

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

November 14, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2005

Woori Finance Holdings Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes " No x

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Summary of 2005 3Q Business Report

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I. Company Overview

1. Purpose of Company

a. Scope of Business

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

(1) Corporate Management

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

(2) Corporate Management Support Activities

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

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

b. Scope of Business of Subsidiaries

(1) Woori Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

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(2) Kwangju Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(3) Kyongnam Bank

1. Primary Businesses

Banking business

Ancillary business

2. Supplementary Businesses

Trust business

Credit card business

Other authorized businesses

(4) Woori Investment & Securities

1. Securities dealing;

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

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

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4. Sales and redemption of indirect investment securities;
5. Investment advisory;
6. Investment executions;
7. Administration of invested companies;
8. Futures trading;
9. Call trading;

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10. Bill purchases;
11. Domestic and global economy and capital markets research;
12. Securities dealing;
13. Publishing investment related books;
14. Real estate leasing;
15. Other activities approved by the Indirect Investment Asset Management Business Act;
16. Other businesses and activities related to the items listed above; and
17. Other businesses approved by relevant regulatory agencies.

(6) Woori Finance Information System

1. Development, distribution and management of computer systems;
2. Consulting services in computer installation and usage;
3. Distribution, brokerage and lease of computer systems;
4. Maintenance of computer-related equipment;
5. Publication and distribution of IT-related reports and books;
6. Educational services related to computer usage;
7. Research and outsourcing information processing services;
8. Internet-related businesses;
9. Information processing, telecommunications and information distribution services;
10. Manufacturing and distribution of audio-visual media; and

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11. All activities directly or indirectly related to the items listed above.

(7) Woori F&I

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

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

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

Table of Contents**2. History of the Company****a. Company History**

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

| | |
|--------------------|---|
| December 23, 2000 | Enactment of the Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed application for the incorporation of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings |
| March 27, 2001 | Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: Won 3.6 trillion) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bonds with warrants |
| September 1, 2001 | Hanaro Merchant Bank's name changed to Woori Merchant Bank |
| September 29, 2001 | Woori Finance Information System incorporated as a subsidiary |
| December 3, 2001 | Woori Asset Management incorporated as a subsidiary |
| December 3, 2001 | Woori First Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 26, 2001 | Woori Second Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| December 31, 2001 | Spin-off and merger of Peace Bank; Launch of Woori Credit Card |
| March 15, 2002 | Woori Third Asset Securitization Specialty Co., Ltd. incorporated as a subsidiary |
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| May 20, 2002 | Havit Bank's name changed to Woori Bank |
| June 11, 2002 | Capital increase through public offering (Total capital: Won 3.8 trillion) |
| June 24, 2002 | Listed on the Korea Stock Exchange |

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| | |
|--------------------|---|
| July 29, 2002 | Woori Securities incorporated as a subsidiary |
| September 5, 2002 | Executed strategic investment agreement with Lehman Brothers with respect to the management of distressed assets |
| December 23, 2002 | Purchase and acquisition agreement with the credit card division of Kwangju Bank |
| July 31, 2003 | Woori Merchant Bank merged into Woori Bank |
| September 29, 2003 | Listing on the New York Stock Exchange |
| December 12, 2003 | Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd. |
| March 30, 2004 | Appointment of new management |
| March 31, 2004 | Woori Card merged into Woori Bank |
| June 18, 2004 | Woori Securities becomes a wholly-owned subsidiary |
| December 21, 2004 | Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion) |
| December 24, 2004 | Acquired LG Investment & Securities and incorporated as a subsidiary |
| February 17, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion) |
| March 11, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion) |
| March 31, 2005 | Woori Securities and LG Investment & Securities merged (The name of the surviving entity, LG Investment & Securities, changed to Woori Investment & Securities) |
| May 6, 2005 | Incorporated LG Investment Trust Management from 2 nd tier subsidiary to 1 st tier subsidiary |
| May 31, 2005 | Woori Investment Trust Management and LG Investment Trust Management merged (The name of the surviving entity, LG Investment Trust Management, changed to Woori Asset Management) |
| August 3, 2005 | Dissolution of Woori LB Second Asset Securitization Specialty Co., Ltd. |
| September 5, 2005 | Woori Asset Management becomes a wholly-owned subsidiary through capital reduction and cancellation |

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| | |
|------------------|--|
| October 21, 2005 | Woori Private Equity is established and incorporated as a subsidiary |
| October 27, 2005 | Closure of strategic investment agreement with Lehman Brothers |

b. Associated Business Group

(1) Overview of Business Group

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

| | |
|--------------------|---|
| December 23, 2000 | Enactment of the Financial Holding Company Act |
| December 30, 2000 | KDIC invested public funds of Won 8.5 trillion in Hanvit Bank, Peace Bank, Kwangju Bank, Kyongnam Bank and Hanaro Merchant Bank |
| March 14, 2001 | Filed application for the incorporation of Woori Finance Holdings |
| March 24, 2001 | Official approval from the Financial Supervisory Service for Woori Finance Holdings |
| March 27, 2001 | Incorporated as Woori Finance Holdings, Co. Ltd (Total Capital: Won 3.6 trillion) |
| April 2, 2001 | Official launch of Woori Finance Holdings |
| July 16, 2001 | Issued bonds with warrants |
| September 1, 2001 | Hanaro Merchant Bank's name changed to Woori Merchant Bank |
| 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 |

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| | |
|--------------------|---|
| March 29, 2002 | Woori Investment Trust Management incorporated as a subsidiary |
| May 20, 2002 | Havit Bank's name changed to Woori Bank |
| June 11, 2002 | Capital increase through public offering (Total capital: Won 3.8 trillion) |
| June 24, 2002 | Listed on the Korea Stock Exchange |
| July 29, 2002 | Woori Securities incorporated as a subsidiary |
| September 5, 2002 | Executed strategic investment agreement with Lehman Brothers with respect to the management of distressed assets |
| December 23, 2002 | Purchase and acquisition agreement with the credit card division of Kwangju Bank |
| July 31, 2003 | Woori Merchant Bank merged into Woori Bank |
| September 29, 2003 | Listing on the New York Stock Exchange |
| December 12, 2003 | Liquidation of Woori LB First Asset Securitization Specialty Co., Ltd. |
| March 30, 2004 | Appointment of new management |
| March 31, 2004 | Woori Card merged into Woori Bank |
| June 18, 2004 | Woori Securities becomes a wholly-owned subsidiary |
| December 21, 2004 | Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion) |
| December 24, 2004 | Acquired LG Investment & Securities and incorporated as a subsidiary |
| February 17, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 3.9 trillion) |
| March 11, 2005 | Capital increase through conversion of CBs (Total capital after conversion: Won 4.0 trillion) |
| March 31, 2005 | Woori Securities and LG Investment & Securities merged (The name of the surviving entity, LG Investment & Securities, changed to Woori Investment & Securities) |
| May 6, 2005 | Incorporated LG Investment Trust Management from 2 nd tier subsidiary to 1 st tier subsidiary |
| May 31, 2005 | Woori Investment Trust Management and LG Investment Trust Management merged (The name of the surviving entity, LG Investment Trust Management, changed to Woori Asset Management) |

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| | |
|-------------------|---|
| August 3, 2005 | Dissolution of Woori LB Second Asset Securitization Specialty Co., Ltd. |
| September 5, 2005 | Woori Asset Management becomes a wholly-owned subsidiary through capital reduction and cancellation |
| October 21, 2005 | Woori Private Equity is established and incorporated as a subsidiary |
| October 27, 2005 | Closure of strategic investment agreement with Lehman Brothers |

(2) Related companies within the business group

| Type | Name of Company | Controlling Company | Notes | |
|-----------------------------------|--|---------------------|--------------|-------------------------------|
| Holding Company | Woori Finance Holdings | KDIC | | |
| 1 st Tier Subsidiaries | Woori Bank | Woori Finance | 8 companies | |
| | Kwangju Bank | | | |
| | Kyongnam Bank | | | |
| | Woori Finance Information System | | | |
| | Woori F & I | | | |
| | Woori Third Asset Securitization Specialty | | | |
| | Woori Asset Management (1) | | | |
| | Woori Investment & Securities | | | |
| | Woori Credit Information | | | |
| | Woori America Bank | | | |
| 2 nd Tier Subsidiaries | P.T. Bank Woori Indonesia | Woori Bank | 12 companies | |
| | Shinwoo Corporate Restructuring Company | Woori Finance | | |
| | Woori First Private Equity Fund | | | |
| | Nexbi Tech | | | |
| | Woori CA Asset Management | | | Information System |
| | Woori Futures | | | Woori F&I |
| | Woori Investment & Securities International Ltd. | | | Woori Investment & Securities |
| | Woori Investment & Securities (HK) Ltd. | | | |
| | Woori Investment & Securities America Inc. | | | |
| | Mars First Private Hoesa | | | |

(1) On May 6, 2005, Woori Finance Holdings acquired a 90% stake in LG Investment Trust Management from Woori Investment & Securities, and LGITM was upgraded to a first tier subsidiary. The name was changed to Woori Asset Management on June 2, 2005. On September 5, 2005, Woori Asset Management became a wholly-owned subsidiary through capital reduction and cancellation.

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- * Woori Second Asset Securitization Specialty was excluded as a subsidiary following its dissolution on August 3, 2005.

- * Woori Private Equity was established on October 21, 2005 and incorporated as a subsidiary.

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

(units: Won)

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

b. Anticipated Changes in Capital

Not applicable

c. Convertible Bonds

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

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4. Total Number of Authorized Shares

a. Total Number of Authorized Shares

As of 2005.9.30

(units: shares)

| Items | Type | |
|-----------------------------------|---------------|---------------|
| | Common Shares | Total |
| Total number of shares authorized | 2,400,000,000 | 2,400,000,000 |
| Total number of issued stock | 806,015,340 | 806,015,340 |
| Treasury stock | 2,550 | 2,550 |
| Free float shares | 806,012,790 | 806,012,790 |

b. Capital and Price per Share

As of 2005.9.30

(units: Won, shares)

| Type | Capital | | | Price per share | | |
|-------------------------|-------------------|----------------------------|--------------------------------|---------------------|-----------------------------------|-----------------------------|
| | Capital | Par value of issued shares | Par value of free float shares | Par value per share | Capital ÷ number of shares issued | Capital ÷ free float shares |
| Registered Common Stock | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,950,000 | 5,000 | 5,000 | 5,000 |
| Total | 4,030,076,700,000 | 4,030,076,700,000 | 4,030,063,950,000 | 5,000 | 5,000 | 5,000 |

c. Treasury Stock

As of 2005.9.30

(units: shares)

| Acquisition Method | Type of Stock | Beg. | Acquired | Disposal | Canceled | End | Remarks |
|--|------------------|-------|----------|----------|----------|-------|---------|
| Direct purchase under Sub-section 1, section 189-2 | Common Preferred | | | | | | |
| Direct purchase other than the conditions under Sub-section 1, section 189-2 | Common Preferred | 2,547 | 3 | | | 2,550 | |
| Subtotal | Common Preferred | 2,547 | 3 | | | 2,550 | |
| Indirect acquisition from trust agreement | Common Preferred | | | | | | |
| Total | Common Preferred | 2,547 | 3 | | | 2,550 | |

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d. Status of Employee Stock Option Program

(units: Won, shares)

| <u>Type of stock</u> | <u>Type of Stock</u> | <u>Initial Balance</u> | <u>Ending Balance</u> |
|------------------------|----------------------|----------------------------|---------------------------|
| Employee Account | | | |
| Employee Union Account | Common stock | 2,073,551 | 293,718 |

5. Voting Rights

As of 2005.9.30

(units: shares)

| <u>Items</u> | | <u>Number of stock</u> | <u>Notes</u> |
|--|------------------|------------------------|--------------|
| Total number of shares | Common Shares | 806,015,340 | |
| | Preferred Shares | | |
| Stocks without voting rights | Common Shares | | |
| | Preferred Shares | | |
| Stocks with limited voting rights under the Securities & Exchange Law | | 2,550 | |
| Stocks with voting rights restored | | | |
| Stocks with voting rights | Common Shares | 806,012,790 | |
| | Preferred Shares | | |

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

(units: Won)

| Items | 2004 | 2003 | 2002 |
|--|-----------|-----------|-----------|
| Par value per share (Won) | 5,000 | 5,000 | 5,000 |
| Net profit (Won in Millions) | 1,292,493 | 202,565 | 589,214 |
| Earnings per share (Won) | 1,655 | 262 | 786 |
| Profit available for dividend distribution (Won in Millions) | 2,150,995 | 1,203,688 | 1,086,596 |
| Total cash payout (Won in Millions) | 119,468 | 77,550 | 57,262 |
| Total stock dividends (Won in Millions) | | | |
| Propensity to cash dividends (%) | 9.24 | 38.28 | 9.72 |
| Cash dividend yield (%) | | | |
| | 1.81 | 1.53 | 5.22 |
| Stock dividend yield (%) | | | |
| | | | |
| Cash dividend per share (Won) | 150 | 100 | 250 |
| Stock dividend per share (Won) | | | |
| | | | |

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II. Description of Business

1. Business Overview

a. Organization Chart

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

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

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

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 |
|---------------------|------------|-----------|-----------|-----------|
| Shareholders Equity | 8,986,812 | 7,436,457 | 5,597,895 | 5,064,129 |
| Capital | 4,030,076 | 3,982,278 | 3,877,525 | 3,839,074 |
| Capital Surplus | 84,488 | 84,356 | 61,324 | 58,645 |
| Retained Earnings | 3,704,558 | 2,359,422 | 1,282,866 | 1,145,518 |
| Capital Adjustments | 1,167,689 | 1,010,402 | 376,180 | 20,892 |
| Borrowings | 2,606,084 | 2,299,992 | 2,649,920 | 2,325,021 |
| Debentures | 2,595,737 | 2,154,637 | 2,621,182 | 1,999,250 |
| Bank Borrowings | | 120,000 | | 300,000 |
| Commercial Paper | | | | |
| Other Borrowings | | | | |
| Other Liabilities | 10,346 | 25,354 | 28,738 | 25,771 |
| Total | 11,592,897 | 9,736,449 | 8,247,815 | 7,389,150 |

* Change in accounting policy with respect to private funds was not applied to figures for 2002, 2003, and 2004

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(2) Use of Funds

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 |
|--|------------|-----------|-----------|-----------|
| Subsidiary Stock | 10,947,829 | 9,425,381 | 7,007,222 | 6,062,119 |
| Woori Bank | 9,069,349 | 7,578,363 | 5,869,558 | 4,500,143 |
| Kyongnam Bank | 686,414 | 608,802 | 504,629 | 424,060 |
| Kwangju Bank | 464,695 | 420,595 | 364,955 | 290,003 |
| Woori Credit Card | | | | 379,126 |
| Woori Merchant Bank | | | | 222,936 |
| Woori Financial Information System | 12,761 | 7,613 | 7,284 | 3,364 |
| Woori F&I | 96,896 | 58,231 | 35,896 | 17,016 |
| Woori 2 nd Asset Securitization Specialty | | | 20,016 | 31,666 |
| Woori 3 rd Asset Securitization Specialty | | | 1,266 | |
| Woori Investment Trust Management (2) | | 35,076 | 34,978 | 39,646 |
| Woori Securities (1) | | 361,500 | 168,639 | 154,159 |
| Woori Investment & Securities (1) | 557,977 | 355,201 | | |
| Woori Asset Management (2) | 59,738 | | | |
| Loan Obligations | 186,851 | 218,641 | 830,566 | 1,231,207 |
| Tangible Assets | 136 | 228 | 242 | 324 |
| Intangible Assets | 39 | 54 | 51 | 50 |
| Cash | 418,178 | 56,099 | 349,585 | 73,256 |
| Other Assets | 39,861 | 36,047 | 60,148 | 22,195 |
| Total | 11,592,897 | 9,736,449 | 8,247,815 | 7,389,151 |

* Change in accounting policy with respect to private funds was not applied to figures for 2002, 2003, and 2004

- 1) Invested shares of Woori Securities were evaluated under equity method until the merger in March 31, 2005 and were absorbed into Woori Investment & Securities.
- 2) Invested shares of Woori Investment Trust Management were evaluated under equity method until the merger in May 31, 2005 and were absorbed into Woori Asset Management.

c. Transactions related to Commission Fees

(units: millions of Won)

| Category | Items | 2005 3Q | 2004 3Q | 2004 |
|-------------------------|-------|---------|---------|--------|
| Commission Revenue (A) | | 0 | 0 | 0 |
| Commission Expense (B) | | 5,416 | 5,072 | 8,037 |
| Commission Profit (A-B) | | -5,416 | -5,072 | -8,037 |

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

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

a. Won-denominated Current Ratio

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 |
|-------------------------|---------|--------|----------|--------|
| Current Assets (A) | 419,048 | 57,346 | 203,202 | 78,357 |
| Current Liabilities (B) | 310,297 | 11,385 | 9,711 | 9,317 |
| Current Ratio (A/B) | 135.0% | 503.7% | 2,092.5% | 841.0% |

*** Current ratio of Won**

= assets with maturity of less than 3 months

liabilities with maturity of less than 3 months

b. Foreign Currency-denominated Current Ratio

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 |
|-------------------------|---------|------|---------|------|
| Current Assets (A) | | | 147,754 | |
| Current Liabilities (B) | | | 148,598 | |
| Current Ratio (A/B) | | | 99.4% | |

*** Current ratio of foreign currency**

= assets with maturity of less than 3 months

liabilities with maturity of less than 3 months

c. Debt Ratio

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 |
|------------------|-----------|-----------|-----------|-----------|
| Liabilities (A) | 2,606,084 | 2,299,992 | 2,649,920 | 2,325,022 |
| Equity (B) | 8,986,812 | 7,436,457 | 5,597,895 | 5,064,129 |
| Debt Ratio (A/B) | 29.0% | 30.9% | 47.3% | 45.9% |

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Table of Contents**d. Credit ratings for the past three years**

| Date of Rating | Evaluated Securities | Credit Rating | Company (Ratings Range) | Evaluation Category |
|-----------------------|-----------------------------|----------------------|--------------------------------|----------------------------|
| 2001.6.27 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2001.6.28 | | | | |
| 2001.9.26 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | | | | |
| 2001.11.29 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2002.10.17 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2002.10.22 | | | | |
| 2002.11. 8 | | BBB- | R&I (AAA~C) | Case evaluation |
| 2002.12.13 | | | | |
| 2002.12.16 | Debentures | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2003.6.30 | | | | |
| 2003.9.8 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2003.9.8 | | | | |
| 2003.11.13 | | BBB | R&I (AAA~C) | Periodic evaluation |
| 2003.12.04 | | | | |
| 2003.12.04 | | AA+ | Korea Ratings (AAA~D) | Case evaluation |
| 2004.2.6 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2004.3.11 | | | | |
| 2004.5.27 | Debentures | AA+ | KIS Ratings (AAA~D) | Periodic evaluation |
| 2004.6.9 | | | | |
| 2004.6.9 | Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| 2004.7.16 | | | | |
| 2004.7.16 | Debentures | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2004.11.15 | | | | |
| 2004.11.15 | Debentures | BBB | R&I (AAA~C) | Periodic evaluation |
| 2005.6.7 | | | | |
| 2005.6.9 | | AAA | NICE (AAA~D) | Case evaluation |
| 2005.6.13 | | | | |
| 2005.6.13 | | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| 2005.9.16 | | | | |
| 2005.9.20 | Debentures | BBB | Fitch Rating (AAA~D) | Case evaluation |
| 2005.10.24 | | | | |
| 2005.10.24 | Debentures | BBB- | S&P (AAA~D) | Case evaluation |
| | | | | |
| | | Baa3 | Moody s (Aaa~C) | Case evaluation |
| | | | | |
| | | AAA | KIS Ratings (AAA~D)) | Case evaluation |
| | | | | |
| | | AAA | NICE (AAA~D) | Case evaluation |
| | | | | |
| | | AAA | NICE (AAA~D) | Case evaluation |
| | Debentures | | | |
| | | AAA | Korea Ratings (AAA~D) | Case evaluation |
| | Debentures | | | |

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| | | | |
|------------|------|-----------------------|-----------------|
| Debentures | AAA | Korea Ratings (AAA~D) | Case evaluation |
| Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| Debentures | BBB | S&P (AAA~D) | Case evaluation |
| Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| | AAA | Korea Ratings (AAA~D) | Case evaluation |
| | AAA | NICE (AAA~D) | Case evaluation |
| Debentures | AAA | KIS Ratings (AAA~D) | Case evaluation |
| Debentures | BBB+ | Fitch Rating (AAA~D) | Case evaluation |
| Debentures | | | |
| Debentures | | | |

e. Other Important Information

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

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

(units: millions of Won)

| Items | 2005 3Q | 2004 | 2003 | 2002 | 2001 |
|----------------------------|------------|-----------|-----------|-----------|-----------|
| Cash and Due from Banks | 418,179 | 56,099 | 349,585 | 73,256 | 13,825 |
| Securities | 10,947,829 | 9,436,976 | 7,007,222 | 6,062,119 | 5,016,864 |
| Loans | 186,851 | 218,641 | 830,566 | 1,231,207 | 648,365 |
| Fixed Assets | 176 | 282 | 293 | 374 | 651 |
| Other Assets | 39,862 | 36,046 | 60,148 | 22,195 | 14,108 |
| Total Assets | 11,592,897 | 9,748,044 | 8,247,814 | 7,389,151 | 5,693,813 |
| Borrowings | 0 | 120,000 | 0 | 300,000 | 310,000 |
| Debentures | 2,595,738 | 2,154,636 | 2,621,182 | 1,999,250 | 1,298,304 |
| Other Liabilities | 10,347 | 25,355 | 28,737 | 25,772 | 8,162 |
| Total Liabilities | 2,606,085 | 2,299,991 | 2,649,919 | 2,325,022 | 1,616,466 |
| Common Stock | 4,030,077 | 3,982,278 | 3,877,525 | 3,839,074 | 3,637,293 |
| Capital Surplus | 84,488 | 84,356 | 61,324 | 58,645 | 0 |
| Retained Earnings | 3,704,558 | 2,328,854 | 1,282,866 | 1,145,518 | 558,501 |
| Capital Adjustment | 1,167,690 | 1,052,565 | 376,180 | 20,892 | -118,447 |
| Total Stockholder's Equity | 8,986,812 | 7,448,053 | 5,597,895 | 5,064,129 | 4,077,347 |
| Operating Income* | 1,637,665 | 1,922,849 | 1,593,251 | 878,488 | 717,112 |
| Operating Expenses * | 137,558 | 662,975 | 1,390,154 | 302,721 | 31,222 |
| Operating Profit | 1,500,107 | 1,259,874 | 203,097 | 575,767 | 685,890 |
| Ordinary Income | 1,500,034 | 1,261,925 | 202,565 | 589,214 | 685,885 |
| Net profit | 1,500,034 | 1,261,925 | 202,565 | 589,214 | 684,102 |

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

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

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

(units: millions of Won)

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

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

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

(1) Loan Loss Reserves for the past three years by classification

(units: millions of Won)

| <u>Period</u> | <u>Item</u> | <u>Total Credits</u> | <u>Loan Loss Reserves</u> | <u>Provisioning Ratio</u> |
|---------------|-------------|----------------------|---------------------------|---------------------------|
| 2005 3Q | Lendings | 120,000 | 600 | 0.5% |
| | Loans | 67,790 | 339 | 0.5% |
| | Total | 187,790 | 939 | 0.5% |
| 2004 | Lendings | 151,850 | 759 | 0.5% |
| | Loans | 67,890 | 339 | 0.5% |
| | Total | 219,740 | 1,098 | 0.5% |
| 2003 | Lendings | 156,850 | 784 | 0.5% |
| | Loans | 677,890 | 3,390 | 0.5% |
| | Total | 834,740 | 4,174 | 0.5% |

(2) Change in Loan Loss Reserves for the past three years

(units: millions of Won)

| <u>Item</u> | <u>2005 3Q</u> | <u>2004</u> | <u>2003</u> |
|---------------------------------------|----------------|-------------|-------------|
| 1. Initial loan loss reserves balance | 1,098 | 4,174 | 147,381 |
| 2. Net credit costs | 0 | 0 | 127,551 |
| 1) Write-offs | 0 | 0 | 127,400 |
| 2) Recovery of written-off assets | 0 | 0 | 0 |
| 3) Other changes | 0 | 0 | 151 |
| Recovery of credit costs | (159) | (3,076) | 15,656 |
| Ending loan loss reserve balance | 939 | 1,098 | 4,174 |

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

(1) Auditor's opinion

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

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

| Year | Companies included | Newly included companies | Excluded companies |
|-------------|---|---|---------------------------|
| 2004 | Woori Finance Holdings and 24 companies | - Woori First Private Investment Company - LG Investment & Securities - LG Futures - LG Investment Trust Management - LG Investment & Securities Int'l Ltd. - LG Investment & Securities (H.K.) Limited - LG Investment & Securities America, Inc. - LG Investments Holding B.V. (Amsterdam)GG | - Woori Credit Card |

| | | | |
|------|---|--------------------------------------|-----------------------|
| | | - High Technology Venture Investment | |
| | | - Global Technology Investment | |
| 2003 | Woori Finance Holdings and 15 companies | | - Woori Merchant Bank |
| | | | - Woori First SPC |
| 2002 | Woori Finance Holdings and 17 companies | - Woori F&I | |
| | | - Woori 3 rd SPC | |

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

| 2005 3Q | 2004 3Q | 2004 Dec. 31 | 2003 Dec. 31 |
|----------------|-------------------|--------------------|-------------------|
| Deloitte Anjin | Deloitte & Touche | Deloitte HanaAnjin | Deloitte & Touche |

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

(units: millions of Won)

| Year | Auditor | Activity | Compensation | Accrued Time (hr) |
|---------|--------------------|---|--------------|----------------------|
| 2005 3Q | Deloitte HanaAnjin | Quarter, Half Year, Annual Interim Financial Statement (Consolidated, Non-consolidated) | 320 | 4,750 |
| 2004 | Deloitte HanaAnjin | Quarter, Half Year, Annual Interim Financial Statement (Consolidated, Non-consolidated) | 310 | 7,158 |
| 2003 | Deloitte Touche | Quarter, Half Year, Annual Interim Financial Statement (Consolidated, Non-consolidated) | 283 | 6,751 |

(1) Compensation for 2005 3Q is on a yearly contract basis

(2) Accrued time for 2005 3Q is the actual amount of time spent until the 3rd quarter**b. Compensation for services other than the Audit**

(units: thousands of dollars)

| Year | Contract Date | Activity | Period | Comp. | Note |
|------|---------------|------------------|----------------|-------|--------------------|
| 2004 | 2005.3.25 | US GAAP Auditing | 2004.12~2005.5 | 2,050 | Deloitte HanaAnjin |
| 2003 | 2003.7.30 | US GAAP Auditing | 2003.8 ~2004.5 | 4,500 | Deloitte Touche |

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| | | | | | |
|------|-----------|------------------|-----------------|-------|-----------------|
| 2002 | 2003.2.28 | US GAAP Auditing | 2002.12 ~2003.5 | 4,250 | Deloitte Touche |
|------|-----------|------------------|-----------------|-------|-----------------|

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V. Corporate Governance and Affiliated Companies

1. Overview of the Corporate Governance

a. About the Board of Directors

(1) Board of Directors

A. Duties of Boards of Directors

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

B. Information Regarding the Board of Directors

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

Second Resolution: Appointment of Standing Director

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

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

| Position | Name | Information | Relationship with KDIC | Transaction with WFG |
|---|--------------|--|-------------------------------|-----------------------------|
| | | - B.A. in Sociology, Seoul National University | | |
| Non-standing Director and audit Committee | Je-Hoon | - M.A. in Journalism, Seoul National University | N/A | N/A |
| | Lee | - CEO & President of The JoongAng Ilbo | | |
| | | - Currently President of Korea BBB Association | | |
| | | - B.A. in Economics, Seoul National University | | |
| Non-standing Director and audit Committee | Sung-Tae | - Ph.D. in Economics, Harvard University | N/A | N/A |
| | Ro | - Chief Editor of The Korea Economic Daily | | |
| | | - Currently Dean of Business School at Myongji University | | |
| | | - B.A. in Business Administration, Seoul National University | | |
| Non-standing Director and audit Committee | Oh-Seok | - Ph.D. in Economics, University of Pennsylvania | N/A | N/A |
| | Hyun | - Former employee at Ministry of Finance and Economy | | |
| | | - Currently President of Trade Research Institute, Korea Int'l Trade Association | | |
| Non-standing Director and audit Committee | Dosoung 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

- B.A. in Home Management, Sookmyung Women's University

| | | | | |
|--|-----------------|--|-----|-----|
| Non-standing Director and audit Committee | Chung-Sook Moon | - Ph.D. in Consumer Economics, Kansas State University | N/A | N/A |
|--|-----------------|--|-----|-----|

- Currently Professor of Economics at Sookmyung Women's University

- Ph.D. in Business Administration at SungKyunKwan University

| | | | | |
|--|---------------|--|------------------------|-----|
| Non-standing Director and audit Committee | Sung-Hwan Bae | - Banking Supervisory Authority of the Bank of Korea | Employee (Director) | N/A |
|--|---------------|--|------------------------|-----|

- Currently director at Korea Deposit Insurance Corp.

- B.A. in Business Administration at Seoul National University

| | | | | |
|--|----------------|---|-----|-----|
| Non-standing Director and audit Committee | Woon-Youl Choi | - Ph.D. in Finance at University of Georgia | N/A | N/A |
|--|----------------|---|-----|-----|

- Member, Monetary Policy Committee

- Currently Professor of Business at Sogang University

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C. Appointment of Non-standing Directors

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

* Article 42 (Committee)

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

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

D. Committees within Board of Directors

As of 2005.9.30

1. BOD Management Committee

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

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Chung-Sook Moon

Non-standing Director

Director Dosoung Choi resigned on April 7, 2005.

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

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2. Management Compensation Committee

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

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

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

3. Risk Management Committee

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

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

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

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

4. Audit Committee

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

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

Director Dosoung Choi resigned on April 7, 2005.

5. Executive Management Committee

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

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

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6. Ethics Management Committee

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

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

7. Non-standing Director Candidate Nomination Committee

| Name | Position | Notes |
|-----------------|-----------------------|---|
| Young-Key Hwang | Chairman and CEO | |
| Je-Hoon Lee | 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. |
| Sung-Tae Ro | Non-standing Director | |
| Woon-Youl Choi | Non-standing Director | |

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

8. MOU Review Committee

| Name | Position | Notes |
|-------------|-----------------|--------------|
|-------------|-----------------|--------------|

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| | |
|-----------------|----------------------------------|
| Young-Key Hwang | Chairman and CEO |
| Jong-Wook Kim | Vice Chairman |
| Seung Hee Park | Senior Managing director |
| Je-Hoon Lee | and CFO Non-standing Director |
| Sung-Tae Ro | Non-standing Director |
| Woon-Youl Choi | Non-standing Director |
| Oh-Seok Hyun | Non-standing Director |
| Dosoung Choi | Non-standing Director |
| Chung-Sook Moon | Non-standing Director |
| Sung-Hwan Bae | Non-standing Director |

Chairman/CEO Young-Key Hwang heads the committee consisting of the entire board of directors.

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

Director Dosoung Choi resigned on April 7, 2005.

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E. Stock Options

As of 2005.9.30

(units: Won, thousands of shares)

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

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

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| | | | | | | |
|----------------|-----------------------------|------------|--------|----|----|-------|
| Seok Hee Hwang | Director of related company | 2002.12.04 | Common | 40 | 40 | 8,530 |
| Choong Wan Lee | Director of related company | 2002.12.04 | Common | 35 | 35 | 8,530 |
| Ki Sang Chung | Director of related company | 2002.12.04 | Common | 30 | 30 | 8,530 |

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

1. Methods of compensation: Issuance of new shares; provision of treasury shares, cash payment or provision of treasury shares for the difference between exercise price and market price.
2. Exercise period: December 5, 2005 ~ December 4, 2008.
3. Exercise Price: 60% of granted = {6,800*(1+Rate of return of the banking industry index)} Won 40% of granted = 6,800 Won.

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2. Related Companies

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

As of 2005.9.30

(units: thousands of shares, millions of Won)

| Type | Name | Beginning Balance | | | Changes | | Ending Bal. | | | Latest Net Income * |
|------|---|-------------------|-------|-----------|----------|-----------|-------------|-------|------------|---------------------|
| | | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | |
| D | Woori Bank | 635,957 | 100.0 | 7,589,957 | | 1,479,392 | 635,957 | 100.0 | 9,069,349 | 1,996,694 |
| | Kwangju Bank | 34,080 | 99.9 | 420,595 | | 44,100 | 34,080 | 99.9 | 464,695 | 72,270 |
| | Kyongnam Bank | 51,800 | 99.9 | 608,802 | | 77,612 | 51,800 | 99.9 | 686,414 | 109,235 |
| O | Woori | | | | | | | | | |
| | Inv. Trust Mgmt. | 6,000 | 100.0 | 35,076 | -6,000 | -35,076 | | | | |
| M | Woori Securities | 32,956 | 100.0 | 361,500 | -32,956 | -361,500 | | | | 2,369 |
| | Woori Finance Info | | | | | | | | | |
| E | Sys. | 900 | 100.0 | 7,613 | | 5,148 | 900 | 100.0 | 12,761 | 400 |
| | Woori F&I | 2,000 | 100.0 | 58,231 | | 38,665 | 2,000 | 100.0 | 96,896 | 20,075 |
| S | Woori 2 nd SPC | 2 | 95.0 | | -2 | | | | | 8,097 |
| | Woori 3 rd SPC | 2 | 100.0 | | | | 2 | 100.0 | | 7,790 |
| T | Woori Investment & Securities (Formerly LGIS) | 32,877 | 23.16 | 355,201 | 13,447 | 202,776 | 46,324 | 30.00 | 557,977 | 4,240 |
| I | Woori Asset Management | | | | | | | | | |
| C | (Formerly LGITM) | | | | 6,662 | 59,738 | 6,662 | 100.0 | 59,738 | 5,097 |
| | Foreign Total | 796,574 | | 9,436,975 | -18,849 | 1,510,855 | 777,725 | | 10,947,830 | 2,221,716 |

- The changes in the quantity and cost are calculated from the increase or decrease under the equity method.
- The invested shares of Woori Securities have been absorbed into Woori Investment & Securities after Woori Investment & Securities (Formerly known as LG Investment & Securities) and Woori Securities merged.
- The invested shares of Woori Securities have been absorbed into Woori Asset Management after Woori Asset Management (Formerly known as LG Investment Trust Management) and Woori Investment Trust Management merged.
- The latest net income date is December 2004, except for Woori Asset Management, Woori Securities and Woori Investment & Securities for whose latest net income date is March 2004.
- Due to change in accounting standards, the beginning balance has been adjusted.
- Woori 2nd SPC was dissolved on Aug. 3, 2005.
- Due to the capital reduction of Woori Asset Management on September 5, 2005, Woori Finance Holdings shares decreased from 9,210,000 to 6,662,000.

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

As of 2005.9.30

(units: shares, %)

| Name | Relation | Type | Shares Held | | | | Reasons Behind Change | | |
|------|-----------|-----------|-------------------|-------|-----|-----|-----------------------|----------------|-------|
| | | | Beginning balance | | (+) | (-) | | Ending balance | |
| | | | Stock | Share | | | | Stock | Share |
| KDIC | Major S/H | Common | 628,458,609 | 78.91 | | | 628,458,609 | 77.97 | |
| | | Common | 628,458,609 | 78.91 | | | 628,458,609 | 77.97 | |
| | Total | Preferred | | | | | 0 | 0 | |
| | | Total | 628,458,609 | 78.91 | | | 628,458,609 | 77.97 | |

Major Shareholder: KDIC

b. Share Ownership of more than 5%

As of 2005.9.30

(units: shares, %)

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

c. Shareholder Distribution

As of 2004.12.31

| Items | Shareholder number | Ratio | Number of shares | Ratio |
|-----------------------------|--------------------|-------|------------------|-------|
| Total Minority Shareholders | 28,780 | 99.99 | 145,997,551 | 18.33 |

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| | | | | |
|--------------------------------------|--------|--------|-------------|-------|
| Minority Shareholders (Companies) | 652 | 2.27 | 116,583,764 | 14.64 |
| Minority Shareholders | | | | |
| (Individual) | 28,128 | 97.72 | 29,413,787 | 3.69 |
| Major Shareholders | 1 | 0.00 | 628,458,609 | 78.91 |
| Main Shareholders | 2 | 0.01 | 21,997,510 | 2.76 |
| Total Other | | | | |
| Shareholders | 2 | 0.01 | 21,997,510 | 2.76 |
| Others Shareholders | | | | |
| (Companies) | | | | |
| Others Shareholders | | | | |
| (Individual) | 1 | 0.00 | 1,888 | 0.00 |
| Total | 28,784 | 100.00 | 796,455,558 | 100.0 |

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

(units: Won, shares)

| Period | April | May | June | July | August | September |
|---------------|--------------|------------|-------------|-------------|---------------|------------------|
| High | 10,250 | 9,520 | 10,300 | 12,650 | 13,350 | 15,950 |
| Low | 9,110 | 8,970 | 9,350 | 10,150 | 11,750 | 12,300 |
| Monthly Trade | | | | | | |
| Volume | 34,283,368 | 21,450,799 | 27,294,972 | 41,707,871 | 57,359,505 | 54,644,159 |

b. Foreign Stock Market (NYSE)

(units: US Dollars, shares)

| Period | April | May | June | July | August | September |
|---------------|--------------|------------|-------------|-------------|---------------|------------------|
| ADR High | 30.30 | 29.40 | 30.10 | 37.17 | 40.50 | 46.85 |
| ADR Low | 27.85 | 27.75 | 28.27 | 29.00 | 33.78 | 35.85 |
| Monthly Trade | | | | | | |
| Volume | 14,300 | 54,300 | 26,500 | 24,000 | 86,300 | 71,400 |

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

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

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

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

Woon-Youl Choi was newly appointed on March 28, 2005.

Director Dosoung Choi resigned on April 7, 2005.

2. Employee Status

(units: years, thousands of Won)

| Items | Staff | | | | Average Tenure Years | Quarterly Compensation | Average Compensation Per Person | Note |
|--------|--------|-------|-------|-------|----------------------------|---------------------------|---------------------------------------|------|
| | Admin. | Manu. | Misc. | Total | | | | |
| Male | 48 | | 1 | 49 | 4 | 3,399,528 | 69,378 | |
| Female | 5 | | 12 | 17 | 4 | 488,754 | 28,750 | |
| Total | 53 | | 13 | 66 | 4 | 3,888,282 | 58,913 | |

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 | | |

4. Number of professional personnel

| <u>Items</u> | <u>Number</u> | <u>Responsibilities</u> | <u>Remarks</u> |
|--------------------------------|---------------|---|----------------|
| Lawyer | 1 | Legal advisory | |
| CPA | 4 | Financial accounting, Financial Planning, | |
| Ph.D in Law/Finance/Accounting | 2 | Business Planning Research | |

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

(units: millions of Won)

| Name | Relation | Item | Changes | | | End | Notes |
|---------------------------|------------|------------|---------|---|--------|---------|---|
| | | | Beg. | + | - | | |
| Woori 2 nd SPC | subsidiary | Other loan | 100 | | 100 | 0 | Full redemption on April 27, 2005 |
| Woori 3 rd SPC | subsidiary | Other loan | 17,790 | | | 17,790 | |
| Kwangju Bank | subsidiary | Other loan | 50,000 | | | 50,000 | |
| Woori Finance Info. Sys | subsidiary | Other loan | 30,000 | | | 30,000 | |
| Woori F&I | subsidiary | Other loan | 121,850 | | 31,850 | 90,000 | Partial redemption on February 28, May 2, and August 31, 2005 |
| Total | | | 219,740 | | 31,950 | 187,790 | |

* Woori 2nd SPC was dissolved on Aug. 3, 2005**b. Payment Transactions**

(units: millions of Won)

| Name | Relation | Transactions of Payments | | | | Notes |
|------|----------|--------------------------|--------------|----------|----------|--------|
| | | Item | Transactions | | | |
| | | | Beginning | Increase | Decrease | Ending |

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| | | | | | | | |
|--|------------|-----------------|------------|------------|------------|------------|-----|
| Woori Securities | Subsidiary | Common stock | 32,956,413 | | 32,956,413 | 0 | (1) |
| Woori Investment & Securities | | | | | | | |
| (Formerly known as LG Investment & Securities) | Subsidiary | Common Stock | 32,877,487 | 13,447,494 | | 46,324,981 | (2) |
| Woori Investment Trust Management | | | | | | | |
| (Formerly known as LG Investment Trust Mgmt.) | Subsidiary | Common Stock | 6,000,000 | | 6,000,000 | 0 | (3) |
| Woori Asset Management | | | | | | | |
| (Formerly known as LG Investment Trust Management) | Subsidiary | Common Stock | 0 | 9,210,000 | 2,548,000 | 6,662,000 | (4) |
| Woori Second Asset Securitization Specialty | Subsidiary | Invested Shares | 1,900,000 | | 1,900,000 | 0 | (5) |
| Total | | | 73,733,900 | 22,657,494 | 43,404,413 | 52,986,981 | |

- (1) On January 7, 2005, 14,000,000 shares of Woori Securities have been cancelled, and the remaining shares have been absorbed into Woori Investment & Securities following the merger.
- (2) Due to the merger with Woori Securities, 12,397,494 shares were newly issued by Woori Investment & Securities in exchange for shares in Woori Securities. Additional 1,050,000 shares have been acquired from the market from April 8, 2005 to April 12, 2005.
- (3) Following the merger into Woori Asset Management, the remaining shares have been absorbed into Woori Asset Management on May 31, 2005.
- (4) On May 6, 2005, Woori Finance Holdings acquired 5,400,000 shares (90%) of LG Investment Trust Management from Woori Investment & Securities, and LGITM was upgraded to a first tier subsidiary. The name was changed to Woori Asset Management on June 2, 2005. An additional 3,810,000 shares have been acquired after the merger in May 31, 2005, and through capital reduction on September 5, 2005, number of shares decreased to 2,548,000.
- (5) Woori 2nd SPC was dissolved on August 3, 2005.

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EXHIBIT A

FINANCIAL STATEMENTS

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

To Shareholders and the Board of Directors of

Woori Finance Holdings Co., Ltd.:

We have reviewed the accompanying non-consolidated balance sheet of Woori Finance Holdings Co., Ltd. (the Company) as of September 30, 2005 and the related non-consolidated statements of income and cash flows for the three months and nine months ended September 30, 2005 and 2004, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those 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 this 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 financial statements referred to above are not presented fairly, in all material respects, in accordance with financial accounting standards in the Republic of Korea (see Note 2).

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2004 and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein) and in our report dated February 25, 2005, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2004, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet, except for what is explained in Note 2.

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

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

As explained in Note 1 to the non-consolidated financial statements, LG Investment Securities Co., Ltd. (LG Securities), a subsidiary of the Company, merged with Woori Securities Co., Ltd. (Woori Securities), also a subsidiary of the Company, on March 31, 2005 and changed its name to Woori Investment Securities Co., Ltd. (Woori Investment Securities). Woori Investment Securities took over substantially all assets and liabilities of Woori Securities by exchanging one common share of Woori Securities with 0.654 share of Woori Investment Securities. The number of issued common shares and contributed capital of Woori Investment Securities increased from 122.1 million and (Won)625.5 billion to 134.5 million and (Won)687.4 billion as of March 31, 2005. As a result of this merger, the Company's ownership percentage in Woori Investment Securities increased from 26.92% to 33.66%.

As explained in Note 1 to the non-consolidated financial statements, the Company purchased 90% ownership interest of LG Investment Trust Management Co., Ltd. (LG Investment Trust Management) from Woori Investment Securities on May 6, 2005. Subsequently, LG Investment Trust Management merged with Woori Investment Trust Management Co., Ltd. (Woori Investment Trust Management), also a subsidiary of the Company, on May 31, 2005 and changed its name to Woori Asset Management Co., Ltd. (Woori Asset Management). Woori Asset Management took over substantially all assets and liabilities of Woori Investment Trust Management by exchanging one common share of Woori Investment Trust Management with 0.635 share of Woori Asset Management. The number of issued common shares and contributed capital of Woori Asset Management increased from 6 million and (Won)30.0 billion to 9.8 million and (Won)49.1 billion as of May 31, 2005. Subsequently, Woori Asset Management purchased 600,000 shares of its treasury stock and extinguished them, and on September 5, 2005, reduced its 2,548,000 common shares by cash distribution at (Won)8,600 per share. As of September 30, 2005, the number of issued and outstanding common shares and contributed capital of Woori Asset Management are 6.7 million and (Won)33.3 billion, which the Company wholly owns.

As explained in Note 20 to the non-consolidated financial statements, the Company's receivables from its subsidiaries as of September 30, 2005 and December 31, 2004 are (Won)620.1 billion and (Won)288.8 billion, respectively, and payables to its subsidiaries are (Won)0.6 billion and (Won)16.0 billion, respectively. In addition, for the nine months ended September 30, 2005 and 2004, revenues from transactions with its subsidiaries are (Won)12.3 billion and (Won)25.0 billion, respectively, and expenses are (Won)5.6 billion and (Won)15.8 billion, respectively.

Accounting principles and review standards and their application in practice vary among countries.

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

November 11, 2005

Notice to Readers

This report is effective as of November 11, 2005, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' 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 SEPTEMBER 30, 2005 AND DECEMBER 31, 2004**

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|-------------------------|------------------------|---|-----------------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | (In thousands) | |
| ASSETS | | | | |
| Cash and bank deposits (Notes 16, 18 and 20) | (Won) 418,178 | (Won) 56,099 | US\$ 402,869 | US\$ 54,045 |
| Investment securities accounted for using the equity method of accounting (Notes 3 and 18) | 10,947,830 | 9,436,975 | 10,547,042 | 9,091,498 |
| Loans, net of allowance for possible loan losses (Notes 4, 5, 18 and 20) | 186,851 | 218,641 | 180,011 | 210,637 |
| Fixed and intangible assets (Note 6) | 177 | 282 | 170 | 272 |
| Other assets (Notes 5, 7 and 20) | 39,861 | 36,047 | 38,402 | 34,727 |
| | <u>(Won) 11,592,897</u> | <u>(Won) 9,748,044</u> | <u>US\$ 11,168,494</u> | <u>US\$ 9,391,179</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| LIABILITIES | | | | |
| Borrowings (Note 8) | (Won) | (Won) 120,000 | US\$ | US\$ 115,607 |
| Debentures, net of discounts and added accrued interest and redemption premium (Notes 9, 10 and 18) | 2,595,738 | 2,154,637 | 2,500,711 | 2,075,758 |
| Other liabilities (Notes 10, 12 and 20) | 10,347 | 25,355 | 9,968 | 24,427 |
| | <u>2,606,085</u> | <u>2,299,992</u> | <u>2,510,679</u> | <u>2,215,792</u> |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock (Note 13) | 4,030,077 | 3,982,278 | 3,882,540 | 3,836,491 |
| Capital surplus (Note 13) | 84,488 | 84,356 | 81,395 | 81,268 |
| Retained earnings (Notes 3 and 13): | | | | |
| Legal reserve | 208,427 | 79,178 | 200,797 | 76,279 |
| Voluntary reserve | 2,030,000 | 1,120,000 | 1,955,684 | 1,078,998 |
| Retained earnings before appropriations (Net income of (Won) 1,384,145 million for the nine months ended September 30, 2005 and (Won) 1,261,925 million for the year ended December 31, 2004) | 1,466,131 | 1,129,675 | 1,412,457 | 1,088,319 |
| | <u>3,704,558</u> | <u>2,328,853</u> | <u>3,568,938</u> | <u>2,243,596</u> |
| Capital adjustments (Notes 3, 13 and 14) | 1,167,689 | 1,052,565 | 1,124,942 | 1,014,032 |
| | <u>8,986,812</u> | <u>7,448,052</u> | <u>8,657,815</u> | <u>7,175,387</u> |
| | <u>(Won) 11,592,897</u> | <u>(Won) 9,748,044</u> | <u>US\$ 11,168,494</u> | <u>US\$ 9,391,179</u> |

See accompanying notes to non-consolidated financial statements.

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Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF INCOME****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004**

| | Korean won | | | | Translation into U.S. dollars (Note 2) | | | |
|--|---|-----------------|---------------|-----------------|--|----------------|--------------|--------------|
| | 2005 | | 2004 | | 2005 | | 2004 | |
| | Three months | Nine months | Three months | Nine months | Three months | Nine months | Three months | Nine months |
| | (In millions, except for income per share data) | | | | (In thousands, except for income per share data) | | | |
| OPERATING REVENUE | | | | | | | | |
| Gain on valuation using the equity method of accounting (Notes 3 and 19) | (Won) 709,008 | (Won) 1,625,248 | (Won) 293,626 | (Won) 1,008,139 | US\$ 683,052 | US\$ 1,565,750 | US\$ 282,877 | US\$ 971,232 |
| Interest income (Note 20) | 4,384 | 12,266 | 7,426 | 25,053 | 4,223 | 11,817 | 7,154 | 24,136 |
| Gain on valuation of swap contracts | | | 1,091 | | | | 1,051 | |
| Gain on foreign currency transactions | | | | 2,884 | | | | 2,778 |
| Gain on foreign currency translation | | | 1,143 | 12,183 | | | 1,101 | 11,737 |
| Reversal of allowance for doubtful accounts | 87 | 151 | | 3,141 | 84 | 145 | | 3,026 |
| | 713,479 | 1,637,665 | 303,286 | 1,051,400 | 687,359 | 1,577,712 | 292,183 | 1,012,909 |
| OPERATING EXPENSES | | | | | | | | |
| Loss on valuation using the equity method of accounting (Notes 3 and 19) | 391 | 27,433 | 940 | 468,996 | 377 | 26,429 | 906 | 451,826 |
| Interest expense | 29,631 | 86,456 | 37,771 | 112,253 | 28,546 | 83,291 | 36,388 | 108,144 |
| Loss on valuation of swap contracts (Notes 9 and 20) | | 91 | | 12,440 | | 87 | | 11,985 |
| Loss on foreign currency transactions | | 1 | | | | 1 | | |
| Provision for possible loan losses | | | 3 | | | | 3 | |
| Fees and commissions (Note 20) | 2,756 | 5,417 | 2,093 | 5,073 | 2,655 | 5,219 | 2,016 | 4,887 |
| General and administrative (Notes 17 and 20) | 7,165 | 18,161 | 4,299 | 14,124 | 6,903 | 17,496 | 4,142 | 13,607 |
| | 39,943 | 137,559 | 45,106 | 612,886 | 38,481 | 132,523 | 43,455 | 590,449 |
| OPERATING INCOME | 673,536 | 1,500,106 | 258,180 | 438,514 | 648,878 | 1,445,189 | 248,728 | 422,460 |
| NON-OPERATING INCOME | 10 | 307 | 1,522 | 1,724 | 10 | 295 | 1,466 | 1,661 |
| NON-OPERATING EXPENSES | 367 | 379 | 20 | 81 | 353 | 365 | 19 | 78 |

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| | | | | | | | | |
|---------------------------------|---------------|-----------------|---------------|---------------|--------------|----------------|--------------|--------------|
| INCOME BEFORE | | | | | | | | |
| INCOME TAX | 673,179 | 1,500,034 | 259,682 | 440,157 | 648,535 | 1,445,119 | 250,175 | 424,043 |
| INCOME TAX EXPENSE (Note 15) | | | | | | | | |
| NET INCOME | (Won) 673,179 | (Won) 1,500,034 | (Won) 259,682 | (Won) 440,157 | US\$ 648,535 | US\$ 1,445,119 | US\$ 250,175 | US\$ 424,043 |

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004**

| | Korean won | | | | Translation into U.S. dollars (Note 2) | | | |
|--|--|-------------|--------------|-------------|---|-------------|--------------|-------------|
| | 2005 | | 2004 | | 2005 | | 2004 | |
| | Three months | Nine months | Three months | Nine months | Three months | Nine months | Three months | Nine months |
| | (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) 835 | (Won) 1,866 | (Won) 331 | (Won) 565 | US\$ 0.67 | US\$ 1.66 | US\$ 0.32 | US\$ 0.54 |
| BASIC NET INCOME PER COMMON SHARE (Note 21) | (Won) 835 | (Won) 1,866 | (Won) 331 | (Won) 565 | US\$ 0.67 | US\$ 1.66 | US\$ 0.32 | US\$ 0.54 |
| DILUTED ORDINARY INCOME PER COMMON SHARE (Note 21) | (Won) 835 | (Won) 1,861 | (Won) 324 | (Won) 558 | US\$ 0.67 | US\$ 1.65 | US\$ 0.31 | US\$ 0.54 |
| DILUTED NET INCOME PER COMMON SHARE (Note 21) | (Won) 835 | (Won) 1,861 | (Won) 324 | (Won) 558 | US\$ 0.67 | US\$ 1.65 | US\$ 0.31 | US\$ 0.54 |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004**

| | Korean won | | | | Translation into U.S. dollars (Note 2) | | | |
|---|---------------|-----------------|---------------|---------------|--|----------------|--------------|--------------|
| | 2005 | | 2004 | | 2005 | | 2004 | |
| | Three months | Nine months | Three months | Nine months | Three months | Nine months | Three months | Nine months |
| | (In millions) | | | | (In thousands) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | |
| Net income | (Won) 673,179 | (Won) 1,500,034 | (Won) 259,682 | (Won) 440,157 | US\$ 648,535 | US\$ 1,445,119 | US\$ 250,175 | US\$ 424,043 |
| Adjustments to reconcile net income to net cash used in operating activities: | | | | | | | | |
| Loss on valuation using the equity method of accounting | 391 | 27,433 | 940 | 468,996 | 377 | 26,429 | 906 | 451,826 |
| Interest expense (amortization of discounts on debentures) | 442 | 1,527 | 2,796 | 8,806 | 425 | 1,471 | 2,693 | 8,484 |
| Provision for possible loan losses | | | 3 | | | | 3 | |
| Loss on valuation of swap contracts | | 91 | | 12,440 | | 87 | | 11,985 |
| Provision for severance benefits | 57 | 618 | 38 | 63 | 55 | 595 | 37 | 61 |
| Depreciation | 23 | 92 | 39 | 125 | 22 | 89 | 37 | 120 |
| Amortization on intangible assets | 5 | 15 | 5 | 14 | 5 | 14 | 5 | 13 |
| Stock compensation | | | 114 | 343 | | | 110 | 330 |
| Other operating expenses | | | | 8 | | | | 8 |
| Gain on valuation using the equity method of accounting | (709,008) | (1,625,248) | (293,626) | (1,008,139) | (683,052) | (1,565,750) | (282,877) | (971,232) |
| Interest income | (567) | (1,683) | (567) | (1,689) | (546) | (1,621) | (546) | (1,627) |
| Gain on valuation of swap contracts | | | (1,091) | | | | (1,051) | |
| Gain on foreign currency translation | | | (1,143) | (12,183) | | | (1,101) | (11,737) |
| Reversal of allowance for | (87) | (151) | | (3,141) | (84) | (145) | | (3,026) |

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| | | | | | | | | |
|-------------------------------------|-----------|-------------|-----------|-----------|-----------|-------------|-----------|-----------|
| doubtful accounts | | | | | | | | |
| Gain on disposal of tangible assets | | | (2) | (15) | | | (2) | (14) |
| Other non-operating income | | (39) | | (11) | | (37) | | (11) |
| | (708,744) | (1,597,345) | (292,494) | (534,383) | (682,798) | (1,538,868) | (281,786) | (514,820) |

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004**

| | Korean won | | | | Translation into U.S. dollars (Note 2) | | | | | | | | | |
|--|---------------|-------------|--------------|-------------|--|-------------|--------------|-------------|------|-----|------|--------|--------|-----|
| | 2005 | | 2004 | | 2005 | | 2004 | | | | | | | |
| | Three months | Nine months | Three months | Nine months | Three months | Nine months | Three months | Nine months | | | | | | |
| | (In millions) | | | | (In thousands) | | | | | | | | | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | |
| Decrease (increase) in other receivable | (Won) | (Won) | 451 | (Won) | (2) | (Won) | 128 | US\$ | US\$ | 434 | US\$ | (2) | US\$ | 123 |
| Decrease (increase) in accrued income | (155) | (73) | | 218 | | 27,983 | (149) | (70) | | 210 | | 26,958 | | |
| Decrease in currency swap contracts | | | | | | 16,463 | | | | | | | 15,860 | |
| Decrease (increase) in advanced payments | 9 | 82 | (29,775) | (29,794) | 9 | 79 | (28,685) | (28,703) | | | | | | |
| Decrease in prepaid expenses | 116 | 546 | 185 | 466 | 112 | 526 | 178 | 449 | | | | | | |
| Decrease (increase) in prepaid income tax | (49) | 5,243 | (82) | 1,247 | (47) | 5,051 | (79) | 1,201 | | | | | | |
| Retirement benefits payment | (104) | (118) | (37) | (567) | (100) | (114) | (36) | (546) | | | | | | |
| Decrease in retirement insurance | 75 | 88 | 11 | 448 | 72 | 85 | 11 | 432 | | | | | | |
| Increase (decrease) in other payables | (790) | 159 | (1,308) | (404) | (761) | 153 | (1,260) | (389) | | | | | | |
| Increase (decrease) in accrued expenses | 283 | (1,572) | 366 | 280 | 272 | (1,514) | 353 | 270 | | | | | | |
| Decrease in withholdings | (277) | (214) | (27) | (100) | (267) | (206) | (26) | (96) | | | | | | |
| | (892) | 4,592 | (30,451) | 16,150 | (859) | 4,424 | (29,336) | 15,559 | | | | | | |
| Net cash used in operating activities | (36,457) | (92,719) | (63,263) | (78,076) | (35,122) | (89,325) | (60,947) | (75,218) | | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | | | | | | | |
| Dividend received | 1,486 | 72,541 | 400,017 | 673,711 | 1,432 | 69,885 | 385,373 | 649,047 | | | | | | |
| Reduction of capital of a subsidiary | 21,938 | 175,938 | | | 21,135 | 169,497 | | | | | | | | |
| Collection of loans | 18,000 | 31,850 | | 1,850 | 17,341 | 30,684 | | 1,782 | | | | | | |
| Collection of other loans | | 100 | | 600,000 | | 97 | | 578,035 | | | | | | |
| Proceeds from disposition of tangible assets | | | 4 | 52 | | | 4 | 50 | | | | | | |
| Acquisition of investment securities | | (84,141) | | (800,000) | | (81,061) | | (770,713) | | | | | | |

(Continued)

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004**

| | Korean won | | | | Translation into U.S. dollars (Note 2) | | | | | | | | | |
|--|---------------|-------------|--------------|-------------|--|-------------|--------------|-------------|------|-----|------|-----|------|-------|
| | 2005 | | 2004 | | 2005 | | 2004 | | | | | | | |
| | Three months | Nine months | Three months | Nine months | Three months | Nine months | Three months | Nine months | | | | | | |
| | (In millions) | | | | (In thousands) | | | | | | | | | |
| Acquisition of tangible assets | (Won) | (Won) | (1) | (Won) | (2) | (Won) | (179) | US\$ | US\$ | (1) | US\$ | (2) | US\$ | (172) |
| Acquisition of intangible assets | (1) | (1) | (2) | (13) | (1) | (1) | (2) | (13) | | | | | | |
| Increase in guarantee deposits | | | (333) | (333) | | | (321) | (321) | | | | | | |
| Net cash provided by investing activities | 41,423 | 196,286 | 399,684 | 475,088 | 39,907 | 189,100 | 385,052 | 457,695 | | | | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | |
| Proceeds from borrowings | | | | 120,000 | | | | 115,607 | | | | | | |
| Proceeds from debentures in local currency | 349,418 | 598,690 | 329,330 | 698,255 | 336,626 | 576,773 | 317,273 | 672,693 | | | | | | |
| Repayment of borrowings | | (120,000) | (100,000) | | | (115,607) | (96,339) | | | | | | | |
| Repayment of debentures in local currency | (100,000) | (100,000) | (300,000) | (600,000) | (96,339) | (96,339) | (289,017) | (578,035) | | | | | | |
| Repayment of debentures in foreign currencies | | | | (167,940) | | | | (161,792) | | | | | | |
| Expense of issuing new shares | | (709) | | (16) | | (683) | | (15) | | | | | | |
| Payment of dividends | | (119,468) | | (77,550) | | (115,094) | | (74,711) | | | | | | |
| Acquisition of treasury stock | | | (18) | (18) | | | (17) | (17) | | | | | | |
| Net cash provided by (used in) financing activities | 249,418 | 258,513 | (70,688) | (27,269) | 240,287 | 249,050 | (68,100) | (26,270) | | | | | | |
| NET INCREASE IN CASH AND BANK DEPOSITS | 254,384 | 362,080 | 265,733 | 369,743 | 245,072 | 348,825 | 256,005 | 356,207 | | | | | | |
| CASH AND BANK DEPOSITS, BEGINNING OF THE PERIOD | 163,795 | 56,099 | 453,595 | 349,585 | 157,798 | 54,045 | 436,989 | 336,787 | | | | | | |

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| | | | | | | | | |
|---|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| CASH AND BANK DEPOSITS, END OF THE PERIOD | (Won) 418,179 | (Won) 418,179 | (Won) 719,328 | (Won) 719,328 | US\$ 402,870 | US\$ 402,870 | US\$ 692,994 | US\$ 692,994 |
|---|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|

See accompanying notes to non-consolidated financial statements.

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Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004****1. GENERAL**

(1) Woori Finance Holdings Co., Ltd.

Woori Finance Holdings Co., Ltd. (the Company) was incorporated on March 27, 2001, to engage in the business of managing the financial institutions, Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 8 subsidiaries and 12 2nd-tier subsidiaries as of September 30, 2005.

Upon incorporation, the Company's stock amounted to (Won)3,637,293 million, consisting of 727,458,609 common shares ((Won)5,000 per share) issued and outstanding. As a result of several capital increases and exercise of warrants and conversion rights since incorporation, as of September 30, 2005, the Company's stock amounted to (Won)4,030,077 million, consisting of 806,015,340 common shares issued and outstanding of which the KDIC owns 628,458,609 shares (77.97%).

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

(2) The structure of the Company and its subsidiaries as of September 30, 2005 and December 31, 2004 is as follows:

| Parent companies | Subsidiaries | Sep. 30, 2005 | | Dec. 31, 2004 | | Financial statements as of |
|----------------------------------|--|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori Finance Holdings Co., Ltd. | Woori Bank | 635,956,580 | 100.0 | 635,956,580 | 100.0 | Sep. 30 |
| | Kyongnam Bank | 51,800,000 | 99.9 | 51,800,000 | 99.9 | Sep. 30 |
| | Kwangju Bank | 34,080,000 | 99.9 | 34,080,000 | 99.9 | Sep. 30 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | 900,000 | 100.0 | Sep. 30 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Sep. 30 |
| | | | | 1,900 | 95.0 | |

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| | | | | | | |
|---------------------|--|------------|-------|------------|-------|-------------|
| | Woori Second Asset Securitization Specialty Co., Ltd. (*4) | | | | | |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | 2,000 | 100.0 | Sep. 30 |
| | Woori Investment Trust Management Co., Ltd. (*3) | | | 6,000,000 | 100.0 | |
| | Woori Securities Co., Ltd. (*1) | | | 32,956,413 | 100.0 | |
| | Woori Investment Securities Co., Ltd. (*1) | 46,324,981 | 34.4 | 32,877,487 | 26.9 | Sep. 30 |
| | Woori Asset Management Co., Ltd. (*2 and *3) | 6,662,000 | 100.0 | | | Sep. 30 |
| Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | 1,008,000 | 100.0 | Sep. 30(*5) |
| | Woori America Bank (*7) | 10,500,000 | 100.0 | 8,500,000 | 100.0 | Sep. 30(*5) |
| | PT. Bank Woori Indonesia | 1,618 | 95.2 | 1,618 | 95.2 | Sep. 30(*5) |
| | Woori First Private Equity Fund | | 52.4 | | 52.4 | Sep. 30(*5) |
| Woori F&I Co., Ltd. | Woori CA Asset Management Co., Ltd. | 408,000 | 51.0 | 408,000 | 51.0 | Sep. 30 |

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| Parent companies | Subsidiaries | Sep. 30, 2005 | | Dec. 31, 2004 | | Financial statements as of |
|---------------------------------------|---|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd. (*6) | 5,000,000 | 100.0 | 5,000,000 | 100.0 | Sep. 30 |
| | LG Investment Trust Management Co., Ltd. (*2) | | | 5,400,000 | 90.0 | |
| Woori Investment Securities Co., Ltd. | Woori Investment Securities Int 1 Ltd. (*6) | 5,788,000 | 100.0 | 5,788,000 | 100.0 | Sep. 30(*5) |
| | Woori Investment Securities (H.K.) Limited (*6) | 22,500,000 | 100.0 | 22,500,000 | 100.0 | Sep. 30(*5) |
| | Woori Investment Securities America, Inc. (*6) | 300 | 100.0 | 300 | 100.0 | Sep. 30(*5) |
| | LG Investment Holding B.V. (Amsterdam) GG | 1,642,398,242 | 100.0 | 1,642,398,242 | 100.0 | Sep. 30(*5) |
| | High Technology Venture Investment | 1,500,000 | 42.9 | 1,500,000 | 42.9 | Sep. 30(*5) |
| | Global Technology Investment | 1,500,000 | 50.0 | 1,500,000 | 50.0 | Sep. 30(*5) |

(*1) LG Investment Securities Co., Ltd. (LG Securities), a subsidiary of the Company, merged with Woori Securities Co., Ltd. (Woori Securities), also a subsidiary of the Company by stock exchange, on March 31, 2005 and changed its name to Woori Investment Securities Co., Ltd. (Woori Investment Securities). Subsequently, the Company acquired additional 1,050,000 shares of Woori Investment Securities to increase its ownership percentage. As a result, the Company's ownership interest in Woori Investment Securities increased from 33.7% to 34.4 %.

(*2) The Company purchased 5.4 million common shares, which is 90% of issued common shares of LG Investment Trust Management Co., Ltd. (LG Investment Trust Management) from Woori Investment Securities, amounting to (Won)72.9 billion on May 6, 2005 and included it in 1st - tier subsidiaries of the Company.

(*3) LG Investment Trust Management merged with Woori Investment Trust Management Co., Ltd. (Woori Investment Trust Management) on May 31, 2005 and changed its name to Woori Asset Management Co., Ltd. (Woori Asset Management).

(*4) Liquidated on August 2, 2005.

(*5) The financial statements as of September 30, 2005 are not reviewed. In order to ensure the credibility of the financial statements of those subsidiaries, the Company performed certain procedures in accordance with the Practice Statements in Financial Reporting 2002-7 Investees financial statements applied using the equity method of accounting .

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

(*7) On September 15, 2005, Woori America Bank issued 2,000,000 new common shares to Woori Bank.

(3) General information pertaining to the Company's subsidiaries as of September 30, 2005 does not differ materially from that as of December 31, 2004 except for the following:

a. Woori Investment Securities

LG Securities, whose shares were listed on the Korea Stock Exchange, was established in 1969 to engage in trading, agency, brokerage and underwriting of securities. LG Securities became a subsidiary of the Company on December 24, 2004 as the Company acquired 26.92% of voting rights of LG Securities and was able to govern its management. LG Securities merged with Woori Securities on March 31, 2005 and changed its name to Woori Investment Securities. As a result of the merger, 12,397,494 new common shares of Woori Investment Securities were issued by exchanging one common share of Woori Securities with 0.654 common share of Woori Investment Securities and the difference between the sum of its ownership interests in the individual pre-merger subsidiaries' net assets and its ownership interests in Woori Investment Securities' net assets amounting to (Won)36.1 billion was recorded in capital adjustment of the Company as of March 31, 2005. As of

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September 30, 2005, its issued common stock amounted to (Won)687,445 million consisting of 134,513,863 shares and its issued preferred stock amounted to (Won)99,355 million consisting of 19,870,968 shares.

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b. Woori Asset Management

LG Investment Trust Management established in 1988, engages in securities investment trust management, investment advisory and mutual fund management. As the Company acquired 90% ownership interest of LG Investment Trust Management from Woori Investment Securities, it became a subsidiary of the Company on May 6, 2005. On May 31, 2005, LG Investment Trust Management merged with Woori Investment Trust Management and changed its name to Woori Asset Management. As a result of the merger, 3,810,000 new common shares of Woori Asset Management were issued by exchanging one common share of Woori Investment Trust Management with 0.635 common share of Woori Asset Management. Subsequently, Woori Asset Management purchased 600,000 shares of its treasury stock and extinguished them, and on September 5, 2005, reduced its 2,548,000 common shares by cash distribution at (Won)8,600 per share. As of September 30, 2005, the number of issued and outstanding common shares and contributed capital of Woori Asset Management are 6.7 million and (Won)33.3 billion, which the Company wholly owns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions 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 operations or cash flows, is not presented in the accompanying financial statements for the three months and nine months ended September 30, 2005 and 2004.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts are included solely for the convenience of readers outside of the Republic of Korea and have been made at the rate of (Won) 1,038.00 to US\$ 1.00 at September 30, 2005, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be constructed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

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

a. Accounting of income taxes

The Company adopted SKAS No. 16 - Income Taxes from 2005. This statement requires that the temporary differences relating to items in equity, which will result in taxable or deductible amounts in future years, are directly charged to the related equity items, and deferred tax assets and liabilities are classified into current and non-current. The adoption of this standard has no effect on the Company's net assets and net income (Note 15).

b. Accounting of provision, contingent liabilities and contingent assets

The Company adopted SKAS No.17 Provision, Contingent Liabilities and Contingent Assets in 2005. This statement replaces paragraph 26 provision for estimated liabilities and paragraph 74 contingent situation in Korea Financial Accounting Standard (KFAS) and Interpretations on KFAS 31-74 accounting of contingent situation . It defines provision, contingent liabilities and contingent assets, cites examples of provisions and describes footnote requirements. The adoption of this standard has no material impact on the Company and its subsidiaries financial position, operating results or cash flows.

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- c. Reclassification of statements of income and cash flows for the nine months ended September 30, 2004

As the Company adopted SKAS No. 15 - Investments in Associates in preparing the financial statements for the year ended December 31, 2004, net loss on valuation using the equity method of accounting in the statements of income and cash flows for the three months and nine months ended September 30, 2004, which are presented for comparative purposes, is reclassified into gain and loss on valuation using the equity method of accounting at gross. This reclassification has no effect on the Company's net income for the nine months ended September 30, 2004.

- d. Financial statements as of December 31, 2004

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

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

- (1) Changes in investment securities accounted for using the equity method of accounting for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | Gain (loss) | | | | | Sep. 30, 2005 |
|--|-----------------|--|------------------------|----------------------|---------------------------------|------------------|
| | Jan. 1, 2005 | on valuation using the equity method | Capital adjustments | Retained earnings | Other increase (decrease) | |
| Woori Bank | (Won) 7,589,957 | (Won) 1,338,014 | (Won) 143,649 | (Won) (2,271) | (Won) | (Won) 9,069,349 |
| Kyongnam Bank | 608,802 | 123,117 | (12,814) | 47 | (32,738) | 686,414 |
| Kwangju Bank | 420,595 | 74,597 | (8,823) | | (21,674) | 464,695 |
| Woori Finance Information System | 7,613 | 5,150 | (2) | | | 12,761 |
| Woori F&I | 58,231 | 41,706 | 3,042 | (60) | (6,023) | 96,896 |
| Woori Second Asset Securitization Specialty | | (28) | | | 28 | |
| Woori Third Asset Securitization Specialty | | (1,137) | 11,131 | | (9,994) | |
| Woori Investment Trust Management (*2) | 35,076 | 35 | | | (35,111) | |
| Woori Securities (*1) | 361,500 | (26,268) | 8,728 | | (343,960) | |
| Woori Investment Securities (*1 and *3) | 355,201 | 39,540 | (27,090) | (2,577) | 192,903 | 557,977 |
| Woori Asset Management (*2) | | 3,089 | (2,566) | | 59,215 | 59,738 |
| | (Won) 9,436,975 | (Won) 1,597,815 | (Won) 115,255 | (Won) (4,861) | (Won) (197,354) | (Won) 10,947,830 |

(*1) Accounted for the three months ended March 31, 2005 before merger into Woori Investment Securities and thereafter, combined into Woori Investment Securities.

(*2) Accounted for the five months ended May 31, 2005 before merger into Woori Asset Management and thereafter, combined into Woori Asset Management.

(*3) The market value of Woori Investment Securities is (Won) 678,661 million ((Won)14,650 per share) as of September 30, 2005.

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

| | Gain (loss) | | | | | Dec. 31, 2004 |
|-----------------|---------------------|--|------------------------|----------------------|---------------------------------|-----------------|
| | Acquisition cost | on valuation using the equity method | Capital adjustments | Retained earnings | Other increase (decrease) | |
| Woori Bank (*1) | (Won) 3,207,893 | (Won) 2,525,228 | (Won) 799,953 | (Won) (246,990) | (Won) 1,303,873 | (Won) 7,589,957 |
| Kyongnam Bank | 259,000 | 337,157 | 47,468 | (11,513) | (23,310) | 608,802 |
| Kwangju Bank | 170,403 | 251,325 | 17,980 | (3,777) | (15,336) | 420,595 |

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| | | | | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Woori Finance | | | | | | |
| Information System | 5,244 | 2,567 | 6 | (204) | | 7,613 |
| Woori F&I | 10,094 | 43,239 | 7,898 | | (3,000) | 58,231 |
| Woori Second Asset | | | | | | |
| Securitization Specialty | 10 | 41,104 | | | (41,114) | |
| Woori Third Asset | | | | | | |
| Securitization Specialty | 10 | 5,062 | 21,444 | (9,890) | (16,626) | |
| Woori Investment Trust | | | | | | |
| Management | 39,128 | 5,848 | | | (9,900) | 35,076 |
| Woori Securities | 152,662 | (6,348) | 155,213 | | 59,973 | 361,500 |
| LG Securities | 355,201 | | | | | 355,201 |
| | | | | | | |
| | (Won) 4,199,645 | (Won) 3,205,182 | (Won) 1,049,962 | (Won) (272,374) | (Won) 1,254,560 | (Won) 9,436,975 |

(*1) Included Woori Credit Card Co., Ltd. and Woori Investment Bank Co., Ltd.

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(3) The details of other increase or decrease for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | Merger | | Capital | Acquisition | Dividends | Total |
|--|---------------------|------------------|----------------|--------------------|------------------|-----------------|
| | between | | | | | |
| | subsidiaries | reduction | | | | |
| Kyongnam Bank | (Won) | (Won) | (Won) | (Won) | (32,738) | (Won) (32,738) |
| Kwangju Bank | | | | (21,674) | | (21,674) |
| Woori F&I | | | | (6,023) | | (6,023) |
| Woori Second Asset Securitization Specialty | | | | (*1) 28 | | 28 |
| Woori Third Asset Securitization Specialty | | | | (*1) (9,994) | | (9,994) |
| Woori Investment Trust Management | (32,711) | | | (2,400) | | (35,111) |
| Woori Securities | (189,960) | (154,000) | | | | (343,960) |
| Woori Investment Securities | 189,960 | | 11,163 | (8,220) | | 192,903 |
| Woori Asset Management | 32,711 | (21,938) | 48,442 | | | 59,215 |
| | (Won) | (Won) | (Won) | (Won) | (81,021) | (Won) (197,354) |

(*1) Adjusted by dividend receivables

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

| | Acquisition | Dividends | Total |
|---|--------------------|-------------------|-----------------|
| Woori Bank (*1) | (Won) 2,517,418 | (Won) (1,213,545) | (Won) 1,303,873 |
| Kyongnam Bank | | (23,310) | (23,310) |
| Kwangju Bank | | (15,336) | (15,336) |
| Woori F&I | | (3,000) | (3,000) |
| Woori Second Asset Securitization Specialty | | (41,114) | (41,114) |
| Woori Third Asset Securitization Specialty | | (16,626) | (16,626) |
| Woori Investment Trust Management | | (9,900) | (9,900) |
| Woori Securities | 73,958 | (13,985) | 59,973 |
| | (Won) 2,591,376 | (Won) (1,336,816) | (Won) 1,254,560 |

(*1) Included Woori Credit Card Co., Ltd. and Woori Investment Bank Co., Ltd.

(5) The details of changes in the difference between the acquisition cost and the proportionate net asset value on the acquisition date for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| Jan. 1, 2005 | Amortization | Sep. 30, 2005 |
|---------------------|---------------------|----------------------|
|---------------------|---------------------|----------------------|

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| | | | |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Woori F&I | (Won) 79 | (Won) 4 | (Won) 75 |
| Woori Investment Securities | (15,405) | (11,715) | (3,690) |
| | <u> </u> | <u> </u> | <u> </u> |
| | (Won) (15,326) | (Won) (11,711) | (Won) (3,615) |
| | <u> </u> | <u> </u> | <u> </u> |

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- (6) The details of unrealized inter-companies income or loss for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | <u>Jan. 1, 2005</u> | <u>Decrease</u> | <u>Increase</u> | <u>Sep. 30, 2005</u> |
|--|----------------------|--------------------|------------------|----------------------|
| Woori Bank | (Won) (8,930) | (Won) 1,821 | (Won) 395 | (Won) (6,714) |
| Kyongnam Bank | 21 | 123 | (233) | (89) |
| Kwangju Bank | 160 | (45) | | 115 |
| Woori Finance Information System | (491) | 682 | | 191 |
| Woori F&I | (25) | (159) | | (184) |
| Woori Third Asset Securitization Specialty | (50) | | | (50) |
| Woori Investment Trust Management | 3 | (3) | | |
| | <u>(Won) (9,312)</u> | <u>(Won) 2,419</u> | <u>(Won) 162</u> | <u>(Won) (6,731)</u> |

4. LOANS

Loans as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| | <u>Issuance date</u> | <u>Maturity date</u> | <u>Annual interest rate (%)</u> | <u>2005</u> | <u>2004</u> |
|--|--------------------------|--------------------------|---|----------------|----------------|
| Woori Finance Information System | Oct. 31, 2002 | Oct. 31, 2006 | 6.3 | (Won) 30,000 | (Won) 30,000 |
| Woori F&I | Mar. 25, 2003 | Mar. 25, 2007 | 7.3 | 67,000 | 90,000 |
| | Jul. 7, 2003 | Jul. 7, 2007 | 7.3 | 23,000 | 23,000 |
| | Jul. 29, 2003 | Jul. 29, 2007 | 7.3 | | 8,850 |
| | | | | <u>90,000</u> | <u>121,850</u> |
| Woori Second Asset Securitization Specialty: 2-1 non-guaranteed privately placed bonds (*1) | Jan. 8, 2002 | Jan. 8, 2012 | 7.5 | | 100 |
| Woori Third Asset Securitization Specialty: 3-1 non-guaranteed privately placed bonds (*1) | Apr. 15, 2002 | Apr. 15, 2012 | 7.8 | 17,790 | 17,790 |
| Kwangju Bank: Non-guaranteed subordinated convertible bonds (*2) | Dec. 31, 2002 | Dec. 31, 2012 | | 50,000 | 50,000 |
| Total | | | | <u>187,790</u> | <u>219,740</u> |
| | | | | (939) | (1,099) |

Allowance for possible loan losses (Note 5)

| | |
|---------------|---------------|
| (Won) 186,851 | (Won) 218,641 |
|---------------|---------------|

-
- (*1) The principal of the non-guaranteed privately placed bonds listed above shall be fully repaid on the maturity date; however, the trustees may exercise early redemption rights to pay, in part or in whole, the principal in accordance with the business trust contract pursuant to the asset securitization plan.
 - (*2) The coupon rate on the bonds is zero and the guaranteed return is 155.29%. The conversion price is (Won)5,000 and conversion rights are valid from one year after the issuance date to one month before the maturity date. The common shares of Kwangju Bank will be issued upon conversion.

Table of Contents**5. ALLOWANCE FOR POSSIBLE LOAN LOSSES**

Allowances for possible loan losses as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> |
|---|------------------|--------------------|
| Loans: | | |
| Woori F&I | (Won) 450 | (Won) 609 |
| Woori Finance Information System | 150 | 150 |
| Woori Second Asset Securitization Specialty | | 1 |
| Woori Third Asset Securitization Specialty | 89 | 89 |
| Kwangju Bank | 250 | 250 |
| | <u>939</u> | <u>1,099</u> |
| Long-term accrued income: | | |
| Kwangju Bank | 31 | 23 |
| | <u>(Won) 970</u> | <u>(Won) 1,122</u> |

6. FIXED AND INTANGIBLE ASSETS

(1) Changes in tangible assets for the nine months ended September 30, 2005 and the year ended December 31, 2004 are as follows (Korean won in millions):

| | <u>Jan. 1, 2005</u> | <u>Acquisition</u> | <u>Disposition</u> | <u>Depreciation</u> | <u>Sep. 30, 2005</u> |
|------------------------------|---------------------|--------------------|--------------------|---------------------|----------------------|
| Vehicles | (Won) 7 | (Won) | (Won) | (Won) 7 | (Won) |
| Furniture and equipment | 142 | | | 59 | 83 |
| Structures in leased offices | 79 | 1 | | 26 | 54 |
| | <u>(Won) 228</u> | <u>(Won) 1</u> | <u>(Won)</u> | <u>(Won) 92</u> | <u>(Won) 137</u> |

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

(2)

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Changes in intangible assets for the nine months ended September 30, 2005 and the year ended December 31, 2004 are as follows (Korean won in millions):

| | Jan. 1, 2005 | Acquisition | Amortization | Sep. 30, 2005 |
|----------------------------|---------------------|--------------------|---------------------|----------------------|
| Software | (Won) 14 | (Won) 1 | (Won) 5 | (Won) 9 |
| Industrial property rights | 40 | 1 | 10 | 31 |
| | (Won) 54 | (Won) 1 | (Won) 15 | (Won) 40 |

| | Jan. 1, 2004 | Acquisition | Amortization | Dec. 31, 2004 |
|----------------------------|---------------------|--------------------|---------------------|----------------------|
| Software | (Won) 20 | (Won) 1 | (Won) 7 | (Won) 14 |
| Industrial property rights | 31 | 21 | 12 | 40 |
| | (Won) 51 | (Won) 22 | (Won) 19 | (Won) 54 |

As of September 30, 2005, accumulated amortization of software and industrial property rights amounts to (Won)25 million and (Won)37 million, respectively.

Table of Contents**7. OTHER ASSETS**

Other assets as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> |
|--|---------------------|---------------------|
| Guarantee deposits | (Won)4,204 | (Won)4,204 |
| Other receivables | 1,750 | 2,293 |
| Dividend receivables | 26,620 | 18,140 |
| Accrued income | 7,058 | 5,302 |
| Advanced payments | | 82 |
| Prepaid expenses | 111 | 657 |
| Prepaid income tax | 149 | 5,392 |
| | <u>39,892</u> | <u>36,070</u> |
| Allowance for losses for accrued income (Note 5) | (31) | (23) |
| | <u>(Won) 39,861</u> | <u>(Won) 36,047</u> |

8. BORROWINGS

Borrowings in local currency and line of credit as of December 31, 2004 are as follows (Korean won in millions):

| | <u>Annual interest rate (%)</u> | <u>Maturity</u> | <u>Line of credit</u> | <u>2004</u> |
|---------------------------|-------------------------------------|-----------------|-----------------------|----------------------|
| Citibank | CD(3M)+1.3 | Sep. 30, 2005 | (Won) 100,000 | (Won) 60,000 |
| Shinhan Bank | CD(3M)+1.4 | Aug. 19, 2005 | 200,000 | 60,000 |
| Korea First Bank | CD(3M)+1.5 | Jul. 16, 2005 | 100,000 | |
| Samsung Insurance Company | 6.10 | Sep. 15, 2005 | 100,000 | |
| | | | <u>(Won) 500,000</u> | <u>(Won) 120,000</u> |

9. DEBENTURES

(1) Debentures in local currency as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| <u>Issuance date</u> | <u>Annual interest rate (%)</u> | <u>Maturity</u> | <u>2005</u> | <u>2004</u> |
|--------------------------|---|-----------------|-------------|-------------|
|--------------------------|---|-----------------|-------------|-------------|

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| | | | | | |
|-----------------|---------------|------|---------------|-----------------|-----------------|
| The 7th bonds | Nov. 27, 2002 | 5.80 | Nov. 27, 2005 | (Won) 300,000 | (Won) 300,000 |
| The 8th bonds | Dec. 26, 2002 | 6.05 | Dec. 26, 2007 | 200,000 | 200,000 |
| The 9th bonds | Sep. 19, 2003 | 4.64 | Sep. 19, 2006 | 300,000 | 300,000 |
| The 10th bonds | Dec. 16, 2003 | 5.92 | Dec. 16, 2008 | 300,000 | 300,000 |
| The 11th bonds | Jun. 18, 2004 | 5.05 | Jun. 18, 2009 | 370,000 | 370,000 |
| The 12th bonds | Jul. 26, 2004 | 4.84 | Jul. 26, 2009 | 230,000 | 230,000 |
| The 13th bonds | Aug. 31, 2004 | 4.42 | Aug. 31, 2005 | | 100,000 |
| The 14th bonds | Nov. 23, 2004 | 3.49 | Nov. 23, 2007 | 300,000 | 300,000 |
| The 15th bonds | Jun. 21, 2005 | 4.31 | Jun. 21, 2010 | 250,000 | |
| The 16th bonds | Sep. 28, 2005 | 5.10 | Sep. 28, 2008 | 200,000 | |
| The 17th bonds | Sep. 14, 2005 | 4.15 | Apr. 14, 2006 | 150,000 | |
| | | | | 2,600,000 | 2,100,000 |
| Less: discounts | | | | (4,262) | (4,195) |
| | | | | (Won) 2,595,738 | (Won) 2,095,805 |

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

1) Convertible bonds in foreign currencies

| | <u>Issuance</u> <u>date</u> | <u>Annual</u> <u>interest</u> <u>rate (%)</u> | <u>Maturity</u> | <u>2004</u> |
|--|--------------------------------|---|-----------------|---------------------|
| 6-1 Convertible bonds | Sep. 27, 2002 | | Sep. 27, 2005 | US\$ 36,000 |
| Long-term accrued interest | | | | 2,445 |
| | | | | <u>38,445</u> |
| 6-2 Convertible bonds | Dec. 20, 2002 | | Dec. 20, 2005 | US\$ 16,000 |
| Long-term accrued interest | | | | 907 |
| | | | | <u>16,907</u> |
| 6-5 Convertible bonds | Jul. 10, 2003 | | Jul. 10, 2006 | US\$ 1,000 |
| Add: redemption premium | | | | 63 |
| Less: reconciliation for conversion rights | | | | (51) |
| | | | | <u>1,012</u> |
| Total | | | | <u>US\$ 56,364</u> |
| Korean won equivalent | | | | <u>(Won) 58,832</u> |

2) The above convertible bonds were converted to common shares of the Company for the nine months ended September 30, 2005 and the details of the conversion are as follows:

| | <u>6-2 Convertible bonds</u> | | <u>6-1 Convertible bonds</u> | | <u>6-5 Convertible bonds</u> | |
|--|---|-------------------|---|-------------------|---|-------------------|
| Conversion date | Feb. 17, 2005 | | Mar. 11, 2005 | | Mar. 11, 2005 | |
| Converted by | Lehman Brothers International Europe | | Lehman Brothers International Europe | | Lehman Brothers International Europe | |
| Conversion price per share | (Won) | 5,588 | (Won) | 7,313 | (Won) | 7,228 |
| Conversion-exchange rate applied | (Won) | 1,215.80 : US\$ 1 | (Won) | 1,201.40 : US\$ 1 | (Won) | 1,188.50 : US\$ 1 |
| Issued common shares | | 3,481,173 | | 5,914,180 | | 164,429 |
| Increased capital stock | (Won) | 17,406 million | (Won) | 29,571 million | (Won) | 822 million |
| Increased paid-in capital in excess of par value | (Won) | 4,290 million | (Won) | 20,639 million | (Won) | 491 million |

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

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

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Above swap contracts were settled for the nine months ended September 30, 2005. In connection with the swap contracts, the Company recorded loss on valuation of swap contracts of (Won)91 million and (Won)12,440 million for the nine months ended September 30, 2005 and 2004, respectively.

10. LIABILITIES IN FOREIGN CURRENCIES

Liabilities denominated in foreign currencies of the Company as of December 31, 2004 are summarized as follows (Korean won in millions and U.S. dollars in thousands):

| | <u>Foreign currency</u> | <u>Korean won equivalent</u> |
|--------------------------------------|-------------------------|------------------------------|
| Debentures in foreign currencies | US\$ 53,000 | (Won) 55,321 |
| Long-term accrued interest payables | 3,352 | 3,499 |
| Redemption premium | 63 | 65 |
| Reconciliation for conversion rights | (51) | (53) |
| Currency swaps | 13,383 | 13,969 |
| | <u>US\$ 69,747</u> | <u>(Won) 72,801</u> |

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)1,730 million and (Won)1,230 million as of September 30, 2005 and December 31, 2004, respectively.

The details of changes in the accrued severance benefits for the nine months ended September 30, 2005 and the year ended December 31, 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> |
|--|--------------------|--------------------|
| Beginning balance | (Won) 1,230 | (Won) 1,583 |
| Provision for severance benefits (Note 17) | 618 | 215 |
| Payment for severance benefits | (118) | (568) |
| Ending balance | <u>(Won) 1,730</u> | <u>(Won) 1,230</u> |

The Company has purchased an employee retirement trust and made deposits at Woori Bank. As of September 30, 2005 and December 31, 2004, the deposits, amounting to (Won)1,142 million and (Won)1,230 million, respectively, are presented as a deduction from accrued severance benefits.

12. OTHER LIABILITIES

Other liabilities as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> |
|---|---------------------|---------------------|
| Accrued severance benefits (Note 11) | (Won) 1,730 | (Won) 1,230 |
| Deposits with employee retirement trust (Note 11) | (1,142) | (1,230) |
| Other payables | 322 | 163 |
| Accrued expenses | 9,266 | 10,839 |
| Withholdings | 171 | 384 |
| Currency swaps (Notes 9 and 10) | | 13,969 |
| | <u>(Won) 10,347</u> | <u>(Won) 25,355</u> |

Table of Contents**13. SHAREHOLDERS EQUITY**

(1) The authorized shares and issued shares of common stock as of September 30, 2005 and December 31, 2004 are as follows:

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

(2) The changes in the capital stock of the Company for the period from its incorporation to September 30, 2005 are as follows (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 | |
| 2002.12.31 | | <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) |
| 2003.12.31 | | <u>775,504,910</u> | <u>3,877,525</u> | <u>58,071</u> |
| In 2004 | Issuance of new shares | 8,571,262 | 42,856 | 14,126 |
| | Exercise of convertible bonds | 12,379,386 | 61,897 | 12,118 |
| 2004.12.31 | | <u>796,455,558</u> | <u>3,982,278</u> | <u>84,315</u> |
| In 2005 | Exercise of convertible bonds (*1) | 9,559,782 | 47,799 | 24,710 |
| | Acquisition of common shares of LG Investment Trust Management (*2) | | | (24,537) |
| 2005. 9.30 | | <u>806,015,340</u> | <u>(Won) 4,030,077</u> | <u>(Won) 84,488</u> |

(*1) In 2005, the convertible bonds in dollars were converted to common shares of the Company (Note 9).

(*2) The difference between book value and cash payment in acquiring the common shares of LG Investment Trust Management is charged to capital surplus.

(3) Other capital surplus as of December 31, 2004 was consideration of conversion rights relating to convertible bonds issued in 2003. It was transferred to paid-in capital in excess of par value as the convertible bonds were converted to common shares of the Company for the nine months ended September 30, 2005.

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- (4) Pursuant to Article 53 of the Financial Holding Company Act, legal reserve is appropriated at no less than one tenth of net income until reaching an amount equal to the Company's contributed capital, whenever dividends are declared.
- (5) As of September 30, 2005 and December 31, 2004, the Company held 2,549 and 2,547 shares of treasury stock amounting to (Won)18 million, respectively.
- (6) The changes in retained earnings for the nine months ended September 30, 2005 are as follows (Korean won in millions) :

| | 2005 |
|---|-----------------|
| Balance - December 31, 2004 (*1) | (Won) 1,129,675 |
| Appropriations: | |
| Dividend | (119,468) |
| Appropriation of legal reserve | (129,250) |
| Appropriation of voluntary reserve | (910,000) |
| | (1,158,718) |
| Decrease due to investment securities accounted for using the equity method of accounting | (4,861) |
| Net income for the nine months ended September 30, 2005 | 1,500,034 |
| | (Won) 1,466,131 |

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

Table of Contents**14. STOCK OPTIONS**

- (1) On December 4, 2002, the Company granted stock options to directors of the Company and its subsidiaries. The exercise price of 60 percent of the total number of stock options granted will be determined depending on the Korean banking industry stock index (at minimum (Won)6,800 per share). In addition, for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (Won)6,800 per share, the number of stock options to be vested will be dependent on the Company's management performance target levels; non-performing loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15% and 10%, respectively. The portion of stock options dependent on the Company's management performance was finally determined for the nine months ended September 30, 2005; thus, the number of stock options decreased from 1,260,000 to 1,197,000. The stock options are exercisable during a three-year period beginning after three years from the grant date. If the stock options are exercised, the Company has the option either to issue new shares or shares held as treasury stock, or to pay the difference between the market price and the exercise price in cash or with treasury stock.
- (2) The summary of stock options granted as of September 30, 2005 is summarized as follows:

| <u>Description</u> | <u>The Company</u> | <u>Subsidiaries</u> | <u>Total</u> |
|------------------------------|-------------------------------------|-------------------------------------|------------------|
| Exercisable number of shares | 384,750 shares | 812,250 shares | 1,197,000 shares |
| Type | Share issue or balance compensation | Share issue or balance compensation | |
| Valuation method | Fair value approach | Fair value approach | |

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

| <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 Dec. 4, 2002 |
| Expected exercising period | 4.5 year (average holding period) |
| Expected dividend income ratio | 0% |
| Expected lapse ratio | 0% |
| Expected volatility of stock price | 56.72%, that is the annualized standard deviation of expected stock investment yield based on the continuous compounded method |
| Exercise price | (Won)6,800 per share |
| Fair value | (Won)2,081 per share |

- (4) The Company and its subsidiaries had recorded stock option costs from its grant date to December 4, 2004. Details of stock option included in capital adjustments are as follows (Korean won in millions):

| <u>Description</u> | <u>The Company</u> | <u>Subsidiaries</u> | <u>Total</u> |
|---|--------------------|---------------------|--------------|
| Accumulated amounts as of Dec. 31, 2004 | (Won) 780 | (Won) 1,842 | (Won) 2,622 |
| Adjustment in 2005 | (39) | (92) | (131) |
| Stock options as of Sep. 30, 2005 | (Won) 741 | (Won) 1,750 | (Won) 2,491 |

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

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

- (1) Differences between financial accounting income and taxable loss for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | 2005 |
|------------------------------------|-----------------------|
| Net income before income tax | (Won) 1,500,034 |
| Non-temporary differences: | |
| Deemed interest income | 2,355 |
| Dividend income | (123,796) |
| Investment securities | 117,458 |
| Others | 19,854 |
| | <u>15,871</u> |
| Temporary differences: | |
| Investment securities | (1,559,402) |
| Dividend receivables | (15,724) |
| Accrued expenses | 1,394 |
| Currency swap liabilities | (13,969) |
| Reversal of accrued expenses | (3,409) |
| Long-term accrued interest | (3,498) |
| Long-term interest receivables | (1,683) |
| Others | 100 |
| | <u>(1,596,191)</u> |
| Taxable loss after tax adjustments | <u>(Won) (80,286)</u> |

- (2) The changes in cumulative temporary differences and tax loss carry-forwards for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | Jan. 1, 2005 (*1) | Increase | Decrease | Sep. 30, 2005 | Deferred tax assets (liabilities) |
|--|--------------------------|-------------------|-------------------|----------------------|--|
| (Timing differences to be charged to income tax expense) | | | | | |
| Investment securities | (Won) (1,572,019) | (Won) (4,052,630) | (Won) (2,670,653) | (Won) (2,953,996) | (Won) (*2)(16,371) |
| Currency swap liabilities | 13,969 | | 13,969 | | |
| Accrued income | (296) | (294) | (296) | (294) | (81) |
| Accrued severance benefits | 738 | 300 | | 1,038 | 286 |
| Depreciation | 28 | 23 | 5 | 46 | 13 |
| Accrued expenses | 3,409 | 1,394 | 3,409 | 1,394 | 383 |
| Accounts receivable | (1,842) | | (92) | (1,750) | (481) |
| Employee retirement deposits | (738) | (300) | | (1,038) | (286) |

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| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|
| Long-term accrued interest payables | 3,498 | | 3,498 | | |
| Long-term accrued interest income | (4,506) | (1,683) | | (6,189) | (1,702) |
| Premiums on debentures | 65 | | 65 | | |
| Adjustment of conversion rights | (53) | | (53) | | |
| Dividend receivables | 48,873 | | 15,724 | 33,149 | 9,116 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | (Won) (1,508,874) | (Won) (4,053,190) | (Won) (2,634,424) | (Won) (2,927,640) | (Won) (9,123) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| (Timing differences to be charged to equity) | | | | | |
| Capital adjustments | (Won) (1,063,204) | (Won) (177,425) | (Won) | (Won) (1,240,629) | (Won) (*2)(42,979) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Tax loss carry-forwards | (Won) 109,999 | (Won) 80,286 | (Won) | (Won) 190,285 | (Won) 52,329 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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

(*2) Based on the assumption that the temporary differences in securities accounted for using the equity method of accounting would be realized by dividends.

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- (3) The Company anticipates that there will be no tax expense unless the Company liquidates itself or disposes of its investment securities. The Company has no plan to dispose of its investment securities within the foreseeable future. Therefore, deferred tax assets (liabilities) are not recognized since there are no deductible or taxable amounts, resulting from the realization of timing difference.
- (4) Remaining tax loss carry-forwards and their expirations are as follows (Korean won in millions):

| <u>Year incurred</u> | <u>Amount (*1)</u> | <u>Utilized</u> | <u>Remaining</u> | <u>Expiration</u> |
|----------------------|----------------------|-----------------|----------------------|-------------------|
| 2001 | (Won) 25,288 | (Won) | (Won) 25,288 | Dec. 31, 2006 |
| 2002 | 13,899 | | 13,899 | Dec. 31, 2007 |
| 2003 | 48,398 | | 48,398 | Dec. 31, 2008 |
| 2004 | 22,414 | | 22,414 | Dec. 31, 2009 |
| 2005 | 80,286 | | 80,286 | Dec. 31, 2010 |
| | <u>(Won) 190,285</u> | <u>(Won)</u> | <u>(Won) 190,285</u> | |

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

- (5) For the nine months ended September 30, 2005, there is no income tax expense reflected in the statements of income as there is no tax currently payable under the Corporate Tax Act and there are no changes in net deferred tax assets or liabilities.

16. STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2005 and 2004, the significant transactions without cash flows are as follows (Korean won in millions):

| <u>Transactions</u> | <u>2005</u> | <u>2004</u> |
|---|---------------|---------------|
| Increase in capital adjustments due to the equity method of accounting | (Won) 115,255 | (Won) 408,705 |
| Decrease in retained earnings due to the equity method of accounting | (4,861) | (138,101) |
| Increase in investment securities and capital | | 59,999 |
| Increase (decrease) in other receivables and stock options | (92) | 702 |
| Capital increase due to conversion of convertible bonds in foreign currencies | 72,468 | |
| Increase in dividend receivables | 9,966 | |

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

General and administrative expenses for the three months and nine months ended September 30, 2005 and 2004 are summarized as follows (Korean won in millions):

| | 2005 | | 2004 | |
|--|--------------|--------------|--------------|--------------|
| | Three months | Nine months | Three months | Nine months |
| Salaries, wages and bonuses | (Won) 2,138 | (Won) 7,483 | (Won) 1,748 | (Won) 5,661 |
| Provision for severance benefits | 57 | 618 | 38 | 63 |
| Fringe benefits | 176 | 543 | 114 | 521 |
| Rent | 571 | 1,715 | 579 | 1,719 |
| Entertainment | 135 | 248 | 93 | 301 |
| Depreciation (Note 6) | 23 | 92 | 39 | 125 |
| Amortization on intangible assets (Note 6) | 5 | 15 | 5 | 14 |
| Taxes and dues | 18 | 56 | 17 | 43 |
| Advertising | 3,053 | 4,435 | 93 | 1,970 |
| Travel | 57 | 157 | 19 | 52 |
| Telecommunications | 13 | 54 | 11 | 45 |
| Service fees | 546 | 1,713 | 958 | 1,916 |
| Suppliers | 18 | 51 | 27 | 82 |
| Stock compensation (Note 14) | | | 114 | 343 |
| Others | 355 | 981 | 444 | 1,269 |
| | (Won) 7,165 | (Won) 18,161 | (Won) 4,299 | (Won) 14,124 |

18. FINANCIAL INFORMATION OF SUBSIDIARIES

(1) The condensed balance sheets of subsidiaries as of September 30, 2005 are as follows (Korean won in millions):

| | Total assets | Total liabilities | Total shareholders equity |
|--|-------------------|-------------------|---------------------------|
| | | | (capital deficiency) |
| Woori Bank | (Won) 123,774,456 | (Won) 114,695,385 | (Won) 9,079,071 |
| Kyongnam Bank | 13,495,060 | 12,808,558 | 686,502 |
| Kwangju Bank | 11,277,728 | 10,813,148 | 464,580 |
| Woori Finance Information System | 283,516 | 270,946 | 12,570 |
| Woori F&I | 288,357 | 187,512 | 100,845 |
| Woori Third Asset Securitization Specialty | 44,778 | 77,877 | (33,099) |
| Woori Investment Securities | 8,039,857 | 6,174,044 | 1,865,813 |
| Woori Asset Management | 64,623 | 4,014 | 60,609 |
| | (Won) 157,268,375 | (Won) 145,031,484 | (Won) 12,236,891 |

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- (2) The condensed statements of operations of subsidiaries for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | Operating revenue | Operating expenses | Operating income (loss) | Ordinary income (loss) | Net income (loss) |
|---|-------------------------|------------------------|----------------------------|---------------------------|------------------------|
| Woori Bank (*1) | (Won) 8,454,877 | (Won) 6,997,647 | (Won) 1,457,230 | (Won) 1,516,088 | (Won) 1,335,765 |
| Kyongnam Bank | 583,936 | 445,790 | 138,146 | 131,339 | 123,226 |
| Kwangju Bank | 472,800 | 387,313 | 85,487 | 87,113 | 74,643 |
| Woori Finance Information System | 199,676 | 194,252 | 5,424 | 6,838 | 4,468 |
| Woori F&I | 20,570 | 15,095 | 5,475 | 59,989 | 41,869 |
| Woori Third Asset Securitization Specialty | 81 | 1,219 | (1,138) | (1,137) | (1,137) |
| Woori Investment Trust Management (*2) | 2,971 | 2,309 | 662 | 91 | 37 |
| Woori Securities (*3) | 47,824 | 62,205 | (14,381) | (27,483) | (25,185) |
| Woori Investments Securities | 897,110 | 766,681 | 130,429 | 124,206 | 76,833 |
| Woori Asset Management | 9,817 | 4,834 | 4,983 | 1,205 | 3,199 |
| | <u>(Won) 10,689,662</u> | <u>(Won) 8,877,345</u> | <u>(Won) 1,812,317</u> | <u>(Won) 1,898,249</u> | <u>(Won) 1,633,718</u> |

(*1) (Won)237 billion of deductible tax amounts resulting from deducting tax loss carry-forwards from taxable income generated from the credit card business of Woori bank is reflected in net income.

(*2) The income is for the five months ended May 31, 2005 before merger into Woori Asset Management.

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

- (3) Significant liabilities and assets of the Company and its subsidiaries as of September 30, 2005 are summarized as follows (Korean won in millions):

1) Significant liabilities

| | Deposits | Borrowings | Debentures | Total |
|--|--------------------------|-------------------------|-------------------------|--------------------------|
| Woori Finance Holdings | (Won) | (Won) | (Won) 2,595,738 | (Won) 2,595,738 |
| Woori Bank | 82,196,495 | 11,243,723 | 10,797,489 | 104,237,707 |
| Kyongnam Bank | 9,653,872 | 2,124,768 | 604,844 | 12,383,484 |
| Kwangju Bank | 7,841,780 | 2,170,135 | 349,326 | 10,361,241 |
| Woori Finance Information System | | 210,000 | | 210,000 |
| Woori F&I | | 162,900 | | 162,900 |
| Woori Third Asset Securitization Specialty | | 17,790 | | 17,790 |
| Woori Investment Securities | 2,452,787 | 1,522,052 | 193,047 | 4,167,886 |
| | <u>(Won) 102,144,934</u> | <u>(Won) 17,451,368</u> | <u>(Won) 14,540,444</u> | <u>(Won) 134,136,746</u> |

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2) Significant assets

| | Cash and due | | | |
|--|------------------------|-------------------------|--------------------------|--------------------------|
| | from banks | Securities | Loans | Total |
| Woori Finance Holdings | (Won) 418,179 | (Won) 10,947,830 | (Won) 186,851 | (Won) 11,552,860 |
| Woori Bank | 5,481,209 | 23,402,730 | 85,425,403 | 114,309,342 |
| Kyongnam Bank | 1,185,056 | 3,768,460 | 8,017,055 | 12,970,571 |
| Kwangju Bank | 670,956 | 3,353,497 | 6,705,131 | 10,729,584 |
| Woori Finance Information System | 38,406 | 514 | | 38,920 |
| Woori F&I | 50,257 | 61,743 | 153,187 | 265,187 |
| Woori Third Asset Securitization Specialty | 3,618 | 41,156 | | 44,774 |
| Woori Investment Securities | 1,776,113 | 4,067,094 | 1,056,088 | 6,899,295 |
| Woori Asset Management | 41,937 | 302 | 261 | 42,500 |
| | <u>(Won) 9,665,731</u> | <u>(Won) 45,643,326</u> | <u>(Won) 101,543,976</u> | <u>(Won) 156,853,033</u> |

- (4) Loans subject to allowance for possible loan losses, allowance for possible loan losses and percentage of allowance to loans of each subsidiary as of September 30, 2005 and December 31, 2004 are summarized as follows (Korean won in millions):

September 30, 2005

| | Loans subject to allowance for possible | | Percentage of allowance |
|-----------------------------|--|------------------------|----------------------------|
| | loan losses | Allowance | to loans (%) |
| Woori Bank | (Won) 86,789,104 | (Won) 1,364,958 | 1.57 |
| Kyongnam Bank | 8,137,286 | 120,231 | 1.48 |
| Kwangju Bank | 6,795,563 | 92,842 | 1.37 |
| Woori F&I | 153,756 | 569 | 0.37 |
| Woori Investment Securities | 1,227,567 | 171,479 | 13.97 |
| Woori Asset Management | 262 | 1 | 0.38 |
| | <u>(Won) 103,103,538</u> | <u>(Won) 1,750,080</u> | <u>1.70</u> |

December 31, 2004

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

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

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

Contributions to net income of the Company by subsidiaries after elimination of unrealized inter-company incomes or losses for the nine months ended September 30, 2005 are as follows (Korean won in millions):

| | 2005 | Ratio (%) |
|---|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Woori Bank | (Won) 1,338,014 | 83.7 |
| Kyongnam Bank | 123,117 | 7.7 |
| Kwangju Bank | 74,597 | 4.7 |
| Woori Finance Information System | 5,150 | 0.3 |
| Woori F&I | 41,706 | 2.6 |
| Woori Second Asset Securitization Specialty | (28) | |
| Woori Third Asset Securitization Specialty | (1,137) | (0.1) |
| Woori Investment Trust Management | 35 | |
| Woori Securities | (26,268) | (1.6) |
| Woori Investment Securities | 39,540 | 2.5 |
| Woori Asset Management | 3,089 | 0.2 |
| | <u> </u> | <u> </u> |
| Gain on valuation using the equity method of accounting | 1,597,815 | 100.0 |
| Other income | 15,423 | |
| Other expenses | (113,204) | |
| | <u> </u> | |
| Net income | (Won) 1,500,034 | |
| | <u> </u> | |

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

(1) Account balances with the subsidiaries as of September 30, 2005 and December 31, 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> | |
|---|---------------|---------------|---|
| <Assets> | | | |
| Woori Bank | (Won) 397,686 | (Won) 35,852 | Cash and bank deposits |
| | 4,153 | 4,153 | Guarantee deposits |
| | 1,127 | 1,591 | Other receivables |
| | 245 | 118 | Accrued income |
| Kyongnam Bank | 10,253 | 9,938 | Cash and bank deposits |
| | 10 | 11 | Accrued income |
| Kwangju Bank | 10,240 | 10,309 | Cash and bank deposits |
| | 50,000 | 50,000 | Loans |
| | 6,193 | 4,511 | Accrued income |
| Woori Finance Information System | 30,000 | 30,000 | Loans |
| | 178 | 230 | Other receivables |
| | 316 | 366 | Accrued income |
| Woori F&I | 90,000 | 121,850 | Loans |
| Woori Second Asset Securitization Specialty | | 100 | Loans |
| | | 2 | Accrued income |
| Woori Third Asset Securitization Specialty | 17,790 | 17,790 | Loans |
| | 294 | 294 | Accrued income |
| Woori Investment Trust Management | 69 | 73 | Other receivables |
| Woori Credit Information | 158 | 166 | Other receivables |
| Woori CA Asset Management | 218 | 229 | Other receivables |
| Principal guaranteed trust accounts of Woori Bank | 1,142 | 1,230 | Deposits with employee retirement trust |
| | (Won) 620,072 | (Won) 288,813 | |
| <Liabilities> | | | |
| Woori Bank | (Won) 89 | (Won) 58 | Other payables |
| | | 1,498 | Accrued expenses |
| | | 13,969 | Currency swaps (liabilities) |
| Woori Finance Information System | 175 | | Other payables |
| | 351 | 443 | Accrued expenses |
| | (Won) 615 | (Won) 15,968 | |

(2) Transactions with the subsidiaries for the nine months ended September 30, 2005 and 2004 are as follows (Korean won in millions):

| | <u>2005</u> | <u>2004</u> | |
|-------------------------|-------------|-------------|-----------------------------|
| <Revenues> | | | |
| Woori Bank | (Won) 1,581 | (Won) 6,346 | Interest income on deposits |
| | | 5,762 | Interest income on loans |
| Kyongnam Bank | 275 | 587 | Interest income on deposits |
| Kwangju Bank | 256 | 413 | Interest income on deposits |

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| | | | |
|---|-------------------|-------------------|-----------------------------|
| | 1,683 | 1,689 | Interest income on loans |
| Woori Finance Information System | 1,364 | 1,647 | Interest income on loans |
| Woori F&I | 6,062 | 6,881 | Interest income on loans |
| Principal guaranteed trust accounts of Woori Bank | | 32 | Interest income on deposits |
| Woori Second Asset Securitization Specialty | | 6 | Interest income on loans |
| Woori Third Asset Securitization Specialty | 1,041 | 1,626 | Interest income on loans |
| | <u> </u> | <u> </u> | |
| | (Won) 12,262 | (Won) 24,989 | |
| | <u> </u> | <u> </u> | |

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| | <u>2005</u> | <u>2004</u> | |
|----------------------------------|--------------------|---------------------|-------------------------------------|
| <Expenses> | | | |
| Woori Bank | (Won) 2,185 | (Won) 12,440 | Loss on valuation of swap contracts |
| | 1,171 | 1,504 | Rent |
| | 525 | | Other administrative expenses |
| Woori Finance Information System | 319 | 1,254 | Service fees |
| | 1,444 | 623 | Other administrative expenses |
| | <u>(Won) 5,644</u> | <u>(Won) 15,821</u> | |

21. EARNING PER COMMON SHARE

- (1) Basic ordinary income per common share and basic net income per common share for the three months and nine months ended September 30, 2005 and 2004 are as follows (Korean won in millions, except for earning per share data):

| | <u>2005</u> | | <u>2004</u> | |
|--|----------------------|------------------------|----------------------|----------------------|
| | <u>Three months</u> | <u>Nine months</u> | <u>Three months</u> | <u>Nine months</u> |
| Net income on common shares | (Won) 673,179 | (Won) 1,500,034 | (Won) 259,682 | (Won) 440,157 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Ordinary income on common shares | <u>(Won) 673,179</u> | <u>(Won) 1,500,034</u> | <u>(Won) 259,682</u> | <u>(Won) 440,157</u> |
| Weighted average number of common shares outstanding | 806,012,791 | 803,815,131 | 784,076,172 | 778,789,518 |
| Basic ordinary income per common share | <u>(Won) 835</u> | <u>(Won) 1,866</u> | <u>(Won) 331</u> | <u>(Won) 565</u> |
| Basic net income per common share | <u>(Won) 835</u> | <u>(Won) 1,866</u> | <u>(Won) 331</u> | <u>(Won) 565</u> |

- (2) Diluted ordinary income per common share and diluted net income per common share for the three months and nine months ended September 30, 2005 and 2004 are as follows (Korean won in millions, except for earning per share data):

| | <u>2005</u> | | <u>2004</u> | |
|--|----------------------|------------------------|----------------------|----------------------|
| | <u>Three months</u> | <u>Nine months</u> | <u>Three months</u> | <u>Nine months</u> |
| Diluted net income on common shares | (Won) 673,179 | (Won) 1,500,410 | (Won) 261,367 | (Won) 446,679 |
| Extraordinary gain (loss) | | | | |
| Income tax effect on extraordinary gain (loss) | | | | |
| Diluted ordinary income on common shares | <u>(Won) 673,179</u> | <u>(Won) 1,500,410</u> | <u>(Won) 261,367</u> | <u>(Won) 446,679</u> |

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| | | | | |
|--|-------------|-------------|-------------|-------------|
| Weighted average number of common and dilutive common shares outstanding | 806,559,030 | 806,443,077 | 807,355,340 | 800,728,686 |
| Diluted ordinary income per common share | (Won) 835 | (Won) 1,861 | (Won) 324 | (Won) 558 |
| Diluted net income per common share | (Won) 835 | (Won) 1,861 | (Won) 324 | (Won) 558 |

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

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

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- (4) Basic net income per common share and diluted net income per common share for the three months ended March 31, 2005 are (Won)453 and (Won)449, respectively.
- (5) Basic net income per common share and diluted net income per common share for the three months ended June 30, 2005 are (Won)577 and (Won)576, respectively.

22. INSURANCE

As of September 30, 2005 and December 31, 2004, the Company has insurance for liability of reparation of directors with Dongbu Insurance Co., Ltd. with insurance coverage of (Won)30,000 million.

23. SUBSEQUENT EVENT

On October 24, 2005, the Company established Woori Private Equity Co., Ltd. (Woori Private Equity); henceforth, to manage Private Equity Funds (PEFs) to be formed. Its issued and outstanding stock amounts to (Won)10,000 million consisting of 2,000,000 shares of which the Company wholly owns.

24. AGREEMENT ON THE IMPLEMENTATION OF A MANAGEMENT IMPROVEMENT PLAN

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

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

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

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SIGNATURES

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

Woori Finance Holdings Co., Ltd.

(Registrant)

Date: November 14, 2005

By: /s/ YOUNGSUN KIM
(Signature)
Name: **Youngsun Kim**
Title: **Director**

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