

WOORI FINANCE HOLDINGS CO LTD

Form 6-K

March 31, 2006

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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 March 2006

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):

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

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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 Business Report

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I. Company Overview

1. Purpose of the 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 performance 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 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

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1. Securities dealing;
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;
13. Payment guarantees for principal and interests of corporate bonds;

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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;
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;
10. Bill purchases;

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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

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.

(9) Woori Private Equity

1. Private Equity Business; and
2. Other activities approved by the Indirect Investment Asset Management Business Act.

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

(1) Background: From the establishment and major developments.

| | |
|--------------------|---|
| 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 2nd tier subsidiary to 1st 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 |
| February 23, 2006 | Woori CA Asset Management, a 2 nd tier subsidiary, entered into a joint venture arrangement with Japan's Shinsei Bank (Transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank) |

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 |

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| | |
|--------------------|---|
| 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 |
| 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) |

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| | |
|-------------------|---|
| 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 |
| October 21, 2005 | Woori Private Equity is established and incorporated as a subsidiary |
| October 27, 2005 | Closure of strategic investment agreement with Lehman Brothers |
| February 23, 2006 | Woori CA Asset Management, a 2 nd tier subsidiary, entered into a joint venture arrangement with Japan's Shinsei Bank (Transfer of 49% of Woori F&I's 100% stake in Woori CA Asset Management to Shinsei Bank) |

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(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 Holdings | 9 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 Private Equity (2) | | |
| | Woori Credit Information | | |
| | Woori America Bank | | |
| | P.T. Bank Woori Indonesia | | |
| | Shinwoo Corporate Restructuring Company | | |
| Woori First Private Equity Fund | | | |
| 2 nd Tier Subsidiaries | Nexbi Tech | Woori Finance Information System | 12 companies |
| | Woori SB Asset Management (3) | Woori F&I | |
| | Woori Futures | | |
| | Woori Investment & Securities International Ltd. | | |
| | Woori Investment & Securities (HK) Ltd. | Woori Investment & Securities | |

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Woori Investment & Securities America Inc.

Mars First Private Hoesa

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- (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.
 - (2) Woori Private Equity was established on October 21, 2005 and incorporated as a wholly-owned subsidiary.
 - (3) On February 23, 2006, Woori CA Asset Management was renamed to Woori SB Asset Management.
- * Former subsidiary Woori Second Asset Securitization Specialty was dissolved on August 3, 2005.

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

(units: Won)

| Date | Category | Type | Quantity | Stock Decrease/Increase | | Note |
|------------|--------------------------------------|--------|-------------|-------------------------|---------------------|--|
| | | | | 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.

Table of Contents**4. Total Number of Authorized Shares****a. Total Number of Authorized Shares**

As of 2005.12.31

(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 2005.12.31

(units: Won, shares)

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

c. Treasury Stock

As of 2005.12.31

(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 | 2,547 | 3 | | | 2,550 | |
| | Preferred | | | | | | |
| Subtotal | Common | 2,547 | 3 | | | 2,550 | |
| | Preferred | | | | | | |
| Indirect acquisition from trust agreement | Common | | | | | | |
| | Preferred | | | | | | |
| Total | Common | 2,547 | 3 | | | 2,550 | |
| | Preferred | | | | | | |

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d. Status of Employee Stock Option Program

(units: Won, shares)

| Type of stock | Type of Stock | Initial Balance | Ending Balance |
|------------------------|---------------|-----------------|----------------|
| Employee Account | | | |
| Employee Union Account | Common stock | 2,073,551 | 101,793 |

5. Voting Rights

As of 2005.12.31

(units: shares)

| Items | | Number of stock | Notes |
|---|------------------|-----------------|-------|
| 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 | - | 1,001,491 | |
| Stocks with voting rights restored | - | | |
| Stocks with voting rights | Common Shares | 805,013,849 | |
| | Preferred Shares | | |

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

(units: Won)

| Items | 2005 | 2004 | 2003 |
|--|------------------|-----------|-----------|
| Par value per share (Won) | 5,000 | 5,000 | 5,000 |
| Net profit (Won in Millions) | 1,688,221 | 1,261,924 | 202,565 |
| Earnings per share (Won) | 2,099 | 1,616 | 262 |
| Profit available for dividend distribution (Won in Millions) | 3,514,715 | 2,120,429 | 1,203,688 |
| Total cash payout (Won in Millions) | 322,405 | 119,468 | 77,550 |
| Total stock dividends (Won in Millions) | | | |
| Propensity to cash dividends (%) | 19.10 | 9.47 | 38.28 |
| Cash dividend yield (%) | | | |
| | Common Shares | 1.98 | 1.81 |
| | Preferred Shares | | 1.53 |
| Stock dividend yield (%) | | | |
| | Common Shares | | |
| | Preferred Shares | | |
| Cash dividend per share (Won) | | | |
| | Common Shares | 400 | 150 |
| | Preferred Shares | | 100 |
| Stock dividend per share (Won) | | | |
| | Common Shares | | |
| | Preferred Shares | | |

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II. Description of Business

1. Business Overview

a. Organizational Chart

As of 2005.12.31

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 | 2004 | 2003 |
|---------------------|------------|-----------|-----------|
| Shareholders Equity | 9,717,364 | 7,448,052 | 5,597,895 |
| Capital | 4,030,076 | 3,982,278 | 3,877,525 |
| Capital Surplus | 84,488 | 84,356 | 61,324 |
| Retained Earnings | 3,891,963 | 2,328,854 | 1,282,866 |
| Capital Adjustments | 1,710,836 | 1,052,565 | 376,180 |
| Borrowings | 2,314,419 | 2,299,992 | 2,649,920 |
| Debentures | 2,296,203 | 2,154,637 | 2,621,182 |
| Bank Borrowings | | 120,000 | |
| Commercial Paper | | | |
| Other Borrowings | | | |
| Other Liabilities | 18,216 | 25,354 | 28,738 |
| Total | 12,031,783 | 9,748,044 | 8,247,815 |

* Change in accounting policy is reflected in 2004 figures for the purpose of comparison

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(2) Use of Funds

(units: millions of Won)

| Items | 2005 | 2004 | 2003 |
|--|-------------------|------------------|------------------|
| Subsidiary Stock | 11,751,678 | 9,436,975 | 7,007,222 |
| Woori Bank | 9,695,213 | 7,589,957 | 5,869,558 |
| Kyongnam Bank | 694,275 | 608,802 | 504,629 |
| Kwangju Bank | 561,330 | 420,595 | 364,955 |
| Woori Financial Information System | 11,903 | 7,613 | 7,284 |
| Woori F&I | 114,017 | 58,231 | 35,896 |
| Woori 2 nd Asset Securitization Specialty | | | 20,016 |
| Woori 3 rd Asset Securitization Specialty | | | 1,266 |
| Woori Investment Trust Management (2) | | 35,076 | 34,978 |
| Woori Securities (1) | | 361,500 | 168,639 |
| Woori Investment & Securities (1) | 604,543 | 355,201 | |
| Woori Asset Management (2) | 60,600 | | |
| Woori Private Equity | 9,797 | | |
| Loan Obligations | 109,450 | 218,641 | 830,566 |
| Tangible Assets | 119 | 228 | 242 |
| Intangible Assets | 35 | 54 | 51 |
| Cash | 104,072 | 56,099 | 349,585 |
| Other Assets | 66,428 | 36,047 | 60,148 |
| Total | 12,031,783 | 9,748,044 | 8,247,815 |

* Change in accounting policy is reflected in 2004 figures for the purpose of comparison

- 1) Invested shares of Woori Securities were evaluated under the 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 the 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 | 2004 | 2003 |
|-------------------------|-------|--------|--------|--------|
| Commission Revenue (A) | | 0 | 0 | 0 |
| Commission Expense (B) | | 6,641 | 8,037 | 6,704 |
| Commission Profit (A-B) | | -6,641 | -8,037 | -6,704 |

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 | 2004 | 2003 | 2002 |
|-------------------------|---------|--------|----------|--------|
| Current Assets (A) | 111,091 | 57,346 | 203,202 | 78,357 |
| Current Liabilities (B) | 18,216 | 11,385 | 9,711 | 9,317 |
| Current Ratio (A/B) | 609.85% | 503.7% | 2,092.5% | 841.0% |

* **Current ratio**

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

* **Current ratio**

= 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 | 2004 | 2003 | 2002 |
|------------------|-----------|-----------|-----------|-----------|
| Liabilities (A) | 2,314,418 | 2,299,992 | 2,649,920 | 2,325,022 |
| Equity (B) | 9,717,364 | 7,448,052 | 5,597,895 | 5,064,129 |
| Debt Ratio (A/B) | 23.8% | 30.9% | 47.3% | 45.9% |

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 | Debentures | AA+ | KIS Ratings (AAA~D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | KIS Ratings (AAA~ D) | Case evaluation |
| 2001.9.26 | Debentures | AA+ | Korea Ratings (AAA~ D) | Case evaluation |
| 2001.11.29 | | BBB- | R&I (AAA~ C) | Case evaluation |
| 2002.10.17 | Debentures | AA+ | Korea Ratings (AAA~ D) | Case evaluation |
| 2002.10.22 | Debentures | AA+ | KIS Ratings (AAA~ D) | Case evaluation |
| 2002.11.8 | | BBB | R&I (AAA~ C) | Periodic evaluation |
| 2002.12.13 | Debentures | AA+ | Korea Ratings (AAA~ D) | Case evaluation |
| 2002.12.16 | Debentures | AA+ | KIS Ratings (AAA~ D) | Case evaluation |
| 2003.6.30 | Debentures | AA+ | KIS Ratings (AAA~ D) | Periodic evaluation |
| 2003.9.8 | Debentures | AAA | Korea Ratings (AAA~ D) | Case evaluation |
| 2003.9.8 | Debentures | AAA | KIS Ratings (AAA~ D)) | Case evaluation |
| 2003.11.13 | | BBB | R&I (AAA~ C) | Periodic evaluation |
| 2003.12.04 | Debentures | AAA | NICE (AAA~ D) | Case evaluation |
| 2003.12.04 | Debentures | AAA | KIS Ratings (AAA~ D)) | Case evaluation |
| 2004.2.6 | | BBB | Fitch Rating (AAA~ D) | Case evaluation |
| 2004.3.11 | | BBB- | S&P (AAA~ D) | Case evaluation |
| 2004.5.27 | | Baa3 | Moody s (Aaa~ C) | Case evaluation |
| 2004.6.9 | Debentures | AAA | KIS Ratings (AAA~ D)) | Case evaluation |
| 2004.6.9 | Debentures | AAA | NICE (AAA~ D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | NICE (AAA~ D) | Case evaluation |
| 2004.7.16 | Debentures | AAA | Korea Ratings (AAA~ D) | Case evaluation |
| 2004.11.15 | Debentures | AAA | Korea Ratings (AAA~ D) | Case evaluation |
| 2004.11.15 | Debentures | AAA | KIS Ratings (AAA~ D) | Case evaluation |
| 2005.6.7 | | BBB | S&P (AAA~ D) | Case evaluation |
| 2005.6.9 | Debentures | AAA | KIS Ratings (AAA~ D) | Case evaluation |
| 2005.6.13 | Debentures | AAA | Korea Ratings (AAA~ D) | Case evaluation |
| 2005.9.16 | Debentures | AAA | NICE (AAA~ D) | Case evaluation |
| 2005.9.20 | Debentures | AAA | KIS Ratings (AAA~ D) | Case evaluation |
| 2005.10.24 | | BBB+ | Fitch Rating (AAA~ D) | Case evaluation |

e. Other Important Information

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

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

(units: millions of Won)

| Items | 2005 | 2004 | 2003 | 2002 | 2001 |
|----------------------------|------------|-----------|-----------|-----------|-----------|
| Cash and Due from Banks | 104,072 | 56,099 | 349,585 | 73,256 | 13,825 |
| Securities | 11,751,678 | 9,436,976 | 7,007,222 | 6,062,119 | 5,016,864 |
| Loans | 109,450 | 218,641 | 830,566 | 1,231,207 | 648,365 |
| Fixed Assets | 155 | 282 | 293 | 374 | 651 |
| Other Assets | 66,428 | 36,046 | 60,148 | 22,195 | 14,108 |
| Total Assets | 12,031,783 | 9,748,044 | 8,247,814 | 7,389,151 | 5,693,813 |
| Borrowings | 0 | 120,000 | 0 | 300,000 | 310,000 |
| Debentures | 2,296,203 | 2,154,636 | 2,621,182 | 1,999,250 | 1,298,304 |
| Other Liabilities | 18,216 | 25,355 | 28,737 | 25,772 | 8,162 |
| Total Liabilities | 2,314,419 | 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 | 3,891,963 | 2,328,854 | 1,282,866 | 1,145,518 | 558,501 |
| Capital Adjustment | 1,710,836 | 1,052,565 | 376,180 | 20,892 | -118,447 |
| Total Stockholder's Equity | 9,717,364 | 7,448,053 | 5,597,895 | 5,064,129 | 4,077,347 |
| Operating Income* | 1,867,488 | 1,922,849 | 1,593,251 | 878,488 | 717,112 |
| Operating Expenses * | 179,189 | 662,975 | 1,390,154 | 302,721 | 31,222 |
| Operating Profit | 1,688,299 | 1,259,874 | 203,097 | 575,767 | 685,890 |
| Ordinary Income | 1,688,221 | 1,261,925 | 202,565 | 589,214 | 685,885 |
| Net profit | 1,688,221 | 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 under the 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 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Cash and Due from Banks | 11,224,015 | 6,530,065 | 6,471,855 | 6,568,852 | 6,432,890 |
| Securities | 37,693,090 | 29,175,271 | 27,006,677 | 26,452,509 | 25,024,333 |
| Loans | 106,937,970 | 91,482,647 | 86,077,297 | 73,604,113 | 59,876,198 |
| Fixed Assets | 2,684,534 | 2,646,979 | 2,734,616 | 2,796,183 | 2,831,851 |
| Other Assets | 6,003,239 | 6,767,002 | 6,477,275 | 5,421,877 | 5,920,545 |
| Total Assets | 164,542,848 | 136,601,964 | 128,767,720 | 114,843,534 | 100,058,817 |
| Deposits | 107,087,991 | 92,148,907 | 89,049,625 | 78,917,388 | 69,332,217 |
| Borrowings | 16,508,102 | 13,285,773 | 12,813,104 | 13,839,614 | 13,742,572 |
| Debentures | 18,813,020 | 13,687,295 | 12,195,159 | 10,792,932 | 5,491,533 |
| Other Liabilities | 11,028,773 | 8,774,709 | 9,011,532 | 5,978,833 | 7,080,301 |
| Total Liabilities | 153,437,886 | 127,896,684 | 123,069,420 | 109,528,767 | 95,646,623 |
| Common Stock | 4,030,077 | 3,982,278 | 3,877,525 | 3,839,074 | 3,637,293 |
| Consolidated Capital Surplus | 142,608 | 170,960 | 57,844 | 25,029 | |
| Consolidated Retained Earnings | 3,896,255 | 2,333,145 | 1,152,053 | 1,151,113 | 558,852 |
| Consolidated Capital Adjustment | 1,652,709 | 965,957 | 414,969 | 54,506 | -116,546 |
| Minority Interest | 1,383,313 | 1,252,940 | 195,909 | 245,045 | 359,595 |
| Total Stockholders Equity | 11,104,962 | 8,705,280 | 5,698,300 | 5,314,767 | 4,439,194 |
| Operating Income (1) | 14,258,430 | 13,245,482 | 10,403,445 | 9,623,990 | 10,159,156 |
| Operating Expenses (2) | 12,227,877 | 12,138,088 | 10,060,209 | 8,908,732 | 9,847,439 |
| Operating Profit | 2,030,553 | 1,107,394 | 343,236 | 715,258 | 311,717 |
| Non-operating Income | 573,219 | 482,946 | 639,883 | 540,113 | 1,190,685 |
| Non-operating Expenses | 458,068 | 397,766 | 752,057 | 800,487 | 937,984 |
| Ordinary Income | 2,145,704 | 1,192,574 | 231,062 | 454,884 | 564,418 |
| Aggregated Net Profit | 1,833,521 | 1,261,052 | 52,374 | 613,576 | 736,616 |
| Consolidated Net Profit | 1,688,221 | 1,261,925 | 56,279 | 591,588 | 686,287 |
| No. of Companies Consolidated | 21 | 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.

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

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)

| Period | Item | Total Credits | Loan Loss Reserves | Provisioning Ratio |
|--------|----------|---------------|--------------------|--------------------|
| 2005 | Lendings | 110,000 | 550 | 0.5% |
| | Loans | | | |
| | Total | 110,000 | 550 | 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)

| Item | 2005 | 2004 | 2003 |
|---------------------------------------|-------|--------|---------|
| 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 | -548 | -3,076 | 15,656 |
| Ending loan loss reserve balance | 550 | 1,098 | 4,174 |

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4. Notes on Consolidated Financial Statements

(1) Auditor's opinion

| Item | 2005 | 2004 | 2003 | 2002 | 2001 |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Auditor | Deloitte Anjin | Deloitte HanaAnjin | Deloitte & Touche | Deloitte & Touche | Arthur Andersen |
| Auditor's Opinion | Unqualified Opinion | Unqualified Opinion | Unqualified Opinion | Unqualified Opinion | Unqualified Opinion |

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

| Year | Companies included | Newly included companies | Excluded companies |
|------|---|---|---|
| 2005 | Woori Finance Holdings and 21 companies | - Woori Private Equity | - Woori Investment Trust Management - Woori Securities - Woori Second SPC - Woori First Private Investment Company |
| 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 - High Technology Venture Investment - Global Technology Investment | - Woori Credit Card |
| 2003 | Woori Finance Holdings and 15 companies | | - Woori Merchant Bank - Woori First SPC |

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

2005
Deloitte Anjin

2004
Deloitte HanaAnjin

2003
Deloitte & Touche

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

(units: millions of Won)

| Year | Auditor | Activity | Compensation | Accrued Time (hr) |
|------|--------------------|--|--------------|-------------------|
| 2005 | Deloitte Anjin | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 320 | 5,950 |
| 2004 | Deloitte HanaAnjin | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 310 | 7,158 |
| 2003 | Deloitte & Touche | Quarter, Half Year, Annual Interim Financial Statements (Consolidated, Non-consolidated) | 283 | 6,751 |

b. Compensation for services other than the Audit

(units: thousands of dollars)

| Year | Contract Date | Activity | Period | Comp. | Note |
|------|---------------|------------------|----------------|-------|--------------------|
| 2005 | 2006.2.9 | US GAAP Auditing | 2005.12~2006.5 | 1,950 | Deloitte Anjin |
| 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 |

Table of Contents**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, 2006, respectively.

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

| Position | Name | Information | Relationship with KDIC | Transaction with WFG |
|---|-------------|---|-------------------------------|-----------------------------|
| Non-standing Director and audit Committee | Je-Hoon | - B.A. in Sociology, Seoul National University | | |
| | Lee | - M.A. in Journalism, Seoul National University - CEO & President of The Joongang Ilbo - Currently President of Korea BBB Association | N/A | N/A |
| Non-standing Director and audit Committee | Sung-Tae | - B.A. in Economics, Seoul National University | | |
| | Ro | - Ph.D. in Economics, Harvard University - Dean of Business School at Myongji University - Currently President of Korea Economic Research Institute | N/A | N/A |
| Non-standing Director and audit Committee | Woon-Youl | - B.B.A. in Business Administration, Seoul National University | N/A | N/A |

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| | | | | |
|--|------------|--|------------------------|-----|
| | Choi | - Ph.D. in Finance, University of Georgia - Member of Monetary Policy Committee - Currently Vice President of Sogang University | | |
| Non-standing Director and audit Committee | Chung-Sook | - B.A. in Home Management, Sookmyung Women's University | | |
| | Moon | - Ph.D. in Consumer Economics, Kansas State University - Member of Regulatory Reform Committee | N/A | N/A |
| | | - Currently Professor of Economics at Sookmyung Women's University | | |
| Non-standing Director and audit Committee | Sung-Hwan | - B.B.A. in Business Administration, Yeungnam University | | |
| | Bae | - Masters in Economics, University of Illinois - Ph.D. in Business Administration, SungKyunKwan University - Banking Supervisory Authority of the Bank of Korea - Currently director at Korea Deposit Insurance Corp. | Employee (Director) | N/A |

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| | | | | |
|--|--|---|-----|-----|
| Non-standing Director and audit Committee | Sung-Kwan | - B.B.A. in Business Administration, Dong-A University | | |
| | Huh | - Masters in Business Administration, State University of New York at Buffalo | | |
| | | - Ph.D. in Business Administration, State University of New York at Buffalo | N/A | N/A |
| Non-standing Director and audit Committee | | - Minister of Government Administration and Home Affairs | | |
| | | - President of Gwangju Institute of Science and Technology | | |
| | Bong Soo | - B.B.A. in Business Administration, Seoul National University | | |
| | Park | - Masters in Economics, George Washington University | | |
| | | - Chief Director of Korea Technology Credit Guarantee Fund | N/A | N/A |
| | - Currently Executive Advisor at Korea Institute for International Economics Policy | | | |

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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

1. BOD Management Committee

| Name | Position | Notes |
|-----------------|-----------------------|---|
| Young-Key Hwang | Chairman and CEO | Chairman/CEO Young-Key Hwang heads this committee consisting of the heads of the 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 | |
| Chung-Sook Moon | Non-standing Director | |

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2. Management Compensation Committee

| Name | Position | Notes |
|----------------|-----------------------|--|
| Je-Hoon Lee | Non-standing Director | Non-standing director Je-Hoon Lee heads this committee consisting of 3 non-standing directors. |
| Woon-Youl Choi | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |

Non-standing director Sung-Kwan Huh was newly appointed to the committee on March 28, 2006.
Directors Je-Hoon Lee and Woon-Youl Choi were reappointed and Oh-Seok Hyun resigned on March 28, 2006.

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 | |

At the BOD meeting held on March 28, 2006, the regulations of the risk management committee were revised, and the committee structure was adjusted to exclude Seung Hee Park.

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

Oh-Seok Hyun resigned on March 28, 2006.

4. Audit Committee

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

Newly appointed non-standing directors Bong Soo Park and Sung-Kwan Huh were appointed as audit committee members, and Oh-Seok Hyun resigned on March 28, 2006.

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 | |

Jong-Wook Kim resigned on March 28, 2006.

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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 | |
| Je-Hoon Lee | Non-standing Director | |
| Oh-Seok Hyun | Non-standing Director | |
| Chung-Sook Moon | Non-standing Director | Non-standing director Chung-Sook Moon heads this committee consisting of all executive directors and no less than 2 non-standing directors. |

Director Sung-Hwan Bae was appointed to the committee and directors Je-Hoon Lee and Chung-Sook Moon were reappointed on March 28, 2006.

Oh-Seok Hyun resigned on March 28, 2006.

7. Non-standing Director Candidate Nomination Committee

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

Newly appointed non-standing director Bong Soo Park was appointed to the committee and directors Je-Hoon Lee, Sung-Tae Ro, and Woon-Youl Choi were reappointed on March 28, 2006.

8. MOU Review Committee

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

Non-standing directors Sung-Kwan Huh, Bong Soo Park were newly appointed to the committee on March 28, 2006.

Director Oh-Seok Hyun resigned.

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E. Stock Options

As of 2005.12.31

(units: Won, shares)

| Grantee | Relationship | Grant date | Type of stock | No. of granted options | Exercised options | Cancelled options | Exercisable options | Closing price |
|-----------------|-----------------------------|------------|---------------|------------------------|-------------------|-------------------|---------------------|---------------|
| | | | | | | | | |
| Byung Chul Yoon | Standing director | 2002.12.04 | Common | 100,000 | 95,000 | 5,000 | 0 | 20,100 |
| Kwang Woo Chun | Standing director | 2002.12.04 | Common | 80,000 | 76,000 | 4,000 | 0 | 20,100 |
| Euoo Sung Min | Standing director | 2002.12.04 | Common | 80,000 | 0 | 80,000 | 0 | 20,100 |
| Hwan Kyu Park | Non-standing dir. | 2002.12.04 | Common | 40,000 | 0 | 2,000 | 38,000 | 20,100 |
| Ki Chul Han | Non-standing dir. | 2002.12.04 | Common | 30,000 | 10,500 | 1,500 | 18,000 | 20,100 |
| Tae Ho Sohn | Non-standing dir. | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Won Gihl Sohn | Non-standing dir. | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Nam Hong Cho | Standing director | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Sang Chul Lee | Standing director) | 2002.12.04 | Common | 10,000 | 9,500 | 500 | 0 | 20,100 |
| Jae Woong Lee | Standing director | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Gae Min Lee | Standing director | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Kwang Sun Chung | Standing director | 2002.12.04 | Common | 10,000 | 0 | 10,000 | 0 | 20,100 |
| Hae-Seok Suh | Standing director | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Duk Hoon Lee | Director of related company | 2002.12.04 | Common | 80,000 | 28,000 | 4,000 | 48,000 | 20,100 |
| Jong Wook Kiim | Director of related company | 2002.12.04 | Common | 45,000 | 42,750 | 2,250 | 0 | 20,100 |
| Jin Kyu Park | Director of related company | 2002.12.04 | Common | 45,000 | 42,750 | 2,250 | 0 | 20,100 |
| Jong Ku Min | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |
| Jong Hwee Lee | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Dong Myun Suh | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Ki Shin Kim | Director of related company | 2002.12.04 | Common | 30,000 | 18,000 | 1,500 | 10,500 | 20,100 |
| Young Seok Kim | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Byung Kil Choi | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |

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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 | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Tae Woong Chung | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 1,500 | 28,500 | 20,100 |
| Dong Chan Bae | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Dae Hwan Kim | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Young Ha Kim | Director of related company | 2002.12.04 | Common | 10,000 | 3,500 | 500 | 6,000 | 20,100 |
| Young Yong Kim | Director of related company | 2002.12.04 | Common | 10,000 | 3,500 | 500 | 6,000 | 20,100 |
| Taik Su Han | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Sang Im Park | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Joon Ho Hahm | Director of related company | 2002.12.04 | Common | 10,000 | 0 | 500 | 9,500 | 20,100 |
| Joon Ho Lee | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 500 | 28,500 | 20,100 |
| Joo Sun Yeom | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Ga Seok Chae | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Sung Wook Park | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Ki Seok Kim | Director of related company | 2002.12.04 | Common | 5,000 | 0 | 250 | 4,750 | 20,100 |
| Jae Ki Hong | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Sam Su Pyo | Director of related company | 2002.12.04 | Common | 40,000 | 38,000 | 2,000 | 0 | 20,100 |
| Jung Rak Chun | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |
| Won Chul Hwang | Director of related company | 2002.12.04 | Common | 20,000 | 0 | 1,000 | 19,000 | 20,100 |
| Jong Hwee Kim | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 150,000 | 0 | 20,100 |
| Sung Hoo Kwak | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Seok Hwan Lee | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Seok Hee Hwang | Director of related company | 2002.12.04 | Common | 40,000 | 0 | 40,000 | 0 | 20,100 |
| Choong Wan Lee | Director of related company | 2002.12.04 | Common | 35,000 | 0 | 35,000 | 0 | 20,100 |
| Ki Sang Chung | Director of related company | 2002.12.04 | Common | 30,000 | 0 | 30,000 | 0 | 20,100 |

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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 | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Kim Kwang Suh | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Koo In Kee | Director of related company | 2002.12.04 | | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Baek Seung Yang | Director of related company | 2002.12.04 | | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Han Keun Soo | Director of related company | 2002.12.04 | | 15,000 | 0 | 15,000 | 0 | 20,100 |
| Yook Ki Jong Chung | Director of related company | 2002.12.04 | Common | 5,000 | 4,750 | 250 | 0 | 20,100 |
| Hun Il Nam | Director of related company | 2002.12.04 | Common | 30,000 | 10,500 | 1,500 | 18,000 | 20,100 |
| Young Soo Kim | Director of related company | 2002.12.04 | Common | 30,000 | 28,500 | 1,500 | 0 | 20,100 |
| Jin Ho Yoon | Director of related company | 2002.12.04 | Common | 20,000 | 19,000 | 1,000 | 0 | 20,100 |
| Seok Koo Yoon | Director of related company | 2002.12.04 | Common | 15,000 | 5,250 | 750 | 9,000 | 20,100 |
| Ji Yeon Joo | Director of related company | 2002.12.04 | Common | 15,000 | 14,250 | 750 | 0 | 20,100 |
| Ho Hyun Lee | Director of related company | 2002.12.04 | Common | 20,000 | 19,000 | 1,000 | 0 | 20,100 |
| Chan Kook Chung | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 750 | 14,250 | 20,100 |
| Duk Yoon Kim | Director of related company | 2002.12.04 | Common | 15,000 | 6,250 | 750 | 8,000 | 20,100 |
| Young Wook Kim | Director of related company | 2002.12.04 | Common | 15,000 | 0 | 750 | 14,250 | 20,100 |
| Dae Kyu Ko | Director of related company | 2002.12.04 | Common | 15,000 | 7,250 | 750 | 7,000 | 20,100 |
| Total | - | - | - | 1,560,000 | 662,750 | 420,000 | 477,250 | - |

1. Exercised options as of March 10, 2006
2. Cancelled options reflect the deductions as stipulated in the stock option agreement for failure to meet the substandard and below loan ratio target.
3. Exercise period: December 5, 2005 ~ December 4, 2008

4. Exercise Price:

60% of granted = 11,921 Won {6,800*(1+Rate of return of the banking industry index)}

40% of granted = 6,800 Won

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2. Related Companies

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

As of 2005.12.31

(units: thousands of shares, millions of Won)

| Type | Name | Beginning Balance | | | Changes | | Ending Bal. | | | Latest Net Income * |
|----------|---------------------------|-------------------|-------|-----------|----------|-----------|-------------|--------|------------|---------------------|
| | | Quantity | Share | Cost | Quantity | Cost | Quantity | Share | Cost | |
| DOMESTIC | Woori Bank | 635,957 | 100.0 | 7,589,957 | - | 2,105,256 | 635,957 | 100.0 | 9,695,213 | 1,425,755 |
| | Kwangju Bank | 34,080 | 99.9 | 420,595 | 10,000 | 140,735 | 44,080 | 99.9 | 561,330 | 124,684 |
| | Kyongnam Bank | 51,800 | 99.9 | 608,802 | - | 85,473 | 51,800 | 99.9 | 694,275 | 132,678 |
| | Woori Inv. Trust Mgmt. | 6,000 | 100.0 | 35,076 | -6,000 | -35,076 | - | - | - | 2,760 |
| | Woori Securities | 32,956 | 100.0 | 361,500 | -32,956 | -361,500 | - | - | - | -26,294 |
| | Woori Finance Info Sys. | 900 | 100.0 | 7,613 | - | 4,290 | 900 | 100.0 | 11,903 | 3,473 |
| | Woori F&I | 2,000 | 100.0 | 58,231 | - | 55,786 | 2,000 | 100.0 | 114,017 | 59,002 |
| | Woori 2 nd SPC | 2 | 95.0 | - | -2 | - | - | - | - | 5,730 |
| | Woori 3 rd SPC | 2 | 100.0 | - | - | - | 2 | 100.0 | - | 16,887 |
| | Woori Investment | 32,877 | 23.16 | 355,201 | 13,447 | 249,342 | 46,324 | 30.00 | 604,543 | 42,088 |
| | & Securities | | | | | | | | | |
| | (formerly LGIS) | | | | | | | | | |
| | Woori Asset Management | - | - | - | 6,662 | 60,600 | 6,662 | 100.0 | 60,600 | 5,097 |
| | (formerly LGITM) | | | | | | | | | |
| | Woori Private | - | - | - | 2,000 | 9,797 | 2,000 | 100.00 | 9,797 | -203 |
| | Equity | | | | | | | | | |
| | Foreign | - | - | - | - | - | - | - | - | - |
| | Total | 796,574 | - | 9,436,975 | -6,849 | 2,314,703 | 789,725 | - | 11,751,678 | 1,791,639 |

1. Change in accounting policy is reflected in beginning balance figures.
2. The changes in the quantity and cost are calculated from the increase or decrease under the equity method.
3. The latest net income date is December 2005, except for Woori Asset Management, Woori Securities and Woori Investment & Securities for which the latest net income date is March 2005.
4. The invested shares of Woori Securities were absorbed into Woori Investment & Securities after Woori Investment & Securities (formerly known as LG Investment & Securities) and Woori Securities merged.
5. The invested shares of Woori Securities were absorbed into Woori Asset Management after Woori Asset Management (formerly known as LG Investment Trust Management) and Woori Investment Trust Management merged.
6. Woori 2nd SPC was dissolved on August 3, 2005.
7. Due to change in accounting standards, the beginning balance has been adjusted.
8. 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 2005.12.31

(units: shares, %)

| Name | Relation | Type | Beginning balance | | Shares Held | | Ending balance | | Reasons Behind Change |
|-------|-----------|-----------|-------------------|-------|-------------|-----|----------------|-------|-----------------------|
| | | | Stock | Share | (+) | (-) | Stock | Share | |
| KDIC | Major S/H | Common | 628,458,609 | 78.91 | - | - | 628,458,609 | 77.97 | |
| Total | | Common | 628,458,609 | 78.91 | - | - | 628,458,609 | 77.97 | |
| | | 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 2005.12.31

(units: shares, %)

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

c. Shareholder Distribution

As of 2005.12.31

| Items | Shareholder number | Ratio | Number of shares | Ratio |
|------------------------------------|--------------------|--------|------------------|-------|
| Total Minority Shareholders | 41,131 | 100.00 | 177,549,984 | 22.03 |
| Minority Shareholders (Companies) | 1,075 | 2.61 | 144,364,297 | 17.91 |
| Minority Shareholders (Individual) | 40,056 | 97.38 | 33,185,687 | 4.12 |
| Major Shareholders | 1 | 0.00 | 628,458,609 | 77.97 |
| Main Shareholders | 0 | 0.00 | 0 | 0.00 |
| Total Other Shareholders | 0 | 0.00 | 0 | 0.00 |
| Others Shareholders (Companies) | 0 | 0.00 | 0 | 0.00 |
| Others Shareholders (Individual) | 1 | 0.00 | 6,747 | 0.00 |
| Total | 41,133 | 100.00 | 806,015,340 | 100.0 |

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2. Stock Price and Stock Market Performance for the Past Six Months

a. Domestic Stock Market

(units: Won, shares)

| Period | | July | August | September | October | November | December |
|----------------------|------|------------|------------|------------|------------|------------|------------|
| | High | 12,650 | 13,350 | 15,950 | 17,250 | 19,450 | 20,650 |
| | Low | 10,150 | 11,750 | 12,300 | 14,900 | 16,900 | 18,450 |
| Monthly Trade Volume | | 41,707,871 | 57,359,505 | 54,644,159 | 79,031,958 | 69,802,426 | 53,056,336 |

b. Foreign Stock Market (NYSE)

(units: US Dollars, shares)

| Period | | July | August | September | October | November | December |
|----------------------|------|--------|--------|-----------|---------|----------|----------|
| ADR | High | 37.17 | 40.50 | 46.85 | 50.25 | 55.90 | 61.47 |
| | Low | 29.00 | 33.78 | 35.85 | 43.00 | 49.10 | 52.75 |
| Monthly Trade Volume | | 24,000 | 86,300 | 71,400 | 78,500 | 141,800 | 175,600 |

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

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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 | |

Sung-Kwan Huh and Bong Soo Park were newly appointed as non-standing registered directors on March 28, 2006.
 New non-registered directors: Senior Managing Directors Sung Mok Park and Young K. Kim, and Managing Director In-Chul Park.

2. Employee Status

(units: years, thousands of Won)

| Items | Staff | | | | Average | | Quarterly Compensation | Average Compensation Per Person | Note |
|--------|--------|-------|-------|-------|--------------|--|------------------------|---------------------------------|------|
| | Admin. | Manu. | Misc. | Total | Tenure Years | | | | |
| Male | 47 | | 1 | 48 | 5 | | 4,300,955 | 89,603 | |
| Female | 5 | | 13 | 18 | 5 | | 617,632 | 34,313 | |
| Total | 52 | | 14 | 66 | 5 | | 4,918,587 | 74,524 | |

3. Labor Union Membership

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

4. Number of Professional Personnel

| Items | Number | Responsibilities | Remarks |
|--------|--------|------------------|---------|
| Lawyer | 1 | Legal advisory | |

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| | | |
|--------------------------------|---|--|
| CPA | 4 | Financial accounting, Financial Planning, Business Planning |
| Ph.D in Law/Finance/Accounting | 1 | Research |

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

(units: millions of Won)

| Name | Relation | Item | Beg. | Changes | | End | Notes |
|---------------------------|------------|------------|---------|---------|---------|---------|---|
| | | | | + | - | | |
| 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 | 0 | Full redemption on Nov. 14, 2005 |
| Kwangju Bank | subsidiary | Other loan | 50,000 | | 50,000 | 0 | Debt-equity swap of CB |
| Woori Finance Info. Sys | subsidiary | Other loan | 30,000 | | | 30,000 | |
| Woori F&I | | | | | | | Partial redemption on |
| | subsidiary | Other loan | 121,850 | | 41,850 | 80,000 | February 28, May 2, and August 31, Nov. 30, 2005 |
| Total | | | 219,740 | | 109,740 | 110,000 | |

* Woori 2nd SPC was dissolved on August 3, 2005.

Table of Contents**b. Payment Transactions**

(units: millions of Won)

| Name | Relation | Item | Transactions of Payments | | | Ending | Notes |
|--|------------|-----------------|--------------------------|------------|------------|------------|-------|
| | | | Beginning | Increase | Decrease | | |
| Woori Securities | Subsidiary | Common stock | 32,956,413 | | 32,956,413 | 0 | (1) |
| Woori Investment & Securities | Subsidiary | Common Stock | 32,877,487 | 13,447,494 | | 46,324,981 | (2) |
| (formerly known as LG Investment & Securities) | | | | | | | |
| Woori Investment Trust Management | Subsidiary | Common Stock | 6,000,000 | | 6,000,000 | 0 | (3) |
| Woori Asset Management | Subsidiary | Common Stock | 0 | 9,210,000 | 2,548,000 | 6,662,000 | (4) |
| (formerly known as LG Investment Trust Management) | | | | | | | |
| Woori Second Asset Securitization Specialty | Subsidiary | Invested Shares | 1,900,000 | | 1,900,000 | 0 | (5) |
| Woori Private Equity | Subsidiary | Common Stock | 0 | 2,000,000 | | 2,000,000 | (6) |
| Kwangju Bank | Subsidiary | Common Stock | 34,080,000 | 10,000,000 | | 44,080,000 | (7) |
| Total | | | 107,813,900 | 34,657,494 | 43,404,413 | 99,066,981 | |

- (1) On January 7, 2005, 14,000,000 shares of Woori Securities were cancelled, and the remaining shares were 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. An additional 1,050,000 shares were acquired from the market from April 8, 2005 to April 12, 2005.
- (3) Following the merger into Woori Asset Management, the remaining shares were 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 were 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.
- (6) Newly established as a subsidiary.
- (7) On December 29, 2005, subordinated convertible bonds were converted to common stock (face value: 50 billion won, convertible price per share: 5,000won)

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EXHIBIT A
FINANCIAL STATEMENTS

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WOORI FINANCE HOLDINGS CO., LTD.

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

AND INDEPENDENT AUDITORS' REPORT

Audit Tax Consulting Financial Advisory

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Independent Auditors 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 audited the accompanying non-consolidated balance sheets of Woori Finance Holdings Co., Ltd. (the Company) as of December 31, 2005 and 2004, and the related non-consolidated income statements, appropriations of retained earnings and cash flows for the years ended December 31, 2005 and 2004, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Woori Investment Securities Co., Ltd., of which the Company's investment is accounted for in the non-consolidated financial statements by using the equity method. It reflects total assets constituting 5.02% ((WON)604,543 million) and 3.64% ((WON)355,301 million) of non-consolidated total assets as of December 31, 2005 and 2004, respectively, and total revenues constituting 4.08% ((WON)76,242 million) of non-consolidated total revenues for the year ended December 31, 2005. The financial statements of Woori Investment Securities Co., Ltd. for the year ended December 31, 2005 and 2004 were audited by other auditor, KPMG Samjong Accounting Corp., whose report, dated January 20, 2006, expressed an unqualified opinion on those statements and has been furnished to us, and our opinion, insofar as it relates to the amounts included for Woori Investment Securities Co., Ltd., is based solely on the report of the other auditor.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and 2004, and the results of its operations, the appropriations of its retained earnings and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and in our opinion, such translation has 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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Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and 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 audit 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 auditing standards and their application in practice.

February 28, 2006

Notice to Readers

This report is effective as of February 28, 2006, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

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

| | Korean won | | Translation into | |
|---|------------------|-----------------|-----------------------|----------------|
| | 2005 | 2004 | U.S. dollars (Note 2) | 2004 |
| | (In millions) | | (In thousands) | |
| ASSETS | | | | |
| Cash and bank deposits (Notes 18 and 20) | (WON) 104,072 | (WON) 56,099 | US\$ 102,736 | US\$ 55,379 |
| Investment securities accounted for using the equity method of accounting (Notes 3 and 18) | 11,751,678 | 9,436,975 | 11,600,867 | 9,315,869 |
| Loans, net of allowance for possible loan losses (Notes 4, 5, 18 and 20) | 109,450 | 218,641 | 108,045 | 215,835 |
| Fixed and intangible assets (Note 6) | 155 | 282 | 153 | 278 |
| Other assets (Notes 7 and 14) | 66,428 | 36,047 | 65,576 | 35,585 |
| | (WON) 12,031,783 | (WON) 9,748,044 | US\$ 11,877,377 | US\$ 9,622,946 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| LIABILITIES | | | | |
| Borrowings (Note 8) | (WON) | (WON) 120,000 | US\$ | US\$ 118,460 |
| Debentures, net of discounts and added accrued interest and redemption premium (Notes 9, 10 and 18) | 2,296,203 | 2,154,637 | 2,266,736 | 2,126,986 |
| Other liabilities (Notes 10, 11 and 12) | 18,216 | 25,355 | 17,982 | 25,030 |
| | 2,314,419 | 2,299,992 | 2,284,718 | 2,270,476 |
| SHAREHOLDERS' EQUITY | | | | |
| Common stock (Note 13) | 4,030,077 | 3,982,278 | 3,978,358 | 3,931,173 |
| Capital surplus (Note 13) | 84,488 | 84,356 | 83,404 | 83,273 |
| Retained earnings (Note 13): | | | | |
| Legal reserve | 208,427 | 79,178 | 205,752 | 78,162 |
| Voluntary reserve | 2,030,000 | 1,120,000 | 2,003,948 | 1,105,627 |
| Retained earnings before appropriations (Net income of (WON)1,688,221 million and (WON)1,261,925 million in 2005 and 2004, respectively) | 1,653,536 | 1,129,675 | 1,632,316 | 1,115,178 |
| | 3,891,963 | 2,328,853 | 3,842,016 | 2,298,967 |
| Capital adjustments (Notes 3, 13 and 14) | 1,710,836 | 1,052,565 | 1,688,881 | 1,039,057 |
| | 9,717,364 | 7,448,052 | 9,592,659 | 7,352,470 |
| | (WON) 12,031,783 | (WON) 9,748,044 | US\$ 11,877,377 | US\$ 9,622,946 |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED INCOME STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

| | Korean won | | Translation into | |
|--|---------------------------------|------------------------|----------------------------------|-----------------------|
| | 2005 | 2004 | U.S. dollars (Note 2) | 2004 |
| | (In millions, except for income | | (In thousands, except for income | |
| | per share data) | | per share data) | |
| OPERATING REVENUE | | | | |
| Gain on valuation using the equity method of accounting (Notes 3 and 19) | (WON) 1,849,303 | (WON) 1,873,605 | US\$ 1,825,571 | US\$ 1,849,561 |
| Interest income (Note 20) | 17,615 | 32,085 | 17,388 | 31,673 |
| Gain on foreign currency transactions | | 2,884 | | 2,847 |
| Gain on foreign currency translation | | 8,441 | | 8,333 |
| Reversal of allowance for doubtful accounts | 571 | 3,204 | 564 | 3,163 |
| Gain on valuation on investment securities | | 2,630 | | 2,596 |
| | 1,867,489 | 1,922,849 | 1,843,523 | 1,898,173 |
| OPERATING EXPENSES | | | | |
| Loss on valuation using the equity method of accounting (Notes 3 and 19) | 26,499 | 474,516 | 26,159 | 468,426 |
| Interest expense | 117,748 | 145,030 | 116,236 | 143,169 |
| Loss on foreign currency transactions | 1 | 293 | 1 | 289 |
| Loss on swap contracts (Notes 9 and 20) | 91 | 13,111 | 90 | 12,943 |
| Fees (Note 20) | 6,641 | 8,037 | 6,556 | 7,934 |
| General and administrative (Notes 17 and 20) | 28,210 | 21,988 | 27,848 | 21,706 |
| | 179,190 | 662,975 | 176,890 | 654,467 |
| OPERATING INCOME | 1,688,299 | 1,259,874 | 1,666,633 | 1,243,706 |
| NON-OPERATING INCOME | 327 | 2,160 | 323 | 2,133 |
| NON-OPERATING EXPENSES | 405 | 109 | 400 | 108 |
| INCOME BEFORE INCOME TAX | 1,688,221 | 1,261,925 | 1,666,556 | 1,245,731 |
| INCOME TAX EXPENSE (Note 15) | | | | |
| NET INCOME | (WON) 1,688,221 | (WON) 1,261,925 | US\$ 1,666,556 | US\$ 1,245,731 |
| BASIC ORDINARY INCOME PER COMMON SHARE | | | | |
| (Note 21) | (WON) 2,099 | (WON) 1,616 | US\$ 2.072 | US\$ 1.595 |
| BASIC NET INCOME PER COMMON SHARE | | | | |
| (Note 21) | (WON) 2,099 | (WON) 1,616 | US\$ 2.072 | US\$ 1.595 |

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| | | | | | | | | |
|--|-------|-------|-------|-------|------|-------|------|-------|
| DILUTED ORDINARY INCOME PER COMMON SHARE (Note 21) | (WON) | 2,095 | (WON) | 1,588 | US\$ | 2.068 | US\$ | 1.568 |
| DILUTED NET INCOME PER COMMON SHARE (Note 21) | (WON) | 2,095 | (WON) | 1,588 | US\$ | 2.068 | US\$ | 1.568 |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NON-CONSOLIDATED STATEMENTS****OF APPROPRIATIONS OF RETAINED EARNINGS****FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

| | Korean won | | Translation into | |
|---|----------------|----------------|------------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | (In thousands) | |
| RETAINED EARNINGS (DEFICIT) BEFORE APPROPRIATIONS: | | | | |
| Unappropriated retained earnings (undisposed deficit) carried over from prior years | (WON) (29,042) | (WON) 6,138 | US\$ (28,669) | US\$ 6,059 |
| Increases in retained earnings using the equity method of accounting (Note 3) | 47 | | 46 | |
| Decreases in retained earnings using the equity method of accounting (Note 3) | (5,690) | (138,388) | (5,617) | (136,612) |
| Net income | 1,688,221 | 1,261,925 | 1,666,556 | 1,245,731 |
| | 1,653,536 | 1,129,675 | 1,632,316 | 1,115,178 |
| APPROPRIATIONS: | | | | |
| Legal reserve | 168,822 | 129,249 | 166,655 | 127,590 |
| Dividends in cash (Note 13) (Dividends per common stock: (WON)400 (8.0%) and (WON)150 (3.0%) in 2005 and 2004, respectively) | 322,405 | 119,468 | 318,268 | 117,935 |
| Voluntary reserve | 1,160,000 | 910,000 | 1,145,114 | 898,322 |
| | 1,651,227 | 1,158,717 | 1,630,037 | 1,143,847 |
| UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEARS | | | | |
| | (WON) 2,309 | (WON) (29,042) | US\$ 2,279 | US\$ (28,669) |

See accompanying notes to non-consolidated financial statements.

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

| | Korean won | | Translation into | |
|---|-----------------|-----------------|-----------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | U.S. dollars (Note 2) | |
| | | | (In thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income | (WON) 1,688,221 | (WON) 1,261,925 | US\$ 1,666,556 | US\$ 1,245,731 |
| Adjustments to reconcile net income to net cash used in operating activities: | | | | |
| Loss on valuation using the equity method of accounting | 26,499 | 474,516 | 26,159 | 468,426 |
| Interest expense (amortization of discounts on debentures) | 1,992 | 10,438 | 1,966 | 10,304 |
| Loss on swap contracts | 91 | 13,111 | 90 | 12,943 |
| Provision for severance benefits | 967 | 215 | 955 | 212 |
| Depreciation | 117 | 165 | 115 | 163 |
| Amortization | 21 | 19 | 20 | 19 |
| Stock-based compensation | 2,445 | 273 | 2,414 | 269 |
| Loss on disposal of fixed assets | 1 | | 1 | |
| Other non-operating expenses | | 8 | | 8 |
| Gain on valuation using the equity method of accounting | (1,849,303) | (1,873,605) | (1,825,571) | (1,849,561) |
| Accrued interest on loans | (2,539) | (2,256) | (2,507) | (2,226) |
| Gain on foreign currency translation | | (8,441) | | (8,333) |
| Reversal of allowance for doubtful accounts | (571) | (3,204) | (564) | (3,163) |
| Gain on valuation of investment securities | | (2,630) | | (2,596) |
| Gain on disposal of fixed assets | | (15) | | (15) |
| Other non-operating revenue | (40) | | (38) | |
| | (1,820,320) | (1,391,406) | (1,796,960) | (1,373,550) |
| Changes in operating assets and liabilities: | | | | |
| Decrease (increase) in other receivable | 451 | (319) | 445 | (315) |
| Decrease (increase) in accrued income | (133) | 28,425 | (131) | 28,060 |
| Decrease in currency swap contracts assets | | 16,463 | | 16,252 |
| Decrease (increase) in prepaid money | 82 | (81) | 81 | (80) |
| Decrease in prepaid expenses | 459 | 137 | 453 | 135 |
| Decrease in prepaid income tax | 4,146 | 1,161 | 4,093 | 1,147 |
| Retirement benefits payment | (218) | (567) | (215) | (560) |
| Increase in employee retirement insurance deposit | (557) | (277) | (550) | (273) |
| Increase (decrease) in other payables | 620 | (343) | 613 | (339) |
| Increase (decrease) in accrued expenses | (3,306) | 1,823 | (3,265) | 1,799 |
| Increase in withholdings | 49 | 196 | 49 | 193 |
| Decrease in currency swap contracts liabilities | | (14,143) | | (13,961) |

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| | | | | |
|---------------------------------------|-----------|----------|-----------|----------|
| | 1,593 | 32,475 | 1,573 | 32,058 |
| Net cash used in operating activities | (130,506) | (97,006) | (128,831) | (95,761) |

(Continued)

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

| | 2005 | Korean won | | Translation into | |
|--|----------------------|---------------------|---------------------|-----------------------|-----------------------|
| | | (In millions) | 2004 | 2005 | 2004 |
| | | | | U.S. dollars (Note 2) | U.S. dollars (Note 2) |
| | | | | (In thousands) | (In thousands) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Collection of dividends | (WON) 78,441 | (WON) 700,311 | US\$ 77,434 | US\$ 691,324 | |
| Capital reduction of a subsidiary | 175,938 | | 173,680 | | |
| Collection of loans | 59,740 | 615,000 | 58,974 | 607,108 | |
| Disposition of fixed assets | | 52 | | 51 | |
| Acquisition of investment securities accounted for using the equity method of accounting | (94,141) | (1,152,571) | (92,933) | (1,137,780) | |
| Acquisition of fixed assets | (10) | (188) | (10) | (186) | |
| Acquisition of intangible assets | (2) | (22) | (2) | (21) | |
| Payment of guarantee deposits | | (332) | | (329) | |
| Net cash provided by investing activities | 219,966 | 162,250 | 217,143 | 160,167 | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Proceeds from borrowings | | 690,000 | | 681,145 | |
| Proceeds from debentures in local currency | 598,690 | 997,382 | 591,007 | 984,582 | |
| Repayment of borrowings | (120,000) | (570,000) | (118,460) | (562,685) | |
| Redemption of debentures in local currency | (400,000) | (1,050,000) | (394,867) | (1,036,525) | |
| Redemption of debentures in foreign currencies | | (347,610) | | (343,149) | |
| Expense of issuing new shares | (709) | (934) | (700) | (922) | |
| Payment of dividends | (119,468) | (77,550) | (117,935) | (76,555) | |
| Acquisition of treasury stock | | (18) | | (17) | |
| Net cash used in financing activities | (41,487) | (358,730) | (40,955) | (354,126) | |
| NET INCREASE (DECREASE) IN CASH AND BANK DEPOSITS | 47,973 | (293,486) | 47,357 | (289,720) | |
| CASH AND BANK DEPOSITS, BEGINNING OF THE YEAR | 56,099 | 349,585 | 55,379 | 345,099 | |
| CASH AND BANK DEPOSITS, END OF THE YEAR (Note 16) | (WON) 104,072 | (WON) 56,099 | US\$ 102,736 | US\$ 55,379 | |

See accompanying notes to non-consolidated financial statements.

Table of Contents**WOORI FINANCE HOLDINGS CO., LTD.****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004****1. GENERAL****(1) Woori Finance Holdings Co., Ltd.**

Woori Finance Holdings Co., Ltd. (the Company) was incorporated on March 27, 2001, to engage in the business of managing the following five financial institutions, Woori Bank (formerly Hanvit Bank), Kyongnam Bank, Kwangju Bank, Woori Credit Card Co., Ltd. (formerly Peace Bank of Korea and merged into Woori Bank on March 31, 2004) and Woori Investment Bank (merged into Woori Bank on July 31, 2003), whose shares were contributed to the Company by the Korea Deposit Insurance Corporation (the KDIC) in accordance with the provisions of the Financial Holding Company Act. As a result of its functional restructuring, the Company owns 9 subsidiaries and 11 2nd-tier subsidiaries as of December 31, 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, exercise of warrants and conversion rights since incorporation, as of December 31, 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 December 31, 2005 and 2004 is as follows:

| Parent companies | Subsidiaries | 2005 | | 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 | | | | | |
| | Kyongnam Bank | 635,956,580 | 100.0 | 635,956,580 | 100.0 | Dec. 31 |
| | | 51,800,000 | 99.9 | 51,800,000 | 99.9 | Dec. 31 |
| | Kwangju Bank (*6) | 44,080,000 | 99.9 | 34,080,000 | 99.9 | Dec. 31 |
| | Woori Finance Information System Co., Ltd. | 900,000 | 100.0 | 900,000 | 100.0 | Dec. 31 |
| | Woori F&I Co., Ltd. | 2,000,000 | 100.0 | 2,000,000 | 100.0 | Dec. 31 |
| | Woori Second Asset Securitization Specialty Co., Ltd. (*2) | | | 1,900 | 95.0 | |
| | Woori Third Asset Securitization Specialty Co., Ltd. | 2,000 | 100.0 | 2,000 | 100.0 | Dec. 31 |
| | Woori Investment Trust Management Co., Ltd. | | | 6,000,000 | 100.0 | |
| | Woori Securities Co., Ltd. | | | 32,956,413 | 100.0 | |
| | Woori Investment Securities Co., Ltd. | 46,324,981 | 34.4 | 32,877,487 | 26.9 | Dec. 31 |

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| | | | | | | |
|------------|---------------------------------------|------------|-------|-----------|-------|--------------|
| | Woori Asset Management Co., Ltd. (*1) | 6,662,000 | 100.0 | | | Dec. 31 |
| | Woori Private Equity Co., Ltd. (*7) | 2,000,000 | 100.0 | | | Dec. 31 |
| Woori Bank | Woori Credit Information Co., Ltd. | 1,008,000 | 100.0 | 1,008,000 | 100.0 | Dec. 31 (*3) |
| | Woori America Bank (*4) | 10,500,000 | 100.0 | 8,500,000 | 100.0 | Dec. 31 (*3) |
| | PT. Bank Woori Indonesia | 1,618 | 95.2 | 1,618 | 95.2 | Dec. 31 (*3) |

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| Parent companies | Subsidiaries | 2005 | | 2004 | | Financial statements as of |
|---------------------------------------|---|------------------------|-----------------------------|------------------------|-----------------------------|----------------------------|
| | | Number of shares owned | Percentage of ownership (%) | Number of shares owned | Percentage of ownership (%) | |
| | Woori First Private Equity Fund | | | | | 52.4 Dec. 31 (*3) |
| Woori F&I Co., Ltd. | Woori CA Asset Management Co., Ltd. (*5) | 800,000 | 100.0 | 408,000 | 51.0 | Dec. 31 |
| Woori Investment Securities Co., Ltd. | Woori Futures Co., Ltd. | 5,000,000 | 100.0 | 5,000,000 | 100.0 | Dec. 31 |
| | LG Investment Trust Management Co., Ltd. (*1) | | | 5,400,000 | 90.0 | |
| | Woori Investment Securities Int 1 Ltd. | 5,788,000 | 100.0 | 5,788,000 | 100.0 | Dec. 31 (*3) |
| | Woori Investment Securities (H.K.) Ltd. | 22,500,000 | 100.0 | 22,500,000 | 100.0 | Dec. 31 (*3) |
| | Woori Investment Securities America, Inc. | 300 | 100.0 | 300 | 100.0 | Dec. 31 (*3) |
| | LG Investment Holding B.V. (Amsterdam) | | | | | |
| | GG | 1,642,398,242 | 100.0 | 1,642,398,242 | 100.0 | Dec. 31 (*3) |
| | High Technology Venture Investment | 1,500,000 | 42.9 | 1,500,000 | 42.9 | Dec. 31 (*3) |
| | Global Technology Investment | 1,500,000 | 50.0 | 1,500,000 | 50.0 | Dec. 31 (*3) |

(*1) The Company purchased 5,400,000 common shares, which is 90% of issued common shares of Woori Asset Management Co., Ltd. (Woori Asset Management) from Woori Investment Securities, amounting to (WON)72.9 billion on May 6, 2005 and included it as a 1 tier subsidiary of the Company.

(*2) Liquidated on August 2, 2005

(*3) The financial statements for the year ended December 31, 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 .

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

(*5) On October 28, 2005, Woori F&I Co., Ltd.(Woori F&I) acquired additional 392,000 shares of Woori CA Asset Management Co., Ltd.(Woori CA) As a result, Woori F&I s ownership interest in Woori CA Asset Management increased from 51% to 100%.

(*6) On December 30, 2005, the Company acquired additional 10,000,000 shares of Kwangju Bank by excising convertible bonds (Note 4).

(*7) Established on October 24, 2005 and wholly owned by the Company.

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(3) General information pertaining to the Company's subsidiaries as of December 31, 2005 is set forth below:

a. Woori Bank

Woori Bank was established in 1899 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law, merchant bank services under the Merchant Bank Act and foreign exchange business with approval from the Bank of Korea (the BOK) and the Ministry of Finance and Economy (the MOFE). In connection with the infusion of public funds, Woori Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. Its common stock amounted to (WON)3,179,783 million consisting of 635,956,580 common shares issued and outstanding as of December 31, 2005. Woori Bank is wholly owned by the Company. The head office of Woori Bank is located in Seoul, Korea. Woori Bank has 741 branches and offices in Korea, and 13 branches and offices in overseas.

b. Kyongnam Bank

Kyongnam Bank was incorporated on April 18, 1970 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOFE. In connection with the infusion of public funds, Kyongnam Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2005, Kyongnam Bank's common stock amounted to (WON)259,000 million consisting of 51,800,043 shares of common stock issued and outstanding of which the Company owns 99.99%. The head office of Kyongnam Bank is located in Masan, Korea. Kyongnam Bank has 128 branches and offices in Korea.

c. Kwangju Bank

Kwangju Bank was established on October 7, 1968 and has been engaged in the commercial banking business under the Korean Banking Law, trust business under the Trust Business Law and foreign exchange business with approval from the BOK and the MOFE. In connection with the infusion of public funds, Kwangju Bank and the KDIC have entered into an Agreement on the Implementation of the Business Plan. As of December 31, 2005, its common stock amounted to (WON)220,403 million consisting of 44,080,517 common shares issued and outstanding of which the Company owns 99.99%. Kwangju Bank's head office is located in Kwangju City, Korea and has 118 domestic branches and offices in Korea.

d. Woori Finance Information System Co., Ltd.

Woori Finance Information System Co., Ltd. (WFIS) was established on April 17, 1989 and has been engaged in the business of installing computerized financial systems. On September 29, 2001, the Company purchased all of the common stock of WFIS from Woori Bank in accordance with the group's functional restructuring, making WFIS a subsidiary of the Company. As of December 31, 2005, its common stock amounted to (WON)4,500 million consisting of 900,000 shares issued and outstanding, all of which are owned by the Company. The office of WFIS is located in Seoul, Korea.

e. Woori F&I

Woori F&I was established on November 16, 2001 and has been engaged in the business of management, operation and disposition of securitization assets. On September 13, 2002, Woori F&I split off the asset management business segment and established Woori CA Asset Management Co., Ltd. (Woori CA). As a result, Woori F&I is engaged in the business of acquisition and disposition of securities issued by asset securitization specialty corporations, established based on the Act on Asset-Backed Securitization for the purpose of non-performing assets securitization, and in the business of acquisition and disposition of equity of asset management corporations, which are established for the purpose of non-performing assets management. As of December 31, 2005, its common stock amounted to (WON)10,000 million consisting of 2,000,000 shares issued and outstanding, all of which are owned by the Company. The office of Woori F&I is located in Seoul, Korea.

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f. Woori Third Asset Securitization Specialty Co., Ltd.

Woori Third Asset Securitization Specialty Co., Ltd. (Woori 3rd SPC) was established on March 15, 2002 under the Act on Asset-Backed Securitization of the Republic of Korea as a special purpose company. Woori 3rd SPC has been engaged in the business of management, operation and disposition of the securitization assets and issuance of asset-backed securities based on the securitization assets acquired from Woori Bank, Kyongnam Bank and Woori Credit Card Co., Ltd. Woori 3rd SPC has entered into a consignment agreement with Woori CA Asset Management Co., Ltd. for asset management. As of December 31, 2005, its common stock amounted to (WON)10 million consisting of 2,000 shares issued and outstanding, all of which are owned by the Company. The office is located in Seoul, Korea.

g. Woori Investment Securities Co., Ltd.

Woori Investment Securities (formerly LG securities), whose shares were listed on the Korea Exchange, was established in 1969 to engage in trading, agency, brokerage and underwriting of securities. Woori Investment 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. As of December 31, 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. The Company owns 34.4% of its common shares as of December 31, 2005. The head office of Woori Investment Securities is located in Seoul, Korea. Woori Investment Securities has 131 branches and offices in Korea and one office in overseas.

h. Woori Asset Management Co., Ltd.

Woori Asset Management (formerly LG Investment Trust Management) established in 1988, has been engaged 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. As of December 31, 2005, the number of issued and outstanding common shares and contributed capital of Woori Asset Management are 6,662,000 shares and (WON)33,310 million, which the Company wholly owns.

i. Woori Private Equity Co., Ltd.

Woori Private Equity Co., Ltd. (Woori PE), established on October 24, 2005, has been engaged in direct investment in a private equity fund or investment advisory and management services. As of December 31, 2005, its common stock amounted to (WON)10,000 million consisting of 2,000,000 shares issued and outstanding, all of which are owned by the Company. The office of Woori PE is located in Seoul, Korea.

(4) General information pertaining to the Company s 2nd -tier subsidiaries as of December 31, 2005 is as follows:

a. Woori Credit Information Co., Ltd.

Woori Credit Information Co., Ltd. (Woori CI) was established on March 15, 1991 and has been engaged in the credit investigation business and credit collection business under the Act on Use and Protection of Credit Information of the Republic of Korea. As of December 31, 2005, the common stock of Woori CI amounted to (WON)5,040 million consisting of 1,008,000 shares issued and outstanding, and is wholly owned by Woori Bank. The head office of Woori CI is located in Seoul, Korea. Woori CI has 14 branches and offices in Korea.

Table of Contents**b. Woori America Bank**

Woori America Bank (Woori America) was established on January 7, 1984 and has been engaged in the banking business in New York, U.S.A. Woori America merged with Panasia Bank N.A. on September 11, 2003. As of December 31, 2005, its common stock amounted to US\$60,000 thousand consisting of 10,500,000 shares issued and outstanding, and is wholly owned by Woori Bank.

c. PT. Bank Woori Indonesia

PT. Bank Woori Indonesia (Woori Indonesia) was established on June 18, 1992 and has been engaged in the banking business in Indonesia. As of December 31, 2005, its common stock amounted to IDR 170,000 million consisting of 1,700 shares issued and outstanding of which Woori Bank owns 95.2%.

d. Woori CA Asset Management Co., Ltd.

Woori CA Asset Management Co., Ltd. (Woori CA) was established on September 14, 2002 as an asset management company for asset securitization specialty companies established based on the Act on Asset-Backed Securitization and has been engaged in the business of management, operation and disposition of securitization assets. As of December 31, 2005, Woori CA 's common stock amounted to (WON)4,000 million consisting of 800,000 shares issued and is wholly owned by Woori F&I. The office of Woori CA is located in Seoul, Korea.

e. The information of other 2nd - tier subsidiaries as of December 31, 2005 is as follows (Korean won in millions, U.S. dollar and EURO in thousands):

| Subsidiaries | Main business | Capital | Number of issued shares | Date of establishment | Location |
|---|------------------------|--------------|-------------------------|-----------------------|--------------------|
| Woori Futures Co., Ltd. | Futures trading | (WON) 25,000 | 5,000,000 | 1992.7.10 | Seoul, Korea |
| Woori Investment Securities Int'l Ltd. | Securities | USD 5,788 | 5,788,000 | 1991.8.15 | London, UK |
| Woori Investment Securities (H.K.) Ltd. | Securities | USD 22,500 | 22,500,000 | 1995.3.6 | Hong Kong, China |
| Woori Investment Securities America Inc. | Securities | USD 3 dollar | 300 | 1992.6.18 | New York, USA |
| High Technology Venture Investment | Securities investments | USD 35 | 3,500,000 | 2000.2.28 | Malaysia |
| Global Technology Investment | Securities investments | USD 30 | 3,000,000 | 1999.6.28 | Malaysia |
| LG Investment Holding B.V. (Amsterdam) GG | Securities investments | EURO 16,424 | 1,642,398,242 | 1996.10.18 | Amsterdam, Holland |

Table of Contents**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Financial Statement Presentation**

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

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 is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of (WON)1,013.0 to US\$ 1.00 at December 31, 2005, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

The accompanying non-consolidated financial statements are subject to approval by the board of directors, of which board meeting shall be held on March 3, 2006.

The significant accounting policies followed in preparing the accompanying non-consolidated financial statements are summarized below.

a. Adoption of new Statements of Korea Accounting Standards (SKAS)

Korea Accounting Standards Board (KASB) has been issuing new accounting standards that replaces the existing Korea Financial Accounting Standards (KFAS) and has issued SKASs No.1 to No.20. The Company had adopted SKASs No. 1 to No. 10, No. 12 and 13, and No. 15 before the beginning of the 2005, has adopted SKASs No. 16 to No.17 on or after January 1, 2005 and will adopt SKASs No. 18 to No. 20.

Significant SKASs newly adopted are summarized below.

1) Accounting of income taxes SKAS No.16

The Company adopted SKAS No. 16 - Income Taxes in 2005. This statement requires that current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period. In addition, 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 for the years ended December 31, 2005 and 2004 (Note 15).

2) Accounting of provision, contingent liabilities and contingent assets SKAS No.17

The Company adopted SKAS No.17 Provision, Contingent Liabilities and Contingent Assets in 2005. This statement replaced paragraph 26. provision for estimated liabilities and paragraph 74. contingent situation in 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 Company's provision, contingent liabilities and contingent assets were not affected by the adoption of this standard.

b. 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

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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 and was reflected in investment securities accounted for using the equity method of accounting. 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.

c. Investment securities accounted for using the equity method of accounting – SKAS No. 15

If the Company owns 20% or more of voting shares of its investees, either directly or indirectly, the Company is presumed to have significant influence on the investees' management and accordingly, the investment equity securities in those investees are accounted for using the equity method of accounting. Investment equity securities are initially stated at their acquisition costs including incidental cost incurred in connection with acquisition of the related securities.

The excess of the acquisition cost over the proportionate net asset value on the acquisition date is amortized using the straight-line method over 20 years or less. The excess of the proportionate net asset value over the acquisition cost arising with respect to identifiable non-monetary assets are recognized as income, as economic benefits embodied therein flow to the acquirer (when the assets are amortized or disposed). The amount of the excess of the proportionate net asset value over the acquisition cost in excess of the fair value of non-monetary assets, which is deemed arising from purchasing monetary assets at lower price, is immediately recognized as an extraordinary gain.

The Company's interest in net assets of investees is added to or deducted from the investment securities. The Company's interest in net income or net loss of investees is reflected in current operations. Changes in retained earnings of the investees are reflected in the retained earnings account and changes in capital surplus or other capital accounts of the investees are reflected in the capital adjustment account of the Company.

d. Allowance for possible loan losses

The Company provides an allowance for possible loan losses based on management analysis of the borrowers' capacity to repay and prior bad debt experience. The allowance for possible loan losses is presented as a deduction from loans.

e. Fixed assets and depreciation

Fixed assets are recorded at acquisition cost and expenditures that increase future economic benefits beyond its most recently assessed standard of performance are capitalized as additions to fixed assets.

Depreciation is computed using the straight-line method for structures in leased offices and the declining balance method for all other assets based on the estimated useful lives of the assets. The estimated useful life is 5 years for fixed assets.

f. Intangible assets

Intangible assets are recorded at acquisition cost. Intangible assets are amortized using the straight-line method over the estimated useful life of 5 years.

g. Amortization of discount (premium) on debentures

Discounts or premiums on debentures issued are presented as deductions from or additions to the debentures. Discounts or premiums are accreted or amortized over the period from issuance to maturity using the effective interest rate method. Accretion or amortization of discounts or premiums is recognized as interest expense or interest income on the debentures.

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h. Accrued severance benefits

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive severance benefit payments at termination. Deposits for severance benefits, which will be directly paid to employees, are recorded as deductions from accrued severance benefits (Note 11).

i. Accounting for derivative instruments

The Company accounts for derivative instruments pursuant to the Interpretations on KFRS 53-70 on accounting for derivative instruments. Derivative instruments are classified as either trading or hedging depending on their transaction purpose. Derivative instruments are accounted for at fair value with the valuation gain or loss recorded as an asset or liability. The accounting for derivative transactions that are part of a qualified hedge, which is determined based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting, differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations.

Cash flow hedge accounting is applied to a derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecasted transaction that is attributable to a particular risk. The effective portion of gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as a capital adjustment is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in capital adjustment is added to or deducted from the asset or the liability.

j. Stock-based compensation

The Company had valued stock options at fair value in accordance with Interpretation on KFRS 39-35. The stock-based compensation had been charged to general & administration expense in the statement of income and credited to capital adjustments over the contract term of the services provided. However, in 2005, the Company decided that the stock-based compensation will be settled by paying cash instead of issuing equity instrument. Therefore, the Company reclassified the compensation cost from equity to liabilities and recognized the incremental cost between the award value at December 31, 2005 and the fair value at the date it was granted.

k. Accounting for foreign currency transactions and translation

The Company maintains its accounts in Korean won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rate of exchange on the transaction date. The Korean won equivalent of monetary assets and liabilities denominated in foreign currencies are translated in these financial statements based on the Base Rate announced by Seoul Money Brokerage Service, Ltd. ((WON)1,013.00 and (WON)1,043.80 to \$1.00 at December 31, 2005 and 2004, respectively) or cross rates as of the balance sheet dates. Translation gains and losses on foreign currency denominated assets and liabilities are credited or charged to current operations.

l. Income tax expense and deferred tax asset (liability)

Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets or liabilities. In addition, current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period.

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m. Earnings per common share

Basic ordinary income per common share and basic net income per common share are computed by dividing the ordinary income (after deducting the tax effect) and net income, respectively, by the weighted average number of common shares outstanding during the year.

Diluted ordinary income per common share and diluted net income per common share are computed by dividing the diluted ordinary income and diluted net income by the sum of the weighted average number of common shares and the number of dilutive potential common shares from dilutive securities.

3. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD OF ACCOUNTING

- (1) Changes in investment securities for the year ended December 31, 2005, which are accounted for using the equity method of accounting, are as follows (Korean won in millions):

| | Gain (loss) | | Other | | | |
|---|-----------------|-----------------|---------------|---------------|-----------------|------------------|
| | on valuation | | | | | |
| | using the | Capital | Retained | increase | | |
| | equity method | adjustments | earnings | (decrease) | | Dec. 31, 2005 |
| | Jan. 1, 2005 | | | | | |
| Woori Bank | (WON) 7,589,957 | (WON) 1,441,498 | (WON) 666,811 | (WON) (3,053) | (WON) | (WON) 9,695,213 |
| Kyongnam Bank | 608,802 | 132,618 | (14,454) | 47 | (32,738) | 694,275 |
| Kwangju Bank | 420,595 | 115,184 | (9,818) | | 35,369 | 561,330 |
| Woori Finance Information System | 7,613 | 4,291 | (1) | | | 11,903 |
| Woori F&I | 58,231 | 58,693 | 3,175 | (60) | (6,022) | 114,017 |
| Woori Second Asset Securitization Specialty | | (26) | | | 26 | |
| Woori Third Asset Securitization Specialty | | 16,798 | 26,236 | | (43,034) | |
| Woori Investment Trust Management (*2) | 35,076 | 35 | | | (35,111) | |
| Woori Securities (*1) | 361,500 | (26,270) | 8,730 | | (343,960) | |
| Woori Investment Securities (*1 and *3) | 355,201 | 76,242 | (17,227) | (2,577) | 192,904 | 604,543 |
| Woori Asset Management (*2) | | 3,944 | (2,558) | | 59,214 | 60,600 |
| Woori PE | | (203) | | | 10,000 | 9,797 |
| | (WON) 9,436,975 | (WON) 1,822,804 | (WON) 660,894 | (WON) (5,643) | (WON) (163,352) | (WON) 11,751,678 |

(*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)1,176,655 million ((WON)25,400 per share) as of December 31, 2005.

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- (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 | Cumulative adjustments | Other Retained earnings | 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 |
| 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.

- (3) The details of other increase or decrease for the year ended December 31, 2005 are as follows (Korean won in millions):

| | Merger | | | | | Total |
|---|----------------------|-------------------|---------------|----------------|----------------------|-----------------|
| | between subsidiaries | Capital reduction | Acquisition | Cash dividends | Dividend receivables | |
| | | | | | | |
| Kyongnam Bank | (WON) | (WON) | (WON) | (WON) (32,738) | (WON) | (WON) (32,738) |
| Kwangju Bank | | | 57,044 | (21,675) | | 35,369 |
| Woori F&I | | | | (6,022) | | (6,022) |
| Woori Second Asset Securitization Specialty | | | | (1,488) | 1,514 | 26 |
| Woori Third Asset Securitization Specialty | | | | (5,899) | (37,135) | (43,034) |
| 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 | (8,219) | | 192,904 |
| Woori Asset Management | 32,711 | (21,939) | 48,442 | | | 59,214 |
| Woori Private Equity | | | 10,000 | | | 10,000 |
| | (WON) | (WON) (175,939) | (WON) 126,649 | (WON) (78,441) | (WON) (35,621) | (WON) (163,352) |

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- (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 year ended December 31, 2005 are as follows (Korean won in millions):

| | Jan. 1, 2005 | Amortization | Dec. 31, 2005 |
|-----------------------------|---------------------|---------------------|----------------------|
| Woori F&I | (WON) 79 | (WON) 5 | (WON) 74 |
| Woori Investment Securities | (15,405) | (12,670) | (2,735) |
| | (WON) (15,326) | (WON) (12,665) | (WON) (2,661) |

- (6) The details of changes in the difference between the acquisition cost and the proportionate net asset value from the acquisition date to the year ended December 31, 2004 are as follows (Korean won in millions):

| | Acquisition date | Increase (decrease) | Amortization | Dec. 31, 2004 |
|-----------------------------|-------------------------|----------------------------|---------------------|----------------------|
| Woori Bank | (WON) 328,323 | (WON) 6,756 | (WON) 355,079 | (WON) |
| Kyongnam Bank | 8,900 | | 8,900 | |
| Kwangju Bank | 19,343 | | 19,343 | |
| Woori Credit Card | 28,721 | (24,056) | 4,665 | |
| Woori Investment Bank | 5,979 | (5,282) | 697 | |
| WFIS | (110) | | (110) | |
| Woori F&I | 94 | | 15 | 79 |
| Woori Securities | 355 | | 355 | |
| Woori Investment Securities | | (15,405) | | (15,405) |
| | (WON) 391,605 | (WON) (37,987) | (WON) 368,944 | (WON) (15,326) |

- (7) The details of unrealized gain (loss) from transactions among subsidiaries for the year ended December 31, 2005 are as follows (Korean won in millions):

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| | Jan. 1, 2005 | Realized | Incurred | Dec. 31, 2005 |
|--|---------------------|-----------------|-----------------|----------------------|
| Woori Bank | (WON) (8,930) | (WON) 627 | (WON) 15,323 | (WON) 7,020 |
| Kyongnam Bank | 21 | 172 | (233) | (40) |
| Kwangju Bank | 160 | (343) | (5,273) | (5,456) |
| Woori Finance Information System | (491) | 818 | | 327 |
| Woori F&I | (25) | (209) | | (234) |
| Woori Third Asset Securitization Specialty | (50) | | (89) | (139) |
| Woori Investment Trust Management | 3 | (3) | | |
| | (WON) (9,312) | (WON) 1,062 | (WON) 9,728 | (WON) 1,478 |

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Table of Contents**4. LOANS**

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

| | Issuance date | Maturity date | Annual interest rate (%) | 2005 | 2004 |
|---|------------------|------------------|--------------------------------|---------------|---------------|
| Woori Finance Information System (*1) | Oct. 31, 2002 | Oct. 31, 2006 | 6.3 | (WON) 30,000 | (WON) 30,000 |
| Woori F&I (*2) | Mar. 25, 2003 | Mar. 25, 2007 | 7.3 | 57,000 | 90,000 |
| | Jul. 7, 2003 | Jul. 7, 2007 | 7.3 | 23,000 | 23,000 |
| | Jul. 29, 2003 | Jul. 29, 2007 | 7.3 | | 8,850 |
| | | | | 80,000 | 121,850 |
| Woori Second Asset Securitization Specialty: | | | | | |
| 2-1 non-guaranteed privately placed bonds | Jan. 8, 2002 | Jan. 8, 2012 | 7.5 | | 100 |
| Woori Third Asset Securitization Specialty: | | | | | |
| 3-1 non-guaranteed privately placed bonds | Apr. 15, 2002 | Apr. 15, 2012 | 7.8 | | 17,790 |
| Kwangju Bank: | | | | | |
| Non-guaranteed subordinated convertible bonds (*3) | Dec. 31, 2002 | Dec. 31, 2012 | | | 50,000 |
| Total | | | | | 67,890 |
| Allowance for possible loan losses (Note 5) | | | | (550) | (1,099) |
| | | | | (WON) 109,450 | (WON) 218,641 |

(*1) Loans granted to finance the transaction between Woori Bank and WFIS, to which Woori Bank transferred its IT equipment.

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

(*3) On December 30, 2005, the Company exercised conversion rights and (WON)57,044 million of convertible bonds including long-term accrued income were transferred to investment securities accounted for using the equity method of accounting.

5. ALLOWANCE FOR POSSIBLE LOAN LOSSES

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

| | 2005 | 2004 |
|---|-----------|-----------|
| Loans: | | |
| Woori F&I | (WON) 400 | (WON) 609 |
| Woori Finance Information System | 150 | 150 |
| Woori Second Asset Securitization Specialty | | 1 |
| Woori Third Asset Securitization Specialty | | 89 |
| Kwangju Bank | | 250 |

Table of Contents**6. FIXED AND INTANGIBLE ASSETS**

(1) Changes in fixed assets for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| | Jan. 1, 2005 | Acquisition | Disposition | Depreciation | Dec. 31, 2005 |
|-------------------------|---------------------|--------------------|--------------------|---------------------|----------------------|
| Vehicles | (WON) 7 | (WON) | (WON) | (WON) 7 | (WON) |
| Furniture and equipment | 142 | 9 | 1 | 75 | 75 |
| Leasehold improvement | 79 | 1 | | 35 | 45 |
| | (WON) 228 | (WON) 10 | (WON) 1 | (WON) 117 | (WON) 120 |
| | Jan. 1, 2004 | Acquisition | Disposition | Depreciation | Dec. 31, 2004 |
| Vehicles | (WON) 57 | (WON) | (WON) 34 | (WON) 16 | (WON) 7 |
| Furniture and equipment | 124 | 134 | 3 | 113 | 142 |
| Leasehold improvement | 61 | 54 | | 36 | 79 |
| | (WON) 242 | (WON) 188 | (WON) 37 | (WON) 165 | (WON) 228 |

(2) Changes in intangible assets for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| | Jan. 1, 2005 | Acquisition | Amortization | Dec. 31, 2005 |
|----------------------------|---------------------|--------------------|---------------------|----------------------|
| Software | (WON) 14 | (WON) | (WON) 7 | (WON) 7 |
| Industrial property rights | 40 | 2 | 14 | 28 |
| | (WON) 54 | (WON) 2 | (WON) 21 | (WON) 35 |
| | 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 December 31, 2005 and 2004, accumulated amortization of software amount to (WON)27 million and (WON)20 million, respectively, and accumulated amortization of industrial property rights amount to (WON)40 million and (WON)26 million, respectively.

7. OTHER ASSETS

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

| | 2005 | 2004 |
|-------------------------------------|-------------|-------------|
| Guarantee deposits (Note 20) | (WON) 4,204 | (WON) 4,204 |
| Other receivables (Notes 14 and 20) | 6,090 | 2,293 |
| Dividend receivables | 53,761 | 18,140 |

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| | | |
|---|--------------|--------------|
| Accrued income (Note 20) | 929 | 5,302 |
| Advanced payments | | 82 |
| Prepaid expenses | 198 | 657 |
| Prepaid income tax | 1,246 | 5,392 |
| | 66,428 | 36,070 |
| Allowance for losses for accrued income | | (23) |
| | (WON) 66,428 | (WON) 36,047 |

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Table of Contents**8. BORROWINGS**

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

| | Annual interest rate (%) | Maturity | Line of credit | Amounts |
|------------------------|-----------------------------|---------------|----------------|---------------|
| 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 |
| SC First Bank | CD(3M)+1.5 | Jul. 16, 2005 | 100,000 | |
| Samsung Life Insurance | 6.10 | Sep. 15, 2005 | 100,000 | |
| | | | (WON) 500,000 | (WON) 120,000 |

9. DEBENTURES

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

1) Bonds

| | Issuance date | Annual interest rate (%) | Maturity | 2005 | 2004 |
|-----------------|---------------|--------------------------------|---------------|-----------------|-----------------|
| The 7th bonds | Nov. 27, 2002 | 5.80 | Nov. 27, 2005 | (WON) | (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 | |
| | | | | 2,300,000 | 2,100,000 |
| Less: discounts | | | | (3,797) | (4,195) |
| | | | | (WON) 2,296,203 | (WON) 2,095,805 |

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

1) Convertible bonds in foreign currencies

| Issuance date | Maturity | Amounts |
|---------------|----------|---------|
|---------------|----------|---------|

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| | | Annual interest rate (%) | | |
|----------------------------|---------------|--------------------------------|---------------|-------------|
| 6-1 Convertible bonds | Sep. 27, 2002 | | Sep. 27, 2005 | US\$ 36,000 |
| Long-term accrued interest | | | | 2,445 |
| | | | | 38,445 |
| 6-2 Convertible bonds | Dec. 20, 2002 | | Dec. 20, 2005 | US\$ 16,000 |
| Long-term accrued interest | | | | 907 |
| | | | | 16,907 |

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| | Issuance date | Annual interest rate (%) | Maturity | Amounts |
|--|---------------|--------------------------|---------------|--------------|
| 6-5 Convertible bonds | Jul. 10, 2003 | | Jul. 10, 2006 | US\$ 1,000 |
| Add: redemption premium | | | | 63 |
| Less: reconciliation for conversion rights | | | | (51) |
| | | | | 1,012 |
| Total | | | | US\$ 56,364 |
| Korean won equivalent | | | | (WON) 58,832 |

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

| | 6-2 Convertible bonds | | 6-1 Convertible bonds | | 6-5 Convertible bonds | |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|
| 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 had 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 were as follows (Korean won in millions and U.S. dollars in thousands):

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

Above swap contracts were settled for the year ended December 31, 2005. In connection with the swap contracts, the Company recorded the related loss of (WON)91 million and (WON)13,111 million for the years ended December 31, 2005 and 2004, respectively.

10. LIABILITIES IN FOREIGN CURRENCIES

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

| | Foreign currency | | Korean won equivalent | |
|--------------------------------------|-------------------------|--------|------------------------------|--------|
| 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 |
| | US\$ | 69,747 | (WON) | 72,801 |

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

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company. The accrued severance benefits that would be payable assuming all eligible employees and directors were to terminate amounted to (WON)1,979 million and (WON)1,230 million as of December 31, 2005 and 2004, respectively.

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

| | 2005 | 2004 |
|--|-------------|-------------|
| January 1 | (WON) 1,230 | (WON) 1,582 |
| Provision for severance benefits (Note 17) | 967 | 215 |
| Retirement indemnities payment | (218) | (567) |
| December 31 | (WON) 1,979 | (WON) 1,230 |

The Company has deposited employee retirement insurance at Woori Bank. As of December 31, 2005 and 2004, the deposits, amounting to (WON)1,787 million and (WON)1,230 million, respectively, are presented as a deduction from accrued severance benefits.

12. OTHER LIABILITIES

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

| | 2005 | 2004 |
|---|--------------|--------------|
| Accrued severance benefits (Note 11) | (WON) 1,979 | (WON) 1,230 |
| Deposits with employee retirement insurance trust (Note 11) | (1,787) | (1,230) |
| Other payables (Note 20) | 784 | 163 |
| Accrued expenses (Notes 14 and 20) | 16,806 | 10,839 |
| Withholdings | 434 | 384 |
| Currency swaps liabilities (Notes 9, 10 and 20) | | 13,969 |
| | (WON) 18,216 | (WON) 25,355 |

13. SHAREHOLDERS EQUITY

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

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

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

| Date | Description | Number of shares issued | Capital stock | Paid-in capital in excess of par value |
|----------------|---|----------------------------|-----------------|--|
| March 27, 2001 | Establishment | 727,458,609 | (WON) 3,637,293 | (WON) |
| June 12, 2002 | Issuance of new shares | 36,000,000 | 180,000 | 58,645 |
| In 2002 | Exercise of warrants | 4,356,188 | 21,781 | |
| 2002.12.31 | | 767,814,797 | 3,839,074 | 58,645 |
| In 2003 | Exercise of warrants | 7,690,113 | 38,451 | (574) |
| 2003.12.31 | | 775,504,910 | 3,877,525 | 58,071 |
| In 2004 | Issuance of new shares | 8,571,262 | 42,856 | 14,126 |
| | Exercise of convertible bonds | 12,379,386 | 61,897 | 12,118 |
| 2004.12.31 | | 796,455,558 | 3,982,278 | 84,315 |
| In 2005 | Exercise of convertible bonds (*1) | 9,559,782 | 47,799 | 24,710 |
| | Acquisition of common shares of LG Investment Trust Management (*2) | | | (24,537) |
| 2005. 12.31 | | 806,015,340 | (WON) 4,030,077 | (WON) 84,488 |

(*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) Pursuant to Article 53 of the Financial Holding Company Act, legal reserves are appropriated at no less than one tenth of net income until reaching to an amount equal to the Company's contributed capital, whenever dividends are declared.

- (4) The Company held 2,550 shares and 2,547 shares of treasury stock as of December 31, 2005 and 2004, respectively.

- (5) Dividends to net income ratio for the years ended December 31, 2005 and 2004 are as follows:

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| The number of issued shares | 806,015,340 | 796,455,558 |
| The number of treasury stocks | 2,550 | 2,547 |
| Shares subject to dividend | 806,012,790 | 796,453,011 |
| Dividend per share | (WON) 400 | (WON) 150 |

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| | | | | |
|------------------------------|-------|-------------------|-------|-------------------|
| Par value | (WON) | 5,000 | (WON) | 5,000 |
| Dividend ratio per share | | 8.0% | | 3.0% |
| Gross dividend | (WON) | 322,405 million | (WON) | 119,468 million |
| Net income | (WON) | 1,688,221 million | (WON) | 1,261,925 million |
| Dividend ratio by net income | | 19.10% | | 9.47% |

14. STOCK-BASED COMPENSATION

- (1) On December 4, 2002, the Company granted stock options to 62 directors of the Company and its subsidiaries. In 2005, the exercise price of 60 percent of the total number of stock options granted was determined at (WON)11,921 based on the increase in the Korean banking industry stock index (Type A), and for the remaining 40 percent of the total number of stock options granted, of which the exercise price is (WON)6,800 per share and the number of stock options to be dependent by the Company's management performance target levels; non-performing

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loans ratio, capital adequacy ratio and net income to total asset ratio by 15%, 15%, and 10%, respectively (Type B) was finally decided. In addition, the Company made a resolution that the stock-based compensation will be settled by paying cash instead of issuing equity instrument. In connection with this, the Company revalued stock based compensation and recorded (WON)7,938 million of the stock-based payment as liabilities. In 2004, such stock based compensation was included in capital adjustments.

- (2) The summary of stock-based compensation granted as of December 31, 2005 is as follows:

| Settlement | Type A | | Type B | |
|--------------------------------------|---|----------------|-----------------|----------------|
| | Cash settlement | | Cash settlement | |
| Exercise price | (WON) | 11,921 | (WON) | 6,800 |
| Exercisable period | During a three-year period beginning after December 4, 2005 | | | |
| Initial granted number of rights | | 936,000 shares | | 624,000 shares |
| Cancelled number of rights | | 216,000 shares | | 204,000 shares |
| Exercised number of rights | | 174,000 shares | | 122,250 shares |
| Exercisable number of rights | | 546,000 shares | | 297,750 shares |
| Value per right | (WON) | 7,600 | (WON) | 12,721 |
| Stock-based compensation liabilities | (WON) | 4,150 million | (WON) | 3,788 million |

- (3) Each subsidiary is responsible for absorbing the respective stock-based compensation for its management. The subsidiaries recorded the related cost as other payables amounting to (WON)6,090 million and the Company recorded the same amount as other receivables.

15. INCOME TAX EXPENSE

- (1) Differences between income before income tax and taxable income for years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| | 2005 | 2004 (*1) |
|---|-----------------|-----------------|
| Net income before income tax | (WON) 1,688,221 | (WON) 1,261,925 |
| Non-temporary differences: | | |
| Addition: | | |
| Investment securities | 703,057 | 675,303 |
| Deemed interest income | 3,206 | 12,275 |
| Paid-in capital in excess of par value | 19,822 | 10,674 |
| Others | 1,655 | 1,241 |
| Deduction: | | |
| Dividend income | (123,861) | (587,655) |
| Investment securities | (60,749) | (138,387) |
| Carry-over taxed revenue | | (33,743) |
| Long-term interest receivables | (7,045) | |
| Stock options | (2,624) | |
| | 533,461 | (60,292) |
| Temporary differences: | | |
| Addition: | | |
| Long-term interest receivables-prior year | 4,506 | 33,744 |
| Long-term accrued expenses | 7,937 | |

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| | | |
|--|-----------------|----------------|
| Others | 3,804 | 26,465 |
| Deduction: | | |
| Investment securities | (2,276,201) | (1,220,184) |
| Others | (74,626) | (64,162) |
| | (2,334,580) | (1,224,137) |
| Taxable loss before donation adjustment | (112,898) | (22,504) |
| Donation expenses in excess of tax limit | | 90 |
| Taxable loss after donation adjustment | (WON) (112,898) | (WON) (22,414) |

(*1) Adjusted based on the reported tax returns

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

| | Jan. 1, 2005 (*1) | Increase | Decrease | Dec. 31, 2005 | Deferred tax assets (liabilities) |
|---|--------------------------|--------------------------|------------------------|--------------------------|---|
| (Timing differences to be charged to income tax expense) | | | | | |
| Investment securities | (WON) (1,601,189) | (WON) (1,806,033) | (WON) (206,653) | (WON) (3,200,569) | (WON) (*2) (43,120) |
| Currency swap liabilities | 13,969 | | 13,969 | | |
| Accrued income | (296) | | (296) | | |
| Accrued severance benefits | 738 | 557 | 107 | 1,188 | 326 |
| Employee retirement deposits | (738) | (557) | (107) | (1,188) | (326) |
| Depreciation | 28 | 22 | 10 | 40 | 11 |
| Accrued expenses | 3,409 | 2,770 | 3,409 | 2,770 | 761 |
| Accounts receivable | (1,842) | (4,248) | | (6,090) | (1,675) |
| Long-term accrued interest payables | 3,498 | | 3,498 | | |
| Long-term accrued interest income | (4,506) | | (4,506) | | |
| Premiums on debentures | 65 | | 65 | | |
| Adjustment of conversion rights | (53) | | (53) | | |
| Dividend receivables | 48,873 | | 48,765 | 108 | 29 |
| Long-term accrued expenses | | 7,937 | | 7,937 | 2,182 |
| | (WON) (1,538,044) | (WON) (1,799,552) | (WON) (141,792) | (WON) (3,195,804) | (WON) (41,812) |
| (Timing differences to be charged to equity) | | | | | |
| Capital adjustments | (WON) (1,034,034) | (WON) (676,820) | (WON) | (WON) (1,710,854) | (WON) (*2)(49,663) |
| Timing differences total | (WON) (2,572,078) | (WON) (2,476,372) | (WON) (141,792) | (WON) (4,906,658) | (WON) (91,475) |
| Tax loss carry-forwards | (WON) 109,999 | (WON) 112,898 | (WON) | (WON) 222,897 | (WON) 61,296 |

(*1) Adjusted 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.

- (3) The changes in cumulative temporary differences and tax loss carry-forwards for the year ended December 31, 2004 are as follows (Korean won in millions):

| | Jan. 1, 2004 (*1) | Increase | Decrease | Dec. 31, 2004 | Deferred tax assets (liabilities) |
|---|-------------------|-------------------|-------------------|-------------------|---|
| (Timing differences to be charged to income tax expense) | | | | | |
| Investment securities | (WON) (1,415,039) | (WON) (2,785,205) | (WON) (1,565,021) | (WON) (2,635,223) | (WON) (*2) (6,945) |
| Currency swap liabilities | 1,935 | 13,969 | 1,935 | 13,969 | 3,841 |
| Accrued income | (461) | (296) | (461) | (296) | (82) |
| Accrued severance benefits | 950 | 206 | 418 | 738 | 203 |
| Employee retirement deposits | (950) | (206) | (418) | (738) | (203) |

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| | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| Depreciation | 19 | 21 | 12 | 28 | 8 |
| Accrued expenses | 2,200 | 3,409 | 2,200 | 3,409 | 937 |
| Accounts receivable | (1,014) | (828) | | (1,842) | (507) |
| Long-term accrued interest payables | 2,154 | 1,344 | | 3,498 | 961 |
| Long-term accrued interest income | (30,232) | (8,018) | (33,744) | (4,506) | (1,240) |
| Premiums on debentures | 5,572 | | 5,507 | 65 | 17 |
| Adjustment of conversion rights | (6,688) | | (6,637) | (53) | (15) |
| Dividend receivables | 93,613 | | 44,740 | 48,873 | 13,440 |
| | (WON) (1,347,941) | (WON) (2,775,604) | (WON) (1,551,469) | (WON) (2,572,078) | (WON) 10,415 |
| Tax loss carry-forwards | (WON) 87,585 | (WON) 22,414 | (WON) | (WON) 109,999 | (WON) 30,249 |

(*1) Adjusted 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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(4) Remaining tax loss carry-forwards and their expirations are as follows (Korean won in millions):

| Year incurred | Amount (*1) | Utilized | Remaining | Expiration |
|---------------|---------------|----------|---------------|---------------|
| 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 | 112,898 | | 112,898 | Dec. 31, 2010 |
| | (WON) 222,897 | (WON) | (WON) 222,897 | |

(*1) Adjusted based on the reported tax returns

(5) Unless the Company sells or liquidates subsidiaries or affiliates, no income tax payments are expected under the Korean Corporate Tax Act. As the Company does not expect income tax payments, no deferred tax assets or liabilities are recorded in the financial statements

16. STATEMENTS OF CASH FLOWS

The transactions without cash flows for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| Transactions | 2005 | 2004 |
|---|---------------|---------------|
| Increase in capital adjustments due to the equity method of accounting | (WON) 660,894 | (WON) 675,302 |
| Increase (decrease) in retained earnings due to the equity method of accounting | (5,643) | 138,387 |
| Increase in other receivables and stock-based compensation | 4,248 | 827 |
| Increase in stock-based compensation | 7,937 | |
| Increase in dividend receivables | 43,007 | 18,140 |
| Capital increase due to conversion of convertible bonds in local currency | | 21,861 |
| Increase in investment securities due to exercise of convertible bonds | 57,044 | |
| Capital increase due to conversion of convertible bonds in foreign currency | 72,468 | 53,071 |
| Increase in investment securities | | 56,983 |
| Increase in payables by acquisition of treasury stock | | 36 |

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General and administrative expenses for the years ended December 31, 2005 and 2004 are summarized as follows (Korean won in millions):

| | 2005 | 2004 |
|--|--------------|--------------|
| Salaries, wages and bonuses | (WON) 10,113 | (WON) 8,296 |
| Provision for severance benefits (Note 11) | 967 | 215 |
| Fringe benefits | 728 | 708 |
| Rent | 2,286 | 2,293 |
| Entertainment | 421 | 255 |
| Depreciation (Note 6) | 117 | 165 |
| Amortization (Note 6) | 21 | 19 |
| Taxes and dues | 71 | 51 |
| Advertising | 7,080 | 3,285 |
| Travel | 197 | 132 |
| Telecommunications | 73 | 58 |
| Service fees | 2,351 | 4,472 |
| Suppliers | 75 | 112 |
| Stock compensation (Note 14) | 2,445 | 273 |
| Others | 1,265 | 1,654 |
| | (WON) 28,210 | (WON) 21,988 |

18. FINANCIAL INFORMATION OF SUBSIDIARIES

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

| | Total assets | Total liabilities | Total shareholders equity |
|--|-------------------|-------------------|---------------------------|
| Woori Bank | (WON) 129,463,237 | (WON) 119,771,836 | (WON) 9,691,401 |
| Kyongnam Bank | 14,098,905 | 13,404,623 | 694,282 |
| Kwangju Bank | 11,697,181 | 11,130,395 | 566,786 |
| Woori Finance Information System | 215,949 | 204,374 | 11,575 |
| Woori F&I | 264,403 | 150,227 | 114,176 |
| Woori Third Asset Securitization Specialty | 53,919 | 53,888 | 31 |
| Woori Investment Securities | 9,196,432 | 7,201,170 | 1,995,262 |
| Woori Asset Management | 65,284 | 4,437 | 60,847 |
| Woori Private Equity | 9,858 | 61 | 9,797 |
| | (WON) 165,065,168 | (WON) 151,921,011 | (WON) 13,144,157 |

(2) The condensed statements of operations of subsidiaries for the year ended December 31, 2005 are as follows (Korean won in millions):

| | Operating revenue | Operating expenses | Operating income (loss) | Ordinary income (loss) | Net income (loss) |
|------------|-------------------|--------------------|-------------------------|------------------------|-------------------|
| Woori Bank | (WON) 11,325,187 | (WON) 9,680,565 | (WON) 1,644,622 | (WON) 1,648,704 | (WON) 1,425,912 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Kyongnam Bank | 795,335 | 633,461 | 161,874 | 143,534 | 132,678 |
| Kwangju Bank | 643,535 | 556,034 | 87,501 | 98,142 | 124,684 |
| Woori Finance Information System | 261,420 | 257,183 | 4,237 | 5,492 | 3,473 |
| Woori F&I | 27,931 | 21,402 | 6,529 | 83,718 | 58,906 |
| Woori Third Asset Securitization Specialty | 18,537 | 1,651 | 16,886 | 16,887 | 16,887 |
| Woori Investment Trust Management (*1) | 2,971 | 2,309 | 662 | 91 | 37 |

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| | Operating | | Operating | | Operating | | Ordinary | | Net income | |
|------------------------------|-----------|------------|-----------|------------|---------------|-----------|---------------|-----------|------------|-----------|
| | revenue | | expenses | | income (loss) | | income (loss) | | (loss) | |
| Woori Securities (*2) | (WON) | 47,824 | (WON) | 61,209 | (WON) | (13,385) | (WON) | (27,483) | (WON) | (25,185) |
| Woori Investments Securities | | 1,391,433 | | 1,175,003 | | 216,430 | | 267,398 | | 185,840 |
| Woori Asset Management | | 14,962 | | 9,484 | | 5,478 | | 6,480 | | 4,637 |
| Woori Private Equity | | 24 | | 227 | | (203) | | (203) | | (203) |
| | (WON) | 14,529,159 | (WON) | 12,398,528 | (WON) | 2,130,631 | (WON) | 2,242,760 | (WON) | 1,927,666 |

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

(*2) The loss 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 December 31, 2005 are summarized as follows (Korean won in millions):

1) Significant liabilities

| | Deposits | | Borrowings | | Debentures | | Total | |
|----------------------------------|----------|-------------|------------|------------|------------|------------|-------|-------------|
| Woori Finance Holdings | (WON) | | (WON) | | (WON) | 2,296,203 | (WON) | 2,296,203 |
| Woori Bank | | 85,434,204 | | 10,894,744 | | 15,178,302 | | 111,507,250 |
| Kyongnam Bank | | 10,521,145 | | 1,700,335 | | 797,500 | | 13,018,980 |
| Kwangju Bank | | 8,411,126 | | 1,802,436 | | 576,256 | | 10,789,818 |
| Woori Finance Information System | | | | 145,000 | | | | 145,000 |
| Woori F&I | | | | 117,000 | | | | 117,000 |
| Woori Investment Securities | | 2,964,155 | | 2,023,108 | | 189,967 | | 5,177,230 |
| | (WON) | 107,330,630 | (WON) | 16,682,623 | (WON) | 19,038,228 | (WON) | 143,051,481 |

2) Significant assets

| Cash and due | | from banks | | Securities | | Loans | | Total | |
|--|-------|------------|-------|------------|-------|------------|-------|-------------|--|
| Woori Finance Holdings | (WON) | 104,072 | (WON) | 11,751,678 | (WON) | 109,450 | (WON) | 11,965,200 | |
| Woori Bank | | 7,304,472 | | 25,763,222 | | 89,910,252 | | 122,977,946 | |
| Kyongnam Bank | | 1,374,227 | | 3,699,387 | | 8,425,598 | | 13,499,212 | |
| Kwangju Bank | | 749,584 | | 3,200,040 | | 7,294,885 | | 11,244,509 | |
| Woori Finance Information System | | 5,481 | | 513 | | | | 5,994 | |
| Woori F&I | | 53,402 | | 54,697 | | 140,835 | | 248,934 | |
| Woori Third Asset Securitization Specialty | | 618 | | 53,301 | | | | 53,919 | |
| Woori Investment Securities | | 1,805,568 | | 5,098,652 | | 1,187,643 | | 8,091,863 | |
| Woori Asset Management | | 31,403 | | 19,564 | | 256 | | 51,223 | |
| Woori Private Equity | | 9,641 | | | | | | 9,641 | |

(WON) 11,438,468

(WON) 49,641,054

(WON) 107,068,919

(WON) 168,148,441

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(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 December 31, 2005 and 2004 are summarized as follows (Korean won in millions):

<2005>

| | Loans subject to allowance for possible loan losses | | Allowance | Percentage of allowance to loans (%) |
|-----------------------------|---|-------------|-----------------|--|
| Woori Bank | (WON) | 91,278,592 | (WON) 1,368,340 | 1.50 |
| Kyongnam Bank | | 8,545,049 | 119,451 | 1.40 |
| Kwangju Bank | | 7,391,368 | 96,483 | 1.31 |
| Woori F&I | | 141,542 | 707 | 0.50 |
| Woori Investment Securities | | 1,342,240 | 154,597 | 11.52 |
| Woori Asset Management | | 257 | 1 | 0.39 |
| | (WON) | 108,699,048 | (WON) 1,739,579 | 1.60 |

<2004>

| | Loans subject to allowance for possible loan losses | | Allowance | Percentage of allowance to loans (%) |
|--------------------------|--|------------|-----------------|--|
| Woori Bank | (WON) | 79,074,540 | (WON) 1,619,041 | 2.05 |
| 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 |
| LG Investment Securities | | 1,052,061 | 187,266 | 17.80 |
| | (WON) | 93,891,332 | (WON) 2,027,632 | 2.16 |

19. CONTRIBUTIONS TO NET INCOME BY SUBSIDIARIES

Contributions to net income of the Company by subsidiaries for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| | 2005 | Ratio (%) | 2004 | Ratio (%) |
|--|-----------------|-----------|-----------------|-----------|
| Woori Bank | (WON) 1,441,498 | 79.1 | (WON) 1,677,526 | 119.8 |
| Kyongnam Bank | 132,618 | 7.3 | 101,751 | 7.3 |
| Kwangju Bank | 115,184 | 6.3 | 55,728 | 4.0 |
| Woori Credit Card | | | (466,410) | (33.3) |
| Woori Finance Information System | 4,291 | 0.2 | 329 | |
| Woori F&I | 58,693 | 3.2 | 19,935 | 1.4 |
| Woori Second Asset Securitization Specialty | (26) | | 8,098 | 0.6 |
| Woori Third Asset Securitization Specialty | 16,798 | 0.9 | 7,740 | 0.6 |
| Woori Investment Trust Management | 35 | | 2,498 | 0.2 |

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| | | | | |
|--|-----------------|-------|-----------------|-------|
| Woori Securities | (26,270) | (1.4) | (8,106) | (0.6) |
| Woori Investment Securities | 76,242 | 4.2 | | |
| Woori Asset Management | 3,944 | 0.2 | | |
| Woori Private Equity | (203) | | | |
| Gain on valuation using the equity method of accounting | 1,822,804 | 100.0 | 1,399,089 | 100.0 |
| Other income | 18,513 | | 51,404 | |
| Other expenses | (153,096) | | (188,568) | |
| Net income | (WON) 1,688,221 | | (WON) 1,261,925 | |

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Table of Contents**20. TRANSACTIONS WITH RELATED PARTIES**

(1) Assets and liabilities from transactions with the subsidiaries as of December 31, 2005 and 2004 are as follows (Korean won in millions):

| | 2005 | 2004 | |
|---|---------------|---------------|---|
| <Assets> | | | |
| Woori Bank | (WON) 83,439 | (WON) 35,852 | Cash and bank deposits |
| | 4,153 | 4,153 | |
| | 4,305 | 1,591 | Guarantee deposits |
| | 102 | 118 | Other receivables |
| | | | Accrued income |
| Kyongnam Bank | 10,321 | 9,938 | Cash and bank deposits |
| | 10 | 11 | Accrued income |
| Kwangju Bank | 10,311 | 10,309 | Cash and bank deposits |
| | 6 | 50,000 | Loans |
| | | 4,511 | Accrued income |
| Woori Finance Information System | 30,000 | 30,000 | Loans |
| | 363 | 230 | |
| | 316 | 366 | Other receivables |
| | | | Accrued income |
| Woori F&I | 80,000 | 121,850 | Loans |
| | 496 | | Accrued income |
| Woori Second Asset Securitization Specialty | | 100 | Loans |
| | | 2 | Accrued income |
| Woori Third Asset Securitization Specialty | | 17,790 | Loans |
| | | 294 | Accrued income |
| Woori Investment Trust Management | | 73 | Other receivables |
| Woori Credit Information | 721 | 166 | Other receivables |
| Woori CA Asset Management | 385 | 229 | Other receivables |
| Woori Asset Management | 315 | | Other receivables |
| Principal guaranteed trust accounts of Woori Bank | 1,788 | 1,230 | Deposits with employee retirement trust |
| | (WON) 227,031 | (WON) 288,813 | |
| <Liabilities> | | | |
| Woori Bank | | | Other payables |
| | (WON) 135 | (WON) 58 | Accrued expenses |
| | | 1,498 | |
| | | 13,969 | Currency swaps |
| Woori Finance Information System | | 443 | Accrued expenses |

(WON) 135 (WON) 15,968

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- (2) Revenues and expenses from transactions with the subsidiaries for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions):

| | 2005 | 2004 | |
|---|--------------|--------------|-----------------------------|
| <Revenues> | | | |
| Woori Bank | (WON) 3,620 | (WON) 9,231 | Interest income on deposits |
| | | 5,762 | |
| | | 405 | Interest income on loans |
| | | | Other non-operating income |
| Kyongnam Bank | 344 | 781 | Interest income on deposits |
| Kwangju Bank | | | Interest income on deposits |
| | 329 | 555 | |
| | 2,538 | 2,256 | Interest income on loans |
| Woori Finance Information System | | | Interest income on loans |
| | 1,840 | 2,199 | |
| | | 42 | Other non-operating income |
| Woori F&I | 7,716 | 9,163 | Interest income on loans |
| Woori Second Asset Securitization Specialty | | 8 | Interest income on loans |
| Woori Third Asset Securitization Specialty | 1,208 | 2,028 | Interest income on deposits |
| Principal guaranteed trust accounts of Woori Bank | 16 | 39 | Interest income on loans |
| | (WON) 17,611 | (WON) 32,469 | |

| | 2005 | 2004 | |
|----------------------------------|-------------|--------------|-------------------------------|
| <Expenses> | | | |
| Woori Bank | | | Loss on swap contracts |
| | (WON) 91 | (WON) 10,994 | Rent |
| | 1,562 | 2,018 | |
| | 669 | 1,362 | Other administrative expenses |
| Woori Finance Information System | | | Service fees |
| | 319 | 1,255 | |
| | 1,928 | 1,438 | Other administrative expenses |
| | (WON) 4,569 | (WON) 17,067 | |

21. EARNINGS PER COMMON SHARE

- (1) Basic ordinary income per common share and basic net income per common share for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions, except for earnings per share data):

| | 2005 | 2004 |
|-----------------------------|-----------------|-----------------|
| Net income on common shares | (WON) 1,688,221 | (WON) 1,261,925 |
| Extraordinary gain | | |

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| | | | |
|--|-------|-------------|-----------------|
| Income tax effect on extraordinary gain | | | |
| Ordinary income on common shares | (WON) | 1,688,221 | (WON) 1,261,925 |
| Weighted average number of common shares outstanding | | 804,389,232 | 780,946,131 |
| Basic ordinary income per common shares | (WON) | 2,099 | (WON) 1,616 |
| Basic net income per common shares | (WON) | 2,099 | (WON) 1,616 |

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- (2) Diluted ordinary income per common share and diluted net income per common share for the years ended December 31, 2005 and 2004 are as follows (Korean won in millions, except for earnings per share data):

| | 2005 | 2004 |
|--|-----------------|-----------------|
| Diluted net income on common shares | (WON) 1,688,597 | (WON) 1,267,770 |
| Extraordinary gain | | |
| Income tax effect on extraordinary gain | | |
| Diluted ordinary income on common shares | (WON) 1,688,597 | (WON) 1,267,770 |
| Weighted average number of common and dilutive common shares outstanding | 806,038,982 | 798,428,507 |
| Diluted ordinary income per common shares | (WON) 2,095 | (WON) 1,588 |
| Diluted net income per common shares | (WON) 2,095 | (WON) 1,588 |

- (3) All common stock equivalents as of December 31, 2005 are as follows (Korean won in millions and U.S. dollars in thousands):

| Item | Face value | Exercise period | Common stock to be issued (shares) | Remarks |
|------------------------|-------------|----------------------------------|------------------------------------|--|
| Convertible bonds (*1) | US\$ 36,000 | Sep. 28, 2003 ~ Aug. 27, 2005 | 5,914,180 | Using exchange rate of (WON)1,201.4, convert 1 share at (WON)7,313 |
| Convertible bonds (*1) | US\$ 16,000 | Dec. 21, 2003 ~ Nov. 20, 2005 | 3,481,173 | Using exchange rate of (WON)1,215.8, convert 1 share at (WON)5,588 |
| Convertible bonds (*1) | US\$ 1,000 | Jul. 10, 2004 ~ Jun. 10, 2006 | 164,429 | Using exchange rate of (WON)1,188.5, convert 1 share at (WON)7,228 |
| Stock options (*2) | | Dec. 5, 2005 ~ Dec. 4, 2008 | 1,260,000 | (Note 14) |

(*1) Converted into capital in 2005

(*2) Excluded from common stock equivalents in 2005 as it will be settled by paying cash

22. INSURANCE

As of December 31, 2005, the Company has insurance for liability of reparation of directors with Samsung Fire & Marine Insurance Co., Ltd. and others. The insurance coverage is (WON)30,000 million.

Table of Contents**23. OPERATIONAL RESULTS**

Operational results for the three months ended December 31, 2005 and 2004 are as follows (Korean won in millions, except for earning per share data):

| | Three months ended Dec. 31, 2005 (Unaudited) | Three months ended Dec. 31, 2004 (Unaudited) |
|-----------------------------------|---|---|
| Operating revenue | (WON) 229,824 | (WON) 871,449 |
| Operating expenses | 41,631 | 50,089 |
| Operating income | 188,193 | 821,360 |
| Net income | (WON) 188,187 | (WON) 821,768 |
| Basic net income per common share | (WON) 233 | (WON) 1,044 |

24. INFORMATION FOR CALCULATING VALUE ADDED

Information for calculating value added is as follows (Korean won in millions):

| | 2005 | 2004 |
|----------------------------------|----------------------|----------------------|
| Salaries, wages and bonuses | (WON) 10,113 | (WON) 8,296 |
| Provision for severance benefits | 967 | 215 |
| Fringe benefits | 728 | 708 |
| Rent | 2,286 | 2,293 |
| Depreciation | 117 | 165 |
| Amortization | 21 | 19 |
| Taxes and dues | 71 | 51 |
| Net interest expenses | 113,440 | 134,361 |
| | (WON) 127,743 | (WON) 146,108 |

25. 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 improve financial ratio, such as BIS capital ratio, Return on Assets (ROA), Return on Equity (ROE), Non-performing loan rate and adjusted operating income (AOI) per person. 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

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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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26. SUBSEQUENT EVENT

Woori Investment Securities, a subsidiary of the Company, reduced its 1,000,000 shares of preferred stock and 2,000,000 shares of common stock by extinguishing against retained earnings on January 24, 2006. As a result, the number of preferred shares and common shares of Woori Investment Securities decreased from 19,870,968 shares and 134,513,863 shares to 18,870,968 shares and 132,513,863 shares, respectively, and the Company's ownership interest in the subsidiary increased from 34.44% to 34.96%.

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Internal Accounting Control System Review Report

English translation of a Report Originally Issued in Korean

To Chief Executive Officer of

Woori Finance Holdings Co., Ltd.:

We have reviewed the report of management's assessment of internal accounting control system (IACS) of Woori Finance Holdings Co., Ltd. (the Company) as of December 31, 2005. In accordance with Article 2-2 of the Act on External Audit for Stock Companies (the External Audit Law) of the Republic of Korea, the Company's management is responsible for assessing the design and operations of its IACS. Our responsibility is to review management's assessment and issue a report based on our review.

We conducted our review in accordance with Article 2-3 of the External Audit Law. Our review included inquiries of management and employees, inspection of related documents and checking of the operations of the Company's IACS. We did not perform an audit of the Company's IACS and accordingly, we do not express an audit opinion.

As this report is based on Interim Guidelines on Auditors' Review and Report on Management's Assessment of IACS, issued by the Korean Audit Standards Committee on March 29, 2005, it applies only from that date until the date the Final Standard for Management's Assessment of IACS and Final Standard for Auditors' Review and Report on Management Assessment of IACS becomes effective. A review performed based on the final standards may have different results and accordingly, the content of our report may be different.

Based on our review, no material weakness in the design or operations of the Company's IACS under Article 2-2 of the External Audit Law as of December 31, 2005 has come to our attention.

This report applies to the Company's IACS in existence as of December 31, 2005. We did not review the Company's IACS subsequent to December 31, 2005. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

February 28, 2006

Notice to Readers

This report is annexed in relation to the audit of the financial statements as of December 31, 2005 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

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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: March 30, 2006

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