2005 Half Year

The Westpac Shareholder Newsletter for the half year ended 31 March 2005

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Chairman's Report

On 5 May 2005 we announced a record operating profit after tax of $1,325 million, for the six months ended 31 March 2005, up 8% on the same period last year. Cash earnings increased 12% to $1,380 million.

Cash earnings per share were up 12% to 75 cents, and the return on equity, on a cash basis, at 21% was up from 20% a year ago.

As a result of this strong performance and our confidence in our future, the interim dividend was increased to 49 cents per ordinary share, fully franked, paid on 1 July 2005. This was up 7 cents per share, or 17%, on the 2004 interim dividend. The dividend payout ratio has risen to 65%, compared with 63% for the March 2004 half.

David Morgan, our Chief Executive Officer, provides greater detail on the Bank's performance during the first half later in this newsletter.

I am pleased to advise that following feedback from a number of shareholders, we have made a number of enhancements to the Shareholders Benefits Package. Full details are contained in the Terms and Conditions insert with this newsletter.

In summary the enhancements include waiving the establishment fees on selected housing loans, a new combined Westpac One transaction account and credit card package, and new discounted wealth management planning and margin lending products.

In 2005, Westpac has an organisational goal to reduce its total paper consumption by 5%, under the banner of its 'Great Paper Challenge' program. One area we are focusing on is the impact our shareholder communications have on the environment. In printing the material for the 2004 Annual General Meeting, including annual reports and the notice of meeting, we used in excess of 75 tonnes of paper. The manufacture of this paper results in more than 200 tonnes of CO2 emissions, so it should not surprise you that we want to do something positive about this. At the same time we want to ensure that we continue to keep you informed of our progress and the financial performance of the organisation.

That is why in 2005, we will be ensuring that our annual financial reporting is 'carbon neutral', meaning it will result in no net carbon emissions. We will achieve this by planting trees or by investing in climate friendly carbon credits, which offset these emissions, to ensure that our financial reporting has no negative impact on the environment.

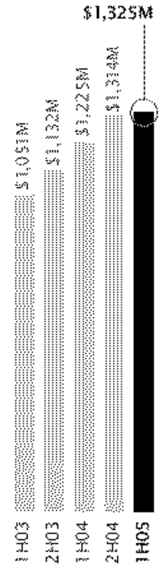
We now have in excess of 20,000 shareholders, or nearly 10%, who have provided us with their email address. And, the numbers moving to this more convenient way to get shareholder information is increasing at a rapid rate.

Continued on back page

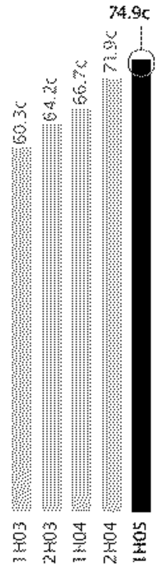
1. Comparatives are with the half-year ended 31 March 2004 unless stated otherwise.

Westpac Banking Corporation ABN 33 007 457 141

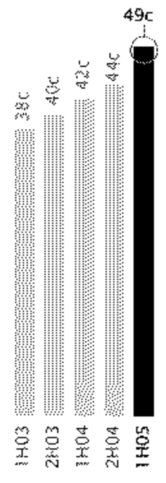
Financial Highlights



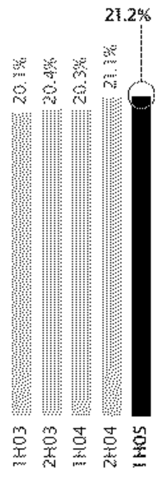
Profit



Cash earnings per share



Dividends per share



Return on average ordinary equity (cash basis)

Westpac

Be first to receive shareholder news... and save paper

By registering your email address you can start receiving important Westpac shareholder information electronically. This will save time, paper and money. To register fill out the enclosed 'Communications Election Form' and send it back in the reply paid envelope or go to www.westpac.com.au/investorcentre and click on 'Register your email address' on the right hand side of the page. We recommend that shareholders who currently receive their dividend by cheque, consider changing to either direct credit of dividends to an account at a financial institution or joining the Dividend Reinvestment Plan.

Available on the Westpac Internet site - www.westpac.com.au/ investorcentre

Information of interest to shareholders is available on our Internet site. You can now directly access the Investor Centre by typing in the following address in your internet browser address window: www.westpac.com.au/investorcentre

The Investor Centre includes information on:

- Westpac's financial performance
- Corporate governance
- Dividends and key shareholder dates
- Share registry contacts and access
- The 2004 Concise Report and copies of past annual reports
- Briefings provided to investors and analysts, and speeches by key executives
- Westpac's US ADR program.

Shareholders of Westpac ordinary shares listed on the Australian Stock Exchange can also directly access our registry company, ASX Perpetual Registrars Limited, via a link from the Shareholders Services page in the Investor Centre. Once linked to the registry you can obtain information about your holdings and initiate changes to address details or other information relevant to those holdings.

Westpac Broking

An easy and affordable way of trading shares online or over the phone from $24.95

Whether you're a first-time or experienced investor, being able to take control of your share portfolio and make your own investment decisions is an exciting milestone. Online Broking is also convenient, since you can do it in your own time, at your own pace and from your own home.

- Trade in all ASX-listed shares, warrants and company issued options
- No registration or account opening fees
- Save time & money - trade online from $24.95
- Tools to track the performance of your share portfolio
- FREE access to our 'Research Centre' with comprehensive company and economic research, ASX listed stock recommendations and much more...

Apply for a free Westpac Broking account today at www.westpac.com.au, or call us on13 13 31 for more information (7am to 7pm EST weekdays).

2005 Annual General Meeting

The Westpac Banking Corporation 2005 Annual General Meeting is scheduled to be held in Sydney on Thursday 15 December 2005. The AGM will also be webcast live.

Details of the location and timing of the meeting will be advised in the Notice of Meeting that will be sent to shareholders in November 2005.

Shareholders' Calendar

Interim dividend payable	1 July 2005
Financial year end	30 September 2005
Final results and dividend announcement	3 November 2005
Record date for final dividend	*23 November 2005
Record date for final dividend (New York)	*22 November 2005
Final dividend payable	*14 December 2005
Annual General Meeting	#15 December 2005

* Dates will be confirmed at the time of announcing 2005 final results.

Details regarding the date of the AGM, and the business to be dealt with, will be contained in the Notice of Meeting to be sent to shareholders in November 2005.

Chief Executive Officer's Report

David Morgan

Profitable and resilient growth

The 2005 financial year has started off well. Our strategy of focusing on our core markets has delivered for all our stakeholders:

- 8% growth in operating income;
- strong cash earnings per share growth of 12%; and
- the cash return on equity improved to 21%.

All our business units have again delivered solid results, contributing to another record half. The highlight of this result has been that we have continued to deliver double digit earnings growth despite a slowing in our operating environment and an increase in competitive intensity. Clearly the strategy of improving the resilience of the company and the diversity of earnings is working.

We continue to operate the business to achieve long-term profitable growth. In the first half result we maintained our pricing disciplines and not sought growth for growth's sake. In particular, we have continued to avoid the higher risk sectors of some markets and we have refrained from uneconomic pricing to grow our book.

On the efficiency front, productivity has continued to improve and we have taken more than a full percentage point off our cost to income ratio, which now sits comfortably below 50%, at 48%.

Importantly, this high quality result and our confidence in the future has enabled us to return this value to shareholders though a 17% or 7 cent increase in the dividend, to 49 cents for the half. This is the highest annual dividend increase over the last six years.

Our Australian Business and Consumer Banking operations delivered a 17% lift in cash earnings despite slower growth and increased competition across segments. Underlying this performance was a 10% lift in business lending and an 8% improvement in mortgage outstandings. During the period we also launched a competitive online savings account, Max-i Direct, which assisted us capture additional funds from outside the group as well retaining funds that might have gone elsewhere.

While this division is the largest contributor to earnings and the engine room behind Westpac's growth, we still see opportunities to improve its performance. In particular, we are implementing a number of changes to enhance the productivity of our sales force to better position us for future growth.

Our wealth business, BT Financial Group, delivered a very strong performance, with cash earnings up 33%. BT's performance benefitted from the completion of integration, outstanding investment management performance, our sector leading platform operation and favourable market conditions.

A contributor to BT's improved results has been the increase in funds under management (FUM), with total FUM increasing by 6% to $40 billion. In what is one of the fastest growing areas of our business there was a 48% increase in funds under administration to $27 billion, supported by continued strong growth in WRAP, up 43%.

During the last half our New Zealand operations withstood a very competitive housing mortgage environment to deliver an 8% uplift in cash earnings. While we chose not to match clearly unprofitable pricing strategies, we were not immune from the price war, with lower housing volume growth and margin compression as customers switched from higher margin variable rate loans to lower margin fixed rate loans.

Looking beyond this event, our New Zealand operations performed very well. Total lending increased 13%; housing up 15% with a modest easing of market share; business lending growing a solid 8% and good growth in deposits that assisted in offsetting the housing margin compression.

In the Institutional Bank, cash earnings increased 23% in the first half of 2005, including strong results from financial markets trading, up 32%, and from client business revenues, up 12%. The strong deal flow achieved in the half will also provide ongoing benefits as we further develop the relationships now established as part of our broader lead bank strategy.

Capital

As at 31 March 2005 our Tier 1 capital ratio stood at 7.1% and the Adjusted Common Equity ratio was stronger at 5.2% up from 5.1% in March 2004. While we ended the half in a very sound capital position, with a solid surplus over and above our immediate needs, we did not feel it appropriate to announce further capital management initiatives at this time. This decision in part reflects the uncertainty surrounding our regulator's response to the International Financial Reporting Standards that could impact our capital position. We anticipate this will be resolved during the second half of the year.

Outlook

Economic growth in both Australia and New Zealand has eased back from the strong levels of recent years. Furthermore, new competitors are entering many segments of the market and increasingly using price as a competitive lever.

Added to this, heavy regulatory compliance requirements on a number of fronts are adding to cost pressures.

Offsetting these factors is the strong position of the household sector in both Australia and New Zealand, with unemployment rates at record lows, leading to positive bad debt expense outcomes.

Overall, we expect sector conditions to be slightly more subdued in the period ahead, but still supportive of earnings growth over the remainder of the financial year.

Westpac remains well positioned - with the right business mix, the right management team and a clear focus on medium term shareholder value.

David Morgan

David Morgan, Chief Executive Officer

Chairman's Report continued

Recognising that people are now more comfortable in accessing information online, we are extending the range of information about your shareholding that you can access this way.

From 1 July 2005, you can elect to access your dividend statements online, in addition to Annual Reports, Notices of Annual General Meeting, profit announcements and other important company announcements.

Enclosed with this Newsletter you will find a new shareholder 'Communications Election Form'. We would ask that you take just a few minutes to complete it and return it in the replied paid envelope supplied. We respect that some people may still like to receive a paper copy of their dividend statement, rather than access and print it online, so that choice is still available. Alternatively you can elect how you would like to receive your communications online at www.asxperpetual.com.au.

In addition to these initiatives, we will also be offering shareholders the option of online proxy voting for the first time. We will provide details of how this system will work in our Annual General Meeting mailing, in November.

As I outlined at last year's Annual General Meeting, Westpac continues to strengthen its governance and responsibility practices, which are increasingly important in building the resilience of our business and the sustainability of our long-term earnings growth.

We continue to make progress on reducing the risk profile of the Bank through being more selective in the areas or sectors in which we choose to provide loans. A good example of this is our continued discipline in avoiding over concentration of loans in the higher risk CBD investment property markets. We remain convinced that such policy decisions will ensure that your company is well positioned to deliver sustainable long-run returns.

Recently the Australian Prudential Regulation Authority (APRA) released draft prudential standards and a discussion paper outlining proposed governance arrangements for authorised deposit-taking institutions (ADIs) in Australia, of which Westpac is one. The proposed prudential standards are intended to ensure that ADIs consider key governance principles, based on the ASX Principles of Good Corporate Governance, and meet standards of governance that are generally considered good practice. It is particularly pleasing that APRA and the ASX have achieved close alignment in their approach, given the significant resources we devote to compliance issues.

Consistent with our commitment to transparency and accountability, our non-financial reporting took a step forward with our fourth Stakeholder Impact Report released to align with the timing of our annual financial reporting. In addition, we provided substantially broader disclosure on both remuneration and corporate governance.

As a result of our commitment to being at the forefront of both regulatory requirements and shareholder disclosure needs, Westpac was recognised in the recent Australasian Reporting Awards for its 2004 Annual Report, with three key awards for Corporate Governance, Communications, and Continuous Disclosure.

In June 2004, Westpac formally presented a proposal to the Reserve Bank of New Zealand, seeking to preserve the benefits of Westpac's existing New Zealand branch structure, including preserving the existing priority for our New Zealand depositors over our New Zealand assets, while retaining the balance sheet support from the Westpac parent bank.

At last year's Annual General Meeting, I advised shareholders that, after full consideration, the Reserve Bank was not able to be satisfied that Westpac's proposal met the Reserve Bank's objectives or concerns relating to failure management and had asked Westpac to locally incorporate.

As a result, the Board has agreed to incorporate the systemically significant parts of Westpac's New Zealand banking operations. When this work is completed, our corporate form in New Zealand will comply with the Reserve Bank's stated policy as it is described in its Statement of Principles (July 2004 and recently amended in March 2005).

Since January, we have been analysing how this is best done. The complexity of the issue is great and the choices we make have the potential to significantly impact our staff, customers, shareholders and various regulators. The Board is seeking to ensure that all shakeholders' interests are addressed in how we will operate in New Zealand.

In conclusion, despite the more challenging environment for banks, Westpac delivered strong growth and returns for the half and we are pleased to have been able to reward our shareholders with a substantially increased dividend, reflecting as I said earlier, our confidence in the future outlook.

Leon A. Davis AO, Chairman

Westpac's Sustainability Ratings

Westpac has been assessed as the global sustainability leader for the banking sector in the 2004/2005 Dow Jones Sustainability Index, for the third year in a row.

Westpac has been ranked the number one company in Australia and the UK in the Corporate Responsibility index.

GovernanceMetrics International - one of 34 companies globally to achieve a top 10.0 score for corporate governance. The only bank and only Australian company to do so.

RepuTex Social Responsibility Ratings 2004 - Westpac ranked Number 1 company overall, ranked against Australia's top 100 companies and the only one to receive a AAA rating.

GD41252 (06/05)

Westpac

Shareholder benefits package

Rewarding our shareholders

(Revised June 2005)

You can call the Shareholders Benefits Package line on 1300 360 599 any time.

For shareholder information, visit www.westpac.com.au , click on 'Westpac Info' at the top of your screen, then 'Investor Centre' to:

- Register your email address to be first to receive shareholder information electronically, by clicking on 'register your email address'.
- Access information such as Westpac's financial performance, annual reports, dividend information and historical financial information.

Use the main menu bar on the left of your screen to access Westpac Internet Banking and Westpac Broking.

Loans

Property Loans[1]

Whether you are buying a home, refinancing, building or investing in a property, you will find we have a property loan to suit you.

You save: No establishment fee[2], a saving of $600, on selected property loans. This benefit is also available to your spouse, or de facto spouse and your children[3].

If you need to renovate, or just need extra funds, you may be able to increase the limit on your existing loan with a Top-up loan, saving you the trouble of applying for a new loan.

You save: $400 on Premium Option Home Loans or Variable Investment Property Loans as no Top-up fee is charged.

Home and Contents insurance[4]

For real peace of mind, Home and Contents insurance is essential.

You save: $50 on Home Insurance and $50 on Contents Insurance for both new and renewed policies underwritten by Westpac General Insurance Limited.

Personal Loans[1]

If you want to buy a car, consolidate your debts or cover unexpected expenses, and stay in control of your finances, a personal loan could be the solution, as it offers regular fixed payments and a fixed end date.

You save: up to $195 on the usual establishment fee on new or re-financed personal loans.

Equity Access Loans[1]

If you have equity in your home, this loan provides a line of credit that you could use for investments, even if your capital is tied up in other investments.

You save: No establishment fee, a $500 saving.

Margin Lending

A form of borrowing that allows you to invest in shares or managed funds using your existing shares or managed funds as security. This increases the total amount you can invest without having to tie up more of your own funds.

You receive: 0.15% discount on a standard Margin Loan.

START SAVING NOW

Visit a branch, or call 1300 360 599 to access benefits.

Westpac

Everyday banking

Westpac One Account and 55 Day MasterCard Package[5]

Open a Westpac One Account, and couple it with a 55 Day MasterCard and you save on the MasterCard annual fee. Westpac One is the solution for both your savings and transactional needs, being a combination of one transaction and one savings account. For one low monthly fee, you get one statement, unlimited withdrawals and fee-free deposits.

You save: $30 per year, as we will waive the 55 Day MasterCard annual fee.

Altitude card[6]

Get better value from a credit card, with rewards including flights on all the world's major airlines, so you can fly whenever and wherever you want.

You receive: 1,500 Altitude points[7] in August each year. To be eligible for receiving these points you must have an approved Altitude Card as at 1 August each year and remain eligible to access the benefits of the Shareholders Benefits Package.

To receive your initial allocation of points, you must register your interest with your Westpac branch by 15 August of the year in which you become eligible for this benefit. Having registered your interest, you do not need to do so again in subsequent years. As there is no direct link with the shareholder registry database and the Westpac customer or product databases, no exceptions will be made if this deadline is not met.

Wealth management

Term Deposits[5]

You receive: a bonus 0.25% p.a. interest on term deposits from $25,000 to less than $250,000. This bonus offer is not applicable if the rate is already a special rate offer at the time you open or rollover a deposit.

Financial Advice

For obligation-free financial advice, meet with a Westpac Financial Adviser who can provide you with a personalised written analysis, recommendations and plan covering your investments, superannuation, retirement planning and personal insurance needs.

Service One & Service Plus financial planning options

Westpac has ongoing financial plan programs tailored to the needs of different customers; Service One for customers with medium, moderately complex portfolios and Service Plus for those with larger and more complex portfolios.

You save: 10% on Service One and Service Plus annual fees (up to a maximum saving of $300 per year).

Eligibility

Shareholders who are Australian residents, holding a minimum of 500 fully paid ordinary Westpac shares (in any one holding), are eligible to access the Shareholders Benefits Package. Eligible shareholders will receive a benefits card annually, included with the July dividend payment notice, which can be used to access their benefits at any Westpac branch.

Companies and trusts that hold a minimum of 500 fully paid ordinary Westpac shares may nominate one individual to benefit under the Shareholders Benefits Package. Benefits cannot be split between more than one individual, and cannot be applied to any business related account. To nominate an individual, you will need to take the card into a branch and request that the benefits be applied to you. You do not need to apply to have a separate card issued, nor write to the bank with a special request.

Things you should know: 1. Westpac's normal lending criteria apply to all of the lending products referred to in this brochure. **2.** Premium Option Home Loans with 1 Year Guaranteed rate, First Option Home Loans and Low Doc Premium Options Home Loans are excluded from the establishment fee discount benefit. Investment Loans with 1 Year Guaranteed rate, First Option Investment Property Loans and Low Doc Variable Rate Investment Property Loans are also excluded. **3.** To access the benefit for your spouse (or de facto spouse) and your children, their relationship to you must be confirmed at a branch. For details on how to do this, if you cannot attend in person, call **1300 360 599**. **4.** Home and Contents Insurance is issued by Westpac General Insurance Limited ABN 99 003 719 319 (WGIL) and distributed by Westpac Banking Corporation ABN 33 007 457 141 (the Bank). This policy is subject to conditions, limits and exclusions on cover, which are explained in the policy wording. The policy is not an investment in or deposit with the Bank. No Westpac Group company (other than the Bank as policy distributor and WGIL) has any liability in connection with the policy or this brochure. The bank does not guarantee payments under the policy. In some states, the Domestic Workers Compensation cover is issued and guaranteed only by Allianz Australia Insurance Limited ABN 15 000 122 850. Before acting on the information in this brochure you should obtain a Product Disclosure Statement (PDS) for the policy and the Bank's Financial Services Guide (FSG) and consider whether the policy is appropriate to your objectives, financial situation and needs as this brochure does not take these into account. A PDS for this insurance product and the Bank's FSG can be obtained by calling **1300 650 255** or visiting www.westpac.com.au **5.** Other fees and charges, aside from any annual card fee, apply to our consumer credit cards. Annual Card fee waiver only applies when a 55-day MasterCard is taken in conjunction with a Westpac One account. Credit Card applications are subject to the Bank's normal lending criteria. The Bank is the issuer of Westpac One and Term Deposits. A Product Disclosure Statement (PDS) is available for these products. You can obtain a copy of the PDS, or contact Westpac, by calling **132 032**, visiting www.westpac.com.au or by visiting any of our branches. You should consider the PDS before making any decision in relation to these products. If you have a complaint about these products, please contact us by: telephone: **1300 130 467**, email: via our website – www.westpac.com.au and click on 'Contact us', fax: 02 9226 6597, mail: GPO Box 5037, Sydney NSW 2001. Further details on our complaints resolution procedures can be obtained from any branch or our website. **6.** Earning and redemption of Altitude points (including available rewards) is subject to the Altitude Terms and Conditions. Benefits apply to Altitude card, Altitude Gold card, Altitude Business Limited Edition card and Altitude Business Limited Edition Gold card. Only one points benefit can be applied per card account. A benefit can also be applied to a card if the eligible shareholder is the holder of an additional card on an Altitude card or Altitude Gold card account. **7.** The number of points is subject to periodic review.

The benefits are not available in conjunction with any discounts, special offers, negotiated rates or other packages offered by Westpac or its subsidiaries, including the Westpac Employee Advantage benefits package. The information in this brochure is current as at 1 June 2005 and has been prepared without taking into account your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs. Westpac Banking Corporation's Financial Services Guide can be obtained by calling **132 032**, visiting www.westpac.com.au or visiting any of our branches. Fees and charges apply to all products mentioned. Full details of all terms and conditions are available on request. These may be varied or new terms and conditions introduced in the future. Westpac reserves the right to withdraw the Shareholders Benefits Package or vary eligibility criteria and benefits at its discretion.

Westpac Banking Corporation ABN 33 007 457 141.

GDS1439 (06/05)