law, you will not have to pay stamp duty on later transfers of RPS while they are quoted on ASX. However, brokerage may be payable on any later transfer of RPS.

3.19 What are the risks of investing in RPS?

An investment in Adelaide Bank, through RPS, involves risk. See Section 7 for further information on some of these risks.

You should read the whole of this Prospectus carefully. If you are unclear on any matter or uncertain if RPS are a suitable investment for you, you should consult your stockbroker, accountant or other professional adviser.

4. Offer Details

4.1 Structure of the Offer

Adelaide Bank intends to issue up to 1,000,000 RPS at an Issue Price of \$100 each to raise up to \$100 million. 800,000 RPS are underwritten by ABN AMRO Rothschild (see section 9.7 for a summary of the Underwriting Agreement). Up to an additional 200,000 RPS have been set aside for Adelaide Bank Shareholders and general retail Applicants.

4.2 Allotment and allocation policy

Adelaide Bank intends to allot the RPS on Wednesday, 27 November 2002, although Adelaide Bank has the right to change this date, subject to agreement with the Lead Manager and Underwriter.

Adelaide Bank has the right, in consultation with the Lead Manager and Underwriter, to nominate the persons to whom up to 1,000,000 RPS will be allocated, including allocations to institutional investors and firm allocations to Participating Brokers. The distribution of each firm allocation to clients by a broker will be at the discretion of the broker, and is subject to the terms and conditions of the broker firm offer made by the Lead Manager and Underwriter to the relevant broker.

Adelaide Bank and the Lead Manager and Underwriter reserve the right to reject any Applications, or to allocate to any applicant a lesser number of RPS than that applied for, including less than the minimum Application of 30 RPS.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application money will be refunded to you as soon as practicable after the Closing Date. You will not be paid interest on any Application money returned to you. Any interest earned on Application money prior to the issue or return will be, and will remain, the property of Adelaide Bank.

4.3 Priority allocation to Ordinary Shareholders and Capital Noteholders

Applicants who are Ordinary Shareholders or Capital Noteholders at 5.00pm on 29 October 2002, have a registered address in Australia, and who have indicated on their Application Form that they hold Ordinary Shares or Capital Notes, will receive a priority allocation.

This means that those Applicants will receive preference over general retail Applicants who do not have a firm allocation from the Lead Manager and Underwriter or other Participating Brokers.

Despite this priority allocation, Ordinary Shareholders and Capital Noteholders may receive fewer RPS than they applied for, including fewer than the minimum Application of 30 RPS.

4.4 ASX quotation

Application will be made to ASX for official quotation of RPS within seven days after the date of this Prospectus. If quotation is not granted by ASX, RPS will not be issued and Application money will be refunded to applicants without interest.

4.5 Deferred settlement trading

It is expected that trading of RPS will commence on a deferred settlement basis on Thursday, 28 November 2002 following announcement of allocations, and will continue on that basis until Tuesday, 3 December 2002 when it is expected that trading of RPS will be on a normal settlement basis. This is because trading will take place before entries are made on the RPS register and before holding statements are sent out to Holders.

It is the responsibility of Applicants to determine their holding before they trade in RPS. Applicants who sell RPS before they receive their holding statements do so at their own risk. Applicants may call their broker or the Share Registry hotline on 1300 556 161 to enquire about their holding.

4.6 Provision of holding statements

Adelaide Bank will apply for RPS to participate in CHESS and, if official quotation is granted by ASX, no share certificates will be issued. Adelaide Bank expects holding statements or confirmation notices to be despatched on Monday, 2 December 2002.

Each Holder will be provided with an issuer statement or holding confirmation notice that sets out the number of RPS which have been allotted to each Holder. Holders will receive subsequent holding statements (whether issued by Adelaide Bank or CHESS) during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and SCH Business Rules.

4.7 Electronic Prospectus

A copy of this Prospectus will be made available on Adelaide Bank's website at www.adelaidebank.com.au. The Offer is only available to persons receiving the electronic Prospectus within Australia.

Applications may only be made on an Application Form attached to, or accompanying, this Prospectus. Once the Offer opens, an Application Form will be attached to the electronic Prospectus and investors can print-out a copy of this Application Form and use it to apply for RPS. See Section 2 for details on how to invest.

If you apply for RPS using the Application Form attached to the electronic Prospectus, you are deemed to declare to Adelaide Bank that you received the Application Form, or a print out of it, attached to or accompanying the electronic Prospectus before applying for RPS. Adelaide Bank will send paper copies of this Prospectus, any supplementary documentation and the Application Form, free of charge on request. To request a paper copy, call the Adelaide Bank Information Line on 1800 003 940.

5. About Adelaide Bank Limited

5.1 Adelaide Bank

Adelaide Bank is a South Australian based regional bank that has been operating for over 100 years. Adelaide Bank's financial products and services include: residential lending, business lending, margin lending and savings & investment products.

Adelaide Bank is listed on ASX and is amongst Australia's top 150 companies. Adelaide Bank, as a company subject to the Corporations Act, is required to prepare annual and half yearly financial statements. In addition, as a company listed on ASX, Adelaide Bank is subject to periodic and continuous disclosure requirements.

5.1.1 Overview

Adelaide Bank's traditional base is South Australia. However, Adelaide Bank's distribution reach extends nationally via its network of intermediaries and alliance partners.

Adelaide Bank has successfully expanded through growth and acquisition. Since it adopted bank status in January 1994, Adelaide Bank's assets under management have grown from \$2.1 billion to over \$10.5 billion today, an average increase of over 20% each year.

5.1.2 Retail financial services

Adelaide Bank's retail financial services are provided through its branch network in South Australia and through the national network of alliance partners outside of South Australia. Adelaide Bank has focussed on growing partnerships and alliances with mortgage originators and other alliance partners in order to achieve a spread of mortgage and deposit taking customers throughout Australia. This national distribution focus has diversified the risk base for Adelaide Bank and has broadened the range of funding sources available.

As at 30 June 2002, loans under management stood at over \$9.5 billion, an increase of 20% on the previous year.

Much of the asset growth was driven by Adelaide Bank's national mortgage lending business with mortgage loan approvals in the 2002 financial year increasing by over 60% on the previous year.

Importantly, Adelaide Bank experienced growth in home loan approvals across all states in which it operates, with Victoria, Western Australia and New South Wales being the largest growth markets.

In addition, Adelaide Bank's wholly owned subsidiary Adelaide Managed Funds Ltd has built a national cash management trust where funds are deposited with Adelaide Bank. The cash management trust and Adelaide Bank's money market deposit taking facility are supported by a large number of business partners. Adelaide Managed Funds' award winning cash management trust, which was launched in 1999, is now amongst the six largest funds on a national basis. Retail deposits with Adelaide Bank at the end of the 2002 financial year stood at \$5.1 billion, an increase of 12% on the previous year.

5.1.3 Geographical diversification

Geographical diversification is an important element in the growth of Adelaide Bank's balance sheet. In 2002, 66% of total loans under management and 56% of cash management trust and money market deposits are now sourced from states outside South Australia.

5.1.4 Key relationships

Key deposit product relationships include Credit Suisse Asset Management (Australia), Count Wealth Accountants, TD Waterhouse, Summit Master Trust, AWB Limited and Equity Trustees. These alliances have diversified Adelaide Bank's fund raising capabilities and reduced reliance on wholesale funding to fund its lending growth. Wholesale funding, which is more expensive than retail funding, has reduced 37% to \$1.0 billion over the two year period to June 2002.

5.1.5 Acquisition of Leveraged Equities

In February 2000, Adelaide Bank acquired Leveraged Equities - a significant margin lending business in Australia. Leveraged Equities is now totally integrated into Adelaide Bank's operations and has been a strong contributor to Adelaide Bank's profits.

Performance of the Leveraged Equities business was affected in the 2002 financial year by the events of September 11, 2001, the corporate collapses in early 2002, and the generally negative investor sentiment surrounding investment markets during this period. Despite these factors, Leveraged Equities returned a pre-tax profit of \$7.3m for the 2002 financial year, compared with \$8.4m in the previous corresponding period. As at 30 June 2002, the portfolio had increased by 36% from the date of acquisition.

A highlight of the performance of Leveraged Equities, since its formation, is the low level of losses due to bad debts. In the period since formation in 1991 a total \$57,000 has been written off in bad debts. This represents less than 0.01% of the portfolio as at 30 June 2002.

5.2 Adelaide Bank's growth strategy

Adelaide Bank's core strategic directions for its future are:

- to maintain strong market share in South Australia;
- to continue to develop excellent processing capabilities for both lending products and deposit and cash management products; and
- to continue down the path of becoming a national distributor of financial products through the establishment and growth of alliances and business partnerships.

There are several key ways in which Adelaide Bank intends to achieve these objectives.

5.2.1 Technology

Technology has been an important element of Adelaide Bank's growth to date. Adelaide Bank intends to continue to provide cost-effective technology platforms for expansion through processing and making financial services accessible to its strategic partners. An example is Adelaide Bank's successful implementation of its On-line Loan Approval Service (OLAS) during the year. OLAS provides 'straight through' loan processing capabilities to Adelaide Bank's branch network and home loan originators throughout Australia. This has substantially reduced the loan approval and documentation processing time to around one hour from the time of the loan application to the production of a loan approval letter.

Increased efficiency and cost reduction can be seen in the rising usage by retail customers of BPAY and on-line banking.

Adelaide Bank's state-of-the-art call centre was upgraded in March 2002 and will provide additional product delivery growth. The call centre has the capacity to quickly and efficiently handle e-mail and Internet loan inquiries and convert them to new loans. Coupled with the more traditional forms of telephone banking, these features give the new call centre considerable scope for expanding loan and product sales.

5.2.2 Customer service

Another key to Adelaide Bank's future success will be to continue to improve Adelaide Bank's customer service and satisfaction levels. As part of this commitment, Adelaide Bank has established "The Adelaide Bank Way" - an integrated program to assist staff and management to achieve a customer-focused culture.

Adelaide Bank remains committed to its objective to be a significant national provider of home loans and to provide cost-effective, in-house lending technologies to its business partners. The Board and Management have refined the strategies to achieve these objectives, and Adelaide Bank is well positioned to continue to grow in its selected markets.

5.3 Credit ratings

Standard & Poor's currently affords Adelaide Bank a counterparty credit rating of A2 short-term and BBB long-term with a stable outlook. Based upon Adelaide Bank's current operating performance and outlook, Standard & Poor's has confirmed that if the issue proceeds, all else being equal, the current ratings will not change.

As at the date of this Prospectus, the RPS have not been given a rating by Standard & Poor's or any other rating agency.

A long-term or short-term counterparty credit rating is a current opinion by Standard & Poor's of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. According to Standard & Poor's, a long-term counterparty credit rating of "BBB" describes an obligor that has an adequate capacity to meet its financial commitments and a short-term counterparty credit rating of "A2" describes an obligor that has a satisfactory capacity to meet its financial commitments.

Ratings are subject to revision or withdrawal at any time.

Any adverse changes in Adelaide Bank's operating performance or capital structure in the future may give rise to a risk that the credit ratings of Adelaide Bank could be downgraded. This could affect the market price and liquidity of RPS.

6. Adelaide Bank Financial Information

6.1 Financial profile and performance

A summary of the most recent financial results for the year ended 30 June 2002 for Adelaide Bank is set out below. The financial information in this Section has been compiled from the audited financial reports as at 30 June 2002 and 30 June 2001. A full description of the accounting policies used by Adelaide Bank is contained in the 2002 Annual Report.

6.2 Statement of financial performance

	2002 \$000's	2001 \$000's
Interest income	409,313	449,723
Interest expense	280,522	331,030
Net interest income	128,791	118,693
Add securitisation income	52,468	31,810
Less fees to intermediaries	47,796	35,894
Add other income	39,728	34,051
Total operating income	173,191	148,660
Bad and doubtful debts	4,678	4,384
Operating expenses	107,239	93,684
Profit from ordinary activities before income tax	61,274	50,592
Income tax expense	20,033	16,451
Profit from ordinary activities after income tax expense	41,241	34,141

Adelaide Bank recorded a record result for the year ended June 2002 with profit before tax up 21% to \$61.3 million and profit after tax also up 21% to \$41.2 million.

The record result for the year was assisted by the strong growth in loans under management which increased by 20% from \$7.9 billion as at 30 June 2001 to \$9.5 billion as at 30 June 2002. In addition the net interest margin was relatively stable during the year with the margin falling by 3 basis points over the year from 1.96% in 2001 to 1.93% in 2002. As a result, operating income increased by 17% over the year to \$173.2 million while operating expenses increased at a lower rate of 14% to \$107.2 million and provisions for bad and doubtful debts expense increased slightly compared to the previous year. As a result, profit before tax increased by 21% to \$61.3 million.

The record result enabled Adelaide Bank to improve on all key operating ratios with operating expenses to operating income reducing to 59.84% compared to 60.60% in the previous year and return on equity increasing to 14.33% compared to 12.49% in the previous year.

Asset quality remains sound with net non accrual loans to total loans falling to 0.03% compared to 0.07% in the previous year.

Based on the strong results, the Board increased the annual dividend from 30 cents in the previous year to 32 cents for the year to June 2002 which equated to a dividend payout ratio of 68%. The dividend was fully franked and it is expected that future dividends will continue to be fully franked.

6.3 Capital management strategy

Adelaide Bank seeks to enhance returns to shareholders by optimising the mix and overall level of capital required. Securitisation has been an important part of Adelaide Bank's capital management strategy over the past two years. The securitisation of mortgages and margin lending has enabled Adelaide Bank to grow without raising additional capital.

At June 2002, Adelaide Bank's capital adequacy ratios were strong with total capital as a percentage of risk adjusted assets amounting to 11.83% and Tier 1 standing at 6.74%.

As part of Adelaide Bank's capital management strategy, the issue of the RPS will enable Adelaide Bank to continue to grow without raising additional equity capital via the issue of Ordinary Shares or to rely on securitisation of assets to the same extent as in the past. The RPS issue will increase the diversity and flexibility of Adelaide Bank's capital base and will be a less expensive form of Tier 1 regulatory capital than Ordinary Shares, on the basis of Adelaide Bank's targetted return on Ordinary Shares.

6.4 Pro forma financial information

The pro forma financial information set out below assumes \$80 million is raised through the issue of the RPS and invested temporarily in cash. It sets out Adelaide Bank's summarised consolidated statement of financial position, both before and after the RPS issue assuming the transaction had occurred at 30 June 2002.

**Group summarised consolidated
statement of financial position**

	30/6/02	Effect of issue of RPS	Combined effect Pro Forma 30/6/02
	\$000's	\$000's	\$000's
Assets			
Cash	26,732	77,500	104,232
Money at call	59,786		59,786
Balances due from other banks	9,122		9,122
Investment securities and other investments	917,373		917,373
Liquid Assets, Deposits and Investments	1,013,013	77,500	1,090,513
Net loans and advances	5,600,256		5,600,256
Inventories	226		226
Property, plant and equipment	27,550		27,550
Intangibles	21,980		21,980
Other assets	90,510		90,510
Total Assets	6,753,535	77,500	6,831,035
Liabilities			
Deposits	5,996,232		5,996,232
Balances due to other banks	13,905		13,905
Other interest bearing liabilities	126,677		126,677
Provisions	42,582		42,582
Other liabilities	83,800		83,800
Subordinated debt	195,000		195,000
Total Liabilities	6,458,196		6,458,196
Net Assets	295,339	77,500	372,839
Equity			
Contributed Equity	194,289		194,289
Reserves	27,889		27,889
Retained Profits	73,161		73,161
Reset Preference Shares		77,500	77,500
Total Equity	295,339	77,500	372,839

Notes

1. The assumptions for the pro forma financial information are as follows:

- The transaction costs of completing the RPS issue have been incorporated into the pro-forma financial information and are estimated at \$2.5 million. The proceeds from the RPS issue of \$77.5 million is net of transaction costs.

If there is over-subscription for RPS, all numbers in this column would increase by the amount of the over-subscription of up to a further \$20 million, less incremental transaction costs.

- As at 30 June 2002, Adelaide Bank Limited (the parent entity) had retained profits of \$48.6 million.

2. Recently a claim has been made against Leveraged Equities. Discussions are currently underway between the relevant parties in an attempt to resolve this matter. If this matter is not settled through discussion, Leveraged Equities will strongly defend its position.

It is not expected that the outcome of this claim will have a material impact on the performance of Adelaide Bank in the current financial year. Should the loan be classed as non-accrual at a later date, the overall level of non-accrual loans for Adelaide Bank and its subsidiaries would increase from the reported \$7.4 million as at 30 June 2002 to approximately \$8.5 million. Current general provisions for Adelaide Bank and its subsidiaries remain at \$24.1 million as reported at 30 June 2002 and are considered adequate.

7. Investment Risks

7.1 Risks associated with investing in RPS

Set out below are specific risks associated with an investment in RPS.

Financial market conditions

The market price of RPS will fluctuate due to various factors, including interest rates, general movements in the Australian and international equity markets, investor sentiment, worldwide or regional economic conditions, movements in the market price of Ordinary Shares and factors which may affect Adelaide Bank's financial position and earnings.

The market price of RPS may be more sensitive than Ordinary Shares to changes in interest rates. RPS could trade on ASX at a price below the Issue Price. Ordinary Shares held as a result of any conversion would have the same rights as other Ordinary Shares and accordingly, their market value will depend on the market price of Ordinary Shares.

Liquidity of market for RPS

Adelaide Bank will apply for quotation of RPS on ASX, but is not able to forecast the market price or liquidity of the market for RPS.

The market for RPS on ASX may be less liquid than the market for Ordinary Shares. Holders who wish to sell their RPS may be unable to do so at an acceptable price or at all if insufficient liquidity exists in the market for RPS.

Ability to pay Dividends

An RPS is not a debt instrument and Dividends are not the same as interest payments. Dividends are non-cumulative and, therefore, do not accrue if they are not paid.

The payment of Dividends is subject to the conditions listed in Section 3.6. There is a risk that one or more of these conditions may not be satisfied and a Dividend is not paid. See Section 3.7 for the consequences of this.

Early Exchange

Adelaide Bank may Exchange all of the RPS at times other than a Reset Date, including in response to changes in tax laws, changes in the treatment by APRA of RPS or on the occurrence of certain takeovers or schemes of arrangement. This could occur at any time prior to the first Reset Date or between Reset Dates and before a Holder wishes to dispose of their RPS. This may have negative consequences for a Holder depending on their individual circumstances.

On such Exchange, Adelaide Bank may convert RPS into Ordinary Shares or redeem, buy back or cancel RPS at their Issue Price. The number of Ordinary Shares to be issued on conversion depends on the VWAP of Ordinary Shares during the period of 20 Trading Days prior to the Exchange Date, subject to a 2.5% discount in certain circumstances. This may differ to the market price for Ordinary Shares on the Exchange Date.

If Adelaide Bank redeems, buys back or cancels RPS, it will do so at the Exchange Amount. Depending on when a Holder bought RPS, this could be higher or lower than the price paid for RPS by the Holder.

Method of Exchange

Holder's may require Adelaide Bank to Exchange some or all of their RPS in certain circumstances and Adelaide Bank has the right to determine the method of Exchange.

An option may be chosen that does not coincide with the Holder's individual preferences, and that might disadvantage the Holder in light of the market conditions or individual circumstances.

Ranking of RPS

A RPS is not a debt instrument. In the unlikely event of a winding up of Adelaide Bank, Holders will rank in priority of payment behind creditors of Adelaide Bank but ahead of Ordinary Shareholders and holders of securities ranking lower than RPS to the extent of the Issue Price of RPS and any Dividend that is due but unpaid. If there is a shortfall of funds on a winding up, there is a risk that Holders will not receive a full return of capital and any Dividends due but unpaid at the time.

New securities

Adelaide Bank may issue other preference shares, including other RPS, which rank equally with RPS, without the approval of Holders. In addition, Adelaide Bank may also issue other securities that rank equally or behind RPS for dividends or repayment of capital in a winding up of Adelaide Bank. Such further issue of securities by Adelaide Bank may affect the market price of RPS and the liquidity of RPS and may also impact the ability of Adelaide Bank to pay Dividends or the sufficiency of funds on a winding up.

Taxation treatment

A summary of the potential taxation implications for Holders is set out in Section 8. This discussion is in general terms and is not

intended to provide specific advice in relation to the circumstances of any particular Holder. Accordingly, you should seek independent advice in relation to your individual taxation position.

If there is a Tax Event that may increase the costs to Adelaide Bank of having RPS on issue, then Adelaide Bank may convert RPS into Ordinary Shares or, subject to APRA approval, redeem, buy back or cancel RPS for their Issue Price.

Credit ratings

As a result of changes in Adelaide Bank's operating performance or capital structure, there is a risk that the credit ratings of Adelaide Bank could be downgraded in the future. This could affect the market price and liquidity of RPS.

Regulatory classification

APRA has confirmed the RPS satisfies its prudential standards in relation to eligible Tier I Capital and has allowed Adelaide Bank to include the RPS up to a maximum of 25% of its total Tier I Capital. However, if APRA subsequently determined that RPS do not qualify as Tier I Capital then, in certain circumstances, Adelaide Bank may convert RPS into Ordinary Shares or, subject to APRA's approval, redeem, buy back or cancel RPS for their Issue Price. See clause 21 of the Terms of Issue.

Accounting treatment

In July 2002, the Chairman of the Financial Reporting Council (FRC), announced that the FRC had formalised its support for Australia to adopt international accounting standards by 1 January 2005. Subject to any necessary amendments to the Corporations Act, this will mean that, from 1 January 2005, the accounting standards that apply to reporting entities under the Corporations Act will be the standards issued by the International Accounting Standards Board (IASB).

The IASB is proposing changes to certain international accounting standards which, if implemented, may result in RPS being classified as a liability (or debt) rather than as equity. It should be noted that the Australian Accounting Standards might adopt these changes before 1 January 2005.

Currently, it is intended that Dividends to Holders will be included as part of outside equity interests in controlled entities in arriving at the net profit or loss after tax attributable to Ordinary Shareholders. If RPS were to be reclassified as a liability (or debt), the Dividends

would then be classified as interest expense in arriving at the net profit or loss after tax attributable to Ordinary Shareholders.

Such a change in international accounting standards could trigger a Regulatory Event and allow the Directors of Adelaide Bank to resolve that RPS be converted or Exchanged.

Other changes to accounting standards by either the IASB or the Australian Accounting Standards Board may result in a material impact on the reported earnings and financial position of Adelaide Bank in future periods.

7.2 Risks associated with investing in Adelaide Bank

The financial prospects of any company are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the company is exposed. The risks outlined below focus on the key specific risks associated with Adelaide Bank and are not intended to be exhaustive of all possible risks associated with Adelaide Bank. These risks are relevant to an investment in RPS to the extent they may affect the ability of Adelaide Bank to meet its obligations under the RPS, including its ability to pay and frank Dividends.

Bank-specific risks

There are a number of risks which arise directly from the operations of Adelaide Bank as a participant in the Australian financial services industry. These risks are categorised as credit risk, liquidity risk, market risk and operational risk.

- Credit risk - is the potential for loss arising from a debtor or counterparty failing to meet their financial contractual obligations to Adelaide Bank or the failure to recover the recorded value of equity investments of specific investments. This risk is inherent in Adelaide Bank's lending activities.
- Liquidity risk - is the potential for Adelaide Bank to be unable to meet its financial commitments when they fall due as a result of mismatches in its cash flows from financial transactions. This risk is mitigated through Adelaide Bank's management of liquid assets, which are currently in excess of APRA's current minimum requirement of 9% of Adelaide Bank's liability base. In addition, Adelaide Bank has historically been able to securitise loans within a short time frame as a source of funding and liquidity.

- Market risk - is the risk of an adverse event in the financial markets causing a loss of earnings to Adelaide Bank. This risk arises generally from either funding risk or interest rate risk. Funding risk is the risk of over-reliance on a particular funding source, which carries a risk of volatility in funding costs or funding availability. Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of Adelaide Bank.
- Operational risk - is the risk of potential variations in the value of Adelaide Bank's day to day activities, other than those captured in the credit and market risk categories, which relate to strategic and business decisions, process, systems and people error, and external events.

The Directors have adopted policies and procedures to control exposures to, and limit the extent of, these risks. Whilst there are inherent limitations in any risk management control system, the development and maintenance of effective control systems should provide a solid foundation for Adelaide Bank to manage the above risks.

Risks to Adelaide Bank's growth strategy

Adelaide Bank intends to use the proceeds of the issue of RPS to fund the internal growth of its financial services operations. Risks that relate to Adelaide Bank's growth strategy are interrelated and include risk of local market saturation, reliance on funding sources and potential lack of geographical diversification.

- Risk of local market saturation - Adelaide Bank currently has a strong market share in South Australia. Adelaide Bank faces the challenge of maintaining its high penetration rate in the South Australian market for continued growth. As a consequence, Adelaide Bank has a focus on geographical diversification as well as maintaining its strong local presence.
- Reliance on funding sources - Adelaide Bank has experienced significant growth in both its lending products and deposit and cash management products over the past few years. As around 75% of Adelaide Bank's current on-balance-sheet funding comprises retail deposits, Adelaide Bank will require continued growth in this area to maintain the current level of growth.

Adelaide Bank has also relied on the ability to securitise loans on its balance sheet to fund the growth of its operations and Adelaide Bank expects to be able to continue to do this given continued demand in the securitisation market. Nevertheless, the issue of RPS reduces Adelaide Bank's reliance on securitisation as a source of funding.

- Need to diversify geographically - a significant proportion of Adelaide Bank's growth is driven by access to areas outside South Australia. As outlined in Section 5, this growth is dependant on alliances and business partnerships established by Adelaide Bank. More than 60% of Adelaide Bank's loans are interstate and are predominantly sourced through these alliances and partnerships. Adelaide Bank is exposed to the risk that these alliances and partnerships do not continue.

Competition risk

There is substantial competition for the provision of financial services in the markets in which Adelaide Bank operates. The effect of competitive market conditions may adversely impact on the earnings and assets of Adelaide Bank.

Macro-economic risk

The ability for Adelaide Bank to grow depends on the general state of the Australian and international economies. A significant downturn in the Australian economy will limit Adelaide Bank's opportunity for growth.

Changes in technology

Technology plays an increasingly important role in the delivery of financial services to customers in a cost effective manner. Adelaide Bank's ability to compete effectively in the future will, in part, be driven by its ability to maintain an appropriate technology platform for the efficient delivery of its products and services. See section 5.2.1 for a discussion of the technology platforms currently employed by Adelaide Bank.

Changes in government policy or legislation

Adelaide Bank may be adversely affected by changes in government policy or legislation applying to companies in the Australian financial services industry. These include possible changes in the accounting and taxation treatment of financial products and services or its capital, the regulation of selling practices and solvency standards. These changes may affect Adelaide Bank by, for example, requiring Adelaide Bank to hold more capital or incur other costs.

8. Taxation Implications



63 Pirie Street
Adelaide SA 5000
Australia
GPO Box 1171
Adelaide SA 5001

Tel: 61 8 8233 7111
Fax: 61 8 8213 1700
DX: 155 Adelaide

22 October 2002

The Directors
Adelaide Bank Limited
169 Pirie Street
ADELAIDE SA 5000

Dear Directors

Adelaide Bank Limited (Adelaide Bank) Taxation Opinion

We have acted as taxation advisers for Adelaide Bank regarding the issue of Reset Preference Shares (RPS). This opinion is to the investors in this particular RPS issue and should not be relied upon by other parties.

Set out below is a general outline of the taxation consequences for RPS investors based on the taxation law as at the date of this letter. Australian tax law may change at any time and therefore, the taxation consequences discussed in this letter may change if there is a change in the taxation law after the date of this letter.

This letter is concerned only with the taxation consequences for Australian resident investors (individuals, complying superannuation funds and companies).

The information contained in this letter does not apply to investors that:

- Hold RPS as trading stock in the course of the carrying on of a business;
- Hold RPS for the purpose of resale at a profit;
- Are not residents of Australia for income tax purposes; or
- Are exempt from Australian income tax.

This opinion is not intended to be an authoritative or exhaustive statement of the law applicable to the particular circumstances of all taxpayers. The information is not advice and so should not be relied upon on that basis.

The taxation consequences for particular investors will depend on their individual circumstances. Therefore, investors should obtain their own professional taxation advice on the taxation consequences of investing in the RPS.

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW)

This letter should be read in conjunction with the remainder of the Prospectus dated 25 October 2002.

Defined terms used in this letter are consistent with those set out in Appendices A and B of the Prospectus.

1 Taxation Treatment of Dividends

1.1 Equity Interest

In our view, RPS would constitute an equity interest for the purposes of the *Income Tax Assessment Act 1997* (the 1997 Act). This is because Adelaide Bank will not have an “effectively non-contingent obligation” to provide any “financial benefits” to the holders of the RPS for the purposes of the 1997 Act. Also, the returns to the holders of the RPS are contingent on the economic performance of Adelaide Bank.

Accordingly, dividends paid by Adelaide Bank on the RPS would be capable of having franking credits attached to them.

1.2 Assessability of dividends

Dividends received on the RPS by investors will need to be included in each investor’s assessable income as ordinary income.

Individuals

To the extent that the dividend is fully franked, each individual’s tax liability is calculated by first “grossing up” the amount of the dividend by $\frac{30}{70}$ (based on a 30% company tax rate) to take account of the tax already paid by Adelaide Bank. This is referred to as the imputation credit. The individual then applies their marginal tax rate to the “grossed up” dividend amount including the imputation credit, but will generally be entitled to a tax (franking) offset equal to the amount of imputation credit included in their assessable income.

In effect, if an individual’s marginal rate of tax is greater than 30% that individual will be required to pay “top up tax” in the amount of the excess. On the other hand, if an individual’s marginal tax rate is less than 30%, they may receive a franking offset that will reduce tax payable on other income or result in a refund of the excess imputation credits.

To the extent that the dividend is unfranked, there is no franking gross up and the individual will be taxed at their marginal rate on the dividend received with no offsetting franking rebate.

Complying Superannuation Funds

Generally speaking, complying superannuation funds treat the receipt of the dividend in the same way as an individual, although complying superannuation funds are subject to different tax rates. A complying superannuation fund investor is subject to tax at the rate of 15%. Complying superannuation funds, like individuals, should be entitled to a franking offset or refund of excess

imputation credits if the applicable tax rate for the complying superannuation fund is less than the underlying company tax paid in respect of the dividend.

Companies

As a result of recent amendments to Australian tax law, a resident corporate taxpayer that receives a dividend will also be required to “gross up” the amount of the dividend by an amount equal to the imputation credit to take account of the tax already paid by Adelaide Bank, and apply the company rate of tax to that “grossed up” dividend amount. However, as with individuals and complying superannuation funds, the corporate investor should be entitled to a franking offset equal to the amount of imputation credit included in its assessable income.

In addition, corporate taxpayers will record a credit in their franking account to reflect the underlying tax paid by Adelaide Bank in respect of the dividend, i.e. an amount equal to the franking credit attached to the dividend.

To the extent that a dividend does not have a franking credit attached to it, a resident corporate taxpayer investor will include in assessable income the amount of the dividend only, and will not be entitled to a tax offset or rebate.

1.3 Holding period rule

The availability of any franking benefit, including an entitlement to a franking credit or franking offset, to investors is subject to the “holding period rule”. Broadly, this requires investors to hold the RPS “at risk” for a period of at least 90 days (excluding the dates of acquisition and disposal). Investors are required to retain at least 30% of the risks and benefits associated with holding the RPS for a continuous period of at least 90 days. This 90 day period does not include the day on which the investor acquired the RPS and also does not include the day on which the investor disposes of the RPS.

Individual investors may qualify for the small shareholder exemption under the “holding period rule”. If the sum of the franking off-sets to which the investor would be entitled, from all sources, does not exceed \$5,000 in the income year, the investor will generally be considered to be a qualified person for the purposes of the “holding period rule” without the need to consider the “at risk” test or the minimum 90 day holding period. The small shareholder exemption will not apply if the individual investor has made or is likely to make a “related payment” in respect of the dividend, or a distribution attributable to the dividend.

If an investor does not satisfy the “holding period rule” in relation to a dividend, the imputation credit attached to the dividend will not be included in the investor’s assessable income, and the investor will not be entitled to the tax offset in relation to the franking credit.

The Treasurer announced by Press Release No. 74 dated 11 November 1999 that the Federal Government intended to review the “at risk” period of the holding period rule. At the date of this letter, no such amendments have been announced.

2 Reset of Terms of RPS

If Adelaide Bank specifies new terms for RPS on a Reset Date, Adelaide Bank can vary the dividend rate/payment dates and certain other entitlements attaching to the RPS. This process will not constitute a cancellation, redemption or termination of the RPS.

The reset of terms for the RPS by Adelaide Bank would not trigger a capital gains tax (CGT) event for investors in respect of the RPS.

3 Exchange of RPS

3.1 Exchange for ordinary shares in Adelaide Bank

If Adelaide Bank “exchanges” a RPS for Adelaide Bank ordinary shares, the rights attaching to the RPS would be varied so that it becomes an ordinary share. The investor’s ordinary share may then be converted into a larger number of ordinary shares, according to the terms of the exchange. This process would not constitute a cancellation, redemption or termination of the RPS. For tax purposes, this exchange would not trigger a CGT event.

For the purposes of calculating the cost base of the ordinary shares for CGT purposes, the cost of each original RPS would be apportioned between the ordinary shares into which the RPS is converted under the exchange process. If the 2.5% discount applies to the conversion calculation, each investor would receive a greater number of ordinary shares for each RPS. The tax consequences would be no different in these circumstances, except that the cost base of each RPS would be apportioned over the greater number of ordinary shares. The discount calculation would not give rise to any other tax implications for investors.

For CGT purposes, the ordinary shares will be treated as having been acquired by the investor at the time that the investor acquired the RPS from which the ordinary shares were exchanged.

A CGT event would arise if investors later dispose of their ordinary shares. Broadly, a capital gain would arise if the capital proceeds received on disposal of the ordinary shares by the investor exceed the cost base of the ordinary shares to the investor. A capital loss would arise if the capital proceeds received on disposal were less than the reduced cost base of the ordinary shares to the investor.

The cost base of the ordinary shares would include the investor’s acquisition cost (modified as discussed above for the number of ordinary shares arising from the exchange of each RPS) and incidental acquisition and disposal costs (for example, brokerage) that are not deductible to the investor. The reduced cost base would be similar to the cost base, but would not include the non-capital costs of ownership.

Any capital gain arising would be required to be included in the assessable income of the investor. Any capital loss could only be used to offset capital gains.

An individual investor, a complying superannuation fund investor or a trustee may be entitled to discount the amount of the taxable capital gain (after application of capital losses) arising from the disposal of ordinary shares. The capital gain can be discounted by 50% for individual and trust investors and by 33.3% for complying superannuation fund investors. This discount is only available if the disposal occurs at least 12 months after the date of acquisition of the RPS. A resident corporate tax entity would not be able to obtain the CGT discount concession.

3.2 Third Party Acquisition

If an investor elects to exchange RPS, Adelaide Bank may choose to arrange a third party to acquire the RPS for an amount equal to their issue price. The acquisition of RPS by the third party will give rise to a CGT event for the investor that is disposing of the RPS.

If the proceeds received by the investor are equal to the cost base of the RPS to the investor, no capital gain or loss would arise for the investor. If the cost base or reduced cost base of the RPS to the investor is not equal to the proceeds received by the investor on disposal, a capital gain or a capital loss will arise. If a capital gain arises, the investor may be entitled to discount the amount of the capital gain that is subject to tax if certain conditions are satisfied (see discussion at 3.1 above).

3.3 Exchange for Cash

Adelaide Bank may elect to exchange RPS for cash. The taxation treatment for an investor that disposes of RPS as part of a cash exchange will depend on whether the transaction is a buy-back, redemption or cancellation of shares, at Adelaide Bank's option. All of these transactions would give rise to CGT events for investors. However, the exact taxation treatment will depend on which method is used, and the circumstances of the exchange. Therefore, we strongly recommend that investors obtain their own professional taxation advice on the taxation consequences of such an exchange.

4 Selling of Shares on Stock Exchange

If an investor disposes of its RPS by sale on the Australian Stock Exchange, a CGT event will occur. This will give rise to a capital gain or a capital loss. If the investor holds RPS as trading stock or on revenue account, other taxation implications will arise.

A capital gain will arise if the capital proceeds received on disposal exceed the cost base of the RPS to the investor. The cost base of the RPS to the investor will include the acquisition cost and any incidental costs on acquisition or disposal. As discussed above, an individual investor, a complying superannuation entity investor or a trust investor would be able to discount this capital gain if the investor had held the RPS for at least 12 months before disposal.

A capital loss would arise if the capital proceeds received on disposal were less than the reduced cost base of the RPS to the investor. Broadly, the reduced cost base will be similar to the cost base, but will not include the non-capital costs of ownership.

Any capital gain arising would be required to be included in the assessable income of the investor. Any capital loss could only be used to offset capital gains.

5 Quotation of Tax File Numbers

Investors will be able to quote their Tax File Number (TFN) or claim an exemption from doing so, if applicable.

Although disclosure of a TFN is not compulsory, failure to disclose a TFN by an investor that is not exempt from doing so will result in an amount of tax being withheld from any part of a dividend that does not have a franking credit attached to it. The rate at which the tax will be withheld is the highest marginal tax rate (currently 47%), plus Medicare Levy (currently 1.5%). The tax will be remitted to the Australian Taxation Office and may be claimed as a tax credit by the investor in their income tax return for the relevant year.

Alternatively, where the investor holds RPS in the course or furtherance of an enterprise carried on by it, the investor may quote its Australian Business Number (ABN).

6 Anti-Avoidance Provisions

There are anti-avoidance provisions in the taxation laws relating to dividend streaming arrangements and franking credit benefits that allow the Commissioner of Taxation to make a determination to deny shareholders the benefit of franking credits and other benefits associated with franking credits attached to dividends.

In our view, the terms of the issue and exchange of the RPS do not fall within these provisions and therefore the Commissioner should not make a determination under these anti-avoidance provisions in respect of the issue, exchange, and payment of a dividend in respect of the RPS.

7 Goods and Services Tax (“GST”)

The payment of a dividend by Adelaide Bank will not be regarded as consideration for a supply by investors for the purposes of the GST legislation. Accordingly, there will be no GST payable nor input tax credits claimable by investors in relation to the receipt of these dividends.

The exchange or disposal of RPS will not be a taxable supply if an investor is either not carrying on an enterprise, or is not registered for GST.

In the event a GST registered investor acquires, exchanges or disposes of RPS in the course of an enterprise, this transaction would be a financial supply. Investors making financial supplies will not be liable to GST, as financial supplies are input taxed. These investors should seek GST advice as to the potential blockage of input tax credits on acquisitions made in relation to the exchange/disposal.

* * * *

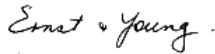
DISCLAIMER

The information contained in this opinion is of a general nature only and the taxation implications associated with an investment in the RPS will depend upon the tax profile of each investor. There is no specific Australian Taxation Office private ruling, product ruling or class ruling that has been issued in respect of this transaction. Investors should obtain independent taxation advice before investing in any RPS.

Ernst & Young's involvement is limited to the preparation of this opinion. Neither the undersigned nor any of the partners of Ernst & Young have any interest in the promotion of the investment. This opinion does not constitute an endorsement of the investment or recommendation by Ernst & Young of any participation in RPS in Adelaide Bank by an intending investor.

Ernst & Young has given its consent to the inclusion of this letter in the Prospectus. However, it gives no assurance or guarantee in respect of the performance of RPS and its consent should not be taken as an endorsement or as a recommendation.

Yours faithfully



Ernst & Young

9. Additional Information

9.1 Terms of Issue

The rights attached to RPS will be governed by:

- the Terms of Issue of RPS set out in Appendix A; and
- Adelaide Bank's constitution, which sets out the rights attaching to Ordinary Shares into which RPS may be converted in certain circumstances.

Adelaide Bank is authorised to issue RPS as it passed a special resolution on 25 October 2002 amending its constitution to allow Adelaide Bank to issue, inter alia, non-cumulative preference shares.

9.2 Adelaide Bank - information, disclosure & availability

Adelaide Bank was admitted to the official list on ASX on 23 July 1992 (when it was The Co-operative Building Society of SA). Adelaide Bank is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosing obligations under the Corporations Act and the Listing Rules. Adelaide Bank is required to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, Adelaide Bank has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware concerning Adelaide Bank which a reasonable person would expect to have a material effect on the price or value of Adelaide Bank's shares. That information is available from ASX and on Adelaide Bank's website, www.adelaidebank.com.au.

9.3 Availability of documents lodged with ASIC

Adelaide Bank is required to prepare and lodge both yearly and half-yearly financial statements accompanied by a directors' statement and report, with audit or review reports. Copies of these documents may be obtained from or inspected at an ASIC office.

9.4 Availability of other documents

Adelaide Bank will provide a copy of any of the following documents free of charge to any person who requires a copy prior to the Closing Date:

- the financial statements for Adelaide Bank for the year ended 30 June 2002 (being the most recent audited annual financial reports lodged with ASIC before the date of this Prospectus);
- the financial statements of Adelaide Bank for the half year ended 31 December 2001 (being the most recent reviewed half-yearly financial reports lodged with ASIC before the date of this Prospectus);
- any other documents or financial statement lodged by Adelaide Bank with ASIC or ASX under the continuous disclosure reporting requirements in the period after lodgment of the audited financial statements for the year ended 30 June 2002 and before the date of this Prospectus; and
- the Adelaide Bank constitution.

9.5 Summary of rights attaching to Ordinary Shares

On conversion of RPS, each RPS will convert into an Ordinary Share and an additional number of Ordinary Shares will be issued to make up the required number of Ordinary Shares calculated in accordance with the Terms of Issue. All such Ordinary Shares resulting from the conversion of RPS will rank equally with existing fully paid Ordinary Shares then on issue. The rights attaching to Ordinary Shares are set out in Adelaide Bank's constitution and are also regulated by the Corporations Act, the Listing Rules and general law.

Some key rights attaching to Ordinary Shares are:

(a) Dividend entitlement

Payment of dividends on Ordinary Shares is subject to the Directors of Adelaide Bank determining a dividend to be payable. Directors may only declare a dividend if Adelaide Bank complies at the time of declaration with APRA's then prevailing prudential standards and there being sufficient profits in Adelaide Bank out of which Adelaide Bank is lawfully able to pay dividends.

Subject to the rights of any other persons entitled to shares with special dividend rights (such as Holders of the RPS), and subject to the terms of any issue of shares to the contrary, all fully paid shares on which any dividend is declared or paid are entitled to participate in the dividend in proportion to the number of shares held, and partly paid shares are entitled to participate pro rata according to the amount paid on the shares.

(b) Voting Rights

At any general meeting of Adelaide Bank, every shareholder has one vote on a show of hands and on a poll, one vote for each share held in respect of which the shareholder is entitled to vote.

(c) Transferability of Ordinary Shares

While Ordinary Shares are quoted on ASX, shareholders will generally be able to sell or transfer Ordinary Shares without restriction. This is subject to the limitations on shareholdings described in the shareholder limitations and ownership restrictions sections below and the Directors' ability to decline to register a transfer in certain limited circumstances.

(d) Shareholder limitations

There is a limitation on any shareholder owning more than 10% of the "Voting Shares" in Adelaide Bank, unless the relevant provisions of Adelaide Bank's constitution are amended.

"Voting Shares" means shares which entitle the holder to vote at a general meeting of Adelaide Bank.

(e) Entitlement of Ordinary Shares on winding up

Holders of Ordinary Shares are entitled to share in any surplus assets on a winding up in proportion to the shares held by them, irrespective of the amounts paid or credited as paid on the shares.

9.6 Ownership Restrictions

In addition to the ownership restrictions in Adelaide Bank's constitution, ownership of shares in Adelaide Bank is restricted by the Financial Sector (Shareholdings) Act 1998. That Act limits the ownership by persons (together with their associates) of companies that are subject to the Act to 15% of the total voting shares in the relevant company. A shareholder may apply to the Australian Treasurer to extend its ownership beyond 15% but approval depends on the Treasurer being satisfied that a holding by that person of more than 15% is in the national interest.

9.7 Summary of Underwriting Agreement

Adelaide Bank and ABN AMRO Rothschild entered into an Underwriting Agreement on 24 October 2002 under which Adelaide Bank has appointed ABN AMRO Rothschild to lead manage and underwrite the Offer. The Lead Manager and Underwriter has agreed to underwrite 800,000 RPS out of the total Offer size of up to 1,000,000 RPS. The material terms of the Underwriting Agreement are summarised below:

Fees

The Lead Manager and Underwriter will be paid the following fees (exclusive of GST, if any) on the earlier of the Issue Date and the date on which the Lead Manager and Underwriter is required to take up shares under the Underwriting Agreement:

- an arranger fee of 0.25% of the total amount raised under the Offer;
- a lead manager fee of 0.25% on the underwritten amount;
- a selling fee of 1.50% on the underwritten amount; and
- a selling fee of 1.00% on the amount raised under the Offer above the underwritten amount.

The Lead Manager and Underwriter will pay all other fees including any Participating Broker selling fees and general application stamping fees.

Expenses

Adelaide Bank will pay and reimburse the Lead Manager and Underwriter all reasonable costs and expenses in respect of the Underwriting Agreement, any aspect of the Offer and the subscription of the RPS incurred by the Lead Manager and Underwriter.

Termination by Lead Manager and Underwriter

The Lead Manager and Underwriter may without cost or liability to itself terminate its obligations under the Underwriting Agreement if any one or more of the following events occur ("Termination Events"). The Lead Manager and Underwriter may only terminate its obligations under the Underwriting Agreement if the Lead Manager and Underwriter has reasonable and bona fide grounds to believe that the relevant Termination Event:

- has or is likely to have a material adverse effect upon the success of the Offer; or
- could expose it to any material liability.

Termination Events

- 1 **Failure to allot:** Adelaide Bank fails to allot and issue RPS in accordance the Underwriting Agreement;
- 2 **financial assistance:** after the date of the Underwriting Agreement Adelaide Bank or any related body corporate passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Lead Manager and Underwriter;
- 3 **capital structure:** Adelaide Bank alters its capital structure in any manner not expressly contemplated by this Prospectus without the prior written consent of the Lead Manager and Underwriter;
- 4 **constitution:** the constitution or any other constituent document of Adelaide Bank is amended without the prior written consent of the Lead Manager and Underwriter other than providing for changes proposed to be approved at the annual general meeting of Adelaide Bank to be held on 25 October 2002;
- 5 **ASX:** ASX advises Adelaide Bank in writing that official quotation of the RPS on ASX will not be granted, or such official quotation is not granted, or if granted such official quotation is subsequently withdrawn, qualified or withheld;
- 6 **ASIC:**
 - a) ASIC applies for an order under sections 1324B and 1325 of the Corporations Act in relation to this Prospectus and the application is not dismissed or withdrawn within 7 days; or
 - b) ASIC gives notice of intention to hold a hearing in relation to this Prospectus under section 739(1), or makes an interim order under section 739(3), of the Corporations Act;
- 7 **supplementary or replacement prospectus:** the Lead Manager and Underwriter forms the view that a supplementary or replacement prospectus must be lodged with the ASIC under section 719 of the Corporations Act;
- 8 **change in management:** a material change in the senior management or the board of directors of Adelaide Bank or any related body corporate occurs;
- 9 **Insolvency Event:** an Insolvency Event occurs or is threatened, where an Insolvency Event means any step being taken towards the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to, or to any property of, the Issuer or any of its Related Bodies Corporate, or towards the Issuer or any of its Related Bodies Corporate entering into a scheme or composition with its creditors or any class of them;
- 10 **change in laws:** any of the following occurs:
 - a) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - b) the public announcement of prospective legislation or policy by:
 - (i) the Federal Government; or
 - (ii) the Government of any State or Territory; or
 - c) the adoption by the ASIC, its delegates, APRA or the Reserve Bank of Australia of any regulations or policy, which does or is likely to prohibit, restrict, regulate or otherwise adversely affect the Offer, capital issues or stock markets;
- 11 **failure to comply:** Adelaide Bank or any related body corporate fails to comply with any of the following:
 - a) a provision of its constitution;
 - b) any applicable law;
 - c) a requirement, order or request, made by or on behalf of ASIC or any governmental or semi-governmental agency, authority, tribunal or other body;
 - d) the Listing Rules; or
 - e) any agreement entered into by it;
- 12 **hostilities:** there is an outbreak or escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving any of Australia, New Zealand, Japan, the United Kingdom, Indonesia, the United States of America, the Commonwealth of Independent States, the Peoples Republic of China or Russia;

13 **default:** Adelaide Bank is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement - Adelaide Bank has given a number of standard warranties and undertakings under the Underwriting Agreement as well as an undertaking relating to further issues of shares. In particular, Adelaide Bank has agreed that it will not, without the prior written consent of the Lead Manager and Underwriter (such consent not to be unreasonably withheld), at any time after the date of the Underwriting Agreement and prior to the expiration of 90 days after the Issue Date, allot or agree to allot or indicate in any way that it may or will allot or agree to allot any shares or other securities convertible or exchangeable into equity of Adelaide Bank or any related body corporate or that represent the right to receive equity of Adelaide Bank or any related body corporate (or do anything economically equivalent to any of the foregoing) other than pursuant to the Offer (excluding the issue of shares which are issued on conversion of any securities already on issue at the date of the Underwriting Agreement);

14 **adverse change:** any adverse change occurs in the condition, business, operations, assets, liabilities, financial position and performance, profits, losses, prospects or value of Adelaide Bank or any related body corporate including, without limitation, if any forecast in this Prospectus becomes incapable of being met or, in the Lead Manager and Underwriter's bona fide opinion, unlikely to be met in the projected time;

15 **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of Adelaide Bank or a related body corporate;

16 **misrepresentation:** any warranty, representation or statement by Adelaide Bank in relation to the Offer is or is found to be false, misleading or incorrect when made or regarded as made;

17 **financial and capital markets:** a material adverse change occurs in financial or capital markets conditions generally or in Australia or in the market or trading of securities of Australian-incorporated issuers or in the financial, political, economic, currency or banking conditions of Australia;

18 **Prospectus:**

- a) there is an omission from this Prospectus of material required to be disclosed under sections 710, 711, 712, 713 and 716 of the Corporations Act;
- b) this Prospectus contains a misleading or deceptive statement; or
- c) any statement in this Prospectus becomes misleading or deceptive;
- d) in the Lead Manager and Underwriter's opinion there is:
 - (i) a misleading or deceptive statement in this Prospectus;
 - (ii) an omission of information that should be disclosed in this Prospectus by reason of sections 710, 711, 712, 713 and 716 of the Corporations Act; or
 - (iii) a new circumstance has arisen since this Prospectus was lodged which would have been required by Part 6D of the Corporations Act to be included in this Prospectus if the matter had arisen when this Prospectus was prepared,

that is materially adverse from the point of view of an investor;

- e) Adelaide Bank lodges a supplementary or replacement prospectus;
- f) any person gives a notice under section 730 of the Corporations Act;
- g) a person who consented to be named in this Prospectus withdraws such consent;
- h) this Prospectus or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any applicable law;

19 **due diligence report:** the due diligence report or any other information supplied by or on behalf of Adelaide Bank to the Lead Manager and Underwriter in relation to Adelaide Bank or a related body corporate or the Offer is false, misleading or deceptive or there is a material omission from it;

20 **change in business:** Adelaide Bank or any of its Related Bodies Corporate ceases to carry on its business or any material part of it, or threatens to so either of those things;

21 **offence:** a director or executive of Adelaide Bank or any related body corporate is charged with an indictable offence; or

22 **withdrawal:** Adelaide Bank withdraws this Prospectus or the Offer.

Indemnity

Adelaide Bank has agreed to indemnify the Lead Manager and Underwriter, its directors and officers and its related bodies corporate against all losses arising from or in connection with this Prospectus and the Offer. The indemnity does not apply to any loss which results from any fraud, recklessness, wilful misconduct or gross negligence of the Lead Manager and Underwriter or another indemnified party.

9.8 ASX waivers

ASX has granted Adelaide Bank the following waivers:

- Listing Rule 7.1.4 has been waived to the extent necessary to allow Adelaide Bank in calculating the number of RPS it may issue in accordance with Listing Rule 7.1, to notionally convert RPS at the market price of Adelaide Bank's Ordinary Shares at the time Adelaide Bank despatched its notice of meeting for its 2002 Annual General Meeting;
- Listing Rule 7.40 has been waived to the effect that hard copies of the Prospectus may be despatched other than as prescribed in Appendix 7A of the Listing Rules; and
- Listing Rule 10.11 has been waived to the extent necessary to enable Directors of Adelaide Bank to participate in the issue of RPS, provided the aggregate number of RPS allotted between all Directors (and their respective related parties) is limited to 0.2% of the total number of RPS issued.

Adelaide Bank has also applied to ASX to allow RPS to trade on a deferred settlement trading basis for a short time following the allotment and quotation of RPS.

9.9 Consents

Each of the parties (referred to as Consenting Parties), who are named below:

- a) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in paragraph (d) below;

b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or a statement or report included in this Prospectus with the consent of that Consenting Party;

c) has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and

d) in the case of Standard & Poor's and Ernst & Young, has given and has not, before the lodgment of this Prospectus with ASIC, withdrawn its written consent to the inclusion of a statement or report by that person in the form and context in which it appears in the Prospectus.

Role	Consenting Parties
Lead Manager and Underwriter	ABN AMRO Rothschild
Co-Managers	ABN AMRO Morgans Limited Deutsche Securities Australia Limited Macquarie Equity Capital Markets Limited
Legal Advisers	Mallesons Stephen Jaques
Auditors and Tax Advisers	Ernst & Young
Share Registry	Computershare Investor Services Pty. Limited
Ratings Agency	Standard & Poor's (Australia) Pty Ltd

9.10 Interests of advisers

The following disclosures of interests and fees are made in relation to the advisers' roles in connection with the Offer:

- Ernst & Young have acted as the auditors and tax advisers for Adelaide Bank (and its controlled entities), performed professional services to assist management in its due diligence enquiries on financial matters and have provided taxation and accounting advice. Adelaide Bank estimates that it will pay approximately \$25,000 (excluding disbursements and GST) to Ernst & Young. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges.

- Mallesons Stephen Jaques have acted as legal advisers to Adelaide Bank in relation to the Offer and have performed work in relation to preparing the due diligence and verification program, performing due diligence required on legal matters and providing legal advice on other matters related to the Offer. In respect of this work, Adelaide Bank estimates that it will pay approximately \$180,000 (excluding disbursements and GST) to Mallesons Stephen Jaques. Further amounts may be paid to Mallesons Stephen Jaques in accordance with its normal time based charges.
- ABN AMRO Rothschild have acted as the Lead Manager and Underwriter of the Offer, in respect of which they will receive the fees outlined in Section 9.7 above.

9.11 Directors' interests

No Director or proposed Director of Adelaide Bank, nor any firm in which any Director is a partner, has, or has had in the 2 years before lodgment of this Prospectus with ASIC, any interest in:

- the formation or promotion of Adelaide Bank;
- the Offer; or
- any property acquired or proposed to be acquired by Adelaide Bank in connection with its formation or promotion, or with the Offer.

No amount (whether in cash or shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director of Adelaide Bank, nor any firm in which any Director or proposed Director is a partner, either to induce them to become, or qualify them as, a Director or otherwise for services provided by them in connection with the formation or promotion of Adelaide Bank or the Offer.

9.12 Consents to lodgment

Each director of Adelaide Bank has given, and not withdrawn as at the date of this Prospectus, their consent to the lodgment of this Prospectus with ASIC.

Appendix A - Terms of Issue

1. Description

This document sets out the terms and conditions of \$100 perpetual reset preference shares, paying fixed non-cumulative dividends with certain terms periodically reset to be issued by Adelaide Bank. The first reset will be on 1 November 2007. Holders will have an option on each reset date to request that the RPS be Exchanged for ordinary shares of Adelaide Bank of approximately equal value to the original issue price of the preference shares (the "RPS").

2. Issuer

Adelaide Bank Limited (ABN 54 061 461 550).

3. Issue Price

Each RPS will be issued as fully paid at an Issue Price of \$100 per RPS.

4. Minimum Subscription Amount

The Minimum Subscription Amount will be 30 RPS and in multiples of 10 thereafter. Adelaide Bank reserves the right to change the Minimum Subscription Amount at its absolute discretion.

5. Maturity

None, the RPS are perpetual.

6. Dividends

6.1 Calculation

The RPS will pay a fixed dividend on each Dividend Payment Date (each a "Dividend"). The Dividend is calculated as:

$$\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Issue Price} \times D}{365}$$

Where:

D	is the number of days from (and including) the date of issue of the RPS or the preceding Dividend Payment Date (whichever is the later) until (but not including) the relevant Dividend Payment Date;
Dividend Rate	is: a) for the period to the first Reset Date, the greater of: (i) 6.00%; and (ii) the amount calculated as $(\text{Market Rate} + \text{Margin}) \times (1 - T_i)$; and b) for the periods between succeeding Reset Dates, as reset by Adelaide Bank in accordance with clause 9;
Market Rate	has the meaning given in clause 7;
Margin	has the meaning given in clause 8; and
T_i	has the meaning given in clause 6.2.

6.2 Gross-up

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be adjusted in accordance with the following formula:

$$\text{Dividend} = \frac{D}{1 - [T_i \times (1 - f)]}$$

Where:	D	is the Dividend calculated under clause 6.1;
	T _i	is the Australian corporate tax rate applicable to the franking account of Adelaide Bank from which the Dividend will be franked, expressed as a decimal; and
	f	is the franking percentage (within the meaning of Part 3-6 of the Tax Act or any part that replaces or revises that part) of the Dividend, expressed as a decimal.

6.3 Non-Cumulative

Dividends are non-cumulative. If and to the extent that all or any part of a Dividend is not paid because of the provisions of these Terms of Issue, Adelaide Bank will have no liability to pay, and the Holders will have no right to be paid, any amount in respect of that Dividend.

7. Market Rate

The initial Market Rate will be the rate, expressed as a percentage per annum, quoted as the 10:00am 5 year mid swap reference rate from the Australian Financial Markets Association (AFMA) rate set page as displayed at or around 10:15am (Australian Eastern Standard Time) on Reuters Monitor System page SWAPREF (or any page which replaces that page) on the Business Day immediately following the day on which the offer of RPS closes. On Reset Dates, the Market Rate will be the rate as reset under clause 9.

8. Margin

The Margin, expressed as a percentage per annum will:

- for the period to the first Reset Date, be 2.75% (“Initial Margin”); and
- for periods between succeeding Reset Dates, be as reset by Adelaide Bank in accordance with clause 9.

9. Reset Feature

9.1 Right to “Reset”

Adelaide Bank will have the ability to “Reset” certain terms of the RPS on specific future dates (each a “Reset Date”). The first Reset Date will be on 1 November 2007. Adelaide Bank will offer new terms within the Notice Period in a Dividend Reset Notice, specifying:

- the timing of the next Reset Date (which must be a Dividend Payment Date);
- the Dividend Rate to apply to the period commencing on the Reset Date until the next Reset Date; and
- the frequency of Dividend Payment Dates (including appropriate adjustments to the calculations of Dividends and the next Dividend Payment Date).

9.2 APRA restrictions on variation of terms

The variation of terms on Reset Dates will be subject to the following restrictions (unless otherwise agreed by APRA):

- the next Reset Date must be five years from the immediately preceding Reset Date;
- the Dividend Rate will be calculated as (Market Rate + Margin) × (1 - T_i);
- the Market Rate will be the rate, expressed as a percentage per annum, quoted as the 10:00am mid swap reference rate for the period between the relevant Reset Dates from the Australian Financial Markets Association (AFMA) rate set page displayed at or around 10:15am (Australian Eastern Standard Time) on Reuters Monitor System page SWAPREF (or any page which replaces that page) on the relevant Reset Date;

- d) the Margin may not be increased above the Initial Margin during the first ten years;
- e) the Margin may be increased on any Reset Date after ten years provided that it does not exceed the lesser of:
- (i) the Margin that applied on the previous Reset Date plus 100 basis points;
 - (ii) the Initial Margin plus 100 basis points; and
 - (iii) the Initial Margin $\times \frac{(FR - FRG)}{(FI - FIG)}$

where:

- FR is the fair market value yield curve on Bloomberg Page FMCS for BBB rated five year AUD securities (or any page which replaces that page) on the relevant Reset Notice Date;
- FI is the fair market value yield curve on Bloomberg Page FMCS for BBB rated five year AUD securities (or any page which replaces that page) on the issue date of the RPS;
- FRG is the fair market value yield curve on Bloomberg Page FMCS for Australian government five year AUD securities (or any page which replaces that page) on the relevant Reset Notice Date; and
- FIG is the fair market value yield curve on Bloomberg Page FMCS for Australian government five year AUD securities (or any page which replaces that page) on the issue date of the RPS;
- f) the Margin may be decreased without limitation on any Reset Date (including Reset Dates during the first ten years); and
- g) Adelaide Bank may not change the Margin on a Reset Date if the credit rating of Adelaide Bank as determined by a majority of rating agencies (or if only one rating agency has rated Adelaide Bank, that rating agency) (as agreed with APRA or any other similar credit test approved by APRA) has declined since the immediately preceding Reset Date.

As stated above, APRA may from time to time waive any or all of the restrictions in this clause 9, in which event Adelaide Bank may vary the terms as contemplated under clause 9.1.

10. Deductions

Adelaide Bank may deduct from any Dividend payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Adelaide Bank to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder will be taken to have been duly paid and satisfied by Adelaide Bank. Adelaide Bank must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and must, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without delay after it is received by Adelaide Bank.

11. Dividend Payment Date and Restrictions

11.1 Payment

Dividends will be payable on the RPS in arrears on each Dividend Payment Date, with the first Dividend Payment Date being on 1 May 2003 and thereafter on each 1 November and 1 May until the RPS are Exchanged or except to the extent varied under clause 9.

11.2 Restrictions

A Dividend is only payable if:

- a) the Directors, at their discretion, determine that the dividend is payable;
- b) unless otherwise approved by APRA, the amount of payments on Tier 1 Securities does not exceed the Distributable Profits on the relevant Dividend Payment Date;

- c) Adelaide Bank complies with APRA's then prevailing prudential standards and guidelines; and
- d) APRA has not issued any objection to the Dividend payment or stated that if the proposed payment is made the RPS will cease to be treated as Tier 1 Capital.

11.3 Record Date

A Dividend is only payable to those persons registered as Holders on the date which is 11 Business Days before the Dividend Payment Date for that Dividend ("Record Date").

12. Ordinary Dividend Restrictions

If Adelaide Bank fails to pay a Dividend in full within 20 Business Days after the relevant Dividend Payment Date, Adelaide Bank may not, without approval of a special resolution passed at a separate meeting of Holders, make any payments, or return capital, on any Tier 1 Securities subordinated to the RPS until:

- a) Adelaide Bank has complied with clause 13.1; or
- b) all RPS have been Exchanged.

13. Optional Dividend

13.1 Optional Dividend

The restrictions in clause 12 will no longer apply if:

- a) two consecutive Dividends stated to be payable on the RPS thereafter have been paid in full (or an equivalent amount of Dividends if the frequency of payment is other than semi-annual); or
- b) an optional dividend ("Optional Dividend Payment") has been paid to the Holders equal to the unpaid amount (if any) of the two immediately preceding Dividends prior to the date of payment of the Optional Dividend Payment (or equivalent Dividends if the frequency of payment is other than semi-annual).

13.2 Restrictions

Payment of an Optional Dividend Payment is subject to the restrictions set out in clause 11.2.

13.3 Record Date

An Optional Dividend Payment is only payable to those persons registered as Holders on the date ("Record Date") prior to its payment that is determined by Adelaide Bank from time to time or such other date as may be required by ASX from time to time.

14. Ranking

14.1 Subordinated

The RPS are subordinated to all depositors and creditors of Adelaide Bank without any rights of set-off. RPS do not represent a deposit liability of Adelaide Bank.

14.2 Dividends

Until conversion, the RPS rank ahead of Ordinary Shares for payment of Dividends.

14.3 Liquidation preference

In a winding-up or liquidation of Adelaide Bank, the RPS rank subordinate to all creditors including depositors, senior to holders of Ordinary Shares and at least equal with other preference shares for return of the Issue Price and the amount of any Dividend due but unpaid, and otherwise do not participate in a winding up. All preference shares then on issue rank equally amongst themselves.

15. Set-off

No contractual right of set-off exists between the RPS and any claims by Adelaide Bank on the Holders.

16. Other issues

16.1 Right to participate

Holders do not have a right to participate in issues of securities to, or capital reconstructions affecting, holders of Ordinary Shares.

16.2 Other issues

Adelaide Bank reserves the right to issue further RPS or preference shares which rank equally with existing RPS, whether in respect of dividends, return of capital on a winding-up or otherwise. Such an issue does not constitute a variation or abrogation of the rights attached to the then existing RPS.

17. Voting

Holders will not be entitled to vote at any general meeting of Adelaide Bank except that they may vote:

- a) if at the time of the meeting, a Dividend has been declared but has not been paid in full by the relevant Dividend Payment Date;
- b) on a proposal:
 - (i) to reduce Adelaide Bank's share capital;
 - (ii) that affects rights attached to the RPS;
 - (iii) to wind up Adelaide Bank; or
 - (iv) for the disposal of the whole of Adelaide Bank's property, business and undertaking;
- c) on a resolution to approve the terms of a buy-back agreement;
- d) during the winding up of Adelaide Bank; and
- e) in any other circumstances in which the Listing Rules require holders of preference shares to be entitled to vote, in which case Holders will have the same rights as to manner of attendance and to voting as a holder of Ordinary Shares with one vote per RPS.

18. Exchange prior to a Reset Date

18.1 Adelaide Bank Exchange

Adelaide Bank has the right to Exchange some or all of the RPS on the Reset Date by delivering to a Holder an Exchange Notice within the Notice Period specifying which of the following actions to undertake (singularly or in combination):

- a) Exchange the Holder's RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration; or
- b) Exchange the Holder's RPS for the Exchange Number of Ordinary Shares.

18.2 Holder Exchange

Prior to a Reset Date, Holders may request an Exchange of some or all of their RPS within the Notice Period by delivering an Exchange Notice to Adelaide Bank.

19. Exchange Notice

An Exchange Notice is an irrevocable notice in a form acceptable to the Directors given by either:

- a) a Holder to Adelaide Bank requesting the Exchange of their RPS for Ordinary Shares;
- b) Adelaide Bank to a Holder stating that Adelaide Bank intends to Exchange some or all of the Holder's RPS in the manner specified in the notice.

Once a Holder has given an Exchange Notice, that Holder must not deal with, transfer, dispose of or otherwise encumber the RPS the subject of the Exchange Notice.

20. Adelaide Bank Exchange Options

On the receipt of an Exchange Notice from a Holder, Adelaide Bank in its absolute discretion must determine and notify Holders within the Notice Period which of the following actions it will undertake (singularly or in combination):

- a) Exchange the Holder's RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration; or
- b) Exchange the Holder's RPS for the Exchange Number of Ordinary Shares; or
- c) arrange for the Holder's RPS to be each acquired at the Issue Price by a third party and that the proceeds are delivered to the Holder.

21. Adelaide Bank Exchange - Special Events

On the occurrence of a Tax Event or a Regulatory Event, Adelaide Bank has the right to Exchange some or all of the RPS on the next Dividend Payment Date. Adelaide Bank in its absolute discretion must determine and notify Holders within the Notice Period which of the following actions it will undertake (singularly or in combination):

- a) Exchange the Holder's RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration; or
- b) Exchange the Holder's RPS for the Exchange Number of Ordinary Shares.

22. Exchange - Control Event

22.1 Holder Exchange - Control Event

On the occurrence of a Control Event, Holders have the right to request Exchange of some or all of the Holder's RPS by delivering an Exchange Notice within the Notice Period to Adelaide Bank to Exchange some or all of their RPS 35 Business Days after the date of despatch of the notification to Holders of the occurrence of a Control Event. Where a Holder requests an Exchange, Adelaide Bank in its absolute discretion must determine and notify Holders promptly which of the following actions it will undertake (singularly or in combination):

- a) Exchange the Holder's RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration; or
- b) Exchange the Holder's RPS for the Exchange Number of Ordinary Shares.

22.2 Adelaide Bank Exchange - Control Event

Following notification to Holders of the occurrence of the Control Event, Adelaide Bank has the right to Exchange some or all of the Holder's RPS 35 Business Days after the date of despatch of a notice to Holders under this clause 22.2. Adelaide Bank in its absolute discretion must determine and notify Holders within the Notice Period specifying which of the following actions it will undertake (singularly or in combination):

- a) Exchange the Holder's RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration; or
- b) Exchange the Holder's RPS for the Exchange Number of Ordinary Shares.

23. Notice Period

Notice Period is:

- a) in respect of a Dividend Reset Notice given under clause 9.1 or an Exchange Notice given under clause 18.1 (Adelaide Bank Exchange), at least 50 Business Days prior to the Reset Date;
- b) in respect of an Exchange Notice given under clause 18.2 (Holder Exchange), at least 35 Business Days prior to the Reset Date;
- c) in respect of Adelaide Bank Exchange Options (clause 20), at least 20 Business Days prior to the Reset Date;
- d) in respect of an Adelaide Bank Exchange - Special Event (clause 21) at least 20 Business Days prior to the next Dividend Payment Date;
- e) in respect of a notice given under clause 22.1 (Holder Exchange - Control Event), the 20 Business Days following the despatch of the notification to Holders of the Control Event; and
- f) in respect of a notice given under clause 22.2 (Adelaide Bank Exchange - Control Event), the 10 Business Days following the expiry of the period referred to in clause 23(e).

24. Volume Weighted Average Price

24.1 Calculation

The VWAP is:

- a) if the Exchange has been triggered by the issue of an Exchange Notice issued by a Holder under clause 18.2, the average of the daily volume weighted average sale price of Ordinary Shares over the 20 Trading Day period of those shares prior to the relevant date for Exchange; and
- b) in all other cases, 97.5% of the average of the daily volume weighted average sale price of Ordinary Shares over the 20 Trading Day period of those shares prior to the relevant date for Exchange.

24.2 Fractions

Where the total number of Ordinary Shares to be allotted to a Holder in respect of the total number of RPS being Exchanged at that time includes a fraction, that fraction will be disregarded except where the total number is less than one, in which event the total number will be deemed to equal one.

24.3 Adjustment

If the Ordinary Shares have been quoted cum dividend or cum entitlement during that period, and the ordinary shares to be issued to Holders will not carry that entitlement, then the VWAP on the days the Ordinary Shares have been quoted cum dividend or cum entitlement will be reduced by an amount equal to:

- a) the cash amount of the dividend (not including any amount for attached franking); or
- b) the cash amount or the value of the other entitlement.

Appropriate adjustments will be made by the Directors for any capital reconstruction during this period.

25. Accrued Dividend Amount

The Accrued Dividend Amount is only payable, subject to APRA approval, where a Holder has elected to Exchange their RPS after the occurrence of a Control Event.

The Accrued Dividend Amount is the Dividend payable on the next Dividend Payment Date multiplied by the number of days from (but not including) the last Dividend Payment Date until the date on which the RPS will be Exchanged, divided by the number of days between the relevant Dividend Payment Dates.

26. Control Event

26.1 50% offer or scheme

Subject to clause 26.2, a Control Event occurs when:

- a) there is an unconditional takeover offer for more than 50% of the Ordinary Shares and:
 - (i) the offeror becomes entitled to more than 50% of the voting power; and
 - (ii) the Board of Adelaide Bank recommends acceptance; or
- b) a scheme of arrangement is approved which when implemented the purchaser will have more than 50% of the voting power of the Ordinary Shares.

26.2 Concurrent offer or scheme involving RPS

The Board of Adelaide Bank may in its absolute discretion deem an event of the type set out in clause 26.1 not to be a Control Event where a concurrent or simultaneous unconditional takeover offer or scheme of arrangement is made or proposed that effectively includes all of the RPS on issue at the relevant time and under which Holders would receive consideration for their RPS at least equal to the Exchange Amount referred to in paragraph (d) of the definition of Exchange Amount.

27. Notice and meetings

Holders of RPS will be entitled to:

- a) receive notice of and attend (but not vote, except in accordance with clause 17) at any general meeting of Adelaide Bank;
- b) receive all reports and audited accounts of Adelaide Bank which are sent by Adelaide Bank to holders of Ordinary Shares.

Failure by Adelaide Bank to give a Holder any notice, report or other document to which that Holder is entitled under this paragraph will not affect the validity of any meeting (or any proceedings at any meeting), transaction or document which relates to the document which was not received by the Holder.

28. Quotation

Adelaide Bank must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of the RPS on ASX and of all Ordinary Shares issued on any Exchange of the RPS into Ordinary Shares on each of the stock exchanges on which the other Ordinary Shares of Adelaide Bank are quoted on the date of Exchange.

29. Amendments to the Terms of Issue

Subject to complying with all applicable laws and with APRA's prior approval, Adelaide Bank may without the authority, assent or approval of Holders amend or add to these terms of issue if such amendment or addition is, in the opinion of Adelaide Bank:

- a) of a formal, minor or technical nature;
- b) made to correct a manifest error; or
- c) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the Holders of the RPS.

30. Interpretation

30.1 Definitions

In these Terms of Issue, the following expressions have the following meanings:

Accrued Dividend Amount has the meaning given in clause 25.

Adelaide Bank means Adelaide Bank Limited (ABN 54 061 461 550).

APRA means the Australian Prudential Regulatory Authority (ABN 79 635 582 658).

ASX means the Australian Stock Exchange Limited (ABN 98 008 624 691).

Business Day has the meaning given in the listing rules of ASX.

Control Event has the meaning given in clause 26.

Distributable Profits means the operating profits after income tax of Adelaide Bank for the immediately preceding year, less dividends, distributions or coupons already paid on any Tier 1 Securities during the current year.

Dividend has the meaning given in clause 6.

Dividend Payment Date has the meaning given in clause 11.1.

Dividend Rate has the meaning given in clause 6.1.

Dividend Reset Notice means a notice given by Adelaide Bank under clause 9.1.

Exchange Amount means:

- a) in the case of Exchange under clause 18, the Issue Price;
- b) in the case of Exchange under clause 20, the Issue Price;

- c) in the case of Exchange under clause 21, the Issue Price; or
- d) in the case of Exchange under clause 22, the Issue Price plus the Accrued Dividend Amount.

Exchange Consideration means the product of the Exchange Amount and the number of RPS held by the Holder that are to be Exchanged.

Exchange Notice has the meaning given in clause 19.

Exchange Number is the number of Ordinary Shares to be Exchanged for a Holder's RPS and is calculated by dividing the Exchange Consideration by the VWAP.

Holders means the persons whose names are for the time being registered in the register of RPS as a holder of RPS.

Initial Margin has the meaning given in clause 8(a).

Issue Price has the meaning given in clause 3.

Margin has the meaning given in clause 8.

Market Rate has the meaning given in clause 7.

Notice Period has the meaning given in clause 23.

Optional Dividend Payment has the meaning given in clause 13.1(b).

Ordinary Share means an ordinary fully paid share in the capital of Adelaide Bank.

RPS has the meaning given in clause 1.

Record Date:

- a) in relation to a Dividend, has the meaning given in clause 11.3; and
- b) in relation to an Optional Dividend Payment, has the meaning given in clause 13.3.

Regulatory Event means:

- a) the receipt by Adelaide Bank of advice from reputable legal counsel that as a result of any amendment to, clarification of, or change in any law or regulation affecting securities laws in Australia, additional requirements would be imposed on Adelaide Bank which Adelaide Bank determines, at its sole discretion, to be unacceptable; or
- b) the determination by the Board of Adelaide Bank that there is a risk that Adelaide Bank is not or will not be entitled to treat all RPS as Tier I Capital under APRA guidelines.

Reset Date has the meaning given in clause 9.1.

Reset Notice Date means the date on which a Dividend Reset Notice is despatched to Holders.

Tax Act means the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997.

Tax Event means the receipt by Adelaide Bank of advice from a reputable legal counsel or other tax adviser in Australia that as a result of any amendment to, clarification of, or change in Australian tax law (including laws, treaties, judicial decisions and administrative actions) that results in there being more than an insubstantial risk of Adelaide Bank being exposed to a more than de minimus increase in the costs of servicing the obligations on the RPS (as a result of increased taxes, duties or other governmental charges or duties) that Adelaide Bank deems to be unacceptable except that advice that the RPS will be treated as debt for taxation or accounting purposes will not be a Tax Event.

Tier I Capital means the core capital of Adelaide Bank as defined by APRA.

Tier I Securities means the RPS, the Ordinary Shares and any other security issued by Adelaide Bank which constitutes Tier I Capital.

Trading Day has the meaning given in the listing rules of ASX.

VWAP (Volume Weighted Average Price) has the meaning given in clause 24.

30.2 Exchange

In these Terms of Issue:

- a) a reference to “Exchange the Holder’s RPS for cash consideration (subject to APRA approval) equal to the Exchange Consideration” is a reference to the redemption, buy back or cancellation of the RPS as determined by the Directors and approved by APRA;
- b) a reference to “Exchange the Holder’s RPS for the Exchange Number of Ordinary Shares” is a reference to the conversion of the Holder’s RPS into the Exchange Number of Ordinary Shares. Exchange of the Holder’s RPS into Ordinary Shares in this manner does not constitute cancellation, redemption or termination of any RPS or an issue, allotment or creation of new shares (other than additional Ordinary Shares issued to make up the Exchange Number); and
- c) a reference to “Exchanged” or “Exchange” is a reference to the RPS being converted, redeemed, bought back or cancelled as determined by the Directors.

30.3 Restriction on conversion

Notwithstanding any other provision of these Terms of Issue, if the conversion of RPS into Ordinary Shares for a particular Holder would result in that Holder breaching any provision of the constitution of Adelaide Bank or any applicable law, the Board of Adelaide Bank has the discretion not to convert that Holder’s RPS into Ordinary Shares and instead to redeem, buy back, cancel or procure the sale of that Holder’s RPS as contemplated by these Terms of Issue (whether or not the specific event would otherwise permit such action under these Terms of Issue). Before taking such action, the Board of Adelaide Bank will take reasonable steps to determine which is preferred by the particular Holder.

30.4 Interpretation

Unless the context otherwise requires or unless otherwise specified:

- a) if there is any inconsistency between the provisions of these Terms of Issue and the constitution of Adelaide Bank then, to the maximum extent permitted by law, the provisions of these Terms of Issue will prevail;
- b) the Board of Adelaide Bank may exercise all powers of Adelaide Bank under these Terms of Issue as are not, by the Corporations Act or by Adelaide Bank’s constitution, required to be exercised by the company in general meeting;
- c) notices may be given by Adelaide Bank to a Holder in the manner prescribed by Adelaide Bank’s constitution for the giving of notices to members of Adelaide Bank and the relevant provisions of Adelaide Bank’s constitution apply with all necessary modification to notices to Holders;
- d) a reference to a clause is a reference to a clause of these Terms of Issue;
- e) if a calculation is required under these Terms of Issue, unless the contrary intention is expressed, the calculation will be rounded to two decimal places. For the purposes of making payment to any person, any fraction of a cent will be disregarded;
- f) definitions and interpretation under Adelaide Bank’s constitution will also apply to these Terms of Issue subject to clause 30.4(a);
- g) any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Adelaide Bank only if Adelaide Bank is an entity or the holding company of an entity subject to regulation and supervision by APRA at the relevant time;
- h) the terms “takeover bid”, “relevant interest” and “scheme of arrangement” when used in these terms have the meaning given in the Corporations Act;
- i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and
- j) if an event under these terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.

Appendix B - Glossary

The following is a glossary of the terms used in this Prospectus. There is also a list of defined terms in clause 30 of the Terms of Issue in Appendix A. Defined terms in this Glossary and in clause 30 are used throughout this Prospectus.

TERM	DEFINITION
ABN AMRO Rothschild	ABN AMRO Equity Capital Markets Australia Limited (ABN 17 000 757 111) and Rothschild Australia Securities Limited (ABN 61 008 591 768) (jointly and severally trading as ABN AMRO Rothschild, an unincorporated equity capital markets joint venture).
Applicant	a person who submits an Application Form pursuant to this Prospectus.
Application	an application pursuant to this Prospectus by using an Application Form to apply for a specified number of RPS.
Application Form	each form attached to or accompanying the Prospectus on which an offer to subscribe for RPS may be made.
Capital Notes	the Capital Notes issued by Adelaide Bank pursuant to the prospectus dated 30 April 1997 and the Capital Notes issued by Adelaide Bank pursuant to the prospectus dated 13 July 1998.
Capital Noteholder	a holder of Capital Notes.
Closing Date	the last day on which Application Forms will be accepted.
Corporations Act	Corporations Act 2001 (Cwlth).
Director	a director of Adelaide Bank.
Holder	the person whose name is for the time being registered in the register of RPS as a holder of RPS.
Lead Manager and Underwriter	ABN AMRO Rothschild.
Listing Rules	the listing rules of ASX.
Offer	the invitation made by Adelaide Bank pursuant to this Prospectus for members of the public and Adelaide Bank shareholders to apply for RPS.
Offer Period*	4 November 2002 to 22 November 2002.

* Adelaide Bank has the right, subject to agreement with the Lead Manager and Underwriter, to close the Offer early or to extend the Closing Date for the Offer without notice.

TERM	DEFINITION
Ordinary Shareholder	a holder of Ordinary Shares.
Ordinary Share	an ordinary fully paid share in the capital of Adelaide Bank.
Participating Broker	any member organisation of ASX selected by the Lead Manager and Underwriter, including the Co-Managers.
RPS	Reset Preference Shares issued by Adelaide Bank pursuant to the Terms of Issue set out in Appendix A of this Prospectus.
SCH Business Rules	the official business rules of the Securities Clearing House.
Terms of Issue	the terms of issue of the RPS set out in Appendix A of this Prospectus.
Underwriting Agreement	the agreement between Adelaide Bank and ABN AMRO Rothschild dated 24 October 2002, the terms of which are summarised in Section 9.7.

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Application Form

If you are an existing Adelaide Bank Limited ("Adelaide Bank") Ordinary Shareholder or Capital Noteholder please tick here to ensure that you receive your priority allocation.

Ensure you provide your Issuer Sponsored SRN or CHESS HIN in section F below where applicable

Please fill out this Application Form if you wish to apply for Adelaide Bank Limited Reset Preference Shares ("RPS"). To meet the requirements of the Corporations Act, this Application Form must not be handed on unless attached to or accompanied by the Prospectus dated 25 October 2002. You do not have to sign this form. Please refer to the instructions overleaf.

Minimum 30 RPS and multiples of 10 thereafter

Number of RPS applied for Issue price per RPS I/we lodge full Application monies

A , , at A\$100.00 **B** A\$, , .00

You may be allocated all of the RPS above or a lesser number

COMPLETE FULL NAME DETAILS - Please print clearly in CAPITAL LETTERS using black or blue ink.

Do not write outside the boxes.

Title, Given Name(s) and Surname or Company Name

C

Joint Applicant 2 or account designation

Joint Applicant 3 or account designation

COMPLETE ADDRESS DETAILS

Unit Number, Street Number or Post Office Box or other Mail Box details (If applicable) Street Name

D

Suburb/City or Town State Postcode

ENTER YOUR TAX FILE NUMBER(S) (or exemption category)

First Applicant Joint Applicant 2 Joint Applicant 3

E

F Existing Ordinary Shareholders or Capital Noteholders

If you are an existing Adelaide Bank Ordinary Shareholder and or Capital Noteholder on the Issuer Sponsored Subregister, please provide your Security holder Reference Number ("SRN") below. Issuer Sponsored SRN (if applicable)

I

CHESS participants

If you are an existing CHESS participant, please provide your CHESS Broker Sponsored HIN in the boxes below.

CHESS HIN (if applicable)

Your RPS will be allotted to your existing SRN or CHESS HIN.

If you wish to hold your RPS as a **separate holding**, please tick this box.

G CHEQUE DETAILS

Cheques should be crossed **Not Negotiable** and made payable to **'Adelaide Bank RPS Account'**.

Drawer	Bank	BBS or Branch Name	Amount of Cheque
<input type="text"/>	<input type="text"/>	-	A\$ <input type="text"/> .00
<input type="text"/>	<input type="text"/>	-	A\$ <input type="text"/> .00

You should lodge your Application Form as soon as possible. Any application for RPS can be accepted by Adelaide Bank at any time prior to closing the Offer and cannot be withdrawn by an intending investor prior to closing the Offer.

Declaration

I/we declare that I/we have personally received and read the whole of the Prospectus (or have accessed a copy of the electronic prospectus) accompanied by or attached to this Application Form. I/we also declare that this application is completed according to the declarations on the reverse of this form and agree to be bound by the Constitution of Adelaide Bank Limited.

Returning this Application Form will constitute the Applicant's offer to subscribe for RPS in Adelaide Bank and acknowledges that the Applicant has received and read the whole of this Prospectus.

OFFER SCHEDULED TO CLOSE 5.00PM (Adelaide time) Friday, 22 November 2002

THIS DOCUMENT RELATES TO THE PROSPECTUS
DATED 25 OCTOBER 2002 AND SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT

Share Registrars use only

Broker Reference - Stamp Only

How to complete the Application Form

You should read the Prospectus carefully before completing this Application Form

The Prospectus is dated 25 October 2002 and expires on 24 November 2003. The Prospectus contains important information about investing in RPS and you should read it in full before applying for RPS. On request, Adelaide Bank will send you a free copy of the Prospectus, any supplementary prospectus and the Application Form. Please call 1800 003 940 to obtain a paper copy of the Prospectus.

You do not have to sign this Form

Please complete all relevant sections of the Application Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the form.)

- A** Insert the number of RPS you wish to apply for. No applicant is assured of receiving any RPS for which they have applied.
- B** Please enter the total amount of the cheque or bank draft required for payment for the RPS for which you have applied at the issue price of A\$100 per RPS in box B.
- C** Write the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to three joint applicants may apply.
- D** Please enter your postal address for all correspondence. All communications to you will be mailed to the person(s) and address as shown. For joint applicants only one address can be entered.
- E** Enter your Tax File Number ("TFN") or exemption code. Where applicable, please enter the TFN for each joint applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of TFN(s) is not compulsory and will not affect your application.
- F** By providing your Issuer Sponsored SRN or CHESS HIN your RPS will be allotted to this number. If you do not provide your existing Issuer Sponsored SRN or CHESS HIN or tick the box requesting a separate holding, your RPS will be allotted to a new Issuer Sponsored SRN.
- G** Please enter your cheque details as requested in section G. Cheques must be drawn on an Australian branch of a financial institution in Australian currency and made payable to "Adelaide Bank RPS Account".

Please enter your contact telephone numbers so we may contact you regarding your application, if necessary.

Home Telephone Number	Work Telephone Number	Contact Name (PRINT)
(<input type="text"/> <input type="text"/>) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	(<input type="text"/> <input type="text"/>) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>

How to lodge your Application Form

The completed form should be forwarded with your payment to reach the Registrar by 5.00pm (Adelaide time) on the Closing Date, scheduled to be on 22 November 2002. Adelaide Bank has the right, subject to agreement with the Lead Manager, to close the Offer early or to extend the Closing Date for the Offer without notice.

General Applications

By Post: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
GPO Box 1903,
Adelaide, SA, 5001

or

By Hand: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
Level 5, 115 Grenfell Street,
Adelaide, SA, 5000

Broker firm allocations: Broker firm applicants should contact the Participating Broker from whom they received their firm allocation of RPS for information about submitting an application and payment instructions. You should be aware that the Sponsoring Broker will settle your application on a delivery versus payment basis through CHESS and this transaction will not have the benefit of coverage by the National Guarantee Fund.

Terms and Conditions

The applicant agrees to be bound by the provisions (as amended and as may be amended from time to time in the future) of the constitution of Adelaide Bank. The applicant represents and warrants that they have not received this Prospectus outside Australia and are not acting on behalf of a person resident outside Australia unless they are an institutional investor to whom the securities may be offered in their jurisdiction without contravention of the securities laws of that jurisdiction or any need to register the Prospectus or the Offer.

Privacy Act

Computershare Investor Services Pty Limited advise that once you become a RPS shareholder in Adelaide Bank, Chapter 2C of the Corporations Act requires information about you (including your name, address and details of the shares you hold) to be included in Adelaide Bank's public register. This information must continue to be included in Adelaide Bank's public register if you cease to be a RPS shareholder. These statutory obligations are not altered by the Privacy Amendment (Private Sector) Act 2000. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. Our privacy policy is available on our website www.computershare.com

Information you supply on this Application Form will be used by Adelaide Bank in connection with the issue and subsequent administration of the Reset Preference Shares, and may be disclosed by Adelaide Bank on a confidential basis to Adelaide Bank's professional advisers (including the Lead Manager and Underwriter) in connection with these purposes. Adelaide Bank's privacy statement is available on its website www.adelaidebank.com.au.

OFFER SCHEDULED TO CLOSE 5.00PM (Adelaide time) Friday, 22 November 2002

THIS DOCUMENT RELATES TO THE PROSPECTUS
DATED 25 OCTOBER 2002 AND SHOULD BE READ IN CONJUNCTION WITH THAT DOCUMENT



Application Form

If you are an existing Adelaide Bank Limited ("Adelaide Bank") Ordinary Shareholder or Capital Noteholder please tick here to ensure that you receive your priority allocation.

Ensure you provide your Issuer Sponsored SRN or CHESS HIN in section F below where applicable

Please fill out this Application Form if you wish to apply for Adelaide Bank Limited Reset Preference Shares ("RPS"). To meet the requirements of the Corporations Act, this Application Form must not be handed on unless attached to or accompanied by the Prospectus dated 25 October 2002. You do not have to sign this form. Please refer to the instructions overleaf.

Minimum 30 RPS and multiples of 10 thereafter

Number of RPS applied for Issue price per RPS I/we lodge full Application monies

A , , at A\$100.00 **B** A\$, , .00

You may be allocated all of the RPS above or a lesser number

COMPLETE FULL NAME DETAILS - Please print clearly in CAPITAL LETTERS using black or blue ink.

Do not write outside the boxes.

Title, Given Name(s) and Surname or Company Name

Joint Applicant 2 or account designation

Joint Applicant 3 or account designation

COMPLETE ADDRESS DETAILS

Unit Number, Street Number or Post Office Box or other Mail Box details (If applicable) Street Name

Suburb/City or Town State Postcode

ENTER YOUR TAX FILE NUMBER(S) (or exemption category)

First Applicant Joint Applicant 2 Joint Applicant 3

F Existing Ordinary Shareholders or Capital Noteholders

If you are an existing Adelaide Bank Ordinary Shareholder and or Capital Noteholder on the Issuer Sponsored Subregister, please provide your Security holder Reference Number ("SRN") below. Issuer Sponsored SRN (if applicable)

I

CHESS participants

If you are an existing CHESS participant, please provide your CHESS Broker Sponsored HIN in the boxes below.

CHESS HIN (if applicable) **X**

Your RPS will be allotted to your existing SRN or CHESS HIN.

If you wish to hold your RPS as a **separate holding**, please tick this box.

G CHEQUE DETAILS

Cheques should be crossed **Not Negotiable** and made payable to **'Adelaide Bank RPS Account'**.

Drawer	Bank	BBS or Branch Name	Amount of Cheque
<input type="text"/>	<input type="text"/>	-	A\$ <input type="text"/> .00
<input type="text"/>	<input type="text"/>	-	A\$ <input type="text"/> .00

You should lodge your Application Form as soon as possible. Any application for RPS can be accepted by Adelaide Bank at any time prior to closing the Offer and cannot be withdrawn by an intending investor prior to closing the Offer.

Declaration

I/we declare that I/we have personally received and read the whole of the Prospectus (or have accessed a copy of the electronic prospectus) accompanied by or attached to this Application Form. I/we also declare that this application is completed according to the declarations on the reverse of this form and agree to be bound by the Constitution of Adelaide Bank Limited.

Returning this Application Form will constitute the Applicant's offer to subscribe for RPS in Adelaide Bank and acknowledges that the Applicant has received and read the whole of this Prospectus.

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Share Registrars use only

Broker Reference - Stamp Only

How to complete the Application Form

You should read the Prospectus carefully before completing this Application Form

The Prospectus is dated 25 October 2002 and expires on 24 November 2003. The Prospectus contains important information about investing in RPS and you should read it in full before applying for RPS. On request, Adelaide Bank will send you a free copy of the Prospectus, any supplementary prospectus and the Application Form. Please call 1800 003 940 to obtain a paper copy of the Prospectus.

You do not have to sign this Form

Please complete all relevant sections of the Application Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the form.)

- A** Insert the number of RPS you wish to apply for. No applicant is assured of receiving any RPS for which they have applied.
- B** Please enter the total amount of the cheque or bank draft required for payment for the RPS for which you have applied at the issue price of A\$100 per RPS in box B.
- C** Write the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to three joint applicants may apply.
- D** Please enter your postal address for all correspondence. All communications to you will be mailed to the person(s) and address as shown. For joint applicants only one address can be entered.
- E** Enter your Tax File Number ("TFN") or exemption code. Where applicable, please enter the TFN for each joint applicant. Collection of TFN(s) is authorised by taxation laws. Quotation of TFN(s) is not compulsory and will not affect your application.
- F** By providing your Issuer Sponsored SRN or CHESS HIN your RPS will be allotted to this number. If you do not provide your existing Issuer Sponsored SRN or CHESS HIN or tick the box requesting a separate holding, your RPS will be allotted to a new Issuer Sponsored SRN.
- G** Please enter your cheque details as requested in section G. Cheques must be drawn on an Australian branch of a financial institution in Australian currency and made payable to "Adelaide Bank RPS Account".

Please enter your contact telephone numbers so we may contact you regarding your application, if necessary.

Home Telephone Number	Work Telephone Number	Contact Name (PRINT)
(<input type="text"/> <input type="text"/>) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	(<input type="text"/> <input type="text"/>) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>

How to lodge your Application Form

The completed form should be forwarded with your payment to reach the Registrar by 5.00pm (Adelaide time) on the Closing Date, scheduled to be on 22 November 2002. Adelaide Bank has the right, subject to agreement with the Lead Manager, to close the Offer early or to extend the Closing Date for the Offer without notice.

General Applications

By Post: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
GPO Box 1903,
Adelaide, SA, 5001

or

By Hand: Adelaide Bank RPS Offer
C/- Computershare Investor Services Pty. Limited
Level 5, 115 Grenfell Street,
Adelaide, SA, 5000

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Corporate Directory

Registered and Head Office

Adelaide Bank Limited

Level 5, 169 Pirie Street
Adelaide SA 5000

Lead Manager & Underwriter

ABN AMRO Rothschild

Level 29, ABN AMRO Tower
Cnr Phillip & Bent Streets
Sydney NSW 2000

Co-Managers

ABN AMRO Morgans Limited

Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Deutsche Securities Australia Limited

Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000

Macquarie Equity Capital Markets Limited

No 1 Martin Place
Sydney NSW 2000

Legal Advisers

Mallesons Stephen Jaques

Level 60, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Auditors and Tax Advisers

Ernst & Young

Santos House, 91 King William Street
Adelaide SA 5000

Share Registry

Computershare Investor Services Pty. Limited

Level 5, 115 Grenfell Street
Adelaide SA 5000

