

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

August 13, 2004

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Form 6-K

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

For the month of August 2004

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## Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F  Form 40-F

## Edgar Filing: WOORI FINANCE HOLDINGS CO LTD - Form 6-K

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

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

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

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

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

Yes  No

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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**

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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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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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- 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

- 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

**Table of Contents****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 |
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(2) Related companies within Business Group

| Type                  | Name of Company                             | Controlling Company    | Notes       |
|-----------------------|---|------------------------|-------------|
| Holding Company       | Woori Finance Holdings (*1)                 | KDIC                   |             |
| 1st 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 |                        |             |
| 2nd Tier Subsidiaries | Woori Third Asset Securitization Specialty  | Woori Bank             | 6 companies |
|                       | Woori Investment Trust Management, Co.      |                        |             |
|                       | Woori Securities (*2)                       |                        |             |
|                       | Woori Credit Information                    |                        |             |
|                       | Woori America Bank                          |                        |             |
|                       | P.T. Bank Woori Indonesia                   |                        |             |
| 2nd Tier Subsidiaries | Shinwoo Corporate Restructuring Company     | Woori Credit           | 6 companies |
|                       | Nexbi Tech                                  |                        |             |
|                       | Woori CA Asset Management                   | Card<br>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 <sup>1)</sup> | 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**

Foreign convertible bonds can be converted a year after their issuance and, therefore, can bring about changes in capital.

**(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**

| <u>Item</u>                                    | <u>Information</u>      |
|--|-------------------------|
| 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**

| <u>Item</u>                                    | <u>Information</u>    |
|--|-----------------------|
| 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**

| <u>Item</u>                                    | <u>Information</u>    |
|--|-----------------------|
| 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 Contents****5) 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                | Unsecured                | <u>Total</u>                     |
|---------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|
|                                 | C/B                      | C/B                        | C/B                      | C/B                      | C/B                      |                                  |
| <u>Series 6-1</u>               | <u>Series 6-2</u>        | <u>Series 6-3</u>          | <u>Series 6-4*</u>       | <u>Series 6-5</u>        |                          |                                  |
| Date of Issue                   | 2002.9.27                | 2002.12.20                 | 2003.3.26                | 2003.3.26                | 2003.7.10                |                                  |
| Total Amount                    | USD<br>36,000,000        | USD<br>16,000,000          | USD<br>39,000,000        | 20 billion<br>won        | USD<br>1,000,000         | USD92,000,000<br>+20 billion won |
| Allotment Method                | Private                  | Private                    | Private                  | Private                  | Private                  |                                  |
| Conversion Period               | 2003.9.28 ~<br>2005.8.27 | 2003.12.21 ~<br>2005.11.20 | 2004.3.27 ~<br>2006.2.26 | 2004.3.27 ~<br>2006.2.26 | 2004.7.11 ~<br>2006.6.10 |                                  |
| Conditions                      | ratio<br>price           | 100%<br>7,313              | 100%<br>5,588            | 100%<br>5,380            | 100%<br>5,380            | 100%<br>7,228                    |
| Type of Stock when<br>converted | Common                   | Common                     | Common                   | Common                   | Common                   |                                  |
| Converted<br>amount<br>shares   |                          |                            |                          |                          |                          |                                  |
| Bonds                           |                          |                            |                          |                          |                          |                                  |
| Unconverted<br>amount           | USD<br>36,000,000        | USD<br>16,000,000          | USD<br>39,000,000        | 20 billion<br>won        | USD<br>1,000,000         |                                  |
| Stock<br>shares                 | 5,914,180                | 3,481,173                  | 8,661,914                | 3,717,472                | 164,429                  | 21,939,168                       |
| Notes                           | Maturity:<br>2005.9.27   | Maturity:<br>2005.12.20    | Maturity:<br>2006.3.26   | Maturity:<br>2006.3.26   | Maturity:<br>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 1,210 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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**4. Total Number of Authorized Shares**

**a. Total Number of Authorized Shares**

[as of 2004.6.30]

| <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 2004.6.30]

[Par Value : 5,000 won]

(units: 1,000 won, shares)

| <u>Type</u>             | <u>Number of Stock Issued</u> | <u>Face Value</u> | <u>Notes</u> |
|-------------------------|-------------------------------|-------------------|--------------|
| 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 2004.6.30]

(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<br>~2008.12.3 |                       |
|                   | (Retired)                                | Yoon           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Kwang Woo      | Common               | 80                            |                          | 80                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Chun           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Euoo Sung      | Common               | 80                            |                          | 80                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Min            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Non-standing dir.                        | Hwan Kyu       | Common               | 40                            |                          | 40                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Park           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Non-standing dir.                        | Ki Chul Han    | Common               | 30                            |                          | 30                         | 2005.12.4               |                       |
|                   | (Retired)                                |                |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Non-standing dir.                        | Tae Ho         | Common               | 30                            |                          | 30                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Sohn           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Non-standing dir.                        | Won Gihl       | Common               | 30                            |                          | 30                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Sohn           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Nam Hong       | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Cho            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Sang Chul      | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Lee            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Jae Woong      | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Lee            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Gae Min        | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Lee            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Standing director                        | Hae-Seok       | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   | (Retired)                                | Suh            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Duk Hoon       | Common               | 80                            |                          | 80                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Lee            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company              | Jong Wook      | Common               | 45                            |                          | 45                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Kiim           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Jin Kyu        | Common               | 45                            |                          | 45                         |                         |                       |

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|            |  |            |        |    |    |                         |
|------------|--|------------|--------|----|----|-------------------------|
|            |  | Park       |        |    |    | 2005.12.4<br>~2008.12.3 |
| 2002.12.04 | Director of related company <sup>®</sup> | Jong Ku    | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Min        |        |    |    |                         |
| 2002.12.04 | Director of related company              | Jong Hwee  | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Lee        |        |    |    |                         |
| 2002.12.04 | Director of related company <sup>®</sup> | Dong Myun  | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Suh        |        |    |    |                         |
| 2002.12.04 | Director of related company <sup>®</sup> | Ki Shin    | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Kim        |        |    |    |                         |
| 2002.12.04 | Director of related company <sup>®</sup> | Young Seok | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Kim        |        |    |    |                         |
| 2002.12.04 | Director of related company <sup>®</sup> | Byung Kil  | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | Choi       |        |    |    |                         |
| 2002.12.04 | Director of related company <sup>®</sup> | Young Ho   | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
|            |  | 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<br>~2008.12.3 |                       |
|                   |  | Chung          |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Dong Chan      | Common               | 30                            |                          | 30                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Bae            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Dae Hwan       | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Kim            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company              | Young Ha       | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Kim            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company              | Young Yong     | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Kim            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company              | Taik Su Han    | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Sang Im Park   | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Joon Ho Hahm   | Common               | 10                            |                          | 10                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Joon Ho Lee    | Common               | 30                            |                          | 30                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Joo Sun Yeom   | Common               | 20                            |                          | 20                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Ga Seok Chae   | Common               | 20                            |                          | 20                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company              | Sung Wook      | Common               | 5                             |                          | 5                          | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Park           |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Ki Seok        | Common               | 5                             |                          | 5                          | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Kim            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Jae Ki Hong    | Common               | 5                             |                          | 5                          | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company              | Sam Su         | Common               | 40                            |                          | 40                         | 2005.12.4<br>~2008.12.3 |                       |
|                   |  | Pyo            |                      |                               |                          |                            |                         |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Won Chul Hwang | Common               | 20                            |                          | 20                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company              | Jong Hwee Kim  | Common               | 15                            |                          | 15                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company              | Seok Hwan Lee  | Common               | 15                            |                          | 15                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | In kee baek    |                      | 30                            |                          | 30                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company              | Ki Jong Chung  | Common               | 5                             |                          | 5                          | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company <sup>®</sup> | Hun Il Nam     | Common               | 30                            |                          | 30                         |                         |                       |



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|            |                              |               |        |    |    |                         |
|------------|------------------------------|---------------|--------|----|----|-------------------------|
|            |                              |               |        |    |    | 2005.12.4<br>~2008.12.3 |
| 2002.12.04 | Director of related company  | Young Soo Kim | Common | 30 | 30 | 2005.12.4<br>~2008.12.3 |
| 2002.12.04 | Director of related company  | Jin Ho Yoon   | Common | 20 | 20 | 2005.12.4<br>~2008.12.3 |
| 2002.12.04 | Director of related company® | Seok Koo Yoon | Common | 15 | 15 | 2005.12.4<br>~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<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company    | Ho Hyun Lee     | Common               | 20                            |                          | 20                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company(R) | Chan Kook Chung | Common               | 15                            |                          | 15                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company(R) | Duk Yoon Kim    | Common               | 15                            |                          | 15                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company(R) | Young Wook Kim  | Common               | 15                            |                          | 15                         | 2005.12.4<br>~2008.12.3 |                       |
| 2002.12.04        | Director of related company    | Dae Kyu Ko      | Common               | 15                            |                          | 15                         | 2005.12.4<br>~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 2004.6.30]

(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         | 3,187,103      |                 | 756,400         | 2,430,703      |  |              |
| Total                | 3,187,103      |                 | 756,400         | 2,430,703      |  |              |

**5. Voting Rights**

[as of 2004.6.30]

(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)      |                   |                 |       |
|--------------------------|---------------------------|-----------------------------|---------------------------|-------------------|-------------------|-----------------|-------|
| <u>Items</u>             |                           |                             |                           | <u>2003</u>       | <u>2002</u>       | <u>2001</u>     |       |
| 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 Preferred | 100               | 50                |                 |       |
|                          |                           |                             | Minority Common Preferred | 100               | 250               |                 |       |
|                          |                           | b. Total Dividend Amount    | Majority Common Preferred | 67,345,860,900    | 33,672,930,450    |                 |       |
|                          |                           |                             | Minority Common Preferred | 10,204,630,100    | 23,586,047,000    |                 |       |
|                          |                           | c. Dividend Ratio           | Majority Common Preferred | 1.54              | 1.04              |                 |       |
|                          |                           |                             | Minority Common Preferred | 1.54              | 5.22              |                 |       |
|                          | STOCK                     | a. Stock Dividend Ratio     | Majority Common Preferred |                   |                   |                 |       |
|                          |                           |                             | Minority Common Preferred |                   |                   |                 |       |
|                          | STOCK                     | b. Stock Dividend per Share | Majority Common Preferred |                   |                   |                 |       |
|                          |                           |                             | Minority Common Preferred |                   |                   |                 |       |
|                          | Net Asset per Share       |                             |                           |                   | 7,218             | 6,596           | 5,605 |
|                          | Ordinary Income per Share |                             |                           |                   | 262               | 786             | 943   |

**Table of Contents****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 (\$3,030,067 thousand), 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) 3,877,525 million (\$3,237,205 thousand), consisting of 775,504,797 common shares issued and outstanding as of December 31, 2003. 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. As of June 16, 2003, a total of 12,046,301 shares were issued in relation to the conversion of bonds with warrants, or B/Ws. The KDIC owned 673,458,609 (86.8%) shares of the Company's common shares as of December 31, 2003.

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) 2,852,838 million (\$2,381,732 thousand) consisting of 571 million common shares issued and outstanding as of December 31, 2003. Woori Bank is wholly owned by the Company. The head office of Woori Bank is located in Seoul, Korea. Woori Bank has 700 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

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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 December 31, 2003, Kyongnam Bank's common stock amounted to (Won) 259,000 million (\$216,230 thousand) 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 130 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 December 31, 2003, Kwangju Bank's common stock amounted to (Won) 170,403 million (\$142,263 thousand) 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. 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 June 1, 2002, Woori Securities changed its name from Hanvit Securities Co., Ltd. to Woori Securities Co., Ltd. As of December 31, 2003, its common stock amounted to (Won)164,782 million (US\$137,571 thousand) consisting of 32,956,413 shares issued and outstanding of which the Company owns 52.7%. The head office of Woori Securities is located in Seoul, Korea. Woori Securities has 70 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 December 31, 2003, its common stock amounted to (Won) 30,000 million (US\$25,046 thousand) 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 December 31, 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 December 31, 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**

**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)

| <u>Items</u>        | <u>2004 1H</u>   | <u>2003</u>      | <u>2002</u>      | <u>2001</u>      |
|---------------------|------------------|------------------|------------------|------------------|
| Shareholders Equity | 6,176,684        | 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   | 1,249,128        | 1,282,866        | 1,145,518        | 558,501          |
| Capital Adjustments | 931,724          | 376,180          | 20,892           | -118,447         |
| Borrowings          | 2,780,090        | 2,649,920        | 2,325,021        | 1,616,466        |
| Debtentures         | 2,517,145        | 2,621,182        | 1,999,250        | 1,298,304        |
| Bank Borrowings     | 220,00           |                  | 300,000          | 310,000          |
| Commercial Paper    |                  |                  |                  |                  |
| Other Borrowings    |                  |                  |                  |                  |
| Other Liabilities   | 42,945           | 28,738           | 25,771           | 8,162            |
| <b>Total</b>        | <b>8,956,773</b> | <b>8,247,815</b> | <b>7,389,150</b> | <b>5,693,813</b> |

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

(units: millions of won)

| <u>Items</u>                             | <u>2004 1H</u>   | <u>2003</u>      | <u>2002</u>      | <u>2001</u>      |
|--|------------------|------------------|------------------|------------------|
| Subsidiary Stock                         | 8,255,178        | 7,007,222        | 6,062,119        | 5,016,864        |
| Woori Bank                               | 6,910,725        | 5,869,558        | 4,500,143        | 3,255,964        |
| Kyongnam Bank                            | 568,848          | 504,629          | 424,060          | 327,005          |
| Kwangju Bank                             | 419,119          | 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       | 7,816            | 7,284            | 3,364            | 6,511            |
| Woori F&I                                | 42,806           | 35,896           | 17,016           | 9,728            |
| Woori 2nd Asset Securitization Specialty | 20,316           | 20,016           | 31,666           |                  |
| Woori 3rd Asset Securitization Specialty | 32,448           | 1,266            |                  |                  |
| Woori Investment Trust Management        | 32,683           | 34,978           | 39,646           |                  |
| Woori Securities                         | 220,417          | 168,639          | 154,159          |                  |
| Loan Obligations                         | 231,726          | 830,566          | 1,231,207        | 648,365          |
| Tangible Assets                          | 299              | 242              | 324              | 627              |
| Intangible Assets                        | 53               | 51               | 50               | 24               |
| Cash                                     | 453,595          | 349,585          | 73,256           | 13,825           |
| Other Assets                             | 15,923           | 60,148           | 22,195           | 14,108           |
| <b>Total</b>                             | <b>8,956,773</b> | <b>8,247,815</b> | <b>7,389,151</b> | <b>5,693,813</b> |

1) Losses of 105,581 million won, which was not recognized the last quarter, was recognized in the 2<sup>nd</sup> 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)

| <u>Category</u>         | <u>Items</u> | <u>2004 1H</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------------------|--------------|----------------|-------------|-------------|-------------|
| Commission Revenue (A)  |              |                |             |             |             |
| Commission Expense (B)  | Fees         | 2,980          | 6,704       | 5,611       | 4,641       |
| Commission Profit (A-B) |              | -2,980         | -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)

| <u>Items</u>            | <u>2004 1H</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------------------|----------------|-------------|-------------|-------------|
| Current Assets (A)      | 455,246        | 203,202     | 78,357      | 185,154     |
| Current Liabilities (B) | 379,721        | 9,711       | 9,317       | 316,615     |
| Current Ratio (A/B)     | 119.89%        | 2,092.5%    | 841.0%      | 58.5%       |

\* **Current ratio of won**

=  $\frac{\text{assets with maturity less than 3 months}}{\text{liabilities with maturity less than 3 months}}$

**b. Foreign Currency-denominated Current Ratio**

(units: millions of won)

| <u>Items</u>            | <u>2004 1H</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------------------|----------------|-------------|-------------|-------------|
| Current Assets (A)      |                | 147,754     |             |             |
| Current Liabilities (B) |                | 148,598     |             |             |
| Current Ratio (A/B)     |                | 99.4%       |             |             |

\* **Current ratio of foreign currency**

=  $\frac{\text{assets with maturity less than 3 months}}{\text{liabilities with maturity less than 3 months}}$

**c. Debt Ratio**

(units: millions of won)

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| <u>Items</u>     | <u>2004 1H</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|------------------|----------------|-------------|-------------|-------------|
| Liabilities (A)  | 2,780,089      | 2,649,920   | 2,325,022   | 1,616,466   |
| Equity (B)       | 6,176,683      | 5,597,895   | 5,064,129   | 4,077,347   |
| Debt Ratio (A/B) | 45.0%          | 47.3%       | 45.9%       | 39.7%       |

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

| <u>Date of</u> | <u>Evaluated</u>  | <u>Credit</u> | <u>Company</u>         | <u>Evaluation</u>   |
|----------------|-------------------|---------------|------------------------|---------------------|
| <u>Rating</u>  | <u>Securities</u> | <u>Rating</u> | <u>(Ratings Range)</u> | <u>Category</u>     |
| 2001.6.27      | Debentures        | AA+           | Korea Ratings (AAA~D)  | Case evaluation     |
| 2001.6.28      | Debentures        | AA+           | KIS Ratings (AAA~D)    | Case evaluation     |
| 2001.9.26      | Debentures        | AA+           | KIS Ratings (AAA~D)    | Case evaluation     |
| 2001.9.26      | Debentures        | AA+           | Korea Ratings (AAA~D)  | Case evaluation     |
| 2001.11.29     |                   | BBB-          | R&I (AAA~C)            | Case evaluation     |
| 2002.10.17     | Debentures        | AA+           | Korea Ratings (AAA~D)  | Case evaluation     |
| 2002.10.22     | Debentures        | AA+           | KIS Ratings (AAA~D)    | Case evaluation     |
| 2002.11.8      |                   | BBB           | R&I (AAA~C)            | Periodic evaluation |
| 2002.12.13     | Debentures        | AA+           | Korea Ratings (AAA~D)  | Case evaluation     |
| 2002.12.16     | Debentures        | AA+           | KIS Ratings (AAA~D)    | Case evaluation     |
| 2003.6.30      | Debentures        | AA+           | KIS Ratings (AAA~D)    | Periodic evaluation |
| 2003.9.8       | Debentures        | AAA           | Korea Ratings (AAA~D)  | Case evaluation     |
| 2003.9.8       | Debentures        | AAA           | KIS Ratings (AAAD))    | 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)

| <u>Items</u>                      | <u>2004 1H</u>   | <u>2003</u>      | <u>2002</u>      | <u>2001</u>      |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Cash and Due from Banks           | 453,595          | 349,585          | 73,256           | 13,825           |
| Securities                        | 8,255,178        | 7,007,222        | 6,062,119        | 5,016,864        |
| Loans                             | 231,726          | 830,566          | 1,231,207        | 648,365          |
| Fixed Assets                      | 351              | 293              | 374              | 651              |
| Other Assets                      | 15,923           | 60,148           | 18,361           | 14,108           |
| <b>Total Assets</b>               | <b>8,956,773</b> | <b>8,247,815</b> | <b>7,389,151</b> | <b>5,693,813</b> |
| Borrowings                        | 220,000          |                  | 300,000          | 310,000          |
| Debtentures                       | 2,517,145        | 2,621,182        | 1,999,250        | 1,298,304        |
| Other Liabilities                 | 42,945           | 28,738           | 25,772           | 8,162            |
| <b>Total Liabilities</b>          | <b>2,780,090</b> | <b>2,649,920</b> | <b>2,325,022</b> | <b>1,616,466</b> |
| Common Stock                      | 3,920,381        | 3,877,525        | 3,839,074        | 3,637,293        |
| Capital Surplus                   | 75,451           | 61,324           | 58,645           |                  |
| Retained Earnings                 | 1,249,128        | 1,282,866        | 1,145,518        | 588,501          |
| Capital Adjustment                | 931,723          | 376,180          | 20,892           | Δ 118,447        |
| <b>Total Stockholder s Equity</b> | <b>6,176,683</b> | <b>5,597,895</b> | <b>5,064,129</b> | <b>4,077,347</b> |
| Operating Income                  | 281,151          | 396,624          | 878,488          | 717,112          |
| Operating Expenses                | 100,817          | 193,527          | 302,721          | 31,222           |
| Operating Profit                  | 180,334          | 203,097          | 575,767          | 685,890          |
| Ordinary Income                   | 180,475          | 202,565          | 589,214          | 685,885          |
| Net profit                        | 180,475          | 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          |
| <b>Total Assets</b>               | <b>128,767,720</b> | <b>114,843,534</b> | <b>100,058,817</b> |
| 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          |
| <b>Total Liabilities</b>          | <b>123,069,420</b> | <b>109,528,767</b> | <b>95,646,623</b>  |
| 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            |
| <b>Total Stockholder s Equity</b> | <b>5,698,300</b>   | <b>5,314,767</b>   | <b>4,439,194</b>   |
| 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 1H       | Lendings     | 155,000              | 775                       | 0.5%                      |
|               | Loans        | 77,890               | 389                       | 0.5%                      |
|               | <b>Total</b> | <b>232,890</b>       | <b>1,164</b>              | <b>0.5%</b>               |
| 2003          | Lendings     | 156,850              | 784                       | 0.5%                      |
|               | Loans        | 677,890              | 3,390                     | 0.5%                      |
|               | <b>Total</b> | <b>834,740</b>       | <b>4,174</b>              | <b>0.5%</b>               |
| 2002          | Lendings     | 214,600              | 1,073                     | 0.5%                      |
|               | Loans        | 1,167,822            | 146,308                   | 0.5%                      |
|               | <b>Total</b> | <b>1,382,422</b>     | <b>147,381</b>            | <b>0.5%</b>               |

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

(units: millions of won)

| <u>Item</u>                           | <u>2004 1H</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**

| <u>2004 1H</u>    | <u>2003 Dec. 31</u> | <u>2002 Dec. 31</u> | <u>2001 Dec. 31</u> |
|-------------------|---------------------|---------------------|---------------------|
| Deloitte & Touche | Deloitte & Touche   | Deloitte Touche     | Arthur Andersen     |

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

(units: millions of won)

| <u>Year</u> | <u>Auditor</u>    | <u>Activity</u>   | <u>Compensation</u> | <u>Accrued Time<br/>(hr)</u> |
|-------------|-------------------|---|---------------------|------------------------------|
| 2004 1H     | Deloitte & Touche | Quarter, Half Year, Annual Interim Financial Statement (Consolidated, Non-consolidated) | 310                 | 4,960                        |
| 2003        | Deloitte Touche   | Quarter Interim Financial Statement   | 140                 | 1,200                        |
|             |                   | Half Year Interim Financial Statement   | 70                  | 600                          |
|             |                   | Year-end Financial Statement  | 36                  | 300                          |
|             |                   | Consolidated Financial Statement  | 37                  | 300                          |
| 2002        | Arthur Andersen   | Quarter Interim Financial Statement   | 140                 | 1,200                        |
|             |                   | Half Year Interim Financial Statement   | 70                  | 600                          |
|             | Deloitte Touche   | Annual Financial Statement  | 30                  | 300                          |
| 2001        | Arthur Andersen   | Quarter Interim Financial Statement   | 80                  | 800                          |
|             |                   | Half Year Interim Financial Statement   | 40                  | 400                          |
|             |                   | Year-end Financial Statement  | 20                  | 200                          |
|             |                   | Consolidated Financial Statement  | 20                  | 200                          |

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

(units: thousands of dollars)

| <u>Year</u> | <u>Contract<br/>Date</u> | <u>Activity</u>  | <u>Period</u>  | <u>Comp.</u> | <u>Note</u>        |
|-------------|--------------------------|------------------|----------------|--------------|--------------------|
| 2004 1H     |                          |                  | Not Applicable |              |                    |
| 2003        | 2003.7.30                | US GAAP Auditing | 2003.8~2004.5  | 4,500        | Deloitte<br>Touche |
| 2002        | 2003.2.28                | US GAAP Auditing | 2002.12~2003.5 | 4,250        | Deloitte<br>Touche |
| 2001        | 2001.8.17                | US GAAP Auditing | 2001.8~2002.11 | 6,600        | Arthur<br>Andersen |

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

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|   |                  |  |            |     |
|---|------------------|--|------------|-----|
| Non-standing<br>Director<br>candidate and<br>audit Committee<br>candidate | Sung-Hwan<br>Bae | B.A. in Business Administration at Yeungnam<br>University      |            |     |
|   |                  | Masters in Economics at University of Illinois                 |            |     |
|   |                  | Ph.D. in Business Administration at SungKyunKwan<br>University | Employee   | N/A |
|   |                  | Banking Supervisory Authority of the Bank of Korea             | (Director) |     |
|   |                  | Member, Board of Directors of Seoul Guarantee<br>Insurance     |            |     |

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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 2004.6.30]

1) BOD Management Committee

| <b>Name</b>     | <b>Position</b>       | <b>Notes</b>  |
|-----------------|-----------------------|---|
| 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 the majority. |
| Suk-Jean Kang   | Non-standing Director |   |
| Sung-Tae Ro     | Non-standing Director |   |
| Do-Soung Choi   | Non-standing Director |   |
| Chung-Sook Moon | Non-standing Director |   |



2) Business Strategy and Compensation Committee

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

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## 3) Risk Management Committee

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

## 4) Executive Committee

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

## 5) Ethics Committee

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

## 6) Non-standing Director Nomination Committee

| <b>Name</b>  | <b>Position</b>   | <b>Notes</b>   |
|--|---|--|
| Young-Key Hwang<br>Suk-Jean Kang<br>Je-Hoon Lee<br>Sung-Tae Ro | Chairman and CEO<br>Non-standing Director<br>Non-standing Director<br>Non-standing Director | Non-standing director Sung-Tae Ro heads the committee consisting of the Chairman/CEO and no less than 3 non-standing directors |

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## 7) Audit Committee

| <b>Name</b>     | <b>Position</b>       | <b>Notes</b>  |
|-----------------|-----------------------|---|
| Suk-Jean Kang   | 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. |
| Je-Hoon Lee     | Non-standing Director |   |
| Sung-Tae Ro     | Non-standing Director |   |
| Oh-Seok Hyun    | Non-standing Director |   |
| Do-Soung Choi   | Non-standing Director |   |
| Sung-Hwan Bae   | Non-standing Director |   |
| Chung-Sook Moon | Non-standing Director |   |

## 8) MOU Review Committee

| <b>Name</b>     | <b>Position</b>       | <b>Notes</b>   |
|-----------------|-----------------------|--|
| Young-Key Hwang | Chairman and CEO      | Chairman/CEO Young-Key Hwang heads the committee consisting of the entire board of directors |
| Jong-Wook Kim   | Vice Chairman         |  |
| Suk-Jean Kang   | Non-standing Director |  |
| Je-Hoon Lee     | Non-standing Director |  |
| Sung-Tae Ro     | Non-standing Director |  |
| Oh-Seok Hyun    | Non-standing Director |  |
| Do-Soung 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**

| <u>Investor</u>        | <u>Investee</u>                   | <u>Number of Invested<br/>Stock</u> | <u>Shareholding Ratio (%)</u> |
|------------------------|-----------------------------------|-------------------------------------|-------------------------------|
|                        | 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 Finance Holdings | 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 Credit Information          | 1,008,000                           | 100.0                         |
| Woori Bank             | 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   |
|----------------------------|-------------|--------------|--------------|--------------|
|                            | 1H          |              |              |              |
|                            | (2004.6.30) | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Cash and Due from Banks    | 4,890,403   | 4,833,325    | 4,098,110    | 3,911,225    |
| securities                 | 18,955,815  | 18,814,715   | 18,743,719   | 18,369,740   |
| Loans                      | 75,035,278  | 71,198,169   | 58,967,737   | 48,177,595   |
| Fixed Assets               | 1,724,143   | 1,718,556    | 1,762,660    | 1,843,368    |
| Other Assets               | 7,444,666   | 6,744,945    | 3,905,144    | 4,355,840    |
| Total Assets               | 108,050,305 | 103,309,710  | 87,477,370   | 76,657,768   |
| Deposits                   | 72,713,686  | 70,811,000   | 62,184,865   | 53,768,338   |
| Borrowings                 | 8,764,212   | 9,632,495    | 10,008,637   | 10,883,858   |
| Debentures                 | 10,620,376  | 7,780,156    | 5,941,886    | 3,084,569    |
| Other Liabilities          | 9,315,767   | 9,429,310    | 5,199,018    | 5,992,471    |
| Total Liabilities          | 101,414,041 | 97,652,961   | 83,334,406   | 73,729,236   |
| Capital                    | 3,179,783   | 2,852,838    | 2,764,400    | 2,764,400    |
| Capital Surplus            | 463,002     | 654,708      | 516,026      | 31,903       |
| Retained Earnings          | 2,149,261   | 1,798,918    | 845,686      | 203,690      |
| Capital Adjustments        | 844,218     | 350,285      | 16,852       | -71,461      |
| Total Shareholder's Equity | 6,636,264   | 5,656,749    | 4,142,964    | 2,928,532    |
| Operating Revenue          | 4,890,438   | 7,621,300    | 6,607,882    | 6,848,493    |
| Operating income           | 636,155     | 1,279,828    | 602,949      | 283,194      |
| Ordinary Income            | 696,737     | 1,429,662    | 595,988      | 610,679      |
| Net profit                 | 590,880     | 1,332,185    | 779,571      | 712,945      |

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Name of Company : Kyongnam Bank

| Company Number : 00101363  | (units: millions of won) |                     |                     |                     |
|----------------------------|--------------------------|---------------------|---------------------|---------------------|
|                            | <b>Period 43<br/>1H</b>  | <b>Period 42</b>    | <b>Period 41</b>    | <b>Period 40</b>    |
|                            | <b>(2004.6.30)</b>       | <b>(2003.12.31)</b> | <b>(2002.12.31)</b> | <b>(2001.12.31)</b> |
| Cash and Due from Banks    | 761,544                  | 834,276             | 1,148,370           | 1,387,331           |
| securities                 | 3,337,622                | 3,147,183           | 2,535,037           | 2,177,126           |
| Loans                      | 6,733,943                | 6,435,508           | 5,819,418           | 4,727,537           |
| Fixed Assets               | 200,924                  | 202,198             | 208,970             | 214,581             |
| Other Assets               | 337,298                  | 366,973             | 264,051             | 236,469             |
| Total Assets               | 11,371,331               | 10,986,138          | 9,975,846           | 8,759,824           |
| Deposits                   | 8,549,409                | 8,462,345           | 7,544,267           | 5,930,101           |
| Borrowings                 | 1,648,096                | 1,278,626           | 1,286,963           | 1,435,321           |
| Debentures                 | 210,000                  | 310,238             | 303,304             | 424,974             |
| Other Liabilities          | 402,363                  | 437,756             | 425,091             | 656,143             |
| Total Liabilities          | 10,809,869               | 10,488,965          | 9,559,625           | 8,441,274           |
| Capital                    | 259,000                  | 259,000             | 259,000             | 259,000             |
| Capital Surplus            | 26,910                   | 26,910              | 26,910              | 26,906              |
| Retained Earnings          | 268,436                  | 214,411             | 134,371             | 51,905              |
| Capital Adjustments        | 7,115                    | -3,148              | -4,059              | -24,441             |
| Total Shareholder s Equity | 561,462                  | 497,173             | 416,222             | 313,370             |
| Operating Revenue          | 388,200                  | 767,171             | 742,140             | 721,643             |
| Operating income           | 86,215                   | 93,859              | 108,121             | 87,040              |
| Ordinary Income            | 66,872                   | 54,731              | 82,466              | 69,158              |
| Net profit                 | 66,972                   | 85,224              | 82,466              | 69,158              |

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Name of Company : Kwangju Bank

|                            | (units: millions of won) |              |              |              |
|----------------------------|--------------------------|--------------|--------------|--------------|
|                            | Period 46                | Period 45    | Period 44    | Period 43    |
|                            | (2004.6.30)              | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Company Number : 00104078  |                          |              |              |              |
| Cash and Due from Banks    | 265,491                  | 390,078      | 386,827      | 299,088      |
| Securities                 | 2,659,458                | 2,564,942    | 2,111,943    | 2,202,522    |
| Loans                      | 5,643,618                | 5,336,775    | 4,896,333    | 3,964,489    |
| Fixed Assets               | 223,971                  | 223,669      | 224,952      | 229,929      |
| Others                     | 221,043                  | 262,118      | 426,879      | 424,910      |
| Total Assets               | 9,013,580                | 8,777,582    | 8,046,934    | 7,120,938    |
| Deposits                   | 6,590,300                | 6,737,967    | 6,077,260    | 5,250,418    |
| Borrowings                 | 1,509,737                | 1,165,133    | 967,696      | 946,702      |
| Debentures                 | 200,000                  | 200,556      | 200,485      | 297,723      |
| Other Liabilities          | 310,584                  | 325,974      | 532,307      | 434,702      |
| Total Liabilities          | 8,610,621                | 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          | 204,705                  | 155,237      | 898,185      | 26,813       |
| Capital Adjustments        | 3,679                    | -1,561       | 598          | -5,822       |
| Total Shareholder's Equity | 402,959                  | 348,252      | 269,185      | 191,393      |
| Operating Revenue          | 288,887                  | 581,314      | 578,844      | 532,712      |
| Operating income           | 46,460                   | 40,735       | 85,962       | 71,290       |
| Ordinary Income            | 59,387                   | 32,542       | 74,839       | 66,346       |
| Net profit                 | 58,027                   | 57,052       | 74,839       | 66,346       |

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Name of Company : Woori Securities

|                            | (units: millions of won) |             |             |             |
|----------------------------|--------------------------|-------------|-------------|-------------|
|                            | Period 51 1H             | Period 50   | Period 49   | Period 48   |
|                            | (2004.6.30)              | (2004.3.31) | (2003.3.31) | (2002.3.31) |
| Company Number : 00163178  |                          |             |             |             |
| Current Assets             | 866,082                  | 473,470     | 413,056     | 443,421     |
| Fixed Assets               | 142,304                  | 93,278      | 127,777     | 173,906     |
| Total Assets               | 1,008,386                | 566,748     | 540,833     | 617,327     |
| Current Liabilities        | 640,541                  | 190,476     | 170,239     | 203,504     |
| Fixed Liabilities          | 6,228                    | 6,283       | 4,585       | 7,448       |
| Total Liabilities          | 646,769                  | 196,759     | 174,824     | 210,952     |
| Capital                    | 164,782                  | 164,782     | 164,782     | 164,782     |
| Capital Surplus            | 131,424                  | 131,424     | 131,776     | 131,776     |
| Retained Earnings          | 77,410                   | 99,525      | 107,529     | 133,463     |
| Capital Adjustments        | -11,999                  | -25,742     | -38,078     | -23,646     |
| Total Shareholder s Equity | 361,617                  | 369,989     | 366,009     | 406,375     |
| Operating Revenue          | 41,666                   | 173,648     | 186,664     | 205,208     |
| Operating income           | -4,222                   | 10,099      | 21,332      | 45,434      |
| Ordinary Income            | -7,485                   | 4,073       | 1,570       | 56,434      |
| Net profit                 | -8,210                   | 2,369       | 1,627       | 40,107      |



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Company : Woori Investment Management

| Company Number : 00243377  | (units: millions of won) |             |             |             |
|----------------------------|--------------------------|-------------|-------------|-------------|
|                            | Period 17 1H             | Period 16   | Period 15   | Period 14   |
|                            | (2004.6.30)              | (2004.3.31) | (2003.3.31) | (2002.3.31) |
| Current Assets             | 28,414                   | 30,749      | 27,878      | 30,235      |
| Fixed Assets               | 4,587                    | 4,637       | 13,490      | 12,839      |
| Total Assets               | 33,001                   | 35,386      | 41,368      | 43,074      |
| Current Liabilities        | 31                       | 82          | 3,686       | 6,172       |
| Fixed Liabilities          | 287                      | 253         | 177         | 124         |
| Total Liabilities          | 318                      | 335         | 3,863       | 6,296       |
| Capital                    | 30,000                   | 30,000      | 30,000      | 30,000      |
| Capital Surplus            |                          |             |             |             |
| Retained Earnings          | 2,683                    | 5,051       | 7,504       | 6,778       |
| Capital Adjustments        |                          |             |             |             |
| Total Shareholder s Equity | 32,683                   | 35,051      | 37,504      | 36,778      |
| Operating income           | 1,192                    | 5,979       | 10,360      | 11,830      |
| Operating Profit           | 40                       | 692         | 5,276       | 4,348       |
| Ordinary Income            | 41                       | 919         | 5,330       | 4,568       |
| Net profit                 | 32                       | 546         | 3,726       | 3,128       |

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Name of Company : Woori Finance Information System

|                            | (units: millions of won) |              |              |             |
|----------------------------|--------------------------|--------------|--------------|-------------|
|                            | Period 16                | Period 15    | Period 14    | Period 13   |
|                            | (2004.6.30)              | (2003.12.31) | (2002.12.31) | (2002.3.31) |
| Company Number : 00378947  |                          |              |              |             |
| Current Assets             | 61,238                   | 66,061       | 76,504       | 5,933       |
| Fixed Assets               | 245,056                  | 214,158      | 164,549      | 2,882       |
| Total Assets               | 306,294                  | 280,219      | 241,053      | 8,815       |
| Current Liabilities        | 62,409                   | 49,763       | 53,942       | 2,362       |
| Fixed Liabilities          | 235,523                  | 222,753      | 184,349      | 373         |
| Total Liabilities          | 297,932                  | 272,516      | 238,291      | 2,735       |
| Capital                    | 4,500                    | 4,500        | 4,500        | 4,500       |
| Capital Surplus            |                          |              |              |             |
| Retained Earnings          | 3,856                    | 3,197        | -808         | 1,580       |
| Capital Adjustments        | 6                        | 6            |              |             |
| Total Shareholder s Equity | 8,362                    | 7,703        | 3,692        | 6,080       |
| Sales                      | 142,485                  | 281,787      | 131,843      | 25,444      |
| Operating income           | 5,970                    | 20,870       | 4,404        | 1,127       |
| Ordinary Income            | 1,194                    | 5,871        | -3,190       | 1,421       |
| Net profit                 | 659                      | 4,005        | -2,182       | 1,123       |

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Company Name : Woori F&amp;I

| Company Number : 00416593  | (units: millions of won) |              |              |              |
|----------------------------|--------------------------|--------------|--------------|--------------|
|                            | Period 4 1H              | Period 3     | Period 2     | Period 1     |
|                            | (2004.6.30)              | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Current Assets             | 36,727                   | 24,231       | 2,290        | 8,531        |
| Fixed Assets               | 160,396                  | 147,534      | 52,493       | 1,153        |
| Total Assets               | 197,123                  | 171,765      | 54,783       | 9,684        |
| Current Liabilities        | 28,675                   | 4,669        | 823          | 50           |
| Fixed Liabilities          | 125,166                  | 130,783      | 37,033       |              |
| Total Liabilities          | 153,841                  | 135,452      | 37,856       | 50           |
| Capital                    | 10,000                   | 10,000       | 10,000       | 10,000       |
| Capital Surplus            |                          |              |              |              |
| Retained Earnings          | 24,404                   | 22,315       | 6,961        | -366         |
| Capital Adjustments        | 8,878                    | 3,998        | -34          |              |
| Total Shareholder s Equity | 43,282                   | 36,313       | 16,927       | 9,634        |
| Operating Revenue          | 10,308                   | 31,552       | 18,913       | 196          |
| Operating income           | 9,791                    | 31,244       | 10,253       | -414         |
| Ordinary Income            | 5,092                    | 24,088       | 10,335       | -366         |
| Net profit                 | 3,589                    | 16,854       | 7,327        | -366         |

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Company Name : Woori Second Asset Securitization Specialty

| Company Number : 00391665  | (units: millions of won) |              |              |              |
|----------------------------|--------------------------|--------------|--------------|--------------|
|                            | Period 4 1H              | Period 3     | Period 2     | Period 1     |
|                            | (2004.6.30)              | (2003.12.31) | (2002.12.31) | (2001.12.31) |
| Current Assets             | 6,642                    | 730          | 23,560       | 10           |
| Securitized Assets         | 13,912                   | 19,623       | 74,106       | 167,136      |
| Total Assets               | 20,554                   | 20,353       | 97,666       | 167,146      |
| Current Liabilities        | 33,983                   | 34,081       | 4,425        | 167,170      |
| Securitized Liabilities    | 100                      | 100          | 59,936       | 0            |
| Total Liabilities          | 34,083                   | 34,181       | 64,361       | 167,170      |
| Capital                    | 10                       | 10           | 10           | 10           |
| Capital Surplus            | 0                        |              |              |              |
| Retained Earnings          | -13,539                  | -13,838      | 33,295       | -34          |
| Capital Adjustments        | 0                        |              |              |              |
| Total Shareholder s Equity | -13,529                  | -13,828      | 33,305       | -24          |
| Operating Revenue          | 2,261                    | 15,256       | 52,425       |              |
| Operating income           | 431                      | -480         | 32,553       | -34          |
| Ordinary Income            | 299                      | -289         | 33,367       | -34          |
| Net profit                 | 299                      | -289         | 33,329       | -34          |

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Company Name : Woori Third Asset Securitization Specialty

| Company Number : 00399357  | (units: millions of won) |              |              |
|----------------------------|--------------------------|--------------|--------------|
|                            | Period 3 1H              | Period 2     | Period 1     |
|                            | (2004.6.30)              | (2003.12.31) | (2002.12.31) |
| Current Assets             | 1,821                    | 3,044        | 18,226       |
| Securitized Assets         | 58,912                   | 26,503       | 48,764       |
| Total Assets               | 60,733                   | 29,547       | 66,990       |
| Current Liabilities        | 60,263                   | 60,260       | 11,676       |
| Securitized Liabilities    | 27,790                   | 27,790       | 65,204       |
| Total Liabilities          | 88,053                   | 88,050       | 76,880       |
| Capital                    | 10                       | 10           | 10           |
| Capital Surplus            | 0                        |              |              |
| Retained Earnings          | -73,982                  | -72,337      | -9,899       |
| Capital Adjustments        | 46,652                   | 13,824       |              |
| Total Shareholder s Equity | -27,320                  | -58,503      | -9,889       |
| Operating Revenue          | 0                        | 4,473        | 33,566       |
| Operating income           | -676                     | -2,804       | -10,008      |
| Ordinary Income            | -1,646                   | -2,669       | -9,899       |
| Net profit                 | -1,646                   | -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      |                  |
| D    | 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            |
| O    | 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 |           |                  |
| M    | 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            |
| E    | 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            |
| S    | Woori 2nd SPC           | 2                 | 95.0  | 10        |           |            | 2           | 95.0  | 10        | 13,000           |
| T    |                         |                   |       |           |           |            |             |       |           |                  |
| I    |                         |                   |       |           |           |            |             |       |           |                  |
| C    | Woori 3rd 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

1. Woori Bank and Woori Investment Bank merged in July 31, 2003, which led to an increase in 17,687,520 shares of Woori Bank
2. Woori Finance Holdings injected capital into Woori Credit Card on March 27, 2003 and Sept. 30, 2003 of 200 billion won and 640 billion won, respectively. A capital reduction without consideration was carried out on December 22, 2003 with 380 million shares being cancelled.
3. Woori Finance Holdings acquired 4,121,730 shares of Woori Securities on November 28, 2003 for 16.9 billion won

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

[as of 2003.12.31]

(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  |     |     | 673,458,609           | 85.9           |       |
|       |           | Common    | 673,458,609       | 86.8  |     |     | 673,458,609           | 85.9           |       |
| Total |           | Preferred |                   |       |     |     | 0                     | 0              |       |
|       |           | Total     | 673,458,609       | 86.8  |     |     | 673,458,609           | 85.9           |       |

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 | 673,458,609     | 85.9 |               |      |
| Total |      | 673,458,609   | 85.9 |                 |      | 673,458,609   | 85.9 |

**Table of Contents****c. Shareholder Distribution**

[as of 2003.12.31]

| <u>Items</u>                 | <u>Shareholder<br/>number</u> | <u>Ratio</u> | <u>Number of<br/>shares</u> | <u>Ratio</u> |
|------------------------------|-------------------------------|--------------|-----------------------------|--------------|
| 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)

| <u>Items</u>                        | <u>Shareholder<br/>number</u> | <u>Ratio</u> | <u>Number of<br/>shares</u> | <u>Ratio</u> | <u>Notes</u> |
|-------------------------------------|-------------------------------|--------------|-----------------------------|--------------|--------------|
| 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>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> |
|----------------------|----------------|-----------------|--------------|--------------|------------|-------------|
| High                 | 7,850          | 9,020           | 9,540        | 9,210        | 8,750      | 7,510       |
| Low                  | 6,680          | 6,900           | 7,680        | 8,030        | 6,180      | 6,520       |
| Monthly Trade Volume | 34,503,475     | 31,768,944      | 42,356,190   | 34,580,246   | 41,736,095 | 35,985,286  |
| High                 |                |                 |              |              |            |             |
| Low                  |                |                 |              |              |            |             |
| Monthly Trade Volume |                |                 |              |              |            |             |

**b. Foreign Stock Market**

[name of market : NYSE]

(units: dollars, shares)

| <u>Period</u>        | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> |
|----------------------|----------------|-----------------|--------------|--------------|------------|-------------|
| ADR High             | 19.70          | 22.25           | 25.20        | 23.57        | 21.95      | 19.30       |
| Low                  | 17.95          | 18.15           | 20.55        | 21.60        | 17.00      | 17.15       |
| Monthly Trade Volume | 82,900         | 13,800          | 20,700       | 45,700       | 83,800     | 37,100      |
| 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**

|                       | <u>Position</u> | <u>Name</u>     | <u>Common Stocks Owned</u> |
|-----------------------|-----------------|-----------------|----------------------------|
| Chairman              | Registered      | Young-Key Hwang |                            |
| Vice Chairman         | Registered      | Jong-Wook Kim   |                            |
| Managing Director     | Registered      | Seung Hee Park  |                            |
| Managing Director     | Registered      | Jin-hyung Chu   |                            |
| 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      | Do-Soung Choi   |                            |
| Non-standing Director | Registered      | Sung-Hwan Bae   |                            |
| Non-standing Director | Registered      | Chung-Sook Moon |                            |

**2. Employee Status**

(units: years, thousands of won)

| <u>Items</u> | <u>Staff</u>  |              |              |              | <u>Average</u> | <u>Annual</u>       | <u>Average</u>    | <u>Note</u> |
|--------------|---------------|--------------|--------------|--------------|----------------|---------------------|-------------------|-------------|
|              | <u>Admin.</u> | <u>Manu.</u> | <u>Misc.</u> | <u>Total</u> | <u>Tenure</u>  | <u>Compensation</u> | <u>Per Person</u> |             |
| Male         | 47            |              | 4            | 51           | 3              | 1,554,563           | 30,482            |             |
| Female       | 4             |              | 12           | 16           | 3              | 188,233             | 11,765            |             |
| Total        | 51            |              | 16           | 67           | 3              | 1,742,796           | 26,012            |             |

\* Based on compensation from Jan. to Sept.

**3. Labor Union Membership**

| <u>Items</u>                 | <u>Details</u>            | <u>Remarks</u> |
|------------------------------|---------------------------|----------------|
| Total Membership Base        | Deputy Director and below |                |
| Actual Members               | 22                        |                |
| Full-time Members            |                           |                |
| Associated Labor Union Group |                           |                |
| Miscellaneous                |                           |                |

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

(units: millions of won)

| Transactions of provisional payments & loans |                         |            |            |                    |                  |               |         |         |          |         |      |
|--|-------------------------|------------|------------|--------------------|------------------|---------------|---------|---------|----------|---------|------|
| T<br>Y<br>P<br>e                             | Name                    | Relation   | Item       | Date               | Conditions       |               | Changes |         |          |         |      |
|  |                         |            |            |                    | Maturity<br>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~<br>2002.11 | 10 yr            | 4.0%          |         | 600,000 | 600,000- |         |      |
|  | Kwangju Bank            | subsidiary | Other loan | 2002.<br>12.31     | 10 yr            | 4.5%          |         | 50,000  |          | 50,000  |      |
|  | Woori Finance Info. Sys | subsidiary | Other loan | 2002.4~<br>2002.10 | 4yr              | 7.3%          |         | 30,000  |          | 30,000  |      |
|  | Woori F&I               |            |            |                    |                  | 7.3%          |         |         |          |         |      |
|  |                         | subsidiary | Other loan | 2002.9~<br>2003.3  | 4yr              | ~<br>7.6%     |         | 126,850 | 1,850    | 125,000 |      |
| Foreign<br>Total                             |                         |            |            |                    |                  |               |         | 834,740 | 601,850  | 232,890 |      |

**Table of Contents****b. Payment Transactions**

(units: millions of won)

| Name                       | Relation   | Item             | Transactions of Payments |                  |                  |              |                  | Gain / Loss |
|----------------------------|------------|------------------|--------------------------|------------------|------------------|--------------|------------------|-------------|
|                            |            |                  | Par value                | Transactions     |                  |              | Ending           |             |
|                            |            |                  |                          | Beginning        | Increase         | Decrease     |                  |             |
| Woori Bank                 | Subsidiary | Investment stock | 5,000                    | 5,869,559        | 1,041,166        |              | 6,910,725        |             |
| Kyongnam Bank              | Subsidiary | Investment stock | 5,000                    | 504,628          | 64,220           |              | 568,848          |             |
| Kwangju Bank               | Subsidiary | Investment stock | 5,000                    | 364,955          | 54,164           |              | 419,119          |             |
| Woori Credit Card          | Subsidiary | Investment stock | 5,000                    |                  |                  |              |                  | *1          |
| Woori Finance Info. System | Subsidiary | Investment stock | 5,000                    | 7,284            | 532              |              | 7,816            |             |
| Woori F&I                  | Subsidiary | Investment stock | 5,000                    | 35,896           | 6,910            |              | 42,806           |             |
| Woori 2nd SPC              | Subsidiary | Investment stock | 5,000                    | 20,016           | 300              |              | 20,316           |             |
| Woori 3rd SPC              | Subsidiary | Investment stock | 5,000                    | 1,266            | 31,182           |              | 32,448           |             |
| Woori Inv t Mgmt           | Subsidiary | Investment stock | 5,000                    | 34,978           |                  | 2,295        | 32,683           |             |
| Woori Securities           | Subsidiary | Investment stock | 5,000                    | 168,640          | 51,777           |              | 220,417          | *2          |
| <b>Total</b>               |            |                  |                          | <b>7,007,222</b> | <b>1,250,251</b> | <b>2,295</b> | <b>8,255,178</b> |             |

\* 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 2<sup>nd</sup> 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 2<sup>nd</sup> quarter

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

(units: millions of won)

Transactions of Payments

| Name  | Relation  | Item | location | Quantity |     |      |     | Information           |           |      |
|-------|-----------|------|----------|----------|-----|------|-----|-----------------------|-----------|------|
|       |           |      |          | Rent     |     | Rent |     | Maturity              | Guarantee | Rent |
|       |           |      |          | Inc      | Dec | Inc  | Dec |                       |           |      |
| Woori |           |      |          |          |     |      |     |                       |           |      |
| Bank  | Affiliate | Rent | Bldg     |          |     |      |     | 2001.3.21 ~ 2005.3.21 | 3,846     | 742  |
|       | Total     |      |          |          |     |      |     |                       | 3,846     | 742  |

\* The above contract was extended on 2003.3.21

**Table of Contents****IX. Appendix****1. Deposits**

(units: won)

| <u>Items</u> | <u>Category</u> | <u>Bank Name</u> | <u>Ending Balance</u> | <u>Interest Earned in Fiscal Year</u> | <u>Collateral</u> | <u>Remarks</u> |
|--------------|-----------------|------------------|-----------------------|---------------------------------------|-------------------|----------------|
|              | Deposit         | Woori            | 453,594,881,242       | 3,341,973,279                         |                   |                |
|              | Deposit         | Kwangju          | 20,009,410,227        | 257,182,936                           |                   |                |
|              | Deposit         | Kyongnam         | 29,501,471,866        | 361,019,272                           |                   |                |
| Overseas     |                 |                  |                       |                                       |                   |                |
| Total        |                 |                  | 454,112,278,442       | 3,960,175,487                         |                   |                |

**2. Loans and Debentures Provided**

(units: won)

| <u>Items</u> | <u>Category</u> | <u>Lender</u> | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> | <u>Remarks</u> |
|--------------|-----------------|---------------|--------------------------|-----------------|-----------------|-----------------------|----------------|
| Domestic     | Loan            | WFIS          | 30,000,000,000           |                 |                 | 30,000,000,000        |                |
|              |                 | Woori F&I     | 126,850,000,000          |                 | 1,850,000,000   | 125,000,000,000       |                |
|              |                 | Woori 2nd SPC | 100,000,000              |                 |                 | 100,000,000           |                |
|              |                 | Woori 3rd SPC | 27,790,000,000           |                 |                 | 27,790,000,000        |                |
|              | Conv. Bonds     | Woori Bank    | 600,000,000,000          |                 | 600,000,000,000 |                       |                |
|              |                 | Kwangju Bank  | 50,000,000,000           |                 |                 | 50,000,000,000        |                |
| Overseas     |                 |               |                          |                 |                 |                       |                |
| Total        |                 |               | 834,740,000,000          |                 | 601,850,000,000 | 232,890,000,000       |                |

**Table of Contents****3. Debentures Issued**

| <b>Item</b>                     | <b>Category</b>                  | <b>Issue Date</b>          | <b>Issue Amount</b>                     | <b>Redemption</b>                       | <b>Balance</b>                     | <b>Interest Rate</b>                 | <b>Maturity</b> |
|---------------------------------|----------------------------------|----------------------------|---|---|------------------------------------|--------------------------------------|-----------------|
| Domestic                        | Series No. 2<br>Unsecured Bonds  | 2001.9.28                  | 300,000,000,000                         |   | 300,000,000,000                    | 5.00%                                | 2004.9.28       |
|                                 | Series No. 3<br>Unsecured Bonds  | 2001.12.03                 | 300,000,000,000                         |   | 300,000,000,000                    | 5.93%                                | 2004.12.3       |
|                                 | Series No.4<br>Unsecured Bonds   | 2001.12.17                 | 150,000,000,000                         |   | 150,000,000,000                    | 6.00%                                | 2004.12.17      |
|                                 | Series No.5<br>Unsecured Bonds   | 2001.12.28                 | 300,000,000,000                         | 300,000,000,000                         |                                    | 6.86%                                | 2004.6.28       |
|                                 | Series No. 7<br>Unsecured Bonds  | 2002.11.27                 | 300,000,000,000                         |   | 300,000,000,000                    | 5.80%                                | 2005.11.27      |
|                                 | Series No. 8<br>Unsecured Bonds  | 2002.12.26                 | 200,000,000,000                         |   | 200,000,000,000                    | 6.05%                                | 2007.12.26      |
|                                 | Series No. 9<br>Unsecured Bonds  | 2003.9.19                  | 300,000,000,000                         |   | 300,000,000,000                    | 4.64%                                | 2006.9.19       |
|                                 | Series No. 10<br>Unsecured Bonds | 2003.12.16                 | 300,000,000,000                         |   | 300,000,000,000                    | 5.92%                                | 2008.12.16      |
|                                 | Series No. 11<br>Unsecured Bonds | 2004.6.18                  | 370,000,000,000                         |   | 370,000,000,000                    | 5.05%                                | 2009.6.18       |
|                                 | Series 6-4<br>Convertible Bonds  | 2003.3.26                  | 20,000,000,000                          |   | 20,000,000,000                     | 0.00%                                | 2006.3.26       |
|                                 | Overseas                         | Series 1 No.<br>F.C. Bonds | 2001.11.2                               | 172,875,000,000<br>(USD 150,000,000)    |                                    | 172,875,000,000<br>(USD 150,000,000) | Libor+1.6%      |
| Series 2 No.<br>F.C. Bonds      |                                  | 2002.1.16                  | 167,100,000,000<br>(JPY 15,000,000,000) | 167,100,000,000<br>(JPY 15,000,000,000) |                                    | 1.74%                                | 2004.1.16       |
| Series 6-1<br>Convertible Bonds |                                  | 2002.9.27                  | 41,490,000,000<br>(USD 36,000,000)      |   | 41,490,000,000<br>(USD 36,000,000) | 0.00%                                | 2005.9.27       |
| Series 6-2<br>Convertible Bonds |                                  | 2002.12.20                 | 18,440,000,000<br>(USD 16,000,000)      |   | 18,440,000,000<br>(USD 16,000,000) | 0.00%                                | 2005.12.20      |
| Series 6-3<br>Convertible Bonds |                                  | 2003.3.26                  | 44,947,500,000<br>(USD 39,000,000)      |   | 44,947,500,000<br>(USD 39,000,000) | 0.00%                                | 2006.3.26       |
| Series 6-5<br>Convertible Bonds |                                  | 2003.7.10                  | 1,152,500,000<br>(USD 1,000,000)        |   | 1,152,500,000<br>(USD 1,000,000)   | 0.00%                                | 2006.7.10       |
| Total                           |                                  |                            | 2,986,005,000,000                       | 467,100,000,000<br>(JPY 15,000,000,000) | 2,518,905,000,000                  |                                      |                 |

\* Applied F/X rate for foreign currency debentures translated into Korean Won  
 USD denominated bonds (1,197.80/USD)  
 JPY denominated bonds (11.196/JPY)

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Exhibit 99.2

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**WOORI FINANCE HOLDINGS CO., LTD.**

NON-CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS

ENDED JUNE 30, 2004 AND 2003

AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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Audit • Tax • Consulting • Financial Advisory •



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**Independent Accountants Review Report**

**To the Board of Directors and Shareholders of**

**Woori Finance Holdings Co., Ltd.**

We have reviewed the accompanying non-consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) as of June 30, 2004 and the related non-consolidated statements of income and cash flows for the three-month and six-month periods ended June 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 the 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 the non-consolidated interim financial statements as of and for the three-month and six-month periods ended June 30, 2004 and 2003 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 cause 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 Korea.

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

As explained in Notes 1 and 26 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) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 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\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

As explained in Notes 1 and 27 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\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

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.

July 26, 2004

Notice to Readers

This report is effective as of July 26, 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.

**Table of Contents****WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED BALANCE SHEETS****AS OF JUNE 30, 2004 AND DECEMBER 31, 2003**

(See Independent Accountants' Review Report)

|  | Korean won             |                        | US dollars (Note 2)   |                       |
|--|------------------------|------------------------|-----------------------|-----------------------|
|  | June<br>30, 2004       | December<br>31, 2003   | June<br>30, 2004      | December<br>31, 2003  |
| <b>ASSETS</b>  | (In millions)          |                        | (In thousands)        |                       |
| Cash and bank deposits (Notes 16 and 20)   | (Won) 453,595          | (Won) 349,585          | US\$ 393,575          | US\$ 303,328          |
| Investment securities of subsidiaries (Note 3)   | 8,255,178              | 7,007,222              | 7,162,844             | 6,080,019             |
| Loans, net of allowance for possible loan losses (Notes 4, 5 and 20)   | 231,726                | 830,566                | 201,064               | 720,665               |
| Fixed assets (Note 6)  | 351                    | 293                    | 305                   | 254                   |
| Other assets (Notes 5, 7, 10 and 20)   | 15,924                 | 60,149                 | 13,816                | 52,190                |
|  | <u>(Won) 8,956,774</u> | <u>(Won) 8,247,815</u> | <u>US\$ 7,771,604</u> | <u>US\$ 7,156,456</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                        |                        |                       |                       |
| <b>LIABILITIES</b>   |                        |                        |                       |                       |
| Borrowings (Note 8)  | (Won) 220,000          | (Won)                  | US\$ 190,889          | US\$                  |
| Debentures, net of discounts and reconciliation for conversion rights plus accrued interest and redemption premium (Notes 9 and 10)                          | 2,517,145              | 2,621,182              | 2,184,074             | 2,274,344             |
| Other liabilities (Notes 10, 11, 12 and 20)  | 42,945                 | 28,738                 | 37,262                | 24,936                |
|  | <u>2,780,090</u>       | <u>2,649,920</u>       | <u>2,412,225</u>      | <u>2,299,280</u>      |
| <b>SHAREHOLDERS' EQUITY</b>  |                        |                        |                       |                       |
| Common stock (Note 13)   | 3,920,381              | 3,877,525              | 3,401,632             | 3,364,447             |
| Capital surplus (Note 13)  | 75,451                 | 61,324                 | 65,467                | 53,210                |
| Retained earnings (Notes 4 and 13)   |                        |                        |                       |                       |
| Legal reserve  | 79,178                 | 58,921                 | 68,701                | 51,125                |
| Voluntary reserve  | 1,120,000              | 1,000,000              | 971,800               | 867,679               |
| Retained earnings before appropriations  |                        |                        |                       |                       |
| (Net income of (Won) 180,475 million and (Won)202,565 million for the six months ended June 30, 2004 and for the year ended December 31, 2003, respectively) | 49,950                 | 223,945                | 43,341                | 194,312               |
|  | <u>1,249,128</u>       | <u>1,282,866</u>       | <u>1,083,842</u>      | <u>1,113,116</u>      |
| Capital adjustments (Notes 3 and 14)   | 931,724                | 376,180                | 808,438               | 326,403               |

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|  |                        |                        |                       |                       |
|--|------------------------|------------------------|-----------------------|-----------------------|
|  | 6,176,684              | 5,597,895              | 5,359,379             | 4,857,176             |
|  | <u>6,176,684</u>       | <u>5,597,895</u>       | <u>5,359,379</u>      | <u>4,857,176</u>      |
|  | (Won) 8,956,774        | (Won) 8,247,815        | US\$ 7,771,604        | US\$ 7,156,456        |
|  | <u>(Won) 8,956,774</u> | <u>(Won) 8,247,815</u> | <u>US\$ 7,771,604</u> | <u>US\$ 7,156,456</u> |

See Accompanying notes to non-consolidated interim financial statements.

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

(See Independent Accountants' Review Report)

|  | Korean won                                      |                             |                               |                             | US dollars (Note 2)                              |                             |                               |                             |
|--|---|-----------------------------|-------------------------------|-----------------------------|--|-----------------------------|-------------------------------|-----------------------------|
|  | 2004  |                             | 2003                          |                             | 2004   |                             | 2003                          |                             |
|  | Three months<br>ended June 30                   | Six months<br>ended June 30 | Three months<br>ended June 30 | Six months<br>ended June 30 | Three months<br>ended June 30                    | Six months<br>ended June 30 | Three months<br>ended June 30 | Six months<br>ended June 30 |
|  | (In millions, except for income per share data) |                             |                               |                             | (In thousands, except for income per share data) |                             |                               |                             |
| <b>OPERATING REVENUE</b>   |   |                             |                               |                             |  |                             |                               |                             |
| Gain on valuation using the equity method of accounting (Notes 3 and 19) | (Won) 373,164                                   | (Won) 246,457               | (Won) 339,466                 | (Won) 549,454               | US\$ 323,787                                     | US\$ 213,846                | US\$ 294,548                  | US\$ 476,750                |
| Interest income (Note 20)  | 6,290   | 17,627                      | 17,777                        | 37,358                      | 5,457  | 15,294                      | 15,425                        | 32,415                      |
| Gain on valuation of swap contracts (Notes 9 and 20)                     |   |                             |                               | 1,392                       |  |                             |                               | 1,208                       |
| Gain on foreign currencies transactions                                  |   | 2,883                       |                               |                             |  | 2,502                       |                               |                             |
| Gain on foreign currencies translation                                   | 408   | 11,040                      | 21,612                        | 7,003                       | 354  | 9,579                       | 18,752                        | 6,076                       |
| Reversal of allowance for doubtful accounts                              |   | 3,144                       | 9,986                         | 3,773                       |  | 2,728                       | 8,664                         | 3,273                       |
|  | <u>379,862</u>                                  | <u>281,151</u>              | <u>388,841</u>                | <u>598,980</u>              | <u>329,598</u>                                   | <u>243,949</u>              | <u>337,389</u>                | <u>519,722</u>              |
| <b>OPERATING EXPENSES</b>  |   |                             |                               |                             |  |                             |                               |                             |
| Interest expense (Note 20)   | (36,838)  | (74,481)                    | (34,687)                      | (69,899)                    | (31,964)   | (64,626)                    | (30,097)                      | (60,650)                    |
| Loss on valuation of swap contracts (Notes 9 and 20)                     | (4,271)   | (13,531)                    | (22,792)                      | (6,816)                     | (3,706)  | (11,741)                    | (19,776)                      | (5,914)                     |
| Provision for possible loan losses                                       | (3)   |                             |                               |                             | (3)  |                             |                               |                             |
| Fees and commissions (Note 20)   | (1,824)   | (2,980)                     | (1,553)                       | (2,568)                     | (1,583)  | (2,586)                     | (1,348)                       | (2,228)                     |
| General and administrative (Notes 17 and 20)                             | (5,047)   | (9,825)                     | (4,217)                       | (12,350)                    | (4,378)  | (8,524)                     | (3,659)                       | (10,716)                    |

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|                                  |               |               |               |               |              |              |              |              |
|----------------------------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
|                                  | (47,983)      | (100,817)     | (63,249)      | (91,633)      | (41,634)     | (87,477)     | (54,880)     | (79,508)     |
| OPERATING INCOME                 | 331,879       | 180,334       | 325,592       | 507,347       | 287,964      | 156,472      | 282,509      | 440,214      |
| NON-OPERATING INCOME             | 24            | 202           |               | 191           | 21           | 175          |              | 166          |
| NON-OPERATING EXPENSES           | (59)          | (61)          | (29)          | (36)          | (51)         | (53)         | (25)         | (31)         |
| INCOME BEFORE INCOME TAX EXPENSE | 331,844       | 180,475       | 325,563       | 507,502       | 287,934      | 156,594      | 282,484      | 440,349      |
| INCOME TAX EXPENSE (Note 15)     |               |               |               |               |              |              |              |              |
| NET INCOME                       | (Won) 331,844 | (Won) 180,475 | (Won) 325,563 | (Won) 507,502 | US\$ 287,934 | US\$ 156,594 | US\$ 282,484 | US\$ 440,349 |

(continued)

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

(See Independent Accountants' Review Report)

|  | Korean won   |                          |                            |                          | US dollars (Note 2)                                     |                          |                            |                          |
|--|--|--------------------------|----------------------------|--------------------------|---|--------------------------|----------------------------|--------------------------|
|  | 2004   |                          | 2003                       |                          | 2004  |                          | 2003                       |                          |
|  | Three months ended June 30                             | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30                              | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 |
|  | (In millions, except for income per common share data) |                          |                            |                          | (In thousands, except for income per common share data) |                          |                            |                          |
| BASIC ORDINARY INCOME PER COMMON SHARE (Note 21)   | (Won) 427  | (Won) 233                | (Won) 424                  | (Won) 661                | US\$ 0.370  | US\$ 0.202               | US\$ 0.368                 | US\$ 0.574               |
| BASIC NET INCOME PER COMMON SHARE (Note 21)        | (Won) 427  | (Won) 233                | (Won) 424                  | (Won) 661                | US\$ 0.370  | US\$ 0.202               | US\$ 0.368                 | US\$ 0.574               |
| DILUTED ORDINARY INCOME PER COMMON SHARE (Note 21) | (Won) 420  | (Won) 232                | (Won) 413                  | (Won) 649                | US\$ 0.364  | US\$ 0.201               | US\$ 0.358                 | US\$ 0.563               |
| DILUTED NET INCOME PER COMMON SHARE (Note 21)      | (Won) 420  | (Won) 232                | (Won) 413                  | (Won) 649                | US\$ 0.364  | US\$ 0.201               | US\$ 0.358                 | US\$ 0.563               |

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 SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003**

(See Independent Accountants' Review Report)

|   | Korean won                 |                          |                            |                          | US dollars (Note 2)        |                          |                            |                          |
|---|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|   | 2004                       |                          | 2003                       |                          | 2004                       |                          | 2003                       |                          |
|   | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 |
|   | (In millions)              |                          |                            |                          | (In thousands)             |                          |                            |                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                  |                            |                          |                            |                          |                            |                          |                            |                          |
| Net income  | (Won) 331,844              | (Won) 180,475            | (Won) 325,563              | (Won) 507,502            | US\$ 287,934               | US\$ 156,594             | US\$ 282,484               | US\$ 440,349             |
| Adjustments to reconcile net income to net cash used in operating activities: |                            |                          |                            |                          |                            |                          |                            |                          |
| Interest expense (amortization of discounts on debentures)                    | 3,022                      | 6,010                    | 2,949                      | 5,217                    | 2,622                      | 5,215                    | 2,559                      | 4,527                    |
| Loss on valuation of swap contracts   | 4,271                      | 13,531                   | 22,792                     | 6,816                    | 3,706                      | 11,741                   | 19,776                     | 5,914                    |
| Provision for possible loan losses  | 3                          |                          |                            |                          | 3                          |                          |                            |                          |
| Provision for severance benefits  | 2                          | 25                       | 210                        | 267                      | 2                          | 22                       | 182                        | 232                      |
| Depreciation  | 60                         | 86                       | 36                         | 70                       | 52                         | 75                       | 31                         | 61                       |
| Amortization on intangible assets   | 5                          | 9                        | 4                          | 7                        | 4                          | 8                        | 3                          | 6                        |
| Stock compensation  | 112                        | 229                      | 117                        | 234                      | 97                         | 199                      | 102                        | 203                      |
| Other non-operating expense   | 8                          | 8                        |                            |                          | 7                          | 7                        |                            |                          |
| Gain on valuation using the equity method of accounting                       | (373,164)                  | (246,457)                | (339,466)                  | (549,454)                | (323,787)                  | (213,846)                | (294,548)                  | (476,750)                |
| Long-term accrued interest income   | (561)                      | (1,122)                  | (6,552)                    | (12,968)                 | (487)                      | (975)                    | (5,685)                    | (11,253)                 |
|   |                            |                          |                            | (1,392)                  |                            |                          |                            | (1,208)                  |



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|   |                  |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gain on valuation of swap contracts         |                  |                  |                  |                  |                  |                  |                  |                  |
| Gain on foreign currency translation        | (408)            | (11,040)         | (21,612)         | (7,003)          | (354)            | (9,579)          | (18,752)         | (6,076)          |
| Reversal of allowance for doubtful accounts |                  | (3,144)          | (9,986)          | (3,773)          |                  | (2,728)          | (8,664)          | (3,273)          |
| Gain on sales of tangible assets            | (13)             | (13)             |                  |                  | (11)             | (11)             |                  |                  |
| Other non-operating revenue                 | (11)             | (11)             |                  |                  | (10)             | (10)             |                  |                  |
|   | <u>(366,674)</u> | <u>(241,889)</u> | <u>(351,508)</u> | <u>(561,979)</u> | <u>(318,156)</u> | <u>(209,882)</u> | <u>(304,996)</u> | <u>(487,617)</u> |

(continued)

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

(See Independent Accountants' Review Report)

|  | Korean won                 |                          |                            |                          | US dollars (Note 2)        |                          |                            |                          |     |      |      |   |
|--|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|-----|------|------|---|
|  | 2004                       |                          | 2003                       |                          | 2004                       |                          | 2003                       |                          |     |      |      |   |
|  | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 |     |      |      |   |
|  | (In millions)              |                          |                            |                          | (In thousands)             |                          |                            |                          |     |      |      |   |
| Changes in operating assets and liabilities: |                            |                          |                            |                          |                            |                          |                            |                          |     |      |      |   |
| Decrease in other receivable                 | (Won)                      | (Won)                    | 130                        | (Won)                    | (Won)                      | 4                        | US\$                       | US\$                     | 113 | US\$ | US\$ | 3 |
| Decrease (Increase) in accrued income        | (553)                      | 27,766                   | 312                        | 1,593                    | (480)                      | 24,092                   | 271                        | 1,382                    |     |      |      |   |
| Decrease in currency swap contracts          |                            | 16,463                   |                            |                          |                            | 14,285                   |                            |                          |     |      |      |   |
| Increase in advance payment                  | (19)                       | (19)                     |                            |                          | (16)                       | (16)                     |                            |                          |     |      |      |   |
| Decrease in prepaid expenses                 | 274                        | 281                      | 574                        | 811                      | 238                        | 244                      | 498                        | 704                      |     |      |      |   |
| Decrease in prepaid income tax               | 6,472                      | 1,329                    | 5,234                      | 3,067                    | 5,616                      | 1,153                    | 4,541                      | 2,661                    |     |      |      |   |
| Retirement benefits payment                  | (364)                      | (530)                    |                            |                          | (316)                      | (460)                    |                            |                          |     |      |      |   |
| Decrease in retirement insurance             | 436                        | 436                      |                            |                          | 378                        | 378                      |                            |                          |     |      |      |   |
| Increase (decrease) in other payables        | 746                        | 905                      | (2,182)                    | 328                      | 647                        | 785                      | (1,894)                    | 285                      |     |      |      |   |
| Decrease in accrued expenses                 | (621)                      | (86)                     | (2,130)                    | (160)                    | (539)                      | (75)                     | (1,848)                    | (139)                    |     |      |      |   |
| Increase (decrease) in withholdings          | (23)                       | (73)                     | (4)                        | 15                       | (20)                       | (63)                     | (3)                        | 13                       |     |      |      |   |
|  | 6,348                      | 46,602                   | 1,804                      | 5,658                    | 5,508                      | 40,436                   | 1,565                      | 4,909                    |     |      |      |   |
| Net cash used in operating activities        | (28,482)                   | (14,812)                 | (24,141)                   | (48,819)                 | (24,714)                   | (12,852)                 | (20,947)                   | (42,359)                 |     |      |      |   |

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| CASH FLOWS FROM INVESTING ACTIVITIES:                |        |           |         |           |       |           |         |           |
|--|--------|-----------|---------|-----------|-------|-----------|---------|-----------|
| Dividend income                                      | 11,086 | 273,694   | 152,108 | 153,608   | 9,620 | 237,479   | 131,981 | 133,283   |
| Collection of loans                                  |        | 1,850     |         | 10,400    |       | 1,605     |         | 9,024     |
| Collection of other loans                            |        | 600,000   | 7,400   | 292,286   |       | 520,607   | 6,421   | 253,610   |
| Disposition of tangible assets                       | 48     | 48        |         |           | 42    | 42        |         |           |
| Acquisition of investment securities of subsidiaries |        | (800,000) |         | (200,000) |       | (694,143) |         | (173,536) |
| Increase in loans                                    |        |           |         | (90,000)  |       |           |         | (78,091)  |

(continued)

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

(See Independent Accountants' Review Report)

|  | Korean won    |               |               |               | US dollars (Note 2) |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------------|---------------|---------------|---------------|
|  | 2004          |               | 2003          |               | 2004                |               | 2003          |               |
|  | Three months  | Six months    | Three months  | Six months    | Three months        | Six months    | Three months  | Six months    |
|  | ended June 30 | ended June 30 | ended June 30 | ended June 30 | ended June 30       | ended June 30 | ended June 30 | ended June 30 |
|  | (In millions) |               |               |               | (In thousands)      |               |               |               |
| Acquisition of tangible assets                 | (Won) (177)   | (Won) (177)   | (Won) (10)    | (Won) (19)    | US\$ (154)          | US\$ (154)    | US\$ (9)      | US\$ (16)     |
| Acquisition of intangible assets               | (11)          | (11)          | (3)           | (3)           | (10)                | (10)          | (3)           | (3)           |
| Net cash provided by investing activities      | 10,946        | 75,404        | 159,495       | 166,272       | 9,498               | 65,426        | 138,390       | 144,271       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |               |               |               |               |                     |               |               |               |
| Proceeds from borrowings                       |               | 220,000       |               |               |                     | 190,889       |               |               |
| Proceeds from debentures in local currency     | 368,924       | 368,924       |               | 20,000        | 320,108             | 320,108       |               | 17,354        |
| Proceeds from debentures in foreign currencies |               |               |               | 48,633        |                     |               |               | 42,197        |
| Capital increase with consideration            |               |               | 38,416        | 38,420        |                     |               | 33,333        | 33,336        |
| Payment of borrowings                          | (10,000)      |               | (100,000)     | (100,000)     | (8,677)             |               | (86,768)      | (86,768)      |
| Payment of debentures in local currency        | (300,000)     | (300,000)     |               |               | (260,303)           | (260,303)     |               |               |
| Payment of debentures in foreign currencies    |               | (167,940)     |               |               |                     | (145,718)     |               |               |
| Expense of issuing new shares                  | (16)          | (16)          |               |               | (14)                | (14)          |               |               |

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|   |               |               |               |               |              |              |              |              |
|---|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Payment of dividends                              | (77,550)      | (77,550)      | (57,262)      | (57,262)      | (67,289)     | (67,289)     | (49,685)     | (49,685)     |
| Net cash provided (used) in financing activities  | (18,642)      | 43,418        | (118,846)     | (50,209)      | (16,175)     | 37,673       | (103,120)    | (43,566)     |
| NET INCREASE (DECREASE) IN CASH AND BANK DEPOSITS | (36,178)      | 104,010       | 16,508        | 67,244        | (31,391)     | 90,247       | 14,323       | 58,346       |
| CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD   | 489,773       | 349,585       | 123,992       | 73,256        | 424,966      | 303,328      | 107,586      | 63,563       |
| CASH AND BANK DEPOSITS, END OF THE PERIOD         | (Won) 453,595 | (Won) 453,595 | (Won) 140,500 | (Won) 140,500 | US\$ 393,575 | US\$ 393,575 | US\$ 121,909 | US\$ 121,909 |

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 SIX-MONTH PERIODS ENDED JUNE 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. In accordance with its functional restructuring, the Company established or acquired seven more subsidiaries, and has four 2nd-tier subsidiaries. Upon incorporation, the Company's common stock amounted to (Won)3,637,293 million (US\$ 3,156,003 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, the Company's common stock amounted to (Won)3,920,381 million (US\$ 3,401,632 thousand), consisting of 784,076,172 common shares issued and outstanding as of June 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 with 36,000,000 new shares and 54,000,000 issued shares. The KDIC owned 673,458,609 (85.9%) shares of the Company's common shares as of June 30, 2004.

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 June 30, 2004 does not differ materially from that as of December 31, 2003 except for set forth below.

- 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. Accordingly, the number of issued common shares of Woori Bank increased from 571 million to

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636 million and contributed capital of Woori Bank increased from (Won)2,852.8 billion (US\$2,475.3 million) to (Won)3,179.8 billion (US\$2,759.0 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 of 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 of the subsidiary of the Company (Note 27).
- d. The summary of subsidiaries as of June 30, 2004 is as follows:

| <u>Parent companies</u>          | <u>Subsidiaries</u>  | <u>Number of<br/>shares<br/>owned</u>       | <u>Percentage<br/>of owner-<br/>ship (%)</u> | <u>Fiscal year<br/>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<br>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<br>Specialty Co., Ltd. (WASS2) | 1,900                                       | 95.0   | December 31                |
|                                  | Woori Third Asset Securitization<br>Specialty Co., Ltd. (WASS3)  | 2,000                                       | 100.0  | December 31                |
|                                  | Woori Investment Trust Management<br>Co., Ltd. (WITM)            | 6,000,000                                   | 100.0  | March 31                   |
|                                  | Woori Securities Co., Ltd. (Woori<br>Securities)                 | 32,956,413                                  | 100.0  | March 31                   |
|                                  | Woori Bank   | Woori Credit Information Co., Ltd.<br>(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.,<br>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<br/>shares<br/>owned</u> | <u>Percentage<br/>of owner-<br/>ship (%)</u> | <u>Fiscal year<br/>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<br>Co., Ltd.            | 900,000                               | 100.0  | December 31                |
|                                  | Woori F&I Co., Ltd.                                      | 2,000,000                             | 100.0  | December 31                |
|                                  | Woori Second Asset<br>Securitization Specialty Co., Ltd. | 1,900                                 | 95.0   | December 31                |
|                                  | Woori Third Asset Securitization<br>Specialty Co., Ltd.  | 2,000                                 | 100.0  | December 31                |
|                                  | Woori Investment Trust Management<br>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.,<br>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 and September 30, 2003, the Company purchased 40,000,000 new shares of WCC for (Won)200,000 million (US\$ 173,536 thousand) and 128,000,000 new shares of WCC for (Won)640,000 million (US\$ 555,315 thousand). However, WCC curtailed 380,000,000 shares amounting to (Won)1,900,000 million (US\$ 1,648,590 thousand) in a capital reduction without compensation on December 22, 2003.

(\*3) The Company purchased 4,121,730 shares of Woori Securities for (Won)16,899 million (US\$ 14,663 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.

Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of income or cash flows, is not presented in the accompanying financial statements.

The US dollar amounts presented in these non-consolidated interim financial statements were computed by translating Korean won into US dollars at the rate of (Won)1,152.5 to US\$1.00 the Base Rate announced by Seoul Money Brokerage Service, Ltd. at June 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 six-month period ended June 30, 2004, which are accounted for using the equity method of accounting, are as follows (Unit: Korean won in millions):

|  | January 1,<br>2004 | Gain (loss)                                |                             |                                 | June 30,<br>2004 |
|--|--------------------|--|-----------------------------|---------------------------------|------------------|
|  |                    | on valuation<br>using the<br>equity method | Capital<br>adjust-<br>ments | Other<br>increase<br>(decrease) |                  |
| Woori Bank                                     | (Won) 5,869,559    | (Won) 584,770                              | (Won) 497,369               | (Won) (40,973)                  | (Won) 6,910,725  |
| Kyongnam Bank                                  | 504,628            | 66,924                                     | 10,267                      | (12,971)                        | 568,848          |
| Kwangju Bank                                   | 364,955            | 57,484                                     | 5,240                       | (8,560)                         | 419,119          |
| Woori Credit Card (*1)                         |                    | (466,410)                                  | 1,677                       | 464,733                         |                  |
| Woori Finance                                  |                    |  |                             |                                 |                  |
| Information System                             | 7,284              | 532  |                             |                                 | 7,816            |
| Woori F&I                                      | 35,896             | 3,531                                      | 4,879                       | (1,500)                         | 42,806           |
| Woori Second Asset Securitization<br>Specialty | 20,016             | 300  |                             |                                 | 20,316           |
| Woori Third Asset Securitization<br>Specialty  | 1,266              | (1,646)                                    | 32,828                      |                                 | 32,448           |
| Woori Investment Trust Management              | 34,978             | 105  |                             | (2,400)                         | 32,683           |
| Woori Securities                               | 168,640            | 867  | 2,598                       | 48,312                          | 220,417          |
|  | (Won) 7,007,222    | (Won) 246,457                              | (Won) 554,858               | (Won) 446,641                   | (Won) 8,255,178  |

- (\*1) (Won)105,581 million (US\$ 91,610 thousand) of unrecorded loss on valuation of the equity securities in WCC in 2003, due to discontinuance of equity method of accounting was reflected in the other increase or decrease for the six months ended June 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):

| Acquisition<br>cost | Gain (loss)<br>on valuation<br>using the<br>equity method | Capital<br>adjust-<br>ments | Other<br>increase<br>(decrease) | Dec. 31, 2003 |
|---------------------|---|-----------------------------|---------------------------------|---------------|
|---------------------|---|-----------------------------|---------------------------------|---------------|

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|               |                 |                 |               |                 |                 |
|---------------|-----------------|-----------------|---------------|-----------------|-----------------|
| Woori Bank    | (Won) 2,764,400 | (Won) 2,760,234 | (Won) 800,161 | (Won) (455,236) | (Won) 5,869,559 |
| 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     | on valuation    | Capital       | Other         |                 |
|   |                 |                 |               |               |                 |
| cost  | equity method   | ments           | (decrease)    |               |                 |
| Woori Credit Card (*1)                      | 273,000         | (1,490,901)     | (522,099)     | 1,740,000     |                 |
| Woori Investment Bank                       | 170,493         | 44,780          | 34,627        | (249,900)     |                 |
| 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         |
|   | (Won) 3,844,454 | (Won) 1,806,085 | (Won) 374,659 | (Won) 982,024 | (Won) 7,007,222 |

(\*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 six-month period ended June 30, 2004 are as follows (Unit: Korean won in millions):

|                                   | Business combinations between | Acquisition   | Retained        | Dividends       | Total          |
|-----------------------------------|-------------------------------|---------------|-----------------|-----------------|----------------|
|                                   | subsidiaries                  |               | earnings        | received        |                |
| Woori Bank                        | (Won) 200,163                 | (Won)         | (Won) (1,498)   | (Won) (239,638) | (Won) (40,973) |
| 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        |                 | (8,687)         | 48,312         |
|                                   | (Won)                         | (Won) 856,999 | (Won) (136,663) | (Won) (273,695) | (Won) 446,641  |

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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<br>(disposition) | Retained<br>earnings | Dividends<br>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 gain on disposition of the investment in WITM amounting to (Won)17,715 million (US\$ 15,371 thousand) and a loss on disposition of the investment in Woori Securities amounting to (Won)40,297 million (US\$ 34,965 thousand) which were recorded in capital surplus of Woori Bank in 2002. The Company recognized these amounts as increase and 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 six-month period ended June 30, 2004 are as follows (Unit: Korean won in millions):

|                   | January 1,<br>2004   | Increase<br>(decrease) | Amortization       | June 30,<br>2004     |
|-------------------|----------------------|------------------------|--------------------|----------------------|
| Woori Bank        | (Won) 264,026        | (Won) 24,056           | (Won) 8,122        | (Won) 279,960        |
| Kyongnam Bank     | 7,565                |                        | 223                | 7,342                |
| Kwangju Bank      | 16,442               |                        | 484                | 15,958               |
| Woori Credit Card | 24,415               | (24,056)               | 359                |                      |
| Woori F&I         | 84                   |                        | 2                  | 82                   |
| Woori Securities  | (30,223)             | (113,999)              | (3,022)            | (141,200)            |
|                   | <u>(Won) 282,309</u> | <u>(Won) (113,999)</u> | <u>(Won) 6,168</u> | <u>(Won) 162,142</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<br>difference<br>at acquisition | Decrease              | Amortization        | December 31,<br>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 six-month period ended June 30, 2004 are as follows (Unit: Korean won in millions):

| Operating<br>revenues | Operating<br>expenses | Non-operating<br>income | Non-operating<br>expenses | Total |
|-----------------------|-----------------------|-------------------------|---------------------------|-------|
|-----------------------|-----------------------|-------------------------|---------------------------|-------|

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|                                  |             |       |             |             |             |
|----------------------------------|-------------|-------|-------------|-------------|-------------|
| Woori Bank                       | (Won) 1,069 | (Won) | (Won) 1,170 | (Won) (45)  | (Won) 2,194 |
| Kyongnam Bank                    |             |       |             | (10)        | (10)        |
| Kwangju Bank                     |             |       |             | (59)        | (59)        |
| Woori Credit Card                |             |       |             | (172)       | (172)       |
| Woori Finance Information System | (127)       |       |             |             | (127)       |
|                                  | (Won) 942   | (Won) | (Won) 1,170 | (Won) (286) | (Won) 1,826 |

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**4. LOANS**

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

|   | Issuance<br>date | Maturity<br>date | Annual<br>interest<br>rate (%) | Korean won       |                  | US dollars (Note 2) |                  |
|---|------------------|------------------|--------------------------------|------------------|------------------|---------------------|------------------|
|   |                  |                  |                                | Jun. 30,<br>2004 | Dec. 31,<br>2003 | Jun. 30,<br>2004    | Dec. 31,<br>2003 |
|   |                  |                  |                                | (In millions)    |                  | (In thousands)      |                  |
| Woori Finance Information System (*1)             | Oct. 31,<br>2002 | Oct. 31,<br>2006 | 7.3                            | (Won) 30,000     | (Won) 30,000     | US\$ 26,030         | US\$ 26,030      |
| Woori F&I (*2)                                    | Dec. 20,<br>2002 | Dec. 20,<br>2006 | 7.6                            | 3,150            | 5,000            | 2,733               | 4,338            |
|   | Mar. 25,<br>2003 | Mar. 25,<br>2007 | 7.3                            | 90,000           | 90,000           | 78,091              | 78,091           |
|   | Jul. 7,<br>2003  | Jul. 7,<br>2007  | 7.3                            | 23,000           | 23,000           | 19,957              | 19,957           |
|   | Jul. 29,<br>2003 | Jul. 29,<br>2007 | 7.3                            | 8,850            | 8,850            | 7,679               | 7,679            |
|   |                  |                  |                                | 125,000          | 126,850          | 108,460             | 110,065          |
| WASS2:  |                  |                  |                                |                  |                  |                     |                  |
| 2-1 non-guaranteed privately placed bond (*3)     | Jan. 8,<br>2002  | Jan. 8,<br>2012  | 7.5                            | 100              | 100              | 87                  | 87               |
| WASS3:  |                  |                  |                                |                  |                  |                     |                  |
| 3-1 non-guaranteed privately placed bond (*3)     | Apr. 15,<br>2002 | Apr. 15,<br>2012 | 7.8                            | 27,790           | 27,790           | 24,113              | 24,113           |
| Woori Bank:                                       |                  |                  |                                |                  |                  |                     |                  |
| 1st non-guaranteed subordinated convertible bonds | Sep. 27,<br>2002 | Sep. 27,<br>2012 |                                |                  | 150,000          |                     | 130,151          |
|   | Oct. 30,<br>2002 | Oct. 30,<br>2003 |                                |                  | 200,000          |                     | 173,536          |



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|  |          |          |                |                |                |                |
|--|----------|----------|----------------|----------------|----------------|----------------|
| 2nd non-guaranteed subordinated convertible bonds  | 2002     | 2012     |                |                |                |                |
| 3rd non-guaranteed subordinated convertible bonds  | Nov. 28, | Nov. 28, |                |                |                |                |
|  | 2002     | 2012     |                | 250,000        |                | 216,920        |
|  |          |          |                | <u>600,000</u> |                | <u>520,607</u> |
| <b>Kwangju Bank:</b>                               |          |          |                |                |                |                |
| Non-guaranteed subordinated convertible bonds (*4) | Dec. 31, | Dec. 31, |                |                |                |                |
|  | 2002     | 2012     | 50,000         | 50,000         | 43,384         | 43,384         |
| <b>Total</b>                                       |          |          | <u>232,890</u> | <u>834,740</u> | <u>202,074</u> | <u>724,286</u> |
| Allowance for possible loan losses (Note 5)        |          |          | <u>1,164</u>   | <u>4,174</u>   | <u>1,010</u>   | <u>3,621</u>   |

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|     | Issuance<br>date | Maturity<br>date | Annual<br>interest<br>rate (%) | Korean won                    |                                | US dollars (Note 2) |                  |
|-----|------------------|------------------|--------------------------------|-------------------------------|--------------------------------|---------------------|------------------|
|     |                  |                  |                                | Jun. 30,<br>2004              | Dec. 31,<br>2003               | Jun. 30,<br>2004    | Dec. 31,<br>2003 |
| Net |                  |                  |                                | (In millions)<br>(Won)231,726 | (In thousands)<br>(Won)830,566 | US\$ 201,064        | US\$ 720,665     |

- (\*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.
- (\*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) Allowance for possible loan losses as of June 30, 2004 and December 31, 2003 are as follows:

|   | Korean won    |               | US dollars (Note 2) |               |
|---|---------------|---------------|---------------------|---------------|
|   | Jun. 30, 2004 | Dec. 31, 2003 | Jun. 30, 2004       | Dec. 31, 2003 |
|   | (In millions) |               | (In thousands)      |               |
| Loans:                                      |               |               |                     |               |
| Woori Finance Information System            | (Won) 150     | (Won) 150     | US\$ 130            | US\$ 130      |
| Woori F&I                                   | 624           | 634           | 541                 | 549           |
| Woori Second Asset Securitization Specialty | 1             | 1             | 1                   | 1             |
| Woori Third Asset Securitization Specialty  | 139           | 139           | 121                 | 121           |
| Woori Bank                                  |               | 3,000         |                     | 2,603         |
| Kwangju Bank                                | 250           | 250           | 217                 | 217           |
| Sub-total                                   | 1,164         | 4,174         | 1,010               | 3,621         |
| Long-term accrued interest income:          |               |               |                     |               |
| Woori Bank                                  |               | 140           |                     | 121           |
| Kwangju Bank                                | 17            | 11            | 15                  | 10            |
| Sub-total                                   | 17            | 151           | 15                  | 131           |
| Total                                       | (Won) 1,181   | (Won) 4,325   | US\$ 1,025          | US\$ 3,752    |



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

|   | <b>Six months ended</b> | <b>The year ended</b> | <b>Six months ended</b> |
|---|-------------------------|-----------------------|-------------------------|
|   | <b>Jun. 30, 2004</b>    | <b>Dec. 31, 2003</b>  | <b>Jun. 30, 2003</b>    |
| Beginning balance   | (Won) 4,325             | (Won) 147,381         | (Won) 147,381           |
| Write off loans   |                         | (127,400)             |                         |
| Provision for possible loan loss (reversal of allowance for doubtful loans) | (3,144)                 | (15,656)              | (3,773)                 |
| Ending balance  | (Won) 1,181             | (Won) 4,325           | (Won) 143,608           |

**6. FIXED ASSETS**

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

|                              | <b>Jan. 1, 2004</b> | <b>Acquisition</b> | <b>Disposition</b> | <b>Depreciation</b> | <b>Jun. 30, 2004</b> |
|------------------------------|---------------------|--------------------|--------------------|---------------------|----------------------|
| Vehicles                     | (Won) 57            | (Won)              | (Won) 35           | (Won) 13            | (Won) 9              |
| Furniture and equipment      | 124                 | 124                |                    | 56                  | 192                  |
| Structures in leased offices | 61                  | 53                 |                    | 17                  | 97                   |
|                              | (Won) 242           | (Won) 177          | (Won) 35           | (Won) 86            | (Won) 298            |

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

|                           | <b>Jan. 1, 2004</b> | <b>Acquisition</b> | <b>Amortization</b> | <b>June 30, 2004</b> |
|---------------------------|---------------------|--------------------|---------------------|----------------------|
| Software                  | (Won) 20            | (Won)              | (Won) 4             | (Won) 16             |
| Industrial property right | 31                  | 11                 | 5                   | 37                   |
|                           | (Won) 51            | (Won) 11           | (Won) 9             | (Won) 53             |

Accumulated amortization of software and industrial property right amounted to (Won)17 million (US\$ 15 thousand) and (Won)20 million (US\$ 17 thousand), respectively, as of June 30, 2004.

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**7. OTHER ASSETS**

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

|  | Korean won          |                     | US dollars (Note 2) |                    |
|--|---------------------|---------------------|---------------------|--------------------|
|  | Jun. 30, 2004       | Dec. 31, 2003       | Jun. 30, 2004       | Dec. 31, 2003      |
|  | (In millions)       |                     | (In thousands)      |                    |
| Guarantee deposits                                 | (Won) 3,871         | (Won) 3,871         | US\$ 3,359          | US\$ 3,359         |
| Other receivables                                  | 1,485               | 1,146               | 1,289               | 994                |
| Accrued income                                     | 4,827               | 31,471              | 4,188               | 27,307             |
| Currency swaps (Notes 9 and 10)                    |                     | 16,463              |                     | 14,285             |
| Advance payment                                    | 20                  | 1                   | 17                  | 1                  |
| Prepaid expenses                                   | 513                 | 794                 | 444                 | 689                |
| Prepaid income tax                                 | 5,225               | 6,554               | 4,534               | 5,686              |
| <b>Total</b>                                       | <b>15,941</b>       | <b>60,300</b>       | <b>13,831</b>       | <b>52,321</b>      |
| Allowance for losses for accrued interest (Note 5) | (17)                | (151)               | (15)                | (131)              |
| <b>Net</b>   | <b>(Won) 15,924</b> | <b>(Won) 60,149</b> | <b>US\$ 13,816</b>  | <b>US\$ 52,190</b> |

**8. BORROWINGS**

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

|                                | Annual Interest rate (%) | Maturity      | Korean won    |               | US dollars (Note 2) |               |
|--------------------------------|--------------------------|---------------|---------------|---------------|---------------------|---------------|
|                                |                          |               | Jun. 30, 2004 | Dec. 31, 2003 | Jun. 30, 2004       | Dec. 31, 2003 |
|                                |                          |               | (In millions) |               | (In thousands)      |               |
| Hana Bank                      | (*1)                     | Oct. 30, 2004 | (Won) 60,000  | (Won)         | US\$ 52,061         | US\$          |
| KorAm Bank                     | (*2)                     | Sep. 30, 2005 | 70,000        |               | 60,738              |               |
| Shinhan Bank                   | (*3)                     | Aug. 19, 2005 |               |               |                     |               |
| Korea First Bank               | (*4)                     | Jul. 16, 2004 | 70,000        |               | 60,738              |               |
| Samsung Insurance Company (*5) | 6.10%                    | Sep. 15, 2005 | 20,000        |               | 17,352              |               |

|               |       |              |      |
|---------------|-------|--------------|------|
| (Won) 220,000 | (Won) | US\$ 190,889 | US\$ |
|---------------|-------|--------------|------|

- (\*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\$ 173,536 thousand) as of June 30, 2004.
- (\*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\$ 86,768 thousand) as of June 30, 2004.

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- (\*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\$ 173,536 thousand) as of June 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\$ 86,768 thousand) as of June 30, 2004.
- (\*5) The borrowing is made under the line of credit of (Won)100,000 million (US\$ 86,768 thousand) as of June 30, 2004.

**9. DEBENTURES**

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

## 1) Bonds

|                 | Issue date    | Annual interest rate (%) | Maturity      | Korean won      |                 | US dollars (Note 2) |                |
|-----------------|---------------|--------------------------|---------------|-----------------|-----------------|---------------------|----------------|
|                 |               |                          |               | Jun. 30, 2004   | Dec. 31, 2003   | Jun. 30, 2004       | Dec. 31, 2003  |
|                 |               |                          |               | (In millions)   |                 | (In thousands)      |                |
| The 2nd bonds   | Sep. 28, 2001 | 5.00                     | Sep. 28, 2004 | (Won) 300,000   | (Won) 300,000   | US\$ 260,304        | US\$ 260,304   |
| The 3rd bonds   | Dec. 03, 2001 | 5.93                     | Dec. 03, 2004 | 300,000         | 300,000         | 260,304             | 260,304        |
| The 4th bonds   | Dec. 17, 2001 | 6.00                     | Dec. 17, 2004 | 150,000         | 150,000         | 130,152             | 130,152        |
| The 5th bonds   | Dec. 28, 2001 | 6.86                     | Jun. 28, 2004 | 300,000         | 300,000         | 260,304             | 260,304        |
| The 7th bonds   | Nov. 27, 2002 | 5.80                     | Nov. 27, 2005 | 300,000         | 300,000         | 260,304             | 260,304        |
| The 8th bonds   | Dec. 26, 2002 | 6.05                     | Dec. 26, 2007 | 200,000         | 200,000         | 173,534             | 173,534        |
| The 9th bonds   | Sep. 19, 2003 | 4.64                     | Sep. 19, 2006 | 300,000         | 300,000         | 260,304             | 260,304        |
| The 10th bonds  | Dec. 16, 2003 | 5.92                     | Dec. 16, 2008 | 300,000         | 300,000         | 260,304             | 260,304        |
| The 11th bonds  | Jun. 18, 2004 | 5.05                     | Jun. 18, 2009 | 370,000         |                 | 321,041             |                |
| Total           |               |                          |               | 2,220,000       | 2,150,000       | 1,926,247           | 1,865,510      |
| Less: discounts |               |                          |               | (4,943)         | (7,403)         | (4,288)             | (6,424)        |
|                 |               |                          |               | (Won) 2,215,057 | (Won) 2,142,597 | US\$ 1,921,959      | US\$ 1,859,086 |

## 2) Convertible bonds

|                         | Issue date    | Annual interest rate (%) | Maturity      | Korean won    |               | US dollars (Note2) |               |
|-------------------------|---------------|--------------------------|---------------|---------------|---------------|--------------------|---------------|
|                         |               |                          |               | Jun. 30, 2004 | Dec. 31, 2003 | Jun. 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\$ 17,354        | US\$ 17,354   |
| Add: redemption premium |               |                          |               | 2,314         | 2,314         | 2,008              | 2,008         |
|                         |               |                          |               | (1,976)       | (2,509)       | (1,715)            | (2,178)       |

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Less: reconciliation for conversion  
rights

|  |                             |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
|  | (Won) 20,338                | (Won) 19,805                | US\$ 17,647                 | US\$ 17,184                 |
|  | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |



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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 June 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<br>date | Annual<br>interest<br>rate (%) | Maturity      | Foreign currencies |                |
|-----------------------|---------------|--------------------------------|---------------|--------------------|----------------|
|                       |               |                                |               | Jun. 30, 2004      | Dec. 31, 2003  |
|                       |               |                                |               |                    |                |
| Floating rate notes   | Nov. 2, 2001  | (*1)                           | Nov. 2, 2004  | US\$ 150,000       | US\$ 150,000   |
| Less: discount        |               |                                |               | (83)               | (204)          |
|                       |               |                                |               | US\$ 149,917       | US\$ 149,796   |
| Korean won equivalent |               |                                |               | (Won) 172,780      | (Won) 179,426  |
| Yen denominated bonds | Jan. 16, 2002 | 1.74                           | Jan. 16, 2004 | JPY                | JPY 15,000,000 |
| Less: discount        |               |                                |               |                    | (1,563)        |
|                       |               |                                |               | JPY                | JPY 14,998,437 |
| Korean won equivalent |               |                                |               | (Won)              | (Won) 167,922  |
| <b>Total</b>          |               |                                |               | (Won) 172,780      | (Won) 347,348  |

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

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## 2) Convertible bonds in foreign currency

|  | Issue<br>date | Annual<br>interest<br>rate (%) | Maturity      | Foreign currencies   |                      |
|--|---------------|--------------------------------|---------------|----------------------|----------------------|
|  |               |                                |               | Jun. 30, 2004        | Dec. 31, 2003        |
| Convertible bonds (*1)                     | Sep. 27, 2002 |                                | Sep. 27, 2005 | US\$ 36,000          | US\$ 36,000          |
| Long-term accrued interest                 |               |                                |               | 1,886                | 1,345                |
|  |               |                                |               | <u>US\$ 37,886</u>   | <u>US\$ 37,345</u>   |
| Korean won equivalent                      |               |                                |               | (Won) 43,664         | (Won) 44,732         |
| Convertible bonds (*2)                     | Dec. 20, 2002 |                                | Dec. 20, 2005 | US\$ 16,000          | US\$ 16,000          |
| Long-term accrued interest                 |               |                                |               | 678                  | 454                  |
|  |               |                                |               | <u>US\$ 16,678</u>   | <u>US\$ 16,454</u>   |
| Korean won equivalent                      |               |                                |               | (Won) 19,222         | (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 |               |                                |               | (2,673)              | (3,407)              |
|  |               |                                |               | <u>US\$ 38,991</u>   | <u>US\$ 38,257</u>   |
| Korean won equivalent                      |               |                                |               | (Won) 44,937         | (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 |               |                                |               | (67)                 | (82)                 |
|  |               |                                |               | <u>US\$ 996</u>      | <u>US\$ 981</u>      |
|  |               |                                |               | (Won) 1,147          | (Won) 1,173          |
| Total                                      |               |                                |               | <u>(Won) 108,970</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

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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 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 of shares.

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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.

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- (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 prevent any risks involved with fluctuations in exchange rates and interest rates. As of June 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<br>date | Maturity<br>date | Contracted amount      |                           | Interest rates and<br>terms of payment   |
|--------|------------------|------------------|------------------------|---------------------------|--|
|        |                  |                  | Jun. 30, 2004          | Dec. 31, 2003             |  |
| Swap 1 | Nov. 7, 2001     | Nov. 2, 2004     | US\$ 50,000<br>64,650  | US\$ 50,000<br>64,650     | Receipt: LIBOR (6 months) + 1.6%<br>Payment: annual rate of 6.90% in every 3 months            |
| Swap 2 | Nov. 18, 2001    | Nov. 2, 2004     | US\$ 99,496<br>128,888 | US\$ 99,496<br>128,888    | Receipt: LIBOR (6 months) + 1.6%<br>Payment: CD interest rate (3 months) + 1.5%                |
| Swap 3 | Jan. 28, 2002    | Jan. 16, 2004    |                        | JPY 14,924,633<br>147,754 | Receipt: annual rate of 1.74% in every 6 months<br>Payment: CD interest rate (91 days) + 1.59% |
| Swap 4 | Sep. 27, 2002    | Sep. 27, 2005    | US\$ 36,000<br>44,136  | US\$ 36,000<br>44,136     | Receipt: compound interest rate of 2.9245% (6 months)<br>Payment: annual rate of 5%            |
| Swap 5 | Dec. 20, 2002    | Dec. 20, 2005    | US\$ 16,000<br>19,248  | US\$ 16,000<br>19,248     | Receipt: compound interest rate of 2.7335% (6 months)<br>Payment: annual rate of 4.84%         |
| Swap 6 | Mar. 26, 2003    | Mar. 26, 2006    | US\$ 39,000<br>48,633  | US\$ 39,000<br>48,633     | Receipt: compound interest rate of 2.215% (6 months)<br>Payment: annual rate of 3.04%          |
| Swap 7 | Jul. 9, 2003     | Jul. 10, 2006    | US\$ 1,000<br>1,179    | US\$ 1,000<br>1,179       | Receipt: compound interest rate of 2.034% (6 months)<br>Payment: annual rate of 3.93%          |

For the six-month period ended June 30, 2004, losses on valuation of swaps of (Won)13,531 million (US\$ 11,741 thousand) and for the six-month period ended June 30, 2003, gains on valuation of (Won)1,392 million (US\$1,208 thousand) and losses on valuation of (Won)6,816 million (US\$ 5,914 thousand), are recorded in connection with the above swap contracts.

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**10. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES**

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

|                                      | Foreign currencies |                | Korean won equivalent |               |
|--------------------------------------|--------------------|----------------|-----------------------|---------------|
|                                      | Jun. 30, 2004      | Dec. 31, 2003  | Jun. 30, 2004         | Dec. 31, 2003 |
|                                      | (In thousands)     |                | (In millions)         |               |
| <b>(Assets)</b>                      |                    |                |                       |               |
| Currency swaps                       | JPY                | JPY 1,470,444  | (Won)                 | (Won) 16,463  |
| <b>(Liabilities)</b>                 |                    |                |                       |               |
| Debtentures in foreign currencies    | US\$ 241,917       | US\$ 241,796   | 278,809               | 289,624       |
|                                      | JPY                | JPY 14,998,437 |                       | 167,922       |
| Long-term accrued interest payables  | US\$ 2,564         | US\$ 1,799     | 2,956                 | 2,155         |
| Redemption premium                   | US\$ 2,727         | US\$ 2,727     | 3,143                 | 3,258         |
| Reconciliation for conversion rights | US\$ (2,740)       | US\$ (3,489)   | (3,158)               | (4,179)       |
| Accrued expenses                     | US\$ 920           | US\$ 920       | 1,060                 | 1,101         |
|                                      | JPY                | JPY 54,611     |                       | 611           |
| Currency swaps                       | US\$ 27,704        | US\$ 15,360    | 31,929                | 18,398        |
|                                      | US\$ 273,092       | US\$ 259,113   | (Won) 314,739         | (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)1,064 million (US\$ 923 thousand) and (Won)1,583 million (US\$ 1,374 thousand) as of June 30 2004 and December 31, 2003, respectively.

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

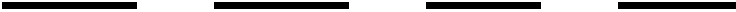
|  | Korean won       |                | US dollars (Note 2) |                |
|--|------------------|----------------|---------------------|----------------|
|  | Six months ended | The year ended | Six months ended    | The year ended |
|  | Jun. 30, 2004    | Dec. 31, 2003  | Jun. 30, 2004       | Dec. 31, 2003  |
|  | (In millions)    |                | (In thousands)      |                |
| Beginning balance                        | (Won) 1,583      | (Won) 968      | US\$ 1,374          | US\$ 840       |
| Provision for severance benefits         | 25               | 626            | 22                  | 543            |
| Payment for severance benefits (Note 16) | (544)            | (11)           | (473)               | (9)            |
| Ending balance                           | (Won) 1,064      | (Won) 1,583    | US\$ 923            | US\$ 1,374     |

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of June 30, 2004 and December 31, 2003, the deposits, amounting to (Won)517 million (US\$ 449 thousand) and (Won)954 million (US\$ 828 thousand), respectively, are presented as a deduction from accrued severance indemnities.

**12. OTHER LIABILITIES**

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

|   | Korean won    |               | US dollars (Note 2) |               |
|---|---------------|---------------|---------------------|---------------|
|   | Jun. 30, 2004 | Dec. 31, 2003 | Jun. 30, 2004       | Dec. 31, 2003 |
|   | (In millions) |               | (In thousands)      |               |
| Accrued severance benefits (Note 11)              | (Won) 1,064   | (Won) 1,583   | US\$ 923            | US\$ 1,374    |
| Deposits with employee retirement trust (Note 11) | (517)         | (954)         | (449)               | (828)         |
| Other payables                                    | 1,425         | 507           | 1,236               | 440           |
| Accrued expenses                                  | 8,930         | 9,016         | 7,749               | 7,823         |
| Withholdings                                      | 114           | 188           | 99                  | 163           |
| Currency swaps (Notes 9 and 10)                   | 31,929        | 18,398        | 27,704              | 15,964        |
|   | (Won) 42,945  | (Won) 28,738  | US\$ 37,262         | US\$ 24,936   |





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**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\$ 3,401,632 thousand)] and 775,504,910 shares [(Won)3,877,525 million (US\$ 3,364,447 thousand)] are issued and outstanding as of June 30, 2004 and December 31, 2003, respectively.
- (2) The changes in the capital stock of the Company during the period from the incorporation to June 30, 2004 are as follows (Unit: Korean won in millions):

| <u>Date of issuance</u> | <u>Description</u>         | <u>Number of shares issued</u> | <u>Capital stock</u>   | <u>Paid-in capital in excess of par value</u> |
|-------------------------|----------------------------|--------------------------------|------------------------|---|
| March 27, 2001          | Establishment              | 727,458,609                    | (Won) 3,637,293        | (Won)   |
| June 12, 2002           | Issuance of new shares     | 36,000,000                     | 180,000                | 58,645  |
| In 2002                 | Exercise of warrants       | 4,356,188                      | 21,781                 |   |
|                         |                            | <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.
- (3) As of June 30, 2004 and December 31, 2003, other capital surplus is consideration for conversion rights in the total amount of (Won)3,253 million (US\$ 2,823 thousand), consisting of (Won)2,215 million (US\$1,922 thousand), (Won)997 million (US\$ 865 thousand), and (Won)41 million (US\$ 36 thousand) for convertible bonds, the first two among which were issued on March 26, 2003 and the third among which was issued on July 10, 2003.
- (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.

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- (5) The reconciliation between retained earnings before appropriations as of June 30, 2004 and December 31, 2003 is as follows:

|   | <b>Korean won</b>    | <b>US dollars (Note 2)</b> |
|---|----------------------|----------------------------|
|   | <b>(In millions)</b> | <b>(In thousands)</b>      |
| December 31, 2003   | (Won) 223,945        | US\$ 194,312               |
| Appropriation   |                      |                            |
| Dividends in cash   | (77,550)             | (67,288)                   |
| Transfer to legal reserve   | (20,257)             | (17,577)                   |
| Transfer to voluntary reserve   | (120,000)            | (104,121)                  |
|   | (217,807)            | (188,986)                  |
| Decreases due to using the equity method of accounting for the six months ended Jun. 30, 2004 | (136,663)            | (118,579)                  |
| Net income for the six months ended Jun. 30, 2004   | 180,475              | 156,594                    |
| June 30, 2004   | (Won) 49,950         | US\$ 43,341                |

**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 resolution of the Company's board of directors in 2003 and for the six-month period ended June 30, 2004.
- (3) The summary of stock options granted as of June 30, 2004 is summarized as follows:

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

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- (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   |

- (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 half of 2004 | 725                | 1,482               | 2,207        |
| To be recorded thereafter                         | 191                | 391                 | 582          |

Each subsidiary is responsible for absorbing the respective stock option cost of 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.

**15. INCOME TAX EXPENSE**

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

|  | <u>Korean won</u> | <u>US dollars</u><br>(Note 2) |
|--|-------------------|-------------------------------|
|  | (In millions)     | (In thousands)                |
| Net income                                 | (Won) 180,475     | US\$ 156,594                  |
| Permanent differences                      |                   |                               |
| Additions:                                 |                   |                               |
| Gain on valuation of investment securities | 554,858           | 481,439                       |
| Deemed interest income                     | 1,573             | 1,365                         |
| Other                                      | 217               | 188                           |

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|             |                |                |
|-------------|----------------|----------------|
|             | <u>556,648</u> | <u>482,992</u> |
| Deductions: |                |                |
| Dividend    | 241,990        | 209,970        |

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|                                       | <u>Korean won</u>    | <u>US dollars (Note 2)</u> |
|---------------------------------------|----------------------|----------------------------|
|                                       | <u>(In millions)</u> | <u>(In thousands)</u>      |
| Investment securities                 | (Won) 136,663        | US\$ 118,579               |
|                                       | 378,653              | 328,549                    |
|                                       | 177,995              | 154,443                    |
| Temporary differences                 |                      |                            |
| Additions:                            |                      |                            |
| Long-term accrued interest income     | 30,232               | 26,232                     |
| Other                                 | 36,249               | 31,452                     |
|                                       | 66,481               | 57,684                     |
| Deductions:                           |                      |                            |
| Investment securities                 | 390,956              | 339,224                    |
| Other                                 | 8,578                | 7,443                      |
|                                       | 399,534              | 346,667                    |
|                                       | (333,053)            | (288,983)                  |
| Income after tax adjustments          | 25,417               | 22,054                     |
| Utilization of tax loss carryforwards | (25,417)             | (22,054)                   |
| Taxable income                        | (Won)                | US\$                       |

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

|                                  | <u>Jan. 1, 2004 (*1)</u> | <u>Increase</u> | <u>Decrease</u> | <u>Jun. 30, 2004</u> | <u>Deferred tax</u><br><u>assets</u><br><u>(liabilities)(*2)</u> |
|----------------------------------|--------------------------|-----------------|-----------------|----------------------|--|
| Investment securities            | (Won) (1,426,634)        | (Won) (390,956) | (Won)           | (Won) (1,817,590)    | (Won) (16,685)   |
| Swap contracts                   | (1,935)                  | 31,928          | 1,935           | 28,058               | 7,716  |
| Accrued income                   | (1,239)                  | (474)           | (461)           | (1,252)              | (344)  |
| Accrued severance benefits       | 950                      |                 |                 | 950                  | 261  |
| Depreciation                     | 19                       |                 |                 | 19                   | 5  |
| Accrued expenses                 | 2,200                    | 2,612           |                 | 4,812                | 1,323  |
| Provision for possible loan loss |                          |                 | 115             | (115)                | (32)   |
| Accounts receivable              | (1,015)                  | (468)           |                 | (1,483)              | (408)  |
| Employee retirement deposits     | (950)                    | (13)            | (446)           | (517)                | (142)  |

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|                                     |                          |                        |                      |                          |                     |
|-------------------------------------|--------------------------|------------------------|----------------------|--------------------------|---------------------|
| Long-term accrued interest payables | 2,154                    | 801                    |                      | 2,955                    | 813                 |
| Long-term accrued interest income   | (30,232)                 | (3,372)                | (30,232)             | (3,372)                  | (927)               |
| Premiums on debentures              | 5,572                    |                        |                      | 5,572                    | 1,532               |
| Adjustment of conversion rights     | (6,688)                  | (2,200)                |                      | (8,888)                  | (2,444)             |
|                                     | <u>(1,457,798)</u>       | <u>(362,142)</u>       | <u>(29,089)</u>      | <u>(1,790,851)</u>       | <u>(9,332)</u>      |
| Tax loss carryforwards              | 197,308                  |                        | 25,417               | 171,891                  | 47,270              |
|                                     | <u>(Won) (1,260,490)</u> | <u>(Won) (362,142)</u> | <u>(Won) (3,672)</u> | <u>(Won) (1,618,960)</u> | <u>(Won) 37,938</u> |

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- (\*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) 25,417        | (Won) 171            | 2006              |
| 2002                 | 14,205               |                     | 14,205               | 2007              |
| 2003 (*1)            | 157,515              |                     | 157,515              | 2008              |
|                      | <u>(Won) 197,308</u> | <u>(Won) 25,417</u> | <u>(Won) 171,891</u> |                   |

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

- (4) For the six months ended June 30, 2004, there is no income tax expense reflected in the statement of income as there is no tax expense required by the Corporate Tax Act and there are no changes in net deferred tax assets.

**16. STATEMENTS OF CASH FLOWS**

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

| <u>Transactions</u>   | <u>Korean won</u>    |               | <u>US dollars (Note 2)</u> |              |
|---|----------------------|---------------|----------------------------|--------------|
|   | <u>2004</u>          | <u>2003</u>   | <u>2004</u>                | <u>2003</u>  |
|   | <u>(In millions)</u> |               | <u>(In thousands)</u>      |              |
| Increase in capital adjustments due to valuation of investment securities | (Won) 554,858        | (Won) 385,111 | US\$ 481,439               | US\$ 334,153 |
| Decrease in retained earnings due to valuation of investment securities   | (136,663)            | (9,955)       | (118,579)                  | (8,638)      |
| Increase in investment securities and capital                             | 56,999               |               | 49,457                     |              |
| Increase in other receivable and stock options                            | 468                  | 577           | 406                        | 501          |
| Increase in conversion rights   |                      | 3,212         |                            | 2,787        |
| Payables for severance benefits   | 14                   |               | 13                         |              |

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

General and administrative expenses for the six-month periods ended June 30, 2004 and 2003 are summarized as follows:

|                                   | Korean won    |              | US dollars (Note 2) |             |
|-----------------------------------|---------------|--------------|---------------------|-------------|
|                                   | 2004          | 2003         | 2004                | 2003        |
|                                   | (In millions) |              | (In thousands)      |             |
| Salaries, wages and bonuses       | (Won) 3,913   | (Won) 3,360  | US\$ 3,395          | US\$ 2,915  |
| Provision for severance benefits  | 25            | 267          | 22                  | 232         |
| Fringe benefits                   | 407           | 239          | 353                 | 207         |
| Rent                              | 1,139         | 1,169        | 988                 | 1,014       |
| Entertainment                     | 208           | 257          | 180                 | 223         |
| Depreciation                      | 86            | 70           | 75                  | 61          |
| Amortization on intangible assets | 9             | 7            | 8                   | 6           |
| Taxes and dues                    | 26            | 43           | 23                  | 37          |
| Advertising                       | 1,876         | 5,267        | 1,628               | 4,570       |
| Travel                            | 33            | 107          | 29                  | 93          |
| Telecommunications                | 35            | 37           | 30                  | 32          |
| Service fee                       | 958           | 570          | 831                 | 495         |
| Suppliers                         | 55            | 49           | 47                  | 43          |
| Stock compensation (Note 14)      | 229           | 234          | 199                 | 203         |
| Other                             | 826           | 674          | 716                 | 585         |
|                                   | (Won) 9,825   | (Won) 12,350 | US\$ 8,524          | US\$ 10,716 |

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

|                                   | Korean won    |             | US dollars (Note 2) |            |
|-----------------------------------|---------------|-------------|---------------------|------------|
|                                   | 2004          | 2003        | 2004                | 2003       |
|                                   | (In millions) |             | (In thousands)      |            |
| Salaries, wages and bonuses       | (Won) 1,902   | (Won) 1,425 | US\$ 1,650          | US\$ 1,236 |
| Provision for severance benefits  | 2             | 210         | 2                   | 182        |
| Fringe benefits                   | 138           | 98          | 120                 | 85         |
| Rent                              | 574           | 582         | 498                 | 505        |
| Entertainment                     | 99            | 149         | 86                  | 129        |
| Depreciation                      | 60            | 36          | 52                  | 31         |
| Amortization on intangible assets | 5             | 4           | 4                   | 3          |
| Taxes and dues                    | 10            | 21          | 9                   | 18         |
| Advertising                       | 1,172         | 728         | 1,017               | 632        |
| Travel                            | 16            | 67          | 14                  | 58         |
| Telecommunications                | 23            | 19          | 20                  | 17         |
| Service fee                       | 460           | 311         | 398                 | 270        |
| Suppliers                         | 34            | 22          | 30                  | 19         |



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|                    |                   |                   |                   |                   |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| Stock compensation | 112               | 117               | 97                | 102               |
| Other              | 440               | 428               | 381               | 372               |
|                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|                    | (Won) 5,047       | (Won) 4,217       | US\$ 4,378        | US\$ 3,659        |
|                    | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

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**18. FINANCIAL INFORMATION OF SUBSIDIARIES**

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

| <u>Company</u>                              | <u>Total assets</u>      | <u>Total liabilities</u> | <u>Total stockholders equity<br/>(capital deficiency)</u> |
|---|--------------------------|--------------------------|---|
| Woori Bank                                  | (Won) 110,446,333        | (Won) 103,805,461        | (Won) 6,640,872   |
| Kyongnam Bank                               | 11,432,260               | 10,870,785               | 561,475   |
| Kwangju Bank                                | 9,033,312                | 8,630,353                | 402,959   |
| Woori Finance Information System            | 306,294                  | 297,932                  | 8,362   |
| Woori F&I                                   | 201,636                  | 155,873                  | 45,763  |
| Woori Second Asset Securitization Specialty | 20,554                   | 34,083                   | (13,529)  |
| Woori Third Asset Securitization Specialty  | 60,733                   | 88,053                   | (27,320)  |
| Woori Investment Trust Management           | 33,001                   | 318                      | 32,683  |
| Woori Securities                            | 1,008,386                | 646,769                  | 361,617   |
|   | <u>(Won) 132,542,509</u> | <u>(Won) 124,529,627</u> | <u>(Won) 8,012,882</u>                                    |

(2) The condensed statements of operations of subsidiaries for the six-month period ended June 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) 4,957,417          | (Won) 4,310,248          | (Won) 647,169                      | (Won) 701,719                 | (Won) 590,699            |
| Kyongnam Bank                               | 389,222                  | 303,007                  | 86,215                             | 67,057                        | 67,156                   |
| Kwangju Bank                                | 289,208                  | 242,748                  | 46,460                             | 59,387                        | 58,027                   |
| Woori Credit Card (*1)                      | 220,798                  | 609,694                  | (388,896)                          | (465,879)                     | (465,879)                |
| Woori Finance Information System            | 142,933                  | 143,002                  | (69)                               | 1,194                         | 659                      |
| Woori F&I                                   | 11,421                   | 9,027                    | 2,394                              | 6,677                         | 3,533                    |
| Woori Second Asset Securitization Specialty | 2,310                    | 1,970                    | 340                                | 299                           | 299                      |
| Woori Third Asset Securitization Specialty  | 34                       | 1,676                    | (1,642)                            | (1,646)                       | (1,646)                  |
| Woori Investment Trust Management           | 2,900                    | 2,586                    | 314                                | 300                           | 105                      |
| Woori Securities                            | 102,321                  | 104,654                  | (2,333)                            | (6,641)                       | (6,661)                  |
|   | <u>(Won) 6,118,564</u>   | <u>(Won) 5,728,612</u>   | <u>(Won) 389,952</u>               | <u>(Won) 362,467</u>          | <u>(Won) 246,292</u>     |

(\*1) The condensed statement of operations of Woori Credit Card was prepared for the three-

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monthperiod ended March 31, 2004 prior to the merger into Woori Bank.

(3) Major debt and assets of the Company and its subsidiaries as of June 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) 76,596,713 | (Won) 220,000     | (Won) 2,517,145   | (Won) 2,737,145   |
| Woori Bank                                  | 76,596,713       | 8,724,352         | 10,620,376        | 95,941,441        |
| Kyongnam Bank                               | 8,615,197        | 1,648,096         | 210,000           | 10,473,293        |
| Kwangju Bank                                | 6,617,539        | 1,509,737         | 200,000           | 8,327,276         |
| Woori Finance Information System            |                  | 210,000           |                   | 210,000           |
| Woori F&I                                   |                  | 150,000           |                   | 150,000           |
| Woori Second Asset Securitization Specialty |                  | 100               |                   | 100               |
| Woori Third Asset Securitization Specialty  |                  | 27,790            |                   | 27,790            |
| Woori Securities                            | 161,880          | 33,911            |                   | 195,791           |
|   | (Won) 91,991,329 | (Won) 12,523,986  | (Won) 13,547,521  | (Won) 118,062,836 |

## 2) Major assets

| <u>Company</u>                              | <u>Cash and due</u> |                   |                  | <u>Total</u>      |
|---|---------------------|-------------------|------------------|-------------------|
|   | <u>from banks</u>   | <u>Securities</u> | <u>Loans</u>     |                   |
| Woori Finance Holdings                      | (Won) 453,595       | (Won) 8,255,178   | (Won) 231,726    | (Won) 8,940,499   |
| Woori Bank                                  | 4,974,823           | 21,098,696        | 76,452,327       | 102,525,846       |
| Kyongnam Bank                               | 771,741             | 3,385,558         | 6,740,042        | 10,897,341        |
| Kwangju Bank                                | 265,491             | 2,677,362         | 5,644,943        | 8,587,796         |
| Woori Finance Information System            | 6,776               | 519               |                  | 7,295             |
| Woori F&I                                   | 41,063              | 45,700            | 110,976          | 197,739           |
| Woori Second Asset Securitization Specialty | 6,642               | 11,323            | 2,249            | 20,214            |
| Woori Third Asset Securitization Specialty  | 1,821               | 58,904            |                  | 60,725            |
| Woori Investment Trust Management           | 25,775              | 338               |                  | 26,113            |
| Woori Securities                            | 204,161             | 233,428           | 35,855           | 473,444           |
| Total                                       | (Won) 6,751,888     | (Won) 35,767,006  | (Won) 89,218,118 | (Won) 131,737,012 |

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

| <u>Company</u>                              | <b>Loans subject to allowance for possible</b> |                        | <b>Percentage of allowance</b> |
|---|--|------------------------|--------------------------------|
|   | <u>loan losses</u>                             | <u>Allowance</u>       | <u>to loans (%)</u>            |
| Woori Bank                                  | (Won) 78,223,564                               | (Won) 1,771,236        | 2.26                           |
| Kyongnam Bank                               | 6,838,259                                      | 98,217                 | 1.44                           |
| Kwangju Bank                                | 5,717,153                                      | 72,210                 | 1.26                           |
| Woori F&I                                   | 111,533  | 557                    | 0.50                           |
| Woori Second Asset Securitization Specialty | 14,576   | 12,327                 | 84.57                          |
| Woori Third Asset Securitization Specialty  | 445  | 445                    | 100.00                         |
| Woori Securities                            | 43,065   | 7,210                  | 16.74                          |
| <b>Total</b>                                | <b>(Won) 90,948,595</b>                        | <b>(Won) 1,962,202</b> | <b>2.16</b>                    |

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

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

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**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 six-month period ended June 30, 2004 are as follows:

| <u>Company</u>                              | <u>Korean won</u>    | <u>US dollars</u><br><u>(Note 2)</u> | <u>Ratio</u><br><u>(%)</u> |
|---|----------------------|--------------------------------------|----------------------------|
|   | <u>(In millions)</u> | <u>(In thousands)</u>                |                            |
| Woori Bank                                  | (Won) 584,770        | US\$ 507,393                         | 237.3                      |
| Kyongnam Bank                               | 66,924               | 58,069                               | 27.2                       |
| Kwangju Bank                                | 57,484               | 49,878                               | 23.3                       |
| Woori Credit Card                           | (466,410)            | (404,694)                            | (189.2)                    |
| Woori Finance Information System            | 532                  | 462                                  | 0.2                        |
| Woori F&I                                   | 3,531                | 3,064                                | 1.4                        |
| Woori Second Asset Securitization Specialty | 300                  | 260                                  | 0.1                        |
| Woori Third Asset Securitization Specialty  | (1,646)              | (1,428)                              | (0.7)                      |
| Woori Investment Trust Management           | 105                  | 91                                   |                            |
| Woori Securities                            | 867                  | 751                                  | 0.4                        |
| Gain on valuation using the equity method   | 246,457              | 213,846                              | 100.0                      |
| Other income                                | 34,896               | 30,278                               |                            |
| Other expenses                              | (100,878)            | (87,530)                             |                            |
| Net income                                  | (Won) 180,475        | US\$ 156,594                         |                            |

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**20. TRANSACTIONS AND ACCOUNT BALANCES WITH RELATED PARTIES:**

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

|   | Korean won    |               | US dollars (Note 2) |               | Account                                 |
|---|---------------|---------------|---------------------|---------------|---|
|   | Jun. 30, 2004 | Dec. 31, 2003 | Jun. 30, 2004       | Dec. 31, 2003 |   |
|   | (In millions) |               | (In thousands)      |               |   |
| Woori Bank  | (Won) 404,084 | (Won) 322,145 | US\$ 350,615        | US\$ 279,518  | Cash and bank deposits                  |
|   |               | 600,000       |                     | 520,607       | Loans                                   |
|   | 3,846         | 3,846         | 3,337               | 3,337         | Guarantee deposits                      |
|   | 964           | 652           | 836                 | 566           | Other receivables                       |
|   | 581           | 28,379        | 504                 | 24,624        | Accrued income                          |
|   |               |               |                     |               | Currency swaps (assets)                 |
|   |               | 16,463        |                     | 14,285        |   |
|   | 51            |               | 44                  |               | Other payables                          |
|   | 31,929        | 18,398        | 27,704              | 15,964        | Currency swaps (liabilities)            |
| Kyongnam Bank                                     | 29,501        | 16,204        | 25,597              | 14,060        | Cash and bank deposits                  |
|   | 28            | 14            | 24                  | 12            | Accrued income                          |
| Kwangju Bank                                      | 20,009        | 11,236        | 17,361              | 9,749         | Cash and bank deposits                  |
|   | 50,000        | 50,000        | 43,384              | 43,384        | Loans                                   |
|   | 3,379         | 2,253         | 2,932               | 1,955         | Accrued income                          |
| Woori Credit Card                                 |               | 8             |                     | 7             | Other receivables                       |
|   |               | 93            |                     | 81            | Other payables                          |
| Woori Finance Information System                  | 30,000        | 30,000        | 26,030              | 26,030        | Loans                                   |
|   | 148           | 101           | 128                 | 88            | Other receivables                       |
|   | 366           | 363           | 318                 | 315           | Accrued income                          |
|   | 327           |               | 284                 |               | Accrued expense                         |
| Woori F&I   | 125,000       | 126,850       | 108,460             | 110,065       | 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        | 24,113              | 24,113        | Loans                                   |
|   | 459           | 459           | 398                 | 398           | Accrued income                          |
| Woori Investment Trust Management                 | 58            | 39            | 50                  | 34            | Other receivables                       |
| Woori Credit Information                          | 132           | 90            | 115                 | 78            | Other receivables                       |
| Woori CA Asset Management                         | 181           | 124           | 157                 | 108           | Other receivables                       |
| Principal guaranteed trust accounts of Woori Bank | 517           | 954           | 449                 | 828           | Deposits with employee retirement trust |
|   | 14            |               | 12                  |               | Accrued income                          |

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

|   | Korean won    |             | US dollars (Note 2) |            | Account                             |
|---|---------------|-------------|---------------------|------------|-------------------------------------|
|   | 2004          | 2003        | 2004                | 2003       |                                     |
|   | (In millions) |             | (In thousands)      |            |                                     |
| Woori Bank  | (Won) 3,342   | (Won) 2,349 | US\$ 2,900          | US\$ 2,038 | Interest income                     |
|   | 5,762         | 11,859      | 5,000               | 10,290     | Interest income                     |
|   |               | 598         |                     | 519        | Gain on valuation of swap contracts |
|   | 13,531        | 6,023       | 11,741              | 5,226      | Loss on valuation of swap contracts |
|   | 992           | 992         | 861                 | 861        | Rent                                |
| Kyongnam Bank                                     | 360           | 236         | 312                 | 205        | Interest income                     |
| Kwangju Bank                                      | 255           | 209         | 221                 | 181        | Interest income                     |
|   | 1,122         | 1,110       | 974                 | 963        | Interest income                     |
| Woori Credit Card                                 |               | 3,163       | 0                   | 2,744      | Interest income                     |
| Woori Finance Information System                  | 1,095         | 6,643       | 950                 | 5,764      | Interest income                     |
|   | 1,348         | 185         | 1,170               | 161        | Other administrative expenses       |
| Woori F&I   | 4,579         | 2,848       | 3,973               | 2,471      | Interest income                     |
| Woori First Asset Securitization Specialty        |               | 6,514       |                     | 5,652      | Interest income                     |
| Woori Second Asset Securitization Specialty       | 4             | 1,001       | 3                   | 869        | Interest income                     |
| Woori Third Asset Securitization Specialty        | 1,083         | 1,427       | 940                 | 1,238      | Interest income                     |
| Principal guaranteed trust accounts of Woori Bank | 23            |             | 20                  |            | Interest income                     |

(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) 73 billion (US\$ 63 million) and no gains or losses was recorded in connection.

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**21. EARNINGS PER COMMON SHARE:**

- (1) Basic ordinary income per common share and basic net income per common share for the three-month and six-month periods ended June 30, 2004 and 2003 are as follows:

|  | Korean won                                       |               |               |               |
|--|--|---------------|---------------|---------------|
|  | 2004   |               | 2003          |               |
|  | Three-month                                      | Six-month     | Three-month   | Six-month     |
|  | (In millions, except for earning per share data) |               |               |               |
| Net income on common shares                          | (Won) 331,844                                    | (Won) 180,475 | (Won) 325,563 | (Won) 507,502 |
| Extraordinary gain (loss)                            |  |               |               |               |
| Income tax effect on extraordinary gain (loss)       |  |               |               |               |
| Ordinary income on common shares                     | (Won) 331,844                                    | (Won) 180,475 | (Won) 325,563 | (Won) 507,502 |
| Weighted average number of common shares outstanding | 776,716,067                                      | 776,117,143   | 767,944,624   | 767,880,412   |
| Basic ordinary income per common shares              | (Won) 427  | (Won) 233     | (Won) 424     | (Won) 661     |
| Basic net income per common shares                   | (Won) 427  | (Won) 233     | (Won) 424     | (Won) 661     |

|  | US dollars (Note 2)                               |              |              |              |
|--|---|--------------|--------------|--------------|
|  | 2004  |              | 2003         |              |
|  | Three-month                                       | Six-month    | Three-month  | Six-month    |
|  | (In thousands, except for earning per share data) |              |              |              |
| Net income on common shares                    | US\$ 287,934                                      | US\$ 156,594 | US\$ 282,484 | US\$ 440,349 |
| Extraordinary gain (loss)                      |   |              |              |              |
| Income tax effect on extraordinary gain (loss) |   |              |              |              |
| Ordinary income on common shares               | US\$ 287,934                                      | US\$ 156,594 | US\$ 282,484 | US\$ 440,349 |



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|  |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
| Weighted average number of common shares outstanding | <u>776,716,067</u> | <u>776,117,143</u> | <u>767,944,624</u> | <u>767,880,412</u> |
| Basic ordinary income per common shares              | <u>US\$ 0.370</u>  | <u>US\$ 0.202</u>  | <u>US\$ 0.368</u>  | <u>US\$ 0.574</u>  |
| Basic net income per common shares                   | <u>US\$ 0.370</u>  | <u>US\$ 0.202</u>  | <u>US\$ 0.368</u>  | <u>US\$ 0.574</u>  |

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

|  | Korean won                                       |               |               |               |
|--|--|---------------|---------------|---------------|
|  | 2004   |               | 2003          |               |
|  | Three-month                                      | Six-month     | Three-month   | Six-month     |
|  | (In millions, except for earning per share data) |               |               |               |
| Diluted net income on common shares                                      | (Won) 335,649                                    | (Won) 181,766 | (Won) 326,449 | (Won) 508,806 |
| Extraordinary gain (loss)  |  |               |               |               |
| Income tax effect on extraordinary gain (loss)                           |  |               |               |               |
| Diluted ordinary income on common shares                                 | (Won) 335,649                                    | (Won) 181,766 | (Won) 326,449 | (Won) 508,806 |
| Weighted average number of common and dilutive common shares outstanding | 798,655,235                                      | 783,315,788   | 790,120,823   | 783,910,021   |
| Diluted ordinary income per common shares                                | (Won) 420  | (Won) 232     | (Won) 413     | (Won) 649     |
| Diluted net income per common shares                                     | (Won) 420  | (Won) 232     | (Won) 413     | (Won) 649     |

|  | US dollars (Note 2)                               |              |              |              |
|--|---|--------------|--------------|--------------|
|  | 2004  |              | 2003         |              |
|  | Three-month                                       | Six-month    | Three-month  | Six-month    |
|  | (In thousands, except for earning per share data) |              |              |              |
| Diluted net income on common shares                                      | US\$ 291,235                                      | US\$ 157,715 | US\$ 283,253 | US\$ 441,480 |
| Extraordinary gain (loss)  |   |              |              |              |
| Income tax effect on extraordinary gain (loss)                           |   |              |              |              |
| Diluted ordinary income on common shares                                 | US\$ 291,235                                      | US\$ 157,715 | US\$ 283,253 | US\$ 441,480 |
| Weighted average number of common and dilutive common shares outstanding | 798,655,235                                       | 783,315,788  | 790,120,823  | 783,910,021  |

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|   |      |                   |      |                   |      |                   |      |                   |
|---|------|-------------------|------|-------------------|------|-------------------|------|-------------------|
| Diluted ordinary income per common shares | US\$ | 0.364             | US\$ | 0.201             | US\$ | 0.358             | US\$ | 0.563             |
|   |      | <u>          </u> |      | <u>          </u> |      | <u>          </u> |      | <u>          </u> |
| Diluted net income per common shares      | US\$ | 0.364             | US\$ | 0.201             | US\$ | 0.358             | US\$ | 0.563             |
|   |      | <u>          </u> |      | <u>          </u> |      | <u>          </u> |      | <u>          </u> |

- (3) Basic net income per common share and diluted net income per common share are (Won)262 (US\$ 0.227) and (Won)261 (US\$ 0.226), respectively, for the year ended December 31, 2003. Basic net

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loss per common share and diluted net loss per common share are (Won)195 (US\$ 0.169) and (Won)188 (US\$ 0.163), respectively, for the three months ended March 31, 2004.

(4) All common stock equivalents as of June 30, 2004 are as follows (Unit: Korean won in millions and US dollar in thousands):

| Item              | Face value   | Exercise period                  | Common stock |   |
|-------------------|--------------|----------------------------------|--------------|---|
|                   |              |                                  | (shares)     | to be issued  |
|                   |              |                                  |              | Remarks   |
| Convertible bonds | US\$ 36,000  | Sep. 28, 2003 ~<br>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 ~<br>Nov. 20, 2005 | 3,481,173    | Using exchange rate of (Won)1,215.8, convert 1 share at (Won)5,588  |
| Convertible bonds | (Won) 20,000 | Mar. 27, 2004 ~<br>Feb. 26, 2006 | 3,717,472    | Convert 1 share at (Won)5,380                                       |
| Convertible bonds | US\$ 39,000  | Mar. 27, 2004 ~<br>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 ~<br>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 ~<br>Dec. 4, 2008   | 1,340,000    | (Note 14)   |

**22. INSURANCE**

As of June 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\$17,354 thousand).

**23. CREDITS TO SK NETWORKS CO., LTD.**

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)200.4 billion (US\$173.9 million) and available-for-sale securities in the total amount of (Won)89.6 billion (US\$77.7 million). In connection therewith, Woori Bank provided (Won)96.5 billion (US\$ 83.7 million) as allowances for credit losses as of June 30, 2004. However, Woori Bank s actual loss on SK Networks credit may differ from the current estimate.

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**24. CREDITS TO LG CARD CO., LTD.**

Woori Bank, Kyongnam Bank and Kwangju Bank, subsidiaries of the Company, have loans receivable and securities from LG Card in the total amount of (Won)422.4 billion (US\$ 366.5 million) and (Won)301.8 billion (US\$ 261.9 million), respectively, as of June 30, 2004. In connection therewith, the banks provided (Won)328.4 billion (US\$ 284.9 million) as allowances for credit losses and cumulative impairment losses on securities. In addition, development trust accounts, for which repayment of principal or interest is guaranteed by Woori Bank, have Commercial Paper (CP) in total amount of (Won) 120.1 billion (US\$ 104.2 million) and Woori Bank recorded (Won) 51.0 billion (US\$ 44.3 million) in the related losses on trust management in total in 2003 and for the six-month period ended June 30, 2004. However, the Company's bank subsidiaries actual losses on LG Card credit may differ from the current estimate.

**25. WCC'S CAPITAL INCREASE**

The Company increased its investment in WCC by purchasing 160 million shares of new common stocks of WCC, amounting to (Won)800 billion (US\$ 694.1 million) for the purpose of maintaining capital adequacy of Woori Bank following the merger with WCC.

**26. 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) 330.3 billion (US\$ 286.6 million) of the difference between (Won) 657.2 billion (US\$ 570.2 million) of net assets acquired from WCC and (Won) 326.9 billion (US\$ 283.6 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 570.5 million to 636.0 million and contributed capital of Woori Bank increased from (Won) 2,852.8 billion (US\$ 2,475.3 million) to (Won) 3,179.8 billion (US\$ 2,759.0 million) as of June 30, 2004.

**27. 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\$ 3,364.4 million) to (Won) 3,920.4 billion (US\$ 3,401.6 million) as of June 30, 2004.

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**28. LITIGATION**

As of June 30, 2004, the Company is a defendant in a lawsuit claiming damages amounting to (Won)16.5 billion (US\$14.3 million). However, the Company does not anticipate that the outcome of this lawsuit would have a significant effect on its financial condition.

**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.

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(Registrant)

Date: August 13, 2004

By: /s/ Young Sun Kim

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(Signature)

Name: Young Sun Kim

Title: Director