

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

November 15, 2004

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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 November 2004

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): _____

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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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Summary of 2004 3O Business Report

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I. Company Overview

1. Purpose of Company

a. Scope of Business

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

(1) Corporate Management

1. Setting management targets for subsidiaries and approving subsidiary business plans of subsidiaries
2. Evaluation of subsidiary business performance and establishment of compensation levels
3. Formulation of corporate governance structures of subsidiaries
4. Inspection of operational and asset status of subsidiaries
5. Activities complementary to aforementioned business activities from number 1 to 4

(2) Corporate Management Support Activities

1. Funding of Affiliates (in this provision and hereinafter, includes direct and indirect subsidiaries)
2. Capital investment in subsidiaries or procurement of funds for funding of Affiliates
3. Development and sale of products jointly with Affiliates and administrative support for joint use of facilities and computer systems with Affiliates
4. Activities ancillary to the activities in the above items, for which the authorization, permission or approval is not required under the relevant laws and regulations

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

b. Scope of Business of Subsidiaries

(1) **Woori Bank**

1. Primary Businesses

- Banking business activities

- Ancillary business activities

2. Supplementary Businesses

- Trust business activities

- Credit card business activities

- Other authorized business activities

(2) **Kyongnam Bank**

1. Primary Businesses

- Banking business activities

- Ancillary business activities

2. Supplementary Businesses

- Trust business activities

- Credit card business activities

- Other authorized business activities

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(3) **Kwangju Bank**

1. Primary Businesses

- Banking business activities

- Ancillary business activities

2. Supplementary Businesses

- Trust business activities

- Credit card business activities

- Other authorized business activities

(4) **Woori Securities**

1) Securities dealing

2) Consignment sales of securities

3) Brokering of securities transactions and/or proxy transactions

4) Brokering of securities in domestic securities markets and overseas markets

5) Underwriting securities

6) Offering of securities

7) Conscription for securities sales

8) Securities saving services

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- 9) Overseas securities trading
- 10) Securities secured loans and securities lending
- 11) Credit services related to securities trading
- 12) Securities and shareholdings valuation
- 13) Securities safekeeping
- 14) Trading and brokering of marketable certificate of deposits
- 15) Agent services for foreigners
- 16) Payment guarantee for corporate bond principal and interest
- 17) Trustee services for bond offerings
- 18) M&A mediation and brokering
- 19) Public offering related deposit agent services
- 20) Foreign exchange services
- 21) Domestic consignment sales of foreign investment trust securities
- 22) Bill discounts and trading
- 23) Bill brokering
- 24) Corporate management and restructuring, financial advisory
- 25) Real estate leasing
- 26) Lending of securities to institutional investors
- 27) Lottery and ticket sales
- 28) Training related to securities operations

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- 29) Publishing books and other publications
- 30) Leasing and sales of IT systems and software related to securities
- 31) Customer investment funds related to foreign exchange and foreign currency hedging
- 32) Foreign exchange trading, exchange, brokering of lendings and derivatives
- 33) Consignment sales of mutual funds
- 34) Futures under the Futures Trading Act
- 35) Investment advisory, discretionary investment under the Indirect Investment Assets Management Act

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- 36) Lending of securities, brokering, arranging and agent service
- 37) Underwriting, brokering and agent service for securities issued on a private placement basis
- 38) Trading, brokering and agent service for loans
- 39) Safeguard deposit of securities
- 40) Asset management and trustee services for securitization specialty companies under asset securitization regulations
- 41) Trading, brokering and agent service for OTC derivatives
- 42) Other businesses and activities related to the businesses listed above

(5) Woori Investment Trust Management

- 1) Securities investment trust management
- 2) Investment advisory and investment transactions
- 3) Futures investment
- 4) Call transactions
- 5) Purchasing bills
- 6) All businesses or activities directly or indirectly related to businesses 1 to 5 mentioned above

(6) Woori Finance Information System

- 1) Development, distribution and management of computer systems
- 2) Consulting services in computer implementation and usage
- 3) Distribution, mediation and lease of computer systems
- 4) Maintenance of computer related equipment

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- 5) Publish and distribution of IT-related reports and books
- 6) Educational services related to computer usage
- 7) Research on information technology and training outsourcing
- 8) Internet related business
- 9) Information communication, telecommunications and information distribution services
- 10) Manufacturing and distribution of audio-visual media
- 11) Information processing and outsourcing services
- 12) All businesses or activities directly or indirectly related to the businesses listed above

(7) **Woori F&I**

- 1) Undertaking and disposition of ABS, issued primarily to securitize distressed assets through asset securitization, under the Asset Securitization Law
- 2) Undertaking and disposition of asset management companies that were initially set up to manage distressed assets, under the Asset securitization Law
- 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 securities and other assets (hereinafter securitized assets) of Woori Bank (formerly known as Hanvit Bank) and Kwangju Bank under the Asset Securitization Law
- 2) Issue and redemption of securitized assets
- 3) Preparing and registering of the asset securitization plan to the Financial Supervisory Service

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- 4) Consummation of contracts required to execute the asset securitization plan
- 5) Provisional borrowing and other similar procedures for ABS redemption
- 6) Investment of surplus funds
- 7) Other businesses and activities related to the businesses listed above

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

- 1) Transfer, management and disposition of all rights related to securitized assets of Woori Bank, Kyongnam Bank and Woori Credit Card under the Asset Securitization Law
- 2) Issue and redemption of securitized assets
- 3) Preparing and registering of the asset securitization plan to the Financial Supervisory Service
- 4) Consummation of contracts required to execute the asset securitization plan
- 5) Provisional borrowing and other similar procedures for ABS redemption
- 6) Investment of surplus funds
- 7) Other businesses and activities related to the businesses listed above

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2. History of the Company

a. Company History

(1) Background to establishment and major changes

| | |
|--------------------|---|
| December 23, 2000 | Establishment of Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of 8.5 trillion won in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed for establishment approval of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervising Service for Woori Finance Holdings |
| March 27, 2001 | Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: 3.6 trillion won) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bond 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 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 as incorporated as subsidiary |
| September 5, 2002 | Consummated strategic investment agreement with Lehman Brothers with respect to managing distressed assets |
| December 23, 2002 | Purchase and Acquisition contract with credit card division of Kwangju Bank |
| December 31, 2002 | IT outsourcing contract 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 | Integration of Kwangju Bank IT platform |
| September 3, 2003 | Launching of bancassurance business |
| September 29, 2003 | Listing on 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 |

Table of Contents**b. Associated Business Group****(1) Overview of Business Group****1) Name of business group : Woori Finance Group****2) History**

| | |
|--------------------|---|
| December 23, 2000 | Establishment of Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of 8.5 trillion won in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed for establishment approval of Woori Finance Holdings |
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| 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 subsidiary |
| June 11, 2002 | Capital increase through public offering (Total capital: 3.8 trillion won) |
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| July 29, 2002 | Woori Securities as incorporated as subsidiary |
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| December 23, 2002 | Purchase and Acquisition contract with credit card division of Kwangju Bank |
| December 31, 2002 | IT outsourcing contract 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 | Integration of Kwangju Bank IT platform |
| September 3, 2003 | Launching of bancassurance business |
| September 29, 2003 | Listing on 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

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(2) Related companies within Business Group

| <u>Type</u> | <u>Name of Company</u> | <u>Controlling Company</u> | <u>Notes</u> |
|-----------------------------------|---|----------------------------|--------------|
| Holding Company | Woori Finance Holdings (*1) | KDIC | |
| 1 st Tier Subsidiaries | Woori Bank | Woori Finance Holdings | 9 companies |
| | Kyongnam Bank | | |
| | Kwangju 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 (*2) | | |
| 2 nd Tier Subsidiaries | Woori Credit Information | Woori Bank | 6 companies |
| | Woori America Bank | | |
| | P.T. Bank Woori Indonesia | | |
| | Shinwoo Corporate Restructuring Company | | |
| | Nexbi Tech | | |
| | Woori CA Asset Management | System Woori F&I | |

(*1) Listed company on the New York Stock Exchange

(*2) Listing was cancelled on June 24, 2004 following exchange of stocks between Woori Securities and Woori Finance Holdings

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

(units: won)

| Date | Category | Type | Stock Decrease/Increase | | | Changed Capital | Method | Ratio |
|------------|----------------------------------|--------|-------------------------|-----------|---------------------|-----------------|--|--------|
| | | | Quantity | Par Value | Issue price | | | |
| 2001.3.27 | Establishment | Common | 727,458,609 | 5,000 | 5,000 | 3,637,293,045 | | |
| 2002.5.31 | Exercise B/W | Common | 165,782 | 5,000 | 5,000 | 3,638,121,955 | | |
| 2002.6.12 | Capital increase w/consideration | Common | 36,000,000 | 5,000 | 6,800 | 3,818,121,955 | Public Offering | 0.0494 |
| 2002.6.30 | Exercise B/W | Common | 1,416,457 | 5,000 | 5,000 | 3,825,204,240 | | |
| 2002.9.30 | Exercise B/W | Common | 2,769,413 | 5,000 | 5,000 | 3,839,051,305 | | |
| 2002.12.31 | Exercise B/W | Common | 4,536 | 5,000 | 5,000 | 3,839,073,985 | | |
| 2003.3.31 | Exercise B/W | Common | 1,122 | 5,000 | 5,000 | 3,839,079,595 | | |
| 2003.6.30 | Exercise B/W | Common | 7,688,991 | 5,000 | 5,000 | 3,877,524,550 | | |
| 2004.6.18 | Stock Exchange | Common | 8,571,262 | 5,000 | 8,902 ¹⁾ | 3,920,380,860 | Exchange with WooriSec shares on a 1-to-0.55 basis | 0.0110 |

1) Applied share price when deriving the exchange ratio

b. Expected Changes in Capital

Unsecured Convertible Bonds can be converted a year after their issuance and, therefore, can bring about changes in capital.

On November 4, 2004 there was a request for conversion of Unsecured C/B Series 6-3 (USD 3,000,000), and therefore increase in capital of 3,331,505,000 won (666,301 shares) is anticipated.

(1) Unsecured Convertible Bond Series No. 6-1

| Item | Information |
|--|------------------------|
| Date of Issuance | 2002.9.27 |
| Total Amount of Issuance | USD 36,000,000 |
| Exercise Period | 2003.9.28 ~ 2005.08.27 |
| Exercise Price | 7,313 won |
| Total amount of unexercised bond with warrants | USD 36,000,000 |
| Number of Shares | 5,914,180 |

Table of Contents**(2) Unsecured Convertible Bond Series No. 6-2**

| Item | Information |
|--|-------------------------|
| Date of Issuance | 2002.12.20 |
| Total Amount of Issuance | USD 16,000,000 |
| Exercise Period | 2003.12.21 ~ 2005.11.20 |
| Exercise Price | 5,588 won |
| Total amount of unexercised bond with warrants | USD 16,000,000 |
| Number of Shares available for issuance | 3,481,173 |

(3) Unsecured Convertible Bond Series No. 6-3

| Item | Information |
|--|-----------------------|
| Date of Issuance | 2003.3.26 |
| Total Amount of Issuance | USD 39,000,000 |
| Exercise Period | 2004.3.27 ~ 2006.2.26 |
| Exercise Price | 5,380 won |
| Total amount of unexercised bond with warrants | USD 39,000,000 |
| Number of Shares available for issuance | 8,661,914 |

(4) Unsecured Convertible Bond Series No. 6-4

| Item | Information |
|--|-----------------------|
| Date of Issuance | 2003.3.26 |
| Total Amount of Issuance | 20 billion won |
| Exercise Period | 2004.3.27 ~ 2006.2.26 |
| Exercise Price | 5,380 won |
| Total amount of unexercised bond with warrants | 20 billion won |
| Number of Shares available for issuance | 3,717,472 |

Table of Contents5) **Unsecured Convertible Bond Series No. 6-5**

| <u>Item</u> | <u>Information</u> |
|--|-----------------------|
| Date of Issuance | 2003.7.10 |
| Total Amount of Issuance | USD 1,000,000 |
| Exercise Period | 2004.7.11 ~ 2006.6.10 |
| Exercise Price | 7,228 won |
| Total amount of unexercised bond with warrants | USD 1,000,000 |
| Number of Shares available for issuance | 164,429 |

c. **Convertible Bonds**

(units: won, USD, shares)

| <u>Item</u> | Unsecured | | Unsecured | | Unsecured | | Unsecured | |
|------------------------------|-------------------------|----------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-----------------|--|
| | C/B | | C/B | | C/B | | C/B | |
| | Series 6-1 | Series 6-2 | Series 6-3 | Series 6-4* | Series 6-5 | Total | | |
| Date of Issue | 2002.9.27 | 2002.12.20 | 2003.3.26 | 2003.3.26 | 2003.7.10 | | | |
| Total Amount | USD 36,000,000 | USD 16,000,000 | USD 39,000,000 | 20 billion won | USD 1,000,000 | USD92,000,000 | +20 billion won | |
| Allotment Method | Private | Private | Private | Private | Private | | | |
| Conversion Period | 2003.9.28~ 2005.8.27 | 2003.12.21 ~ 2005.11.20 | 2004.3.27 ~ 2006.2.26 | 2004.3.27 ~ 2006.2.26 | 2004.7.11 ~ 2006.6.10 | | | |
| Conditions | ratio price | 100% 7,313 | 100% 5,588 | 100% 5,380 | 100% 5,380 | 100% 7,228 | | |
| Type of Stock when converted | Common | Common | Common | Common | Common | | | |
| Converted | | | | | | | | |
| Bonds | amount | | | | | | | |
| Unconverted | shares | | | | | | | |
| Stock | amount | USD 36,000,000 | USD 16,000,000 | USD 39,000,000 | 20 billion won | USD 1,000,000 | | |
| Notes | shares | 5,914,180 | 3,481,173 | 8,661,914 | 3,717,472 | 164,429 | 21,939,168 | |
| | | Maturity: 2005.9.27 | Maturity: 2005.12.20 | Maturity: 2006.3.26 | Maturity : 2006.3.26 | Maturity : 2006.7.10 | | |

* Units in won, because dart system does not convert into USD.
Series 6-1, 6-2, 6-3, 6-5 issuances are in dollars, while series 6-4 is in won

Conversion value is stated in won; the currency rate used in series 6-1 was 1,201.40 won/\$, 6-2 was 1,215.80 won/\$, 6-3 was 1,194.90 won/\$ and 6-5 was 1,188.50 won/\$, respectively.

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- On November 4, 2004 there was a request for conversion of Unsecured C/B Series 6-3 (USD 3,000,000), and therefore increase in capital of 3,331,505,000 won (666,301 shares) is anticipated.

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4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

[as of 2004.9.30]

| <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 | 784,076,172 | 1,615,923,828 |

b. Information of Issued Shares

[as of 2004.9.30]

[Par Value : 5,000 won]

(units: 1,000 won, shares)

| Type | Common Stock | Number of Stock | | Notes |
|------------|--------------|-----------------|---------------|-------|
| | | Issued | Face Value | |
| Registered | Common Stock | 784,076,172 | 3,920,380,860 | |
| Total | | 784,076,172 | 3,920,380,860 | |

Table of Contents**c. Stock Options**

(as of 2004.9.30)

(units: won, shares)

| <u>Grant date</u> | <u>Relationship</u> | <u>Grantee</u> | <u>Type of stock</u> | <u>No. of granted options</u> | <u>Exercised options</u> | <u>Exercisable options</u> | <u>Exercise period</u> | <u>Exercise price</u> |
|-------------------|---------------------------------|----------------|----------------------|-------------------------------|--------------------------|----------------------------|-------------------------|-----------------------|
| 2002.12.04 | Standing director | Byung Chul | Common | 100 | | 100 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Yoon | | | | | | |
| 2002.12.04 | Standing director | Kwang Woo | Common | 80 | | 80 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Chun | | | | | | |
| 2002.12.04 | Standing director | Euoo Sung | Common | 80 | | 80 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Min | | | | | | |
| 2002.12.04 | Non-standing dir. | Hwan Kyu | Common | 40 | | 40 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Park | | | | | | |
| 2002.12.04 | Non-standing dir. | Ki Chul Han | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Tae Ho | | | | | | |
| 2002.12.04 | Non-standing dir. | Tae Ho | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Sohn | | | | | | |
| 2002.12.04 | Non-standing dir. | Won Gihl | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Sohn | | | | | | |
| 2002.12.04 | Standing director | Nam Hong | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Cho | | | | | | |
| 2002.12.04 | Standing director | Sang Chul | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Lee | | | | | | |
| 2002.12.04 | Standing director | Jae Woong | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Lee | | | | | | |
| 2002.12.04 | Standing director | Gae Min | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Lee | | | | | | |
| 2002.12.04 | Standing director | Hae-Seok | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| | (Retired) | Suh | | | | | | |
| 2002.12.04 | Director of related company (R) | Duk Hoon | Common | 80 | | 80 | 2005.12.4 ~2008.12.3 | |
| | | Lee | | | | | | |
| 2002.12.04 | Director of related company | Jong Wook | Common | 45 | | 45 | 2005.12.4 ~2008.12.3 | |
| | | Kiim | | | | | | |
| 2002.12.04 | Director of related company(R) | Jin Kyu | Common | 45 | | 45 | 2005.12.4 ~2008.12.3 | |
| | | Park | | | | | | |

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| | | | | | | |
|------------|--------------------------------|----------------|--------|----|----|-------------------------|
| 2002.12.04 | Director of related company(R) | Jong Ku | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company | Min Jong Hwee | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Lee Dong Myun | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Suh Ki Shin | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Kim Young Seok | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Kim Byung Kil | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Choi Young Ho | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| | Director of related company(R) | Park | | | | |

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| <u>Grant date</u> | <u>Relationship</u> | <u>Grantee</u> | <u>Type of stock</u> | <u>No. of granted options</u> | <u>Exercised options</u> | <u>Exercisable options</u> | <u>Exercise period</u> | <u>Exercise price</u> |
|-------------------|--------------------------------|--------------------|----------------------|-------------------------------|--------------------------|----------------------------|-------------------------|-----------------------|
| 2002.12.04 | Director of related company | Tae Woong | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Chung Dong Chan | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Bae Dae Hwan | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Kim Young Ha | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Kim Young Yong | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Kim Taik Su Han | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Sang Im Park | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Joon Ho | Common | 10 | | 10 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Hahm Joon Ho Lee | Common | 30 | | 30 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Joo Sun Yeom | Common | 20 | | 20 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Ga Seok | Common | 20 | | 20 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Chae Sung Wook | Common | 5 | | 5 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Park Ki Seok | Common | 5 | | 5 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Kim Jae Ki Hong | Common | 5 | | 5 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Sam Su | Common | 40 | | 40 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Pyo Won Chul Hwang | Common | 20 | | 20 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Jong Hwee | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Kim Seok Hwan | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Lee In kee baek | | 30 | | 30 | 2005.12.4 ~2008.12.3 | |

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| | | | | | | |
|------------|--------------------------------|---------------------|--------|----|----|-------------------------|
| 2002.12.04 | Director of related company | Ki Jong | Common | 5 | 5 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Chung Hun Il Nam | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company | Young Soo | Common | 30 | 30 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company | Kim Jin Ho Yoon | Common | 20 | 20 | 2005.12.4 ~2008.12.3 |
| 2002.12.04 | Director of related company(R) | Seok Koo Yoon | Common | 15 | 15 | 2005.12.4 ~2008.12.3 |

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| <u>Grant date</u> | <u>Relationship</u> | <u>Grantee</u> | <u>Type of stock</u> | <u>No. of granted options</u> | <u>Exercised options</u> | <u>Exercisable options</u> | <u>Exercise period</u> | <u>Exercise price</u> |
|-------------------|--------------------------------|-----------------|----------------------|-------------------------------|--------------------------|----------------------------|-------------------------|-----------------------|
| 2002.12.04 | Director of related company | Ji Yeon Joo | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Ho Hyun Lee | Common | 20 | | 20 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Chan Kook Chung | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Duk Yoon Kim | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company(R) | Young Wook Kim | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| 2002.12.04 | Director of related company | Dae Kyu Ko | Common | 15 | | 15 | 2005.12.4 ~2008.12.3 | |
| Total | | | | 1,340 | | 1,340 | | |

- Exercise price is derived based on the banking industry stock price index at the point of exercise.

-

d. Status of Employee Stock Option Program

[as of 2004.9.30]

(units: won, shares)

| <u>Type of stock</u> | <u>Initial</u> | | | <u>Ending</u> | | <u>Notes</u> |
|----------------------|----------------|-----------------|-----------------|----------------|--|--------------|
| | <u>Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> | | |
| Common stock | 2,430,703 | | 139,343 | 2,291,360 | | |
| Total | 2,430,703 | | 139,343 | 2,291,360 | | |

5. Voting Rights

[as of 2004.9.30]

(units: shares)

| <u>Items</u> | <u>Number of stock</u> | <u>Notes</u> |
|--|------------------------|--------------|
| 1. Stock with voting rights (A-B) | 784,076,172 | |
| A. Total Number of issued stocks | 784,076,172 | |
| B. Stocks without voting rights | | |
| 2. Stocks with limited voting rights (A+B+C+D) | -2,542 | |
| A. Limited by the Business Law | -2,542 | |
| B. Limited by the Securities & Exchange Law | | |
| C. Restrictions due to monopoly regulations and Fair Trade Act | | |
| D. Limited by other law enforcements | | |
| 3. Stocks with voting rights restored | | |
| Stocks with Voting Rights (1-2+3) | 784,073,630 | |

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

(Par value : 5,000 won)

(units: won)

| Items | 2003 | 2002 | 2001 |
|--|-------------------|-------------------|-----------------|
| Net profit | 202,565,030,433 | 589,214,226,635 | 684,102,036,323 |
| Earnings per share (won) | 262 | 786 | 940 |
| Profit available for Dividend distribution | 1,203,688,237,170 | 1,086,596,253,235 | 558,501,102,453 |
| Propensity to Dividend | 38.28 | 9.72 | |
| DIVIDENDS | | | |
| CASH PAYOUT | | | |
| a. Dividend per Share | | | |
| Majority | | | |
| Common | 100 | 50 | |
| Preferred | | | |
| Minority | | | |
| Common | 100 | 250 | |
| Preferred | | | |
| b. Total Dividend Amount | | | |
| Majority | | | |
| Common | 67,345,860,900 | 33,672,930,450 | |
| Preferred | | | |
| Minority | | | |
| Common | 10,204,630,100 | 23,586,047,000 | |
| Preferred | | | |
| c. Dividend Ratio | | | |
| Majority | | | |
| Common | 1.54 | 1.04 | |
| Preferred | | | |
| Minority | | | |
| Common | 1.54 | 5.22 | |
| Preferred | | | |
| STOCK | | | |
| a. Stock Dividend Ratio | | | |
| Majority | | | |
| Common | | | |
| Preferred | | | |
| Minority | | | |
| Common | | | |
| Preferred | | | |
| b. Stock Dividend per Share | | | |
| Majority | | | |
| Common | | | |
| Preferred | | | |
| Minority | | | |
| Common | | | |
| Preferred | | | |

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| | | | |
|---------------------------|-------|-------|-------|
| Net Asset per Share | 7,218 | 6,596 | 5,605 |
| Ordinary Income per Share | 262 | 786 | 943 |

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II. Description of Business

1. Business Overview

a. Current Trend of Industry

Increased competition in the banking sector

Restructuring of the 2nd 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. Company Status

(1) General Overview

(a) Group Description

Woori Finance Holdings Co., Ltd. (the Company) was established on March 27, 2001. The Company was engaged in the business of managing the five financial institutions (Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea) and Woori Investment Bank (hereinafter the five subsidiaries)), 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. In connection with its functional restructuring, the Company established or acquired seven more subsidiaries and has four second-tier subsidiaries. Upon establishment, the Company's common stock amounted to (Won)3,637,293 million, consisting of 727,459,000 common shares ((Won) 5,000 per share) issued and outstanding. However as a result of several capital increases since establishment, the Company's common stock amounted to (Won) 3,920,380,860 million, consisting of 784,076,172 common shares issued and outstanding as of September 30, 2004. On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange through a public offering at a price of (Won)6,800 per share, which included 36 million new shares and 54 million issued shares. The KDIC owned 628,458,609 (80.15%) shares of the Company's common shares as of September 30, 2004.

Woori Bank (formerly Hanvit Bank) was established in 1899 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the Bank of Korea (BOK) and the Ministry of Finance and Economy (MOFE). In connection with the infusion of public funds, Woori Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. Woori Bank changed its name from Hanvit Bank to Woori Bank on May 20, 2002. Its common stock amounted to (Won) 3,179,783 million consisting of 636 million common shares issued and outstanding as of September 30, 2004. Woori Bank is wholly owned by the Company. The head office of Woori Bank is located in Seoul, Korea. Woori Bank has 697 branches and offices in Korea, and 11 branches overseas.

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Kyongnam Bank was incorporated on April 18, 1970 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOFE. In connection with the infusion of public funds, Kyongnam Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of September 30, 2003, Kyongnam Bank's common stock

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amounted to (Won) 259,000 million consisting of 51 million shares issued and outstanding. The Company owns 99.99% of Kyongnam Bank. The head office of Kyongnam Bank is located in Masan, Korea. Kyongnam Bank has 118 branches and offices in Korea.

Kwangju Bank was established on September 17, 1968 and is engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOFE. In connection with the infusion of public funds, Kwangju Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of September 30, 2003, Kwangju Bank's common stock amounted to (Won) 170,403 million consisting of 34 million shares issued and outstanding. The Company owns 99.99% of Kwangju Bank. The head office of Kwangju Bank is located in Kwangju City, Korea. Kwangju Bank has 115 domestic branches and offices in Korea.

Woori Securities Co., Ltd. (Woori Securities , formerly Hanvit Securities Co., Ltd.) was established on August 26, 1954 to engage mainly in trading, agency, brokerage and underwriting of securities, and listed its shares on the Korea Stock Exchange on July 26, 1988. On June 1, 2002, Woori Securities changed its name from Hanvit Securities Co., Ltd. to Woori Securities Co., Ltd. In connection with its functional restructuring, as of July 29, 2002, the Company acquired 40.2% interest (13,250,570 shares of common stock) of Woori Securities from Woori Bank, making Woori Securities a subsidiary of the Company. On April 28, 2004, the Board of Directors approved additional acquisition of its shares to 100% and on June 18, 2004 became wholly owned by the Company. As of September 30, 2003, its common stocks amounted to (Won)164,782 million consisting of 32,956,413 shares issued and outstanding of which is wholly owned by the Company. As the acquisition of LG Investment & Securities was approved by the Board of Directors, merger with LG Investment & Securities is anticipated. The head office of Woori Securities is located in Seoul, Korea. Woori Securities has 71 branches and offices in Korea.

Woori Investment Trust Management Co., Ltd. (WITM , formerly Hanvit Investment Trust Management Co., Ltd.) was established on June 24, 1988 and is engaged in the investment trust business under the Investment Trust Business Law with approval from the MOFE. In connection with its functional restructuring, on March 29, 2002, the Company purchased the entire common stock of WITM from Woori Bank, making WITM a subsidiary of the Company. On May 17, 2002, WITM changed its name from Hanvit Investment Trust Management Co., Ltd. to Woori Investment Trust Management Co., Ltd. As of September 30, 2003, its common stock amounted to (Won) 30,000 million consisting of 6,000,000 shares issued and outstanding all of which are owned by the Company. The office of WITM is located in Seoul, Korea.

Woori Finance Information System Co., Ltd. (WFIS , formerly Hanviteun System) was established on April 17, 1989 and is engaged in the business of installing computerized financial systems. On September 29, 2001, the Company purchased all the common stock of WFIS from Woori Bank, which was part of the group's functional restructuring and therefore, WFIS was incorporated as a subsidiary of the Company. On October 15, 2001, WFIS changed its name from Hanviteun System Co., Ltd. to Woori Finance Information System Co., Ltd. As of September 30, 2003, its common stock amounted to (Won) 4,500 million (\$3,749 thousand) consisting of 900,000 shares issued and outstanding. WFIS is wholly owned by the Company. The office of WFIS is located in Seoul, Korea.

Woori F&I Co., Ltd. (WF&I , formerly Woori Asset Management Co., Ltd. (WAMC)) was established on November 16, 2001 to engage in the business of management, operation and disposition of securitization assets. On September 13, 2002, WF&I, formerly WAMC, spun off the asset management business segment and established Woori CA Asset Management Co., Ltd. (WCAAMC). As a result, WF&I is engaged in the business of acquisition and disposition of securities issued by asset securitization specialty corporations, established based on the Act on Asset-Backed Securitization for the purpose of non-performing assets securitization, and in the business of acquisition and disposition of equity of asset management corporations, which are established for the purpose of non-performing assets management. On September 16, 2002, WF&I changed its name from Woori Asset Management Co., Ltd. to Woori F&I Co., Ltd. As of September 30, 2003, its common stock amounted to (Won)10,000 million (\$8,349 thousand) consisting of 2,000,000 shares issued and outstanding. WF&I is wholly owned by the Company. The office of WF&I is located in Seoul, Korea.

Table of Contents**(2) Market Share**

Woori, Shinhan and Dongwon are the domestic finance holding groups that have a separate banking business as a subsidiary.

(units: hundreds of millions of won)

| Items | As of end of March 2003 | | |
|----------------------------|--------------------------------|---------------------------------|---------------------------------|
| | Woori Finance Holdings | Shinhan Finance Holdings | Dongwon Finance Holdings |
| Total Assets | 86,501 | 88,925 | 11,217 |
| Total Liabilities | 27,916 | 25,337 | 997 |
| Total Shareholder s Equity | 58,585 | 63,588 | 10,220 |
| Capital | 38,775 | 19,585 | 3,079 |
| Operating Revenue | 280 | 1,845 | 211 |
| Operating Expense | 1,795 | 392 | 13 |
| Operating Income | -1,515 | 1,453 | 198 |
| Ordinary Income | -1,514 | 1,456 | 219 |
| Net profit | -1,514 | 1,456 | 219 |

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(3) **Organization Chart**

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

As a financial holdings corporation under the Financial Holding Corporation Act, our main income consists of dividend payments of our subsidiaries. We are not involved in any other operations.

b. Financing of operations**(1) Source of Funds**

(units: millions of won)

| Items | 2004 3Q | 2003 | 2002 | 2001 |
|---------------------|-----------|-----------|-----------|-----------|
| Shareholders Equity | 6,289,105 | 5,597,895 | 5,064,129 | 4,077,347 |
| Capital | 3,920,381 | 3,877,525 | 3,839,074 | 3,637,293 |
| Capital Surplus | 75,451 | 61,324 | 58,645 | |
| Retained Earnings | 1,507,372 | 1,282,866 | 1,145,518 | 558,501 |
| Capital Adjustments | 785,901 | 376,180 | 20,892 | -118,447 |
| Borrowings | 2,709,026 | 2,649,920 | 2,325,021 | 1,616,466 |
| Debentures | 2,548,129 | 2,621,182 | 1,999,250 | 1,298,304 |
| Bank Borrowings | 120,00 | | 300,000 | 310,000 |
| Commercial Paper | | | | |
| Other Borrowings | | | | |
| Other Liabilities | 40,897 | 28,738 | 25,771 | 8,162 |
| Total | 8,998,131 | 8,247,815 | 7,389,150 | 5,693,813 |

Table of Contents**(2) Use of Funds**

(units: millions of won)

| Items | 2004 3Q | 2003 | 2002 | 2001 |
|--|-----------|-----------|-----------|-----------|
| Subsidiary Stock | 8,000,257 | 7,007,222 | 6,062,119 | 5,016,864 |
| Woori Bank | 6,620,217 | 5,869,558 | 4,500,143 | 3,255,964 |
| Kyongnam Bank | 589,734 | 504,629 | 424,060 | 327,005 |
| Kwangju Bank | 433,078 | 364,955 | 290,003 | 213,177 |
| Woori Credit Card | Note 1) | | 379,126 | 1,008,866 |
| Woori Merchant Bank | | | 222,936 | 195,613 |
| Woori Financial Information System | 8,354 | 7,284 | 3,364 | 6,511 |
| Woori F&I | 43,431 | 35,896 | 17,016 | 9,728 |
| Woori 2 nd Asset Securitization Specialty | 25,537 | 20,016 | 31,666 | |
| Woori 3 rd Asset Securitization Specialty | 15,817 | 1,266 | | |
| Woori Investment Trust Management | 34,891 | 34,978 | 39,646 | |
| Woori Securities | 229,198 | 168,639 | 154,159 | |
| Loan Obligations | 231,726 | 830,566 | 1,231,207 | 648,365 |
| Tangible Assets | 259 | 242 | 324 | 627 |
| Intangible Assets | 50 | 51 | 50 | 24 |
| Cash | 719,328 | 349,585 | 73,256 | 13,825 |
| Other Assets | 46,511 | 60,148 | 22,195 | 14,108 |
| Total | 8,998,131 | 8,247,815 | 7,389,151 | 5,693,813 |

- 1) Losses of 105,581 million won, which was not recognized the last quarter, was recognized in the 2nd quarter. Following the merger of Woori Credit Card into Woori Bank, the invested stocks of Woori Credit Card were merged with invested stocks of Woori Bank

c. Transactions related to Commission Fees

(units: millions of won)

| Category | Items | 2004 3Q | 2003 | 2002 | 2001 |
|-------------------------|-------|---------|--------|--------|--------|
| Commission Revenue (A) | | | | | |
| Commission Expense (B) | Fees | 5,073 | 6,704 | 5,611 | 4,641 |
| Commission Profit (A-B) | | -5,073 | -6,704 | -5,611 | -4,641 |

Table of Contents**3. Other Details Relevant to Investment Decisions**

Instead of following the format of exhibiting BIS equity capital ratio and status of non-performing loans to indicate capital adequacy and asset quality, we exhibit the current ratio and debt ratio as similar indicators under the Finance Holding Company Act

a. Won-denominated Current Ratio

(units: millions of won)

| Items | 2004 3Q | 2003 | 2002 | 2001 |
|-------------------------|---------|----------|--------|---------|
| Current Assets (A) | 578,440 | 203,202 | 78,357 | 185,154 |
| Current Liabilities (B) | 458,104 | 9,711 | 9,317 | 316,615 |
| Current Ratio (A/B) | 126.27% | 2,092.5% | 841.0% | 58.5% |

*** Current ratio of won**

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

b. Foreign Currency-denominated Current Ratio

(units: millions of won)

| Items | 2004 3Q | 2003 | 2002 | 2001 |
|-------------------------|---------|---------|------|------|
| Current Assets (A) | 172,160 | 147,754 | | |
| Current Liabilities (B) | 194,116 | 148,598 | | |
| Current Ratio (A/B) | 88.7% | 99.4% | | |

*** Current ratio of foreign currency**

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

c. Debt Ratio

(units: millions of won)

| Items | 2004 3Q | 2003 | 2002 | 2001 |
|-------|---------|------|------|------|
|-------|---------|------|------|------|

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| | | | | |
|------------------|-----------|-----------|-----------|-----------|
| Liabilities (A) | 2,709,026 | 2,649,920 | 2,325,022 | 1,616,466 |
| Equity (B) | 6,289,105 | 5,597,895 | 5,064,129 | 4,077,347 |
| Debt Ratio (A/B) | 43.1% | 47.3% | 45.9% | 39.7% |

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

| Date of | Evaluated | Credit | Company | Evaluation |
|----------------|-------------------|---------------|------------------------|---------------------|
| Rating | Securities | Rating | (Ratings Range) | Category |
| 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 | Debentures | 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 |

e. Other Important Information

Please refer to 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 | 2004 3Q | 2003 | 2002 | 2001 |
|----------------------------|-----------|-----------|-----------|-----------|
| Cash and Due from Banks | 719,328 | 349,585 | 73,256 | 13,825 |
| Securities | 8,000,257 | 7,007,222 | 6,062,119 | 5,016,864 |
| Loans | 231,725 | 830,566 | 1,231,207 | 648,365 |
| Fixed Assets | 309 | 293 | 374 | 651 |
| Other Assets | 46,511 | 60,148 | 18,361 | 14,108 |
| Total Assets | 8,998,130 | 8,247,815 | 7,389,151 | 5,693,813 |
| Borrowings | 120,000 | | 300,000 | 310,000 |
| Debentures | 2,548,129 | 2,621,182 | 1,999,250 | 1,298,304 |
| Other Liabilities | 40,897 | 28,738 | 25,772 | 8,162 |
| Total Liabilities | 2,709,026 | 2,649,920 | 2,325,022 | 1,616,466 |
| Common Stock | 3,920,381 | 3,877,525 | 3,839,074 | 3,637,293 |
| Capital Surplus | 75,451 | 61,324 | 58,645 | |
| Retained Earnings | 1,507,372 | 1,282,866 | 1,145,518 | 588,501 |
| Capital Adjustment | 785,900 | 376,180 | 20,892 | Δ 118,447 |
| Total Stockholder's Equity | 6,289,104 | 5,597,895 | 5,064,129 | 4,077,347 |
| Operating Income | 582,404 | 396,624 | 878,488 | 717,112 |
| Operating Expenses | 143,890 | 193,527 | 302,721 | 31,222 |
| Operating Profit | 438,514 | 203,097 | 575,767 | 685,890 |
| Ordinary Income | 440,157 | 202,565 | 589,214 | 685,885 |
| Net profit | 440,157 | 202,565 | 589,214 | 684,102 |

[Δ stands for negative numbers]

* Refer to Exhibits to see detailed financial statements

Table of Contents**2. Condensed Financial Statements (Consolidated)**

(units: millions of won)

| Items | 2003 | 2002 | 2001 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Cash and Due from Banks | 6,471,855 | 6,568,852 | 6,432,890 |
| Marketable Securities | 2,727,843 | 2,943,800 | 3,217,882 |
| Invested Securities | 24,278,834 | 23,508,709 | 21,806,451 |
| Loans | 86,077,297 | 73,604,113 | 59,876,198 |
| Fixed Assets | 2,734,616 | 2,796,183 | 2,831,851 |
| Other Assets | 6,477,275 | 5,421,877 | 5,920,545 |
| Total Assets | 128,767,720 | 114,843,534 | 100,058,817 |
| Deposits | 89,049,625 | 78,917,388 | 69,332,217 |
| Borrowings | 12,813,104 | 13,839,614 | 13,742,572 |
| Debentures | 12,195,159 | 10,792,932 | 5,491,533 |
| Other Liabilities | 9,011,532 | 5,987,833 | 7,080,301 |
| Total Liabilities | 123,069,420 | 109,528,767 | 95,646,623 |
| Common Stock | 3,877,525 | 3,839,074 | 3,637,293 |
| Consolidated Capital Surplus | 57,844 | 25,029 | |
| Consolidated Retained Earnings | 1,152,053 | 245,045 | 558,852 |
| Consolidated Capital Adjustment | 414,969 | 5,314,767 | Δ 116,546 |
| Minority Interest | 195,909 | 9,623,990 | 359,595 |
| Total Stockholder's Equity | 5,698,300 | 5,314,767 | 4,439,194 |
| Operating Income | 10,403,445 | 9,623,990 | 10,159,156 |
| Operating Expenses | 10,261,111 | 8,908,732 | 9,847,439 |
| Operating Profit | 142,334 | 715,258 | 311,717 |
| Non-operating Income | 586,267 | 540,113 | 1,190,685 |
| Non-operating Expenses | 497,539 | 800,487 | 937,984 |
| Ordinary Income | 231,062 | 454,884 | 564,418 |
| Aggregated Net Profit | 52,374 | 613,576 | 736,616 |
| Consolidated Net Profit | 56,279 | 591,588 | 686,287 |
| No. of Companies Consolidated | 15 | 17 | 17 |

[Δ stands for negative numbers]

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> |
|---------------|-------------|----------------------|---------------------------|---------------------------|
| 2004 3Q | Lendings | 155,000 | 775 | 0.5% |
| | Loans | 77,890 | 389 | 0.5% |
| | Total | 232,890 | 1,164 | 0.5% |
| 2003 | Lendings | 156,850 | 784 | 0.5% |
| | Loans | 677,890 | 3,390 | 0.5% |
| | Total | 834,740 | 4,174 | 0.5% |
| 2002 | Lendings | 214,600 | 1,073 | 0.5% |
| | Loans | 1,167,822 | 146,308 | 12.5% |
| | Total | 1,382,422 | 147,381 | 10.7% |

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

(units: millions of won)

| <u>Item</u> | <u>2004 3Q</u> | <u>2003</u> | <u>2002</u> |
|---------------------------------------|----------------|-------------|-------------|
| 1. Initial loan loss reserves balance | 4,174 | 147,381 | 3,258 |
| 2. Net credit costs | | 127,551 | 144,123 |
| 1) Write-offs | | 127,400 | |
| 2) Recovery of written-off assets | | | |
| 3) Other changes | | 151 | 144,123 |
| Recovery of credit costs | -3,010 | 15,656 | |
| Ending loan loss reserve balance | 1,164 | 4,174 | 147,381 |

Table of Contents**IV. Independent Auditor's Opinion****1. Independent Auditor's Opinion****a. Independent Auditor**

| 2004 3Q | 2003 Dec. 31 | 2002 Dec. 31 | 2001 Dec. 31 |
|-------------------|-------------------|-----------------|-----------------|
| Deloitte & Touche | Deloitte & Touche | Deloitte Touche | Arthur Andersen |

2. Compensation to the Independent Auditor**a. Auditing Service**

(units: millions of won)

| Year | Auditor | Activity | Compensation | Accrued Time (hr) |
|---------|------------------------------------|--|--------------|----------------------|
| | | Quarter, Half Year, Annual Interim | | |
| 2004 3Q | Deloitte & Touche | Financial Statement (Consolidated, Non-consolidated) Quarter Interim Financial Statement | 310 | 4,960 |
| 2003 | Arthur Andersen Deloitte Touche | Half Year Interim Financial Statement | 140 | 1,200 |
| | | Annual Financial Statement | 70 | 600 |
| | | (Consolidated, Non-consolidated) Quarter Interim Financial Statement | 36 37 | 300 300 |
| 2002 | Arthur Andersen | Half Year Interim Financial Statement | 140 | 1,200 |
| | | Year-end Financial Statement | 70 | 600 |
| | | Consolidated Financial Statement | 30 | 300 |

Table of Contents**b. Compensation for services other than the Audit**

(units: thousands of dollars)

| Year | Contract Date | Activity | Period | Comp. | Note |
|-------------|--------------------------|------------------|----------------|--------------|-----------------|
| 2004 3Q | | | Not Applicable | | |
| 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 Corporate Governance

a. About the Board of Directors

(1) Board of Directors

At our 3rd Annual General Shareholders Meeting held on March 30, 2004 a new Board of Directors was appointed, consisting of the Group's Chairman Young-Key Hwang, Vice Chairman Jong-Wook Kim and Vice Chairman Euoo-Sung Min. Our non-standing directors currently consist of Suk-Jean Kang (Chairman of CEO Consulting Group), Je-Hoon Lee (President of Korea BBB Association), Sung-Tae Ro (Dean of the School of Business at Myongji University), Do-Soung Choi (Professor of Finance at Seoul National University), Oh-Seok Hyun (President of the Trade Research Institute) and Chung-Sook Moon (Professor of Economics at Sookmyung University).

Sung-Hwan Bae was appointed as a non-standing director at the May 18, 2004 extraordinary shareholders meeting. Vice Chairman Euoo-Sung Min resigned in May 2004.

(A) Duties of Boards of Directors

- 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
- 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

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(B) Information Regarding the Board of Directors

| <u>Position</u> | <u>Name</u> | <u>Information</u> | <u>Relationship with KDIC</u> | <u>Transaction with WFG</u> |
|--|------------------------|--|--------------------------------------|-----------------------------|
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Suk-Jean Kang</u> | <u>- B.A. in Economics, Chungang University</u> <u>- Completed ISMP at Harvard Business School</u> <u>- Chairman of GE Korea</u> <u>- Currently Chairman of CEO Consulting Group</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Je-Hoon Lee</u> | <u>- B.A. in History, Seoul National University</u> <u>- M.A. in Journalism, Seoul National University</u> <u>- CEO & President of The Joongang Ilbo</u> <u>- Currently President of Korea BBB Association</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Sung-Tae Ro</u> | <u>- B.A. in Economics, Seoul National University</u> <u>- Ph.D. in Economics, Harvard University</u> <u>- Chief Editor of The Korea Economic Daily</u> <u>- Currently Dean of Business School at Myongji University</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Oh-Seok Hyun</u> | <u>- B.A. in Business Administration, Seoul National University</u> <u>- Ph.D. in Economics, University of Pennsylvania</u> <u>- Former employee at Ministry of Finance and Economy</u> <u>- Currently President of Trade Research Institute, Korea Int'l Trade Association</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Dosoung Choi</u> | <u>- B.A. in Business Administration, Seoul National University</u> <u>- Ph.D. in Finance, Pennsylvania State University</u> <u>- Chairman of Korean Securities Association</u> <u>- Currently Professor of Finance at Seoul National University</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and audit Committee candidate</u> | <u>Chung-Sook Moon</u> | <u>- B.A. in Home Management, Sookmyung Women's University</u> <u>- Ph.D. in Consumer Economics, Kansas State University</u> <u>- Currently Professor of Economics at Sookmyung Women's University</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Non-standing Director candidate and</u> | <u>Sung-Hwan Bae</u> | <u>- B.A. in Business Administration at Yeungnam University</u> <u>- Masters in Economics at University of Illinois</u> | <u>Employee</u> <u>(Director)</u> | <u>N/A</u> |

| | |
|------------------|--|
| <u>audit</u> | - <u>Ph.D. in Business Administration at SungKyunKwan University</u> |
| <u>Committee</u> | |
| <u>candidate</u> | - <u>Banking Supervisory Authority of the Bank of Korea</u> |
| | - <u>Member, Board of Directors of Seoul Guarantee Insurance</u> |

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(C) Appointment of Non-standing Directors

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

* Article 42 (Committee)

1. We currently have the following management committees that serve under the board.

1. The BOD Management Committee
2. The Business Strategy & Compensation Committee
3. The Risk Management Committee
4. Executive Committee
5. Ethics Committee
6. Non-standing Director Nomination Committee
7. MOU Review Committee
8. The Audit Committee

(D) Committees within Board of Directors

[as of 2004.9.30]

1) BOD Management Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|-----------------------|--|
| 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 the majority. |
| Suk-Jean Kang | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |

Chung-Sook Moon Non-standing Director

2) Business Strategy and Compensation Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|---------------|-----------------------|---|
| Suk-Jean Kang | Non-standing Director | Non-standing director Suk-Jean Kang heads the committee consisting of 4 non-standing directors. |
| Je-Hoon Lee | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |

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3) Risk Management Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|-----------------------|---|
| Young-Key Hwang | Chairman and CEO | Chairman/CEO Young-Key Hwang heads the committee consisting of 1 director and 3 non-standing directors. |
| Sung-Tae Ro | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |

4) Executive Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|------------------|--|
| Young-Key Hwang | Chairman and CEO | Chairman/CEO Young-Key Hwang heads the committee consisting of all executive directors |
| Jong-Wook Kim | Vice Chairman | |

5) Ethics Committee

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

6) Non-standing Director Nomination Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|-----------------------|--|
| 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 |
| Suk-Jean Kang | Non-standing Director | |
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | |

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7) Audit Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|-----------------------|---|
| Suk-Jean Kang | Non-standing Director | |
| Je-Hoon Lee | Non-standing Director | |
| Sung-Tae Ro | Non-standing Director | Non-standing director Do-Soung Choi heads the committee consisting of more than 3 directors of which no less than 2/3 are non-standing directors. |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |

8) MOU Review Committee

| <u>Name</u> | <u>Position</u> | <u>Notes</u> |
|-----------------|-----------------------|--|
| Young-Key Hwang | Chairman and CEO | |
| Jong-Wook Kim | Vice Chairman | |
| Suk-Jean Kang | Non-standing Director | |
| Je-Hoon Lee | Non-standing Director | Chairman/CEO Young-Key Hwang heads the committee consisting of the entire board of directors |
| Sung-Tae Ro | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Dosoung Choi | Non-standing Director | |
| Sung-Hwan Bae | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | |

Table of Contents**2. Related Companies****a. Invested Shares in Related Companies**

| Investor | Investee | Number of Invested Stock | Shareholding Ratio (%) |
|---------------------------|-----------------------------------|-----------------------------|------------------------|
| Woori Finance Holdings | Woori Bank | 635,956,580 | 100.0 |
| | Kyongnam Bank | 51,800,000 | 99.9 |
| | Kwangju Bank | 34,080,000 | 99.9 |
| | Woori Finance Information Systems | 900,000 | 100.0 |
| | Woori F&I | 2,000,000 | 100.0 |
| | Woori Second SPC | 1,900 | 95.0 |
| | Woori Third SPC | 2,000 | 100.0 |
| | Woori Investment Management | 6,000,000 | 100.0 |
| | Woori Securities | 32,956,413 | 100.0 |
| | Woori Bank | Woori Credit Information | 1,008,000 |
| Woori America Bank | | 8,500,000 | 100.0 |
| P.T. Bank Woori Indonesia | | 1,618 | 95.2 |
| Woori F&I | Woori CA Asset Management | 408,000 | 51.0 |

Table of Contents**b. Year-end Performance of Affiliated Companies and Subsidiaries**

Name : Woori Bank Co., Ltd.

Company number : 00254045

(units: millions of won)

| Items | Period 171 | Period 170 | Period 169 | Period 168 |
|----------------------------|-------------|--------------|--------------|--------------|
| | 3Q | | | |
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Cash and Due from Banks | 5,715,994 | 4,833,325 | 4,098,110 | 3,911,225 |
| securities | 16,762,950 | 17,967,751 | 17,930,546 | 17,223,404 |
| Loans | 75,472,628 | 71,198,169 | 58,967,737 | 48,177,595 |
| Fixed Assets | 1,745,367 | 1,718,556 | 1,762,660 | 1,843,368 |
| Other Assets | 9,655,901 | 7,591,909 | 4,718,317 | 5,502,176 |
| Total Assets | 109,352,840 | 103,309,710 | 87,477,370 | 76,657,768 |
| Deposits | 76,888,719 | 70,811,000 | 62,184,865 | 53,768,338 |
| Borrowings | 8,835,706 | 9,632,495 | 10,008,637 | 10,883,858 |
| Debentures | 10,732,957 | 7,780,156 | 5,941,886 | 3,084,569 |
| Other Liabilities | 83,435,408 | 80,240,310 | 67,245,663 | 59,760,809 |
| Total Liabilities | 103,004,071 | 97,652,961 | 83,196,186 | 73,729,236 |
| Capital | 3,179,783 | 2,852,838 | 2,764,400 | 2,764,400 |
| Capital Surplus | 463,003 | 654,708 | 516,026 | 31,903 |
| Retained Earnings | 2,006,910 | 1,798,918 | 984,683 | 203,690 |
| Capital Adjustments | 699,073 | 350,285 | 16,075 | -71,461 |
| Total Shareholder s Equity | 6,348,769 | 5,656,749 | 4,281,184 | 2,928,532 |
| Operating Revenue | 7,051,057 | 7,621,300 | 6,607,882 | 6,848,493 |
| Operating Expense | 6,295,535 | 6,341,472 | 6,004,933 | 6,565,299 |
| Operating income | 755,522 | 1,279,828 | 602,949 | 283,194 |
| Ordinary Income | 961,411 | 1,429,662 | 595,988 | 610,679 |
| Net profit | 850,707 | 1,332,185 | 779,571 | 712,945 |

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Name of Company : Kyongnam Bank

Company Number : 00101363

(units: millions of won)

| | Period 43 3Q | Period 42 | Period 41 | Period 40 |
|----------------------------|-----------------|--------------|--------------|--------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Cash and Due from Banks | 743,319 | 834,276 | 1,148,370 | 1,387,331 |
| securities | 3,253,553 | 3,147,183 | 2,535,037 | 2,177,126 |
| Loans | 6,995,291 | 6,435,508 | 5,819,418 | 4,727,537 |
| Fixed Assets | 201,689 | 202,198 | 208,970 | 214,581 |
| Other Assets | 284,681 | 366,973 | 264,051 | 236,469 |
| Total Assets | 11,478,533 | 10,986,138 | 9,975,846 | 8,759,824 |
| Deposits | 8,536,417 | 8,462,345 | 7,544,267 | 5,930,101 |
| Borrowings | 1,708,939 | 1,278,626 | 1,286,963 | 1,435,321 |
| Debentures | 210,000 | 310,238 | 303,304 | 424,974 |
| Other Liabilities | 440,663 | 437,756 | 425,091 | 656,143 |
| Total Liabilities | 10,896,019 | 10,488,965 | 9,559,625 | 8,446,454 |
| Capital | 259,000 | 259,000 | 259,000 | 259,000 |
| Capital Surplus | 26,910 | 26,910 | 26,910 | 26,906 |
| Retained Earnings | 285,924 | 214,411 | 134,371 | 51,905 |
| Capital Adjustments | 10,680 | -3,148 | -4,059 | -24,441 |
| Total Shareholder s Equity | 582,514 | 497,173 | 416,222 | 313,370 |
| Operating Revenue | 574,804 | 767,171 | 742,140 | 721,643 |
| Operating income | 98,637 | 93,859 | 108,121 | 87,040 |
| Ordinary Income | 85,082 | 54,731 | 82,466 | 69,158 |
| Net profit | 84,459 | 85,224 | 82,466 | 69,158 |

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Name of Company : Kwangju Bank

Company Number : 00104078

(units: millions of won)

| | Period 46 3Q | Period 45 | Period 44 | Period 43 |
|----------------------------|--------------|--------------|--------------|--------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Cash and Due from Banks | 401,016 | 390,078 | 386,827 | 299,088 |
| securities | 2,802,726 | 2,564,942 | 2,111,943 | 2,202,522 |
| Loans | 5,611,459 | 5,336,775 | 4,896,333 | 3,964,489 |
| Fixed Assets | 223,237 | 223,669 | 224,952 | 229,929 |
| Others | 224,197 | 262,118 | 426,879 | 424,910 |
| Total Assets | 9,262,635 | 8,777,582 | 8,046,934 | 7,120,938 |
| Deposits | 6,579,950 | 6,737,967 | 6,077,260 | 5,250,418 |
| Borrowings | 1,634,163 | 1,165,133 | 967,696 | 946,702 |
| Debentures | 250,000 | 200,556 | 200,485 | 297,723 |
| Other Liabilities | 381,314 | 325,974 | 532,307 | 434,702 |
| Total Liabilities | 8,845,427 | 8,429,330 | 7,777,749 | 6,929,545 |
| Capital | 170,403 | 170,403 | 170,403 | 170,403 |
| Capital Surplus | 24,173 | 24,173 | | |
| Retained Earnings | 214,909 | 155,238 | 98,185 | 26,813 |
| Capital Adjustments | 7,723 | -1,561 | 598 | -5,822 |
| Total Shareholder s Equity | 417,208 | 348,252 | 269,185 | 191,393 |
| Operating Revenue | 438,253 | 581,314 | 578,844 | 532,712 |
| Operating income | 63,581 | 40,735 | 85,962 | 71,290 |
| Ordinary Income | 78,695 | 32,542 | 74,839 | 66,346 |
| Net profit | 68,231 | 57,052 | 74,839 | 66,346 |

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Name of Company : Woori Securities

Company Number : 00163178

(units: millions of won)

| | Period 51 1H | Period 50 | Period 49 | Period 48 |
|----------------------------|--------------|-------------|-------------|-------------|
| | (2004.9.30) | (2004.3.31) | (2003.3.31) | (2002.3.31) |
| Current Assets | 624,797 | 473,470 | 413,056 | 443,421 |
| Fixed Assets | 143,615 | 93,278 | 127,777 | 173,906 |
| Total Assets | 768,412 | 566,748 | 540,833 | 617,327 |
| Current Liabilities | 398,034 | 190,476 | 170,239 | 203,504 |
| Fixed Liabilities | 7,191 | 6,283 | 4,585 | 7,448 |
| Total Liabilities | 405,225 | 196,759 | 174,824 | 210,952 |
| Capital | 164,782 | 164,782 | 164,782 | 164,782 |
| Capital Surplus | 131,497 | 131,424 | 131,776 | 131,776 |
| Retained Earnings | 72,242 | 99,525 | 107,529 | 133,463 |
| Capital Adjustments | -5,334 | -25,742 | -38,078 | -23,646 |
| Total Shareholder s Equity | 363,187 | 369,989 | 366,009 | 406,375 |
| Operating Revenue | 73,977 | 173,648 | 186,664 | 205,208 |
| Operating income | -5,907 | 10,099 | 21,332 | 45,434 |
| Ordinary Income | -11,946 | 4,073 | 1,570 | 56,434 |
| Net profit | -13,377 | 2,369 | 1,627 | 40,107 |

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Company : Woori Investment Trust Management

Company Number : 00243377

(units: millions of won)

| | Period 17 1H | Period 16 | Period 15 | Period 14 |
|----------------------------|--------------|-------------|-------------|-------------|
| | (2004.9.30) | (2004.3.31) | (2003.3.31) | (2002.3.31) |
| Current Assets | 31,616 | 30,749 | 27,878 | 30,235 |
| Fixed Assets | 3,785 | 4,637 | 13,490 | 12,839 |
| Total Assets | 35,401 | 35,386 | 41,368 | 43,074 |
| Current Liabilities | 193 | 82 | 3,686 | 6,172 |
| Fixed Liabilities | 317 | 253 | 177 | 124 |
| Total Liabilities | 510 | 335 | 3,863 | 6,296 |
| Capital | 30,000 | 30,000 | 30,000 | 30,000 |
| Capital Surplus | | | | |
| Retained Earnings | 4,891 | 5,051 | 7,504 | 6,778 |
| Capital Adjustments | | | | |
| Total Shareholder s Equity | 34,891 | 35,051 | 37,504 | 36,778 |
| Operating income | 2,604 | 5,979 | 10,360 | 11,830 |
| Operating Profit | 162 | 692 | 5,276 | 4,348 |
| Ordinary Income | 3,121 | 919 | 5,330 | 4,568 |
| Net profit | 2,240 | 546 | 3,726 | 3,128 |

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Name of Company : Woori Finance Information System

Company Number : 00378947

(units: millions of won)

| | Period 16 3Q | Period 15 | Period 14 | Period 13 |
|----------------------------|--------------|--------------|--------------|-------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2002.3.31) |
| Current Assets | 63,439 | 66,061 | 76,504 | 5,933 |
| Fixed Assets | 236,110 | 214,158 | 164,549 | 2,882 |
| Total Assets | 299,549 | 280,219 | 241,053 | 8,815 |
| Current Liabilities | 54,362 | 49,763 | 53,942 | 2,362 |
| Fixed Liabilities | 235,851 | 222,753 | 184,349 | 373 |
| Total Liabilities | 290,213 | 272,516 | 238,291 | 2,735 |
| Capital | 4,500 | 4,500 | 4,500 | 4,500 |
| Capital Surplus | | | | |
| Retained Earnings | 4,830 | 3,197 | -808 | 1,580 |
| Capital Adjustments | 6 | 6 | | |
| Total Shareholder s Equity | 9,336 | 7,703 | 3,692 | 6,080 |
| Sales | 215,797 | 281,787 | 131,843 | 25,444 |
| Operating income | 10,667 | 20,870 | 4,404 | 1,127 |
| Ordinary Income | 2,637 | 5,871 | -3,190 | 1,421 |
| Net profit | 1,633 | 4,005 | -2,182 | 1,123 |

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Company Name : Woori F&I

Company Number : 00416593

(units: millions of won)

| | Period 4 3Q | Period 3 | Period 2 | Period 1 |
|----------------------------|--------------------|---------------------|---------------------|---------------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Current Assets | 45,119 | 24,231 | 2,290 | 8,531 |
| Fixed Assets | 159,910 | 147,534 | 52,493 | 1,153 |
| Total Assets | 205,029 | 171,765 | 54,783 | 9,684 |
| Current Liabilities | 36,124 | 4,669 | 823 | 50 |
| Fixed Liabilities | 125,000 | 130,783 | 37,033 | |
| Total Liabilities | 161,124 | 135,452 | 37,856 | 50 |
| Capital | 10,000 | 10,000 | 10,000 | 10,000 |
| Capital Surplus | | | | |
| Retained Earnings | 26,336 | 22,315 | 6,961 | -366 |
| Capital Adjustments | 7,569 | 3,998 | -34 | |
| Total Shareholder s Equity | 43,905 | 36,313 | 16,927 | 9,634 |
| Operating Revenue | 15,645 | 31,552 | 18,913 | 196 |
| Operating income | 14,961 | 31,244 | 10,253 | -414 |
| Ordinary Income | 7,845 | 24,088 | 10,335 | -366 |
| Net profit | 5,521 | 16,854 | 7,327 | -366 |

Table of Contents

Company Name : Woori Second Asset Securitization Specialty

Company Number : 00391665

(units: millions of won)

| | Period 4 3Q | Period 3 | Period 2 | Period 1 |
|----------------------------|--------------------|---------------------|---------------------|---------------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Current Assets | 25,187 | 730 | 23,560 | 10 |
| Securitized Assets | 1,053 | 19,623 | 74,106 | 167,136 |
| Total Assets | 26,240 | 20,353 | 97,666 | 167,146 |
| Current Liabilities | 34,447 | 34,081 | 4,425 | 167,170 |
| Securitized Liabilities | 100 | 100 | 59,936 | 0 |
| Total Liabilities | 34,547 | 34,181 | 64,361 | 167,170 |
| Capital | 10 | 10 | 10 | 10 |
| Capital Surplus | | | | |
| Retained Earnings | -8,317 | -13,838 | 33,295 | -34 |
| Capital Adjustments | | | | |
| Total Shareholder s Equity | -8,307 | -13,828 | 33,305 | -24 |
| Operating Revenue | 5,442 | 15,256 | 52,425 | |
| Operating income | 5,442 | -480 | 32,553 | -34 |
| Ordinary Income | 5,521 | -289 | 33,367 | -34 |
| Net profit | 5,521 | -289 | 33,329 | -34 |

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Company Name : Woori Third Asset Securitization Specialty

Company Number : 00399357

(units: millions of won)

| | Period 3 3Q | Period 2 | Period 1 |
|----------------------------|--------------------|---------------------|---------------------|
| | (2004.9.30) | (2003.12.31) | (2002.12.31) |
| Current Assets | 1,208 | 3,044 | 18,226 |
| Securitized Assets | 42,894 | 26,503 | 48,764 |
| Total Assets | 44,102 | 29,547 | 66,990 |
| Current Liabilities | 60,264 | 60,260 | 11,676 |
| Securitized Liabilities | 27,790 | 27,790 | 65,204 |
| Total Liabilities | 88,054 | 88,050 | 76,880 |
| Capital | 10 | 10 | 10 |
| Capital Surplus | | | |
| Retained Earnings | -74,577 | -72,337 | -9,899 |
| Capital Adjustments | 30,615 | 13,824 | |
| Total Shareholder's Equity | -43,952 | -58,503 | -9,889 |
| Operating Revenue | -2,279 | 4,473 | 33,566 |
| Operating income | -2,279 | -2,804 | -10,008 |
| Ordinary Income | -2,240 | -2,669 | -9,899 |
| Net profit | -2,240 | -2,669 | -9,899 |

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

(units: thousand shares, millions of won)

| Type | Name | Beginning Balance | | | Changes | | Ending Bal. | | | Dividend Revenue |
|----------|---------------------------|-------------------|-------|-----------|-----------|------------|-------------|-------|-----------|------------------|
| | | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | |
| DOMESTIC | | | | | | | | | | |
| | Woori Bank | 570,568 | 100.0 | 2,912,311 | 65,389 | 913,000 | 635,957 | 100.0 | 3,825,311 | 620,019 |
| | Kwangju Bank | 34,080 | 99.9 | 170,400 | | | 34,080 | 99.9 | 170,400 | 8,502 |
| | Kyong-nam Bank | 51,800 | 99.9 | 259,000 | | | 51,800 | 99.9 | 259,000 | 12,950 |
| | Woori Credit Card | 22,600 | 100.0 | 113,000 | (-22,600) | (-113,000) | | 100.0 | | |
| | Woori Inv t Mgmt. | 6,000 | 100.0 | 39,128 | | | 6,000 | 100.0 | 39,128 | 2,400 |
| | Woori Securities | 17,372 | 52.7 | 169,621 | 15,584 | 56,999 | 32,956 | 100.0 | 226,620 | 8,686 |
| | Woori Finance Info Sys. | 900 | 100.0 | 5,244 | | | 900 | 100.0 | 5,244 | |
| | Woori F&I | 2,000 | 100.0 | 10,094 | | | 2,000 | 100.0 | 10,094 | 1,500 |
| | Woori 2 nd SPC | 2 | 95.0 | 10 | | | 2 | 95.0 | 10 | 13,000 |
| | Woori 3 rd SPC | 2 | 100.0 | 10 | | | 2 | 100.0 | 10 | |
| Foreign | | | | | | | | | | |
| Total | | 705,324 | | 3,678,818 | 58,373 | 856,999 | 763,697 | | 4,535,817 | 667,057 |

* Dividends derived on a fiscal basis

- As of March 31, 2004, Woori Bank merged with its subsidiary Woori Credit Card. From the merger, Woori Bank's common shares were newly issued in the ratio of 1 Woori Credit Card to 0.3581 Woori Bank, thereby increasing Woori Bank's number of shares and capital to 636 million shares and 3,179,800 million won from 571 million shares and 2,852,800 million won respectively.
- As Woori Bank and Woori Credit Card merged, investment securities of Woori Credit Card was added to Woori Bank's investment securities.
- 1,900,000 million won from capital reduction without consideration is reflected in the initial purchase.
- Woori Finance Holdings acquired 15,584,113 shares of Woori Securities in the 2nd quarter through exchange of stocks.

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

[as of 2004. 9.30]

(units: shares, %)

| Name | Relation | Type | Shares Held | | | | | Reasons Behind Change | |
|------|-----------|-----------|-------------------|-------|-----|------------|----------------|-----------------------|-------|
| | | | Beginning balance | | (+) | (-) | Ending balance | | |
| | | | Stock | Share | | | Stock | | Share |
| KDIC | Major S/H | Common | 673,458,609 | 86.8 | | 45,000,000 | 628,458,609 | 80.15 | |
| | | Common | 673,458,609 | 86.8 | | 45,000,000 | 628,458,609 | 80.15 | |
| | Total | Preferred | | | | | 0 | 0 | |
| | | Total | 673,458,609 | 86.8 | | 45,000,000 | 628,458,609 | 80.15 | |

Major Shareholder : KDIC

b. Share Ownership of more than 5%

[as of 2003.12.31]

(units: shares, %)

| No. | Name | Common Stock | | Preferred Stock | | Total | |
|-----|-------|---------------|-------|-----------------|---|---------------|-------|
| | | No. of shares | % | No. of shares | % | No. of shares | % |
| 1 | KDIC | 628,458,609 | 80.15 | | | 628,458,609 | 80.15 |
| | Total | 628,458,609 | 80.15 | | | 628,458,609 | 80.15 |

Table of Contents**c. Shareholder Distribution**

[as of 2003.12.31]

| Items | Shareholder | | Number of shares | |
|------------------------------|--------------------|--------------|-------------------------|--------------|
| | number | Ratio | | Ratio |
| Government | 3 | 0.01% | 7,398 | 0.00% |
| Government related companies | 4 | 0.02% | 673,492,609 | 86.85% |
| Securities companies | 66 | 0.25% | 2,506,076 | 0.32% |
| Insurance companies | 8 | 0.03% | 490,870 | 0.06% |
| Asset Management | 9 | 0.03% | 180,940 | 0.02% |
| Financial Institutions | 139 | 0.52% | 21,206,778 | 2.73% |
| Finance Companies | 0 | 0.00% | 0 | 0.00% |
| Financial Groups | 4 | 0.02% | 999,164 | 0.13% |
| Mutual Savings | 2 | 0.01% | 4,140 | 0.00% |
| Other companies | 67 | 0.25% | 8,782,528 | 1.13% |
| Individuals | 26,236 | 98.42% | 32,865,520 | 4.24% |
| Foreigners | 116 | 0.44% | 34,961,395 | 4.51% |
| Other | 1 | 0.00% | 150 | 0.00% |
| KSD | 1 | 0.00% | 7,342 | 0.00% |
| Total | 26,656 | 100.0% | 775,504,910 | 100.0% |

d. Total Minority Shareholders, Major Shareholders and Other Shareholders

(as of 2003.12.31)

| Items | Shareholder | | Number of shares | | Notes |
|-------------------------------------|--------------------|--------------|-------------------------|--------------|--------------|
| | number | Ratio | | Ratio | |
| Total Minority shareholders | 26,652 | 99.99% | 84,615,239 | 10.91% | |
| Minority Shareholders (companies) | 379 | 1.42% | 44,597,568 | 5.75% | |
| Minority Shareholders (individuals) | 26,273 | 98.56% | 40,017,671 | 5.16% | |
| Major shareholder | 1 | 0.00% | 673,458,609 | 86.84% | |
| Total other shareholders | 2 | 0.01% | 17,423,720 | 2.25% | |
| Other shareholders (companies) | 1 | 0.00% | 8,146,720 | 1.05% | |
| Other shareholders (individuals) | 1 | 0.00% | 9,277,000 | 1.20% | |
| KSD | 1 | 0.00% | 7,342 | 0.00% | |
| Total | 26,656 | 100.00% | 775,504,910 | 100.00% | |

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

(units: won, shares)

| <u>Period</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> |
|----------------------|--------------|------------|-------------|-------------|---------------|------------------|
| High | 9,210 | 8,750 | 7,510 | 7,490 | 7,850 | 8,200 |
| Low | 8,030 | 6,180 | 6,520 | 6,600 | 6,500 | 7,430 |
| Monthly Trade Volume | 34,580,246 | 41,736,095 | 35,985,286 | 26,174,739 | 35,503,225 | 113,547,828 |

Monthly Trade
Volume

b. Foreign Stock Market

[name of market : NYSE]

(units: dollars, shares)

| <u>Period</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> |
|----------------------|--------------|------------|-------------|-------------|---------------|------------------|
| ADR High | 23.57 | 21.95 | 19.30 | 19.32 | 19.90 | 22.00 |
| ADR Low | 21.60 | 17.00 | 17.15 | 16.91 | 16.45 | 19.44 |
| Monthly Trade Volume | 45,700 | 83,800 | 37,100 | 19,900 | 32,300 | 50,000 |

High
Low
Monthly Trade
Volume

* The ADR exchange ratio is 3 shares of Common Stock for 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 | |
| Managing Director | Registered | Seung Hee Park | |
| Managing Director | Registered | Jin-hyung Ju | |
| Non-standing Director | Registered | Suk-Jean Kang | |
| Non-standing Director | Registered | Je-Hoon Lee | |
| Non-standing Director | Registered | Sung-Tae Ro | |
| Non-standing Director | Registered | Oh-Seok Hyun | |
| Non-standing Director | Registered | Dosoung Choi | |
| Non-standing Director | Registered | Sung-Hwan Bae | |
| Non-standing Director | Registered | Chung-Sook Moon | |

2. Employee Status

(units: years, thousands of won)

| Items | Staff | | | | Average Tenure | Annual Compensation | Average Compensation Per Person | Note |
|--------|--------|-------|-------|-------|----------------|---------------------|---------------------------------|------|
| | Admin. | Manu. | Misc. | Total | | | | |
| Male | 46 | | 3 | 49 | 2.67 | 2,647,644 | 54,034 | |
| Female | 4 | | 12 | 16 | 2.38 | 317,482 | 19,843 | |
| Total | 51 | | 15 | 65 | | 2,965,126 | 45,617 | |

* Based on compensation from Jan. to Sept.

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

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

(units: millions of won)

| Transactions of provisional payments & loans | | | | | | | | | | | |
|--|-------------------------|------------|------------|--------------------|---------------|---------------|--------|---------|--------|---------|---------|
| TYPe | Name | Relation | Item | Conditions | | | | Changes | | | |
| | | | | Date | Maturity Date | Interest Rate | | Beg. | Change | | End. |
| | | | | | | Loan | Borrow | | + | - | |
| | Woori 2nd SPC | subsidiary | Other loan | 2002.1.8 | 2012.1.8 | 7.5% | | 100 | | | 100 |
| | Woori 3rd SPC | subsidiary | Other loan | 2002.4.15 | 2012.4.15 | 7.8% | | 27,790 | | | 27,790 |
| | Woori Bank | subsidiary | Other loan | 2002.9~ 2002.11 | 10 yr | 4.0% | | 600,000 | | 600,000 | |
| | Kwangju Bank | subsidiary | Other loan | 2002.12.31 | 10 yr | 4.5% | | 50,000 | | | 50,000 |
| | Woori Finance Info. Sys | subsidiary | Other loan | 2002.4~ 2002.10 | 4yr | 7.3% | | 30,000 | | | 30,000 |
| | Woori F&I | subsidiary | Other loan | 2002.9~ 2003.3 | 4yr | 7.6% | | 126,850 | | 1,850 | 125,000 |
| Foreign | | | | | | | | 834,740 | | 601,850 | 232,890 |
| Total | | | | | | | | | | | |

Table of Contents**b. Payment Transactions**

(units: millions of won)

| Name | Relation | Item | Par value | Transactions | | | Gain / Loss |
|----------------------------|------------|------------------|--------------|--------------|-----------|----------|-------------------|
| | | | | Beginning | Increase | Decrease | |
| | | | | Ending | | | |
| Woori Bank Kyongnam | Subsidiary | Investment stock | 5,000 | 5,869,559 | 750,658 | | 6,620,217 |
| Bank Kwangju | Subsidiary | Investment stock | 5,000 | 504,628 | 85,106 | | 589,734 |
| Bank | Subsidiary | Investment stock | 5,000 | 364,955 | 68,123 | | 433,078 |
| Woori Credit Card | Subsidiary | Investment stock | 5,000 | | | | *1 |
| Woori Finance Info. System | Subsidiary | Investment stock | 5,000 | 7,284 | 1,070 | | 8,354 |
| Woori F&I | Subsidiary | Investment stock | 5,000 | 35,896 | 7,535 | | 43,431 |
| Woori 2nd SPC | Subsidiary | Investment stock | 5,000 | 20,016 | 5,521 | | 25,537 |
| Woori 3rd SPC | Subsidiary | Investment stock | 5,000 | 1,266 | 14,551 | | 15,817 |
| Woori Inv t Mgmt | Subsidiary | Investment stock | 5,000 | 34,978 | | 13 | 34,891 |
| Woori Securities | Subsidiary | Investment stock | 5,000 | 168,640 | 60,558 | | 229,198 |
| | Total | | | 7,007,222 | 1,250,251 | 2,295 | 8,00,257 |

* The above transactions have been derived using the equity method.

- 1) Losses of 105,581 million won, which was not recognized the last quarter, was recognized in the 2nd quarter. Following the merger of Woori Credit Card into Woori Bank, the invested stocks of Woori Credit Card were merged with invested stocks of Woori Bank
- 2) 15,584,113 Woori Securities shares (47.3% of total shares) were acquired through a stock exchange in the 2nd quarter

c. Real-Estate Transactions (including rent activities)**(1) Transactions of Real-estate Rent activities**

(units: millions of won)

Transactions of Payments**Quantity****Information****Rent****Rent**

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| <u>Name</u> | <u>Relation</u> | <u>Item</u> | <u>location</u> | <u>Inc</u> | <u>Dec</u> | <u>Inc</u> | <u>Dec</u> | <u>Maturity</u> | <u>Guarantee</u> | <u>Rent</u> |
|-------------|-----------------|-------------|-----------------|------------|------------|------------|------------|-------------------------|------------------|-------------|
| Woori Bank | Affiliate | Rent | Bldg | | | | | 2004.7.11~ 2007.6.30 | 4,153 | 1,130 |
| | Total | | | | | | | | 4,153 | 1,130 |

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WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS

ENDED SEPTEMBER 30, 2004 AND 2003

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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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 September 30, 2004 and the related non-consolidated statements of operations and cash flows for the three-month and nine-month periods ended September 30, 2004 and 2003, 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 for review of interim financial statements in 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 and thus, provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that such non-consolidated interim financial statements 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, 2003 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 17, 2004, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying non-consolidated balance sheet as of December 31, 2003 comparatively presented does not differ, in material respects, from such audited non-consolidated balance sheet.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation is not made in conformity with the basis stated in Note 2 to the accompanying non-consolidated interim financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside of the Republic of Korea.

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

As explained in Notes 1 and 25 to the accompanying non-consolidated interim financial statements, Woori Bank, a subsidiary of the Company, merged with Woori Credit Card Co., Ltd. (WCC), a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330.4 billion (US\$ 287.8million) of the difference between (Won) 657.3billion (US\$ 572.6million) of net assets acquired from WCC and (Won) 326.9billion (US\$ 284.8 million) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.6 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,485.2 million) to (Won) 3,179.8 billion (US\$ 2,770.1 million).

As explained in Notes 1 and 26 to the accompanying non-consolidated interim financial statements, on June 18, 2004 the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,377.9 million) to (Won) 3,920.4 billion (US\$ 3,415.3 million).

As explained in Note 27 to the accompanying non-consolidated interim financial statements, on September 15, 2004, the Company made a resolution to acquire 25,877,487 shares of LG Investment & Securities Co., Ltd.'s common stock, 21.2% of ownership interest, for (Won) 297.6 billion (US\$ 259.3 million) and on September 23, 2004, the Company has entered into a purchase agreement with LG Card Co., Ltd., which currently owns those common shares of LG Investment & Securities Co., Ltd., and paid a deposit of (Won) 29.8 billion (US\$ 25.9 million).

As explained in Note 20 to the accompanying non-consolidated interim financial statements, the Company's receivables from its subsidiaries as of September 30, 2004 and December 31, 2003 are (Won) 963.8 billion (US\$ 839.6 million) and (Won) 1,238.1 billion (US\$ 1,078.6), respectively, and payables to its subsidiaries are (Won) 31.3 billion (US\$ 27.2 million) and (Won) 18.5 billion (US\$ 16.1 million), respectively. In addition, for the nine months ended September 30, 2004 and 2003 revenues from transactions with its subsidiaries are (Won) 25.0 billion (US\$ 21.8 million) and (Won) 59.6 billion (US\$ 51.9 million), respectively, and expenses from transactions with its subsidiaries are (Won)15.8 billion (US\$ 13.8 million) and (Won)13.8 billion (US\$ 12.0 million), respectively.

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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.

November 5, 2004

Notice to Readers

This report is effective as of November 5, 2004, 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.

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WOORI FINANCE HOLDINGS CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report.)

| | Korean won | | US dollars (Note 2) | |
|---|------------------------|------------------------|-----------------------|-----------------------|
| | September 30, 2004 | December 31, 2003 | September 30, 2004 | December 31, 2003 |
| | (In millions) | | (In thousands) | |
| ASSETS | | | | |
| Cash and bank deposits (Notes 16, 18 and 20) | (Won) 719,328 | (Won) 349,585 | US\$ 626,647 | US\$ 304,543 |
| Investment securities of subsidiaries (Notes 3 and 18) | 8,000,257 | 7,007,222 | 6,969,472 | 6,104,384 |
| Loans, net of allowance for possible loan losses (Notes 4, 5, 18 and 20) | 231,726 | 830,566 | 201,870 | 723,553 |
| Fixed assets (Note 6) | 309 | 293 | 269 | 255 |
| Other assets (Notes 7, 10 and 20) | 46,511 | 60,149 | 40,518 | 52,399 |
| | <u>(Won) 8,998,131</u> | <u>(Won) 8,247,815</u> | <u>US\$ 7,838,776</u> | <u>US\$ 7,185,134</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| LIABILITIES | | | | |
| Borrowings (Notes 8 and 18) | (Won) 120,000 | (Won) | US\$ 104,538 | US\$ |
| Debentures, net of discounts and reconciliation for conversion rights plus accrued interest and redemption premium (Notes 9, 10 and 18) | 2,548,129 | 2,621,182 | 2,219,818 | 2,283,458 |
| Other liabilities (Notes 10, 11, 12 and 20) | 40,897 | 28,738 | 35,628 | 25,036 |
| | <u>2,709,026</u> | <u>2,649,920</u> | <u>2,359,984</u> | <u>2,308,494</u> |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock (Note 13) | 3,920,381 | 3,877,525 | 3,415,264 | 3,377,929 |
| Capital surplus (Note 13) | 75,451 | 61,324 | 65,730 | 53,423 |
| Retained earnings (Notes 3 and 13): | | | | |
| Legal reserve | 79,177 | 58,921 | 68,976 | 51,329 |
| Voluntary reserve | 1,120,000 | 1,000,000 | 975,695 | 871,156 |
| Retained earnings before appropriations (Net income of (Won) 440,157 million and (Won) 202,565 million for the nine months ended September 30, 2004 and for the year ended December 31, 2003, respectively) | 308,195 | 223,945 | 268,485 | 195,091 |
| | <u>1,507,372</u> | <u>1,282,866</u> | <u>1,313,156</u> | <u>1,117,576</u> |
| Capital adjustments (Notes 3 and 14) | 785,901 | 376,180 | 684,642 | 327,712 |
| | <u>6,289,105</u> | <u>5,597,895</u> | <u>5,478,792</u> | <u>4,876,640</u> |

| | | | |
|------------------------|------------------------|-----------------------|-----------------------|
| <u>(Won) 8,998,131</u> | <u>(Won) 8,247,815</u> | <u>US\$ 7,838,776</u> | <u>US\$ 7,185,134</u> |
|------------------------|------------------------|-----------------------|-----------------------|

See accompanying notes to non-consolidated interim financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003**

(See Independent Accountants' Review Report.)

| | Korean won | | | | US dollars (Note 2) | | | |
|--|---|---------------------------|----------------------------|---------------------------|--|---------------------------|----------------------------|---------------------------|
| | 2004 | | 2003 | | 2004 | | 2003 | |
| | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 |
| | (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) 292,686 | (Won) 539,143 | (Won) | (Won) 420,371 | US\$ 254,975 | US\$ 469,678 | US\$ | US\$ 366,209 |
| Interest income (Note 20) | 7,426 | 25,053 | 16,925 | 54,284 | 6,469 | 21,825 | 14,744 | 47,290 |
| Gain on valuation of swap contracts | | | | | | | | |
| (Notes 9 and 20) | 1,091 | | 7,805 | 5,296 | 950 | | 6,799 | 4,614 |
| Gain on foreign currencies transactions | | 2,884 | | | | 2,512 | | |
| Gain on foreign currencies translation | 1,144 | 12,183 | 7,892 | 14,894 | 997 | 10,614 | 6,876 | 12,974 |
| Reversal of allowance for possible loan losses (Note 5) | | 3,141 | 11,161 | 14,935 | | 2,736 | 9,723 | 13,011 |
| | <u>302,347</u> | <u>582,404</u> | <u>43,783</u> | <u>509,780</u> | <u>263,391</u> | <u>507,365</u> | <u>38,142</u> | <u>444,098</u> |
| OPERATING EXPENSES | | | | | | | | |
| Loss on valuation using the equity method of accounting | | | (129,083) | | | | (112,451) | |
| Interest expense (Note 20) | (37,771) | (112,253) | (33,473) | (103,371) | (32,904) | (97,790) | (29,160) | (90,052) |
| Loss on valuation of swap contracts | | | | | | | | |
| (Notes 9 and 20) | | (12,440) | (9,165) | (12,082) | | (10,837) | (7,984) | (10,525) |
| Loss on foreign currencies translation | | | (2,409) | (2,409) | | | (2,099) | (2,099) |
| | (3) | | | | (3) | | | |

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| | | | | | | | | |
|--|-----------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|
| Provision for possible loan losses | | | | | | | | |
| Fees and commissions (Note 20) | (2,093) | (5,073) | (1,795) | (4,363) | (1,823) | (4,419) | (1,564) | (3,801) |
| General and administrative (Notes 17 and 20) | (4,299) | (14,124) | (4,749) | (17,098) | (3,745) | (12,305) | (4,137) | (14,895) |
| | <u>(44,166)</u> | <u>(143,890)</u> | <u>(180,674)</u> | <u>(139,323)</u> | <u>(38,475)</u> | <u>(125,351)</u> | <u>(157,395)</u> | <u>(121,372)</u> |
| OPERATING INCOME (LOSS) | 258,181 | 438,514 | (136,891) | 370,457 | 224,916 | 382,014 | (119,253) | 322,726 |
| NON-OPERATING INCOME | 1,522 | 1,724 | | 190 | 1,326 | 1,502 | | 166 |
| NON-OPERATING EXPENSES | (21) | (81) | (520) | (556) | (18) | (71) | (453) | (485) |

(continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003 (CONTINUED)**

(See Independent Accountants' Review Report.)

| | Korean won | | | | US dollars (Note 2) | | | |
|---|--|---------------------------|----------------------------|---------------------------|---|---------------------------|----------------------------|---------------------------|
| | 2004 | | 2003 | | 2004 | | 2003 | |
| | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 |
| | (In millions, except for income per common share data) | | | | (In thousands, except for income per common share data) | | | |
| INCOME (LOSS) BEFORE INCOME TAX EXPENSE | 259,682 | 440,157 | (137,411) | 370,091 | 226,224 | 383,445 | (119,706) | 322,407 |
| INCOME TAX EXPENSE (Note 15) | | | | | | | | |
| NET INCOME (LOSS) | (Won) 259,682 | (Won) 440,157 | (Won) (137,411) | (Won) 370,091 | US\$ 226,224 | US\$ 383,445 | US\$ (119,706) | US\$ 322,407 |
| BASIC ORDINARY INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 331 | (Won) 565 | (Won) (177) | (Won) 480 | US\$ 0.289 | US\$ 0.492 | US\$ (0.154) | US\$ 0.418 |
| BASIC NET INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 331 | (Won) 565 | (Won) (177) | (Won) 480 | US\$ 0.289 | US\$ 0.492 | US\$ (0.154) | US\$ 0.418 |
| DILUTED ORDINARY INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 324 | (Won) 558 | (Won) (177) | (Won) 468 | US\$ 0.282 | US\$ 0.486 | US\$ (0.154) | US\$ 0.408 |
| DILUTED NET INCOME (LOSS) PER COMMON SHARE (Note 21) | (Won) 324 | (Won) 558 | (Won) (177) | (Won) 468 | US\$ 0.282 | US\$ 0.486 | US\$ (0.154) | US\$ 0.408 |

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-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003**

(See Independent Accountants' Review Report.)

| | Korean won | | | | US dollars (Note 2) | | | | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|--|
| | 2004 | | 2003 | | 2004 | | 2003 | | |
| | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | |
| | (In millions) | | | | (In thousands) | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | |
| Net income (loss) | (Won) 259,682 | (Won) 440,157 | (Won) (137,411) | (Won) 370,091 | US\$ 226,224 | US\$ 383,445 | US\$ (119,706) | US\$ 322,407 | |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | | | | | | | | |
| Loss on valuation using the equity method of accounting | | | 129,083 | | | | 112,451 | | |
| Interest expense (amortization of discounts on debentures) | 2,797 | 8,807 | 2,937 | 8,155 | 2,437 | 7,672 | 2,559 | 7,104 | |
| Provision for possible loan losses | 3 | | | | 3 | | | | |
| Loss on valuation of swap contracts | | 12,440 | 9,165 | 12,082 | | 10,837 | 7,984 | 10,525 | |
| Loss on foreign currencies translation | | | 2,409 | 2,409 | | | 2,099 | 2,099 | |
| Provision for severance benefits | 38 | 63 | 20 | 287 | 33 | 55 | 17 | 250 | |
| Depreciation | 39 | 125 | 35 | 105 | 34 | 109 | 30 | 91 | |
| Amortization on intangible assets | 5 | 14 | 3 | 10 | 4 | 12 | 3 | 9 | |
| Stock compensation | 114 | 343 | 117 | 351 | 99 | 299 | 102 | 306 | |
| Other non-operating expense | | 8 | | | | 7 | | | |
| Gain on valuation using the equity | (292,686) | (539,143) | | (420,371) | (254,975) | (469,678) | | (366,209) | |

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| | | | | | | | | |
|--|------------------|------------------|----------------|------------------|------------------|------------------|---------------|------------------|
| method of accounting | | | | | | | | |
| Interest income (long-term accrued interest) | (568) | (1,690) | (6,690) | (19,659) | (495) | (1,472) | (5,828) | (17,126) |
| Gain on valuation of swap contracts | (1,091) | | (7,805) | (5,296) | (950) | | (6,799) | (4,614) |
| Gain on foreign currencies translation | (1,144) | (12,183) | (7,892) | (14,894) | (997) | (10,614) | (6,876) | (12,974) |
| Reversal of allowance for possible loan losses | | (3,141) | (11,161) | (14,935) | | (2,736) | (9,723) | (13,011) |
| Gain on disposal of tangible assets | (2) | (15) | | | (2) | (13) | | |
| Other non-operating revenue | | (11) | | | | (10) | | |
| | <u>(292,495)</u> | <u>(534,383)</u> | <u>110,221</u> | <u>(451,756)</u> | <u>(254,809)</u> | <u>(465,532)</u> | <u>96,019</u> | <u>(393,550)</u> |

(continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003 (CONTINUED)**

(See Independent Accountants' Review Report.)

| | Korean won | | | | US dollars (Note 2) | | | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| | 2004 | | 2003 | | 2004 | | 2003 | |
| | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 |
| | (In millions) | | | | (In thousands) | | | |
| Changes in operating assets and liabilities: | | | | | | | | |
| Decrease (increase) in other receivables | (Won) (2) | (Won) 128 | (Won) 4 | (Won) 4 | US\$ (2) | US\$ 112 | US\$ 3 | US\$ 3 |
| Decrease in accrued income | 218 | 27,983 | 433 | 2,025 | 190 | 24,378 | 377 | 1,764 |
| Decrease in currency swap contracts | | 16,463 | | | | 14,342 | | |
| Increase in advance payment | (29,775) | (29,794) | (5) | (5) | (25,939) | (25,955) | (4) | (4) |
| Decrease (increase) in prepaid expenses | 185 | 466 | (42) | 769 | 161 | 406 | (37) | 670 |
| Decrease (increase) in prepaid income tax | (82) | 1,247 | (1,600) | 1,467 | (71) | 1,086 | (1,394) | 1,278 |
| Retirement benefits payments | (37) | (567) | | | (32) | (494) | | |
| Decrease in retirement insurance | 11 | 448 | | | 10 | 390 | | |
| Increase (decrease) in other payables | (1,308) | (404) | (95) | 233 | (1,139) | (352) | (82) | 203 |
| Increase (decrease) in accrued expenses | 367 | 280 | (3,497) | (3,658) | 320 | 244 | (3,046) | (3,187) |
| Increase (decrease) in withholdings | (27) | (100) | 85 | 99 | (25) | (87) | 74 | 87 |
| | (30,450) | 16,150 | (4,721) | 934 | (26,527) | 14,071 | (4,112) | 814 |

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| | | | | | | | | |
|--|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|
| Net cash used in operating activities | (63,263) | (78,076) | (31,911) | (80,731) | (55,112) | (68,017) | (27,799) | (70,329) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | |
| Dividend income | 400,017 | 673,711 | 386,381 | 539,989 | 348,478 | 586,907 | 336,598 | 470,415 |
| Collection of loans | | 1,850 | 19,200 | 29,600 | | 1,612 | 16,726 | 25,786 |
| Collection of other loans | | 600,000 | 65,411 | 357,697 | | 522,694 | 56,983 | 311,610 |
| Disposition of tangible assets | 4 | 52 | | | 3 | 45 | | |
| Acquisition of investment securities of subsidiaries | | (800,000) | (640,000) | (840,000) | | (696,925) | (557,540) | (731,771) |
| Increase in loans | | | (31,850) | (121,850) | | | (27,746) | (106,150) |

(continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003 (CONTINUED)**

(See Independent Accountants' Review Report.)

| | Korean won | | | | US dollars (Note 2) | | | | | | | | | |
|---|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|------|-----------|------|-----------|-----------|----------|
| | 2004 | | 2003 | | 2004 | | 2003 | | | | | | | |
| | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | Three months ended Sep. 30 | Nine months ended Sep. 30 | | | | | | |
| | (In millions) | | | | (In thousands) | | | | | | | | | |
| Acquisition of tangible assets | (Won) | (2) | (Won) | (179) | (Won) | (18) | US\$ | (2) | US\$ | (156) | US\$ | US\$ | (16) | |
| Acquisition of intangible assets | | (2) | | (13) | | (3) | | (2) | | (11) | | | (3) | |
| Increase in guarantee deposits | | (333) | | (333) | | | | (290) | | (290) | | | | |
| Net cash provided by (used in) investing activities | | 399,684 | | 475,088 | | (200,858) | | (34,585) | | 348,187 | | 413,876 | (174,979) | (30,129) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | |
| Proceeds from borrowings | | | | 120,000 | | 150,000 | | 150,000 | | 104,539 | | 130,673 | 130,673 | |
| Proceeds from debentures in local currency | | 329,330 | | 698,255 | | 299,128 | | 319,128 | | 286,898 | | 608,289 | 260,587 | 278,010 |
| Proceeds from debentures in foreign currencies | | | | | | 1,179 | | 49,812 | | | | 1,027 | 43,394 | |
| Capital increase with consideration | | | | | | | | 38,450 | | | | | 33,496 | |
| Payment of borrowings | | (100,000) | | | | (100,000) | | (87,116) | | | | | (87,116) | |
| Payment of debentures in local currency | | (300,000) | | (600,000) | | (66,680) | | (66,680) | | (261,347) | | (522,694) | (58,089) | (58,089) |
| Payment of debentures in foreign currencies | | | | (167,940) | | | | | | (146,302) | | | | (500) |
| Share issuance cost | | | | (16) | | (544) | | (574) | | (14) | | (473) | (49,883) | |
| Payment of dividends | | | | (77,550) | | | | (57,262) | | (67,558) | | | | |
| Acquisition of treasury stocks | | (18) | | (18) | | | | | | (15) | | (15) | | |

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| | | | | | | | | |
|---|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Net cash provided by (used in) financing activities | (70,688) | (27,269) | 383,083 | 332,874 | (61,580) | (23,755) | 333,725 | 289,985 |
| NET INCREASE IN CASH AND BANK DEPOSITS | 265,733 | 369,743 | 150,314 | 217,558 | 231,495 | 322,104 | 130,947 | 189,527 |
| CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD | 453,595 | 349,585 | 140,500 | 73,256 | 395,152 | 304,543 | 122,397 | 63,817 |
| CASH AND BANK DEPOSITS, END OF THE PERIOD (Note 16) | (Won) 719,328 | (Won) 719,328 | (Won) 290,814 | (Won) 290,814 | US\$ 626,647 | US\$ 626,647 | US\$ 253,344 | US\$ 253,344 |

See accompanying notes to non-consolidated interim financial statement.

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WOORI FINANCE HOLDINGS CO., LTD.

NOTES TO NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS

ENDED SEPTEMBER 30, 2004 AND 2003

(See Independent Accountants' Review Report.)

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 nine subsidiaries and four 2nd-tier subsidiaries as of September 30, 2004.

Upon incorporation, the Company's stock amounted to (Won) 3,637,293 million (US\$ 3,168,650 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 since incorporation, as of September 30, 2004, the Company's stock amounted to (Won) 3,920,381 million (US\$ 3,415,264 thousand), consisting of 784,076,172 common shares issued and outstanding of which the KDIC owns 628,458,609 shares (80.15%).

On June 24, 2002, the Company listed its common shares on the Korea Stock Exchange through a public offering at a price of (Won) 6,800 per share with 36,000,000 new shares and 54,000,000 issued shares.

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 on September 29, 2003.

(2) Subsidiaries

General information pertaining to the Company's subsidiaries as of September 30, 2004 does not differ materially from that as of December 31, 2003 except for set forth below.

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- a. Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank issued 0.3581 new common shares per one common share of WCC.

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Accordingly, the number of issued common shares of Woori Bank increased from 571 million to 636 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$2,485.2 million) to (Won) 3,179.8 billion (US\$2,770.1 million).

- b. For the three-month period ended March 31, 2004, Woori Bank additionally acquired PT. Bank Woori Indonesia's 231 shares of common stock which are 13.6% ownership interest in the 2nd-tier subsidiary of the Company.
- c. For the three-month period ended June 30, 2004, the Company additionally acquired Woori Securities Co., Ltd.'s 15,584,113 shares of common stock which are 47.3% ownership interest in the subsidiary of the Company. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,377.9 million) to (Won) 3,920.4 billion (US\$ 3,415.3 million) and Woori Securities Co., Ltd. became a wholly owned subsidiary.
- d. The summary of subsidiaries as of September 30, 2004 is as follows:

| <u>Parent companies</u> | <u>Subsidiaries</u> | <u>Number of shares owned</u> | <u>Percentage of owner- ship (%)</u> | <u>Fiscal year end</u> |
|----------------------------------|---|--|--|----------------------------|
| Woori Finance Holdings Co., Ltd. | Woori Bank | 635,956,580 | 100.0 | December 31 |
| | Kyongnam Bank | 51,800,000 | 99.9 | December 31 |
| | Kwangju Bank | 34,080,000 | 99.9 | December 31 |
| | Woori Finance Information System Co., Ltd. (WFIS) | 900,000 | 100.0 | December 31 |
| | Woori F&I Co., Ltd. (WF&I) | 2,000,000 | 100.0 | December 31 |
| | Woori Second Asset Securitization Specialty Co., Ltd. (WASS2) | 1,900 | 95.0 | December 31 |
| | Woori Third Asset Securitization Specialty Co., Ltd. (WASS3) | 2,000 | 100.0 | December 31 |
| | Woori Investment Trust Management Co., Ltd. (WITM) | 6,000,000 | 100.0 | March 31 |
| | Woori Securities Co., Ltd. (Woori Securities) | 32,956,413 | 100.0 | March 31 |
| | Woori Bank | Woori Credit Information Co., Ltd. (WCI) | 1,008,000 | 100.0 |
| Woori America Bank (WAB) | | 8,500,000 | 100.0 | December 31 |
| PT. Bank Woori Indonesia (BWI) | | 1,618 | 95.2 | December 31 |
| Woori F&I Co., Ltd. | Woori CA Asset Management Co., Ltd. (WCAAMC) | 408,000 | 51.0 | December 31 |

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e. The summary of subsidiaries as of December 31, 2003 was as follows:

| <u>Parent companies</u> | <u>Subsidiaries</u> | <u>Number of shares owned</u> | <u>Percentage of owner- ship (%)</u> | <u>Fiscal year end</u> |
|----------------------------------|---|---------------------------------------|--|----------------------------|
| Woori Finance Holdings Co., Ltd. | Woori Bank (*1) | 570,567,520 | 100.0 | December 31 |
| | Kyongnam Bank | 51,800,000 | 99.9 | December 31 |
| | Kwangju Bank | 34,080,000 | 99.9 | December 31 |
| | Woori Credit Card Co., Ltd. (*2) | 22,600,000 | 100.0 | December 31 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | December 31 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | December 31 |
| | Woori Second Asset Securitization Specialty Co., Ltd. | 1,900 | 95.0 | December 31 |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | December 31 |
| | Woori Investment Trust Management Co., Ltd. | 6,000,000 | 100.0 | March 31 |
| | Woori Securities Co., Ltd. (*3) | 17,372,300 | 52.7 | March 31 |
| Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | December 31 |
| | Woori America Bank (*4) | 8,500,000 | 100.0 | December 31 |
| | P.T. Bank Woori Indonesia | 1,387 | 81.6 | December 31 |
| Woori F&I Co., Ltd. | Woori CA Asset Management Co., Ltd. | 408,000 | 51.0 | December 31 |

(*1) The number of outstanding shares of Woori Bank increased by 17,687,520 shares as a result of Woori Bank's merger with Woori Investment Bank on July 31, 2003.

(*2) On March 27, 2003, the Company purchased 40,000,000 new shares of WCC for (Won) 200,000 million (US\$ 174,231 thousand) and on September 30, 2003, the Company purchased 128,000,000 new shares of WCC for (Won) 640,000 million (US\$ 557,540 thousand). However, WCC curtailed 380,000,000 shares amounting to (Won) 1,900,000 million (US\$ 1,655,196 thousand) in a capital reduction without consideration on December 22, 2003.

(*3) The Company purchased 4,121,730 shares of Woori Securities for (Won) 16,899 million (US\$ 14,722 thousand) on November 28, 2003.

(*4) Woori Bank purchased 1,500,000 new shares of WAB for US\$ 15 million on September 3, 2003.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory 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.

The US dollar amounts presented in these non-consolidated interim financial statements were computed by translating Korean won amounts into US dollars amounts at the rate of (Won) 1,147.9 to US\$ 1.00 the Base Rate announced by Seoul Money Brokerage Service, Ltd. at September 30, 2004, solely for the convenience of the readers outside of the Republic of Korea. This convenience translation into US 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 interim financial statements, are not different materially from those used in preparing the non-consolidated financial statements for the year ended December 31, 2003.

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3. INVESTMENT SECURITIES OF SUBSIDIARIES

- (1) Changes in equity securities during the nine-month period ended September 30, 2004, which are accounted for using the equity method of accounting, are as follows (Unit: Korean won in millions):

| | Gain (loss) | | | | September 30, 2004 |
|---|------------------------|--|-----------------------------|---------------------------------|------------------------|
| | January 1, 2004 | on valuation using the equity method | Capital adjust- ments | Other increase (decrease) | |
| Woori Bank | (Won) 5,869,559 | (Won) 840,777 | (Won) 352,309 | (Won) (442,428) | (Won) 6,620,217 |
| Kyongnam Bank | 504,628 | 82,723 | 15,354 | (12,971) | 589,734 |
| Kwangju Bank | 364,955 | 67,015 | 9,668 | (8,560) | 433,078 |
| Woori Credit Card (*1) | | (466,410) | 1,677 | 464,733 | |
| Woori Finance Information System | 7,284 | 1,070 | | | 8,354 |
| Woori F&I | 35,896 | 5,464 | 3,571 | (1,500) | 43,431 |
| Woori Second Asset Securitization Specialty | 20,016 | 5,521 | | | 25,537 |
| Woori Third Asset Securitization Specialty | 1,266 | (2,240) | 16,791 | | 15,817 |
| Woori Investment Trust Management | 34,978 | 2,313 | | (2,400) | 34,891 |
| Woori Securities | 168,640 | 2,910 | 9,335 | 48,313 | 229,198 |
| | <u>(Won) 7,007,222</u> | <u>(Won) 539,143</u> | <u>(Won) 408,705</u> | <u>(Won) 45,187</u> | <u>(Won) 8,000,257</u> |

- (*1) (Won) 105,581 million (US\$ 91,978 thousand) of unrecorded loss on valuation of the equity securities in WCC in 2003 due to discontinuance of the equity method of accounting was reflected in the other increase or decrease for the nine months ended September 30, 2004. In addition, the investment securities of WCC were combined in those of Woori Bank since WCC was merged into Woori Bank on March 31, 2004.
- (2) The reconciliation between the acquisition costs and the book value as of December 31, 2003 is summarized as follows (Unit: Korean won in millions):

| | Gain (loss) | | | | Dec. 31, 2003 |
|------------|---------------------|--|-----------------------------|---------------------------------|-----------------|
| | Acquisition cost | on valuation using the equity method | Capital adjust- ments | Other increase (decrease) | |
| Woori Bank | (Won) 2,764,400 | (Won) 2,760,234 | (Won) 800,161 | (Won) (455,236) | (Won) 5,869,559 |

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| | | | | | |
|---------------|---------|---------|--------|----------|---------|
| Kyongnam Bank | 259,000 | 235,406 | 32,074 | (21,852) | 504,628 |
| Kwangju Bank | 170,403 | 195,597 | 9,508 | (10,553) | 364,955 |

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| | Gain (loss) | | | | Dec. 31, 2003 |
|--|------------------------|--|-----------------------------|---------------------------------|------------------------|
| | Acquisition cost | on valuation using the equity method | Capital adjust- ments | Other increase (decrease) | |
| Woori Credit Card (*1) | 273,000 | (1,490,901) | (522,099) | 1,740,000 | |
| Woori Investment Bank | (Won) 170,493 | (Won) 44,780 | (Won) 34,627 | (Won) (249,900) | (Won) |
| Woori Finance Information System | 5,244 | 2,238 | 6 | (204) | 7,284 |
| Woori F&I | 10,094 | 23,304 | 3,998 | (1,500) | 35,896 |
| Woori First Asset Securitization Specialty | 10 | (10) | | | |
| Woori Second Asset Securitization Specialty | 10 | 33,006 | | (13,000) | 20,016 |
| Woori Third Asset Securitization Specialty | 10 | (2,678) | 13,824 | (9,890) | 1,266 |
| Woori Investment Trust Management | 39,128 | 3,350 | | (7,500) | 34,978 |
| Woori Securities | 152,662 | 1,759 | 2,560 | 11,659 | 168,640 |
| | <u>(Won) 3,844,454</u> | <u>(Won) 1,806,085</u> | <u>(Won) 374,659</u> | <u>(Won) 982,024</u> | <u>(Won) 7,007,222</u> |

(*1) In 2003, the equity method of accounting was discontinued for the valuation of investment securities in WCC as the investment balance was reduced to zero during the year.

(3) The details of other increase or decrease during the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| | Merger between subsidiaries | Acquisition | Retained earnings | Dividends received | Total |
|-----------------------------------|-----------------------------------|---------------------|------------------------|------------------------|---------------------|
| Woori Bank | (Won) 200,163 | (Won) | (Won) (2,936) | (Won) (639,655) | (Won) (442,428) |
| Kyongnam Bank | | | (21) | (12,950) | (12,971) |
| Kwangju Bank | | | (40) | (8,520) | (8,560) |
| Woori Credit Card | (200,163) | 800,000 | (135,104) | | 464,733 |
| Woori F&I | | | | (1,500) | (1,500) |
| Woori Investment Trust Management | | | | (2,400) | (2,400) |
| Woori Securities | | 56,999 | | (8,686) | 48,313 |
| | <u>(Won)</u> | <u>(Won) 56,999</u> | <u>(Won) (138,101)</u> | <u>(Won) (673,711)</u> | <u>(Won) 45,187</u> |

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- (4) The details of other increase or decrease during the period from the acquisitions of the securities to December 31, 2003 are as follows (Unit: Korean won in millions):

| | Acquisition (disposition) | Retained earnings | Dividends received | Total |
|---|------------------------------|----------------------|-----------------------|-----------------|
| Woori Bank (*1) | (Won) 227,084 | (Won) (108,430) | (Won) (573,890) | (Won) (455,236) |
| Kyongnam Bank | | (11,492) | (10,360) | (21,852) |
| Kwangju Bank | | (3,737) | (6,816) | (10,553) |
| Woori Credit Card | 1,740,000 | | | 1,740,000 |
| Woori Investment Bank | (249,666) | (234) | | (249,900) |
| Woori Finance Information System | | (204) | | (204) |
| Woori F&I | | | (1,500) | (1,500) |
| Woori Second Asset Securitization Specialty | | | (13,000) | (13,000) |
| Woori Third Asset Securitization Specialty | | (9,890) | | (9,890) |
| Woori Investment Trust Management | | | (7,500) | (7,500) |
| Woori Securities | 16,959 | | (5,300) | 11,659 |
| | (Won) 1,734,377 | (Won) (133,987) | (Won) (618,366) | (Won) 982,024 |

- (*1) Woori Bank recorded a gain on disposition of the investment in WITM amounting to (Won) 17,715 million (US\$ 15,433 thousand) and a loss on disposition of the investment in Woori Securities amounting to (Won) 40,297 million (US\$ 35,105 thousand) which were recorded in capital surplus of Woori Bank in 2002. The Company recognized these amounts as an increase and a decrease, respectively, in acquisition cost of the investment in Woori Bank in 2002.

- (5) For investments in the subsidiaries accounted for using the equity method, the excess of the acquisition cost over the proportionate net asset value on the acquisition date is amortized using the straight-line method over 20 years while excess of the proportionate net asset value on the acquisition date over the acquisition cost is amortized over 5 years.

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The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date during the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| | January 1, 2004 | Increase or decrease | Amortization | September 30, 2004 |
|-------------------|----------------------|-------------------------|--------------------|-----------------------|
| Woori Bank | (Won) 264,026 | (Won) 24,056 | (Won) 12,363 | (Won) 275,719 |
| Kyongnam Bank | 7,565 | | 334 | 7,231 |
| Kwangju Bank | 16,442 | | 725 | 15,717 |
| Woori Credit Card | 24,415 | (24,056) | 359 | |
| Woori F&I | 84 | | 4 | 80 |
| Woori Securities | (30,223) | (113,999) | (10,233) | (133,989) |
| | <u>(Won) 282,309</u> | <u>(Won) (113,999)</u> | <u>(Won) 3,552</u> | <u>(Won) 164,758</u> |

The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date during the period from the acquisition to December 31, 2003 are as follows (Unit: Korean won in millions):

| | The initial difference at acquisition | Increase or decrease | Amortization | December 31, 2003 |
|----------------------------------|---|-------------------------|---------------------|----------------------|
| Woori Bank | (Won) 328,323 | (Won) (17,300) | (Won) 46,997 | (Won) 264,026 |
| Kyongnam Bank | 8,900 | | 1,335 | 7,565 |
| Kwangju Bank | 19,343 | | 2,901 | 16,442 |
| Woori Credit Card | 28,721 | | 4,306 | 24,415 |
| Woori Investment Bank | 5,979 | (5,282) | 697 | |
| Woori Finance Information System | (110) | | (110) | |
| Woori F&I | 94 | | 10 | 84 |
| Woori Securities | 355 | (30,223) | 355 | (30,223) |
| | <u>(Won) 391,605</u> | <u>(Won) (52,805)</u> | <u>(Won) 56,491</u> | <u>(Won) 282,309</u> |

(6) The details of the elimination of unrealized intercompany income or loss for the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| Operating revenues | Operating expenses | Non-operating income | Non-operating expenses | Total |
|-----------------------|-----------------------|-------------------------|---------------------------|-------|
|-----------------------|-----------------------|-------------------------|---------------------------|-------|

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| | | | | | |
|----------------------------------|-------------|-------|-------------|-------------|-------------|
| Woori Bank | (Won) 1,069 | (Won) | (Won) 1,720 | (Won) (90) | (Won) 2,699 |
| Kyongnam Bank | | | | (14) | (14) |
| Kwangju Bank | | | | (88) | (88) |
| Woori Credit Card | | | | (173) | (173) |
| Woori Finance Information System | (563) | | | | (563) |
| | (Won) 506 | (Won) | (Won) 1,720 | (Won) (365) | (Won) 1,861 |

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4. LOANS

Loans as of September 30, 2004 and December 31, 2003 are as follows:

| | Issuance date | Maturity date | Annual interest rate (%) | Korean won | | US dollars (Note 2) | |
|--|---------------|---------------|--------------------------|---------------|---------------|---------------------|---------------|
| | | | | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | | | | (In millions) | | (In thousands) | |
| Woori Finance Information System (*1) | Oct. 31, 2002 | Oct. 31, 2006 | 7.3 | (Won) 30,000 | (Won) 30,000 | US\$ 26,135 | US\$ 26,135 |
| Woori F&I (*2) | Dec. 20, 2002 | Dec. 20, 2006 | 7.6 | 3,150 | 5,000 | 2,744 | 4,356 |
| | Mar. 25, 2003 | Mar. 25, 2007 | 7.3 | 90,000 | 90,000 | 78,404 | 78,404 |
| | Jul. 7, 2003 | Jul. 7, 2007 | 7.3 | 23,000 | 23,000 | 20,037 | 20,037 |
| | Jul. 29, 2003 | Jul. 29, 2007 | 7.3 | 8,850 | 8,850 | 7,710 | 7,710 |
| | | | | 125,000 | 126,850 | 108,895 | 110,507 |
| WASS2: | | | | | | | |
| 2-1 non-guaranteed privately placed bond (*3) | Jan. 8, 2002 | Jan. 8, 2012 | 7.5 | 100 | 100 | 87 | 87 |
| WASS3: | | | | | | | |
| 3-1 non-guaranteed privately placed bond (*3) | Apr. 15, 2002 | Apr. 15, 2012 | 7.8 | 27,790 | 27,790 | 24,209 | 24,209 |
| Woori Bank: | | | | | | | |
| 1st non-guaranteed subordinated convertible bonds | Sep. 27, 2002 | Sep. 27, 2012 | | | 150,000 | | 130,673 |
| 2nd non-guaranteed subordinated convertible bonds | Oct. 30, 2002 | Oct. 30, 2012 | | | 200,000 | | 174,231 |
| 3rd non-guaranteed subordinated convertible bonds | Nov. 28, 2002 | Nov. 28, 2012 | | | 250,000 | | 217,789 |
| | | | | | 600,000 | | 522,693 |
| Kwangju Bank: | | | | | | | |
| Non-guaranteed subordinated convertible bonds (*4) | Dec. 31, 2002 | Dec. 31, 2012 | | 50,000 | 50,000 | 43,558 | 43,558 |

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| | | | | |
|---|---------------|---------------|--------------|--------------|
| Total | 232,890 | 834,740 | 202,884 | 727,189 |
| Allowance for possible loan losses (Note 5) | (1,164) | (4,174) | (1,014) | (3,636) |
| Net | (Won) 231,726 | (Won) 830,566 | US\$ 201,870 | US\$ 723,553 |

(*1) Loans granted to finance the transaction among Woori Bank, WCC and WFIS, in which Woori Bank and WCC transferred their IT equipment to WFIS.

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- (*2) Loans granted to finance the acquisitions of the securitization debentures and the investment equity securities related to the joint venture special entities of WF&I.
- (*3) 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.
- (*4) 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

- (1) Allowances for possible loan losses as of September 30, 2004 and December 31, 2003 are as follows:

| | Korean won | | US dollars (Note 2) | |
|---|---------------|---------------|---------------------|---------------|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | (In millions) | | (In thousands) | |
| Loans: | | | | |
| Woori Bank | (Won) | (Won) 3,000 | US\$ | US\$ 2,613 |
| Kwangju Bank | 250 | 250 | 218 | 218 |
| Woori Finance Information System | 150 | 150 | 131 | 131 |
| Woori F&I | 624 | 634 | 543 | 552 |
| Woori Second Asset Securitization Specialty | 1 | 1 | 1 | 1 |
| Woori Third Asset Securitization Specialty | 139 | 139 | 121 | 121 |
| Sub-total | 1,164 | 4,174 | 1,014 | 3,636 |
| Long-term accrued interest income: | | | | |
| Woori Bank | | 140 | | 122 |
| Kwangju Bank | 20 | 11 | 17 | 10 |
| Sub-total | 20 | 151 | 17 | 132 |
| Total | (Won) 1,184 | (Won) 4,325 | US\$ 1,031 | US\$ 3,768 |

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- (2) Changes in allowances for possible loan losses during the nine-month periods ended September 30, 2004 and 2003 and the year ended December 31, 2003 are as follows (Unit: Korean won in millions):

| | Nine months ended | Year ended | Nine months ended |
|---|----------------------|---------------|----------------------|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2003 |
| Beginning balance | (Won) 4,325 | (Won) 147,381 | (Won) 147,381 |
| Write-off of loans | | (127,400) | (127,400) |
| Provision for possible loan loss (reversal of allowance for doubtful loans) | (3,141) | (15,656) | (14,935) |
| Ending balance | (Won) 1,184 | (Won) 4,325 | (Won) 5,046 |

6. FIXED ASSETS

- (1) Changes in tangible assets for the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2004 | Acquisition | Disposition | Depreciation | Sep. 30, 2004 |
|------------------------------|--------------|-------------|-------------|--------------|---------------|
| Vehicles | (Won) 57 | (Won) | (Won) 35 | (Won) 14 | (Won) 8 |
| Furniture and equipment | 124 | 126 | 2 | 85 | 163 |
| Structures in leased offices | 61 | 53 | | 26 | 88 |
| | (Won) 242 | (Won) 179 | (Won) 37 | (Won) 125 | (Won) 259 |

- (2) Changes in intangible assets for the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| | Jan. 1, 2004 | Acquisition | Amortization | Sep. 30, 2004 |
|---------------------------|--------------|-------------|--------------|---------------|
| Software | (Won) 20 | (Won) | (Won) 5 | (Won) 15 |
| Industrial property right | | 31 | 13 | 9 |
| | (Won) 51 | (Won) 13 | (Won) 14 | (Won) 50 |

Accumulated amortization of software and industrial property right amounted to (Won) 18 million (US\$ 16 thousand) and (Won) 23 million (US\$ 20 thousand), respectively, as of September 30, 2004.

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7. OTHER ASSETS

Other assets as of September 30, 2004 and December 31, 2003 are as follows:

| | Korean won | | US dollars (Note 2) | |
|--|---------------------|---------------------|---------------------|--------------------|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | (In millions) | | (In thousands) | |
| Guarantee deposits | (Won) 4,204 | (Won) 3,871 | US\$ 3,662 | US\$ 3,372 |
| Other receivables | 1,721 | 1,146 | 1,499 | 998 |
| Accrued income | 5,176 | 31,471 | 4,509 | 27,416 |
| Currency swaps (Notes 9 and 10) | | 16,463 | | 14,342 |
| Advance payment | 29,795 | 1 | 25,956 | 1 |
| Prepaid expenses | 328 | 794 | 286 | 692 |
| Prepaid income tax | 5,307 | 6,554 | 4,623 | 5,710 |
| Total | 46,531 | 60,300 | 40,535 | 52,531 |
| Allowance for losses for accrued interest (Note 5) | (20) | (151) | (17) | (132) |
| Net | (Won) 46,511 | (Won) 60,149 | US\$ 40,518 | US\$ 52,399 |

8. BORROWINGS

Borrowings in local currency and line of credit as of September 30, 2004 and December 31, 2003 are as follows:

| | Annual interest rate (%) | Maturity | Korean won | | US dollars (Note 2) | |
|--------------------------------|--------------------------|---------------|---------------|---------------|---------------------|---------------|
| | | | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | | | (In millions) | | (In thousands) | |
| Hana Bank | (*1) | Oct. 30, 2004 | (Won) | (Won) | US\$ | US\$ |
| KorAm Bank | (*2) | Sep. 30, 2005 | 60,000 | | 52,269 | |
| Shinhan Bank | (*3) | Aug. 19, 2005 | 60,000 | | 52,269 | |
| Korea First Bank | (*4) | Jul. 16, 2005 | | | | |
| Samsung Insurance Company (*5) | 6.10% | Sep. 15, 2005 | | | | |

| | | | | |
|--|---------|-------|--------------|------|
| | (Won) | (Won) | US\$ 104,538 | US\$ |
| | 120,000 | | | |

(*1) Interest at 3-month Negotiable Certificate of Deposit (CD) rate + 1.2%. Early redemption is permitted. The borrowing is made under the line of credit of (Won) 200,000 million (US\$ 174,231 thousand) as of September 30, 2004.

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- (*2) Interest at 3-month CD rate +1.3%. Early redemption is permitted. The borrowing is made under the line of credit of (Won) 100,000 million (US\$ 87,116 thousand) as of September 30, 2004.
- (*3) Interest at 3-month CD rate +1.4%. Early redemption is permitted. The borrowing is made under the line of credit of (Won) 200,000 million (US\$ 174,231 thousand) as of September 30, 2004.
- (*4) Interest at 3-month CD rate +1.5%. Early redemption is permitted. The borrowing is made under the line of credit of (Won) 100,000 million (US\$ 87,116 thousand) as of September 30, 2004.
- (*5) The borrowing is made under the line of credit of (Won) 100,000 million (US\$87,116 thousand) as of September 30, 2004.

9. DEBENTURES

- (1) Debentures in local currency as of September 30, 2004 and December 31, 2003 are as follows:

1) Bonds

| | Issue date | Annual interest rate (%) | Maturity | Korean won | | US dollars (Note 2) | |
|-----------------|------------------|--------------------------------|---------------|-----------------|-----------------|---------------------|----------------|
| | | | | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | | | | (In millions) | | (In thousands) | |
| The 2nd bonds | Sep. 28, 2001 | 5.00 | Sep. 28, 2004 | (Won) | (Won) | US\$ | US\$ |
| The 3rd bonds | Dec. 03, 2001 | 5.93 | Dec. 03, 2004 | 300,000 | 300,000 | 261,347 | 261,347 |
| The 4th bonds | Dec. 17, 2001 | 6.00 | Dec. 17, 2004 | 150,000 | 150,000 | 130,673 | 130,673 |
| The 5th bonds | Dec. 28, 2001 | 6.86 | Jun. 28, 2004 | | 300,000 | | 261,347 |
| The 7th bonds | Nov. 27, 2002 | 5.80 | Nov. 27, 2005 | 300,000 | 300,000 | 261,347 | 261,347 |
| The 8th bonds | Dec. 26, 2002 | 6.05 | Dec. 26, 2007 | 200,000 | 200,000 | 174,230 | 174,230 |
| The 9th bonds | Sep. 19, 2003 | 4.64 | Sep. 19, 2006 | 300,000 | 300,000 | 261,347 | 261,347 |
| The 10th bonds | Dec. 16, 2003 | 5.92 | Dec. 16, 2008 | 300,000 | 300,000 | 261,347 | 261,347 |
| The 11th bonds | Jun. 18, 2004 | 5.05 | Jun. 18, 2009 | 370,000 | | 322,328 | |
| The 12th bonds | Jul. 26, 2004 | 4.84 | Jul. 26, 2009 | 230,000 | | 200,366 | |
| The 13th bonds | Aug.31 2004 | 4.42 | Aug. 31, 2005 | 100,000 | | 87,116 | |
| Total | | | | 2,250,000 | 2,150,000 | 1,960,101 | 1,872,985 |
| Less: discounts | | | | (4,075) | (7,403) | (3,550) | (6,449) |
| | | | | (Won) 2,245,925 | (Won) 2,142,597 | US\$ 1,956,551 | US\$ 1,866,536 |

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2) Convertible bonds

| | Issue date | Annual interest rate (%) | Maturity | Korean won | | US dollars (Note2) | |
|--|---------------|--------------------------|---------------|---------------------|---------------------|--------------------|--------------------|
| | | | | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | | | | (In millions) | | (In thousands) | |
| The convertible bonds | Mar. 26, 2003 | | Mar. 26, 2006 | (Won) 20,000 | (Won) 20,000 | US\$ 17,423 | US\$ 17,423 |
| Add: redemption premium | | | | 2,314 | 2,314 | 2,016 | 2,016 |
| Less: reconciliation for conversion rights | | | | (1,698) | (2,509) | (1,479) | (2,186) |
| | | | | <u>(Won) 20,616</u> | <u>(Won) 19,805</u> | <u>US\$ 17,960</u> | <u>US\$ 17,253</u> |

The unguaranteed privately placed convertible bonds were issued to Lehman Brothers HY Opportunities Korea Inc.. The coupon rate is zero whereas yield to maturity of 3.683 % was guaranteed if the bonds would not be converted. The conversion price is (Won) 5,380 per share which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares. The number of the shares to be issued upon conversion is 3,717,472. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until September 26, 2004.

(2) Debentures in foreign currencies as of September 30, 2004 and December 31, 2003 are as follows (Unit: Korean won in millions, US dollars in thousands, and Japanese yen in thousands):

1) Bonds in foreign currencies

| | Issue date | Annual interest rate (%) | Maturity | Foreign currencies | |
|-----------------------|---------------|--------------------------|---------------|----------------------|----------------------|
| | | | | Sep. 30, 2004 | Dec. 31, 2003 |
| Floating rate notes | Nov. 2, 2001 | (*1) | Nov. 2, 2004 | US\$ 150,000 | US\$ 150,000 |
| Less: discount | | | | (21) | (204) |
| | | | | <u>US\$ 149,979</u> | <u>US\$ 149,796</u> |
| Korean won equivalent | | | | <u>(Won) 172,161</u> | <u>(Won) 179,426</u> |
| Yen denominated bonds | Jan. 16, 2002 | 1.74 | Jan. 16, 2004 | JPY | JPY 15,000,000 |
| Less: discount | | | | | (1,563) |

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| | | |
|-----------------------|---------------|----------------|
| | JPY | JPY 14,998,437 |
| Korean won equivalent | (Won) | (Won) 167,922 |
| Total | (Won) 172,161 | (Won) 347,348 |

(*1) London Interbank Offered Rate (LIBOR) (6 months) + 1.6%

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2) Convertible bonds in foreign currency

| | Issue date | Annual interest rate (%) | Maturity | Foreign currencies | |
|--|---------------|--------------------------|---------------|----------------------|----------------------|
| | | | | Sep. 30, 2004 | Dec. 31, 2003 |
| Convertible bonds (*1) | Sep. 27, 2002 | | Sep. 27, 2005 | US\$ 36,000 | US\$ 36,000 |
| Long-term accrued interest | | | | 2,162 | 1,345 |
| | | | | <u>US\$ 38,162</u> | <u>US\$ 37,345</u> |
| Korean won equivalent | | | | (Won) 43,806 | (Won) 44,732 |
| Convertible bonds (*2) | Dec. 20, 2002 | | Dec. 20, 2005 | US\$ 16,000 | US\$ 16,000 |
| Long-term accrued interest | | | | 792 | 454 |
| | | | | <u>US\$ 16,792</u> | <u>US\$ 16,454</u> |
| Korean won equivalent | | | | (Won) 19,276 | (Won) 19,709 |
| Convertible bonds (*3) | Mar. 26, 2003 | | Mar. 26, 2006 | US\$ 39,000 | US\$ 39,000 |
| Add: redemption premium | | | | 2,664 | 2,664 |
| Less: reconciliation for conversion rights | | | | (2,294) | (3,407) |
| | | | | <u>US\$ 39,370</u> | <u>US\$ 38,257</u> |
| Korean won equivalent | | | | (Won) 45,193 | (Won) 45,818 |
| Convertible bonds (*4) | Jul. 10, 2003 | | Jul. 10, 2006 | US\$ 1,000 | US\$ 1,000 |
| Add: redemption premium | | | | 63 | 63 |
| Less: reconciliation for conversion rights | | | | (59) | (82) |
| | | | | <u>US\$ 1,004</u> | <u>US\$ 981</u> |
| | | | | (Won) 1,152 | (Won) 1,173 |
| Total | | | | <u>(Won) 109,427</u> | <u>(Won) 111,432</u> |

(*1) The unguaranteed privately placed bonds of US\$ 36 million were issued to Lehman Brothers International Europe (LBIE) on September 27, 2002. The coupon rate on the bonds is zero whereas yield to maturity of 2.9245% was guaranteed if the bonds would not be converted. The conversion price is (Won) 7,313 per share (conversion-exchange rate applied was (Won) 1,201.4 : US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares. The number of shares available for conversion is 5,914,180 shares. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until one and half year after the issuance date.

(*2) The unguaranteed privately placed bonds of US\$ 16 million were issued to LBIE on December 20, 2002. The coupon rate on the bonds is zero whereas yield to maturity of 2.7335% was guaranteed if the bonds would not be converted. The conversion price is (Won) 5,588 per

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share (conversion-exchange rate applied was (Won) 1,215.8 : US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split

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of shares. The number of shares available for conversion is 3,481,173 shares. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until one and a half year after the issuance date.

- (*3) The unguaranteed privately placed bonds of US\$ 39 million were issued to LBIE on March 26, 2003. The coupon rate on the bonds is zero whereas yield to maturity of 2.215% was guaranteed if the bonds would not be converted. The conversion price is (Won) 5,380 per share (conversion-exchange rate applied was (Won) 1,194.9 : US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares. The number of shares available for conversion is 8,661,914 shares. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until September 26, 2004.
- (*4) The unguaranteed privately placed bonds of US\$ 1 million were issued to LBIE on July 10, 2003. The coupon rate on the bonds is zero whereas yield to maturity of 2.034% was guaranteed if the bonds would not be converted. The conversion price is (Won) 7,228 per share (conversion-exchange rate applied was (Won) 1,188.5 : US\$ 1), which might be adjusted due to additional stock issuances, stock dividends, and split or reverse split of shares. The number of shares available for conversion is 164,429 shares. The conversion rights are valid from one year after the issuance date to one month before the maturity date. The Company is obligated to issue new common shares upon the requests of the bondholders while the purchaser is obligated to hold the bonds or converted shares, if converted, until January 10, 2005.
- (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 September 30, 2004 and December 31, 2003, cross currency interest rate swap contracts are as follows (Unit: Korean won in millions, U.S. dollars in thousands, and Japanese yen in thousands):

| | Contract date | Maturity date | Contracted amount | | Interest rates and terms of payment |
|--------|------------------|------------------|------------------------|------------------------|---|
| | | | Sep. 30, 2004 | Dec. 31, 2003 | |
| Swap 1 | Nov. 7, 2001 | Nov. 2, 2004 | US\$ 50,000 64,650 | US\$ 50,000 64,650 | Receipt: LIBOR (6 months) + 1.6% Payment: annual rate of 6.90% in every 3 months |
| Swap 2 | Nov. 18, 2001 | Nov. 2, 2004 | US\$ 99,496 128,888 | US\$ 99,496 128,888 | Receipt: LIBOR (6 months) + 1.6% Payment: CD interest rate (3 months) + 1.5% |

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| | <u>Contract date</u> | <u>Maturity date</u> | <u>Contracted amount</u> | | <u>Interest rates and terms of payment</u> |
|--------|----------------------|----------------------|--------------------------|----------------------|--|
| | | | <u>Sep. 30, 2004</u> | <u>Dec. 31, 2003</u> | |
| Swap 3 | Jan. 28, 2002 | Jan. 16, 2004 | | JPY 14,924,633 | Receipt: annual rate of 1.74% in every 6 months Payment: CD interest rate (91 days) + 1.59% |
| | | | | 147,754 | |
| Swap 4 | Sep. 27, 2002 | Sep. 27, 2005 | US\$ 36,000 | US\$ 36,000 | Receipt: compound interest rate of 2.9245% (6 months) Payment: annual rate of 5% |
| | | | 44,136 | 44,136 | |
| Swap 5 | Dec. 20, 2002 | Dec. 20, 2005 | US\$ 16,000 | US\$ 16,000 | Receipt: compound interest rate of 2.7335% (6 months) Payment: annual rate of 4.84% |
| | | | 19,248 | 19,248 | |
| Swap 6 | Mar. 26, 2003 | Mar. 26, 2006 | US\$ 39,000 | US\$ 39,000 | Receipt: compound interest rate of 2.215% (6 months) Payment: annual rate of 3.04% |
| | | | 48,633 | 48,633 | |
| Swap 7 | Jul. 9, 2003 | Jul. 10, 2006 | US\$ 1,000 | US\$ 1,000 | Receipt: compound interest rate of 2.034% (6 months) Payment: annual rate of 3.93% |
| | | | 1,179 | 1,179 | |

Losses on valuation of swaps of (Won) 12,440 million (US\$ 10,837 thousand) for the nine-month period ended September 30, 2004 and gains on valuation of (Won) 5,296 million (US\$ 4,614 thousand) and losses on valuation of (Won) 12,082 million (US\$ 10,525 thousand) for the nine-month period ended September 30, 2003, were recorded in connection with the above swap contracts.

10. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies of the Company as of September 30, 2004 and December 31, 2003 are summarized as follows:

| | <u>Foreign currencies</u> | | <u>Korean won equivalent</u> | |
|----------------------------------|---------------------------|----------------------|------------------------------|----------------------|
| | <u>Sep. 30, 2004</u> | <u>Dec. 31, 2003</u> | <u>Sep. 30, 2004</u> | <u>Dec. 31, 2003</u> |
| | <u>(In thousands)</u> | | <u>(In millions)</u> | |
| (Assets) | | | | |
| Currency swaps | JPY | JPY 1,470,444 | (Won) | (Won) 16,463 |
| (Liabilities) | | | | |
| Debentures in foreign currencies | US\$ 241,979 | US\$ 241,796 | 277,767 | 289,624 |
| | JPY | JPY 14,998,437 | | 167,922 |

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| | Foreign currencies | | Korean won equivalent | |
|--------------------------------------|--------------------|----------------|-----------------------|---------------|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | (In thousands) | | (In millions) | |
| Long-term accrued interest payables | US\$ 2,954 | US\$ 1,799 | 3,391 | 2,155 |
| Redemption premium | US\$ 2,727 | US\$ 2,727 | 3,130 | 3,258 |
| Reconciliation for conversion rights | US\$ (2,353) | US\$ (3,489) | (2,701) | (4,179) |
| Accrued expenses | US\$ 904 | US\$ 920 | 1,038 | 1,101 |
| | JPY | JPY 54,611 | | 611 |
| Currency swaps | US\$ 26,865 | US\$ 15,360 | 30,838 | 18,398 |
| | US\$ 273,076 | US\$ 259,113 | (Won) 313,463 | (Won) 478,890 |
| | JPY | JPY 15,053,048 | | |

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) 1,078 million (US\$ 939 thousand) and (Won) 1,582 million (US\$ 1,378 thousand) as of September 30, 2004 and December 31, 2003, respectively.

The details of changes in the accrued severance benefits for the nine-month period ended September 30, 2004 and the year ended December 31, 2003 are as follows:

| | Korean won | | US dollars (Note2) | |
|----------------------------------|-------------------|---------------|--------------------|---------------|
| | Nine months ended | Year ended | Nine months ended | Year ended |
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | (In millions) | | (In thousands) | |
| Beginning balance | (Won) 1,582 | (Won) 968 | US\$ 1,378 | US\$ 844 |
| Provision for severance benefits | 63 | 625 | 55 | 544 |
| Payment for severance benefits | (567) | (11) | (494) | (10) |
| Ending balance | (Won) 1,078 | (Won) 1,582 | US\$ 939 | US\$ 1,378 |

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The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of September 30, 2004 and December 31, 2003, the deposits, amounting to (Won) 506 million (US\$ 441 thousand) and (Won) 954 million (US\$ 831 thousand), respectively, are presented as a deduction from accrued severance indemnities.

12. OTHER LIABILITIES

Other liabilities as of September 30, 2004 and December 31, 2003 are as follows:

| | Korean won | | US dollars (Note 2) | |
|---|---------------------|---------------------|---------------------|--------------------|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 |
| | (In millions) | | (In thousands) | |
| Accrued severance benefits (Note 11) | (Won) 1,078 | (Won) 1,582 | US\$ 939 | US\$ 1,378 |
| Deposits with employee retirement trust (Note 11) | (506) | (954) | (441) | (831) |
| Other payables | 103 | 508 | 90 | 443 |
| Accrued expenses | 9,297 | 9,016 | 8,099 | 7,854 |
| Withholdings | 87 | 188 | 76 | 164 |
| Currency swaps (Notes 9 and 10) | 30,838 | 18,398 | 26,865 | 16,028 |
| | <u>(Won) 40,897</u> | <u>(Won) 28,738</u> | <u>US\$ 35,628</u> | <u>US\$ 25,036</u> |

13. SHAREHOLDERS EQUITY

- (1) The Company has 2,400,000,000 authorized shares of common stock with (Won) 5,000 par value, of which 784,076,172 shares [(Won) 3,920,381 million (US\$ 3,415,264 thousand)] and 775,504,910 shares [(Won) 3,877,525 million (US\$ 3,377,929 thousand)] are issued and outstanding as of September 30, 2004 and December 31, 2003, respectively.
- (2) The changes in the capital stock of the Company during the period from the incorporation to September 30, 2004 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 |

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| | | | | |
|---------|----------------------------|--------------------|------------------------|---------------------|
| In 2002 | Exercise of warrants | 4,356,188 | 21,781 | |
| | | <u>767,814,797</u> | <u>3,839,074</u> | <u>58,645</u> |
| In 2003 | Exercise of warrants | 7,690,113 | 38,451 | (574) |
| | | <u>775,504,910</u> | <u>(Won) 3,877,525</u> | <u>(Won) 58,071</u> |
| In 2004 | Issuance of new shares(*1) | 8,571,262 | 42,856 | 14,126 |
| | | <u>784,076,172</u> | <u>(Won) 3,920,381</u> | <u>(Won) 72,197</u> |

(*1) On June 18, 2004, the Company issued its new common shares to wholly own Woori Securities, one of its subsidiaries. Those new common shares were offered to exchange for 15,584,113 common shares of Woori Securities.

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- (3) As of September 30, 2004 and December 31, 2003, other capital surplus is recorded for considerations for conversion rights relating to convertible bonds issued in 2003, of which details are as follows:

| | <u>Korean won</u> | <u>US dollars (Note 2)</u> |
|---|----------------------|----------------------------|
| | <u>(in millions)</u> | <u>(in thousands)</u> |
| Convertible bond in foreign currencies issued on March 26, 2003 | (Won) 2,215 | US\$ 1,930 |
| Convertible bond issued on March 26, 2003 | 997 | 868 |
| Convertible bond in foreign currencies issued on July 10, 2003 | 41 | 36 |
| | <u>(Won) 3,253</u> | <u>US\$ 2,834</u> |

- (4) Pursuant to the Financial Holding Company Act Article 53, legal reserves are appropriated at no less than one tenth of net income until reaching to an amount equal to the Company's contributed capital, whenever dividends are declared.
- (5) The reconciliation between retained earnings before appropriations as of September 30, 2004 and December 31, 2003 is as follows:

| | <u>Korean won</u> | <u>US dollars (Note 2)</u> |
|--|----------------------|----------------------------|
| | <u>(In millions)</u> | <u>(In thousands)</u> |
| December 31, 2003 | (Won) 223,945 | US\$ 195,091 |
| Appropriation | | |
| Dividends in cash | (77,550) | (67,558) |
| Transfer to legal reserve | (20,256) | (17,647) |
| Transfer to voluntary reserve | (120,000) | (104,539) |
| | <u>(217,806)</u> | <u>(189,744)</u> |
| Decreases due to using the equity method of accounting for the nine months ended Sep. 30, 2004 | (138,101) | (120,307) |
| Net income for the nine months ended Sep. 30, 2004 | 440,157 | 383,445 |
| | <u>440,157</u> | <u>383,445</u> |
| September 30, 2004 | <u>(Won) 308,195</u> | <u>US\$ 268,485</u> |

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14. STOCK OPTIONS

- (1) On December 4, 2002, the Company granted stock options to 62 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 stock options (220,000 shares) granted to 9 directors of the Company and its subsidiaries, who subsequently retired, were cancelled by the resolutions of the Company's board of directors in 2003 and for the nine-month period ended September 30, 2004.
- (3) The summary of stock options granted as of September 30, 2004 is summarized as follows:

| <u>Description</u> | <u>The Company</u> | <u>Subsidiaries</u> | <u>Total</u> |
|------------------------------|--|--|------------------|
| Exercisable number of shares | 440,000 shares | 900,000 shares | 1,340,000 shares |
| Type | Share issue or balance compensation | Share issue or balance compensation | |
| Valuation method | Fair value approach | Fair value approach | |

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

| <u>Description</u> | <u>Application</u> |
|------------------------------------|--|
| Risk free rate | Yield (5.70%) of treasury bond, which has the same residual maturity as the expected exercise period, as of December 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 |

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- (5) The summary of stock option costs over the exercisable period is summarized as follows (Unit: Korean won in millions):

| <u>Description</u> | <u>The Company</u> | <u>Subsidiaries</u> | <u>Total</u> |
|---|--------------------|---------------------|--------------|
| Total stock option costs | (Won) 916 | (Won) 1,873 | (Won) 2,789 |
| Recorded in 2002, 2003 and the first three quarters of 2004 | 839 | 1,717 | 2,556 |
| To be recorded thereafter | 77 | 156 | 233 |

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

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15. INCOME TAX EXPENSE

(1) Differences between financial accounting income and taxable income for the nine-month period ended September 30, 2004 are as follows:

| | <u>Korean won</u> | <u>US dollars (Note 2)</u> |
|--|----------------------|----------------------------|
| | <u>(In millions)</u> | <u>(In thousands)</u> |
| Net income | (Won) 440,157 | US\$ 383,445 |
| Permanent differences | | |
| Additions: | | |
| Gain on valuation of investment securities | 408,705 | 356,046 |
| Deemed interest income | 11,488 | 10,008 |
| Other | 1,309 | 1,140 |
| | <u>421,502</u> | <u>367,194</u> |
| Deductions: | | |
| Dividend | (627,783) | (546,898) |
| Investment securities | (138,101) | (120,307) |
| Deferred tax income | (33,744) | (29,396) |
| | <u>(799,628)</u> | <u>(696,601)</u> |
| | <u>(378,126)</u> | <u>(329,407)</u> |
| Temporary differences | | |
| Additions: | | |
| Long-term accrued interest income | 33,744 | 29,396 |
| Investment securities | 811,811 | 707,215 |
| Other | 36,670 | 31,945 |
| | <u>882,225</u> | <u>768,556</u> |
| Deductions: | | |
| Investment securities | (947,847) | (825,723) |
| Other | (13,385) | (11,660) |
| | <u>(961,232)</u> | <u>(837,383)</u> |
| | <u>(79,007)</u> | <u>(68,827)</u> |
| Income after tax adjustments | <u>(16,976)</u> | <u>(14,789)</u> |
| Utilization of tax loss carryforwards | | |
| Taxable income | <u>(Won)</u> | <u>US\$</u> |

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- (2) The changes in cumulative temporary differences and tax loss carryforwards for the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| | <u>Jan. 1, 2004 (*1)</u> | <u>Increase</u> | <u>Decrease</u> | <u>Sep. 30, 2004</u> | Deferred tax assets (liabilities)(*2) |
|----------------------------|--------------------------|-----------------|-----------------|----------------------|--|
| Investment securities | (Won) (1,426,634) | (Won) (947,847) | (Won) (811,811) | (Won) (1,562,670) | (Won) (24,039) |
| Swap contracts | 1,935 | 30,838 | 1,935 | 30,838 | 8,480 |
| Accrued income | (461) | (484) | (461) | (484) | (133) |
| Accrued severance benefits | 950 | 154 | 457 | 647 | 178 |
| Depreciation | 19 | 31 | 13 | 37 | 10 |

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| | <u>Jan. 1, 2004 (*1)</u> | | <u>Increase</u> | | <u>Decrease</u> | | <u>Sep. 30, 2004</u> | | <u>Deferred tax assets</u> <u>(liabilities)(*2)</u> |
|-------------------------------------|--------------------------|--------------------------|-----------------|------------------------|-----------------|------------------------|----------------------|--------------------------|--|
| Accrued expenses | (Won) | 2,200 | (Won) | 1,202 | (Won) | 2,200 | (Won) | 1,202 | (Won) 330 |
| Accounts receivable | | (1,014) | | (702) | | | | (1,716) | (472) |
| Employee retirement deposits | | (950) | | (14) | | (457) | | (507) | (139) |
| Long-term accrued interest payables | | 2,154 | | 1,236 | | | | 3,390 | 932 |
| Long-term accrued interest income | | (30,232) | | (7,451) | | (33,744) | | (3,939) | (1,083) |
| Premiums on debentures | | 5,572 | | | | 128 | | 5,444 | 1,497 |
| Adjustment of conversion rights | | (6,688) | | | | (2,290) | | (4,398) | (1,210) |
| | | <u>(1,453,149)</u> | | <u>(923,037)</u> | | <u>(844,030)</u> | | <u>(1,532,156)</u> | <u>(15,649)</u> |
| Tax loss carry forwards | | 197,308 | | | | | | 197,308 | 54,260 |
| | | <u>(Won) (1,255,841)</u> | | <u>(Won) (923,037)</u> | | <u>(Won) (844,030)</u> | | <u>(Won) (1,334,848)</u> | <u>(Won) 38,611</u> |

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

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

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

| <u>Year incurred</u> | <u>Amount</u> | <u>Utilized</u> | <u>Remaining</u> | <u>Expiration</u> |
|----------------------|----------------------|-----------------|----------------------|-------------------|
| 2001 | (Won) 25,588 | (Won) | (Won) 25,588 | Dec. 31, 2006 |
| 2002 | 14,205 | | 14,205 | Dec. 31, 2007 |
| 2003 (*1) | 157,515 | | 157,515 | Dec. 31, 2008 |
| 2004 | 16,976 | | 16,976 | Sep. 30, 2009 |
| | <u>(Won) 214,284</u> | <u>(Won)</u> | <u>(Won) 214,284</u> | |

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

(4) For the nine months ended September 30, 2004, there is no income tax expense reflected in the statement of income as there is no tax currently payable under the Corporate Tax Act and there are no changes in net deferred tax assets or liabilities.

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16. STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2004 and 2003, the transactions without cash flows are as follows:

| Transactions | Korean won | | US dollars (Note 2) | |
|---|---------------|---------------|---------------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | (In millions) | | (In thousands) | |
| Increase in capital adjustments due to valuation of investment securities | (Won) 408,705 | (Won) 384,695 | US\$ 356,046 | US\$ 335,129 |
| Decrease in retained earnings due to valuation of investment securities | (138,101) | (9,712) | (120,307) | (8,461) |
| Increase in investment securities and capital | 55,999 | | 48,784 | |
| Increase in other receivables and stock options | 702 | 866 | 612 | 754 |
| Increase in conversion rights | | 3,253 | | 2,834 |

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three-month and nine-month periods ended September 30, 2004 and 2003 are summarized as follows:

| | Korean won | | | |
|-----------------------------------|---------------|-------------|-------------|-------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In millions) | | | |
| Salaries, wages and bonuses | (Won) 1,748 | (Won) 5,661 | (Won) 1,805 | (Won) 5,166 |
| Provision for severance benefits | 38 | 63 | 20 | 287 |
| Fringe benefits | 114 | 521 | 84 | 323 |
| Rent | 579 | 1,719 | 577 | 1,746 |
| Expenditure for business purpose | 93 | 301 | 91 | 348 |
| Depreciation | 39 | 125 | 35 | 105 |
| Amortization on intangible assets | 5 | 14 | 3 | 10 |
| Taxes and dues | 17 | 43 | 17 | 60 |
| Advertising | 93 | 1,970 | 967 | 6,234 |
| Travel | 19 | 52 | 62 | 169 |
| Telecommunications | 11 | 45 | 13 | 50 |
| Service fees | 958 | 1,916 | 621 | 1,191 |

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| | | | | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| Suppliers | 27 | 82 | 27 | 76 |
| Stock compensation (Note 14) | 114 | 343 | 117 | 351 |
| Other | 444 | 1,269 | 310 | 982 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | (Won) 4,299 | (Won) 14,124 | (Won) 4,749 | (Won) 17,098 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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| | US dollar (Note 2) | | | |
|-----------------------------------|--------------------|--------------------|-------------------|--------------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In thousands) | | | |
| Salaries, wages and bonuses | US\$ 1,523 | US\$ 4,932 | US\$ 1,572 | US\$ 4,500 |
| Provision for severance benefits | 33 | 55 | 17 | 250 |
| Fringe benefits | 99 | 454 | 73 | 281 |
| Rent | 504 | 1,498 | 503 | 1,521 |
| Expenditure for business purpose | 81 | 262 | 79 | 303 |
| Depreciation | 34 | 109 | 30 | 91 |
| Amortization on intangible assets | 4 | 12 | 3 | 9 |
| Taxes and dues | 15 | 37 | 15 | 52 |
| Advertising | 81 | 1,716 | 842 | 5,431 |
| Travel | 17 | 45 | 54 | 147 |
| Telecommunications | 10 | 39 | 11 | 44 |
| Service fees | 835 | 1,669 | 541 | 1,038 |
| Suppliers | 24 | 72 | 24 | 66 |
| Stock compensation (Note 14) | 99 | 299 | 102 | 306 |
| Other | 386 | 1,106 | 271 | 856 |
| | <u>US\$ 3,745</u> | <u>US\$ 12,305</u> | <u>US\$ 4,137</u> | <u>US\$ 14,895</u> |

18. FINANCIAL INFORMATION OF SUBSIDIARIES

(1) The condensed balance sheets of subsidiaries as of September 30, 2004 are as follows (Unit: Korean won in millions):

| Company | Total assets | Total liabilities | Total stockholders equity (capital deficiency) |
|---|--------------------------|--------------------------|---|
| Woori Bank | (Won) 111,717,885 | (Won) 105,363,525 | (Won) 6,354,360 |
| Kyongnam Bank | 11,530,623 | 10,948,146 | 582,477 |
| Kwangju Bank | 9,272,166 | 8,854,978 | 417,188 |
| Woori Finance Information System | 299,549 | 290,213 | 9,336 |
| Woori F&I | 209,880 | 163,143 | 46,737 |
| Woori Second Asset Securitization Specialty | 26,240 | 34,547 | (8,307) |
| Woori Third Asset Securitization Specialty | 44,102 | 88,054 | (43,952) |
| Woori Investment Trust Management | 35,401 | 510 | 34,891 |
| Woori Securities | 768,412 | 405,225 | 363,187 |
| | <u>(Won) 133,904,258</u> | <u>(Won) 126,148,341</u> | <u>(Won) 7,755,917</u> |

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- (2) The condensed statements of operations of subsidiaries for the nine-month period ended September 30, 2004 are as follows (Unit: Korean won in millions):

| <u>Company</u> | <u>Operating revenue</u> | <u>Operating expense</u> | <u>Net operating income (loss)</u> | <u>Ordinary income (loss)</u> | <u>Net income (loss)</u> |
|---|--------------------------|--------------------------|------------------------------------|-------------------------------|--------------------------|
| Woori Bank | (Won) 7,212,014 | (Won) 6,438,234 | (Won) 773,780 | (Won) 969,207 | (Won) 850,442 |
| Kyongnam Bank | 575,804 | 475,818 | 99,986 | 83,693 | 83,070 |
| Kwangju Bank | 438,707 | 375,126 | 63,581 | 78,294 | 67,829 |
| Woori Credit Card (*1) | 220,798 | 609,694 | (388,896) | (465,879) | (465,879) |
| Woori Finance Information System | 216,399 | 215,129 | 1,270 | 2,637 | 1,633 |
| Woori F&I | 16,802 | 13,531 | 3,271 | 10,064 | 5,468 |
| Woori Second Asset Securitization Specialty | 11,924 | 6,363 | 5,561 | 5,521 | 5,521 |
| Woori Third Asset Securitization Specialty | 64 | 2,300 | (2,236) | (2,240) | (2,240) |
| Woori Investment Trust Management | 4,309 | 3,875 | 434 | 3,380 | 2,313 |
| Woori Securities | 134,191 | 138,209 | (4,018) | (11,103) | (11,828) |
| | <u>(Won) 8,831,012</u> | <u>(Won) 8,278,279</u> | <u>(Won) 552,733</u> | <u>(Won) 673,574</u> | <u>(Won) 536,329</u> |

- (*1) The condensed statement of operations of Woori Credit Card was prepared for the three-month period ended March 31, 2004 prior to the merger into Woori Bank.

- (3) Major debt and assets of the Company and its subsidiaries as of September 30, 2004 are summarized as follows (Unit: Korean won in millions):

1) Major debt

| <u>Company</u> | <u>Deposits</u> | <u>Borrowings</u> | <u>Debentures</u> | <u>Total</u> |
|---|-------------------------|-------------------------|-------------------------|--------------------------|
| Woori Finance Holdings | (Won) | (Won) 120,000 | (Won) 2,548,129 | (Won) 2,668,129 |
| Woori Bank | 76,888,719 | 8,796,487 | 10,732,956 | 96,418,162 |
| Kyongnam Bank | 8,603,290 | 1,708,939 | 210,000 | 10,522,229 |
| Kwangju Bank | 6,608,125 | 1,634,163 | 250,000 | 8,492,288 |
| Woori Finance Information System | | 210,000 | | 210,000 |
| Woori F&I | | 158,700 | | 158,700 |
| Woori Second Asset Securitization Specialty | | 100 | | 100 |
| Woori Third Asset Securitization Specialty | | 27,790 | | 27,790 |
| Woori Securities | 183,052 | 9,552 | | 192,604 |
| | <u>(Won) 92,283,186</u> | <u>(Won) 12,665,731</u> | <u>(Won) 13,741,085</u> | <u>(Won) 118,690,002</u> |

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2) Major assets

| Company | Cash and due | | | Total |
|---|------------------------|-------------------------|-------------------------|--------------------------|
| | from banks | Securities | Loans | |
| Woori Finance Holdings | (Won) 719,328 | (Won) 8,000,257 | (Won) 231,726 | (Won) 8,951,311 |
| Woori Bank | 5,778,545 | 20,692,182 | 77,065,337 | 103,536,064 |
| Kyongnam Bank | 747,283 | 3,294,655 | 7,004,964 | 11,046,902 |
| Kwangju Bank | 401,016 | 2,808,597 | 5,612,767 | 8,822,380 |
| Woori Finance Information System | 3,515 | 519 | | 4,034 |
| Woori F&I | 51,012 | 45,058 | 110,429 | 206,499 |
| Woori Second Asset Securitization Specialty | 25,187 | 232 | | 25,419 |
| Woori Third Asset Securitization Specialty | 1,208 | 42,867 | | 44,075 |
| Woori Investment Trust Management | 29,021 | 338 | | 29,359 |
| Woori Securities | 212,527 | 237,623 | 27,020 | 477,170 |
| Total | (Won) 7,968,642 | (Won) 35,122,328 | (Won) 90,052,243 | (Won) 133,143,213 |

(4) Allowances for possible loan losses of each subsidiary as of September 30, 2004 are summarized as follows (Unit: Korean won in millions):

| Company | Loans subject to allowance for possible loan losses | Allowance | Percentage of allowance to loans (%) |
|------------------|---|------------------------|--|
| | Woori Bank | (Won) 78,989,241 | (Won) 1,923,904 |
| Kyongnam Bank | 7,120,615 | 115,651 | 1.62 |
| Kwangju Bank | 5,702,109 | 89,342 | 1.57 |
| Woori F&I | 110,984 | 555 | 0.50 |
| Woori Securities | 34,493 | 7,473 | 21.67 |
| Total | (Won) 91,957,442 | (Won) 2,136,925 | 2.32 |

Allowances for possible loan losses of each subsidiary as of December 31, 2003 are summarized as follows (Unit: Korean won in millions):

| Company | Loans subject to allowance for possible loan losses | Allowance | Percentage of allowance to loans (%) |
|---------|---|-----------|--|
|---------|---|-----------|--|

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| | | | | | |
|-------------------|-------|------------|-------|-----------|-------|
| Woori Bank | (Won) | 74,343,819 | (Won) | 1,550,988 | 2.09 |
| Kyongnam Bank | | 6,550,115 | | 103,556 | 1.58 |
| Kwangju Bank | | 5,409,972 | | 72,042 | 1.33 |
| Woori Credit Card | | 1,809,395 | | 379,651 | 20.98 |

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| <u>Company</u> | Loans subject to allowance for possible | | Percentage of allowance |
|---|--|------------------------|--------------------------------|
| | loan losses | Allowance | to loans (%) |
| Woori F&I | 115,237 | 501 | 0.43 |
| Woori Second Asset Securitization Specialty | (Won) 17,980 | (Won) 11,675 | 64.93 |
| Woori Third Asset Securitization Specialty | 445 | 19 | 4.27 |
| Woori Securities | 59,582 | 21,034 | 35.30 |
| Total | (Won) 88,306,545 | (Won) 2,139,466 | 2.42 |

19. CONTRIBUTIONS TO NET INCOME BY SUBSIDIARIES:

Contributions to net income of the Company by subsidiaries after elimination of unrealized inter-companies incomes or losses for the nine-month period ended September 30, 2004 are as follows:

| <u>Company</u> | Korean won | US dollars | Ratio |
|--|----------------------|---------------------|--------------|
| | (In millions) | (Note 2) | (%) |
| Woori Bank | (Won) 840,777 | US\$ 732,448 | 155.9 |
| Kyongnam Bank | 82,723 | 72,065 | 15.4 |
| Kwangju Bank | 67,015 | 58,381 | 12.4 |
| Woori Credit Card | (466,410) | (406,316) | (86.5) |
| Woori Finance Information System | 1,070 | 932 | 0.2 |
| Woori F&I | 5,464 | 4,760 | 1.0 |
| Woori Second Asset Securitization Specialty | 5,521 | 4,810 | 1.1 |
| Woori Third Asset Securitization Specialty | (2,240) | (1,951) | (0.4) |
| Woori Investment Trust Management | 2,313 | 2,015 | 0.4 |
| Woori Securities | 2,910 | 2,534 | 0.5 |
| Gain on valuation using the equity method | 539,143 | 469,678 | 100.0 |
| Other income | 44,985 | 39,189 | |
| Other expenses | (143,971) | (125,422) | |
| Net income | (Won) 440,157 | US\$ 383,445 | |

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20. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES:

(1) Account balances with the subsidiaries as of September 30, 2004 and December 31, 2003 are as follows:

| | Korean won | | US dollars (Note 2) | | Account |
|---|---------------|---------------|---------------------|---------------|---|
| | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 | |
| | (In millions) | | (In thousands) | | |
| Assets | | | | | |
| Woori Bank | (Won) 669,436 | (Won) 322,145 | US\$ 583,183 | US\$ 280,639 | Cash and bank deposits |
| | | 600,000 | | 522,693 | Loans |
| | 4,153 | 3,846 | 3,618 | 3,350 | Guarantee deposits |
| | 1,116 | 652 | 972 | 568 | Other receivables |
| | 352 | 28,379 | 307 | 24,723 | Accrued income |
| | | 16,463 | | 14,342 | Currency swaps (assets) |
| Kyongnam Bank | 29,728 | 16,204 | 25,898 | 14,116 | Cash and bank deposits |
| | 27 | 14 | 23 | 12 | Accrued income |
| Kwangju Bank | 20,164 | 11,236 | 17,566 | 9,788 | Cash and bank deposits |
| | 50,000 | 50,000 | 43,558 | 43,558 | Loans |
| | 3,947 | 2,253 | 3,438 | 1,963 | Accrued income |
| Woori Credit Card | | 8 | | 7 | Other receivables |
| Woori Finance Information System | 30,000 | 30,000 | 26,135 | 26,135 | Loans |
| | 172 | 101 | 150 | 88 | Other receivables |
| | 366 | 363 | 319 | 316 | Accrued income |
| Woori F&I | 125,000 | 126,850 | 108,895 | 110,507 | Loans |
| Woori Second Asset Securitization Specialty | 100 | 100 | 87 | 87 | Loans |
| | 2 | 2 | 2 | 2 | Accrued income |
| Woori Third Asset Securitization Specialty | 27,790 | 27,790 | 24,209 | 24,209 | Loans |
| | 459 | 459 | 400 | 400 | Accrued income |
| Woori Investment Trust Management | 67 | 39 | 58 | 34 | Other receivables |
| Woori Credit Information | 153 | 90 | 133 | 78 | Other receivables |
| Woori CA Asset Management | 210 | 124 | 183 | 108 | Other receivables |
| Principal guaranteed trust accounts of | 506 | 954 | 441 | 831 | Deposits with employee retirement trust |

Woori Bank

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| | | Korean won | | US dollars (Note 2) | | |
|-------------|----------------------------------|---------------|-----------------|---------------------|----------------|------------------------------|
| | | Sep. 30, 2004 | Dec. 31, 2003 | Sep. 30, 2004 | Dec. 31, 2003 | Account |
| | | (In millions) | | (In thousands) | | |
| | | 23 | | 20 | | Accrued income |
| Total | | (Won) 963,771 | (Won) 1,238,072 | US\$ 839,595 | US\$ 1,078,554 | |
| Liabilities | Woori Bank | (Won) 39 | (Won) 30,838 | US\$ 34 | US\$ 26,865 | Other payables |
| | | | 18,398 | | 16,028 | Currency swaps (liabilities) |
| | Woori Credit Card | | 93 | | 81 | Other payables |
| | Woori Finance Information System | 383 | | 333 | | Accrued expense |
| Total | | (Won) 31,260 | (Won) 18,491 | US\$ 27,232 | US\$ 16,109 | |

(2) Transactions with the subsidiaries for the nine-month periods ended September 30, 2004 and 2003 are as follows:

| | | Korean won | | US dollars (Note 2) | | |
|----------|---|---------------|-------------|---------------------|------------|-------------------------------------|
| | | 2004 | 2003 | 2004 | 2003 | Account |
| | | (In millions) | | (In thousands) | | |
| Revenues | Woori Bank | (Won) 6,346 | (Won) 3,102 | US\$ 5,528 | US\$ 2,702 | Interest income |
| | | 5,762 | 17,976 | 5,020 | 15,660 | Interest income |
| | | | 5,296 | | 4,614 | Gain on valuation of swap contracts |
| | Kyongnam Bank | 587 | 377 | 511 | 328 | Interest income |
| | Kwangju Bank | 413 | 305 | 360 | 266 | Interest income |
| | | 1,689 | 1,683 | 1,471 | 1,466 | Interest income |
| | Woori Credit Card | | 3,163 | | 2,755 | Interest income |
| | Woori Finance Information System | 1,647 | 9,968 | 1,435 | 8,684 | Interest income |
| | Woori F&I | 6,881 | 5,408 | 5,995 | 4,711 | Interest income |
| | Woori First Asset Securitization Specialty | | 9,190 | | 8,006 | Interest income |
| | Woori Second Asset Securitization Specialty | 6 | 1,120 | 5 | 976 | Interest income |
| | Woori Third Asset Securitization Specialty | 1,626 | 1,992 | 1,416 | 1,735 | Interest income |
| | Principal guaranteed trust accounts of Woori Bank | 32 | | 28 | | Interest income |
| Total | | 24,989 | 59,580 | 21,769 | 51,903 | |
| Expenses | Woori Bank | 12,440 | 12,082 | 10,837 | 10,525 | |

| | | | | | |
|--|-------|-------|-------|-------|-------------------------------------|
| | | | | | Loss on valuation of swap contracts |
| | 1,504 | 1,488 | 1,310 | 1,296 | Rent |

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| | Korean won | | US dollars (Note 2) | | Account |
|----------------------------------|---------------------|---------------------|---------------------|--------------------|-------------------------------|
| | 2004 | 2003 | 2004 | 2003 | |
| | (In millions) | | (In thousands) | | |
| Woori Finance Information System | 623 | 259 | 543 | 226 | Other administrative expenses |
| | 1,254 | | 1,092 | | Fee expenses |
| Total | (Won) 15,821 | (Won) 13,829 | US\$ 13,782 | US\$ 12,047 | |

(3) Repurchase of the transferred credit card subscriber base

Kwangju Bank sold its credit card subscriber base to WCC on February 28, 2003. However, due to WCC's merger into Woori Bank in the first quarter of 2004, Kwangju Bank repurchased such credit card subscriber base including the related card assets and liabilities from WCC on March 29, 2004. The consideration for the transaction was (Won) 72.8 billion (US\$ 63.4 million) and no gain or loss was recorded in connection.

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 and nine-month periods ended September 30, 2004 and 2003 are as follows:

| | Korean won | | | |
|--|---|---------------|-----------------|---------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In millions, except for income per share data) | | | |
| Net income (loss) on common shares | (Won) 259,682 | (Won) 440,157 | (Won) (137,411) | (Won) 370,091 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Ordinary income (loss) on common shares | (Won) 259,682 | (Won) 440,157 | (Won) (137,411) | (Won) 370,091 |
| Weighted average number of common shares outstanding (in shares) | 784,076,172 | 778,789,518 | 775,504,910 | 770,449,840 |
| Basic ordinary income (loss) per common shares | (Won) 331 | (Won) 565 | (Won) (177) | (Won) 480 |

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| | | | | | | | | |
|---|-------|-----|-------|-----|-------|-------|-------|-----|
| Basic net income (loss) per common shares | (Won) | 331 | (Won) | 565 | (Won) | (177) | (Won) | 480 |
|---|-------|-----|-------|-----|-------|-------|-------|-----|

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| | US dollars (Note2) | | | |
|--|--|--------------|----------------|--------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In thousands, except for income per share data) | | | |
| Net income (loss) on common shares | US\$ 226,224 | US\$ 383,445 | US\$ (119,706) | US\$ 322,407 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Ordinary income (loss) on common shares | US\$ 226,224 | US\$ 383,445 | US\$ (119,706) | US\$ 322,407 |
| Weighted average number of common shares outstanding (in shares) | 784,076,172 | 778,789,518 | 775,504,910 | 770,449,840 |
| Basic ordinary income (loss) per common shares | US\$ 0.289 | US\$ 0.492 | US\$ (0.154) | US\$ 0.418 |
| Basic net income (loss) per common shares | US\$ 0.289 | US\$ 0.492 | US\$ (0.154) | US\$ 0.418 |

Basic net income per common share was (Won) 262 (US\$ 0.228) for the year ended December 31, 2003. Basic net loss per common share was (Won) 195 (US\$ 0.170) for the three months ended March 31, 2004 and basic net income for the three months ended June 30, 2004 was (Won) 427 (US\$ 0.372). Basic net income per common share were (Won) 237 (US\$ 0.206) and (Won) 424 (US\$ 0.369) for the three months ended March 31, 2003 and June 30, 2003, respectively. The ordinary income (loss) per share for such periods were the same as the basic net income (loss) per share.

- (2) Diluted ordinary income (loss) per common share and diluted net income (loss) per common share for the three-month and nine-month periods ended September 30, 2004 and 2003 are as follows:

| | Korean won | | | |
|---|---|---------------|-----------------|---------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In millions, except for income per share data) | | | |
| Diluted net income (loss) on common shares | (Won) 261,367 | (Won) 446,679 | (Won) (137,411) | (Won) 372,296 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Diluted ordinary income (loss) on common shares | (Won) 261,367 | (Won) 446,679 | (Won) (137,411) | (Won) 372,296 |

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| | | | | |
|--|-------------|-------------|-------------|-------------|
| Weighted average number of common and dilutive common shares outstanding (in shares) | 807,355,340 | 800,728,686 | 775,504,910 | 795,662,969 |
| Diluted ordinary income (loss) per common shares | (Won) 324 | (Won) 558 | (Won) (177) | (Won) 468 |
| Diluted net income (loss) per common shares | (Won) 324 | (Won) 558 | (Won) (177) | (Won) 468 |

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| | US dollars (Note2) | | | |
|--|--|--------------|----------------|--------------|
| | 2004 | | 2003 | |
| | Three-month | Nine-month | Three-month | Nine-month |
| | (In thousands, except for income per share data) | | | |
| Diluted net income (loss) on common shares | US\$ 227,691 | US\$ 389,127 | US\$ (119,706) | US\$ 324,328 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Diluted ordinary income (loss) on common shares | US\$ 227,691 | US\$ 389,127 | US\$ (119,706) | US\$ 324,328 |
| Weighted average number of common and dilutive common shares outstanding (in shares) | 807,355,340 | 800,728,686 | 775,504,910 | 795,662,969 |
| Diluted ordinary income (loss) per common shares | US\$ 0.282 | US\$ 0.486 | US\$ (0.154) | US\$ 0.408 |
| Diluted net income (loss) per common shares | US\$ 0.282 | US\$ 0.486 | US\$ (0.154) | US\$ 0.408 |

Diluted basic net income per common share was (Won) 261 (US\$ 0.227) for the year ended December 31, 2003. Diluted basic net loss per common share was (Won) 188 (US\$ 0.164) for the three months ended March 31, 2004 and diluted basic net income for three months ended June 30, 2004 was (Won) 420 (US\$ 0.366). Diluted basic net income per common share were (Won) 234 (US\$ 0.204) and (Won) 413 (US\$ 0.360) for the three months ended March 31, 2003 and June 30, 2003, respectively. The diluted ordinary income (loss) per share for such periods were the same as the basic net income (loss) per share.

(3) All common stock equivalents as of September 30, 2004 are as follows (Unit: Korean won in millions and US dollars in thousands):

| Item | Face value | Exercise period | Common stock | |
|-------------------|-------------|----------------------------------|-----------------------|--|
| | | | to be issued (shares) | Remarks |
| Convertible bonds | US\$ 36,000 | Sep. 28, 2003 ~ Aug. 27, 2005 | 5,914,180 | Using exchange rate of (Won)1,201.4, convert 1 share at (Won)7,313 |
| Convertible bonds | US\$ 16,000 | Dec. 21, 2003 ~ Nov. 20, 2005 | 3,481,173 | Using exchange rate of (Won)1,215.8, convert 1 share at (Won)5,588 |

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| | | | | |
|-------------------|--------------|----------------------------------|-----------|---------------------------------|
| Convertible bonds | (Won) 20,000 | Mar. 27, 2004 ~ Feb. 26, 2006 | 3,717,472 | Convert 1share at (Won)5,380 |
|-------------------|--------------|----------------------------------|-----------|---------------------------------|

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| <u>Item</u> | <u>Face value</u> | <u>Exercise period</u> | <u>Common stock to be issued (shares)</u> | <u>Remarks</u> |
|-------------------|-------------------|----------------------------------|---|---|
| Convertible bonds | US\$ 39,000 | Mar. 27, 2004 ~ Feb. 26, 2006 | 8,661,914 | Using exchange rate of (Won)1,194.9, concert 1 shares at (Won)5,380 |
| Convertible bonds | US\$ 1,000 | Jul. 10, 2004 ~ Jun. 10, 2006 | 164,429 | Using exchange rate of (Won)1,188.5, concert 1 shares at (Won)7,228 |
| Stock options | | Dec. 5, 2005 ~ Dec. 4, 2008 | 1,340,000 | (Note 14) |

22. INSURANCE

As of September 30, 2004, the Company has insurance for liability of reparation of directors with LG Insurance Co., Ltd.. The insurance coverage is (Won) 20,000 million (US\$ 17,423 thousand).

23. CREDITS TO SK NETWORKS CO., LTD.

As of September 30, 2004, Woori Bank has loans receivable from and payment guarantees for SK Networks Co., Ltd. (formerly known as SK Global) and its overseas subsidiaries (collectively referred to as SK Networks) in the total amount of (Won) 184.1 billion (US\$ 160.4 million) and available-for-sale securities in the total amount of (Won) 94.9 billion (US\$ 82.7 million). In connection therewith, Woori Bank provided (Won) 33.7 billion (US\$ 29.4 million) as allowances for credit losses as of September 30, 2004. However, Woori Bank's actual loss on SK Networks credit may differ from the current estimate.

24. 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. (LG Card) in the total amount of (Won) 194.0 billion (US\$ 169.0 million), (Won) 351.8 billion (US\$ 306.5 million) and (Won) 239.4 billion (US\$ 208.6 million), respectively as of September 30, 2004. In connection therewith, the banks provided (Won) 368.1 billion (US\$ 320.7 million) as allowances for credit losses and cumulative impairment losses on securities and recorded (Won) 69.5 billion (US\$ 60.5 million) of gains on valuation of available-for-sale securities on capital adjustments. In addition, Woori Bank recorded (Won) 51.0 billion (US\$ 44.4 million) in the related losses on trust management of trust accounts, for which

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repayment of principal or interest is guaranteed by Woori Bank, in 2003 and for the nine-month period ended September 30, 2004. Such trust accounts have Commercial Paper (CP) in total amount of (Won) 69.7 billion (US\$ 60.7 million) as of September 30, 2004. However, the Company's bank subsidiaries' actual losses on LG Card credit may differ from the current estimate.

25. WOORI BANK'S MERGER WITH WOORI CREDIT CARD

Woori Bank, a subsidiary of the Company, merged with WCC, a subsidiary of the Company, on March 31, 2004. Woori Bank took over substantially all of the assets and liabilities of WCC by exchanging one common share of WCC with 0.3581 share of Woori Bank and (Won) 330,394 million (US\$ 287,825 thousand) of the difference between (Won) 657,339 million (US\$ 572,645 thousand) of net assets acquired from WCC and (Won) 326,945 million (US\$ 284,820 thousand) of consideration for the merger was recorded as capital surplus of Woori Bank. As a result, the number of issued common shares of Woori Bank increased from 570.6 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,485.2 million) to (Won) 3,179.8 billion (US\$ 2,770.1 million).

26. ACQUISITION OF WOORI SECURITIES' STOCK

On June 18, 2004, the Company issued 8.6 million new common shares and exchanged them for 15.6 million common shares of Woori Securities, a subsidiary of the Company, in order to wholly own the subsidiary. As a result, the number of issued common shares of the Company increased from 775.5 million to 784.1 million and contributed capital of the Company increased from (Won) 3,877.5 billion (US\$ 3,377.9 million) to (Won) 3,920.4 billion (US\$ 3,415.3 million).

27. RESOLUTION OF ACQUISITION OF LG INVESTMENT & SECURITIES CO., LTD.

On September 15, 2004, the Company made a resolution to acquire 25,877,487 shares of LG Investment & Securities Co., Ltd.'s common stock, 21.2% of ownership interest, for (Won) 297.6 billion (US\$ 259.3 million) and on September 23, 2004, the Company has entered into a purchase agreement with LG Card Co., Ltd., which currently owns those common shares of LG Investment & Securities Co., Ltd., and paid a deposit of (Won) 29.8 billion (US\$ 25.9 million).

28. 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

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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.

29. ECONOMIC UNCERTAINTIES

The economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices, including corporate governance. The Company may be either directly or indirectly affected by these economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results of operations of the Company. Actual results may differ materially from management's current assessment.

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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: November 12, 2004

By: /s/ Young Sun Kim

(Signature)

Name: Young Sun Kim

Title: Director