

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

May 16, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of May 2005

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

203, Hoehyon-dong, 1-ga, Chung-gu, Seoul, Korea 100-792

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

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Form 20-F X Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____ No X

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I. Company Overview

1. Purpose of Company

a. Scope of Business

Acquisition/ownership of shares in companies that are engaged in financial services or are closely related to financial services, as well as the governance and/or management of such companies.

(1) Corporate Management

1. Setting management targets for and approving business plans of the subsidiaries;
2. Evaluation of the subsidiaries' business performances and establishment of compensation levels;
3. Formulation of corporate governance structures of the subsidiaries.
4. Inspection of operation and assets of the subsidiaries; and
5. Other activities complementary to the items mentioned in number 1 to 4.

(2) Corporate Management Support Activities

1. Funding for the affiliate companies (including direct and indirect subsidiaries, the Affiliates);
2. Capital investment in subsidiaries or procurement of funds for the Affiliates;
3. Joint development, marketing and use of facilities and computer system with the Affiliates; and
4. Activities ancillary to the above items, for which the authorization, permission or approval is not required under the relevant laws and regulations.

(3) All activities directly or indirectly related to the items listed above.

b. Scope of Business of Subsidiaries

(1) Woori Bank

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1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

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(2) Kwangju Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(3) Kyongnam Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(4) Woori Investment & Securities

1. Securities dealing;

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2. Consignment sales of securities;
3. Brokering and/or proxy transactions of securities;
4. Underwriting of securities
5. Offering of securities;
6. Conscription for securities sales;
7. Brokering of securities in domestic and overseas securities markets;
8. Credit services related to securities trading;
9. Securities-backed loans;
10. Lending of securities;
11. Securities saving services;
12. Rating of securities and equity stakes;

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13. Payment guarantees for principal and interests of corporate bond;
 14. Trustee services for bond offerings;
 15. Trading and brokering of marketable certificates of deposits;
 16. Lottery sales;
 17. Real estate leasing;
 18. Lending of securities, and related brokerage, arrangement and agency services;
 19. Trading of leased securities and related brokerage, arrangement and agency services;
 20. Depositary of securities;
 21. Asset management and trustee services for securitization specialty companies under asset securitization regulations;
 22. Securities dealing in the ECN market;
 23. Underwriting, brokerage and agency services for securities issued on a private placement basis;
 24. Leasing and sales of IT systems and software related to securities business;
 25. Advertisement in the form of electronic document through communication network;
 26. Other businesses and activities related to the items listed above; and
 27. Other businesses approved by relevant regulatory agencies.
- (5) Woori Investment Trust Management
1. Securities investment trust management;
 2. Investment advisory and executions;
 3. Futures trading;

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4. Call trading;
5. Bill purchases; and
6. Other activities directly or indirectly related to items 1 to 5 mentioned above.

(6) Woori Finance Information System

1. Development, distribution and management of computer system;
2. Consulting services in computer installation and usage;

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3. Distribution, brokerage and lease of computer system;
4. Maintenance of computer-related equipment;
5. Publication and distribution of IT-related reports and books;
6. Educational services related to computer usage;
7. Research and outsourcing information processing services;
8. Internet-related businesses;
9. Information processing, telecommunications and information distribution services;
10. Manufacturing and distribution of audio-visual media; and
11. All activities directly or indirectly related to the items listed above.

(7) Woori F&I

1. Purchase and disposition of ABSs, issued primarily to securitize distressed assets, pursuant to the Asset Securitization Law;
2. Purchase and disposition of asset management companies that had been initially set up to manage distressed assets pursuant to the Asset securitization Law; and
3. All businesses or activities directly or indirectly related to the businesses listed above.

(8) Woori LB Second Asset Securitization Specialty Co., Ltd.

1. Transfer, management and disposition of all rights related to the securities and other assets (the securitized assets) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank pursuant to the Asset Securitization Law;
2. Offering and redemption of the securitized assets;
3. Preparation and registration of asset securitization plans to the Financial Supervisory Service;
4. Execution of agreements required for the asset securitization plan;

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5. Provisional borrowing and other similar procedures for ABS redemption;
6. Investment of surplus funds; and
7. Other activities related to the items listed above.

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(9) Woori LB Third Asset Securitization Specialty Co., Ltd.

1. Transfer, management and disposition of all rights related to the securities and other assets (the securitized assets) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank pursuant to the Asset Securitization Law;
2. Offering and redemption of the securitized assets;
3. Preparation and registration of asset securitization plans to the Financial Supervisory Service;
4. Execution of agreements required for the asset securitization plan;
5. Provisional borrowing and other similar procedures for ABS redemption;
6. Investment of surplus funds; and
7. Other activities related to the items listed above.

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2. History of the Company

a. Company History

(1) Background: From the establishment and its major changes.

| | |
|--------------------|---|
| December 23, 2000 | Enactment of the Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed application for the incorporation of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings |
| March 27, 2001 | Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: Won 3.6 trillion) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bonds with warrants |
| September 29, 2001 | Woori Finance Information System incorporated as a subsidiary |
| December 3, 2001 | Woori Asset Management incorporated as a subsidiary |
| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 26, 2001 | Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 31, 2001 | Spin-off and merger of Peace Bank; Launch of Woori Credit Card |
| March 15, 2002 | Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| June 11, 2002 | Capital increase through public offering (Total capital: 3.8 trillion Won) |
| June 24, 2002 | Listed on the Korea Stock Exchange |
| July 29, 2002 | Woori Securities incorporated as a subsidiary |

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| | |
|--------------------|---|
| September 5, 2002 | Executed strategic investment agreement with Lehman Brothers with respect to the management of distressed assets |
| December 23, 2002 | Purchase and acquisition agreement with the credit card division of Kwangju Bank |
| December 31, 2002 | IT outsourcing agreement with Kwangju Bank and Kyongnam Bank |
| March 10, 2003 | Integrated IT platform with Kyongnam Bank |
| August 1, 2003 | Woori Merchant Bank merged into Woori Bank |
| August 15, 2003 | Integrated of IT platform with Kwangju Bank |
| September 3, 2003 | Launching of bancassurance business |
| September 29, 2003 | Listing on the New York Stock Exchange |
| December 11, 2003 | Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd. |
| December 12, 2003 | Announcement of merger between Woori Card and Woori Bank |
| March 30, 2004 | Appointment of new management |
| June 18, 2004 | Woori Securities becomes a wholly-owned subsidiary |
| December 21, 2004 | Capital increase through conversion of CBs (Total capital after conversion: Won3.9 trillion) |
| December 24, 2004 | Acquired LG Investment & Securities and incorporated as a subsidiary |
| February 17, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion) |
| March 11, 2005 | Capital increase through conversion of CBs (Total capital after conversion: 4.0 trillion Won) |
| March 31, 2005 | Woori Securities and LG Investment & Securities merged (The name of the surviving entity, LG Investment & Securities, changed to Woori Investment & Securities) |

b. Associated Business Group

(1) Overview of Business Group

1. **Name of business group:** Woori Financial Group
2. **History**

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| | |
|--------------------|---|
| December 23, 2000 | Enactment of the Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed application for the incorporation of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings |
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| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
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| | |
|--------------------|---|
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| March 30, 2004 | Appointment of new management |
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(2) Related companies within the business group

| <u>Type</u> | <u>Name of Company</u> | <u>Controlling Company</u> | <u>Notes</u> |
|-----------------------------------|---|--|--------------|
| Holding Company | Woori Finance Holdings | KDIC | |
| 1 st Tier Subsidiaries | Woori Bank Kwangju Bank Kyongnam Bank Woori Finance Information System Woori F & I Woori Second Asset Securitization Specialty Woori Third Asset Securitization Specialty Woori Investment Trust Management, Co. Woori Securities (1) Woori Investment & Securities (Formerly known LGIS) | Woori Finance Holdings | 10 companies |
| 2 nd Tier Subsidiaries | Woori Credit Information Woori America Bank P.T. Bank Woori Indonesia Shinwoo Corporate Restructuring Company Woori First Private Equity Fund Nexbi Tech Woori CA Asset Management LG Investment Trust Management (2) Woori Futures (3) Woori Securities International Ltd. (3) Woori Securities (HK) Ltd. (3) Woori Securities America Inc. (3) Mars First Private Hoesa | Woori Bank Woori Finance Information System Woori F&I Woori Investment & Securities | 13 companies |

- (1) Following the exchange of shares between Woori Securities and Woori Finance Holdings, Woori Securities merged with LG Investment & Securities on March 31, 2005 and was subsequently dissolved on April 2, 2005. It was de-listed on June 24, 2004.
- (2) On May 6, 2005, Woori Finance Holdings acquired 90% stake in LG Investment Trust Management from Woori Investment & Securities. Subsequently, it was upgraded as a tier-1 subsidiary.
- (3) The names of the subsidiaries of former LG Investment & Securities changed as well.

Table of Contents**3. Capital Structure****a. Changes in Capital**

(units: Won)

| Date | Category | Type | Stock Decrease/Increase | | | Note |
|------------|--------------------------------------|--------|-------------------------|-----------|---------------------|--|
| | | | Quantity | Par Value | Issue price | |
| 2001.3.27 | Establishment | Common | 727,458,609 | 5,000 | 5,000 | |
| 2002.5.31 | Exercise B/W | Common | 165,782 | 5,000 | 5,000 | |
| 2002.6.12 | Capital increase w/ consideration | Common | 36,000,000 | 5,000 | 6,800 | 0.0494 |
| 2002.6.30 | Exercise B/W | Common | 1,416,457 | 5,000 | 5,000 | |
| 2002.9.30 | Exercise B/W | Common | 2,769,413 | 5,000 | 5,000 | |
| 2002.12.31 | Exercise B/W | Common | 4,536 | 5,000 | 5,000 | |
| 2003.3.31 | Exercise B/W | Common | 1,122 | 5,000 | 5,000 | |
| 2003.6.30 | Exercise B/W | Common | 7,688,991 | 5,000 | 5,000 | |
| 2004.6.18 | Stock Exchange | Common | 8,571,262 | 5,000 | 8,902 ¹⁾ | Exchange with Woori Sec shares on a 1-to-0.55 basis |
| 2004.11.4 | Exercise CB | Common | 666,301 | 5,000 | 5,380 | |
| 2004.12.2 | Exercise CB | Common | 7,995,613 | 5,000 | 5,380 | |
| 2004.12.21 | Exercise CB | Common | 3,717,472 | 5,000 | 5,380 | |
| 2005.2.17 | Exercise CB | Common | 3,481,173 | 5,000 | 5,588 | |
| 2005.3.11 | Exercise CB | Common | 5,914,180 | 5,000 | 7,313 | |
| 2005.3.11 | Exercise CB | Common | 164,429 | 5,000 | 7,228 | |

(1) Per share price derived by applying the exchange ratio.

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

All issued convertible bonds have been converted as of the date of this report.

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4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

As of 2005.3.31

| <u>Total Number of shares authorized</u> | <u>Total Number of Issued Stock</u> | <u>Total Number of Unissued Stock</u> |
|--|-------------------------------------|---------------------------------------|
| 2,400,000,000 | 806,015,340 | 1,593,984,660 |

b. Information of Issued Shares

As of 2005.3.31

Par Value : 5,000 Won

(units: Won 1,000, shares)

| | | Number of Stock | | |
|-------------|--------------|------------------------|-------------------|--------------|
| <u>Type</u> | | <u>Issued</u> | <u>Face Value</u> | <u>Notes</u> |
| Registered | Common Stock | 806,015,340 | 4,030,076,700 | |
| | Total | 806,015,340 | 4,030,076,700 | |

c. Treasury Stock

As of 2005.3.31

(units: shares)

| <u>Acquisition Method</u> | <u>Type of Stock</u> | <u>Beg.</u> | <u>Acquired</u> | <u>Disposal</u> | <u>Canceled</u> | <u>End</u> | <u>Remarks</u> |
|--|----------------------|-------------|-----------------|-----------------|-----------------|------------|----------------|
| Direct purchase under Sub-section 1, section 189-2 | Common Preferred | | | | | | |
| Direct purchase other than the conditions under Sub-section 1, section 189-2 | Common Preferred | 2,547 | | | | 2,547 | |
| Subtotal | Common Preferred | 2,547 | | | | 2,547 | |
| Indirect acquisition from trust agreement | Common Preferred | | | | | | |
| Total | Common | 2,547 | | | | 2,547 | |

Preferred

d. Status of Employee Stock Option Program

As of 2005.3.31

(units: Won, shares)

| <u>Type of stock</u> | <u>Type of Stock</u> | <u>Initial Balance</u> | <u>Ending Balance</u> |
|------------------------|----------------------|----------------------------|---------------------------|
| Employee Account | | | |
| Employee Union Account | Common stock | 2,073,551 | 1,700,047 |

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5. Voting Rights

As of 2005.3.31

(units: shares)

| <u>Items</u> | | <u>Number of stock</u> | <u>Notes</u> |
|--|-----------------------------------|------------------------|--------------|
| Total number of shares | Common Shares Preferred Shares | 806,015,340 | |
| Stocks without voting rights | Common Shares Preferred Shares | | |
| Stocks with limited voting rights under the Securities & Exchange Law | | 2,547 | |
| Stocks with voting rights restored | | | |
| Stocks with voting rights | Common Shares Preferred Shares | 806,012,793 | |

Table of Contents**6. Dividend Information****a. Dividend information for the past 3 years**

(units: Won)

| Items | 2004 | 2003 | 2002 |
|--|------------------|-----------|-----------|
| Par value per share (Won) | 5,000 | 5,000 | 5,000 |
| Net profit (Won in Millions) | 1,292,493 | 202,565 | 589,214 |
| Earnings per share (Won) | 1,655 | 262 | 786 |
| Profit available for dividend distribution (Won in Millions) | 2,150,995 | 1,203,688 | 1,086,596 |
| Total cash payout (Won in Millions) | 119,468 | 77,550 | 57,262 |
| Total stock dividends (Won in Millions) | | | |
| Propensity to cash dividends (%) | 9.24 | 38.28 | 9.72 |
| Cash dividend yield (%) | Common Shares | 1.81 | 1.53 |
| | Preferred Shares | | |
| Stock dividend yield (%) | Common Shares | | |
| | Preferred Shares | | |
| Cash dividend per share (Won) | Common Shares | 150 | 100 |
| | Preferred Shares | | 250 |
| Stock dividend per share (Won) | Common Shares | | |
| | Preferred Shares | | |

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II. Description of Business

1. Business Overview

a. Current Trend of Industry

Fierce competition in the banking sector

Restructuring of the second-tier financial industry

Convergence of products/services in the financial industry

Expansion of financial services due to the development of the capital market and technology

b. Organization Chart

Table of Contents**2. Overview of Operations****a. Performance of Operations**

As a financial holding company under the Financial Holding Company Act, our main income consists of dividend payments made to us by our subsidiaries. We are not involved in any other operations.

b. Financing of operations

(1) Source of Funds

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 |
|---------------------|-----------|-----------|-----------|-----------|
| Shareholders Equity | 7,526,434 | 7,436,457 | 5,597,895 | 5,064,129 |
| Capital | 4,030,076 | 3,982,278 | 3,877,525 | 3,839,074 |
| Capital Surplus | 109,025 | 84,356 | 61,324 | 58,645 |
| Retained Earnings | 2,569,744 | 2,359,422 | 1,282,866 | 1,145,518 |
| Capital Adjustments | 817,588 | 1,010,402 | 376,180 | 20,892 |
| Borrowings | 2,345,710 | 2,299,992 | 2,649,920 | 2,325,021 |
| Debentures | 2,096,200 | 2,154,637 | 2,621,182 | 1,999,250 |
| Bank Borrowings | 120,000 | 120,000 | | 300,000 |
| Commercial Paper | | | | |
| Other Borrowings | | | | |
| Other Liabilities | 129,510 | 25,354 | 28,738 | 25,771 |
| Total | 9,872,145 | 9,736,449 | 8,247,815 | 7,389,150 |

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(2) Use of Funds

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 |
|--|-----------|-----------|-----------|-----------|
| Subsidiary Stock | 9,377,751 | 9,425,381 | 7,007,222 | 6,062,119 |
| Woori Bank | 7,747,017 | 7,578,363 | 5,869,558 | 4,500,143 |
| Kyongnam Bank | 591,454 | 608,802 | 504,629 | 424,060 |
| Kwangju Bank | 412,975 | 420,595 | 364,955 | 290,003 |
| Woori Credit Card | | | | 379,126 |
| Woori Merchant Bank | | | | 222,936 |
| Woori Financial Information System | 9,846 | 7,613 | 7,284 | 3,364 |
| Woori F&I | 67,320 | 58,231 | 35,896 | 17,016 |
| Woori 2 nd Asset Securitization Specialty | | | 20,016 | 31,666 |
| Woori 3 rd Asset Securitization Specialty | | | 1,266 | |
| Woori Investment Trust Management | 35,414 | 35,076 | 34,978 | 39,646 |
| Woori Securities | | 361,500 | 168,639 | 154,159 |
| LG Investment & Securities | 513,726 | 355,201 | | |
| Loan Obligations | 213,266 | 218,641 | 830,566 | 1,231,207 |
| Tangible Assets | 181 | 228 | 242 | 324 |
| Intangible Assets | 48 | 54 | 51 | 50 |
| Cash | 243,727 | 56,099 | 349,585 | 73,256 |
| Other Assets | 36,770 | 36,047 | 60,148 | 22,195 |
| Total | 9,872,145 | 9,736,449 | 8,247,815 | 7,389,151 |

c. Transactions related to Commission Fees

(units: millions of Won)

| Category | Items | 2005 1Q | 2004 1Q | 2004 |
|-------------------------|-------|---------|---------|--------|
| Commission Revenue (A) | | 0 | 0 | 0 |
| Commission Expense (B) | | 1,055 | 1,155 | 8,037 |
| Commission Profit (A-B) | | -1,055 | -1,155 | -8,037 |

3. Other Information Relevant to Investment Decisions

We calculated the following ratios in accordance with the Finance Holding Company Act as explained in the footnote below.

a. Won-denominated Current Ratio

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 |
|-------------------------|---------|---------|----------|--------|
| Current Assets (A) | 244,590 | 57,346 | 203,202 | 78,357 |
| Current Liabilities (B) | 129,510 | 11,385 | 9,711 | 9,317 |
| Current Ratio (A/B) | 188.86% | 503.70% | 2,092.5% | 841.0% |

* **Current ratio of Won**

= assets with maturity of less than 3 months
liabilities with maturity of less than 3 months

Table of Contents**b. Foreign Currency-denominated Current Ratio**

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 |
|-------------------------|---------|------|---------|------|
| Current Assets (A) | | | 147,754 | |
| Current Liabilities (B) | | | 148,598 | |
| Current Ratio (A/B) | | | 99.4% | |

* **Current ratio of foreign currency**= assets with maturity of less than 3 months
liabilities with maturity of less than 3 months**c. Debt Ratio**

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 |
|------------------|-----------|-----------|-----------|-----------|
| Liabilities (A) | 2,345,711 | 2,299,992 | 2,649,920 | 2,325,022 |
| Equity (B) | 7,526,434 | 7,436,457 | 5,597,895 | 5,064,129 |
| Debt Ratio (A/B) | 31.2% | 30.9% | 47.3% | 45.9% |

Table of Contents**d. Credit Ratings for the Past 3 years**

| <u>Date of Rating</u> | <u>Evaluated Securities</u> | <u>Credit Rating</u> | <u>Company (Ratings Range)</u> | <u>Evaluation Category</u> |
|-----------------------|-----------------------------|----------------------|--------------------------------|----------------------------|
| 2001.6.27 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2001.6.28 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2001.11.29 | | BBB- | R&I (AAA~C) | Case evaluation |
| 2002.10.17 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2002.10.22 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2002.11.8 | | BBB | R&I (AAA~C) | Periodic evaluation |
| 2002.12.13 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2002.12.16 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2003.6.30 | Debentures | AA+ | KIS Ratings (AAA~D) | Periodic evaluation |
| 2003.9.8 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2003.9.8 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2003.11.13 | | BBB | R&I (AAA~C) | Periodic evaluation |
| 2003.12.04 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2003.12.04 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2004.2.6 | | BBB | Fitch Rating (AAA~D) | Case evaluation |
| 2004.3.11 | | BBB- | S&P (AAA~D) | Case evaluation |
| 2004.5.27 | | Baa3 | Moody s (Aaa~C) | Case evaluation |
| 2004.6.9 | | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2004.6.9 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | NICE (AAA~D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| | Debentures | | | |

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| | | | | |
|------------|------------|-----|-----------------------|-----------------|
| 2004.11.15 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2004.11.15 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |

e. Other Important Information

See our annual report for the BIS capital ratio and non-performing loans of our subsidiaries.

Table of Contents**III. Financial Information****1. Condensed Financial Statements (Non-consolidated)**

(units: millions of Won)

| Items | 2005 1Q | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Cash and Due from Banks | 243,727 | 56,099 | 349,585 | 73,256 | 13,825 |
| Securities | 9,377,752 | 9,436,976 | 7,007,222 | 6,062,119 | 5,016,864 |
| Loans | 213,666 | 218,641 | 830,566 | 1,231,207 | 648,365 |
| Fixed Assets | 230 | 282 | 293 | 374 | 651 |
| Other Assets | 36,770 | 36,046 | 60,148 | 22,195 | 14,108 |
| Total Assets | 9,872,145 | 9,748,044 | 8,247,814 | 7,389,151 | 5,693,813 |
| Borrowings | 120,000 | 120,000 | | 300,000 | 310,000 |
| Debentures | 2,096,200 | 2,154,636 | 2,621,182 | 1,999,250 | 1,298,304 |
| Other Liabilities | 129,511 | 25,355 | 28,737 | 25,772 | 8,162 |
| Total Liabilities | 2,345,711 | 2,299,991 | 2,649,919 | 2,325,022 | 1,616,466 |
| Common Stock | 4,030,077 | 3,982,278 | 3,877,525 | 3,839,074 | 3,637,293 |
| Capital Surplus | 109,025 | 84,356 | 61,324 | 58,645 | |
| Retained Earnings | 2,569,744 | 2,328,854 | 1,282,866 | 1,145,518 | 558,501 |
| Capital Adjustment | 817,588 | 1,052,565 | 376,180 | 20,892 | -118,447 |
| Total Stockholder's Equity | 7,526,434 | 7,448,053 | 5,597,895 | 5,064,129 | 4,077,347 |
| Operating Income* | 422,981 | 1,922,849 | 1,593,251 | 878,488 | 717,112 |
| Operating Expenses * | 61,044 | 662,975 | 1,390,154 | 302,721 | 31,222 |
| Operating Profit | 361,937 | 1,259,874 | 203,097 | 575,767 | 685,890 |
| Ordinary Income | 362,023 | 1,261,925 | 202,565 | 589,214 | 685,885 |
| Net profit | 362,023 | 1,261,925 | 202,565 | 589,214 | 684,102 |

* 1. Operating Income and operating expenses are computed by the total amount of gain or loss from equity method in accordance with the Article 15 of the corporate accounting standard.

2. The 2004 figures have been changed due to the changes in accounting standards.

2. Condensed Financial Statements (Consolidated)

(units: millions of Won)

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| Items | 2004 | 2003 | 2002 | 2001 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Cash and Due from Banks | 6,850,115 | 6,471,855 | 6,568,852 | 6,432,890 |
| Securities | 28,553,168 | 27,006,677 | 26,452,509 | 25,024,333 |
| Loans | 91,768,615 | 86,077,297 | 73,604,113 | 59,876,198 |
| Fixed Assets | 2,646,979 | 2,734,616 | 2,796,183 | 2,831,851 |
| Other Assets | 6,811,684 | 6,477,274 | 5,421,877 | 5,920,545 |
| Total Assets | 136,630,561 | 128,767,718 | 114,843,534 | 100,058,817 |
| Deposits | 92,148,907 | 89,049,625 | 78,917,388 | 69,332,217 |
| Borrowings | 13,285,773 | 12,813,104 | 13,839,614 | 13,742,572 |
| Debentures | 13,687,295 | 12,195,159 | 10,792,932 | 5,491,533 |
| Other Liabilities | 8,814,901 | 9,011,530 | 5,987,833 | 7,080,301 |
| Total Liabilities | 127,936,876 | 123,069,418 | 109,528,767 | 95,646,623 |
| Common Stock | 3,982,278 | 3,877,525 | 3,839,074 | 3,637,293 |
| Consolidated Capital Surplus | 170,960 | 57,844 | 25,029 | |
| Consolidated Retained Earnings | 2,363,713 | 1,152,053 | 1,151,113 | 558,852 |
| Consolidated Capital Adjustment | 923,794 | 414,969 | 54,506 | -116,546 |
| Minority Interest | 1,252,940 | 195,909 | 245,045 | 359,595 |
| Total Stockholder s Equity | 8,693,685 | 5,698,300 | 5,314,767 | 4,439,194 |
| Operating Income (1) | 13,359,215 | 10,403,445 | 9,623,990 | 10,159,156 |
| Operating Expenses (2) | 12,191,952 | 10,060,210 | 8,908,732 | 9,847,439 |
| Operating Profit | 1,167,263 | 343,235 | 715,258 | 311,717 |
| Non-operating Income | 458,277 | 639,882 | 540,113 | 1,190,685 |
| Non-operating Expenses | 390,804 | 752,055 | 800,487 | 937,984 |
| Ordinary Income | 1,234,736 | 231,062 | 454,884 | 564,418 |
| Aggregated Net Profit | 1,291,620 | 52,374 | 613,576 | 736,616 |
| Consolidated Net Profit | 1,292,493 | 56,279 | 591,588 | 686,287 |
| No. of Companies Consolidated | 24 | 15 | 17 | 17 |

(1) (2) Operating income and operating expenses are calculated from the total amount of gain or loss under the equity method in accordance with the Article 15 of the corporate accounting standard.

Table of Contents**3. Accounting Information****a. Loan Loss Reserves**

(1) Loan Loss Reserves for past 3 years by classification

(units: millions of Won)

| <u>Period</u> | <u>Item</u> | <u>Total Credits</u> | <u>Loan Loss Reserves</u> | <u>Provisioning Ratio</u> |
|---------------|--------------|----------------------|---------------------------|---------------------------|
| 2005 1Q | Lendings | 146,850 | 734 | 0.5% |
| | Loans | 67,890 | 340 | 0.5% |
| | Total | 214,740 | 1,074 | 0.5% |
| 2004 | Lendings | 151,850 | 759 | 0.5% |
| | Loans | 67,890 | 339 | 0.5% |
| | Total | 219,740 | 1,098 | 0.5% |
| 2003 | Lendings | 156,850 | 784 | 0.5% |
| | Loans | 677,890 | 3,390 | 0.5% |
| | Total | 834,740 | 4,174 | 0.5% |

(2) Change in Loan Loss Reserves for past 3 years

(units: millions of Won)

| <u>Item</u> | <u>2005 1Q</u> | <u>2004</u> | <u>2003</u> |
|---------------------------------------|----------------|-------------|-------------|
| 1. Initial loan loss reserves balance | 1,098 | 4,174 | 147,381 |
| 2. Net credit costs | | | 127,551 |
| 1) Write-offs | | | 127,400 |
| 2) Recovery of written-off assets | | | |
| 3) Other changes | | | 151 |
| Recovery of credit costs | (24) | (3,076) | 15,656 |
| Ending loan loss reserve balance | 1,074 | 1,098 | 4,174 |

Table of Contents**4. Notes on consolidated financial statement**

(1) Auditor's opinion

| Item | 2004 | 2003 | 2002 | 2001 |
|-------------------|---|--|--|--|
| Auditor's Opinion | Deloitte HanaAnjin Unqualified Opinion | Deloitte & Touche Unqualified Opinion | Deloitte & Touche Unqualified Opinion | Arthur Andersen Unqualified Opinion |

(2) Companies included in the consolidated financial statement in the last three years

| Year | Companies included | Newly included companies | Excluded companies |
|-------------|--|---|--|
| 2004 | Woori Finance Holdings and 24 companies | - Woori First Private Investment Company - LG Investment & Securities - LG Futures - LG Investment Trust Management - LG Securities Int'l Ltd. - LG Securites (H.K.) Limited - LG Securities America, Inc. - LG Investments Holding B.V. (Amsterdam)GG - High Technology Venture Investment - Global Technology Investment | - Woori Credit Card |
| 2003 | Woori Finance Holdings and 15 companies | | - Woori Merchant Bank - Woori First SPC |
| 2002 | Woori Finance Holdings and 17 companies | - Woori F&I - Woori Third SPC | |

Independent Auditor's Opinion

1. Independent Auditor's Opinion**a. Independent Auditor**

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| 2005 1Q | 2004 1Q | 2004 Dec. 31 | 2003 Dec. 31 |
|--------------------|-------------------|--------------------|-------------------|
| Deloitte HanaAnjin | Deloitte & Touche | Deloitte HanaAnjin | Deloitte & Touche |

Table of Contents**2. Compensation to the Independent Auditor****a. Auditing Service**

(units: millions of Won)

| <u>Year</u> | <u>Auditor</u> | <u>Activity</u> | <u>Compensation</u> | <u>Accrued Time (hr)</u> |
|-------------|--------------------|--|---------------------|------------------------------|
| 2004 | Deloitte HanaAnjin | Quarter, Half Year, Annual Interim Financial Statement (Consolidated, Non-consolidated) | 310 | 7,158 |
| | Arthur Andersen | Quarter Interim Financial Statement | 140 | 1,200 |
| 2003 | Deloitte Touche | Half Year Interim Financial Statement Annual Financial Statement | 70 | 600 |
| | | (Consolidated, Non-consolidated) | 36 | 300 |
| | | | 37 | 300 |
| 2002 | Arthur Andersen | Quarter Interim Financial Statement | | |
| | | Half Year Interim Financial Statement | 140 | 1,200 |
| | | Year-end Financial Statement | 70 | 600 |
| | | Consolidated Financial Statement | 30 | 300 |
| | | | 30 | 300 |

b. Compensation for services other than the Audit

(units: thousands of dollars)

| <u>Year</u> | <u>Contract Date</u> | <u>Activity</u> | <u>Period</u> | <u>Comp.</u> | <u>Note</u> |
|-------------|----------------------|------------------|----------------|--------------|-----------------------|
| 2004 | 2005.3.25 | US GAAP Auditing | 2004.12~2005.5 | 2,050 | Deloitte HanaAnjin |
| 2003 | 2003.7.30 | US GAAP Auditing | 2003.8~2004.5 | 4,500 | Deloitte Touche |
| 2002 | 2003.2.28 | US GAAP Auditing | 2002.12~2003.5 | 4,250 | Deloitte Touche |

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V. Corporate Governance and Affiliated Companies

1. Overview of the Corporate Governance

a. About the Board of Directors

(1) Board of Directors

A. Duties of Boards of Directors

1. The Board of Directors shall consist of directors and shall determine the matters which are provided for as the authority of the Board of Directors under the relevant laws and regulations
2. The Board of Directors shall perform its duties set forth in the Rules for the Board of Directors for the purpose of enhancement of shareholders' benefits

B. Information Regarding the Board of Directors

The following information was stated in the notice to the shareholders of the annual general meeting and in the explanation of bill on March 10 and 11, 2005, respectively.

Ø Second Resolution: Appointment of Standing Director

| <u>Position</u> | <u>Name</u> | <u>Information</u> | <u>Relationship with KDIC</u> | <u>Transaction with WFG</u> |
|--------------------------|-----------------------|--|-----------------------------------|---------------------------------|
| <u>Standing Director</u> | <u>Seung Hee Park</u> | - <u>Executive Director of KDIC</u> - <u>Senior Managing Director at Woori Finance Holdings</u> | <u>N/A</u> | <u>N/A</u> |

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Ø Third Resolution: Appointment of Non-Standing Directors and Audit Committee Members

| <u>Position</u> | <u>Name</u> | <u>Information</u> | <u>Relationship with KDIC</u> | <u>Transaction with WFG</u> |
|------------------------------|-----------------|--|-------------------------------|-----------------------------|
| Non-standing | | - B.A. in Sociology, Seoul National University | | |
| Director and audit Committee | Je-Hoon Lee | - M.A. in Journalism, Seoul National University - CEO & President of The Joongang Ilbo | N/A | N/A |
| Non-standing | | - Currently President of Korea BBB Association - B.A. in Economics, Seoul National University | | |
| Director and audit Committee | Sung-Tae Ro | - Ph.D. in Economics, Harvard University - Chief Editor of The Korea Economic Daily | N/A | N/A |
| Non-standing | | - Currently Dean of Business School at Myongji University - B.A. in Business Administration, Seoul National University | | |
| Director and audit Committee | Oh-Seok Hyun | - Ph.D. in Economics, University of Pennsylvania - Former employee at Ministry of Finance and Economy | N/A | N/A |
| Non-standing | | - Currently President of Trade Research Institute, Korea Int'l Trade Association - B.A. in Business Administration, Seoul National University | | |
| Director and audit Committee | Dosoung Choi | - Ph.D. in Finance, Pennsylvania State University - Chairman of Korean Securities Association | N/A | N/A |
| Non-standing | | - Currently Professor of Finance at Seoul National University - B.A. in Home Management, Sookmyung Women's University | | |
| Director and audit Committee | Chung-Sook Moon | - Ph.D. in Consumer Economics, Kansas State University | N/A | N/A |
| Non-standing | | - Currently Professor of Economics at Sookmyung Women's University - Ph.D. in Business Administration at SungKyunKwan University | | |
| Director and audit Committee | Sung-Hwan Bae | - Banking Supervisory Authority of the Bank of Korea | Employee (Director) | N/A |
| Non-standing | | - Currently director at Korea Deposit Insurance Corp. | | |
| Director and audit Committee | Woon-Youl Choi | - B.A. in Business Administration at Seoul National University | N/A | N/A |
| Non-standing | | - Ph.D. in Finance at University of Georgia | | |
| Director and audit Committee | | - Member, Monetary Policy Committee | | |

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C. Appointment of Non-standing Directors

Pursuant to Article 42 of the Articles of Association and Article 5 of the non-standing director candidate nomination committee regulations, a non-standing director is appointed through the recommendation by the non-standing director candidate nomination committee of the candidates and the a resolution at a shareholders meeting.

* Article 42 (Committee)

1. We currently have the following management committees serving under the board of directors:

- (a) The BOD Management Committee
- (b) The Business Strategy & Compensation Committee
- (c) The Risk Management Committee
- (d) Executive Committee
- (e) Ethics Committee
- (f) Non-standing Director Nomination Committee
- (g) MOU Review Committee
- (h) The Audit Committee

D. Committees within Board of Directors

As of 2005.3.31

1. BOD Management Committee

| Name | Position | Notes |
|-----------------|-----------------------|--|
| Young-Key Hwang | Chairman and CEO | Chairman/CEO Young-Key Hwang heads the committee consisting of the heads of sub-committees. Non-standing directors must be more than 1/2 of the total committee members. |
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |

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Dosoung Choi
Chung-Sook Moon

Non-standing Director
Non-standing Director

Director Dosoung Choi resigned on April 7, 2005.

An audit committee member, Woon-Youl Choi, was appointed to the committee on April 20, 2005.

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2. Business Strategy and Compensation Committee

| Name | Position | Notes |
|----------------|-----------------------|---|
| Je-Hoon Lee | Non-standing Director | Non-standing director Je-Hoon Lee heads the committee consisting of 4 non-standing directors. |
| Woon-Youl Choi | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |

Non-standing director Woon-Youl Choi, was newly appointed to the committee on March 28, 2005.

Directors Je-Hoon Lee, Oh-Seok Hyun and Dosoung Choi have been reappointed and Dosoung Choi resigned on April 7, 2005.

3. Risk Management Committee

| Name | Position | Notes |
|-----------------|--------------------------|--|
| Young-Key Hwang | Chairman and CEO | The committee consists of the Chairman/CEO, CFO and no less than 3 non-standing directors. |
| Seung Hee Park | Senior managing director | |
| | and CFO | |
| Sung-Tae Ro | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |

At the BOD meeting held on March 28, 2005, the regulations of the risk management committee have been revised, and the committee structure was adjusted.

Newly appointed standing director Seung Hee Park was appointed to the committee and directors Sung-Tae Ro and Oh-Seok Hyun have been reappointed on March 28, 2005.

Dosoung Choi resigned and Woon-Youl Choi was newly appointed on April 7, 2005.

4. Audit Committee

| Name | Position | Notes |
|-----------------|-----------------------|--------------|
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |

Director Woon-Youl Choi was appointed to the committee on March 28, 2005.

Director Dosoung Choi resigned on April 7, 2005.

5. Standing Committee

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| Name | Position | Notes |
|--|--|--|
| Young-Key Hwang Jong-Wook Kim Seung Hee Park | Chairman and CEO Vice Chairman Senior managing director and CFO | Chairman/CEO Young-Key Hwang heads the committee consisting of all executive directors. |

Newly appointed standing director Seung Hee Park was appointed to the committee on March 28, 2005.

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6. Ethics Committee

| Name | Position | Notes |
|-----------------|----------------------------------|--|
| Young-Key Hwang | Chairman and CEO | |
| Jong-Wook Kim | Vice Chairman | |
| Seung Hee Park | Senior managing director and CFO | Non-standing director Chung-Sook Moon heads the committee consisting of all executive directors and no less than 2 non-standing directors. |
| Je-Hoon Lee | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |

Newly appointed standing director Seung Hee Park was appointed to the committee and directors Je-Hoon Lee, Oh-Seok Hyun and Chung-Sook Moon have been reappointed on March 28, 2005.

7. Non-standing Directors Nomination Committee

| Name | Position | Notes |
|-----------------|-----------------------|---|
| Young-Key Hwang | Chairman and CEO | Non-standing director Sung-Tae Ro heads the committee consisting of the Chairman/CEO and no less than 3 non-standing directors. |
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |

Newly appointed non-standing director Woon-Youl Choi was appointed to the committee and directors Je-Hoon Lee and Sung-Tae Ro were reappointed on March 28, 2005..

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8. MOU Review Committee

| Name | Position | Notes |
|-----------------|----------------------------------|---|
| Young-Key Hwang | Chairman and CEO | Chairman/CEO Young-Key Hwang heads the committee consisting of the entire board of directors. |
| Jong-Wook Kim | Vice Chairman | |
| Seung Hee Park | Senior Managing director and CFO | |
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |

Non-standing directors Woon-Youl Choi and Seung Hee Park have been newly appointed to the committee on March 28, 2005.
 Director Suk-Jean Kang resigned on March 17, 2005.

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E. Stock Options

As of 2005.3.31

(units: Won, thousand shares)

| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised options | Cancelled options | Exercisable options | Closing price |
|-----------------|-----------------------------|-------------------|----------------------|-------------------------------|--------------------------|--------------------------|----------------------------|----------------------|
| Byung Chul Yoon | Standing director | 2002.12.04 | Common | 100 | | | 100 | 8,530 |
| Kwang Woo Chun | Standing director | 2002.12.04 | Common | 80 | | | 80 | 8,530 |
| Euoo Sung Min | Standing director | 2002.12.04 | Common | 80 | | 80 | | 8,530 |
| Hwan Kyu Park | Non-standing dir. | 2002.12.04 | Common | 40 | | | 40 | 8,530 |
| Ki Chul Han | Non-standing dir. | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Tae Ho Sohn | Non-standing dir. | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Won Gihl Sohn | Non-standing dir. | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Nam Hong Cho | Standing director | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Sang Chul Lee | Standing director) | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Jae Woong Lee | Standing director | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Gae Min Lee | Standing director | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Kwang Sun Chung | Standing director | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Hae-Seok Suh | Standing director | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Duk Hoon Lee | Director of related company | 2002.12.04 | Common | 80 | | | 80 | 8,530 |
| Jong Wook Kiim | Director of related company | 2002.12.04 | Common | 45 | | | 45 | 8,530 |
| Jin Kyu Park | Director of related company | 2002.12.04 | Common | 45 | | | 45 | 8,530 |
| Jong Ku Min | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Jong Hwee Lee | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Dong Myun Suh | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Ki Shin Kim | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Young Seok Kim | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Byung Kil Choi | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |

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| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised options | Cancelled options | Exercisable options | Closing Price |
|-----------------|-----------------------------|-------------------|----------------------|-------------------------------|--------------------------|--------------------------|----------------------------|----------------------|
| Young Ho Park | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Tae Woong Chung | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Dong Chan Bae | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Dae Hwan Kim | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Young Ha Kim | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Young Yong Kim | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Taik Su Han | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Sang Im Park | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Joon Ho Hahm | Director of related company | 2002.12.04 | Common | 10 | | | 10 | 8,530 |
| Joon Ho Lee | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Joo Sun Yeom | Director of related company | 2002.12.04 | Common | 20 | | | 20 | 8,530 |
| Ga Seok Chae | Director of related company | 2002.12.04 | Common | 20 | | | 20 | 8,530 |
| Sung Wook Park | Director of related company | 2002.12.04 | Common | 5 | | | 5 | 8,530 |
| Ki Seok Kim | Director of related company | 2002.12.04 | Common | 5 | | | 5 | 8,530 |
| Jae Ki Hong | Director of related company | 2002.12.04 | Common | 5 | | | 5 | 8,530 |
| Sam Su Pyo | Director of related company | 2002.12.04 | Common | 40 | | | 40 | 8,530 |
| Jung Rak Chun | Director of related company | 2002.12.04 | Common | 30 | | 30 | | 8,530 |
| Won Chul Hwang | Director of related company | 2002.12.04 | Common | 20 | | | 20 | 8,530 |
| Jong Hwee Kim | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Sung Hoo Kwak | Director of related company | 2002.12.04 | Common | 15 | | 15 | | 8,530 |
| Seok Hwan Lee | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Seok Hee Hwang | Director of related company | 2002.12.04 | Common | 40 | | 40 | | 8,530 |
| Choong Wan Lee | Director of related company | 2002.12.04 | Common | 35 | | 35 | | 8,530 |
| Ki Sang Chung | Director of related company | 2002.12.04 | Common | 30 | | 30 | | 8,530 |

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| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised options | Cancelled options | Exercisable options | Closing Price |
|-----------------|-----------------------------|------------|---------------|------------------------|-------------------|-------------------|---------------------|---------------|
| Ki Joong Kim | Director of related company | 2002.12.04 | Common | 15 | | 15 | | 8,530 |
| Kwang Suh Koo | Director of related company | 2002.12.04 | Common | 15 | | 15 | | 8,530 |
| In Kee Baek | Director of related company | 2002.12.04 | | 30 | | | 30 | 8,530 |
| Seung Yang Han | Director of related company | 2002.12.04 | | 15 | | 15 | | 8,530 |
| Keun Soo Yook | Director of related company | 2002.12.04 | | 15 | | 15 | | 8,530 |
| Ki Jong Chung | Director of related company | 2002.12.04 | Common | 5 | | | 5 | 8,530 |
| Hun Il Nam | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Young Soo Kim | Director of related company | 2002.12.04 | Common | 30 | | | 30 | 8,530 |
| Jin Ho Yoon | Director of related company | 2002.12.04 | Common | 20 | | | 20 | 8,530 |
| Seok Koo Yoon | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Ji Yeon Joo | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Ho Hyun Lee | Director of related company | 2002.12.04 | Common | 20 | | | 20 | 8,530 |
| Chan Kook Chung | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Duk Yoon Kim | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Young Wook Kim | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Dae Kyu Ko | Director of related company | 2002.12.04 | Common | 15 | | | 15 | 8,530 |
| Total | | | | 1,560 | | 300 | 1,260 | |

1. Methods of compensation: Issuance of new shares; provision of treasury shares, cash payment or provision of treasury shares for the difference between exercise price and market price.
2. Exercise period: December 4, 2005 ~ December 3, 2008
3. Exercise Price: 60% of granted = {6,800*(1+Rate of return of the banking industry index)} Won 40% of granted = 6,800 Won

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2. Related Companies

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Table of Contents**3. Investments in Other Companies**

As of 2005.3.31

(units: thousands of shares, millions of Won)

| Type Name | Beginning Balance | | | Changes | | Ending Bal. | | | Latest Net Income * |
|---|-------------------|-------|------------------|----------------|----------------|----------------|-------|------------------|------------------------|
| | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | |
| DOMESTIC | | | | | | | | | |
| Woori Bank | 635,957 | 100.0 | 7,589,957 | | 157,060 | 635,957 | 100.0 | 7,747,017 | 1,996,694 |
| Kwangju Bank | 34,080 | 99.9 | 420,595 | | -7,620 | 34,080 | 99.9 | 412,975 | 72,270 |
| Kyongnam Bank | 51,800 | 99.9 | 608,802 | | -17,348 | 51,800 | 99.9 | 591,454 | 109,235 |
| Woori Inv. Trust Mgmt. | 6,000 | 100.0 | 35,076 | | 338 | 6,000 | 100.0 | 35,414 | 546 |
| Woori Securities | 32,956 | 100.0 | 361,500 | -32,956 | -361,500 | 0 | 0 | 0 | 2,369 |
| Woori Finance Info Sys. | 900 | 100.0 | 7,613 | | 2,233 | 900 | 100.0 | 9,846 | 400 |
| Woori F&I | 2,000 | 100.0 | 58,231 | | 9,089 | 2,000 | 100.0 | 67,320 | 20,075 |
| Woori 2nd SPC | 2 | 95.0 | | | | 2 | 95.0 | | 8,097 |
| Woori 3rd SPC | 2 | 100.0 | | | | 2 | 100.0 | | 7,790 |
| Woori Investment & Securities (Formerly LGIS) | 32,877 | 23.16 | 355,201 | 12,398 | 158,525 | 45,275 | 29.32 | 513,726 | 4,240 |
| Foreign | | | | | | | | | |
| Total | 796,574 | | 9,436,975 | -20,558 | -59,223 | 776,016 | | 9,377,752 | 2,221,716 |

1. The changes in the quantity and cost are calculated from the increase or decrease under the equity method.
2. The invested shares of Woori Securities have been absorbed into Woori Investment & Securities after Woori Investment & Securities (Formerly known as LG Investment & Securities) and Woori Securities merged.
3. The latest net income date is December 2004, except for Woori Investment Trust Management, Woori Securities and Woori Investment & Securities for whose latest net income date is March 2004.
4. Due to change in accounting standards, the beginning balance has been adjusted.

Table of Contents**VI. Stock Information****1. Stock Distribution****a. Stock Information of Major Shareholders and Related Parties**

As of 2005.3.31

(units: shares, %)

| Name | Relation | Type | Shares Held | | | | Reasons Behind Change | | |
|------|-----------|--------------|--------------------|--------------|----------------|-----|-----------------------|--------------|-------|
| | | | Beginning balance | | Ending balance | | | | |
| | | | Stock | Share | (+) | (-) | | Stock | Share |
| KDIC | Major S/H | Common | 628,458,609 | 77.97 | | | 628,458,609 | 77.97 | |
| | | Common | 628,458,609 | 77.97 | | | 628,458,609 | 77.97 | |
| | Total | Preferred | | | | | 0 | 0 | |
| | | Total | 628,458,609 | 77.97 | | | 628,458,609 | 77.97 | |

Major Shareholder: KDIC

b. Share Ownership of more than 5%

As of 2005.3.31

(units: shares, %)

| No. | Name | Common Stock | | Preferred Stock | | Total | |
|-----|--------------|--------------------|--------------|-----------------|---|--------------------|--------------|
| | | No. of shares | % | No. of shares | % | No. of shares | % |
| 1 | KDIC | 628,458,609 | 77.97 | | | 628,458,609 | 77.97 |
| | Total | 628,458,609 | 77.97 | | | 628,458,609 | 77.97 |

c. Shareholder Distribution

As of 2004.12.31

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| Items | Shareholder number | Ratio | Number of shares | Ratio |
|-----------------------------------|-----------------------|---------------|--------------------|--------------|
| Total Minority Shareholders | 28,780 | 99.99 | 145,997,551 | 18.33 |
| Minority Shareholders (Companies) | 652 | 2.27 | 116,583,764 | 14.64 |
| Minority Shareholders | | | | |
| (Individual) | 28,128 | 97.72 | 29,413,787 | 3.69 |
| Major Shareholders | 1 | 0.00 | 628,458,609 | 78.91 |
| Main Shareholders | 2 | 0.01 | 21,997,510 | 2.76 |
| Total Other | | | | |
| Shareholders | 2 | 0.01 | 21,997,510 | 2.76 |
| Others Shareholders | | | | |
| (Companies) | | | | |
| Others Shareholders | | | | |
| (Individual) | 1 | 0.00 | 1,888 | 0.00 |
| Total | 28,784 | 100.00 | 796,455,558 | 100.0 |

Table of Contents**2. Stock Price and Stock Market Performance for the Past Six Months****a. Domestic Stock Market**

(units: Won, shares)

| Period | October | November | December | January | February | March |
|----------------------|----------------|-----------------|-----------------|----------------|-----------------|--------------|
| High | 8,900 | 8,880 | 8,650 | 9,300 | 9,790 | 10,700 |
| Low | 7,700 | 8,260 | 8,000 | 8,220 | 9,160 | 9,350 |
| Monthly Trade Volume | 45,546,382 | 47,937,353 | 30,773,861 | 38,929,242 | 37,359,936 | 70,311,587 |

b. Foreign Stock Market (NYSE)

(units: US Dollars, shares)

| Period | October | November | December | January | February | March |
|----------------------|----------------|-----------------|-----------------|----------------|-----------------|--------------|
| ADR | | | | | | |
| High | 12.10 | 24.90 | 25.25 | 27.20 | 29.10 | 31.60 |
| Low | 20.55 | 22.01 | 23.20 | 23.50 | 27.30 | 28.00 |
| Monthly Trade Volume | 19,000 | 21,800 | 20,600 | 72,800 | 24,600 | 33,200 |

* The ADR exchange ratio is 3 shares of Common Stock per one ADS.

Table of Contents**VII. Directors and Employee Information****1. Directors**

| Position | | Name | Common Stocks |
|----------------------------------|----------------|-----------------|---------------|
| | | | Owned |
| Chairman | Registered | Young-Key Hwang | |
| Vice Chairman | Registered | Jong-Wook Kim | |
| Senior Managing Director and CFO | Registered | Seung Hee Park | |
| Managing Director | Non-Registered | Jin-Hyung Ju | |
| Non-standing Director | Registered | Je-Hoon Lee | |
| Non-standing Director | Registered | Sung-Tae Ro | |
| Non-standing Director | Registered | Woon-Youl Choi | |
| Non-standing Director | Registered | Oh-Seok Hyun | |
| Non-standing Director | Registered | Dosoung Choi | |
| Non-standing Director | Registered | Chung-Sook Moon | |
| Non-standing Director | Registered | Sung-Hwan Bae | |

Director Suk-Jean Kang resigned on March 17, 2005.

Seung Hee Park (Standing director) and Woon-Youl Choi (Non-standing director) have been newly appointed on March 28, 2005.

2. Employee Status

(units: years, thousands of Won)

| Items | Staff | | | | Average | Average Compensation | | Note |
|--------------|-----------|-------|-----------|-----------|----------|------------------------|---------------|------|
| | | | | | Tenure | Quarterly Compensation | Per Person | |
| | Admin. | Manu. | Misc. | Total | Years | | | |
| Male | 52 | | 3 | 55 | 4 | 1,242,981 | 22,600 | |
| Female | 5 | | 12 | 17 | 4 | 149,968 | 8,822 | |
| Total | 57 | | 15 | 72 | 4 | 1,392,949 | 19,347 | |

3. Labor Union Membership

| Items | Details | Remarks |
|-----------------------|---------------------------|---------|
| Total Membership Base | Deputy Director and below | |

| | |
|------------------------------|----|
| Actual Members | 22 |
| Full-time Members | |
| Associated Labor Union Group | |
| Miscellaneous | |

4. Number of professional personnels

| <u>Items</u> | <u>Number</u> | <u>Responsibilities</u> | <u>Remarks</u> |
|--------------------------------|---------------|--|----------------|
| Lawyer | 1 | Legal advisory | |
| CPA | 6 | Financial accounting, Financial Planning, Business Planning | |
| Ph.D in Law/Finance/Accounting | 2 | Research | |

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Table of Contents**VIII. Related Party Transactions****1. Transactions with Affiliated Parties****a. Transactions of Provisional Payments and Loans (including secured loans)**

(units: millions of Won)

| Name | Relation | Item | Changes | | | End | Notes |
|---------------------------|------------|------------|----------------|---|--------------|----------------|---|
| | | | Beg. | + | - | | |
| Woori 2 nd SPC | subsidiary | Other loan | 100 | | | 100 | |
| Woori 3 rd SPC | subsidiary | Other loan | 17,790 | | | 17,790 | |
| Kwangju Bank | subsidiary | Other loan | 50,000 | | | 50,000 | |
| Woori Finance Info. Sys | subsidiary | Other loan | 30,000 | | | 30,000 | |
| Woori F&I | | | | | | | Partial redemption on February 28, 2005 |
| | subsidiary | Other loan | 121,850 | | 5,000 | 116,850 | |
| Total | | | 219,740 | | 5,000 | 214,740 | |

b. Payment Transactions

(units: millions of Won)

| Name | Relation | Item | Par value | Transactions of Payments | | | | Gain/Loss* |
|--|------------|--------------|-----------|--------------------------|-------------------|-------------------|-------------------|------------|
| | | | | Transactions | | | Ending | |
| | | | | Beginning | Increase | Decrease | | |
| Woori Securities | Subsidiary | Common stock | 5,000 | 32,956,413 | | 32,956,413 | 0 | (1) |
| LG Investment & Securities | | | | | | | | |
| (Formerly known as LG Investment & Securities) | Subsidiary | Common Stock | 5,000 | 32,877,487 | 12,397,494 | | 45,274,981 | (2),(3) |
| Total | | | | 65,833,900 | 12,397,494 | 32,956,413 | 45,274,981 | |

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* Derived by using the equity method.

- (1) On January 7, 2005, 14,000,000 shares of Woori Securities have been cancelled, and the remaining shares have been absorbed into Woori Investment & Securities following the merger.
- (2) Due to the merger with Woori Securities, 12,397,494 shares were newly issued by LG Investment & Securities in exchange for shares in Woori Securities.
- (3) Additional 1,050,000 shares have been acquired from the market from April 8, 2005 to April 12, 2005.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Woori Finance Holdings Co., Ltd.
(Registrant)

Date: May 16, 2005

By: /s/ Young Sun Kim

(Signature)

Name: Young Sun Kim

Title: Director

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WOORI FINANCE HOLDINGS Co., Ltd.

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
AND INDEPENDENT ACCOUNTANT S REVIEW REPORT

Audit.Tax.Consulting.Financial Advisory.

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Independent Accountants' Review Report

To the Board of Directors and Shareholders of

Woori Finance Holdings Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) as of March 31, 2005 and the related non-consolidated statements of operations and cash flows for the three months ended March 31, 2005 and 2004, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards established by the Securities and Futures Commission of the Republic of Korea. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with the financial accounting standards in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2004, which is presented in this report, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2005, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2004 is fairly stated, in relation to the non-consolidated balance sheet from which it has been derived.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that cause us to believe that such translation has not been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

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Without affecting our conclusion, we draw attention to the followings:

As explained in Note 1, LG Investment Securities Co., Ltd. (LG Securities), a subsidiary of the Company, merged with Woori Securities Co., Ltd. (Woori Securities), also a subsidiary of the Company, on March 31, 2005 and changed its name to Woori Investment Securities Co., Ltd. (Woori Investment Securities). Woori Investment Securities took over substantially all assets and liabilities of Woori Securities by exchanging one common share of Woori Securities with 0.654 share of Woori Investment Securities. The number of issued common shares and contributed capital of Woori Investment Securities increased from 122.1 million and (Won)625.5 billion (US\$610.6 million) to 134.5 million and (Won)687.4 billion (US\$671.1 million) as of March 31, 2005. As a result of this merger, the Company's ownership percentage in Woori Investment Securities increased from 26.92% to 33.66% and the difference between sum of its ownership interests in the individual pre-merger subsidiaries' net assets and its ownership interests in Woori Investment Securities' net assets amounting to (Won)36.1 billion (US\$35.2 million) was recorded in capital adjustment of the Company as of March 31, 2005.

As explained in Note 20, the Company's receivables from its subsidiaries as of March 31, 2005 and December 31, 2004 are (Won)471.6 billion (US\$460.4 million) and (Won)288.8 billion (US\$282.0 million), respectively, and payables to its subsidiaries are (Won)0.2 billion (US\$0.2 million) and (Won)16.0 billion (US\$15.6 million), respectively. In addition, for the three months ended March 31, 2005 and 2004, revenues from transactions with its subsidiaries are (Won)3.9 billion (US\$3.8 million) and (Won)11.3 billion (US\$11.1 million), respectively, and expenses from transactions with its subsidiaries are (Won)3.2 billion (US\$3.1 million) and (Won)10.7 billion (US\$10.4 million), respectively.

Accounting principles and review standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations or cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

May 6, 2005

Notice to Readers

This report is effective as of May 6, 2005, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED BALANCE SHEETS****AS OF MARCH 31, 2005 AND DECEMBER 31, 2004**

| | Korean won | | U.S. dollars (Note 2) | |
|--|------------------------|------------------------|-----------------------|-----------------------|
| | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | (In millions) | | (In thousands) | |
| ASSETS | | | | |
| Cash and bank deposits (Notes 16, 18 and 20) | (Won) 243,727 | (Won) 56,099 | US\$ 237,945 | US\$ 54,768 |
| Investment securities accounted for using the equity method of accounting (Notes 3 and 18) | 9,377,752 | 9,436,975 | 9,155,279 | 9,213,097 |
| Loans, net of allowance for possible loan losses (Notes 4, 18 and 20) | 213,666 | 218,641 | 208,597 | 213,454 |
| Fixed and intangible assets (Note 6) | 230 | 282 | 224 | 275 |
| Other assets (Notes 7 and 20) | 36,770 | 36,047 | 35,898 | 35,192 |
| | <u>(Won) 9,872,145</u> | <u>(Won) 9,748,044</u> | <u>US\$ 9,637,943</u> | <u>US\$ 9,516,786</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| LIABILITIES | | | | |
| Borrowings (Notes 8 and 18) | (Won) 120,000 | (Won) 120,000 | US\$ 117,154 | US\$ 117,154 |
| Debentures, net of discounts and added accrued interest and redemption premium (Notes 9, 10 and 18) | 2,096,200 | 2,154,638 | 2,046,470 | 2,103,522 |
| Other liabilities (Notes 12 and 20) | 129,511 | 25,354 | 126,438 | 24,752 |
| | <u>2,345,711</u> | <u>2,299,992</u> | <u>2,290,062</u> | <u>2,245,428</u> |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock (Note 13) | 4,030,077 | 3,982,278 | 3,934,469 | 3,887,804 |
| Capital surplus (Note 13) | 109,025 | 84,356 | 106,439 | 82,355 |
| Retained earnings (Notes 3 and 13): | | | | |
| Legal reserve | 208,427 | 79,178 | 203,483 | 77,300 |
| Voluntary reserve | 2,030,000 | 1,120,000 | 1,981,841 | 1,093,430 |
| Retained earnings before appropriations (Net income of (Won) 362,024 million for the three months ended March 31, 2005 and (Won) 1,261,925 million and for the year ended December 31, 2004) | 331,317 | 1,129,675 | 323,457 | 1,102,875 |
| | <u>2,569,744</u> | <u>2,328,853</u> | <u>2,508,781</u> | <u>2,273,605</u> |
| Capital adjustments (Notes 3, 13 and 14) | 817,588 | 1,052,565 | 798,192 | 1,027,594 |
| | <u>7,526,434</u> | <u>7,448,052</u> | <u>7,347,881</u> | <u>7,271,358</u> |
| | <u>(Won) 9,872,145</u> | <u>(Won) 9,748,044</u> | <u>US\$ 9,637,943</u> | <u>US\$ 9,516,786</u> |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|--|------------------------|---|-----------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions, except for income per share data) | | (In thousands, except for income per share data) | |
| OPERATING REVENUE | | | | |
| Gain on valuation using the equity method of accounting (Notes 3 and 19) | (Won) 419,093 | (Won) 340,823 | US\$ 409,151 | US\$ 332,737 |
| Interest income (Note 20) | 3,866 | 11,337 | 3,774 | 11,068 |
| Gain on foreign currency transactions | | 2,884 | | 2,816 |
| Gain on foreign currency translation | | 10,632 | | 10,380 |
| Reversal of allowance for doubtful accounts | 22 | 3,146 | 21 | 3,071 |
| | <u>422,981</u> | <u>368,822</u> | <u>412,946</u> | <u>360,072</u> |
| OPERATING EXPENSES | | | | |
| Loss on valuation using the equity method of accounting (Notes 3 and 19) | (26,654) | (467,530) | (26,022) | (456,438) |
| Interest expense | (28,434) | (37,644) | (27,759) | (36,751) |
| Loss on valuation of swap contracts (Notes 9 and 20) | (91) | (9,260) | (89) | (9,040) |
| Fees and commissions (Note 20) | (1,056) | (1,155) | (1,031) | (1,128) |
| General and administrative (Notes 17 and 20) | (4,809) | (4,778) | (4,695) | (4,665) |
| | <u>(61,044)</u> | <u>(520,367)</u> | <u>(59,596)</u> | <u>(508,022)</u> |
| OPERATING INCOME (LOSS) | 361,937 | (151,545) | 353,350 | (147,950) |
| NON-OPERATING INCOME | 95 | 177 | 93 | 173 |
| NON-OPERATING EXPENSES | (8) | (1) | (8) | (1) |
| INCOME (LOSS) BEFORE INCOME TAX | 362,024 | (151,369) | 353,435 | (147,778) |
| INCOME TAX EXPENSE (Note 15) | | | | |
| NET INCOME (LOSS) | (Won) 362,024 | (Won) (151,369) | US\$ 353,435 | US\$ (147,778) |
| BASIC ORDINARY INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 453 | (Won) (195) | US\$ 0.442 | US\$ (0.191) |
| BASIC NET INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 453 | (Won) (195) | US\$ 0.442 | US\$ (0.191) |

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| | | | | | | | | |
|---|-------|-----|-------|-------|------|-------|------|---------|
| DILUTED ORDINARY INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) | 449 | (Won) | (195) | US\$ | 0.439 | US\$ | (0.191) |
| DILUTED NET INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) | 449 | (Won) | (195) | US\$ | 0.439 | US\$ | (0.191) |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---------------|-----------------|---|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | (In thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income (loss) | (Won) 362,024 | (Won) (151,369) | US\$ 353,435 | US\$ (147,778) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | |
| Loss on valuation using the equity method of accounting | 26,654 | 467,530 | 26,022 | 456,438 |
| Interest expense (amortization of discounts on debentures) | 680 | 2,988 | 663 | 2,917 |
| Loss on valuation of currency swap contracts | 91 | 9,260 | 89 | 9,040 |
| Provision for severance benefits | 265 | 22 | 259 | 21 |
| Depreciation | 47 | 27 | 46 | 26 |
| Amortization on intangible assets | 5 | 4 | 5 | 4 |
| Stock compensation | | 117 | | 114 |
| Gain on valuation using the equity method of accounting | (419,093) | (340,823) | (409,151) | (332,737) |
| Accrued interest on loans | (556) | (561) | (543) | (547) |
| Gain on foreign currency translation | | (10,632) | | (10,380) |
| Reversal of allowance for doubtful accounts | (22) | (3,146) | (21) | (3,071) |
| | (391,929) | 124,786 | (382,631) | 121,825 |
| Changes in operating assets and liabilities: | | | | |
| Decrease in other receivable | 405 | 130 | 395 | 127 |
| Decrease (increase) in accrued income | (21) | 336 | (21) | 328 |
| Decrease in accrued interest on loans | | 27,982 | | 27,318 |
| Decrease in currency swap contracts | | 16,463 | | 16,073 |
| Decrease in advanced payments | 65 | | 64 | |
| Decrease in prepaid expenses | 17 | 7 | 17 | 7 |
| Increase in prepaid income tax | (51) | (5,143) | (50) | (5,021) |
| Payment of severance benefits | (13) | | (13) | |
| Decrease in severance insurance | 13 | | 13 | |
| Increase (decrease) in other payables | 191 | (8) | 187 | (8) |
| Increase (decrease) in accrued expenses | (1,640) | 535 | (1,601) | 522 |
| Decrease in withholdings | (159) | (50) | (155) | (49) |
| | (1,193) | 40,252 | (1,164) | 39,297 |
| Net cash provided by (used in) operating activities | (31,098) | 13,669 | (30,360) | 13,344 |

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004**

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|----------------------|----------------------|---|---------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | (In thousands) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Dividend income | (Won) 60,435 | (Won) 262,609 | US\$ 59,001 | US\$ 256,379 |
| Decrease in investment securities accounted for using the equity method of accounting due to reduction in capital stock with cash consideration | 154,000 | | 150,347 | |
| Collection of loans | 5,000 | 1,850 | 4,881 | 1,806 |
| Collection of other loans | | 600,000 | | 585,766 |
| Acquisition of investment securities accounted for using the equity method of accounting | | (800,000) | | (781,021) |
| Net cash provided by investing activities | 219,435 | 64,459 | 214,229 | 62,930 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from borrowings | | 230,000 | | 224,544 |
| Repayment of debentures in foreign currencies | | (167,940) | | (163,956) |
| Cost on issuance of new shares | (709) | | (692) | |
| Net cash provided by (used in) financing activities | (709) | 62,060 | (692) | 60,588 |
| NET INCREASE IN CASH AND BANK DEPOSITS | 187,628 | 140,188 | 183,177 | 136,862 |
| CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD | 56,099 | 349,585 | 54,768 | 341,292 |
| CASH AND BANK DEPOSITS, END OF THE PERIOD | (Won) 243,727 | (Won) 489,773 | US\$ 237,945 | US\$ 478,154 |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004****1. GENERAL**

(1) Woori Finance Holdings Co., Ltd.

Woori Finance Holdings Co., Ltd. (the Company) was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions, Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 9 subsidiaries and 13 2nd-tier subsidiaries as of March 31, 2005.

Upon incorporation, the Company's stock amounted to (Won)3,637,293 million (US\$3,551,004 thousand), consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases and exercise of warrants and conversion rights since incorporation, as of March 31, 2005, the Company's stock amounted to (Won)4,030,077 million (US\$3,934,469 thousand), consisting of 806,015,340 common shares issued and outstanding of which the KDIC owns 628,458,609 shares (77.97%).

On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange. On September 29, 2003, the Company was registered with the Securities and Exchange Commission in the United States of America and listed its American Depositary Shares on the New York Stock Exchange.

(2) The structure of the Company and its subsidiaries as of March 31, 2005 and December 31, 2004 is as follows:

| Parent companies | Subsidiaries | Mar. 31, 2005 | | Dec. 31, 2004 | | Financial statements as of |
|---------------------|--|----------------------------------|--------------------------------|------------------------------|--------------------------------|----------------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| | | Woori Finance Holdings Co., Ltd. | Woori Bank | 635,956,580 | 100.0 | |
| | Kyongnam Bank | 51,800,000 | 99.9 | 51,800,000 | 99.9 | Mar. 31 |
| | Kwangju Bank | 34,080,000 | 99.9 | 34,080,000 | 99.9 | Mar. 31 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | 900,000 | 100.0 | Mar. 31 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Mar. 31 |
| | Woori Second Asset Securitization Specialty | 1,900 | 95.0 | 1,900 | 95.0 | Mar. 31 |

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| | | | | | | |
|------------|--|------------|-------|------------|-------|-------------|
| | Co., Ltd. | | | | | |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | 2,000 | 100.0 | Mar. 31 |
| | Woori Investment Trust Management Co., Ltd. | 6,000,000 | 100.0 | 6,000,000 | 100.0 | Mar. 31 |
| | Woori Securities Co., Ltd. (*1) | | | 32,956,413 | 100.0 | Mar. 31(*2) |
| | Woori Investment Securities Co., Ltd. (*1) | 45,274,981 | 33.66 | 32,877,487 | 26.92 | Mar. 31(*2) |
| Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | 1,008,000 | 100.0 | Mar. 31(*2) |
| | Woori America Bank | 8,500,000 | 100.0 | 8,500,000 | 100.0 | Mar. 31(*2) |
| | PT. Bank Woori Indonesia | 1,618 | 95.2 | 1,618 | 95.2 | Mar. 31(*2) |
| | Woori First Private Equity Fund | | 52.38 | | 52.38 | Mar. 31(*2) |

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| Parent companies | Subsidiaries | Mar. 31, 2005 | | Dec. 31, 2004 | | Financial statements as of |
|---------------------------------------|---|------------------------------|--------------------------------|------------------------------|--------------------------------|----------------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori F&I Co., Ltd. | Woori CA Asset Management Co., Ltd. | 408,000 | 51.0 | 408,000 | 51.0 | Mar. 31 |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd. (*3) | 5,000,000 | 100.0 | 5,000,000 | 100.0 | Mar. 31 |
| | LG Investment Trust Management Co., Ltd. | 5,400,000 | 90.0 | 5,400,000 | 90.0 | Mar. 31 |
| | Woori Investment Securities Int'l Ltd. (*3) | 5,788,000 | 100.0 | 5,788,000 | 100.0 | Mar. 31(*2) |
| | Woori Investment Securities (H.K.) Limited (*3) | 22,500,000 | 100.0 | 22,500,000 | 100.0 | Mar. 31(*2) |
| | Woori Investment Securities America, Inc. (*3) | 300 | 100.0 | 300 | 100.0 | Mar. 31 |
| | LG Investment Holding B.V. (Amsterdam) GG | 1,642,398,242 | 100.0 | 1,642,398,242 | 100.0 | Mar. 31 |
| | High Technology Venture Investment | 1,500,000 | 42.86 | 1,500,000 | 42.86 | Mar. 31 |
| | Global Technology Investment | 1,500,000 | 50.00 | 1,500,000 | 50.00 | Mar. 31 |

(*1) LG Investment Securities Co., Ltd. (LG Securities), a subsidiary of the Company, merged with Woori Securities Co., Ltd. (Woori Securities), also a subsidiary of the Company, on March 31, 2005 and changed its name to Woori Investment Securities Co., Ltd. (Woori Investment Securities).

(*2) The financial statements as of March 31, 2005 are not reviewed except those of Woori Securities Co., Ltd. In order to ensure the credibility of the financial statements of those subsidiaries, the Company performed certain procedures in accordance with Practice Statements in Financial Reporting 2002-7 Investees financial statements applied using the equity method of accounting .

(*3) Some subsidiaries of Woori Investment Securities (formerly LG Securities) also changed their names as LG Securities changed its name.

(3) General information pertaining to the Company's subsidiaries as of March 31, 2005 does not differ materially from that as of December 31, 2004 except for the following:

a. Woori Investment Securities

LG Securities, which shares listed on the Korea Stock Exchange, was established in January 1969 to engage in trading, agency, brokerage and underwriting of securities. LG Securities became a subsidiary of the Company as of December 24, 2004 as Woori Finance Holdings Co., Ltd acquired 26.92% of voting right of LG Securities and is able to govern its management. LG Securities merged with Woori Securities on March 31, 2005 and changed its name to Woori Investment Securities. As a result of the merger, new 12,397,494 common shares of Woori Investment Securities were issued by exchanging one common share of Woori Securities with 0.654 common shares of Woori Investment Securities. As of March 31, 2005, its issued common stock amounted to (Won) 687,445 million (US\$ 671,136 thousand) consisting of 134,513,863 shares and its issued preferred stock amounted (Won)99,355 million (US\$ 96,998 thousand) consisting of 19,870,968 shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been restructured and translated into English from the Korean language financial statements.

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The U.S. dollar amounts presented in these financial statements were computed by translating Korean won amounts into U.S. dollars amounts using the Base Rate announced by Seoul Money Brokerage Service, Ltd. of (Won) 1,024.3 to US\$ 1.00 at March 31, 2005, solely for the convenience of the readers outside of the Republic of Korea. This convenience translation into U.S. dollars should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The accounting policies, which have been adopted in preparing the accompanying non-consolidated financial statements, do not differ materially from those used in preparing the non-consolidated financial statements for the year ended December 31, 2004 except for the following:

a. Accounting of income taxes Statements Korea Accounting Standards (SKAS) No. 16

The Company adopted SKAS No. 16 - the accounting of income taxes , prospectively in 2005. This standard requires that the temporary differences relating to items in equity, which will result in taxable or deductible amounts in future years are directly charged to the related equity items and deferred tax assets and liabilities are classified into current and non-current. The adoption of this standard has no effect on the Company s accounting of income tax.

b. Reclassification of statements of operations and cash flows for three months ended March 31, 2004

As the Company adopted SKAS No. 15 - The equity method of accounting in preparing the financial statements for the year ended December 31, 2004, net loss on valuation using the equity method of accounting in the statements of operations and cash flows for three months ended March 31, 2004, which are presented for comparative purposes, is reclassified into gain and loss on valuation using the equity method of accounting at gross. This has no effect on the Company s net loss for the three months ended March 31, 2004.

c. Financial statements as of December 31, 2004

Woori Bank, a subsidiary of the Company, directly recorded certain assets such as securities and call loans that were deemed owned by Woori Bank through holding private beneficiary certificates, on its financial statements as of December 31, 2004. However, in accordance with the new interpretation of the accounting practice, a private beneficiary certificate on which management, as investor agrees to have no interference and is not practically managing is regarded as an ordinary beneficiary certificate and recorded as securities. Woori Bank adopted retroactively this new interpretation in its 2004 financial statements presented for comparative purposes. Therefore, the Company reflects such financial statements of Woori Bank on investment securities accounted for using the equity method of accounting in its 2004 financial statements. As a result, investment securities accounted for using the equity method of accounting increased by (Won)11.6 billion (US\$11.3 million), capital adjustments increased by (Won)42.1 billion (US\$ 41.1 million) and retained earnings decreased by (Won)30.5 billion (US\$ 29.8 million) in the Company s 2004 financial statements presented for comparative purposes.

Table of Contents**3. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD OF ACCOUNTING**

- (1) Changes in investment securities accounted for using the equity method of accounting for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | Gain (loss) | | | | | |
|---|-----------------|---------------|-----------------|---------------|-----------------|-----------------|
| | on valuation | | | Other | | |
| | January 1, | using the | Capital | Retained | increase | March 31, |
| | 2005 | equity method | adjustments | earnings | (decrease) | 2005 |
| Woori Bank | (Won) 7,589,957 | (Won) 351,967 | (Won) (193,239) | (Won) (1,668) | (Won) | (Won) 7,747,017 |
| Kyongnam Bank | 608,802 | 25,151 | (9,809) | 47 | (32,737) | 591,454 |
| Kwangju Bank | 420,595 | 18,601 | (4,546) | | (21,675) | 412,975 |
| Woori Finance Information System | 7,613 | 2,235 | (2) | | | 9,846 |
| Woori F&I | 58,231 | 16,524 | (1,369) | (44) | (6,022) | 67,320 |
| Woori Second Asset Securitization Specialty | | (7) | | | 7 | |
| Woori Third Asset Securitization Specialty | | (379) | 973 | | (594) | |
| Woori Investment Trust Management | 35,076 | 338 | | | | 35,414 |
| Woori Securities (*1) | 361,500 | (26,268) | 8,729 | | (343,961) | |
| Woori Investment Securities (*1) | 355,201 | 4,277 | (35,713) | | 189,961 | 513,726 |
| | (Won) 9,436,975 | (Won) 392,439 | (Won) (234,976) | (Won) (1,665) | (Won) (215,021) | (Won) 9,377,752 |

- (*1) Due to Woori Securities merger into LG Securities as of March 31, 2005, investment securities of Woori Securities are combined in Woori Investment Securities.

- (2) The reconciliation between the acquisition costs and the book value as of December 31, 2004 is summarized as follows (Unit: Korean won in millions):

| | Gain (loss) | | | | | |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | on valuation | | | Other | | |
| | Acquisition | using the | Capital | Retained | increase | Dec. 31, 2004 |
| | cost | equity method | adjustments | earnings | (decrease) | |
| Woori Bank | (Won) 2,764,400 | (Won) 4,437,759 | (Won) 1,285,748 | (Won) (111,652) | (Won) (786,298) | (Won) 7,589,957 |
| Kyongnam Bank | 259,000 | 337,157 | 47,468 | (11,513) | (23,310) | 608,802 |
| Kwangju Bank | 170,403 | 251,325 | 17,980 | (3,777) | (15,336) | 420,595 |
| Woori Credit Card | 273,000 | (1,957,311) | (520,422) | (135,104) | 2,339,837 | |

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| | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Woori Finance Information System | 5,244 | 2,567 | 6 | (204) | | 7,613 |
| Woori F&I | 10,094 | 43,239 | 7,898 | | (3,000) | 58,231 |
| Woori Second Asset Securitization Specialty | 10 | 41,104 | | | (41,114) | |
| Woori Third Asset Securitization Specialty | 10 | 5,062 | 21,444 | (9,890) | (16,626) | |
| Woori Investment Trust Management | 39,128 | 5,848 | | | (9,900) | 35,076 |
| Woori Securities | 152,662 | (6,348) | 155,213 | | 59,973 | 361,500 |
| LG Securities | 355,201 | | | | | 355,201 |
| | <u>(Won) 4,029,152</u> | <u>(Won) 3,160,402</u> | <u>(Won) 1,015,335</u> | <u>(Won) (272,140)</u> | <u>(Won) 1,504,226</u> | <u>(Won) 9,436,975</u> |

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(3) The details of other increase or decrease for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | Merger | | | |
|---|--------------|-----------------|----------------|-----------------|
| | between | | | |
| | subsidiaries | Acquisition | Dividends | Total |
| Kyongnam Bank | (Won) | (Won) | (Won) (32,737) | (Won) (32,737) |
| Kwangju Bank | | | (21,675) | (21,675) |
| Woori F&I | | | (6,022) | (6,022) |
| Woori Second Asset Securitization Specialty | | | (*1) 7 | 7 |
| Woori Third Asset Securitization Specialty | | | (*1) (594) | (594) |
| Woori Securities | (189,961) | (154,000) | | (343,961) |
| Woori Investment Securities | 189,961 | | | 189,961 |
| | (Won) | (Won) (154,000) | (Won) (61,021) | (Won) (215,021) |

(*1) Adjustment on dividend receivables

(4) The details of other increase or decrease from the acquisition date to December 31, 2004 are as follows (Unit: Korean won in millions):

| | Merger | | | |
|---|---------------|-----------------|-------------------|-----------------|
| | between | | | |
| | subsidiaries | Acquisition | Dividends | Total |
| Woori Bank | (Won) 200,163 | (Won) 227,084 | (Won) (1,213,545) | (Won) (786,298) |
| Kyongnam Bank | | | (23,310) | (23,310) |
| Kwangju Bank | | | (15,336) | (15,336) |
| Woori Credit Card | (200,163) | 2,540,000 | | 2,339,837 |
| Woori F&I | | | (3,000) | (3,000) |
| Woori Second Asset Securitization Specialty | | | (41,114) | (41,114) |
| Woori Third Asset Securitization Specialty | | | (16,626) | (16,626) |
| Woori Investment Trust Management | | | (9,900) | (9,900) |
| Woori Securities | | 73,958 | (13,985) | 59,973 |
| | (Won) | (Won) 2,841,042 | (Won) (1,336,816) | (Won) 1,504,226 |

(5) The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2005 | Amortization | Mar. 31, 2005 |
|-----------|--------------|--------------|---------------|
| Woori F&I | (Won) 79 | (Won) 1 | (Won) 78 |

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| | | | |
|-----------------------------|-----------------------|----------------------|-----------------------|
| Woori Investment Securities | <u>(15,405)</u> | <u>(4,867)</u> | <u>(10,538)</u> |
| | <u>(Won) (15,326)</u> | <u>(Won) (4,866)</u> | <u>(Won) (10,460)</u> |

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- (6) The details of unrealized inter-company income or loss for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | <u>Jan. 1, 2005</u> | <u>Decrease</u> | <u>Increase</u> | <u>Mar. 31, 2005</u> |
|--|---------------------|------------------|-------------------|----------------------|
| Woori Bank | (Won) 8,963 | (Won) 286 | (Won) | (Won) 8,677 |
| Kyongnam Bank | (21) | (2) | | (19) |
| Kwangju Bank | (160) | 65 | (3) | (228) |
| Woori Finance Information System | 491 | 222 | (50) | 219 |
| Woori F&I | 25 | | 25 | 50 |
| Woori Third Asset Securitization Specialty | 50 | | | 50 |
| Woori Investment Trust Management | (3) | | | (3) |
| Woori Investment Securities | | | (62) | (62) |
| | <u>(Won) 9,345</u> | <u>(Won) 571</u> | <u>(Won) (90)</u> | <u>(Won) 8,684</u> |

4. LOANS

Loans as of March 31, 2005 and December 31, 2004 are as follows:

| | Issuance date | Maturity date | Annual interest rate (%) | Translation into | | | |
|---|------------------|------------------|--------------------------------|------------------|------------------|-----------------------|------------------|
| | | | | Korean won | | U.S. dollars (Note 2) | |
| | | | | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | | | (In millions) | (In thousands) | | | |
| Woori Finance Information System | Oct. 31, 2002 | Oct. 31, 2006 | 6.3 | (Won) 30,000 | (Won) 30,000 | US\$ 29,288 | US\$ 29,288 |
| Woori F&I | Mar. 25, 2003 | Mar. 25, 2007 | 7.3 | 85,000 | 90,000 | 82,984 | 87,865 |
| | Jul. 7, 2003 | Jul. 7, 2007 | 7.3 | 23,000 | 23,000 | 22,454 | 22,454 |
| | Jul. 29 2003 | Jul. 29 2007 | 7.3 | 8,850 | 8,850 | 8,640 | 8,640 |
| | | | | <u>116,850</u> | <u>121,850</u> | <u>114,078</u> | <u>118,959</u> |
| Woori Second Asset Securitization Specialty: | | | | | | | |
| 2-1 non-guaranteed privately placed bonds (*1) | Jan. 8, 2002 | Jan. 8, 2012 | 7.5 | 100 | 100 | 98 | 98 |

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| Woori Third Asset Securitization | | | | | | | |
|--|---------------|---------------|-----|----------------------|----------------------|---------------------|---------------------|
| Specialty: | | | | | | | |
| 3-1 non-guaranteed privately placed bonds (*1) | Apr. 15, 2002 | Apr. 15, 2012 | 7.8 | 17,790 | 17,790 | 17,368 | 17,368 |
| Kwangju Bank: | | | | | | | |
| Non-guaranteed subordinated convertible bonds (*2) | Dec. 31, 2002 | Dec. 31, 2012 | | 50,000 | 50,000 | 48,814 | 48,814 |
| Total | | | | 214,740 | 219,740 | 209,646 | 214,527 |
| Allowance for possible loan losses (Note 5) | | | | (1,074) | (1,099) | (1,049) | (1,073) |
| Net | | | | (Won) 213,666 | (Won) 218,641 | US\$ 208,597 | US\$ 213,454 |

(*1) The principal of the non-guaranteed privately placed bonds listed above shall be fully repaid on the maturity date; however, the trustees may exercise early redemption rights to pay, in part or in whole, the principal in accordance with the business trust contract pursuant to the asset securitization plan.

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(*2) The coupon rate on the bonds is zero and the guaranteed return is 155.29%. The conversion price is (Won)5,000 and conversion rights are valid from one year after the issuance date to one month before the maturity date. The common shares of Kwangju Bank will be issued upon conversion.

5. ALLOWANCE FOR POSSIBLE LOAN LOSSES

Allowances for possible loan losses as of March 31, 2005 and December 31, 2004 are as follows:

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|--------------------|--------------------|---|-------------------|
| | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | (In millions) | | (In thousands) | |
| Loans: | | | | |
| Woori F&I | (Won) 584 | (Won) 609 | US\$ 571 | US\$ 595 |
| Woori Finance Information System | 150 | 150 | 146 | 146 |
| Woori Second Asset Securitization Specialty | 1 | 1 | 1 | 1 |
| Woori Third Asset Securitization Specialty | 89 | 89 | 87 | 87 |
| Kwangju Bank | 250 | 250 | 244 | 244 |
| | <u>1,074</u> | <u>1,099</u> | <u>1,049</u> | <u>1,073</u> |
| Long-term accrued interest income: | | | | |
| Kwangju Bank | 25 | 23 | 24 | 22 |
| | <u>(Won) 1,099</u> | <u>(Won) 1,122</u> | <u>US\$ 1,073</u> | <u>US\$ 1,095</u> |

6. FIXED ASSETS AND INTANGIBLE ASSETS

(1) Changes in tangible assets for the three months ended March 31, 2005 and the year ended December 31, 2004 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2005 | Acquisition | Disposition | Depreciation | Mar. 31, 2005 |
|------------------------------|------------------|--------------|--------------|-----------------|------------------|
| Vehicles | (Won) 7 | (Won) | (Won) | (Won) 7 | (Won) |
| Furniture and equipment | 142 | | | 31 | 111 |
| Structures in leased offices | 79 | | | 9 | 70 |
| | <u>(Won) 228</u> | <u>(Won)</u> | <u>(Won)</u> | <u>(Won) 47</u> | <u>(Won) 181</u> |

| | <u>Jan. 1, 2004</u> | <u>Acquisition</u> | <u>Disposition</u> | <u>Depreciation</u> | <u>Dec. 31, 2004</u> |
|------------------------------|---------------------|--------------------|--------------------|---------------------|--------------------------|
| Vehicles | (Won) 57 | (Won) | (Won) 34 | (Won) 16 | (Won) 7 |
| Furniture and equipment | 124 | 134 | 3 | 113 | 142 |
| Structures in leased offices | 61 | 54 | | 36 | 79 |
| | <u>(Won) 242</u> | <u>(Won) 188</u> | <u>(Won) 37</u> | <u>(Won) 165</u> | <u>(Won) 228</u> |

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- (2) Changes in intangible assets for the three months ended March 31, 2005 and the year ended December 31, 2004 are as follows (Unit: Korean won in millions):

| | <u>Jan. 1, 2005</u> | <u>Acquisition</u> | <u>Amortization</u> | <u>Mar. 31, 2005</u> |
|----------------------------|---------------------|--------------------|---------------------|----------------------|
| Software | (Won) 14 | (Won) | (Won) 2 | (Won) 12 |
| Industrial property rights | 40 | | 3 | 37 |
| | <u>(Won) 54</u> | <u>(Won)</u> | <u>(Won) 5</u> | <u>(Won) 49</u> |
| | <u>Jan. 1,</u> | <u>Acquisition</u> | <u>Amortization</u> | <u>Dec. 31,</u> |
| | <u>2004</u> | | | <u>2004</u> |
| Software | (Won) 20 | (Won) 1 | (Won) 7 | (Won) 14 |
| Industrial property rights | 31 | 21 | 12 | 40 |
| | <u>(Won) 51</u> | <u>(Won) 22</u> | <u>(Won) 19</u> | <u>(Won) 54</u> |

As of March 31, 2005, accumulated amortization of software amount to (Won)22 million (US\$21 thousand) and accumulated amortization of industrial property rights amount to (Won)29 million (US\$28 thousand).

7. OTHER ASSETS

Other assets as of March 31, 2005 and December 31, 2004 are as follows:

| | Translation into | | | |
|--|------------------|-----------------|-----------------------|-----------------|
| | Korean won | | U.S. dollars (Note 2) | |
| | <u>Mar. 31,</u> | <u>Dec. 31,</u> | <u>Mar. 31,</u> | <u>Dec. 31,</u> |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | (In millions) | | (In thousands) | |
| Guarantee deposits | (Won) 4,204 | (Won) 4,204 | US\$ 4,104 | US\$ 4,104 |
| Other receivables | 1,887 | 2,293 | 1,842 | 2,239 |
| Dividend receivables | 18,726 | 18,140 | 18,282 | 17,710 |
| Accrued income | 5,878 | 5,302 | 5,738 | 5,176 |
| Advanced payments | 17 | 82 | 17 | 80 |
| Prepaid expenses | 640 | 657 | 625 | 641 |
| Prepaid income tax | 5,443 | 5,392 | 5,314 | 5,264 |
| | <u>36,795</u> | <u>36,070</u> | <u>35,922</u> | <u>35,214</u> |
| Allowance for losses for accrued interest (Note 5) | (25) | (23) | (24) | (22) |

| | | | |
|---------------------|---------------------|--------------------|--------------------|
| <u>(Won) 36,770</u> | <u>(Won) 36,047</u> | <u>US\$ 35,898</u> | <u>US\$ 35,192</u> |
|---------------------|---------------------|--------------------|--------------------|

8. BORROWINGS

Borrowings in local currency and line of credit as of March 31, 2005 and December 31, 2004 are as follows:

| | Annual interest rate (%) | Maturity | Line of credit | Translation into | | | |
|---------------------------|--------------------------|---------------|----------------------|----------------------|----------------------|-----------------------|---------------------|
| | | | | Korean won | | U.S. dollars (Note 2) | |
| | | | | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | | | (In millions) | (In millions) | | (In thousands) | |
| Citibank | CD(3M)+1.3 | Sep. 30, 2005 | (Won) 100,000 | (Won) 60,000 | (Won) 60,000 | US\$ 58,577 | US\$ 58,577 |
| Shinhan Bank | CD(3M)+1.4 | Aug. 19, 2005 | 200,000 | 60,000 | 60,000 | 58,577 | 58,577 |
| Korea First Bank | CD(3M)+1.5 | Jul. 16, 2005 | 100,000 | | | | |
| Samsung Insurance Company | 6.10 | Sep. 15, 2005 | 100,000 | | | | |
| | | | <u>(Won) 500,000</u> | <u>(Won) 120,000</u> | <u>(Won) 120,000</u> | <u>US\$ 117,154</u> | <u>US\$ 117,154</u> |

Table of Contents**9. DEBENTURES**

(1) Debentures in local currency as of March 31, 2005 and December 31, 2004 are as follows:

1) Bonds in local currency

| Issuance date | Annual interest rate (%) | Maturity | Translation into | | | | |
|------------------|--------------------------------|----------|------------------|------------------|-----------------------|------------------|----------------|
| | | | Korean won | | U.S. dollars (Note 2) | | |
| | | | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 | |
| | | | (In millions) | | (In thousands) | | |
| The 7th bonds | Nov. 27, 2002 | 5.80 | Nov. 27, 2005 | (Won) 300,000 | (Won) 300,000 | (Won) 292,883 | (Won) 292,883 |
| The 8th bonds | Dec. 26, 2002 | 6.05 | Dec. 26, 2007 | 200,000 | 200,000 | 195,255 | 195,255 |
| The 9th bonds | Sep. 19, 2003 | 4.64 | Sep. 19, 2006 | 300,000 | 300,000 | 292,883 | 292,883 |
| The 10th bonds | Dec. 16, 2003 | 5.92 | Dec. 16, 2008 | 300,000 | 300,000 | 292,883 | 292,883 |
| The 11th bonds | Jun. 18, 2004 | 5.05 | Jun. 18, 2009 | 370,000 | 370,000 | 361,222 | 361,222 |
| The 12th bonds | Jul. 26, 2004 | 4.84 | Jul. 26, 2009 | 230,000 | 230,000 | 224,544 | 224,544 |
| The 13th bonds | Aug. 31, 2004 | 4.42 | Aug. 31, 2005 | 100,000 | 100,000 | 97,628 | 97,628 |
| The 14th bonds | Nov. 23, 2004 | 3.49 | Nov. 23, 2007 | 300,000 | 300,000 | 292,883 | 292,883 |
| Total | | | | 2,100,000 | 2,100,000 | 2,050,181 | 2,050,181 |
| Less: discounts | | | | (3,800) | (4,194) | (3,711) | (4,095) |
| | | | | (Won) 2,096,200 | (Won) 2,095,806 | US\$ 2,046,470 | US\$ 2,046,086 |

(2) Debentures in foreign currencies as of December 31, 2004 are as follows (Unit: Korean won in millions and U.S. dollars in thousands):

1) Convertible bonds in foreign currencies

| Issuance date | Annual interest rate (%) | Maturity | Dec. 31, | |
|----------------------------|--------------------------------|---------------|----------|--------|
| | | | 2004 | |
| 6-1 Convertible bonds | Sep. 27, 2002 | Sep. 27, 2005 | US\$ | 36,000 |
| Long-term accrued interest | | | | 2,445 |
| | | | US\$ | 38,445 |
| Korean won equivalent | | | (Won) | 40,129 |
| 6-2 Convertible bonds | Dec. 20, 2002 | Dec. 20, 2005 | US\$ | 16,000 |

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| | | | | |
|--|---------------|---------------|-------|--------|
| Long-term accrued interest | | | | 907 |
| | | | US\$ | 16,907 |
| Korean won equivalent | | | (Won) | 17,647 |
| 6-5 Convertible bonds | Jul. 10, 2003 | Jul. 10, 2006 | US\$ | 1,000 |
| Add: redemption premium | | | | 63 |
| Less: reconciliation for conversion rights | | | | (51) |
| | | | US\$ | 1,012 |
| Korean won equivalent | | | (Won) | 1,056 |
| | | | (Won) | 58,832 |

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- 2) The above convertible bonds were converted to common shares of the Company for the three months ended March 31, 2005 and the details of the conversion are as follows:

| | <u>6-2 Convertible bonds</u> | | <u>6-1 Convertible bonds</u> | | <u>6-5 Convertible bonds</u> | |
|--|------------------------------|---|------------------------------|---|------------------------------|---|
| Converted on | | 2005.02.17 | | 2005.03.11 | | 2005.03.11 |
| Converted by | | Lehman Brothers International Europe | | Lehman Brothers International Europe | | Lehman Brothers International Europe |
| Conversion price | (Won) | 5,588 | (Won) | 7,313 | (Won) | 7,228 |
| Conversion-exchange rate applied | (Won) | 1,215.8: US\$ 1 | (Won) | 1,201.4: US\$ 1 | (Won) | 1,188.5: US\$ 1 |
| Issued common shares | | 3,481,173 | | 5,914,180 | | 164,429 |
| Increased capital stock | (Won) | 17,406 million | (Won) | 29,571 million | (Won) | 822 million |
| Increased paid-in capital in excess of par share | (Won) | 4,290 million | (Won) | 20,639 million | (Won) | 491 million |

- 3) In connection with the debentures in foreign currencies listed above, the Company has entered into cross currency interest rate swaps with Woori Bank in order to hedge any risks involved with fluctuations in exchange rates and interest rates. As of March 31, 2005 and 2004, cross currency interest rate swap contracts are as follows (Unit: Korean won in millions and U.S. dollars in thousands):

| <u>Contract date</u> | <u>Maturity date</u> | <u>Contracted amount</u> | | <u>Interest rates and terms of payment</u> |
|----------------------|----------------------|--------------------------|-----------------------------|--|
| | | <u>Mar. 31, 2005</u> | <u>Dec. 31, 2004</u> | |
| Sep. 27, 2002 | Sep. 27, 2005 | US\$ (Won) | US\$ 36,000 (Won) 44,136 | Receipt: compound interest rate of 2.9245% (6 months) Payment: annual rate of 5% |
| Dec. 20, 2002 | Dec. 20, 2005 | US\$ (Won) | US\$ 16,000 (Won) 19,248 | Receipt: compound interest rate of 2.7335% (6 months) Payment: annual rate of 4.84% |
| Jul. 9, 2003 | Jul. 10, 2006 | US\$ (Won) | US\$ 1,000 (Won) 1,179 | Receipt: compound interest rate of 2.034% (6 months) Payment: annual rate of 3.93% |

Loss on valuation of swaps of (Won)91 million (US\$ 89 thousand) and (Won)9,260 million (US\$ 9,040 thousand) for the three months ended March 31, 2005 and 2004, respectively, were recorded.

10. LIABILITIES IN FOREIGN CURRENCIES

Liabilities denominated in foreign currencies of the Company as of March 31, 2005 and December 31, 2004 are summarized as follows:

| <u>Foreign currencies</u> | <u>Korean won equivalent</u> |
|---------------------------|------------------------------|
|---------------------------|------------------------------|

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| | <u>Mar. 31, 2005</u> | <u>Dec. 31, 2004</u> | <u>Mar. 31, 2005</u> | <u>Dec. 31, 2004</u> |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | (In thousands) | | (In millions) | |
| Debentures in foreign currencies | US\$ | US\$ 53,000 | (Won) | (Won) 55,321 |
| Long-term accrued interest payables | | 3,352 | | 3,499 |
| Redemption premium | | 63 | | 65 |
| Reconciliation for conversion rights | | (51) | | (53) |
| Currency swaps | | 13,383 | | 13,969 |
| | <u>US\$</u> | <u>US\$ 69,747</u> | <u>(Won)</u> | <u>(Won) 72,801</u> |

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Table of Contents**11. ACCRUED SEVERANCE BENEFITS**

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to (Won)1,482 million (US\$1,447 thousand) and (Won)1,230 million (US\$1,201 thousand) as of March 31, 2005 and December 31, 2004, respectively.

The details of changes in the accrued severance benefits for the three months ended March 31, 2005 and the year ended December 31, 2004 are as follows:

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|----------------------------------|---------------|---------------|---|---------------|
| | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | (In millions) | | (In thousands) | |
| Beginning balance | (Won) 1,230 | (Won) 1,583 | US\$ 1,201 | US\$ 1,545 |
| Provision for severance benefits | 265 | 215 | 259 | 210 |
| Payment for severance benefits | (13) | (568) | (13) | (554) |
| Ending balance | (Won) 1,482 | (Won) 1,230 | US\$ 1,447 | US\$ 1,201 |

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of March 31, 2005 and December 31, 2004, the deposits, amounting to (Won)1,217 million (US\$1,188 thousand) and (Won)1,230 million (US\$1,201 thousand), respectively, are presented as a deduction from accrued severance benefits.

12. OTHER LIABILITIES

Other liabilities as of March 31, 2005 and December 31, 2004 are as follows:

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--------------------------------------|---------------|---------------|---|---------------|
| | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 |
| | (In millions) | | (In thousands) | |
| Accrued severance benefits (Note 11) | (Won) 1,482 | (Won) 1,230 | US\$ 1,447 | US\$ 1,201 |

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| | | | | |
|---|----------------------|---------------------|---------------------|--------------------|
| Deposits with employee retirement trust (Note 11) | (1,217) | (1,230) | (1,188) | (1,201) |
| Other payables | 354 | 163 | 345 | 159 |
| Accrued expenses | 9,199 | 10,838 | 8,981 | 10,581 |
| Dividend payable | 119,468 | | 116,634 | |
| Withholdings | 225 | 384 | 219 | 375 |
| Currency swaps (Notes 9 and 10) | | 13,969 | | 13,637 |
| | <u>(Won) 129,511</u> | <u>(Won) 25,354</u> | <u>US\$ 126,438</u> | <u>US\$ 24,752</u> |

13. SHAREHOLDERS EQUITY

(1) The authorized shares and issued shares of common stock as of March 31, 2005 and December 31, 2004 are as follows:

| | <u>Mar. 31, 2005</u> | <u>Dec. 31, 2004</u> |
|-----------------------------------|----------------------|----------------------|
| Authorized shares of common stock | 2,400,000,000 | 2,400,000,000 |
| Par value | (Won) 5,000 | (Won) 5,000 |
| Issued shares of common stock | 806,015,340 | 796,455,558 |

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- (2) The changes in the capital stock of the Company for the period from its incorporation to March 31, 2005 are as follows (Unit: Korean won in millions):

| Date of issuance | Description | Number of shares issued | Paid-in capital | |
|------------------|------------------------------------|-------------------------|-----------------|------------------------|
| | | | Capital stock | in excess of par value |
| March 27, 2001 | Establishment | 727,458,609 | (Won) 3,637,293 | (Won) |
| June 12, 2002 | Issuance of new shares | 36,000,000 | 180,000 | 58,645 |
| In 2002 | Exercise of warrants | 4,356,188 | 21,781 | |
| 2002.12.31 | | 767,814,797 | 3,839,074 | 58,645 |
| In 2003 | Exercise of warrants | 7,690,113 | 38,451 | (574) |
| 2003.12.31 | | 775,504,910 | 3,877,525 | 58,071 |
| In 2004 | Issuance of new shares | 8,571,262 | 42,856 | 14,126 |
| | Exercise of convertible bonds | 12,379,386 | 61,897 | 12,118 |
| 2004.12.31 | | 796,455,558 | 3,982,278 | 84,315 |
| In 2005 | Exercise of convertible bonds (*1) | 9,559,782 | 47,799 | 24,710 |
| 2005.3.31 | | 806,015,340 | (Won) 4,030,077 | (Won) 109,025 |

(*1) On February 17 and March 11, 2005, convertible bonds were converted (Note 9).

- (3) Other capital surplus was consideration of conversion rights relating to convertible bonds issued in 2003. It was transferred to paid-in capital in excess of par value as the convertible bonds were converted to common shares of the Company the three months ended March 31, 2005.
- (4) Pursuant to Act Article 53 of the Financial Holding Company Act, legal reserves are appropriated at no less than one tenth of net income until reaching an amount equal to the Company's contributed capital, whenever dividends are declared.
- (5) As of March 31, 2005 and December 31, 2004, the Company held 2,547 shares of treasury stock amounting to (Won)18 million (US\$17 thousand).
- (6) The changes in retained earnings December 31, 2004 to March 31, 2005 are as follows (Unit : Korean won in millions):

| Korean won | Translation into |
|---------------|-----------------------|
| | U.S. dollars (Note 2) |
| (In millions) | (In thousands) |

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| | | |
|---|-----------------|----------------|
| December 31, 2004 (*1) | (Won) 1,129,675 | US\$ 1,102,875 |
| Appropriations: | | |
| Dividend declared | (119,468) | (116,634) |
| Appropriation of legal reserves | (129,249) | (126,183) |
| Appropriation of voluntary reserve | (910,000) | (888,411) |
| | (1,158,717) | (1,131,228) |
| Decrease due to investment securities accounted for using the equity method of accounting | (1,665) | (1,625) |
| Net income for the three months ended March 31, 2005 | 362,024 | 353,435 |
| March 31, 2005 | (Won) 331,317 | US\$ 323,457 |

(*1) Included the effect of decreases in retained earnings resulting from Woori Bank's adoption of new interpretation (Note 2)

Table of Contents**14. STOCK OPTIONS**

(1) On December 4, 2002, the Company granted stock options to directors of the Company and its subsidiaries. The exercise price of 60 percent of the total number of stock options granted will be determined depending on the Korean banking industry stock index (at minimum (Won)6,800 per share). In addition, for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share, the number of stock options to be vested will be dependent on the Company's management performance target levels; non-performing loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15%, and 10%, respectively. The stock options are exercisable during a three-year period beginning after three years from the grant date. If the stock options are exercised, the Company has the option either to issue new shares or shares held as treasury stock, or to pay the difference between the market price and the exercise price in cash or with treasury stock.

(2) The summary of stock options granted as of March 31, 2005 is summarized as follows:

| Description | The Company | Subsidiaries | Total |
|------------------------------|-------------------------------------|-------------------------------------|------------------|
| Exercisable number of shares | 405,000 shares | 855,000 shares | 1,260,000 shares |
| Type | Share issue or balance compensation | Share issue or balance compensation | |
| Valuation method | Fair value approach | Fair value approach | |

(3) The Company estimated stock option costs using the Black-Scholes Option Pricing Model and the details are summarized as follows:

| Description | Application |
|------------------------------------|--|
| Risk free rate | Yield (5.70%) of treasury bond, which has the same residual maturity as the expected exercise period, as of Dec. 4, 2002 |
| Expected exercising period | 4.5 year (average holding period) |
| Expected dividend income ratio | 0% |
| Expected lapse ratio | 0% |
| Expected volatility of stock price | 56.72%, that is the annualized standard deviation of expected stock investment yield based on the continuous compounded method |
| Exercise price | (Won)6,800 per share |
| Fair value | (Won)2,081 per share |

(4) The Company and its subsidiaries had recorded stock option costs from its grant date to December 4, 2004 as shown below. The Company recorded the costs in capital adjustments.

| Description | (Unit: Korean won in millions) | | |
|--------------------------|--------------------------------|--------------|-------------|
| | The Company | Subsidiaries | Total |
| Total stock option costs | (Won) 780 | (Won) 1,842 | (Won) 2,622 |

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Each subsidiary is responsible for absorbing the respective stock option cost for its management. The subsidiaries recorded the related cost as other payables to the Company, and the Company recorded the same amount as other receivables from subsidiaries.

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Table of Contents**15. INCOME TAX EXPENSE**

(1) Differences between financial accounting income and taxable loss for the three months ended March 31, 2005 is as follows:

| | Korean won | Translation into U.S. dollars (Note 2) |
|------------------------------------|--------------------------------|---|
| | (In millions) (Won) 362,024 | (In thousands) US\$ 353,435 |
| Net income | 362,024 | 353,435 |
| Non-temporary differences: | | |
| Deemed dividends | 74,850 | 73,074 |
| Deemed interest income | 776 | 758 |
| Dividend revenues | (122,429) | (119,525) |
| Investment securities | (225,046) | (219,707) |
| Others | 98 | 96 |
| | (271,751) | (265,304) |
| Temporary differences: | | |
| Investment securities | (92,473) | (90,279) |
| Accrued expenses | 2,193 | 2,141 |
| Currency swap liabilities | (13,969) | (13,638) |
| Reversal of accrued expenses | (3,409) | (3,328) |
| Long-term accrued interest | (3,498) | (3,415) |
| Long-term interest receivables | (555) | (542) |
| Others | (25) | (24) |
| | (111,736) | (109,085) |
| Taxable loss after tax adjustments | (Won) (21,463) | US\$ (20,954) |

(2) The changes in cumulative temporary differences and tax loss carry-forwards for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2005 (*1) | Increase | Decrease | Mar. 31, 2005 | Deferred tax assets (liabilities)(*3) |
|-------------------------------------|-------------------|-----------------|-----------------|-------------------|---|
| Investment securities | (Won) (2,635,223) | (Won) (392,438) | (Won) (299,965) | (Won) (2,727,696) | (Won) (*2) |
| Swap contracts | 13,969 | | 13,969 | | |
| Accrued income | (296) | (295) | (296) | (295) | (81) |
| Accrued severance benefits | 738 | 151 | | 889 | 244 |
| Depreciation | 28 | | | 28 | 8 |
| Accrued expenses | 3,409 | 2,193 | 3,409 | 2,193 | 603 |
| Accounts receivable | (1,842) | | | (1,842) | (506) |
| Employee retirement deposits | (738) | (164) | | (902) | (248) |
| Long-term accrued interest payables | 3,498 | | 3,498 | | |

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| | | | | |
|-----------------------------------|--------------------------|------------------------|--------------------------|---------------------|
| Long-term accrued interest income | (4,506) | (555) | (5,061) | (1,392) |
| Premiums on debentures | 65 | | 65 | |
| Adjustment of conversion rights | (53) | | (53) | |
| Dividend receivables | 48,873 | | 48,873 | 13,440 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (2,572,078) | (391,108) | (2,683,813) | 12,068 |
| Tax loss carry-forwards | 109,999 | 21,463 | 131,462 | 36,152 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (Won) (2,462,079) | (Won) (369,645) | (Won) (2,552,351) | (Won) 48,220 |

(*1) Reflected the additional adjustment based on the reported tax returns.

(*2) The Company does not expect that the temporary differences on investment securities would result in tax amounts in future years as basis for recognizing deferred tax liabilities in the current year.

(*3) The Company did not recognize deferred tax assets due to the uncertainty of its future realization.

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(3) Remaining tax loss carry-forwards and their expirations are as follows (Unit: Korean won in millions):

| <u>Year incurred</u> | <u>Amount(*1)</u> | <u>Utilized</u> | <u>Remaining</u> | <u>Expiration</u> |
|----------------------|----------------------|-----------------|----------------------|-------------------|
| 2001 | (Won) 25,288 | (Won) | (Won) 25,288 | Dec. 31, 2006 |
| 2002 | 13,899 | | 13,899 | Dec. 31, 2007 |
| 2003 | 48,398 | | 48,398 | Dec. 31, 2008 |
| 2004 | 22,414 | | 22,414 | Dec. 31, 2009 |
| 2005 | 21,463 | | 21,463 | Dec. 31, 2010 |
| | <u>(Won) 131,462</u> | <u>(Won)</u> | <u>(Won) 131,462</u> | |

(*1) Reflected the additional adjustment based on the reported tax returns.

(4) For the three months ended March 31, 2005, there is no income tax expense reflected in the statements of operations as there is no tax currently payable under the Corporate Tax Act and there are no changes in net deferred tax assets or liabilities.

16. STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2005 and 2004, the significant transactions without cash flows are as follows:

| <u>Transactions</u> | <u>Korean won</u> | | <u>Translation into</u> | |
|---|----------------------|---------------|------------------------------|--------------|
| | | | <u>U.S. dollars (Note 2)</u> | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | <u>(In millions)</u> | | <u>(In thousands)</u> | |
| Changes in capital adjustments due to the equity method of accounting | (Won) 234,975 | (Won) 657,351 | US\$ 229,401 | US\$ 641,756 |
| Changes in retained earnings due to the equity method of accounting | (1,665) | (137,952) | (1,626) | (134,679) |
| Increase in other receivables and stock options | | 234 | | 228 |
| Capital increase due to conversion of convertible bonds in foreign currencies | 72,468 | | 70,749 | |
| Increase in dividend receivables | 587 | 51,128 | 573 | 49,915 |
| Increase in accrued severance benefits | | 180 | | 176 |

Table of Contents**17. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses for the three-month periods ended March 31, 2005 and 2004 are summarized as follows:

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|-----------------------------------|--------------------|--------------------|---|-------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | (In thousands) | |
| Salaries, wages and bonuses | (Won) 2,565 | (Won) 2,011 | US\$ 2,504 | US\$ 1,963 |
| Provision for severance benefits | 265 | 22 | 259 | 21 |
| Fringe benefits | 186 | 269 | 182 | 263 |
| Rent | 573 | 565 | 559 | 552 |
| Entertainment | 53 | 109 | 52 | 107 |
| Depreciation | 47 | 27 | 46 | 26 |
| Amortization on intangible assets | 5 | 4 | 5 | 4 |
| Taxes and dues | 25 | 17 | 24 | 17 |
| Advertising | 126 | 704 | 123 | 687 |
| Travel | 34 | 16 | 33 | 16 |
| Telecommunications | 12 | 12 | 12 | 12 |
| Service fees | 609 | 498 | 594 | 486 |
| Suppliers | 14 | 22 | 14 | 21 |
| Stock compensation (Note 14) | | 117 | | 114 |
| Others | 295 | 385 | 288 | 376 |
| | <u>(Won) 4,809</u> | <u>(Won) 4,778</u> | <u>US\$ 4,695</u> | <u>US\$ 4,665</u> |

18. FINANCIAL INFORMATION OF SUBSIDIARIES

(1) The condensed balance sheets of subsidiaries as of March 31, 2005 are as follows (Unit: Korean won in millions):

| | Total assets | Total liabilities | Total shareholders equity (capital deficiency) |
|---|-------------------|-------------------|---|
| Woori Bank | (Won) 112,386,889 | (Won) 104,605,555 | (Won) 7,781,334 |
| Kyongnam Bank | 12,033,524 | 11,442,089 | 591,435 |
| Kwangju Bank | 10,263,314 | 9,850,567 | 412,747 |
| Woori Finance Information System | 299,133 | 289,068 | 10,065 |
| Woori F&I | 292,996 | 222,752 | 70,244 |
| Woori Second Asset Securitization Specialty | 1,609 | 7,346 | (5,737) |
| Woori Third Asset Securitization Specialty | 35,376 | 77,876 | (42,500) |
| Woori Investment Trust Management | 36,166 | 755 | 35,411 |
| Woori Investment Securities | 5,909,216 | 4,123,383 | 1,785,833 |

(Won) 141,258,223

(Won) 130,619,391

(Won) 10,638,832

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- (2) The condensed statements of operations of subsidiaries for the three months ended March 31, 2005 are as follows (Unit: Korean won in millions):

| | Operating revenue | Operating expenses | Operating income (loss) | Ordinary income (loss) | Net income (loss) |
|---|------------------------------|-------------------------------|------------------------------------|---------------------------------------|------------------------------|
| Woori Bank | (Won) 3,070,734 | (Won) 2,668,590 | (Won) 402,144 | (Won) 493,963 | (Won) 351,681 |
| Kyongnam Bank | 184,480 | 151,749 | 32,731 | 26,534 | 25,153 |
| Kwangju Bank | 148,415 | 124,650 | 23,765 | 24,176 | 18,533 |
| Woori Finance Information System | 67,564 | 65,362 | 2,202 | 3,340 | 1,962 |
| Woori F&I | 6,365 | 4,887 | 1,478 | 24,035 | 16,550 |
| Woori Second Asset Securitization Specialty | | 45 | (45) | (7) | (7) |
| Woori Third Asset Securitization Specialty | 29 | 409 | (380) | (379) | (379) |
| Woori Investment Trust Management | 1,905 | 1,332 | 573 | 493 | 337 |
| Woori Securities (*1) | 47,824 | 62,205 | (14,381) | (27,483) | (25,185) |
| Woori Investments Securities | 292,031 | 275,317 | 16,714 | (14,955) | (18,846) |
| | (Won) 3,819,347 | (Won) 3,354,546 | (Won) 464,801 | (Won) 529,717 | (Won) 369,799 |

(*1) The income or loss is for the three months ended March 31, 2005 before merger into Woori Investment Securities.

- (3) Significant liabilities and assets of the Company and its subsidiaries as of March 31, 2005 are summarized as follows (Unit: Korean won in millions):

1) Significant liabilities

| | Deposits | Borrowings | Debentures | Total |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| Woori Finance Holdings | (Won) | (Won) 120,000 | (Won) 2,096,200 | (Won) 2,216,200 |
| Woori Bank | 74,824,262 | 9,617,750 | 9,191,783 | 93,633,795 |
| Kyongnam Bank | 9,025,459 | 1,672,611 | 307,870 | 11,005,940 |
| Kwangju Bank | 7,308,763 | 1,810,267 | 347,651 | 9,466,681 |
| Woori Finance Information System | | 210,000 | | 210,000 |
| Woori F&I | | 206,550 | | 206,550 |
| Woori Second Asset Securitization Specialty | | | 100 | 100 |
| Woori Third Asset Securitization Specialty | | 17,790 | | 17,790 |
| Woori Investment Securities | 2,207,745 | 446,806 | 195,664 | 2,850,215 |
| | (Won) 93,366,229 | (Won) 14,101,774 | (Won) 12,139,268 | (Won) 119,607,271 |

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2) Significant assets

| | Cash and due | | | |
|---|---------------------|-------------------|------------------|-------------------|
| | from banks | Securities | Loans | Total |
| Woori Finance Holdings | (Won) 243,727 | (Won) 9,377,752 | (Won) 213,666 | (Won) 9,835,145 |
| Woori Bank | 5,000,766 | 20,868,273 | 77,579,443 | 103,448,482 |
| Kyongnam Bank | 743,809 | 3,338,270 | 7,463,699 | 11,545,778 |
| Kwangju Bank | 658,086 | 3,179,778 | 5,964,436 | 9,802,300 |
| Woori Finance Information System | 33,357 | 515 | | 33,872 |
| Woori F&I | 50,525 | 72,176 | 149,304 | 272,005 |
| Woori Second Asset Securitization Specialty | 991 | | | 991 |
| Woori Third Asset Securitization Specialty | 4,375 | 30,997 | | 35,372 |
| Woori Investment Trust Management | 30,499 | 338 | | 30,837 |
| Woori Investment Securities | 1,756,907 | 2,373,346 | 719,061 | 4,849,314 |
| | (Won) 8,523,042 | (Won) 39,241,445 | (Won) 92,089,609 | (Won) 139,854,096 |

- (4) Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of March 31, 2005 are summarized as follows (Unit: Korean won in millions):

| | Loans subject to | | Percentage of |
|-----------------------------|-------------------------------|------------------|----------------------|
| | allowance for possible | | allowance |
| | loan losses | Allowance | to loans (%) |
| Woori Bank | (Won) 79,091,828 | (Won) 1,512,386 | 1.91 |
| Kyongnam Bank | 7,592,227 | 128,528 | 1.69 |
| Kwangju Bank | 6,052,094 | 87,658 | 1.45 |
| Woori F&I | 150,054 | 750 | 0.50 |
| Woori Investment Securities | 923,410 | 204,349 | 22.13 |
| | (Won) 93,809,613 | (Won) 1,933,671 | 2.06 |

- Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of December 31, 2004 are summarized as follows (Unit: Korean won in millions):

| | Loans subject to | | Percentage of |
|------------|-------------------------------|------------------|----------------------|
| | allowance for possible | | allowance |
| | loan losses | Allowance | to loans (%) |
| Woori Bank | (Won) 79,074,540 | (Won) 1,619,041 | 2.05 |

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| | | | |
|-----------------------------|-------------------------|------------------------|-------------|
| Kyongnam Bank | 7,565,018 | 123,827 | 1.64 |
| Kwangju Bank | 6,034,719 | 89,559 | 1.48 |
| Woori F&I | 122,413 | 612 | 0.50 |
| Woori Securities | 42,581 | 7,327 | 17.21 |
| Woori Investment Securities | 1,052,061 | 187,266 | 17.80 |
| | <u>(Won) 93,891,332</u> | <u>(Won) 2,027,632</u> | <u>2.16</u> |

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Table of Contents**19. CONTRIBUTIONS TO NET INCOME BY SUBSIDIARIES**

Contributions to net income of the Company by subsidiaries after elimination of unrealized inter-company incomes or losses for the three months ended March 31, 2005 are as follows:

| | Korean won | Translation into | |
|---|---------------|------------------|--------|
| | | U.S. dollars | Ratio |
| | (In millions) | (Note 2) | (%) |
| | (Won) | US\$ | |
| Woori Bank | 351,967 | 343,617 | 89.69 |
| Kyongnam Bank | 25,151 | 24,554 | 6.41 |
| Kwangju Bank | 18,601 | 18,160 | 4.74 |
| Woori Finance Information System | 2,235 | 2,182 | 0.57 |
| Woori F&I | 16,524 | 16,132 | 4.21 |
| Woori Second Asset Securitization Specialty | (7) | (7) | 0.00 |
| Woori Third Asset Securitization Specialty | (379) | (370) | (0.10) |
| Woori Investment Trust Management | 338 | 330 | 0.09 |
| Woori Securities | (26,268) | (25,647) | (6.70) |
| Woori Investment Securities | 4,277 | 4,177 | 1.09 |
| Gain on valuation using the equity method of accounting | 392,439 | 383,128 | 100.0 |
| Other income | 3,982 | 3,802 | |
| Other expenses | (34,397) | (33,495) | |
| Net income | (Won) 362,024 | US\$ 353,435 | |

Table of Contents**20. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES**

(1) Account balances with the subsidiaries as of March 31, 2005 and December 31, 2004 are as follows:

| | Korean won | | Translation into US dollars (Note 2) | | Account |
|--|----------------------|----------------------|---|---------------------|---|
| | Mar. 31, 2005 | Dec. 31, 2004 | Mar. 31, 2005 | Dec. 31, 2004 | |
| | (In millions) | | (In thousands) | | |
| <Assets> | | | | | |
| Woori Bank | (Won) 168,929 | (Won) 35,852 | US\$ 164,921 | US\$ 35,001 | Cash and bank deposits |
| | 4,153 | 4,153 | 4,054 | 4,054 | Guarantee deposits |
| | 1,186 | 1,591 | 1,158 | 1,553 | Other receivables |
| | 204 | 118 | 199 | 115 | Accrued income |
| Kyongnam Bank | 42,743 | 9,938 | 41,729 | 9,702 | Cash and bank deposits |
| | 8 | 11 | 8 | 11 | Accrued income |
| Kwangju Bank | 32,056 | 10,309 | 31,295 | 10,064 | Cash and bank deposits |
| | 50,000 | 50,000 | 48,814 | 48,814 | Loans |
| | 5,066 | 4,511 | 4,946 | 4,404 | Accrued income |
| Woori Finance Information System | 30,000 | 30,000 | 29,288 | 29,288 | Loans |
| | 230 | 230 | 225 | 225 | Other receivables |
| | 306 | 366 | 299 | 357 | Accrued income |
| Woori F&I | 116,850 | 121,850 | 114,078 | 118,959 | Loans |
| Woori Second Asset Securitization Specialty | 100 | 100 | 98 | 98 | Loans |
| | 2 | 2 | 2 | 2 | Accrued income |
| Woori Third Asset Securitization Specialty | 17,790 | 17,790 | 17,368 | 17,368 | Loans |
| | 293 | 294 | 286 | 287 | Accrued income |
| Woori Investment Trust Management | 73 | 73 | 71 | 71 | Other receivables |
| Woori Credit Information | 166 | 166 | 162 | 162 | Other receivables |
| Woori CA Asset Management | 229 | 229 | 224 | 224 | Other receivables |
| Principal guaranteed trust accounts of Woori Bank | 1,216 | 1,230 | 1,187 | 1,201 | Deposits with employee retirement trust |
| | <u>(Won) 471,600</u> | <u>(Won) 288,813</u> | <u>US\$ 460,412</u> | <u>US\$ 281,960</u> | |
| <Liabilities> | | | | | |
| Woori Bank | (Won) 55 | (Won) 58 | US\$ 54 | US\$ 57 | Accounts payable |
| | | 1,498 | | 1,462 | Accrued expenses |
| | | 13,969 | | 13,638 | Currency swaps (liabilities) |
| Woori Credit Card | 162 | | 158 | | Other payables |
| Woori Finance Information System | | 443 | | 432 | Accrued expenses |
| | <u>(Won) 217</u> | <u>(Won) 15,968</u> | <u>US\$ 212</u> | <u>US\$ 15,589</u> | |

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(2) Transactions with the subsidiaries for the three-month periods ended March 31, 2005 and 2004 are as follows:

| | Korean won | | Translation into US dollars (Note 2) | | Account |
|---|--------------------|---------------------|---|--------------------|-------------------------------------|
| | 2005 | 2004 | 2005 | 2004 | |
| | (In millions) | | (In thousands) | | |
| <Revenues> | | | | | |
| Woori Bank | (Won) 247 | (Won) 1,397 | US\$ 241 | US\$ 1,364 | Interest income on deposits |
| | | 5,762 | | 5,625 | Interest income on loans |
| Kyongnam Bank | 64 | 129 | 62 | 126 | Interest income on deposits |
| Kwangju Bank | 73 | 94 | 71 | 92 | Interest income on deposits |
| | 555 | 561 | 542 | 548 | Interest income on loans |
| Woori Finance Information System | 416 | 549 | 406 | 536 | Interest income on loans |
| Woori F&I | 2,162 | 2,301 | 2,111 | 2,246 | Interest income on loans |
| Woori Second Asset Securitization Specialty | 2 | 2 | 2 | 2 | Interest income on loans |
| Woori Third Asset Securitization Specialty | 346 | 541 | 338 | 528 | Interest income on loans |
| | <u>(Won) 3,865</u> | <u>(Won) 11,336</u> | <u>US\$ 3,773</u> | <u>US\$ 11,067</u> | |
| <Expenses> | | | | | |
| Woori Bank | (Won) 2,185 | (Won) 9,260 | US\$ 2,133 | US\$ 9,040 | Loss on valuation of swap contracts |
| | 390 | 496 | 381 | 485 | Rent |
| | 175 | | 171 | | Other administrative expenses |
| Woori Finance Information System | 489 | 705 | 477 | 688 | Service fees |
| | | 262 | | 256 | Other administrative expenses |
| | <u>(Won) 3,239</u> | <u>(Won) 10,723</u> | <u>US\$ 3,162</u> | <u>US\$ 10,469</u> | |

Table of Contents**21. EARNINGS PER COMMON SHARE**

- (1) Basic ordinary income (loss) per common share and basic net income (loss) per common share for the three-month periods ended March 31, 2005 and 2004 are as follows:

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---|-----------------|--|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions, except for earning per share data) | | (In thousands, except for earning per share data) | |
| Net income (loss) on common shares | (Won) 362,024 | (Won) (151,369) | US\$ 353,435 | US\$ (147,778) |
| Extraordinary gain | | | | |
| Income tax effect on extraordinary gain | | | | |
| Ordinary income (loss) on common shares | (Won) 362,024 | (Won) (151,369) | US\$ 353,435 | US\$ (147,778) |
| Weighted average number of common shares outstanding | 799,398,211 | 775,504,910 | 799,398,211 | 775,504,910 |
| Basic ordinary income (loss) per common shares | (Won) 453 | (Won) (195) | US\$ 0.442 | US\$ (0.191) |
| Basic net income (loss) per common shares | (Won) 453 | (Won) (195) | US\$ 0.442 | US\$ (0.191) |

- (2) Diluted ordinary income (loss) per common share and diluted net income (loss) per common share for the three-month periods ended March 31, 2005 and 2004 are as follows:

| | Korean won | | Translation into US dollars (Note 2) | |
|--|---|-----------------|--|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions, except for earning per share data) | | (In thousands, except for earning per share data) | |
| Diluted net income (loss) on common shares | (Won) 362,399 | (Won) (151,369) | US\$ 353,802 | US\$ (147,778) |
| Extraordinary gain | | | | |
| Income tax effect on extraordinary gain | | | | |

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| | | | | |
|--|---------------|-----------------|--------------|----------------|
| Diluted ordinary income (loss) on common shares | (Won) 362,399 | (Won) (151,369) | US\$ 353,802 | US\$ (147,778) |
| Weighted average number of common and dilutive common shares outstanding | 806,372,764 | 775,504,910 | 806,372,764 | 798,851,749 |
| Diluted ordinary income (loss) per common shares | (Won) 449 | (Won) (195) | US\$ 0.439 | US\$ (0.191) |
| Diluted net income (loss) per common shares | (Won) 449 | (Won) (195) | US\$ 0.439 | US\$ (0.191) |

(*1) Diluted net income (loss) on common shares is the calculated net income (loss) plus the expense occurred from convertible bonds and stock option. Weighted average number of common and dilutive common shares outstanding is the calculated weighted average number of common shares outstanding plus dilutable shares from those convertible bonds and stock option.

(3) Basic net income per common share and diluted net income per common share for the year ended December 31, 2004 are (Won)1,616 and (Won) 1,587, respectively.

22. INSURANCE

As of March 31, 2005, the Company has insurance for liability of reparation of directors with Dongbu Insurance Co., Ltd. The insurance coverage is (Won)30,000 million (US\$29,288 thousand).

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23. CREDITS TO LG CARD CO., LTD.

Woori Bank, Kyongnam Bank and Kwangju Bank, subsidiaries of the Company, have loans receivable, equity securities and debt securities from LG Card Co., Ltd. in the total amount of (Won)134.6 billion (US\$131.4 million), (Won)238.6 billion (US\$232.9 million) and (Won)133.2 billion (US\$130.0 million), respectively, as of March 31, 2005. In connection therewith, the banks recorded (Won)49.0 billion (US\$47.8 million) as allowances for credit losses and cumulative impairment losses on securities. However, the Company's bank subsidiaries' actual losses on LG Card Co., Ltd. credit may differ from the current estimate.

24. AGREEMENT ON THE IMPLEMENTATION OF A MANAGEMENT IMPROVEMENT PLAN

Since December 30, 2000, the Company's three subsidiaries, Woori Bank, Kyongnam Bank and Kwangju Bank, and the KDIC have entered into agreements for the implementation of management improvement plans for the banks. Under the agreements, the three subsidiaries are obligated to sell non-performing loans and fixed assets, close certain branches and subsidiaries, improve financial ratios including the capital adequacy ratio, and reinforce their risk management systems. If the three subsidiaries fail to implement the agreements, the KDIC may command for the three subsidiaries to increase or decrease their capital, pursue mergers, assign contracts such as loans and deposits, or close or sell parts of their business operations.

Since July 2, 2001, the Company and the KDIC have entered into an agreement whereby the Company would integrate the Company's above subsidiaries, Woori Bank, Kyongnam Bank and Kwangju Bank, and improve the performance of the subsidiaries. The agreement stipulates that the Company should build a governance and management structure plan, implement a short-term business improvement strategy, enhance subsidiaries' competitiveness, expedite privatization, meet the financial ratio targets, and dispose of business units in case of failure to carry out the agreement.

In order to implement the agreements of above three subsidiaries with the KDIC, on July 2, 2001, the Company and its three subsidiaries entered into agreements for the implementation of the management improvement for the three subsidiaries. Pursuant to the agreements, the three subsidiaries should meet management goals given by the Company, consult with the Company about material business decisions before execution, and prepare and implement a detailed business plan in conformity with the Company's business strategies. If the three subsidiaries fail to implement the management improvement plan, the Company may order the three subsidiaries to limit sales of the specific financial products, investments in fixed assets, promotion of new business or new equity investment, or to close or merge their branch operations and subsidiaries.

25. SUBSEQUENT EVENT

a. Acquisition of LG Investment Trust Management Co., Ltd.

On May 6, 2005, the Company acquired 5,400,000 common shares of LG Investment Trust Management Co., Ltd. from Woori Investment Securities, a subsidiary of the Company for (Won)72,948 million (US\$71,217 thousand) in order to include it as a consolidated subsidiary.

